

## CIRCULAR DATED 12 APRIL 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](mailto: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 19 of this Circular dated 12 April 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:

- (I) THE PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEES FOR THE BENEFIT OF RPL;
- (II) THE PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEES FOR THE BENEFIT OF THE HOLMEN GROUP;
- (III) THE PROPOSED RATIFICATION OF THE PROVISION OF PAST HOLMEN ADVANCES;
- (IV) THE PROPOSED ENTRY INTO THE HOLMEN LOAN AGREEMENT;
- (V) THE PROPOSED ADOPTION OF THE HOLMEN IPT MANDATE;
- (VI) THE PROPOSED ENTRY INTO THE RHC LOAN AGREEMENT; AND
- (VII) THE PROPOSED ADOPTION OF THE REVISED RAWABI IPT MANDATE.

*Independent Financial Adviser to the Independent Directors  
in relation to the above-mentioned interested person transactions*



**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 : 25 April 2021 at 4.00 p.m.  
Date and time of Extraordinary General Meeting : 27 April 2021 at 4.00 p.m.  
Place of Extraordinary General Meeting : The EGM will be held by way of electronic means

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## CONTENTS

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	Page No.
1. INTRODUCTION .....	10
2. OVERVIEW OF THE INTERESTED PERSON TRANSACTIONS .....	11
3. PAST NON-COMPLIANT IPTs (RECURRENT IN NATURE) WHICH WERE ENTERED INTO UNDER THE IPT GENERAL MANDATES .....	15
4. PAST NON-COMPLIANT IPTs (NON-RECURRENT IN NATURE) THAT HAVE NOW CEASED .....	18
5. SUMMARY OF THE PAST NON-COMPLIANT IPTs TO BE RATIFIED AND NEW IPTs TO BE APPROVED BY SHAREHOLDERS, AND THE REVISED RAWABI IPT MANDATE.....	20
6. PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEE FOR THE BENEFIT OF RPL .....	21
7. THE PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEES FOR THE BENEFIT OF THE HOLMEN GROUP .....	22
8. THE PROPOSED RATIFICATION OF THE PROVISION OF PAST HOLMEN ADVANCES...	24
9. THE PROPOSED ENTRY INTO THE HOLMEN LOAN AGREEMENT .....	26
10. THE PROPOSED ADOPTION OF THE HOLMEN IPT MANDATE .....	27
11. THE PROPOSED ENTRY INTO THE RHC LOAN AGREEMENT .....	29
12. REVISED RAWABI IPT MANDATE.....	32
13. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS .....	32
14. ABSTENTION FROM VOTING .....	33
15. OPINION OF THE INDEPENDENT FINANCIAL ADVISER .....	35
16. STATEMENT OF THE AUDIT COMMITTEE .....	37
17. DIRECTORS' RECOMMENDATIONS .....	38
18. CONSENT .....	39
19. EXTRAORDINARY GENERAL MEETING .....	39
20. ACTION TO BE TAKEN BY SHAREHOLDERS .....	39
21. DIRECTORS' RESPONSIBILITY STATEMENT .....	39
22. DOCUMENTS FOR INSPECTION .....	39
APPENDIX 1 - REQUIREMENTS UNDER CHAPTER 9 .....	41
APPENDIX 2 - HOLMEN IPT MANDATE .....	46
APPENDIX 3 - REVISED RAWABI IPT MANDATE .....	56
APPENDIX 4 – IFA LETTER.....	68
NOTICE OF EXTRAORDINARY GENERAL MEETING .....	N-1
PROXY FORM .....	N-6

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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:

<b>“Associate”</b>	:	(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
<b>“annual general meeting” or “AGM”</b>	:	Annual general meeting of the Company
<b>“associated company”</b>	:	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
<b>“Audit Committee”</b>	:	The audit committee of the Company comprising Independent Directors of the Company, Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Chong Chee Keong Chris, as at the Latest Practicable Date
<b>“Board of Directors”</b>	:	The board of Directors of the Company, as at the Latest Practicable Date
<b>“Catalist”</b>	:	The Catalist board of the SGX-ST, being the sponsor-supervised listing platform of the SGX-ST
<b>“Catalist Rules”</b>	:	The Listing Manual of the SGX-ST, Section B: Rules of Catalist, as amended, modified or supplemented from time to time
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“CEO”</b>	:	Chief executive officer
<b>“Circular”</b>	:	This circular to Shareholders dated 12 April 2021
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
<b>“Company”</b>	:	Vallianz Holdings Limited

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## DEFINITIONS

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<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>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date and “Director” shall be construed accordingly
<b>“EGM”</b>	:	The extraordinary general meeting of the Company, to be held by way of electronic means on 27 April 2021 at 4.00 p.m., notice of which is set out on pages N-1 to N-4 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>“Existing Rawabi IPT Mandate”</b>	:	The general mandate for transactions of a revenue or trading nature between the Group and the Rawabi Group which was first approved by the Shareholders on 31 December 2014 and subsequently renewed every year on 15 April 2015, 7 April 2016, 7 July 2017, 26 July 2018, 31 July 2019 and 29 September 2020
<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>“HAR”</b>	:	Holmen Arctic Pte. Ltd.
<b>“HAT”</b>	:	Holmen Atlantic Pte. Ltd.
<b>“Holmen Group”</b>	:	HOL and its subsidiaries, namely HAR, HAT and HP
<b>“HOL”</b>	:	Holmen Heavylift Offshore Pte. Ltd.
<b>“Holmen Advances”</b>	:	Has the meaning ascribed to it in Section 8.1 of this Circular

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## DEFINITIONS

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<b>“Holmen Loan Agreement”</b>	:	Has the meaning ascribed to it in Section 8.1 of this Circular
<b>“Holmen IPT Mandate”</b>	:	The proposed shareholder’s general mandate pursuant to Catalist Rule 920 to authorise the Company and its subsidiaries which are considered to be “entities at risk” under Chapter 9 of the Catalist Rules or any of them, in their ordinary course of business, to enter into categories of transactions with Holmen Group, provided that such transactions are entered into on an arm’s length basis and on normal commercial terms and will not be prejudicial to the interest of the Company and its Independent Shareholders
<b>“Holmen Mandated Transactions”</b>	:	The categories of IPTs which will be covered under the Holmen IPT Mandate
<b>“HP”</b>	:	Holmen Pacific LLC
<b>“HY2021”</b>	:	6 months ended 30 September 2020
<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 IPT Resolutions, 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 IPT Resolutions, dated 12 April 2021 as appended in Appendix 4 of this Circular
<b>“Internal Auditor” or “VA”</b>	:	The internal auditor in respect of the IPT Review, being Virtus Assure Pte. Ltd.
<b>“Independent Director”</b>	:	An independent director of the Company
<b>“Independent Shareholders”</b>	:	Shareholders who are deemed independent for each of the Proposed IPT Resolutions
<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

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## DEFINITIONS

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		course of business, and whether or not entered into directly or indirectly
<b>“Internal Auditor Report”</b>	:	The VA’s report dated 2 March 2020 issued to the Board and Audit Committee of the Company in respect of the IPT Review
<b>“IP List”</b>	:	List of interested persons maintained by the Company
<b>“IPT General Mandates”</b>	:	The SHL IPT Mandate and the Existing Rawabi IPT Mandate
<b>“IPT Review”</b>	:	The comprehensive review of past and ongoing IPTs of the Group for the Review Period by the Internal Auditor as announced by the Company on 30 August 2019, which was completed on 2 March 2020
<b>“Latest Practicable Date” or “LPD”</b>	:	5 April 2021, being the latest practicable date prior to the issuance of this Circular
<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>“Non-Compliant IPTs”</b>	:	Has the meaning ascribed to it in Section 2.1 of this Circular
<b>“New Swiber”</b>	:	a new wholly-owned subsidiary to be incorporated by SHL in Singapore
<b>“New Swiber Investment”</b>	:	RHC’s subscription for new shares in the capital of New Swiber for an aggregate issue price of US\$10 million
<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>“OER”</b>	:	Offshore Engineering Resources Mexico S.A. de C.V
<b>“Ordinary Resolutions”</b>	:	The ordinary resolutions relating to the Proposed IPT Resolutions as set out in the Notice of EGM
<b>“OSR”</b>	:	Offshore Supply Resources Mexico S.A. de C.V
<b>“Project”</b>	:	The development, construction and operation of a liquefied natural gas power plant to be constructed in Vietnam to be carried out by New Swiber
<b>“Project Investment Agreement”</b>	:	The investment agreement to be entered into between RHC and the Project Owner

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## DEFINITIONS

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<b>“Project Investment Tranche”</b>	:	Such investment tranches undertaken by RHC of up to US\$190 million to be agreed between RHC and the Project Owner
<b>“Project Owner”</b>	:	Equatoriale Energy Pte. Ltd.
<b>“Proposed IPT Resolution” and “Proposed IPT Resolutions”</b>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<b>“PT USP”</b>	:	PT United Sindo Perkasa
<b>“Rawabi Group”</b>	:	Rawabi Holding Company Limited and its subsidiaries
<b>“Rawabi Mandated Transactions”</b>	:	The categories of IPTs which will be covered under the Revised Rawabi IPT Mandate
<b>“Restructuring Agreement”</b>	:	The restructuring agreement entered into between the Group and certain lenders subject to various conditions and approvals which modifies and supplements certain terms of the framework agreement regarding refinancing of its existing borrowings, including the Holmen loans, dated 19 February 2021
<b>“Review Committee”</b>	:	A review committee which shall be constituted from time to time and shall comprise 2 Executive Directors and the Head of Compliance (each of whom should not have a direct or indirect interest in the transaction to be reviewed)
<b>“Review Period”</b>	:	The period of review under the IPT Review namely: (a) 15 months ended 31 March 2017 (“FY2017”); (b) 12 months ended 31 March 2018 (“FY2018”); (c) 12 months ended 31 March 2019 (“FY2019”); and (d) from 1 April 2019 and up to 30 June 2019 (“1Q2020”)
<b>“RHC”</b>	:	Rawabi Holding Company Limited
<b>“RHC Loan Agreement”</b>	:	The new loan agreement to be entered into between the Company and RHC to fix the interest rate on the advances provided by RHC to the Group, subject to Independent Shareholders’ approval
<b>“ROPL”</b>	:	Resolute Offshore Pte. Ltd.
<b>“RPL”</b>	:	Resolute Pte. Ltd.
<b>“RVIC”</b>	:	Rawabi Vallianz International Company Limited
<b>“RVOS”</b>	:	Rawabi Vallianz Offshore Services Company Limited
<b>“Register of Members”</b>	:	Register of members of the Company

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## DEFINITIONS

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<b>“Register of Transactions”</b>	:	A register containing all the Interested Person Transactions entered into pursuant to the Existing Rawabi IPT Mandate and the Holmen IPT Mandate (if approved at the EGM), including the factors that have been taken into account in arriving at the terms of the Interested Person Transactions, as well as any other quotations or evidence obtained to support such basis recorded and maintained by the Accounting and Finance team and submitted to the Audit Committee for review on a quarterly basis
<b>“Revised Rawabi IPT Mandate”</b>	:	The proposed revised general mandate for transactions of a revenue or trading nature between the Group and the Rawabi Group to be adopted at the EGM, which if approved, will supersede the Existing Rawabi IPT Mandate which was last renewed at the AGM on 29 September 2020
<b>“1Q2021”</b>	:	First quarter of FY2021 from 1 April 2020 to 30 June 2020
<b>“S\$” and “cents”</b>	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
<b>“Samson Entities”</b>	:	Samson Engineering Limited and Samson Marine Pte. Ltd. collectively
<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>“SEL”</b>	:	Samson Engineering Limited
<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>“Shares”</b>	:	Ordinary shares in the capital of the Company
<b>“Share Registrar”</b>	:	Tricor Barbinder Share Registration Services
<b>“SHL”</b>	:	Swiber Holdings Limited (Judicial Managers Appointed)



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## DEFINITIONS

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<b>“SHL IPT Mandate”</b>	:	The general mandate for transactions of a revenue or trading nature between the Group and the Swiber Group which was approved by Shareholders on 7 April 2016 and expired on 7 July 2017
<b>“SMPL”</b>	:	Samson Marine Pte. Ltd.
<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>“Swiber Group”</b>	:	SHL and its subsidiaries
<b>“Transfer Assets”</b>	:	The assets to be transferred from Swiber Group to New Swiber pursuant to an internal restructuring exercise
<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>“VCS”</b>	:	Vallianz Corporate Services Pte. Ltd.
<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>“VOM”</b>	:	Vallianz Offshore Marine Pte. Ltd.
<b>“%” or “per cent.”</b>	:	Per centum or percentage

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.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

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## DEFINITIONS

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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.

For the purposes of this Circular, Morgan Lewis Stamford LLC has been appointed as the legal counsel to the Company in relation to Singapore law.

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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:

Sheikh Abdulaziz Ali Alturki (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 Yeo Jeu Nam (Non-Executive Independent Director)  
Mr Chong Chee Keong Chris (Non-Executive Independent Director)

#### Registered Office:

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

12 April 2021

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

Dear Sir / Madam,

## 1. INTRODUCTION

### 1.1 Extraordinary General Meeting

The Directors are convening an EGM to be held on 27 April 2021 to seek Independent Shareholders' approval for the following transactions:

- (i) the proposed ratification of the provision of corporate guarantee for the benefit of RPL;
- (ii) the proposed ratification of the provision of corporate guarantees for the benefit of the Holmen Group;
- (iii) the proposed ratification of the provision of past Holmen Advances;
- (iv) the proposed entry into the Holmen Loan Agreement;
- (v) the proposed adoption of the Holmen IPT Mandate;
- (vi) the proposed entry into the RHC Loan Agreement; and
- (vii) the proposed adoption of the Revised Rawabi IPT Mandate,

(each a "**Proposed IPT Resolution**" and collectively, the "**Proposed IPT Resolutions**").

### 1.2 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 IPT Resolutions 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.

### 1.3 No Inter-conditionality

For the avoidance of doubt, none of the Proposed IPT Resolutions are conditional upon the passing of any other Proposed IPT Resolution.

## **2. OVERVIEW OF THE INTERESTED PERSON TRANSACTIONS**

### **2.1 Background**

As background, the Company had announced on 24 July 2019 certain IPTs which the Company had not disclosed or complied with under Chapter 9 of the Catalist Rules (“**Non-Compliant IPTs**”). On 30 August 2019, the Company announced, *inter alia*, that it was undertaking an IPT Review to identify any further Non-Compliant IPTs. On 6 March 2020, the Company announced the summary of findings of the Internal Auditor Report dated 2 March 2020.

On an aggregated basis, such Non-Compliant IPTs had exceeded the threshold of five per cent. (5.00%) of the Group’s relevant audited NTA in the respective periods (“**5% Threshold**”).

As a reference for the purpose of this Circular, the 5% Threshold in the respective periods are determined as set out in the table below:

<b>Respective periods</b>	<b>Based on the relevant audited NTA of the Group</b>	<b>5% Threshold</b>
FY2017 (from 1 Jan 2016 to 31 Mar 2017)	NTA of the Group of US\$228,972,000 as at 31 Dec 2015	US\$11,448,600
FY2018 (from 1 Apr 2017 to 31 Mar 2018)	NTA of the Group of US\$180,242,000 as at 31 Mar 2017	US\$9,012,100
FY2019 (from 1 Apr 2018 to 31 Mar 2019)	NTA of the Group of US\$243,448,000 as at 31 Mar 2018	US\$12,172,400
FY2020 (from 1 Apr 2019 to 31 Mar 2020)	NTA of the Group of US\$172,385,000 as at 31 Mar 2019	US\$8,619,250
FY2021 (from 1 Apr 2020 to 31 Mar 2021)	NTA of the Group of US\$63,178,000 as at 31 Mar 2020	US\$3,158,900

Information regarding the entity-at-risk, interested persons and group chart of the relevant entities are set out in **Appendix 1** to this Circular.

### **2.2 Internal Auditor Report**

The Company had on 16 August 2019 appointed Virtus Assure Pte Ltd (“**VA**”) as the internal auditor to conduct the IPT Review during the Review Period, which covers FY2017, FY2018, FY2019 and 1Q2020. The IPT Review encompasses the following areas:

- (i) Reviewing all IPTs carried out to determine which IPTs had not been reported by the Group during the Review Period (IPTs which had already been reported by the Group includes those disclosed in its annual reports and its announcement dated 24 July 2019);
- (ii) Reviewing the Group’s existing procedures for identifying, reviewing, approving, recording and reporting all IPTs; and
- (iii) Identifying any possible internal controls weaknesses in the Group’s IPT processes and provide recommendations, if any, to improve its existing procedures for IPTs.

The Company’s announcement on 24 July 2019 had identified certain non-disclosure of IPTs for the 3 financial years from FY2017 to FY2019. VA’s Review Period had covered these same 3 financial years and up to 1Q2020.

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## LETTER TO SHAREHOLDERS

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VA had issued its Internal Auditor Report on 2 March 2020 which sets out its findings pursuant to the IPT Review. Please refer to the Company's announcement dated 6 March 2020 which sets out the Executive Summary of the Internal Auditor Report.

In addition to the identification of certain Non-Compliant IPTs as set out in the 24 July 2019 announcement, VA had established additional Non-Compliant IPTs that were not previously disclosed.

In reviewing the Group's stated procedures in the Existing Rawabi IPT Mandate, VA noted that the Group had not applied these procedures for the Group's mandated and non-mandated IPTs. VA observed that this was because procedures were not communicated effectively to staff and therefore the relevant procedures for IPTs had not been applied.

Arising from the IPT Review, VA observed that a key internal control weakness is the failure to implement procedures to properly identify potential transactions as IPTs before they are entered into to ensure that the IPTs are carried out on normal commercial basis and are not prejudicial to the interests of the Company and its Minority Shareholders and to report these IPTs.

VA had provided its recommendations to improve the Company's existing procedures namely:

- (a) The Company should designate the responsibility to a staff at each EAR to (i) identify IPTs; (ii) inform the relevant personnel; (iii) ensure rules and procedures are adhered to; and (iv) obtain necessary approvals in accordance to authorisation limits before IPTs are carried out.

A copy of the IPT mandate should be distributed to relevant staff on a need to know basis at the EARs in order for the staff to be familiar with the procedures for identifying, recording and reporting IPTs set out in the mandate.

A process should also be established to ensure that the EARs inform the Company when they provide corporate guarantees, loans or advances to the IPs and they enter into any transactions with regard to the repayment of principal and interest of the loans.

- (b) The Company should maintain a separate EAR list that list all the EARs for the Group and the list should be updated when there is addition or disposal of an EAR.
- (c) The IP list should be revised to include the Group's directors and their associates, Rawabi Holding Company Limited, Rawabi Vallianz Offshore Services Company Limited, Holmen Arctic Pte Ltd, Holmen Atlantic Pte Ltd and Holmen Pacific LLC.

Procedures should be established that clearly state the officer(s) authorised to make changes to the IP List and the officer(s) authorised to approve these changes. In addition, the Company should maintain an audit trail of changes to the IP list.

The IP list should be reviewed by an authorised officer on a periodic basis (e.g. quarterly).

- (d) A record of the director's associates should be maintained by the Group finance team. Procedures should be established that require the Company to seek confirmation from the directors and controlling shareholders on a quarterly basis and require the directors

and controlling shareholders to inform the finance team when there is a change in their associates.

- (e) The IPT register should be reviewed by the Finance Director on a monthly basis in line with the Rawabi IPT mandate.
- (f) The IPTs should be reviewed by the Company's internal auditors on a half yearly basis.

The recommendations provided by VA have been implemented by the Company. Further details can be found in Section 3.2 below.

Following the completion of the IPT Review, the Company had on 8 December 2020 appointed VA as its internal auditor to carry out the half yearly review of its IPTs. The half yearly review of its IPTs is expected to be completed by April 2021.

### 2.3 Non-Compliant IPTs

The Non-Compliant IPTs are categorised into:

- (i) Past recurrent IPTs of a revenue or trading nature that were entered into under the Existing Rawabi IPT Mandate and SHL IPT Mandate (including those entered into after the expiry of the SHL IPT Mandate);
- (ii) Past IPTs, which are not recurrent IPTs of a revenue or trading nature, that have now ceased;
- (iii) Past recurrent IPTs of a revenue or trading nature entered into with the Holmen Group without an IPT general mandate; and
- (iv) Past IPTs, which are not recurrent IPTs of a revenue or trading nature, that are to be ratified as these IPTs (for example, corporate guarantees for the benefit of the Holmen Group and RPL, and advances to the Holmen Group) are expected to continue.

#### *Not seeking shareholders' ratification*

For items (i), (ii) and (iii) above, the Company is not proposing to seek Independent Shareholders' ratification for these Non-Compliant IPTs, as it is of the view that it will not be meaningful to do so, since these Non-Compliant IPTs had been entered into and completed in the past and it would be practically impossible to unwind these Non-Compliant IPTs. Details of items (i) and (ii) are set out in Section 3 and 4 of this Circular. Details of item (iii) are set out in Section 10.1 of this Circular which also includes details on the proposed new Holmen IPT Mandate referred to in Section 2.4 below.

The Audit Committee having considered and reviewed, *inter alia*, the basis, terms and the rationale of such Non-Compliant IPTs and after discussions with the management of the Company, is satisfied that, the terms of such Non-Compliant IPTs were on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders.

### *Seeking shareholders' ratification*

For item (iv) above, the Company is seeking Independent Shareholders' ratification for these Non-Compliant IPTs, as it is the intention of the Company to continue with the IPTs with the interested persons. Shareholders' ratification of these Non-Compliant IPTs, i.e. corporate guarantees to Holmen Group and RPL, and past Holmen Advances will enable the Group to continue with these IPTs with the interested persons, without the need to unwind these transactions.

## **2.4 Proposed new IPTs**

In addition, the Company is seeking Independent Shareholders' approval to enter into new IPTs with the interested persons as follows:

- (a) Proposed entry into the Holmen Loan Agreement will enable the Group to provide further funding of up to US\$87 million to the Holmen Group in addition to the past Holmen Advances;
- (b) Proposed adoption of the Holmen IPT Mandate will enable the Group to continue to enter into recurrent IPTs, of a revenue or trading nature, with the Holmen Group; and
- (c) Proposed entry into the RHC Loan Agreement is to fix an interest rate on all outstanding advances of up to US\$125 million extended by RHC to the Group.

Details on the new IPTs to be approved by Independent Shareholders are set out in Sections 9 to 11 below. The details of the Holmen IPT Mandate are set out in **Appendix 2** of this Circular.

## **2.5 Revised Rawabi IPT Mandate**

As disclosed on page 34 of the Company's latest annual report for FY2020 under the caption entitled "**IPT Circular**", as part of the IPT Review, in order to fine-tune and align the procedures and processes consistent with the proposed remedial actions adopted by the Company, the Company is proposing the adoption of the Revised Rawabi IPT Mandate at the EGM, which if approved, will supersede the Existing Rawabi IPT Mandate which was last renewed at the AGM on 29 September 2020. The Revised Rawabi IPT Mandate is also aligned with the proposed Holmen IPT Mandate.

Details on the proposed Revised Rawabi IPT Mandate to be approved by Independent Shareholders are set out in Section 12 and **Appendix 3** of this Circular.

## **2.6 Relevant Period**

For the purpose of this Circular, the disclosures of past IPTs will cover the period from FY2017, FY2018, FY2019, FY2020 and up to the first half-year of FY2021 from 1 April 2020 to 30 September 2020 ("**Relevant Period**").

## LETTER TO SHAREHOLDERS

### 3. PAST NON-COMPLIANT IPTs (RECURRENT IN NATURE) WHICH WERE ENTERED INTO UNDER THE IPT GENERAL MANDATES

#### 3.1 Details of these Non-Compliant IPTs

During the Relevant Period, the Company had in place the SHL IPT Mandate and the Existing Rawabi IPT Mandate (collectively “**IPT General Mandates**”) to enter into certain mandated recurrent IPTs with the Swiber Group and the Rawabi Group respectively. The SHL IPT Mandate had expired on 7 July 2017 as it was not renewed at the Company’s AGM then. The Existing Rawabi IPT Mandate has been renewed annually at the Company’s AGM.

The Company noted the following in respect of its IPT General Mandates:

- (a) It had not followed the review procedures as set out in the respective IPT General Mandates for recurrent mandated IPTs entered into with the interested persons;
- (b) It had not disclosed certain recurrent mandated IPTs (excluding transactions below S\$100,000) that were entered into with the Rawabi Group under the Existing Rawabi IPT Mandate; and
- (c) It had continued with certain recurrent IPTs (excluding transactions below S\$100,000) with the Swiber Group after the expiry of the SHL IPT Mandate on 7 July 2017. Hence, these recurrent IPTs were not conducted under a valid SHL IPT Mandate.

The above Non-Compliant IPTs, of a recurrent nature, were therefore not carried out in compliance with Chapter 9 of the Catalist Rules, as these transactions were either not disclosed, not conducted under a valid IPT general mandate and/or had not followed the review procedures of the IPT General Mandates.

#### Recurrent IPTs (excluding IPTs below S\$100,000) under valid IPT General Mandates which were not disclosed by the Company during the Review Period

These are mandated IPTs, of a recurrent nature, entered into under the valid IPT General Mandates but were not disclosed by the Company during the Review Period, in particular for FY2017, FY2018 and FY2019. However, following the Company’s announcement on 24 July 2019 in relation to the non-compliant IPTs, the Company had made the relevant disclosures of the recurrent IPTs in its annual report for FY2020 and in its interim results announcement for HY2021.

For completeness, the table below summarises the undisclosed recurrent IPTs from FY2017 to FY2019, and the subsequent recurrent IPTs for FY2020 and 1H2021 which have been disclosed by the Company.

(US\$'000)	FY2017	FY2018	FY2019	FY2020	1H2021
<b>Under the valid SHL IPT Mandate</b>					
Corporate management services provided by SHL to the Group <sup>(1)</sup>	275	-	-	-	-
<b>Sub-total with Swiber Group</b>	<b>275</b>	-	-	-	-
<b>Under the Existing Rawabi IPT Mandate</b>					



## LETTER TO SHAREHOLDERS

Corporate management services provided by RHC to RVOS <sup>(2)</sup>	239	249	119	604	550
Rental of premises provided by RHC to RVOS <sup>(2)</sup>	-	235	252	256	137
Provision of other goods and services by Rawabi Group to RVOS <sup>(3)</sup>	-	-	-	1,248	426
Engineering services provided by Samson Entities to RVOS <sup>(2)</sup>	-	4,999	4,185	-	-
Engineering services provided by Samson Entities to RVIC <sup>(2)</sup>	1,932	-	-	-	-
<b>Sub-total with Rawabi Group</b>	<b>2,171</b>	<b>5,483</b>	<b>5,556</b>	<b>2,108</b>	<b>1,113</b>
<b>Total recurrent IPTs</b>	<b>2,446</b>	<b>5,483</b>	<b>5,556</b>	<b>2,108</b>	<b>1,113</b>

### Notes:

- (1) The SHL IPT Mandate had expired on 7 July 2017 as it was not renewed at the Company's AGM then. During FY2017, the Company did not disclose the corporate management services provided by SHL to the Group amounting to US\$275,000 as an IPT. Upon the expiration of the SHL IPT Mandate, such IPTs had ceased; and
- (2) These IPTs are mandated transactions under the Existing Rawabi IPT Mandate. However, during FY2017 to FY2019, the Company did not disclose these IPTs in its respective annual reports as required under Catalyst Rule 907. For FY2020 and 1H2021, the Company had disclosed such IPTs as required under Catalyst Rule 907 and Rule 920(1)(a)(ii).
- (3) These IPTs include construction of workers' accommodation and procurement of logistic services and safety products from Rawabi Group.

### Recurrent IPTs (excluding IPTs below S\$100,000) disclosed during the Relevant Period but were not carried out under a valid SHL IPT Mandate

These are IPTs, of a recurrent nature, that were carried out after the expiry of the SHL IPT Mandate, but were disclosed by the Company in its respective annual reports for FY2018 and FY2019. However, the disclosure for FY2018 was disclosed incorrectly under the wrong column as being carried out under a valid SHL IPT Mandate.

(US\$'000)	FY2018 (since 7 Jul 2017 to 31 Mar 2018)	FY2019	FY2020	1H2021
Provision of manpower services by the Group's Mexican entities, OER and OSR, to Swiber Group	3,319	3,321	3,932	1,228
Provision of storage services by PT USP to Swiber Group	250	249	-	-
<b>Total</b>	<b>3,569</b>	<b>3,570</b>	<b>3,932</b>	<b>1,228</b>

### *Provision of manpower services by Mexican entities to Swiber Group*

The Group owns 99% of the issued share capital of 2 Mexican entities, namely OER and OSR, through an intermediate wholly-owned subsidiary namely OERPL, and the remaining 1% of the issued share capital of these entities is owned by a local resident director. However, the

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## LETTER TO SHAREHOLDERS

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Company is of the view that it does not have any effective control over these entities' business decisions as they are effectively being controlled and managed by the resident director there. The Company also does not have any board representation in the 2 Mexican entities. The Company has not provided any resources or financing to these entities. The paid-up capital of each of these 2 Mexican entities is US\$2,000 and they are currently in negative equity positions.

The Company had included and disclosed the recurrent IPTs involving these Mexican entities as mandated IPTs during the period when the SHL IPT Mandate was in force. However, since the SHL IPT Mandate was not renewed and had expired on 7 July 2017, the Company had erroneously disclosed and included these IPTs conducted after 7 July 2017 as IPTs conducted under general mandate for FY2018. In subsequent periods, the Company disclosed these transactions as IPTs not conducted under general mandate (as they were carried out without a valid IPT general mandate). The Company's disclosure of the IPTs were also dependent on the information provided to the Company by these Mexican entities.

Under such circumstances, the Company is of the view that adopting a SHL IPT Mandate in relation to the recurrent IPTs with the 2 Mexican entities in the interim period would not be meaningful as the Company does not have any management control over these entities and hence would be unable to comply with any proposed IPT procedures in relation to these recurrent transactions.

In light of the above, the Company had on 31 December 2020, disposed of its entire interest in OERPL and the 2 Mexican entities to an unrelated third party as announced by the Company on 11 January 2021. Pursuant to the said disposal, the 2 Mexican entities will no longer be regarded as EAR.

### *Storage services provided by PT USP to Swiber Group*

The storage services provided by PT USP was to provide storage space to store equipment for SHL projects. As SHL was under judicial management, the Swiber Group took some time to clear the equipment from the store and, hence, the IPTs in respect of the provision of storage services had continued outside of the SHL IPT Mandate. Such IPTs had ceased following the removal of the equipment in June 2019.

### **3.2 Remedial actions**

Following the IPT Review, as disclosed on page 33 of the Company's latest annual report for FY2020 under the caption entitled "**IPT Review**", the Company has since adopted certain proposed remedial actions which include the following:

- (a) The Company has assigned a designated finance executive at each EAR to be responsible to (i) identify and document the potential IPTs; (ii) inform the Finance Team (at Corporate Office) of the proposed IPTs; (iii) work with the Finance Team to ensure that IPT procedures are adhered to as set out in the IPT general mandate; and (iv) obtain relevant approvals from authorised personnel for the IPTs in accordance with the authorisation limits as set out in the IPT general mandate, prior to carrying out the IPTs with the interested person.
- (b) The Company will assign an Executive Officer as the Head of Compliance to oversee the designated finance executive at each EAR and to ensure familiarity, compliance and accurate reporting of the IPTs under Chapter 9 of the Catalist Rules.

In this regard, the Company had on 18 September 2020 announced the appointment of Mr Seah Han Tong Tony, as the Head of Risk and Compliance. Mr Seah is also the Company Secretary and Legal Counsel of the Group.

## LETTER TO SHAREHOLDERS

- (c) Copies of the IPT general mandates to be made available to the relevant staff at the EARs to familiarize themselves with the procedures for identifying, seeking approval, documenting and reporting IPTs as set out in the IPT general mandates. The Head of Compliance will provide guidance to these staff at the EARs, whenever required.
- (d) The Head of Compliance will maintain a register of all the EARs of the Group and will update any changes immediately; and will review the register regularly, at least on a quarterly basis. The Audit Committee will review the register of the EARs on a quarterly basis.
- (e) The Head of Compliance will also maintain a register of interested persons as defined in the Catalist Rules. These include the Directors, CEO and Controlling Shareholders and their respective Associates. The Head of Compliance will update any changes immediately and will review the register regularly, at least on a quarterly basis. In this regard, the Head of Compliance will proactively seek written confirmation from each of the Directors, CEO and each of the Controlling Shareholders on a quarterly basis on their respective list of interested persons. The Audit Committee will review the register of the interested persons on a quarterly basis.
- (f) All IPTs will be recorded in the IPT Register by the Finance Team as set out in the IPT general mandates. The Finance Director will review the IPTs recorded in the IPT Register on a monthly basis to ensure that the IPTs are in compliance with the review procedures set out in the IPT general mandates. The Audit Committee and Head of Compliance will review the IPT Register on a quarterly basis.

The Company expects that the above proposed remedial actions will ensure compliance with the Company's IPT procedures and the requirements of the Catalist Rules.

If the proposed Holmen IPT Mandate and Revised Rawabi IPT Mandate as set in Appendix 2 and Appendix 3 to this Circular respectively are approved by the Independent Shareholders at the EGM, the Company expects that the proposed remedial actions will also ensure compliance with the IPT procedures for these IPT Mandates.

#### 4. PAST NON-COMPLIANT IPTs (NON-RECURRENT IN NATURE) THAT HAVE NOW CEASED

These are specific IPTs (of a non-recurrent nature) that were entered into with the interested persons during the Relevant Period, without seeking prior Shareholders' approval before entering into the IPTs. These IPTs have now ceased.

(US\$'000)	FY2017	FY2018	FY2019	FY2020	1H2021
<b>With Swiber Group</b>					
Rental of premises provided by SHL to VHL	806	645	644	107	-
<b>With Rawabi Group</b>					
Provision of net advances by RVOS to RVIC in each period <sup>(1)</sup>	2,234	6,291	84,156	(10,961)	-
Provision of corporate guarantees by	-	-	43,836	18,700	-

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## LETTER TO SHAREHOLDERS

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VHL for the benefit of RVOS <sup>(2)</sup>	
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### Notes:

- (1) These are advances (net of repayment) by RVOS to RVIC during the respective financial years/period. The outstanding amount of advances due from RVIC to RVOS at the end of each financial year/period is the cumulative advances provided in the preceding period up to the respective year-end/period; and
- (2) During FY2019, VHL had provided its share of corporate guarantees totalling US\$43.8 million in relation to RVOS' bank loans. The potential liability arising from these corporate guarantees varies from time to time depending on the outstanding amount of bank loans. With effect from 4 June 2020, the corporate guarantees provided by the Company were released by the RVOS' bankers.

### *IPTs with the Swiber Group*

In relation to the rental of premises from the Swiber Group, VHL had entered into the rental agreement with the Swiber Group for the rental of the office premises which had commenced on 27 May 2016 and expired on 26 May 2019. This was an IPT that was not disclosed by the Company, and as the Company had not obtained an independent valuation on the rental rate, the above IPT did not fall under the exemption under Catalist Rule 916(1).

There are no further rental arrangements with the Swiber group after the expiry date.

### *IPTs with the Rawabi Group*

The provision of advances from RVOS to RVIC in some way arose as a result of the refinancing exercise in early 2016 which enabled the Group to separate the ownership of vessels under RVIC from the operation of vessels under RVOS. RVIC had raised bank financing to own the vessels which it then chartered to RVOS for a fee. RVOS in turn chartered these vessels to its customers at commercial charter rates.

RVOS and RVIC are jointly owned by VHL and RHC, and are each deemed as an EAR and an interested person.<sup>1</sup>

During the Relevant Period, RVOS had extended advances to RVIC to partly fund RVIC's repayment obligations to its bank loans. RVOS is deemed an EAR and RVIC an interested person, and therefore the provision of advances from RVOS to RVIC is considered as an IPT. These advances were provided interest-free and without fixed repayment terms. As at 31 March 2020 and prior to the set-off arising from the restructuring exercise as disclosed below, the outstanding advances from RVOS to RVIC amounted to US\$78.6 million.

While most of the vessels are held under RVIC, over time, RVOS had also acquired and owned vessels which were funded by bank loans. As a requirement of RVOS' bankers, VHL and RHC as shareholders of RVOS, had provided corporate guarantees to these bankers in proportion to their shareholding interests in RVOS. However, as RVOS does not fall under the exemption in Catalist Rule 916(2), the provision of corporate guarantees by VHL to RVOS (as an interested person) is required to comply with Catalist Rule 905 and Catalist Rule 906 and independent shareholders' approval was supposed to have been sought prior to the provision of the corporate guarantees.

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<sup>1</sup> As announced by the Company on 31 March 2021, the shareholdings in RVOS have changed from 50% each between VHL and RHC, to 40.7% held by VHL and 59.3% held by RHC.

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## LETTER TO SHAREHOLDERS

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As disclosed in the unaudited results announcement of the Group for FY2020 on 29 July 2020, during the second half of FY2020, the Group went through a restructuring exercise whereby RVOS acquired all the vessels from RVIC based on market valuation of these vessels and funded the acquisition partly through new bank borrowings obtained by RVOS and partly from the set-off of amount owing from RVIC to RVOS (comprising mainly the outstanding advances owed by RVIC to RVOS referred to above). Accordingly, these IPTs have now ceased because the advances from RVOS to RVIC have been fully settled.

Subsequent to 31 March 2020, the share of corporate guarantees provided by the Company to RVOS' bankers had been released as these bank loans were repaid/refinanced by new loans wherein the corporate guarantees were fully provided by RHC at no cost to the Group.

Following from the above, the above Non-Compliant IPTs with the Rawabi Group have ceased.

### **5. SUMMARY OF THE PAST NON-COMPLIANT IPTs TO BE RATIFIED AND NEW IPTs TO BE APPROVED BY SHAREHOLDERS, AND THE REVISED RAWABI IPT MANDATE**

#### **5.1 Ratification of past Non-Compliant IPTs and approval of new IPTs**

The Company is seeking Independent Shareholders' ratification for the following past Non-Compliant IPTs, as it is the intention of the Company to continue with the IPTs with the relevant interested persons. Shareholders' ratification of these Non-Compliant IPTs will enable the Group to continue with these IPTs with the interested persons, without the need to unwind these transactions:

- (i) the provision of corporate guarantee for the benefit of RPL (as set out in Section 6 of this Circular);
- (ii) the provision of corporate guarantees for the benefit of the Holmen Group (as set out in Section 7 of this Circular); and
- (iii) the provision of past Holmen Advances (as set out in Section 8 of this Circular).

In addition, the Company is seeking Independent Shareholders' approval for the following new IPTs with the interested persons:

- (i) proposed entry into the Holmen Loan Agreement for the Group to provide further funding of up to US\$87 million to the Holmen Group in addition to the past Holmen Advances (as set out in Section 9 of this Circular);
- (ii) proposed adoption of the Holmen IPT Mandate for the Group to continue to enter into recurrent IPTs, of a revenue or trading nature, with the Holmen Group (as set out in Section 10 and Appendix 2 of this Circular); and
- (iii) proposed entry into the RHC Loan Agreement to determine the interest rate for a 5-year period on the outstanding advances of up to US\$125 million extended by RHC to the Group with no fix repayment term (as set out in Section 11 of this Circular).

#### **5.2 Revised Rawabi IPT Mandate**

The Existing Rawabi IPT Mandate was last renewed at the Company's AGM on 29 September 2020.

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## LETTER TO SHAREHOLDERS

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As mentioned in Section 2.5 of this Circular, arising from the IPT Review, the Company is also taking the opportunity to fine-tune the procedures and processes in the Existing Rawabi IPT Mandate to align with the proposed remedial actions adopted by the Company and the Holmen IPT Mandate.

The Company is therefore proposing the adoption of the Revised Rawabi IPT Mandate at the forthcoming EGM which if approved, will supersede the Existing Rawabi IPT Mandate which was last renewed at the AGM on 29 September 2020.

Details on the proposed Revised Rawabi IPT Mandate to be approved by Independent Shareholders are set out in Section 12 and Appendix 3 of this Circular.

### 6. PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEE FOR THE BENEFIT OF RPL

#### 6.1 Overview

RPL is a company incorporated in Singapore with the principal activity as an investment holding company. RPL is owned 51% by the Company and 49% by SHL. RPL is considered as an Associate of SHL and therefore an interested person under Chapter 9 of the Catalist Rules. SHL is a Controlling Shareholder of the Company, holding 115,102,345 Shares as at the Latest Practicable Date, representing an interest of approximately 20.58% in the share capital of the Company. SHL is an interested person under Chapter 9 of the Catalist Rules

The Company and SHL had provided corporate guarantees on 28 June 2011, on a joint and several basis, in relation to RPL's bank loan for an amount of up to US\$85 million for the benefit of RPL. No guarantee fees were charged to RPL by both parties. As at 30 September 2020, RPL's outstanding principal bank loan amounted to US\$31.7 million. RPL has triggered a technical default on the bank loan but it has not been served with any notice of an event of default.

RPL is an investment holding company which holds the preference shares in ROPL, a wholly-owned subsidiary of SHL. ROPL had used the proceeds from the preference shares for the acquisition of the "*Swiber Resolute*" vessel. In addition to the above corporate guarantees, the "*Swiber Resolute*" vessel was also mortgaged to the bank.

#### 6.2 Proposed Shareholders' ratification

The Company proposes to seek Shareholders' ratification for the provision of the corporate guarantee for the benefit of RPL by way of the passing of Ordinary Resolution 1. If passed, the ratification will enable the Company to continue with the provision of the corporate guarantee for the benefit of RPL.

Based on the latest audited financial statements of the Group for FY2020, the audited NTA of the Group is US\$63.2 million ("**Latest Audited NTA**"). As an illustration, the corporate guarantee provided in relation to RPL's bank loan for an amount of up to US\$85 million represents 134.5% of the Latest Audited NTA. In view of the reduced outstanding principal bank loan of US\$31.7 million as at 30 September 2020, the Group's risk exposure of the corporate guarantee is also reduced to US\$31.7 million, representing 50.2% of the Latest Audited NTA.

The Group had provided for the accrued interest of US\$6.5 million in relation to the outstanding principal bank loan of US\$31.7 million. Accordingly, the present total risk exposure of the corporate guarantee is US\$38.2 million, representing 60.5% of the Latest Audited NTA.

As RPL is in technical default, it will not be able to draw down further loan quantum from the bank facility. Accordingly, the Group's risk exposure to the corporate guarantee will not be increased significantly beyond the current exposure.

### 6.3 Rationale for the ratification

The provision of the corporate guarantee in relation to RPL's bank loan in 2011 was a requirement of the banker and could not be released without its consent.

Around the time that the joint and several corporate guarantees were provided for the benefit of RPL by the Company and SHL, SHL was in a much stronger financial position and with a much larger market capitalization as compared to the Group. It was therefore reasonable for the Company to provide the corporate guarantee together with SHL, on a joint and several basis, in order to secure better financing terms for RPL from the banker.

The Company is of the view that it is unlikely to secure release of its corporate guarantee from the banker in view of RPL's present weak financial position and as RPL is already in technical default on the bank loan. RPL is currently not paying any fee on the corporate guarantee and is also not in a financial position to pay any proposed fee on the corporate guarantee in view of its weak financial position. The corporate guarantee is therefore likely to continue until the bank loan is fully repaid.

Given the present circumstances, the Company recognizes that the above is not on normal commercial terms. However, if the provision of the corporate guarantee for the benefit of RPL is not ratified by Independent Shareholders at the EGM, it would mean that the Company has to cease providing the corporate guarantee for the benefit of RPL. On the other hand, as the Company cannot unilaterally withdraw its corporate guarantee, the Company would be in breach of Chapter 9 of the Catalist Rules if it continues with the provision of corporate guarantee without Shareholders' ratification of the above.

The Company is in discussion with RPL's lender with respect to the restructuring of the loan. Once the bank loan is fully discharged, the Company intends to wind up RPL.

## 7. THE PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEES FOR THE BENEFIT OF THE HOLMEN GROUP

### 7.1 Overview

HOL is a company incorporated in Singapore with its principal activity as an investment holding company. HOL is owned 75% by the Company (through its wholly-owned subsidiary, Vallianz International Pte. Ltd.) and 25% by SHL. HOL has 3 wholly-owned subsidiaries, namely Holmen Arctic Pte. Ltd ("**HAR**"), Holmen Atlantic Pte. Ltd. ("**HAT**") and Holmen Pacific LLC ("**HP**") (HOL and its subsidiaries, together the "**Holmen Group**").

Since 2016, the Company had provided 100% of the corporate guarantees in favour of the lenders under the loan facilities extended by these lenders to the Holmen Group for an amount

of up to US\$99.2 million. The corporate guarantees were one of the conditions of the loan facilities, and were provided by the Company at no cost to the Holmen Group. It is not unusual for bankers to look towards the major shareholder of the Holmen Group, i.e. the Company, as the key party to be the guarantor for the loan facilities.

In addition, 4 of the vessels which were owned by the Holmen Group were also mortgaged to the lenders under the loan facilities. As at 30 September 2020, the Holmen Group's outstanding bank loans amounted to US\$86 million.

The Company had not treated the Holmen Group as an Associate of SHL (and therefore, an interested person), as the Holmen Group, being 75%-owned by the Company, is treated as a subsidiary of the Company, and SHL, having no board seats nor management participation in the Holmen Group, has only 25% interest in the Holmen Group. However, pursuant to the consultation with the SGX-ST in November 2019, it was clarified that HOL is deemed to be an interested person as the transactions with the Holmen Group do not fulfil the requirements of Catalist Rule 915(3). Therefore, transactions between the Group and the Holmen Group are deemed as IPTs and subject to the requirements of Catalist Rules 905, 906 and 907.

Under Catalist Rule 915(3), where a transaction is between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the issuer, is less than 5.00%, such transaction is not required to comply with the Catalist Rules 905, 906 and/or 907.

Under Catalist Rules 907, an issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report.

### 7.2 Proposed Shareholders' ratification

The Company proposes to seek Shareholders' ratification for the provision of the corporate guarantees for the benefit of the Holmen Group by way of the passing of Ordinary Resolution 2. If passed, the ratification will enable the Company to continue with the provision of the corporate guarantees to the Holmen Group.

As an illustration, based on the Latest Audited NTA of US\$63.2 million, the corporate guarantees provided for the benefit of the Holmen Group for an amount of up to US\$99.2 million represents 157.0% of the Latest Audited NTA. Based on the lower outstanding bank loans of US\$86 million as at 30 September 2020, the Group's present risk exposure of the corporate guarantee is also reduced to US\$86 million, representing 136.1% of the Latest Audited NTA.

On 10 March 2017, the Group entered into a framework agreement with certain lenders to refinance its existing borrowings, including the Holmen loans. On 19 February 2021, the Group had entered into a restructuring agreement with such lenders which modifies and supplements certain terms of the framework agreement regarding refinancing of its existing borrowings, including the Holmen loans, as announced on 19 February 2021 ("**Restructuring Agreement**"). Pursuant to the Restructuring Agreement, lenders will not allow any further loan drawdown on its facilities. Accordingly, the Group's risk exposure to the corporate guarantee will not be increased significantly beyond the current exposure.



### **7.3 Rationale for the ratification**

The rationale for the ratification for the provision of 100% of the corporate guarantees in relation to the Holmen Group's bank loans is similar to the situation with RPL, i.e. the corporate guarantee cannot be released without the consent of the bankers. Further, the Company is in the process of restructuring the Group's borrowings including the Holmen Group's bank loans by novating some Holmen loans to the Company in accordance with the Restructuring Agreement as announced on 19 February 2021.

On the basis that no corporate guarantee fees were charged to the Holmen Group by the Company, the Company recognizes that the above is not on normal commercial terms. However, if the provision of the corporate guarantees for the benefit of the Holmen Group is not ratified, it would mean that the Company has to cease providing such corporate guarantees. On the other hand, as the Company cannot unilaterally withdraw its corporate guarantees, the Company would be in breach of Chapter 9 of the Catalist Rules if it continues with the provision of corporate guarantees without Shareholders' ratification of the above.

## **8. THE PROPOSED RATIFICATION OF THE PROVISION OF PAST HOLMEN ADVANCES**

### **8.1 Overview**

In addition to the above provision of the corporate guarantees for the benefit of the Holmen Group, the Company had extended advances, mainly interest-free and without any fixed repayment terms, to the Holmen Group to fund its operations including the servicing of its bank loans. These past Holmen Advances provided by the Company to the Holmen Group during the relevant period is set out below:

<b>(US\$'000)</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>1H2021</b>
Advances provided to the Holmen Group during each period	9,629	6,167	4,635	12,745	3,479
Repayment made by Holmen Group	-	-	-	-	-
Outstanding advances as at the end of each period	9,629	15,796	20,431	33,176	36,655

As at 30 September 2020, the outstanding Holmen Advances due from the Holmen Group to the Company is approximately US\$37 million.

### **8.2 Proposed Shareholders' ratification**

The Company proposes to seek Shareholders' ratification for the provision of the past Holmen Advances by way of the passing of Ordinary Resolution 3. If passed, the ratification will allow such outstanding Holmen Advances to remain until the Holmen Group is in a position to repay such advances to the Company.

As an illustration, based on the Latest Audited NTA of US\$63.2 million, the outstanding Holmen Advances due from the Holmen Group as at 30 September 2020 of approximately US\$37 million represents 58.0% of the Latest Audited NTA of the Group.

### 8.3 Rationale for the ratification

On the basis that no interest was charged by the Company to the Holmen Group for the past Holmen Advances, the Company recognizes that the above is not on normal commercial terms. However, if the ordinary resolution for the provision of the past Holmen Advances is not passed, it would mean that the Holmen Group has to repay all outstanding Holmen Advances to the Company immediately or risk breaching Chapter 9 of the Catalist Rules. However, the Company is of the view that the Holmen Group will not be able to repay these advances in the immediate future because of Holmen Group's present weak financial position.

In addition, putting further repayment pressure on the Holmen Group may be detrimental to the business operations of the Holmen Group, as the past Holmen Advances had enabled the Holmen Group to maintain its existing banking and financing facilities for its operational needs.

The Company had entered into the Restructuring Agreement as announced on 19 February 2021 to restructure the Holmen Group's bank loans and corporate guarantees as part of the overall restructuring of the Group's borrowings as mentioned in Section 7.3 above. This will necessarily take time as the terms of the restructuring exercise may be subject to various conditions and relevant approvals.

In the interim period, however, the Holmen Group needs the Company's continued financial support, in the form of the corporate guarantees and advances, and further advances. Hence, the Company is seeking Independent Shareholders' approval for the proposed ratification of the Holmen corporate guarantee (as set out in Section 7 above), the proposed ratification of the past Holmen Advances (as set out in this section) and the proposed entry into the Holmen Loan Agreement (as set out in Section 9 below). In the absence of these financial support, the Holmen Group may be at risk of triggering a loan default situation where the operations of its vessels may be disrupted due to the bankers exercising their security rights over these vessels. Such an event of default may also result in triggering cross-default events across the Group's financing facilities.

The Company recognises that the financial support to be extended to the Holmen Group, to be solely provided by the Company, is significant. However, the financial support extended to the Holmen Group is necessary in view of (i) the present circumstances and the financial commitment that the Group has already provided to the Holmen Group as set out above; (ii) the fact that the Group has effective control over the Holmen Group with its 75% interest as the other 25% shareholder, SHL, is currently under judicial management; and (iii) the Company's position is that the operations of the Holmen Group is beneficial to the interests of the Group. In addition, the Company is not considering the disposal of the three (3) specialised vessels owned by the Holmen Group in order to repay the bank loans as such disposal will diminish the Group's revenue earning capabilities.

Please see further information on SHL's 25% interest in the Holmen Group in Section 10.1 of this Circular.

### 9. THE PROPOSED ENTRY INTO THE HOLMEN LOAN AGREEMENT

#### 9.1 Overview

Following from Section 8 above, in addition to the past Holmen Advances, the Company proposes to enter into a loan agreement with the Holmen Group ("**Holmen Loan Agreement**") pursuant to which the Group shall extend additional advances of up to US\$87 million ("**Additional Holmen Advances**"), to assist the Holmen Group to service its existing bank loan obligations in a timely manner, and for its working capital needs. These Additional Holmen Advances are unsecured with no fixed repayment terms and are non-interest bearing.

If and when these Additional Holmen Advances from the Company are utilised to repay the existing bank loans of the Holmen Group, the Group's risk exposure to the corporate guarantee will likewise be reduced accordingly. Presently, the Group intends for US\$86 million of the Additional Holmen Advances to be used for such bank loans repayment and the balance US\$1 million for working capital needs of the Holmen Group.

#### 9.2 Shareholders' Approval

The entry into the Holmen Loan Agreement is deemed an IPT and is subject to Independent Shareholders' approval on the passing of Ordinary Resolution 4.

Based on the Latest Audited NTA of US\$63.2 million, the Company's value at risk in respect of the Additional Holmen Advances of US\$87 million represents 137.7% of the Latest Audited NTA.

The Company will consider raising the necessary funds for the Additional Holmen Advances via loans, debt or equity capital markets fund raising activities over a period of time, taking into consideration the efforts by the Company to restructure its loan facilities with the lenders. Such loans may also include utilising the RHC Advances referred to in Section 11.2 below, which based on the proposed RHC Loan Agreement, the RHC Advances will bear interest at the rate of 5.0% per annum.

**Shareholders should note that without Shareholders' approval for the entry into the Holmen Loan Agreement, the continued operations of the Holmen Group and the overall restructuring of the Group's borrowings as mentioned in Section 7.3 above (including but not limited to the proposed debt restructuring as announced by the Company on 19 February 2021) will be affected.**

#### 9.3 Rationale for the Holmen Loan Agreement

On the basis that no interest will be charged by the Company to the Holmen Group for the Holmen Loan Agreement, the Company recognised that the above Holmen Loan Agreement is not on normal commercial terms. However, together with the corporate guarantees and past Holmen Advances, the Company is of the view that the Holmen Loan Agreement is crucial for the continued operations of the Holmen Group as mentioned in Section 8.3 above. Given the present weak financial position of the Holmen Group, it is not in a financial position to pay any interest charged on the Additional Holmen Advances.

## LETTER TO SHAREHOLDERS

The Group is committed to support the Holmen Group as it views the operations of the Holmen Group to be beneficial to the interests of the Group.

### 10. THE PROPOSED ADOPTION OF THE HOLMEN IPT MANDATE

#### 10.1 Background of Non-Compliant IPTs, of a recurrent nature, with the Holmen Group

The Company had entered into certain transactions, of a recurrent nature, with the Holmen Group without an IPT general mandate as the Company had not treated the Holmen Group as an Associate of SHL (and therefore, an interested person), as the Holmen Group, being 75%-owned by the Company, is treated as a subsidiary of the Company, and SHL, having no board seats nor management participation in the Holmen Group, has only 25% interest in the Holmen Group. However, pursuant to the consultation with the SGX-ST in November 2019, it was clarified that HOL is deemed to be an interested person as the transactions with the Holmen Group do not fulfil the requirements of Catalist Rule 915(3). Therefore, transactions between the Group and the Holmen Group are deemed as IPTs and subject to the requirements of Catalist Rules 905, 906 and 907. Set out in the table below is a summary of these Non-Compliant IPTs, of a recurrent nature, entered into with the Holmen Group during the Relevant Period.

Recurrent Non-Compliant IPTs (excluding IPTs below S\$100,000) entered into with the Holmen Group during the Relevant Period

(US\$'000)	FY2017	FY2018	FY2019	FY2020	1H2021
Provision of chartering services by VOM to Holmen Group	731	-	-	-	-
Receipt of chartering services by VOM from Holmen Group	263	-	-	-	-
Provision of corporate management services by VCS to Holmen Group	528	660	660	660	330
Provision of shipyard services by PT USP to Holmen Group	-	-	512	423	225
<b>Total recurrent IPTs</b>	<b>1,522</b>	<b>660</b>	<b>1,172</b>	<b>1,083</b>	<b>555</b>

#### *Provision/Receipt of chartering services to/from the Holmen Group*

The Group had in FY2017 chartered vessels to and received chartering services from the Holmen Group. Since then, there were no such provision or receipt of chartering services with the Holmen Group. However, the Company anticipates there could be potential opportunities of such chartering services with the Holmen Group in the future.

#### *Provision of corporate management services to the Holmen Group*

The Group had, through VCS, a wholly-owned subsidiary of the Company, provided corporate management services to the Holmen Group. These services include administrative, building maintenance, company secretariat, corporate finance, treasury, legal and taxation, procurement, information technology and communications, insurance, human resource and payroll processing, investor relations, and organisation and development services.

The Group charges the Holmen Group for these services based on the allocation of the Group's manpower and overheads costs to the Holmen Group.

### *Provision of shipyard services to the Holmen Group*

PT USP, a 99%-owned subsidiary of the Group, provides shipyard and related services to the Holmen Group's vessels.

Going forward, the Group anticipates that it will, in the ordinary course of business, continue to enter into the above recurrent IPTs with the Holmen Group. Hence, the Company proposes the adoption of the Holmen IPT Mandate as set out in Section 10.2 below.

## **10.2 Holmen IPT Mandate**

Following from the above, and in view of the time-sensitive nature of such transactions, the Company is proposing to adopt the Holmen IPT Mandate pursuant to Catalist Rule 920 to enable the Group to continue to enter into such recurrent IPTs with the Holmen Group.

The details of the Holmen IPT Mandate, including information on the Holmen Mandated Transactions, the rationale for, and the benefits to, the Company, the guidelines and review procedures for the Holmen Mandated Transactions and other relevant information are set out in Appendix 2 to this Circular.

As set out in Section 3.2 of this Circular under the caption entitled "**Remedial Actions**", the Company expects that the proposed remedial actions will also ensure compliance with the IPT procedures for the Holmen IPT Mandate.

The proposed adoption of the Holmen IPT Mandate is subject to the Independent Shareholders' approval on the passing of Ordinary Resolution 5, and pursuant to Rule 920(1)(b)(v), the Company's circular in relation to the Holmen IPT Mandate must include the opinion of the IFA on whether the methods or procedures for determining transaction prices are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The following is an extract from Section 7 of the IFA Letter regarding the Holmen IPT Mandate 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 4 to this Circular. Shareholders are advised to read the IFA Letter carefully.

### **"Opinion in relation to the Holmen IPT Mandate"**

*In respect of the Holmen IPT Mandate, having considered, inter alia, the rationale for and benefits of the Holmen IPT Mandate, the review procedures of the Company in relation to the Holmen IPT Mandate and the role of the Audit Committee in ensuring the guidelines and review procedures for the Holmen Mandated Transactions have been complied with, **we are of the opinion that the review procedures established by the Company for determining transaction prices as set out in Appendix 2 to the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions conducted thereunder will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.**"*

If approved by Independent Shareholders at the EGM, the Holmen IPT Mandate will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or

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## LETTER TO SHAREHOLDERS

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varied by the Company in general meeting) continue to be in force until the date of the next AGM. Thereafter, Shareholders' approval for subsequent renewals of the Holmen IPT Mandate will be sought at each subsequent AGM.

### 11. THE PROPOSED ENTRY INTO THE RHC LOAN AGREEMENT

#### 11.1 Overview

As at the Latest Practicable Date, RHC owns 56.77% in the issued share capital of the Company.

Over the last 5 years, RHC had provided shareholder's advances to the Group from time to time for its working capital needs and to support the Group's operations. Such shareholder's advances were unsecured and interest-free with no fixed repayment term. Some of these shareholder's advances had been converted into issued share capital as a result of the set-off for the subscription of right shares under the Company's rights issue and exercise of warrants in FY2018. All unexercised outstanding warrants have expired on 26 December 2019.

The shareholder's advances have been classified as equity in the Company's statement of financial position since FY2017.

The amount of advances provided by RHC to the Group in each financial year/period is set out below:

(US\$'000)	FY2017	FY2018	FY2019	FY2020	1H2021
Advances from RHC	102,087	-	54,660	25,350	17,550
Repaid via conversion into Shares of the Company	-	(102,087)	-	-	-
Cash repayment to RHC	-	-	-	-	-
Outstanding advances from RHC as at the end of each period	102,087	-	54,660	80,010	97,560

#### 11.2 Proposed RHC Loan Agreement

Pursuant to the formal release of the transfer pricing by-laws in the Kingdom of Saudi Arabia (the "By-Laws") on 15 February 2019, any related party transactions must be conducted on terms that are similar to comparable transactions between independent persons and be consistent with the arms' length principle. The By-Laws are applicable from the reporting year ended 31 December 2018 onwards. The By-Laws enable the General Authority of Zakat and Tax of the Kingdom of Saudi Arabia to disregard the result of a controlled transaction where the terms, conditions or remunerations are not consistent with the arms' length principle, such as where the shareholder advance is interest-free.<sup>2</sup>

Accordingly, the shareholder's advances provided by RHC to the Group in the past which were interest-free is inconsistent with the arms' length principle mandated by the By-Laws. Accordingly, to comply with the By-Laws, the Company is proposing to enter into the RHC Loan

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<sup>2</sup> A summary of the By-Laws is set out in:  
<https://www.pwc.com/m1/en/services/tax/me-tax-legal-news/2019/ksa-publishes-final-transfer-pricing-by-laws.html>

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## LETTER TO SHAREHOLDERS

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Agreement with RHC to include an interest rate element on such shareholder's advances and to state the maximum amount of such shareholder's advances to the Company at any one point in time ("**RHC Advances**").

The RHC Advances will continue to be unsecured, with no fixed repayment term but will bear interest initially set at the rate of 5.00% per annum for a period of 5 years in relation to such advances of up to US\$125 million. The interest charge on the outstanding advances from RHC will commence and accrue with effect from 1 April 2020. RHC had not charged interest since the applicable by-law came into effect pursuant to the Company's negotiation with RHC to commence the interest charge with effect from 1 April 2020, being the start of FY2021, subject to Shareholders' approval at the EGM.

The interest rate of 5.00% per annum was arrived at pursuant to arm's length negotiation between the Company and RHC, taking into consideration the cost of funds by the Rawabi Group.

As a show of continued commitment to the Group, RHC has agreed for the RHC Advances to be unsecured and with no fixed repayment term, except that such RHC Advances shall bear interest in compliance with the By-Laws in Saudi Arabia.

Under Catalist Rule 909(3), in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. As the RHC Advances have no fixed repayment term, the aggregate value at risk to the Group for the purpose of the IPT is not determinable.

Hence, for the purpose of determining the value at risk in relation to the RHC Advances, the Company is proposing to seek Shareholders' approval at the EGM on the following basis:

- (a) interest rate on the RHC Advances to be initially set at 5.00% per annum for a period of 5 years, commencing from 1 April 2020, being the beginning of the Company's financial year for FY2021;
- (b) for the amount of RHC Advances of up to US\$125 million; and
- (c) before the expiry of the 5-year period, to seek fresh approval from the Independent Shareholders on the determination of the applicable interest rate to charge on the RHC Advances for the next 5-year period.

The Company and RHC are of the view that fixing the interest rate for a 5-year period will give certainty of the interest expense for the Company for the duration, and provides the opportunity at an appropriate juncture to review and adjust the interest rate to prevailing market rates.

Based on the above, the value at risk of the RHC Advances as an IPT is determined to be US\$31.25 million.

### *Continued classification of the RHC Advances as equity*

Previously, the shareholder's advances from RHC were classified as equity as they were interest-free with no fixed repayment terms. It is the intention of the Company to continue to classify the RHC Advances as equity even though the RHC Advances will bear interest with effect from FY2021, subject to compliance with SFRS(I), and the Company is in discussion with its auditors in this regard.

As announced by the Company on 29 June 2020, the Company intends to convert part of the shareholder's advances from RHC as issued and paid-up capital through the proposed set-off and settlement of owings of the Group with the Rawabi Group ("**RHC 2020 SOSA**") where it is contemplated that RHC will convert approximately S\$36.5 million (amounting to approximately US\$26.3 million) of the shareholder's advances to equity in the Company upon the completion of the RHC 2020 SOSA. The completion of the RHC 2020 SOSA is subject to various approvals including the approval from Independent Shareholders at an EGM to be convened.

In the event that such RHC Advances are not converted into equity and/or can no longer be classified as equity, this will have a material and adverse impact on the financial position of the Company and the Group. The Company expects to reach an outcome on the classification of the RHC Advances in due course.

### *Corporate guarantees from RHC to RVOS*

For the purpose of clarity, RHC has confirmed that its corporate guarantees to RVOS which is provided at no cost to RVOS, being a company incorporated in Saudi Arabia, is not subject to similar arm's length principle as the RHC Advances under the By-Laws of Saudi Arabia.

### **11.3 Shareholders' approval for the RHC Loan Agreement**

The entry into the RHC Loan Agreement is deemed an IPT and is subject to Independent Shareholders' approval on the passing of Ordinary Resolution 6.

Upon the passing of Ordinary Resolution 6, the Company will commence to accrue interest at the rate of 5.00% per annum on the outstanding RHC Advances for a period of 5 years with effect from 1 April 2020.

Before the expiry of the 5-year period, the Company will seek fresh approval from the Independent Shareholders on the determination of the applicable interest rate to charge on the RHC Advances for the next 5-year period.

Based on the Latest Audited NTA of US\$63.2 million, the amount of the value at risk of RHC Advances represents 49.4% of the Latest Audited NTA.

### **11.4 Rationale for the RHC Loan Agreement**

The RHC Loan Agreement is necessary for RHC to be in compliance with the applicable laws and to ensure that the existing shareholder's advances from RHC will be deemed as valid, existing and binding obligations which will not be disregarded by the Saudi Arabian authorities.

In the event that shareholders' approval is not obtained, (a) RHC will not be in compliance with the applicable laws and may face legal or tax consequences such as monetary penalties, tax audits and investigations; and (b) RHC may not be able to extend further advances to the Company.

The shareholder's advances from RHC has been beneficial to the Group and these advances had provided the necessary financial support to the continuing operations of the Group in view of the challenging environment that the Group is operating in. The RHC Loan Agreement will enable RHC to continue to provide the necessary financial support to the Group.



## 12. REVISED RAWABI IPT MANDATE

Following from Section 5.2 of this Circular, the Company is proposing to adopt the Revised Rawabi IPT Mandate pursuant to Catalyst Rule 920 to enable the Group to continue to enter into such recurrent IPTs with the Rawabi Group with the fine-tuned IPT procedures and processes which are in line with the Company's adoption of the remedial actions and the Holmen IPT Mandate.

The details of the Revised Rawabi IPT Mandate, including information on the Rawabi Mandated Transactions, the rationale for, and the benefits to, the Company, the guidelines and review procedures for the Rawabi Mandated Transactions and other relevant information are set out in Appendix 3 to this Circular.

The proposed adoption of the Revised Rawabi IPT Mandate is subject to Independent Shareholders' approval on the passing of Ordinary Resolution 7, and pursuant to Rule 920(1)(b)(v), the Company's circular in relation to the Revised Rawabi IPT Mandate must include the opinion of the IFA on whether the methods or procedures for determining transaction prices are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The following is an extract from Section 7 of the IFA Letter regarding the Revised Rawabi IPT Mandate 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 4 to this Circular. Shareholders are advised to read the IFA Letter carefully.

### **"Opinion in relation to the Revised Rawabi IPT Mandate"**

*In respect of the Revised Rawabi IPT Mandate, having considered, inter alia, the rationale for and benefits of the Revised Rawabi IPT Mandate, the review procedures of the Company in relation to the Revised Rawabi IPT Mandate and the role of the Audit Committee in ensuring the guidelines and review procedures for the Rawabi Mandated Transactions have been complied with, we are of the opinion that the review procedures established by the Company for determining transaction prices as set out in Appendix 3 to the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions conducted thereunder will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders."*

If approved by Independent Shareholders at the EGM, the Revised Rawabi IPT Mandate will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or varied by the Company in general meeting) continue to be in force until the date of the next AGM. Thereafter, Shareholders' approval for subsequent renewals of the Revised Rawabi IPT Mandate will be sought at each subsequent AGM.

## 13. 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:

## LETTER TO SHAREHOLDERS

	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	Number of Shares	%	Number of Shares	%
<b>Directors</b>				
Sheikh Abdulaziz Ali Alturki <sup>(1)</sup>	-	-	317,560,389	56.77
Darren Yeo	2,297,493	0.41	-	-
Ling Yong Wah	1,526,146	0.27	-	-
Bote De Vries	136,666	0.02	-	-
Yeo Jeu Nam	336,666	0.06	-	-
Chong Chee Keong Chris	-	-	-	-
<b>Substantial Shareholders</b>				
RHC	317,560,389	56.77	-	-
SHL	115,102,345	20.58	-	-

**Note:**

- (1) By virtue of Section 4 of the Securities and Futures Act, Cap 289, Sheikh Abdulaziz Ali Alturki is deemed to be interested in 317,560,389 Shares held by RHC.

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 IPT Resolutions (other than through their respective shareholdings in the Company, if any).

## 14. ABSTENTION FROM VOTING

### 14.1 RHC

RHC holds an interest in 317,560,389 Shares, representing 56.77% of the voting Shares of the Company, while SHL holds an interest in 115,102,345 Shares, representing approximately 20.58% of the voting Shares of the Company.

In accordance with Rule 919 of the Catalist Rules, RHC shall abstain from, and procure that its associates abstain from, voting at the EGM, whether by representative or proxy, in respect of Ordinary Resolution 6 and Ordinary Resolution 7 for the proposed entry into the RHC Loan Agreement and the Revised Rawabi IPT Mandate respectively, and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of these Ordinary Resolutions in each case, unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

Further, pursuant to the consultation with the SGX-ST in March 2021, it was clarified that RHC shall abstain from, and procure that its associates abstain from, voting at the EGM, whether by representative or proxy, in respect of :

- (i) Ordinary Resolution 2 for the proposed ratification of the provision of corporate guarantees for the benefit of the Holmen Group;
- (ii) Ordinary Resolution 3 for the proposed ratification of the provision of the past Holmen Advances;

- (iii) Ordinary Resolution 4 for the proposed entry into the Holmen Loan Agreement; and
- (iv) Ordinary Resolution 5 for the proposed adoption of the Holmen IPT Mandate,

and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of these Ordinary Resolutions in each case unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast because of RHC's potential indirect interest in Holmen Group as further described below.

The Company refers to the announcement made by SHL on 28 December 2020 where SHL had announced that it had entered into a definitive investment agreement with RHC in relation to RHC's subscription for new shares in the capital of a new wholly-owned subsidiary to be incorporated by SHL in Singapore ("**New Swiber**") for an aggregate issue price of US\$10 million ("**New Swiber Investment**"). The New Swiber Investment will be undertaken in connection with an internal restructuring exercise which contemplates the proposed transfer of certain assets ("**Transfer Assets**") belonging to Swiber Group to New Swiber and a debt restructuring exercise. In addition to the New Swiber Investment, RHC has also undertaken to invest up to US\$190 million, to be undertaken in such investment tranches ("**Project Investment Tranche**") to be agreed in the investment agreement ("**Project Investment Agreement**") to be entered into between RHC and the project company, Equatoriale Energy Pte. Ltd. ("**Project Owner**"), which is currently a wholly-owned subsidiary of SHL but will subsequently be transferred to new Swiber pursuant to the Swiber Group's internal restructuring, by way of subscribing for new preference shares in the Project Owner ("**Project Investment**"). Each Project Investment Tranche is subject to and condition upon certain conditions precedent to be agreed and set out in the Project Investment Agreement, including the satisfaction of such milestones in relation to the development, construction and operation of a liquefied natural gas power plant to be constructed in Vietnam (the "**Project**"). The Company does not however, intend to hold any interest, directly or indirectly, in the Project and the Project Investment is not a condition precedent for the New Swiber Investment, and is subject to conditions to be discussed and agreed and definitive agreements to be entered into, including without limitation the Project Investment Agreement.

Therefore, as a consequence of the business relationship between RHC and SHL, the fact that Holmen Group is part of the Transfer Assets, and the potential conflicts of interest from RHC becoming a controlling shareholder of New Swiber and Holmen Group indirectly, RHC shall abstain from all Ordinary Resolutions related to the Holmen Group.

### 14.2 SHL

SHL shall abstain from, and procure that its associates abstain from, voting at the EGM, whether by representative or proxy, in respect of:

- (i) Ordinary Resolution 1 for the proposed ratification of the provision of corporate guarantee for the benefit of RPL;
- (ii) Ordinary Resolution 2 for the proposed ratification of the provision of corporate guarantees for the benefit of the Holmen Group;
- (iii) Ordinary Resolution 3 for the proposed ratification of the provision of the past Holmen

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## LETTER TO SHAREHOLDERS

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Advances;

- (iv) Ordinary Resolution 4 for the proposed entry into the Holmen Loan Agreement; and
- (v) Ordinary Resolution 5 for the proposed adoption of the Holmen IPT Mandate,

and shall decline to accept appointment as proxy to attend and vote at the forthcoming EGM for other Shareholders in respect of Ordinary Resolutions 1, 2, 3, 4 and 5 unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast.

Pursuant to the consultation with the SGX-ST in March 2021, it was also clarified that SHL will not need to abstain from voting at the EGM in respect of Ordinary Resolutions 6 and 7.

### 15. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

**15.1** Pursuant to Chapter 9 of the Catalist Rules, W Capital was appointed as the IFA to opine on the following:

- (a) the terms of the past Non-Compliant IPTs that are to be ratified (i.e. the provision of corporate guarantees for the benefit of RPL and the Holmen Group, and the provision of past Holmen Advances) had been carried out on normal commercial terms and were not prejudicial to the interests of the Company and its Independent Shareholders;
- (b) the terms of the new IPTs (i.e. entry into the Holmen Loan Agreement and RHC Loan Agreement) are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders;
- (c) the methods and procedures for determining the transaction prices are sufficient to ensure that the Holmen Mandated Transactions under the Holmen IPT Mandate will be carried out on normal commercial terms and are not prejudicial to the interests of the Company and/or its Independent Shareholders; and
- (d) the methods and procedures for determining the transaction prices are sufficient to ensure that the Rawabi Mandated Transactions under the Revised Rawabi IPT Mandate will be carried out on normal commercial terms and are not prejudicial to the interests of the Company and/or its Independent Shareholders.

**15.2** The following is an extract from Section 7 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 4 to this Circular. Shareholders are advised to read the IFA Letter carefully.

#### **“OUR OPINION**

#### **Opinion in relation to the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs**

*In arriving at our opinion in relation to the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs, we have considered and evaluated all the factors, including the*

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## LETTER TO SHAREHOLDERS

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views and representations of the Directors and Management, which we deem to have significant relevance to our assessment, particularly the key factors which are described in more details in Section 4 of this Letter (which should be read in conjunction with, and in the full context of, the Circular and this Letter).

**Having considered all the foregoing considerations set out in this Letter and information available to us as at the Latest Practicable Date, we are of the opinion that:**

- (a) the Non-Compliant IPTs to be Ratified and the Holmen Loan Agreement were/are deemed necessary to provide financial support to these investee companies (namely RPL and the Holmen Group) which are subsidiaries of the Group, in order for them to continue to operate and to service their loan obligations in a timely manner. While there are sound commercial reasons for these transactions, however strictly on the basis that no fees were charged for the corporate guarantees provided and no interest charged for the loans provided, these transactions are not deemed to be on normal commercial terms. Nonetheless, we are of the view that the proposed ratification of the Non-Compliant IPTs and the entry into the Holmen Loan Agreement are not prejudicial to the interests of the Company and its Minority Shareholders, taking into consideration the following salient factors:**
  - (i) rationale for the ratifications of the Non-Compliant IPTs and the Proposed Advance IPTs as set out in Section 4.1 of this Letter;**
  - (ii) in relation to the IPTs involving RPL and the Holmen Group, which are subsidiaries of the Company in which it holds a majority shareholding interest, the interested person involved (being SHL) is already under judicial management and is therefore not in a position to provide any financial support to these investee companies; and**
  - (iii) the potential consequences of non-ratification as set out in Section 4.3.1 of this Letter; and**
- (b) the proposed RHC Loan Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.**

### **Opinion in relation to the Holmen IPT Mandate**

*In respect of the Holmen IPT Mandate, having considered, inter alia, the rationale for and benefits of the Holmen IPT Mandate, the review procedures of the Company in relation to the Holmen IPT Mandate and the role of the Audit Committee in ensuring the guidelines and review procedures for the Holmen Mandated Transactions have been complied with, we are of the opinion that the review procedures established by the Company for determining transaction prices as set out in Appendix 2 to the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions conducted thereunder will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.*

### **Opinion in relation to the Revised Rawabi IPT Mandate**

*In respect of the Revised Rawabi IPT Mandate, having considered, inter alia, the rationale for and benefits of the Revised Rawabi IPT Mandate, the review procedures of the Company in relation to the Revised Rawabi IPT Mandate and the role of the Audit Committee in ensuring the guidelines and review procedures for the Rawabi Mandated Transactions have been complied with, we are of the opinion that the review procedures established by the Company for determining transaction prices as set out in Appendix 3 to the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions conducted thereunder will be carried out on normal commercial terms and will not be*

***prejudicial to the interests of the Company and its Minority Shareholders.***

*Our opinion is prepared as required under Rules 920(1)(b)(v) and 921(4)(a) of the Catalyst Rules as well as addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Proposed IPT Resolutions. The recommendation to be made by the Independent Directors to the Minority Shareholders shall remain the responsibility of the Independent 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.

### **16. STATEMENT OF THE AUDIT COMMITTEE**

#### **16.1 Past Non-Compliant IPTs seeking Shareholders' ratification**

In relation to the ratification of past Non-Compliant IPTs, the Audit Committee having considered and reviewed, *inter alia*, the terms and the rationale of the IPTs, the reasons stated in Sections 6, 7, and 8 of this Circular, the opinion and advice of the IFA, as set out in Appendix 4 to this Circular, and after discussion with the management of the Company, recognises that under the circumstances, although the terms of these past Non-Compliant IPTs were not on normal commercial terms, these IPTs are not prejudicial to the interests of the Company and its Independent Shareholders.

#### **16.2 Approval of the new IPTs**

In relation to the entry into the new IPTs, the Audit Committee having considered and reviewed, *inter alia*, the terms and the rationale of the IPTs, the reasons stated in Sections 9 and 11 of this Circular, the opinion and advice of the IFA, as set out in Appendix 4 to this Circular, and after discussions with the management of the Company, recognises that:

- (i) under the circumstances, although the Holmen Loan Agreement is not on normal commercial terms, it is not prejudicial to the interests of the Company and its Independent Shareholders; and
- (ii) the RHC Loan Agreement is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

#### **16.3 The Proposed Adoption of the Holmen IPT Mandate and the Revised Rawabi IPT Mandate**

The Audit Committee having reviewed, *inter alia*, the terms of the Holmen IPT Mandate as set out in Section 10 and Appendix 2 of this Circular, and the revised terms of the Revised Rawabi IPT Mandate as set out in Section 12 and Appendix 3 of this Circular, and the opinion and advice of the IFA, as set out in Appendix 4 to this Circular, is satisfied that the review procedures established by the Company for determining transaction prices as set out in Appendix 2 and Appendix 3 to the Circular, if adhered to, are sufficient to ensure that the IPTs conducted thereunder will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders.

**17. DIRECTORS' RECOMMENDATIONS**

**17.1 Ordinary Resolutions 1**

All the Directors are deemed independent for the purposes of proposed ratifications of the provision of corporate guarantees for the benefit of RPL. Having considered, *inter alia*, the rationale and circumstances of Ordinary Resolution 1, and the opinion of the IFA, as set out in Appendix 4 to this Circular, the Directors are of the opinion that the proposed ratifications of the provision of corporate guarantees for the benefit of RPL is in the interest of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolutions 1 to be proposed at the EGM.

**17.2 Ordinary Resolutions 2 to 4 and 6**

All the Directors save for Sheikh Abdulaziz Ali Alturki are deemed independent for the purposes of Ordinary Resolutions 2 to 4, and 6. Sheikh Abdulaziz Ali Alturki will abstain from making a recommendation in respect of Ordinary Resolutions 2 to 4 and Ordinary Resolution 6 in light of his concurrent position as Chairman of the Rawabi Group. Having considered, *inter alia*, the rationale and circumstances of these Ordinary Resolutions, and the opinion of the IFA, as set out in Appendix 4 to this Circular, the Directors are of the opinion that the proposed ratifications of the provision of corporate guarantees for the benefit of the Holmen Group and the Holmen Advances, the proposed entry in the new IPT for the Holmen Loan Agreement, and the proposed entry into the RHC Loan Agreement are in the interest of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolutions 2 to 4 and Ordinary Resolution 6 to be proposed at the EGM.

**17.3 Ordinary Resolution 5**

All the Directors save for Sheikh Abdulaziz Ali Alturki are deemed independent for the purposes of the proposed adoption of the Holmen IPT Mandate. Sheikh Abdulaziz Ali Alturki will abstain from making a recommendation in respect of Ordinary Resolution 5 in light of his concurrent position as Chairman of the Rawabi Group. Having considered, *inter alia*, the rationale and terms of the Holmen IPT Mandate as set out in Appendix 2 to this Circular and the opinion of the IFA, as set out in Appendix 4 to this Circular, the Directors are of the opinion that the proposed adoption of the Holmen IPT Mandate is in the best interest of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 5 to be proposed at the EGM.

**17.4 Ordinary Resolution 7**

All the Directors save for Sheikh Abdulaziz Ali Alturki are deemed independent for the purposes of the proposed adoption of the Revised Rawabi IPT Mandate. Sheikh Abdulaziz Ali Alturki will abstain from making a recommendation in respect of Ordinary Resolution 7 in light of his concurrent position as Chairman of the Rawabi Group. Having considered, *inter alia*, the rationale and terms of the Revised Rawabi IPT Mandate as set out in Appendix 3 to this Circular and the opinion of the IFA, as set out in Appendix 4 to this Circular, the Directors are of the opinion that the proposed adoption of the Revised Rawabi IPT Mandate is in the best interest of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 7 to be proposed at the EGM.

**18. CONSENT**

W Capital, 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 4 to this Circular), in the form and context in which they appear in this Circular.

**19. EXTRAORDINARY GENERAL MEETING**

The EGM will be held by way of electronic means on 27 April 2021 at 4.00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolutions as set out in the Notice of EGM.

**20. ACTION TO BE TAKEN BY SHAREHOLDERS****20.1 No attendance at EGM**

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

**20.2 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>.

**21. DIRECTORS' RESPONSIBILITY STATEMENT**

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

**22. DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company



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## LETTER TO SHAREHOLDERS

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during normal business hours from the date of this Circular up to and including the time and date of the EGM:

- (a) the Holmen Loan Agreement;
- (b) the RHC Loan Agreement;
- (c) the IFA Letter as set out in Appendix 4 to this Circular; and
- (d) the consent letter from the IFA referred to in Section 18 of this Circular.

Yours faithfully

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

Ling Yong Wah  
Executive Director and CEO

**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 Catalyst Rules as to Interested Persons Transactions**

Chapter 9 of the Catalyst 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 Catalyst 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 Catalyst 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 Catalyst Rules 905 and 906. The general mandate is subject to annual renewal.

Under Catalyst Rule 915(3), where a transaction is between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the issuer, is less than 5.00%, such transaction is not required to comply with the Catalyst Rules 905, 906 and/or 907. Pursuant to the consultation with SGX-ST in November 2019, it was clarified that HOL is deemed to be an interested person as the transactions with the Holmen Group do not fulfil the requirements of Catalyst Rule 915(3). Therefore, transactions between the Group and the Holmen Group are deemed as IPTs and subject to the requirements of Catalyst Rules 905, 906 and 907.

**2. Entities-at-risk and interested persons**

**2.1 Entity-at-risk ("EAR")**

For the purposes of this Circular, the entities which are considered as EARs are the Company and its relevant subsidiaries. These relevant subsidiaries are set out below.

Rawabi Vallianz Offshore Services Company Limited ("RVOS")

RVOS is a company incorporated in the Kingdom of Saudi Arabia with a focus on provision of offshore marine support services.

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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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The Company, through its wholly-owned subsidiary, Vallianz Investment Capital Pte. Ltd. (“**VIC**”), had owned 50.00% of the issued share capital of RVOS, and the remaining 50% of the issued share capital of RVOS was owned by RHC. The Group’s 50% shareholding interest in RVOS was previously acquired from SHL. RHC had assigned its entire 50.00% share of the economic interest in RVOS to the Group under an assignment agreement with effect from 1 January 2014. Since then, as the Directors of the Company had assessed that the Group has the practical ability to direct the relevant activities of RVOS, the Company has treated RVOS as its wholly-owned subsidiary and consolidated the financial results of RVOS as its wholly-owned subsidiary, even though the Company has only 50.00% shareholding interest in RVOS. Under the circumstances, RVOS was deemed both an EAR and an interested person.

As announced on 31 March 2021, the shareholdings in RVOS have changed from 50% each between VHL and RHC, to 40.7% held by VHL and 59.3% held by RHC. As the Board has assessed that the Group will no longer have the ability to direct the business activities of RVOS and have deconsolidated the financial results of RVOS with effect from 31 March 2021, under the circumstances, RVOS is deemed an interested person only.

### Rawabi Vallianz International Company Limited (“**RVIC**”)

RVIC was jointly established by the Group and RHC as a company incorporated in the Kingdom of Saudi Arabia with a focus on provision of offshore marine support services. The Company, through VIC, owns 50.00% of the issued share capital of RVIC and the remaining 50.00% is owned by RHC. The Company had accounted for RVIC as a joint venture in its financial statements. On 16 April 2020, the Company announced that RHC has assigned its entire 50% share of the economic rights in RVIC to the Group under an assignment agreement with effect from 1 October 2019. Hence, the Group has since 1 October 2019 treated RVIC as its wholly-owned subsidiary and consolidated the financial results of RVIC as its wholly-owned subsidiary.

Under the circumstances, RVIC is deemed both an EAR and an interested person.

### PT United Sindo Perkasa (“**PT USP**”)

PT USP is a company incorporated in Indonesia with the principal activity of provision of shipyard and engineering services. The Group owns 99% of the issued share capital of PT USP, through 3 intermediate wholly-owned subsidiaries, namely Vallianz International Pte. Ltd. (“**VIPL**”), Vallianz Shipbuilding & Engineering Pte. Ltd. (“**VSE**”) and Jetlee Shipbuilding & Engineering Pte Ltd. (“**Jetlee**”). The remaining 1% shareholding interest in PT USP is owned by a local Indonesian resident.

### Vallianz Offshore Marine Pte. Ltd. (“**VOM**”)

VOM is a company incorporated in Singapore with the principal activity of vessel management and chartering. The Company, through VIPL, owns 100% of the issued share capital of VOM.

### Vallianz Corporate Services Pte. Ltd. (“**VCS**”)

VCS is a company incorporated in Singapore with the principal activity of provision of corporate services. The Company owns 100% of the issued share capital of VCS.

### Samson Engineering Limited (“**SEL**”)

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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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SEL is a company incorporated in Malaysia with the principal activity of provision of shipbuilding and engineering services. The Company, through VIPL, owns 100% of the issued share capital of SEL.

### Samson Marine Pte. Ltd. (“SMPL”)

SMPL is a company incorporated in Singapore with the principal activity of vessel ownership and chartering. The Company, through VIPL, owns 100% of the issued share capital of SMPL.

### Offshore Engineering Resources Mexico S.A. de C.V. (“OER”)

OER is a company incorporated in Mexico with the principal activity of outsourcing and management of vessel crew. OER is 99% owned by the Company (through 3 intermediate wholly-owned subsidiaries, namely VIPL, OER Holdings Pte. Ltd. (“OHPL”) and Offshore Engineering Resources Pte. Ltd. (“OERPL”)). The remaining 1% shareholding interest in OER is owned by a local resident director.

The Company had on 31 December 2020, disposed of its entire interest in OERPL, OER, and OSR to an unrelated third party as announced by the Company on 11 January 2021.

### Offshore Supply Resources Mexico S.A. de C.V. (“OSR”)

OSR is a company incorporated in Mexico with the principal activity of outsourcing and management of vessel crew. OSR is 99% owned by the Company (through 3 intermediate wholly-owned subsidiaries, namely VIPL, OHPL and OERPL). The remaining 1% shareholding interest in OSR is owned by a local resident director.

## 2.2 Details of interested persons

### Rawabi Holding Company Limited (“RHC”)

RHC is a company incorporated in the Kingdom of Saudi Arabia with a focus on oilfield services, contracting, industrial services and offshore services. RHC is a Controlling Shareholder of the Company, holding 317,560,389 Shares as at the Latest Practicable Date, representing an interest of approximately 56.77% in the share capital of the Company. RHC is an interested person under Chapter 9 of the Catalist Rules.

### RVOS

As set out in Section 2.1 above, RVOS is deemed an interested person under Chapter 9 of the Catalist Rules. Presently, RHC owns 59.3% shareholding interest in RVOS.

### RVIC

As set out in Section 2.1 above, RVIC is deemed an interested person under Chapter 9 of the Catalist Rules as RHC owns 50.00% shareholding interest in RVIC.

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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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### Resolute Pte. Ltd. (“RPL”)

RPL is a company incorporated in Singapore with the principal activity as an investment holding company. RPL is owned 51.00% by the Company and 49.00% by SHL. RPL is considered as an Associate of SHL and therefore an interested person under Chapter 9 of the Catalist Rules.

### Swiber Holdings Limited (Judicial Managers Appointed) (“SHL”)

SHL is a company incorporated in Singapore with a focus on offshore construction and support services. SHL is a Controlling Shareholder of the Company, holding 115,102,345 Shares as at the Latest Practicable Date, representing an interest of approximately 20.58% in the share capital of the Company. SHL is an interested person under Chapter 9 of the Catalist Rules.

### Holmen Heavylift Offshore Pte. Ltd. (“HOL”)

HOL is a company incorporated in Singapore with the principal activity as an investment holding company. HOL is owned 75% by the Company (through its wholly-owned subsidiary, VIPL) and 25% by SHL. HOL has 3 wholly-owned subsidiaries, namely HAR, HAT and HP (as defined below) (HOL and its subsidiaries, together the “**Holmen Group**”).

The Company had not treated the Holmen Group as an Associate of SHL (and therefore, an interested person), as Holmen Group is a subsidiary of the Company and SHL, having no board seats nor management participation in the Holmen Group, owns 25% of HOL. However, pursuant to the consultation with the SGX-ST in November 2019, it was clarified that HOL is deemed to be an interested person as the transactions with the Holmen Group do not fulfil the requirements of Catalist Rule 915(3). Therefore, transactions between the Group and the Holmen Group are deemed as IPTs and subject to the requirements of Catalist Rules 905, 906 and 907.

### Holmen Arctic Pte. Ltd. (“HAR”)

HAR is a company incorporated in Singapore with the principal activity of vessel ownership and chartering. HAR is a 100.00%-owned subsidiary of HOL and is part of the Holmen Group.

### Holmen Atlantic Pte. Ltd. (“HAT”)

HAT is a company incorporated in Singapore with the principal activity of vessel ownership and chartering. HAT is a 100.00%-owned subsidiary of HOL and is part of the Holmen Group.

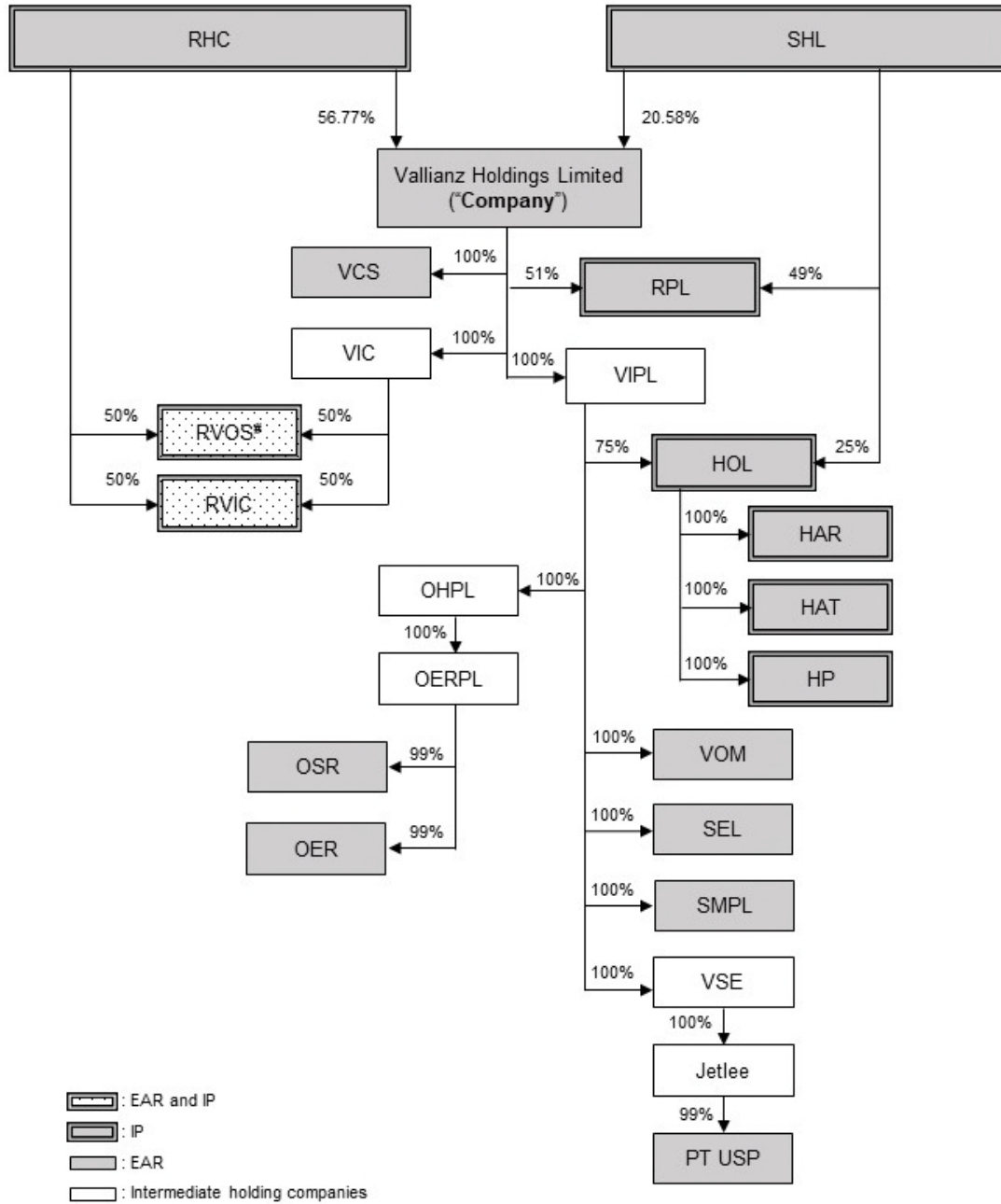
### Holmen Pacific LLC (“HP”)

HP is a company incorporated in Marshall Island with the principal activity of vessel ownership and chartering. HP is a 100.00%-owned subsidiary of HOL and is part of the Holmen Group.

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

### 2.3 Group Structure

For the purposes of this Circular, the group structure setting out the shareholding relationships between the relevant entities within the Group and the interested persons is set out below.



# As announced on 31 March 2021, the shareholdings in RVOS have changed from 50% each between VHL and RHC, to 40.7% held by VHL and 59.3% held by RHC. As the Board has assessed that the Group will no longer have the ability to direct the business activities of RVOS and have deconsolidated the financial results of RVOS with effect from 31 March 2021, under the circumstances, RVOS is presently deemed an interested person only.

### APPENDIX 2

#### HOLMEN IPT MANDATE

Shareholders' approval is being sought at the EGM for the adoption of the Holmen IPT Mandate for recurrent IPTs with the Holmen Group by way of passing of Ordinary Resolution 5.

#### 1. Categories of IPTs

The categories of IPTs which will be covered under the Holmen IPT Mandate shall include:

- (a) provision of corporate services to the Holmen Group ("**Holmen Corporate Services**");
- (b) chartering of vessels to the Holmen Group ("**Vessel Charters to Holmen Group**");
- (c) chartering of vessels from the Holmen Group ("**Vessel Charters from Holmen Group**"); and
- (d) provision of shipyard and related services to the Holmen Group ("**Holmen Shipyard Services**"),

(collectively, "**Holmen Mandated Transactions**").

The Holmen IPT Mandate will not cover any IPT that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

#### 2. Classes of interested persons

The Holmen IPT Mandate will apply to the Group's IPT with the Holmen Group. As set out in Section 7.1 of the Circular, the Holmen Group comprises HOL and its subsidiaries, namely, HAR, HAT and HP.

#### 3. Rationale for, and benefits of the Holmen IPT Mandate

As set out in Section 10 of this Circular, the Company had in the past entered into certain transactions, of a recurrent nature, with the Holmen Group without an IPT general mandate as the Company had not treated the Holmen Group as an Associate of SHL, as Holmen Group is a subsidiary of the Company and SHL, having no board seats nor management participation in the Holmen Group, owns 25% of HOL. However, pursuant to the consultation with the SGX-ST in November 2019, it was clarified that HOL is deemed to be an interested person as the transactions with the Holmen Group do not fulfil the requirements of Catalist Rule 915(3). Therefore, transactions between the Group and the Holmen Group are deemed as IPTs and subject to the requirements of Catalist Rules 905, 906 and 907.

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## APPENDIX 2 – HOLMEN IPT MANDATE

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As the Group anticipates that it will, in the ordinary course of business, continue to enter into such recurrent IPTs with the Holmen Group, the Company therefore proposes the adoption of the Holmen IPT Mandate.

In relation to the Holmen Mandated Transactions, the Directors believe that such transactions are in the interest of the Group for the following reasons:

- (a) In relation to the Vessel Charters to Holmen Group and the Holmen Shipyard Services, the provision of the aforementioned services is to support the operations of the Holmen Group as a subsidiary of the Group; and
- (b) In relation to the Holmen Corporate Services, these are normal inter-company services provided to the Group's subsidiaries for their day-to-day operations.

If approved by Independent Shareholders at the EGM, the Holmen IPT Mandate will take effect from the date of passing of the Ordinary Resolution in respect of the Mandate until the next AGM and thereafter subject to Independent Shareholders' approval for its annual renewal at each subsequent AGM.

The adoption of the Holmen IPT Mandate and the renewal of it on an annual basis will eliminate the need to convene separate EGMs from time to time to seek Independent Shareholders' approval as and when potential Holmen Mandated Transactions arise or prior to implementing any Holmen Mandated Transactions (which may be of a recurrent nature, premised on the underlying arrangements). This would substantially reduce the administrative time and expenses in convening such meetings (including the engagement of external advisers and preparation of documentation) on an *ad hoc* basis and improve administrative efficiency and efficacy considerably, by allowing manpower resources and time to be channelled towards attaining other business objectives of the Company without compromising the Company's corporate objectives or adversely affecting the business opportunities available to the Company. Consequently, the Company will be able to respond quickly to the dynamics of evolving commercial transactions which are generally time-sensitive.

The Holmen IPT Mandate is intended to facilitate the Holmen Mandated Transactions which are necessary and in the ordinary course of business of the Group, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

#### **4. Guidelines and Review Procedures for Transactions under the Holmen IPT Mandate**

The Group will implement the guidelines and review procedures pursuant to the Holmen IPT Mandate to ensure that the Holmen Mandated Transactions are undertaken on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its Independent Shareholders. For the purposes of this section, the term "value" in relation to each Holmen Mandated Transaction shall, in accordance with Rule 909 of the Catalist Rules, mean the amount at risk to the Group.

##### **4.1 Methods and procedures for determining prices or value for the Holmen Mandated Transactions under the Holmen IPT Mandate**



**(a) Provision of Holmen Corporate Services**

The corporate services fees are charged to the Holmen Group on a cost-recovery basis based on an allocation of the Group's manpower overheads to its subsidiaries by taking into consideration the estimated resource requirements of the Holmen Group.

**(b) Provision of Vessel Charters to Holmen Group**

When providing Vessel Charters to Holmen Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, valuations of the vessel, term of the charter, financing costs and the level of risks involved.

Taking into account preferential rates and discounts which may be accorded to long-term customers or customers with exclusive business relationships with the Group (each a **"Preferential Customer"**), the Group will endeavour to compare the terms of the Vessel Charter to Holmen Group with at least two recent vessel charter contracts of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the Holmen Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the charter hire fees for the Vessel Charters to Holmen Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Holmen Mandated Transactions will, based on his industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters to Holmen Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters to Holmen Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee (as defined below) shall review any such variation to ensure that the Holmen Mandated Transactions continue to be made on the Group's normal commercial terms.

The **"Review Committee"** shall comprise 2 Executive Directors and, the Head of Compliance, each of whom shall not have any direct or indirect interest in the Holmen Mandated Transaction. Presently, the Review Committee will comprise Mr Yeo Chee Neng (Executive Vice Chairman) and Mr Ling Yong Wah (Executive Director and CEO) and Mr Tony Seah (Head of Compliance).

In the event that it is not possible to compare the terms of the Vessel Charters to Holmen Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the Holmen Mandated Transaction before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Holmen Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve

or reject the Holmen Mandated Transaction.

**(c) Procurement of Vessel Charters from Holmen Group**

To ensure that the Holmen Mandated Transactions are carried out at arm's length on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders, the Group will endeavour to obtain at least two quotes (wherever possible or available) from independent shipbrokers or other ship owners for similar vessels before entering into or renewing a chartering agreement. The fees payable by the Group shall be on pricing and terms which are no more favourable than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group.

In addition, in assessing the charter hire rates for the Vessel Charters from Holmen Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Holmen Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters from Holmen Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters from Holmen Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the Holmen Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that quotes from independent shipbrokers or other ship owners are not available, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Holmen Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Holmen Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Holmen Mandated Transactions.

**(d) Provision of Holmen Shipyard Services**

When providing Holmen Shipyard Services, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, nature of the services, complexity of the contracts or transactions, customer requirements and specifications, and strategic purpose of the transaction.

In addition, in assessing the terms of the Holmen Shipyard Services to the Holmen Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Holmen Mandated Transactions, will, based on his industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the provision of Holmen Shipyard Services are fair and

reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Holmen Shipyard Services, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the Holmen Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the Holmen Shipyards Services with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Holmen Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Holmen Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Holmen Mandated Transactions.

## **4.2 Approval Thresholds**

### **Provision of Holmen Corporate Services**

The Group will monitor all transactions for the provision of Holmen Corporate Services and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$1 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$1 million but less than US\$2 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$2 million

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the Holmen Group or to the Holmen Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the Holmen Group or to the Holmen Mandated Transaction.

The above threshold limits take into account, *inter alia*, past corporate services provided to the Holmen Group and expected corporate services to be provided to the Holmen Group which are typically for a period of 3 years. It is not expected for the value of the Holmen Mandated Transaction to reach the threshold of Category 3 Transaction based on past corporate services provided to the Holmen Group and the nature of the services provided to the Holmen Group.

### **Vessel Charters to/from Holmen Group**

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## APPENDIX 2 – HOLMEN IPT MANDATE

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The Group will monitor all transactions for Vessel Charters to and from Holmen Group and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$2 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$2 million but less than US\$4 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$4 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the Holmen Group or to the Holmen Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the Holmen Group or to the Holmen Mandated Transaction.

The above threshold limits take into account, *inter alia*, past transactions with the Holmen Group, expected frequency, size of the transactions, type of arrangements and duration which are typically for a period of five years or more. It is not expected for the value of the Holmen Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the Holmen Group and the nature of the transactions.

### **Provision of Holmen Shipyard Services**

The Group will monitor all transactions for the provision of Holmen Shipyard Services and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$2 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$2 million but less than US\$4 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$4 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom shall not have any interests, whether direct or deemed, in relation to the Holmen Group or to the Holmen Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the Holmen Group or to the Holmen Mandated Transaction.

The above threshold limits take into account, *inter alia*, past transactions of similar nature with the Holmen Group, expected volume, frequency, size of the transactions and type of arrangements. It is not expected for the value of the Holmen Mandated Transaction to reach

the threshold of Category 3 Transaction based on past transactions with the Holmen Group and the nature of the transactions.

#### **4.3 Additional guidelines and review procedures**

The additional guidelines and review procedures to supplement the above guidelines on the methods and procedures and approval thresholds for the Holmen IPT Mandate are as follows:

- (a) The Head of Compliance shall maintain the register of the Interested Persons (as defined in the Catalyst Rules) which will include the Company's Directors, CEO and Controlling Shareholders, and their respective Associates (as defined in the Catalyst Rules), and shall update the register immediately if there are any changes and review the register regularly, at least on a quarterly basis. In this regard, the Head of Compliance will proactively seek written confirmation from each of the Directors, CEO and Controlling Shareholders on a quarterly basis on their respective list of Interested Persons. The Directors, CEO and Controlling Shareholders are also required to inform the Head of Compliance as and when there is any change in the information with respect to their Associates that they had previously disclosed to the Company.
- (b) Subsidiaries and associated companies of the Group are required to inform the Finance Team of any upcoming Holmen Mandated Transactions so that the relevant IPT procedures can be complied with and prior approvals obtained in accordance with the Holmen IPT Mandate.
- (c) All Interested Person Transactions entered into pursuant to the Holmen IPT Mandate including the factors that have been taken into account in arriving at the terms, as well as any other quotations or evidence obtained to support such basis, shall be recorded and maintained in a register ("**IPT Register**") by the Finance Team.
- (d) The Finance Director or the Financial Controller equivalent shall review the Interested Person Transactions recorded in the IPT Register on a monthly basis to ensure that the IPTs are in compliance with the review procedures set out in the Holmen IPT Mandate.
- (e) The Finance Director or the Financial Controller equivalent shall, on a quarterly basis, report to the Audit Committee on the Interested Person Transactions and the basis on which such transactions were entered into with the Interested Persons during the preceding quarter. The Audit Committee and Head of Compliance will review the IPT Register on a quarterly basis.
- (f) The Group's external auditors will review the Interested Person Transactions as part of the Group's annual audit. The external auditors will report any non-compliance issues noted from the audit to the Audit Committee.
- (g) The Group will incorporate a review of all Interested Person Transactions (excluding transaction that is below S\$100,000 in value) in its internal audit plan. The internal auditors will review the Interested Person Transactions to check that the relevant approvals have been obtained and the guidelines and review procedures have been adhered to, in the case of the Holmen Mandated Transactions in accordance with the Holmen IPT Mandate. The internal auditors will submit their review reports to the Audit Committee on a half yearly basis.

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## APPENDIX 2 – HOLMEN IPT MANDATE

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- (h) Generally, the Audit Committee will only approve an Interested Person Transaction if the terms of the Interested Person Transaction are no more favourable than the terms extended to unrelated third parties, or are in accordance with published or prevailing rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the Interested Person Transaction under review from independent sources or advisers.
- (i) For the purpose of the above review and approval process, any Director, who has an interest in the Interested Person Transaction under review and is not considered to be independent, will abstain from participating and voting on any resolution relating to the Interested Person Transaction.

### 5. Disclosure to Shareholders

The Company will announce the aggregate value of Holmen Mandated Transactions under the Holmen IPT Mandate for each financial period on which the Company is required to report pursuant to the Catalist Rules and within the time required for the announcement of such reports in accordance with Rule 920(1)(a)(ii) of the Catalist Rules.

The Company will also disclose in the Company's annual report details of the aggregate value of all Interested Person Transactions and Holmen Mandated Transactions during the current financial year, and in the annual reports for the subsequent financial years during which the Holmen IPT Mandate is in force in accordance with Rule 920(1)(a)(i) of the Catalist Rules. The name of the Interested Person(s), nature of relationship with the Interested Person(s) and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

Name of Interested Person	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the Holmen IPT Mandate) pursuant to Rule 920 of the Catalist Rules	Aggregate value of all Mandated Transactions (excluding transactions less than S\$100,000) pursuant to Rule 920 of the Catalist Rules
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### 6. Audit Committee

The Audit Committee shall review such guidelines and procedures from time to time to determine if they continue to be adequate and/or commercially practicable in ensuring that transactions between the Company and Interested Persons are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders.

The Audit Committee will also carry out periodic reviews (at least on a quarterly basis) to ensure that the guidelines and review procedures for the Holmen Mandated Transactions have been complied with and the relevant approvals obtained. Further, if during these periodic reviews, the Audit Committee is of the view that the above guidelines and review procedures are not sufficient to ensure that the Holmen Mandated Transactions will be on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for the Holmen Mandated Transactions. During the

period prior to obtaining a fresh mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee.

**7. Interested Audit Committee member to abstain**

If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will declare his interest and abstain from participating and voting on any resolution relating to the Interested Person Transaction and from any decision making in respect of that transaction, and the review of the established review procedures for the Interested Person Transactions and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

**8. Validity of the Holmen IPT Mandate**

The Holmen IPT Mandate will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or varied by the Company in general meeting) continue to be in force until the date of which the next AGM is held or is required by law to be held.

Thereafter, approval from Shareholders for subsequent renewal of the Holmen IPT Mandate will be sought at each subsequent AGM.

**8.1 RHC's Abstention from Voting**

RHC and its Associates will abstain from voting on such resolution for the renewal of the Holmen IPT Mandate until such time (if applicable) where the Holmen Group ceases to be part of the Transfer Assets as disclosed in Section 14.1 of the Circular dated 12 April 2021. Furthermore, RHC and its Associates shall not act as proxies in relation to the resolution relating to the Holmen IPT Mandate unless specific voting instructions have been given by the relevant Shareholder.

**8.2 SHL's Abstention from Voting**

SHL and its Associates will abstain from voting on such resolution for the renewal of the Holmen IPT Mandate. Furthermore, SHL and its Associates shall not act as proxies in relation to the resolution relating to the Holmen IPT Mandate unless specific voting instructions have been given by the relevant Shareholder.

**8.3 Audit Committee's Confirmation**

Pursuant to Rule 920(1)(c) of the Catalist Rules, an independent financial adviser's opinion will not be required for the renewal of the Holmen IPT Mandate if the Audit Committee confirms that:

- (a) the methods or procedures for determining transaction prices of the Holmen Mandated Transactions have not changed since the last approval of the Shareholders was obtained for the Holmen IPT Mandate; and
- (b) the methods or procedures in sub-paragraph (a) above are sufficient to ensure that the transactions under the Holmen IPT Mandate will be carried out on normal commercial

terms and will not be prejudicial to the interests of the Company and its Independent Shareholders.

#### **8.4 Shareholders' Approval**

After the completion of the Transfer Assets as set out in Section 14.1 of the Circular dated 12 April 2021, approval from Shareholders will be sought at an EGM for a new Holmen IPT Mandate with the Rawabi Group as the Interested Person.



APPENDIX 3

REVISED RAWABI IPT MANDATE

The Existing Rawabi IPT Mandate was last renewed at the AGM held on 29 September 2020.

As disclosed in Sections 2.5, 5.2 and 12 of this Circular, arising from the IPT Review, the Company has taken the opportunity to fine-tune the procedures and processes in the Existing Rawabi IPT Mandate to align with the proposed remedial actions adopted by the Company (as set out in Section 3.2 of this Circular) and the proposed Holmen IPT Mandate (as set out in Appendix 2 to this Circular).

Accordingly, the Company is proposing to seek Shareholders' approval at the EGM for the adoption of the Revised Rawabi IPT Mandate, which sets out, *inter alia*, the revised IPT procedures and processes for recurrent IPTs with the Rawabi Group, by way of passing of Ordinary Resolution 7, which if approved, will supercede the Existing Rawabi IPT Mandate last renewed at the AGM on 29 September 2020.

**1. Categories of IPTs**

The categories of IPTs which will be covered under the Revised Rawabi IPT Mandate shall include:

- (a) rental of premises from the Rawabi Group (the "**Rental of Premises**");
- (b) obtaining corporate services from the Rawabi Group (the "**Rawabi Corporate Services**");
- (c) other than paragraph (b) above, obtaining other goods and services from the Rawabi Group which include but are not limited to information technology equipment, stationery, air tickets and accommodation (the "**Other Rawabi Goods and Services**");
- (d) chartering of vessels from the Rawabi Group ("**Vessel Charters from Rawabi Group**");
- (e) chartering of vessels to the Rawabi Group ("**Vessel Charters to Rawabi Group**"); and
- (f) provision of project management services to the Rawabi Group, including project management and consultancy services like feasibility studies, special investigations, technical advice and interface between various parties and the procurement and/or provision of vessels, equipment and materials for such projects ("**Project Management Services to Rawabi Group**"),

(collectively, "**Rawabi Mandated Transactions**").

The Revised Rawabi IPT Mandate will not cover any IPT that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

**2. Classes of interested persons**

RHC is a Controlling Shareholder holding 317,560,389 Shares as at the Latest Practicable Date, representing an interest of approximately 56.77% in the share capital of the Company. Accordingly, RHC is an interested person for the purpose of Chapter 9 of the Catalist Rules.

The Revised Rawabi IPT Mandate will apply to the Group's transactions with the Rawabi Group.

### **3. Rationale for, and benefits of the Revised Rawabi IPT Mandate**

RHC is a company based in Al-Khobar (Eastern Province), Kingdom of Saudi Arabia and has been in business for around 40 years. Its core business is related to the oil and gas industry, specifically in the drilling and related oilfield services. RHC is also involved in the engineering and construction industry, owning and operating of several manufacturing facilities, and is involved heavily in the growing regional telecommunications and information technology industry. RHC has international partners from more than 12 countries and represents over 40 worldwide prominent companies.

In relation to the Rawabi Mandated Transactions, the Directors believe that such transactions are in the interest of the Group for the following reasons:

- (a) In relation to the Rental of Premises from the Rawabi Group and obtaining Rawabi Corporate Services, it will enable the Group to tap on the Rawabi Group's resources and personnel for administrative work which would enable the Group to have a more efficient administrative set-up;
- (b) In relation to obtaining Other Rawabi Goods and Services, it would enable the Group to tap on the Rawabi Group's existing network and enjoy economies of scale in the procurement of goods and services; and
- (c) In relation to the procurement of Vessel Charters from Rawabi Group, it would enable the Group to tap on the Rawabi Group's existing resources and network to enjoy economies of scale in the procurement of vessel charters and to allow the Group to offer a wider range of vessels to its customers; and
- (d) In relation to the provision of Vessel Charters to Rawabi Group and Project Management Services to Rawabi Group, it will enable the Group to gain greater access to a wider customer base and also allows the Group to tap on the Rawabi Group's goodwill, market share, expertise and resources in the offshore industry.

If approved by Independent Shareholders at the EGM, the Revised Rawabi IPT Mandate will supersede the Existing Rawabi IPT Mandate and take effect from the date of passing of the Ordinary Resolution in respect of the Revised Rawabi IPT Mandate until the next AGM and thereafter subject to Independent Shareholders' approval for their annual renewal at each subsequent AGM.

The adoption of the Revised Rawabi IPT Mandate and the renewal of it on an annual basis will enable the Group to continue with the recurrent Rawabi Mandated Transactions which are necessary and in the ordinary course of business of the Group, subject to the procedures and processes as set out in Section 4 below to ensure that the Rawabi Mandated Transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its Independent Shareholders.

The adoption of the Revised Rawabi IPT Mandate and the renewal of it on an annual basis will eliminate the need to convene separate EGMs from time to time to seek Independent Shareholders' approval as and when potential Rawabi Mandated Transactions arise or prior to implementing any Rawabi Mandated Transactions (which may be of a recurrent nature,

premised on the underlying arrangements). This would substantially reduce the administrative time and expenses in convening such meetings (including the engagement of external advisers and preparation of documentation) on an *ad hoc* basis and improve administrative efficiency and efficacy considerably, by allowing manpower resources and time to be channelled towards attaining other business objectives of the Company without compromising the Company's corporate objectives or adversely affecting the business opportunities available to the Company. Consequently, the Company will be able to respond quickly to the dynamics of evolving commercial transactions which are generally time-sensitive.

**4. Guidelines and Review Procedures for Transactions under the Revised Rawabi IPT Mandate**

The Group will implement the guidelines and review procedures pursuant to the Revised Rawabi IPT Mandate to ensure that the Rawabi Mandated Transactions are undertaken on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its Independent Shareholders. For the purposes of this section, the term "value" in relation to each Rawabi Mandated Transaction shall, in accordance with Rule 909 of the Catalist Rules, mean the amount at risk to the Group.

**4.1 Methods and procedures for determining prices or value for the Rawabi Mandated Transactions under the Revised Rawabi IPT Mandate**

**(a) Rental of Premises**

The rates and terms of the lease with the Rawabi Group will be reviewed before entry into the lease or at the point of renewal (as the case may be).

The Group will compare the terms of the lease entered with the Rawabi Group with at least two leases between the Rawabi Group and their other unrelated third party tenants in the same building(s). If there are no other unrelated third party tenants in the same building(s), the Group will compare with at least two unrelated third party lessors for similar space or buildings that are of similar or comparable standing within the same vicinity. The terms of the lease extended to the Group should not be more favourable to the Rawabi Group when compared to the rates and terms extended to such unrelated third parties or the rates and terms offered by unrelated third party lessors, as the case may be.

In the event that quotations from unrelated third parties are not available in respect of a Rental of Premises, the Company will engage a property valuer to perform an independent rental valuation as a basis for comparison to determine whether the rates and terms offered by the Rawabi Group are fair and reasonable.

In the event of any variation to the terms of the Rental of Premises from the Rawabi Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee (as defined below) shall review any such variation to ensure that the Rawabi Mandated Transactions continues to be made on the Group's normal commercial terms.

The "**Review Committee**" shall comprise 2 Executive Directors and, the Head of Compliance, each of whom shall not have any direct or indirect interest in the Rawabi Mandated Transaction. Presently, the Review Committee will comprise Mr Yeo Chee

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### APPENDIX 3 – REVISED RAWABI IPT MANDATE

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Neng (Executive Vice Chairman), Mr Ling Yong Wah (Executive Director and CEO) and Mr Tony Seah (Head of Compliance).

**(b) Obtaining Rawabi Corporate Services**

The corporate services fees charged to the Group by the Rawabi Group will be derived on a cost-recovery basis, after taking into account the Group's share of the costs as a proportion of the total actual costs incurred by the Rawabi Group for providing such services.

The Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions will review the basis and computation of the share of costs charged by the Rawabi Group to the Group.

**(c) Obtaining Other Rawabi Goods and Services**

When purchasing goods from or through the Rawabi Group or engaging services not included in the Rawabi Corporate Services from the Rawabi Group, the pricing and fees for such goods and services will be based on a cost reimbursement basis.

The Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions will review the supporting documents to ensure that the costs charged by the Rawabi Group to the Group are on a cost reimbursement basis.

**(d) Procurement of Vessel Charters from Rawabi Group**

To ensure that the Rawabi Mandated Transactions are carried out at arm's length on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders, the Group will obtain at least two quotes (wherever possible or available) from independent shipbrokers or other ship owners for similar vessels before entering into or renewing a chartering agreement. The fees payable by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group.

In addition, in assessing the charter hire rates for the Vessel Charters from Rawabi Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters from Rawabi Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters from Rawabi Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the Rawabi Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that quotes from independent shipbrokers or other ship owners are not available, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Rawabi Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Rawabi Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Rawabi Mandated Transactions.

**(e) Provision of Vessel Charters to Rawabi Group**

When providing the Vessel Charters to Rawabi Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, valuations of the vessel, term of the charter, financing costs and the level of risks involved.

Taking into account preferential rates and discounts which may be accorded to long-term customers or customers with exclusive business relationships with the Group (each a "**Preferential Customer**"), the Group will endeavour to compare the terms of the Vessel Charter to Rawabi Group with at least two recent vessel charter contracts of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the Rawabi Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the charter hire fees for the Vessel Charters to Rawabi Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters to Rawabi Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters to Rawabi Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee shall review any such variation to ensure that the Rawabi Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the Vessel Charters to Rawabi Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the Rawabi Mandated Transactions before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Rawabi Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Rawabi Mandated Transaction.

**(f) Provision of Project Management Services to Rawabi Group**

When providing Project Management Services to Rawabi Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, nature of the services, complexity of the contracts or transactions, customer requirements and specifications, and strategic purpose of the transaction. Taking into account preferential rates and discounts which may be accorded to a preferential customer, the Group will endeavour to compare the terms of the Project Management Services to Rawabi Group with at least 2 recent contracts or agreements of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the Rawabi Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the fees for the provision of the Project Management Services to Rawabi Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms for the provision of the Project Management Services to Rawabi Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms in relation to the provision of Project Management Services to Rawabi Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the Rawabi Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the Project Management Services to Rawabi Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the Rawabi Mandated Transactions before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Rawabi Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Rawabi Mandated Transactions.

**4.2 Approval Thresholds****Rental of Premises**

The Group will monitor all Rental of Premises from the Rawabi Group and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$1 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$1 million but less than US\$2 million; and

- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$2 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction.

The above threshold limits take into account, *inter alia*, the past rental experience and expected future lease tenure which are typically for a period of 3 years. It is not expected for the value of the Rawabi Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the Rawabi Group and the nature of the transactions.

#### **Obtaining Rawabi Corporate Services**

The Group will monitor all transactions in relation to obtaining Rawabi Corporate Services and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$1 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$1 million but less than US\$2 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$2 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction.

The above threshold limits take into account, *inter alia*, past corporate services obtained from the Rawabi Group and expected corporate services from the Rawabi Group which are typically for a period of 3 years. It is not expected for the value of the Rawabi Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the Rawabi Group and the nature of the transactions.

#### **Obtaining Other Rawabi Goods and Services**

The Group will monitor all transactions in relation to obtaining Other Rawabi Goods and Services and categorise them as follows:

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## APPENDIX 3 – REVISED RAWABI IPT MANDATE

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- (i) Category 1 Transaction is one where the value thereof is less than US\$1 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$1 million but less than US\$2 million; and
- (iii) Category 3 Transaction is one where the value thereof is equal to or more than US\$2 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction.

The above threshold limits take into account, *inter alia*, similar transactions obtained in the past from the Rawabi Group and that these transactions are charged based on a cost reimbursement basis. It is not expected for the value of the Rawabi Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the Rawabi Group and the nature of the transactions.

### **Vessel Charters to/from Rawabi Group**

The Group will monitor all transactions for Vessel Charters to and from Rawabi Group and categorise them as follows:

- (i) Category 1 Transaction is one where the value thereof is less than US\$20 million; and
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$20 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with 2 Directors all of whom shall not have any interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction.

In addition to the required approvals for Category 1 Transaction, Category 2 Transaction shall also be pre-approved by majority members of the Audit Committee who shall not have any interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction.

The above threshold limits take into account, *inter alia*, the past transactions with the Rawabi Group, expected frequency, size of the transactions, type of arrangements and duration which are typically for a period of 5 years or more.

### **Provision of Project Management Services to Rawabi Group**

The Group will monitor all transactions for the provision of Project Management Services to Rawabi Group and categorise them as follows:



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## APPENDIX 3 – REVISED RAWABI IPT MANDATE

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- (i) Category 1 Transaction is one where the value thereof is less than US\$3 million;
- (ii) Category 2 Transaction is one where the value thereof is equal to or more than US\$3 million but less than US\$6 million; and
- (iii) Category Transaction is one where the value thereof is equal to or more than US\$6 million.

Category 1 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with a Director; and Category 2 Transaction shall be approved by the Finance Director or Financial Controller equivalent, together with two Directors, all of whom, shall not have any interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction. Category 3 Transaction shall be submitted by the Group for prior approval by majority members of the Audit Committee who shall not have any interest, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Mandated Transaction

The above threshold limits take into account, *inter alia*, past transactions of similar nature with the Rawabi Group, expected volume, frequency, size of the transactions and type of arrangements. It is not expected for the value of the Rawabi Mandated Transaction to reach the threshold of Category 3 Transaction based on past transactions with the Rawabi Group and the nature of the transactions.

### 4.3 Additional guidelines and review procedures

The additional guidelines and review procedures to supplement the above guidelines on the methods and procedures and approval thresholds for the Revised Rawabi IPT Mandate are as follows:

- (a) The Head of Compliance shall maintain the register of Interested Persons (as defined in the Catalist Rules) which will include the Company's Directors, CEO and Controlling Shareholders, and their respective Associates (as defined in the Catalist Rules), and shall update the register immediately if there are any changes and review the register regularly, at least on a quarterly basis. In this regard, the Head of Compliance will proactively seek written confirmation from each of the Directors, CEO and Controlling Shareholders on a quarterly basis on their respective list of interested persons. The Directors, CEO and Controlling Shareholders are also required to inform the Head of Compliance as and when there is any change in the information with respect to their Associates that they had previously disclosed to the Company.
- (b) Subsidiaries and associated companies of the Group are required to inform the Finance Team of any upcoming Rawabi Mandated Transactions so that the relevant IPT procedures can be complied with and relevant prior approvals obtained in accordance with the Revised Rawabi IPT Mandate.
- (c) All Interested Person Transactions entered into pursuant to the Revised Rawabi IPT Mandate including the factors that have been taken into account in arriving at the terms, as well as any other quotations or evidence obtained to support such basis, shall be recorded and maintained in a register ("**IPT Register**") by the Finance Team.

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### APPENDIX 3 – REVISED RAWABI IPT MANDATE

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- (d) The Finance Director or the Financial Controller equivalent shall review the Interested Person Transactions recorded in the IPT Register on a monthly basis to ensure that the IPTs are in compliance with the review procedures set out in the Revised Rawabi IPT Mandate.
- (e) The Finance Director or the Financial Controller equivalent shall, on a quarterly basis, report to the Audit Committee on the Interested Person Transactions and the basis on which such transactions were entered into with the Interested Persons during the preceding quarter. The Audit Committee and Head of Compliance will review the IPT Register on a quarterly basis.
- (f) The Group's external auditors will review the Interested Person Transactions as part of the Group's annual audit. The external auditors will report any non-compliance issues noted from the audit to the Audit Committee.
- (g) The Group will incorporate a review of all Interested Person Transactions (excluding transaction that is below S\$100,000 in value) in its internal audit plan. The internal auditors will review the Interested Person Transactions to check that the relevant approvals have been obtained and the guidelines and review procedures have been adhered to, in the case of the Rawabi Mandated Transactions in accordance with the Rawabi IPT Mandate. The internal auditors will submit their review reports to the Audit Committee on a half yearly basis.
- (h) Generally, the Audit Committee will only approve an Interested Person Transaction if the terms of the Interested Person Transaction are no more favourable than the terms extended to unrelated third parties, or are in accordance with published or prevailing rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the Interested Person Transaction under review from independent sources or advisers.
- (i) For the purpose of the above review and approval process, any Director, who has an interest in the Interested Person Transaction under review and is not considered to be independent, will abstain from participating and voting on any resolution relating to the Interested Person Transaction.

#### **5. Disclosure to Shareholders**

The Company will announce the aggregate value of Rawabi Mandated Transactions under the Revised Rawabi IPT Mandate for each financial period on which the Company is required to report pursuant to the Catalist Rules and within the time required for the announcement of such reports in accordance with Rule 920(1)(a)(ii) of the Catalist Rules.

The Company will also disclose in the Company's annual report details of the aggregate value of all Interested Person Transactions and Rawabi Mandated Transactions during the current financial year, and in the annual reports for the subsequent financial years during which the Revised Rawabi IPT Mandate is in force in accordance with Rule 920(1)(a)(i) of the Catalist Rules. The name of the Interested Person(s), nature of relationship with the Interested Person(s) and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

## APPENDIX 3 – REVISED RAWABI IPT MANDATE

Name of Interested Person	Nature of relationship	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the Holmen IPT Mandate) pursuant to Rule 920 of the Catalist Rules	Aggregate value of all Mandated Transactions (excluding transactions less than S\$100,000) pursuant to Rule 920 of the Catalist Rules
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### 6. Audit Committee

The Audit Committee shall review such guidelines and procedures from time to time to determine if they continue to be adequate and/or commercially practicable in ensuring that transactions between the Company and Interested Persons are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders.

The Audit Committee will also carry out periodic reviews (at least on a quarterly basis) to ensure that the guidelines and review procedures for the Rawabi Mandated Transactions have been complied with and the relevant approvals obtained. Further, if during these periodic reviews, the Audit Committee is of the view that the above guidelines and review procedures are not sufficient to ensure that the Rawabi Mandated Transactions will be on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for the Rawabi Mandated Transactions. During the period prior to obtaining a fresh mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee.

### 7. Interested Audit Committee member to abstain

If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will declare his interest and abstain from participating and voting on any resolution relating to the Interested Person Transaction and from any decision making in respect of that transaction, and the review of the established review procedures for the Interested Person Transactions and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

### 8. Validity of the Revised Rawabi IPT Mandate

The Revised Rawabi IPT Mandate will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or varied by the Company in general meeting) continue to be in force until the date of which the next AGM is held or is required by law to be held.

Thereafter, approval from Shareholders for subsequent renewal of the Revised Rawabi IPT Mandate will be sought at each subsequent AGM. RHC and its Associates will abstain from voting on such resolution for the renewal of the Revised Rawabi IPT Mandate. Furthermore, RHC and its Associates shall not act as proxies in relation to the resolution relating to the Revised Rawabi IPT Mandate unless specific voting instructions have been given by the relevant Shareholder.

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### **APPENDIX 3 – REVISED RAWABI IPT MANDATE**

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Pursuant to Rule 920(1)(c) of the Catalyst Rules, an independent financial adviser's opinion will not be required for the renewal of the Revised Rawabi IPT Mandate if the Audit Committee confirms that:

- (a) the methods or procedures for determining transaction prices of the Rawabi Mandated Transactions have not changed since the last approval of the Shareholders was obtained for the Revised Rawabi IPT Mandate; and
- (b) the methods or procedures in sub-paragraph (a) above are sufficient to ensure that the transactions under the Revised Rawabi IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders.



**W CAPITAL MARKETS PTE. LTD.**

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

12 April 2021

The Independent Directors  
Vallianz Holdings Limited (the “Company”)  
1 Harbourfront Avenue  
#06-08 Keppel Bay Tower  
Singapore 098632

Dear Sirs,

- (1) **THE PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEES FOR THE BENEFIT OF RPL;**
- (2) **THE PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEES FOR THE BENEFIT OF THE HOLMEN GROUP;**
- (3) **THE PROPOSED RATIFICATION OF THE PROVISION OF PAST HOLMEN ADVANCES;**
- (4) **THE PROPOSED ENTRY INTO THE HOLMEN LOAN AGREEMENT;**
- (5) **THE PROPOSED ADOPTION OF THE HOLMEN IPT MANDATE;**
- (6) **THE PROPOSED ENTRY INTO THE RHC LOAN AGREEMENT; AND**
- (7) **THE PROPOSED ADOPTION OF THE REVISED RAWABI IPT MANDATE.**

**(COLLECTIVELY, THE “PROPOSED IPT RESOLUTIONS”)**

*Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to shareholders of the Company dated 12 April 2021 (the “Circular”).*

**1. INTRODUCTION**

- 1.1 Reference is made to the Company’s announcement on 24 July 2019, with subsequent updates provided in announcements dated 5 August 2019, 30 August 2019, 26 December 2019, 3 February 2020, 6 March 2020 and 27 April 2020 where the Company announced that it was undertaking a review of its past and ongoing transactions to identify interested person transactions (“**IPTs**”) which were previously not disclosed or had not complied with the requirements of the Catalist Rules (the “**IPT Review**”).
- 1.2 In connection thereof, the Company had appointed an internal auditor to conduct a comprehensive review of all the interested person transactions (the “**IA Review**”) carried out during the last three (3) financial years (ended March 2017, March 2018 and March 2019 respectively) and the quarter ended 30 June 2019 (the “**Review Period**”). Pursuant to the IA Review, the internal auditor has identified certain IPTs that were carried out during the

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## APPENDIX 4 – IFA LETTER

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Review Period which were previously not disclosed or had not complied with the requirements of the Catalist Rules.

- 1.3 Based on the aforementioned IPT Review and the IA Review, certain transactions were entered into between the Group and interested persons during the relevant period that were previously not reported or had not complied with the requirements of the Catalist Rules (the “**Non-Compliant IPTs**”), on an aggregated basis, had exceeded five per cent. (5%) of the Group’s audited NTA as at the respective periods. Details of the entity-at-risk and interested persons for these IPTs and the relationships between them are set out in Appendix 1 of the Circular.
- 1.4 Accordingly, the Company is seeking Independent Shareholders’ ratification for those Non-Compliant IPTs that it intends to continue with the interested persons as set out in Sections 6 to 8 of the Circular at the upcoming EGM. The Company will not be seeking Independent Shareholders’ ratification for the Non-Compliant IPTs set out in Sections 3 and 4 of the Circular, as it is of the view that it will not be meaningful to do so, since these Non-Compliant IPTs had been entered into and completed in the past and it would be practically impossible to unwind these Non-Compliant IPTs.
- 1.5 In addition, the Company is seeking Independent Shareholders’ approval for: (i) the new IPTs to be entered into with interested persons in relation to the Holmen Loan Agreement and the RHC Loan Agreement, details of which are set out in Sections 9 and 11 of the Circular respectively; and (ii) the adoption of the Holmen IPT Mandate and the Revised Rawabi IPT Mandate, details of which are set out in Sections 10 and 12 of the Circular respectively.
- 1.6 Pursuant to Rules 920(1)(b)(v) and 921(4)(a) of the Catalist Rules, W Capital Markets Pte. Ltd. (“**W Capital Markets**”) has been appointed as the independent financial adviser (“**IFA**”) to express an opinion on the Non-Compliant IPTs to be ratified and new IPTs to be approved, and to advise the directors of the Company who are deemed independent (“**Independent Directors**”) in respect of the Proposed IPT Resolutions for the purposes of making recommendations to the Shareholders in respect of the respective Proposed IPT Resolutions.
- 1.7 This letter (“**Letter**”) is addressed to the Independent Directors and sets out, *inter alia*, our evaluation and opinion on (i) the proposed ratification of the provision of corporate guarantees for the benefit of RPL, the proposed ratification of the provision of corporate guarantees for the benefit of the Holmen Group and the proposed ratification of the provision of past Holmen Advances (collectively, the “**Non-Compliant IPTs to be Ratified**”); (ii) the approval of the proposed entry into the Holmen Loan Agreement and the proposed entry into the RHC Loan Agreement (the “**Proposed Advance IPTs**”); and (iii) whether the methods or procedures for determining the transaction prices under the Holmen IPT Mandate and the Revised Rawabi IPT Mandate are sufficient to ensure that the transactions contemplated under the Holmen IPT Mandate and the Revised Rawabi IPT Mandate respectively will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and/or its Minority Shareholders. This Letter forms part of the Circular which provides, *inter alia*, the details of the Proposed IPT Resolutions, and the recommendation of the Independent Directors on the Proposed IPT Resolutions.

## 2. APPLICATION OF CHAPTER 9 OF THE CATALIST RULES

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 a party who is an interested person of the listed company.

Pursuant to Rule 906(1) of the Catalist Rules, a listed company will be required to obtain shareholders’ approval for any interested person transaction of a value equal to, or exceeding, 5% of the group’s latest audited net tangible assets (“**NTA**”) when aggregated with other

transactions entered into with the same interested persons during the same financial year ("**5% Threshold**").

As the Non-Compliant IPTs have been ongoing for a period of time, the relevant figures for these IPTs would have exceeded 5% of the Group's latest audited NTA for the relevant period(s) and, hence, should have been subjected to approval by the Independent Shareholders of the Company.

Rule 920 of the Catalist Rules also allows a listed company to obtain a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, that may be carried out with interested persons. Transactions conducted under such a general mandate are not subject to Rules 905 and 906 of the Catalist Rules and such general mandate shall be subject to annual renewal.

The Group envisages that it will in its ordinary course of business enter into the Holmen Mandated Transactions set out in Appendix 2 to the Circular with the Holmen Group and the Rawabi Mandated Transactions set out in Appendix 3 to the Circular with the Rawabi Group. In view of the time-sensitive nature of commercial transactions and the possible frequency of such transactions and to allow the Group to undertake such transactions in a more expeditious manner, the Company therefore proposes to seek approval from Independent Shareholders for the Holmen IPT Mandate and the Revised Rawabi IPT Mandate at the upcoming EGM.

### **3. TERMS OF REFERENCE**

W Capital Markets has been appointed as the IFA to the Independent Directors in respect of the respective Proposed IPT Resolutions. We were not involved in or responsible for, in any aspect, the discussions in relation to the Non-Compliant IPTs and the Proposed Advance IPTs, nor were we involved in the deliberations leading up to the decision on the part of the Directors to seek Shareholders' approval for the Holmen IPT Mandate and the Revised Rawabi IPT Mandate. Further, we do not warrant the merits of the Proposed IPT Resolutions, other than to express an opinion on whether (i) the Non-Compliant IPTs to be Ratified were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its Minority Shareholders; (ii) the Proposed Advance IPTs are on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders; and (iii) the methods or procedures for determining transaction prices as provided for under the Holmen IPT Mandate and the Revised Rawabi IPT Mandate are sufficient to ensure that the proposed transactions with the Holmen Group and the Rawabi Group respectively will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

In the course of our evaluation, we have referred to the report issued by the internal auditor pursuant to the IA Review and held discussions with the management of the Company (the "**Management**") and the Company's professional advisers 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, the Management and/or their professional advisers, 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 21 of the Circular.

For the purpose of assessing the terms of the Non-compliant IPTs to be Ratified and the Proposed Advance IPTs, 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 and have not made any independent evaluation or appraisal of the assets and liabilities of the Group.

Our opinion as set out in this Letter is based on market, economic, industry, monetary and other conditions (if applicable) prevailing as of 5 April 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 IPT Resolutions, 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 of Chapter 9 of the Catalist Rules as well as for the use of the Independent Directors in connection with their consideration of the Proposed IPT Resolutions and their advice to the Shareholders arising thereof. The recommendation made to Shareholders in relation to the Proposed IPT Resolutions remains the responsibility of the Independent Directors.

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

#### **4. EVALUATION OF THE NON-COMPLIANT IPTS TO BE RATIFIED AND PROPOSED ADVANCE IPTS**

During the Relevant Period, the Group has entered into the Non-Compliant IPTs to be Ratified (details of which are set in Sections 5 to 8 of the Circular) for which the ratification of Independent Shareholders is being sought at the EGM as it is the intention of the Company to continue with the IPTs with the interested persons, without the need to unwind these transactions. The Company is also proposing to enter into Proposed Advance IPTs with Holmen Group and RHC respectively, details of which are set out in Sections 9 and 11 of the Circular.

In our evaluation of the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs, we have given due consideration to, *inter alia*, the following key factors:

- (i) Rationale for the ratifications of the Non-Compliant IPTs to be Ratified and entering into the Proposed Advance IPTs;
- (ii) Background information relating to, and the key terms of, the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs; and



- (iii) Other relevant considerations in relation to the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs.

**4.1 Rationale for the ratifications of the Non-Compliant IPTs to be Ratified and entering into the Proposed Advance IPTs**

The rationale for the ratifications of the respective Non-Compliant IPTs to be Ratified and entering into the Proposed Advance IPTs which have been set out in Sections 6.3, 7.3, 8.3, 9.3 and 11.4 of the Circular is extracted and reproduced in italics below:

*In respect of the proposed ratification of the provision of corporate guarantees for the benefit of RPL*

*“The provision of the corporate guarantee in relation to RPL’s bank loan in 2011 was a requirement of the banker and could not be released without its consent.*

*Around the time that the joint and several corporate guarantees were provided for the benefit of RPL by the Company and SHL, SHL was in a much stronger financial position and with a much larger market capitalization as compared to the Group. It was therefore reasonable for the Company to provide the corporate guarantees together with SHL, on a joint and several basis, in order to secure better financing terms for RPL from the banker.*

*The Company is of the view that it is unlikely to secure release of its corporate guarantee from the banker in view of RPL’s present weak financial position and as RPL is already in technical default on the bank loan. RPL is currently not paying any fee on the corporate guarantee and is also not in a financial position to pay any proposed fee on the corporate guarantee in view of its weak financial position. The corporate guarantee is therefore likely to continue until the bank loan is fully repaid.*

*Given the present circumstances, the Company recognized that the above is not on normal commercial terms. However, if the provision of the corporate guarantee for the benefit of RPL is not ratified by Independent Shareholders at the EGM, it would mean that the Company has to cease providing the corporate guarantee for the benefit of RPL. On the other hand, as the Company cannot unilaterally withdraw its corporate guarantee, the Company would be in breach of Chapter 9 of the Catalist Rules if it continues with the provision of corporate guarantee without Shareholders’ ratification of the above.*

*The Company is in discussion with RPL’s lender with respect to the restructuring of the loan. Once the bank loan is fully discharged, the Company intends to wind up RPL.”*

*In respect of the proposed ratification of the provision of corporate guarantees for the benefit of the Holmen Group*

*“The rationale for the ratification for the provision of 100% of the corporate guarantees in relation to the Holmen Group’s bank loans is similar to the situation with RPL, i.e. the corporate guarantee cannot be released without the consent of the bankers. Further, the Company is in the process of restructuring the Group’s borrowings including the Holmen Group’s bank loans by novating some Holmen loans to the Company in accordance with the Restructuring Agreement as announced on 19 February 2021.*

*On the basis that no corporate guarantee fees were charged to the Holmen Group by the Company, the Company recognizes that the above is not on normal commercial terms. However, if the provision of the corporate guarantees for the benefit of the Holmen Group is not ratified, it would mean that the Company has to cease providing such corporate guarantees. On the other hand, as the Company cannot unilaterally withdraw its corporate guarantees, the Company would be in breach of Chapter 9 of the Catalist Rules if it continues with the provision of corporate guarantees without Shareholders’ ratification of the above.”*

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## APPENDIX 4 – IFA LETTER

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### *In respect of the proposed ratification of the provision of the past Holmen Advances*

*“On the basis that no interest was charged by the Company to the Holmen Group for the past Holmen Advances, the Company recognizes that the above is not on normal commercial terms. However, if the ordinary resolution for the provision of the past Holmen Advances is not passed, it would mean that the Holmen Group has to repay all outstanding Holmen Advances to the Company immediately or risk breaching Chapter 9 of the Catalist Rules. However, the Company is of the view that the Holmen Group will not be able to repay these advances in the immediate future because of Holmen Group’s present weak financial position.*

*In addition, putting further repayment pressure on the Holmen Group may be detrimental to the business operations of the Holmen Group, as the past Holmen Advances had enabled the Holmen Group to maintain its existing banking and financing facilities for its operational needs.*

*The Company had entered into the Restructuring Agreement as announced on 19 February 2021 to restructure the Holmen Group’s bank loans and corporate guarantees as part of the overall restructuring of the Group’s borrowings as mentioned in Section 7.3 above. This will necessarily take time as the terms of the restructuring exercise may be subject to various conditions and relevant approvals.*

*In the interim period, however, the Holmen Group needs the Company’s continued financial support, in the form of the corporate guarantees and advances, and further advances. Hence, the Company is seeking Independent Shareholders’ approval for the proposed ratification of the Holmen corporate guarantee (as set out in Section 7 above), the proposed ratification of the past Holmen Advances (as set out in this section) and the proposed entry into the Holmen Loan Agreement (as set out in Section 9 below). In the absence of these financial support, the Holmen Group may be at risk of triggering a loan default situation where the operations of its vessels may be disrupted due to the bankers exercising their security rights over these vessels. Such an event of default may also result in triggering cross-defaults events across the Group’s financing facilities.*

*The Company recognises that the financial support to be extended to the Holmen Group, to be solely provided by the Company, is significant. However, the financial support extended to the Holmen Group is necessary in view of (i) the present circumstances and the financial commitment that the Group has already provided to the Holmen Group as set out above; (ii) the fact that the Group has effective control over the Holmen Group with its 75% interest as the other 25% shareholder, SHL, is currently under judicial management; and (iii) the Company’s position is that the operations of the Holmen Group is beneficial to the interests of the Group. In addition, the Company is not considering the disposal of the three (3) specialised vessels owned by the Holmen Group in order to repay the bank loans as such disposal will diminish the Group’s revenue earning capabilities.”*

### *In respect of the proposed entry into the Holmen Loan Agreement*

*“On the basis that no interest will be charged by the Company to the Holmen Group, the Company recognised that the above Holmen Loan Agreement is not on normal commercial terms. However, together with the corporate guarantees and past Holmen Advances, the Company is of the view that the Holmen Loan Agreement is crucial for the continued operations of the Holmen Group as mentioned in Section 8.3 above. Given the present weak financial position of the Holmen Group, it is not in a financial position to pay any interest charged on the Additional Holmen Advances.*

*The Group is committed to support the Holmen Group as it views the operations of the Holmen Group to be beneficial to the interests of the Group.”*

*In respect of the proposed entry into the RHC Loan Agreement*

*“The RHC Loan Agreement is necessary for RHC to be in compliance with the applicable laws and ensure that the existing shareholder’s advances from RHC will be deemed as valid, existing and binding obligations which will not be disregarded by the Saudi Arabian authorities.*

*In the event that shareholders’ approval is not obtained, (a) RHC will not be in compliance with the applicable laws and may face legal or tax consequences such as monetary penalties, tax audits and investigations; and (b) RHC may not be able to extend further advances to the Company.*

*The shareholder’s advances from RHC has been beneficial to the Group and these advances had provided the necessary financial support to the continuing operations of the Group in view of the challenging environment that the Group is operating in. The RHC Loan Agreement will enable RHC to continue to provide the necessary financial support to the Group.”*

**4.2 Background information relating to, and the key terms of, the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs**

**4.2.1 Provision of Corporate Guarantee for the benefit of Resolute Pte. Ltd. (“RPL”)**

RPL is owned by the Company and SHL in the proportion of 51% and 49% respectively. The Company had subscribed for 51 ordinary shares, representing 51% equity interest of RPL when it was incorporated on 3 March 2011.

The Company and SHL, had in June 2011, each provided corporate guarantee, on a joint and several basis, in relation to RPL’s bank loan for an amount of up to US\$85 million for the benefit of RPL (the “**RPL CG**”). As at 30 September 2020, RPL’s outstanding principal bank loan amounted to US\$31.7 million. RPL has triggered a technical default on the bank loan but it has not been served with any notice of an event of default. The Group had provided for the accrued interest of US\$6.5 million in relation to the outstanding principal bank loan of US\$31.7 million. Accordingly, the present total risk exposure of the corporate guarantee is US\$38.2 million, representing 60.5% of the Latest Audited NTA. As RPL is in a technical default, it will not be able to draw down further loan quantum from the bank facility. Accordingly, the Group’s risk exposure to the corporate guarantee will not be increased significantly beyond the current exposure. The Company is in discussion with RPL’s lender with respect to the restructuring of the loan. Once the bank loan is fully discharged, the Company intends to wind up RPL.

RPL is an investment holding company which holds the preference shares in ROPL, a wholly-owned subsidiary of the SHL. RPL had used the proceeds from the issuance of the preference shares for the acquisition of the “*Swiber Resolute*” vessel. In addition to the above corporate guarantees, the vessel “*Swiber Resolute*” was also mortgaged to the bank.

In this regard, the Management has represented that the RPL CG were extended by both the Company and SHL on the same terms and no fees were charged to RPL by either the Company or SHL for the provision of the RPL CG. It is noted that at the time that the RPL CG was provided, SHL was also in a much stronger financial position compared to the Group, with net asset value (“**NAV**”) as of 30 June 2011 of approximately US\$345.8 million (versus the Group’s NAV of US\$32.7 million) and also had a much bigger market capitalization then of around S\$371.1 million (versus the Group’s then market capitalization of around S\$53.5 million), and it was therefore to the benefit of the Company then to provide the RPL CG on a joint and several basis together with SHL, in order to negotiate for better financing terms for RPL. In addition, we note that RPL is currently not paying any fee on the corporate guarantee and is also not in a financial position to pay any proposed fee on the corporate guarantee in view of its weak financial position.

Accordingly, the Company is seeking Shareholders' ratification of the provision of the corporate guarantee for the benefit of RPL which, once ratified, will allow the Company to continue to provide the corporate guarantee for the benefit of RPL.

#### **4.2.2 *Provision of Corporate Guarantees for the benefit of the Holmen Group***

Since 2016, the Company had provided 100% of the corporate guarantees in favour of the lenders under the loan facilities extended by these lenders to the Holmen Group ("**Holmen CGs**") for an amount of up to US\$99.2 million. The corporate guarantees were one of the conditions of the loan facilities as it was a common practice for bankers to look towards the major shareholder of the Holmen Group, i.e. the Company, as the key party to be the guarantor for the loan facilities. The loans were also secured against the 4 vessels owned by the Holmen Group. As at 30 September 2020, the Company's exposure to the outstanding bank facilities of Holmen under the Holmen CGs is US\$86 million.

As the Company has full control of Holmen Group's operations and activities and the Holmen CGs are required to ensure the continued relationships with the banks, which is necessary to maintain the operations of its vessels and HOL is a 75% owned subsidiary, the directors of the Company considered that it was in the interests of and for the commercial benefit of the Company to undertake the obligations pursuant to the Holmen CGs and the Company had not charged any fees to the Holmen Group for the provision of the Holmen CGs. In addition, we note that the Company is in the process of restructuring the Group's borrowings including the Holmen Group's bank loans by novating some Holmen loans to the Company in accordance with the Restructuring Agreement as announced on 19 February 2021. Pursuant to the Restructuring Agreement, the lenders will not allow any further loan drawdown on its facilities. Accordingly, the Group's risk exposure to the Holmen CGs is not expected to be increased significantly beyond the current exposure.

Accordingly, the Company is seeking Shareholders' ratification for the provision of the corporate guarantees for the benefit of the Holmen Group which, once ratified, will allow the Company to continue to provide the corporate guarantees for the benefit of the Holmen Group.

#### **4.2.3 *Provision of past Holmen Advances and the proposed entry into the Holmen Loan Agreement***

In addition to the above provision of the Holmen CGs, the Company had extended advances, mainly interest free and without any fixed repayment terms, to the Holmen Group to fund its operations, including the servicing of its bank loans (the "**Holmen Advances**"). In this regard, we note that during the Review Period, SHL was already in a state of financial distress and was therefore not in a position to provide any financial support to Holmen Group in respect of its 25% shareholding in HOL. As at the Latest Practicable Date, the aggregate amount outstanding under the past Holmen Advances amounts to an aggregate of US\$42.0 million.

The Company had entered into the Restructuring Agreement as announced on 19 February 2021 to restructure the Holmen Group's bank loans and corporate guarantees as part of the overall restructuring of the Group's borrowings. However, in the interim period, the Holmen Group requires continued financial support from the Company which is the reason for the proposed Holmen Loan Agreement. Otherwise, it may result in a default situation where the operations of the vessels may be disrupted due to the bankers exercising their security rights. Such a default would also result in cross defaults across the Group's financing facilities.

Accordingly, the Company is seeking ratification for the provision of the past Holmen Advances which, once ratified, will allow such outstanding Holmen Advances to remain until the Holmen Group is in a position to repay such advance and is also proposing to enter into the Holmen Loan Agreement with Holmen Group pursuant to which the Group shall extend

additional advances of up to US\$87 million (“**Additional Holmen Advances**”), to assist the Holmen Group to service its existing bank loan obligations in a timely manner, and for its working capital needs. These Additional Holmen Advances are unsecured with no fixed repayment terms and non-interest bearing and the Company will consider raising the necessary funds for the Additional Holmen Advances via loans, debt or equity capital markets fund raising activities over a period of time, taking into consideration the efforts by the Company to restructure its loan facilities with the lenders. Such loans may also include utilising the RHC Advances referred to in Section 11.2 of the Circular.

If and when these Additional Holmen Advances from the Company are utilised to repay the existing bank loans of the Holmen Group, the Group’s risk exposure to the corporate guarantee will likewise be reduced accordingly. Presently, the Group intends for US\$86 million of the Additional Holmen Advances to be used for such bank loans repayment and the balance US\$1 million for working capital needs of the Holmen Group.

**Shareholders should note that without Shareholders’ approval for the entry into the Holmen Loan Agreement, the continued operations of the Holmen Group and the overall restructuring of the Group’s borrowings as mentioned in Section 7.3 of the Circular (including but not limited to the proposed debt restructuring as announced by the Company on 19 February 2021) will be affected.**

#### **4.2.4 Proposed entry into the RHC Loan Agreement**

Over the last 5 years, RHC had provided shareholder’s advances to the Group from time to time for its working capital needs and to support the Group’s operations. Such shareholder’s advances were unsecured and interest-free with no fixed repayment term, and have been classified as equity in the Company’s statement of financial position since FY2017. As at the Latest Practicable Date, the outstanding advances due to RHC amounted to US\$91.7 million (“**Existing RHC Loans**”).

The proposed entry into the RHC Loan Agreement for an aggregate principal amount of up to US\$125 million is necessitated by the formal release of transfer pricing by-laws in the Kingdom of Saudi Arabia (the “**By-Laws**”) on 15 February 2019, which stipulates that any related party transactions must be conducted on terms that are similar to comparable transactions between independent persons and be consistent with the arms’ length principle. Accordingly, interest-free shareholder loans granted by RHC in the past will be inconsistent with the arms’ length principle mandated by the By-Laws and the RHC Loan Agreement is therefore required to include an interest rate element on such shareholder’s advances and to state the maximum amount of such shareholder’s advances to the Company at any one point in time (“**RHC Advances**”) to comply with the By-Laws.

The principal terms of the RHC Loan Agreement are set out in Section 11.2 of the Circular. The entry into the RHC Loan Agreement is considered as an IPT as the Group is receiving financial assistance from RHC, with the amount at risk to the Group being the interests payable thereunder. In this regard, we noted the following:-

- (i) The principal amount for the loans under the RHC Loan Agreement is for an aggregate amount of up to US\$125 million, including the Existing RHC Loans;
- (ii) As a show of continued commitment to the Group, RHC has agreed for the RHC Advances to be unsecured and with no fixed repayment term, except that such RHC Advances shall bear interest in compliance with the By-Laws in Saudi Arabia;
- (iii) Interest rate, initially set at a rate of 5.0% per annum for a period of 5 years, will be payable on the outstanding amounts under the RHC Loan Agreement and which will commence and accrue with effect from 1 April 2020 in respect of the Existing RHC Loans. RHC had not charged interest since the applicable by-law came into effect

pursuant to the Company's negotiation with RHC to commence the interest charge with effect from 1 April 2020, being the start of FY2021, subject to Shareholders' approval at the EGM;

- (iv) The interest rate of 5.0% per annum payable under the RHC Loan Agreement is considered to be reasonable when compared to the interest rates of the Group's outstanding financial liabilities (which are all on secured basis) as at 30 September 2020 of between 2.2% to 5.0% and weighted average effective interest rate of 3.2%, taking into account that the advances under the RHC Loan Agreement will be on an unsecured basis and has no fixed repayment period; and
- (v) Previously, the shareholder's advances from RHC were classified as equity as they were interest-free with no fixed repayment terms. It is the intention of the Company to continue to classify the RHC Advances as equity even though the RHC Advances will bear interest with effect from FY2021, subject to compliance with SFRS(I), and the Company is in discussion with its auditors in this regard. In the event that such RHC Advances are not converted into equity and/or can no longer be classified as equity, this will have a material and adverse impact on the financial position of the Company and the Group.

The Company and RHC are of the view that fixing the interest rate for a 5-year period will give certainty of the interest expense for the Company for the duration, and provides the opportunity at an appropriate juncture to review and adjust the interest rate to prevailing market rates. Before the expiry of the 5-year period, the Company will seek fresh approval from the Independent Shareholders on the determination of the applicable interest rate to charge on the RHC Advances for the next 5-year period. In this regard, we consider this to be reasonable taking into account that the proposed 5-year period falls within the range of loan tenures of the Group's current outstanding fixed interest rate loan facilities of between 5 to 10 years.

#### **4.3 Other Relevant Considerations in relation to the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs**

##### **4.3.1 Potential consequences of non-ratification**

Shareholders should note that if the Non-Compliant IPTs to be Ratified and/or the Proposed Advance IPTs are not ratified/approved at the EGM, it would be practically challenging for the Company to unwind the applicable Non-Compliant IPTs and that such actions may be detrimental to the interests of the Company and the Shareholders. The cessation of provision of financial support (such as the Holmen CG, the Holmen Advances and Holmen Loan Agreement and the RPL CG) to its investee companies may cause the bankers to withdraw the bank facilities provided to these investee companies and disrupt the operations of these investee companies and/or trigger cross defaults in all of the Group's bank facilities. In such event, the financial position, operations and business of the Group will be materially and adversely affected in the event the Group lose the financial support from its bankers.

##### **4.3.2 Financial condition and status of SHL**

We note that SHL was already in a state of financial distress during the Review Period and was therefore not in a position to provide any financial support to Holmen Group, in which it owns a 25% shareholding interest, including making proportionate loan repayments and/or interest payments on behalf of the Holmen Group. Based on publicly available information, SHL first announced that it has received letters of demand for an aggregate amount of US\$4.76 million on 8 July 2016 which hastily culminated to its announcement on 28 July 2016 that it has filed an application to place SHL in provisional liquidation and had also made an application to wind up SHL. Shares of SHL has been suspended since 28 July 2016 and SHL

was subsequently put under judicial management on 6 October 2016 and by 7 October 2016, at which point the total claims against SHL has ballooned to US\$246.1 million. As at the Latest Practicable Date, SHL is still under judicial management and the shares of SHL are still currently suspended.

## **5. THE PROPOSED ADOPTION OF THE HOLMEN IPT MANDATE**

The Group is proposing the adoption of the Holmen IPT Mandate as it anticipates that it will, in the ordinary course of business, continue to enter into certain recurrent IPTs with the Holmen Group.

### **5.1 Rationale for, and the benefits of the Holmen IPT Mandate**

The rationale for and benefits of the Holmen IPT Mandate is set out in Section 3 of Appendix 2 to the Circular, and Shareholders are advised to read the information carefully.

### **5.2 Scope of the Holmen IPT Mandate**

The categories of transactions to be covered under the Holmen IPT Mandate shall include:

- (a) provision of corporate services to the Holmen Group (“**Holmen Corporate Services**”);
- (b) chartering of vessels to the Holmen Group (“**Vessel Charters to Holmen Group**”);
- (c) chartering of vessels from the Holmen Group (“**Vessel Charters from Holmen Group**”); and
- (d) provision of shipyard and related services to the Holmen Group (“**Holmen Shipyard Services**”).

(collectively, the “**Holmen Mandated Transactions**”)

The Holmen IPT Mandate will not cover any IPT that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

### **5.3 Guidelines and Review Procedures for the Holmen IPT Mandate**

The guidelines and review procedures for the transactions under the Holmen IPT Mandate are set out in Section 4 of Appendix 2 to the Circular.

To ensure that the Holmen Mandated Transactions are carried out on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its Independent Shareholders, the Company has put in place the following guidelines and review procedures:

- (a) In respect of the provision of Holmen Corporate Services, the corporate services fees charged to Holmen Group shall be on a cost-recovery basis, based on an allocation of the Group’s manpower overheads to its subsidiaries by taking into consideration the estimated resource requirements of the Holmen Group.
- (b) In respect of the provision of Vessel Charters to Holmen Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group’s usual business practices and pricing policies and all other relevant factors, including but not limited to, valuations of the vessel, the term of charter, the costs of financing and the level of risks involved.

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## APPENDIX 4 – IFA LETTER

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Taking into account preferential rates and discounts which may be accorded to long-term customers or customers with exclusive business relationships with the Group (each a **“Preferential Customer”**), the Group will endeavour to compare the terms of the Vessel Charter to Holmen Group with at least two recent vessel charter contracts of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the Holmen Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the charter hire fees for the Vessel Charters to Holmen Group, the Financial Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Holmen Mandated Transactions will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters to Holmen Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters to Holmen Group, the Financial Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee comprising of 2 Executive Directors and the Head of Compliance, each of whom shall not have any direct or indirect interest in the Holmen Mandate Transactions, shall review any such variation to ensure that the Holmen Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the Vessel Charters to Holmen Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the Holmen Mandated Transactions before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Holmen Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Holmen Mandated Transactions.

- (c) In respect of the procurement of Vessel Charters from Holmen Group, the Group will endeavour to obtain at least two quotes (wherever possible or available) from independent shipbrokers or other ship owners for similar vessels before entering into or renewing a chartering agreement. The fees payable by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group.

In addition, in assessing the charter hire rates for the Vessel Charters from Holmen Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Holmen Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters from Holmen Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters from Holmen Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the Holmen Mandated Transactions continue to be made on the Group's normal commercial terms.



In the event that quotes from independent shipbrokers or other ship owners are not available, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Holmen Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Holmen Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Holmen Mandated Transactions.

- (d) In respect of the provision of Holmen Shipyard Services, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, nature of the services, complexity of the contracts or transactions, customer requirements and specifications, and strategic purpose of the transaction.

In addition, in assessing the terms of the Holmen Shipyard Services to the Holmen Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Holmen Mandated Transactions will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms for the provision of the Holmen Shipyard Services are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Holmen Shipyard Services, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the Holmen Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the Holmen Shipyard Services with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Holmen Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Holmen Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Holmen Mandated Transactions.

The Holmen Mandated Transactions shall be subject to: (i) the approval process as set out in Section 4.2 of Appendix 2 to the Circular and the level of approval required shall be based on the value of the IPTs involved in the respective categories; and (ii) the additional guidelines and review procedures as set out in Section 4.3 of Appendix 2 to the Circular.

#### **5.4 Periodic Reviews by the Audit Committee**

The Audit Committee shall review such guidelines and procedures from time to time to determine if they continue to be adequate and/or commercially practicable in ensuring that transactions between the Company and Interested Persons are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders.

The Audit Committee will also carry out quarterly review of the Group's IPT Register and periodic reviews (at least on a quarterly basis) to ensure that the guidelines and review procedures for the Holmen Mandated Transactions have been complied with and the relevant approvals obtained. Further, if during these periodic reviews, the Audit Committee is of the view that the guidelines and review procedures are not sufficient to ensure that the Holmen Mandated Transactions will be on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for the Holmen Mandated Transactions. During the period prior to obtaining a fresh mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee.

## **5.5 Renewal of the Holmen IPT Mandate**

If approved by independent Shareholders at the EGM, the Holmen IPT Mandate will take effect from the date of passing of the ordinary resolution relating thereto and will continue in force until the date of which the next AGM is held or is required by law to be held. Thereafter, approval from the Shareholders for subsequent renewals of the Holmen IPT Mandate will be sought at each subsequent AGM.

SHL and its Associates will abstain from voting on such resolution for the renewal of the Holmen IPT Mandate. Furthermore, SHL and its Associates shall not act as proxies in relation to the resolution relating to the Holmen IPT Mandate unless specific voting instructions have been given by the relevant Shareholder.

RHC and its Associates will abstain from voting on such resolution for the renewal of the Holmen IPT Mandate until such time (if applicable) where the Holmen Group ceases to be part of the Transfer Assets as disclosed in Section 14.1 of the Circular dated 12 April 2021. Furthermore, RHC and its Associates shall not act as proxies in relation to the resolution relating to the Holmen IPT Mandate unless specific voting instructions have been given by the relevant Shareholder.

After the completion of the Transfer Assets as set out in Section 14.1 of the Circular dated 12 April 2021, approval from Shareholders will be sought at an EGM for a new Holmen IPT Mandate with the Rawabi Group as the Interested Person.

## **6. THE PROPOSED ADOPTION OF THE REVISED RAWABI IPT MANDATE**

As mentioned in Section 2.5 of the Circular, arising from the IPT Review, the Company is also taking the opportunity to fine-tune the procedures and processes in the Existing Rawabi IPT Mandate to align with the proposed remedial actions adopted by the Company and the Holmen IPT Mandate and is therefore proposing the adoption of the Revised Rawabi IPT Mandate at the forthcoming EGM, which if approved, will supersede the Existing Rawabi IPT Mandate which was last renewed at the AGM on 29 September 2020. Details of the proposed Revised Rawabi IPT Mandate to be approved by Independent Shareholders are set out in Section 12 of the Circular and Appendix 3 to the Circular.

### **6.1 Rationale for, and the benefits of the Revised Rawabi IPT Mandate**

The rationale for and benefits of the Holmen IPT Mandate is set out in Section 3 of Appendix 3 to the Circular, and Shareholders are advised to read the information carefully.

### **6.2 Scope of the Revised Rawabi IPT Mandate**

The categories of transactions to be covered under the Revised Rawabi IPT Mandate shall include:

- (a) rental of premises from the Rawabi Group (the “**Rental of Premises**”);
- (b) obtaining corporate services from the Rawabi Group (the “**Rawabi Corporate Services**”);
- (c) other than paragraph (b) above, obtaining goods and services from the Rawabi Group which include but are not limited to information technology equipment, stationery, air tickets and accommodation (the “**Other Rawabi Goods and Services**”);
- (d) chartering of vessels from the Rawabi Group (“**Vessel Charters from Rawabi Group**”);
- (e) chartering of vessels to the Rawabi Group (“**Vessel Charters to Rawabi Group**”); and
- (f) provision of project management services to the Rawabi Group, including project management and consultancy services like feasibility studies, special investigations, technical advice and interface between various parties and the procurement and/or provision of vessels, equipment and materials for such projects (“**Project Management Services to Rawabi Group**”),

(collectively, the “**Rawabi Mandated Transactions**”).

The Revised Rawabi IPT Mandate will not cover any IPT that is below S\$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

### **6.3 Guidelines and Review Procedures for the Revised Rawabi IPT Mandate**

The guidelines and review procedures for the transactions under the Revised Rawabi IPT Mandate are set out in Section 4 of Appendix 3 to the Circular.

To ensure that the Rawabi Mandated Transactions are carried out on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its Independent Shareholders, the Company has put in place the following guidelines and review procedures:

- (a) In respect of the Rental of Premises, the rates and terms of the lease with the Rawabi Group will be reviewed before entry into the lease or at the point of renewal (as the case may be). The Group will compare the terms of the lease entered with the Rawabi Group with at least two leases between the Rawabi Group and their other unrelated third party tenants in the same building(s). If there are no other unrelated third party tenants in the same building(s), the Group will compare with at least two unrelated third party lessors for similar space or buildings that are of similar or comparable standing within the same vicinity. The terms of the lease extended to the Group should not be more favourable to the Rawabi Group when compared to the rates and terms extended to such unrelated third parties or the rates and terms offered by unrelated third party lessors, as the case may be.

In the event that quotations from unrelated third parties are not available in respect of a Rental of Premises, the Company will engage a property valuer to perform an independent rental valuation as a basis for comparison to determine whether the rates and terms offered by the Rawabi Group are fair and reasonable.

In the event of any variation to the terms of the Rental of Premises from the Rawabi Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee comprising of 2 Executive Directors and the Head of Compliance, each of whom shall not have any

direct or indirect interest in the Rawabi Mandate Transactions, shall review any such variation to ensure that the Rawabi Mandated Transactions continues to be made on the Group's normal commercial terms.

- (b) In respect of the obtaining of the Rawabi Corporate Services, corporate services fees charged to the Group by the Rawabi Group will be derived on a cost-recovery basis, after taking into account the Group's share of the costs as a proportion of the total actual costs incurred by the Rawabi Group for providing such services.

The Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions will review the basis and computation of the share of costs charged by the Rawabi Group to the Group.

- (c) In respect of the obtaining of the Other Rawabi Goods and Services, the pricing and fees for such goods and services will be based on a cost reimbursement basis.

The Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions will review the supporting documents to ensure that the costs charged by the Rawabi Group to the Group are on a cost reimbursement basis.

- (d) In respect of the procurement of Vessel Charters from Rawabi Group, the Group will obtain at least two quotes (wherever possible or available) from independent shipbrokers or other ship owners for similar vessels before entering into or renewing a chartering agreement. The fees payable by the Group shall be on pricing and terms which are no less favourable than the usual commercial terms and prevailing market rates extended by unrelated third parties to the Group.

In addition, in assessing the charter hire rates for the Vessel Charters from Rawabi Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters from Rawabi Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters from Rawabi Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the Rawabi Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that quotes from independent shipbrokers or other ship owners are not available, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Rawabi Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Rawabi Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Rawabi Mandated Transactions.

- (e) In respect of the provision of Vessel Charters to Rawabi Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, valuations of the vessel, the term of charter, the costs of financing and the level of risks involved.

Taking into account preferential rates and discounts which may be accorded to long-term customers or customers with exclusive business relationships with the Group (each a **"Preferential Customer"**), the Group will endeavour to compare the terms of the Vessel Charter to Rawabi Group with at least two recent vessel charter contracts of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the Rawabi Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the charter hire fees for the Vessel Charters to Rawabi Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the Rawabi Mandated Transactions will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Vessel Charters to Rawabi Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the Vessel Charters to Rawabi Group, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for such variation. The Review Committee shall review any such variation to ensure that the Rawabi Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the Vessel Charters to Rawabi Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the Rawabi Mandated Transaction before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Rawabi Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Rawabi Mandated Transactions.

- (f) In respect of the provision of Project Management Services to Rawabi Group, the fees charged by the Group will be determined on a case by case basis after taking into account the Group's usual business practices and pricing policies and all other relevant factors, including but not limited to, nature of the services, complexity of the contracts or transactions, customer requirements and specifications, and strategic purpose of the transaction. Taking into account preferential rates and discounts which may be accorded to a preferential customer, the Group will endeavour to compare the terms of the Project Management Services to Rawabi Group with at least 2 recent contracts or agreements of a similar nature (if available) entered into by the Group with unrelated Preferential Customers. The terms offered to the Rawabi Group will not be more favourable than that offered to another unrelated Preferential Customer.

In addition, in assessing the fees for the provision of the Project Management Services to Rawabi Group, the Finance Director or Financial Controller equivalent, who does not have any interests, whether direct or deemed, in relation to the

Rawabi Mandated Transactions, will, based on his/her industry knowledge, experience and understanding of the general industry practice, determine whether the terms of the Project Management Services to Rawabi Group are fair and reasonable after considering factors such as credit terms, reliability, exclusivity and long-term business relationship and maintain a record of the basis of such evaluations.

In the event of any variation to the terms of the provision of Project Management Services, the Finance Director or Financial Controller equivalent shall also provide the basis and justification for approval of such variation. The Review Committee shall review any such variation to ensure that the Rawabi Mandated Transactions continue to be made on the Group's normal commercial terms.

In the event that it is not possible to compare the terms of the Project Management Services to Rawabi Group with those quoted to unrelated third parties, the Review Committee will evaluate and weigh the benefits of, and rationale for, transacting with the Rawabi Group before submitting a written recommendation to the Audit Committee. In its recommendation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Rawabi Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee and take into account prevailing industry norms (including the reasonableness of the terms) before deciding whether to approve or reject the Rawabi Mandated Transactions.

The Rawabi Mandated Transactions shall be subject to: (i) the approval process as set out in Section 4.2 of Appendix 3 to the Circular and the level of approval required shall be based on the value of the IPTs involved in the respective categories; and (ii) the additional guidelines and review procedures as set out in Section 4.3 of Appendix 3 to the Circular.

#### **6.4 Periodic Reviews by the Audit Committee**

The Audit Committee shall review such guidelines and procedures from time to time to determine if they continue to be adequate and/or commercially practicable in ensuring that transactions between the Company and Interested Persons are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders.

The Audit Committee will also carry out quarterly review of the Group's IPT Register and periodic reviews (at least on a quarterly basis) to ensure that the guidelines and review procedures for the Rawabi Mandated Transactions have been complied with and the relevant approvals obtained. Further, if during these periodic reviews, the Audit Committee is of the view that the guidelines and review procedures are not sufficient to ensure that the Rawabi Mandated Transactions will be on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its Independent Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for the Rawabi Mandated Transactions. During the period prior to obtaining a fresh mandate from the Shareholders, all Interested Person Transactions will be subject to prior review and approval by the Audit Committee.

#### **6.5 Renewal of the Revised Rawabi IPT Mandate**

If approved by independent Shareholders at the EGM, the Revised Rawabi IPT Mandate will take effect from the date of passing of the ordinary resolution relating thereto and will continue in force until the date of which the next AGM is held or is required by law to be held. Thereafter, approval from the Shareholders for subsequent renewals of the Rawabi IPT Mandate will be sought at each subsequent AGM.



RHC and its Associates will abstain from voting on such resolutions for the renewals of the Revised Rawabi IPT Mandate. Furthermore, RHC and its Associates shall not act as proxies in relation to the resolution relating to the Revised Rawabi IPT Mandate unless specific voting instructions have been given by the relevant Shareholder.

## **7. OUR OPINION**

### **Opinion in relation to the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs**

In arriving at our opinion in relation to the Non-Compliant IPTs to be Ratified and the Proposed Advance IPTs, we have considered and evaluated all the factors, including the views and representations of the Directors and Management, which we deem to have significant relevance to our assessment, particularly the key factors which are described in more details in Section 4 of this Letter (which should be read in conjunction with, and in the full context of, the Circular and this Letter).

**Having considered all the foregoing considerations set out in this Letter and information available to us as at the Latest Practicable Date, we are of the opinion that:**

- (a) the Non-Compliant IPTs to be Ratified and the Holmen Loan Agreement were/are deemed necessary to provide financial support to these investee companies (namely RPL and the Holmen Group) which are subsidiaries of the Group, in order for them to continue to operate and to service their loan obligations in a timely manner. While there are sound commercial reasons for these transactions, however strictly on the basis that no fees were charged for the corporate guarantees provided and no interest charged for the loans provided, these transactions are not deemed to be on normal commercial terms. Nonetheless, we are of the view that the proposed ratification of the Non-Compliant IPTs and the entry into the Holmen Loan Agreement are not prejudicial to the interests of the Company and its Minority Shareholders, taking into consideration the following salient factors:**
  - (i) rationale for the ratifications of the Non-Compliant IPTs and the Proposed Advance IPTs as set out in Section 4.1 of this Letter;**
  - (ii) in relation to the IPTs involving RPL and the Holmen Group, which are subsidiaries of the Company in which it holds a majority shareholding interest, the interested person involved (being SHL) is already under judicial management and is therefore not in a position to provide any financial support to these investee companies; and**
  - (iii) the potential consequences of non-ratification as set out in Section 4.3.1 of this Letter; and**
- (b) the proposed RHC Loan Agreement is on normal commercial terms and is not prejudicial to the interests of the Company and its Minority Shareholders.**

### **Opinion in relation to the Holmen IPT Mandate**

In respect of the Holmen IPT Mandate, having considered, *inter alia*, the rationale for and benefits of the Holmen IPT Mandate, the review procedures of the Company in relation to the Holmen IPT Mandate and the role of the Audit Committee in ensuring the guidelines and review procedures for the Holmen Mandated Transactions have been complied with, **we are of the opinion that the review procedures established by the Company for determining transaction prices as set out in Appendix 2 to the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions conducted thereunder will be**

carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.

**Opinion in relation to the Revised Rawabi IPT Mandate**

In respect of the Revised Rawabi IPT Mandate, having considered, *inter alia*, the rationale for and benefits of the Revised Rawabi IPT Mandate, the review procedures of the Company in relation to the Revised Rawabi IPT Mandate and the role of the Audit Committee in ensuring the guidelines and review procedures for the Rawabi Mandated Transactions have been complied with, **we are of the opinion that the review procedures established by the Company for determining transaction prices as set out in Appendix 3 to the Circular, if adhered to, are sufficient to ensure that the Interested Person Transactions conducted thereunder will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.**

Our opinion is prepared as required under Rules 920(1)(b)(v) and 921(4)(a) of the Catalist Rules as well as addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Proposed IPT Resolutions. The recommendation to be made by the Independent Directors to the Minority Shareholders shall remain the responsibility of the Independent 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 IPT Resolutions.

This 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.

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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## 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**”) to be held by way of electronic means on 27 April 2021 at 4.00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions:

*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 12 April 2021 (the “**Circular**”).*

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

##### **THE PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEES FOR THE BENEFIT OF RESOLUTE PTE. LTD. (“RPL”)**

##### **THAT:**

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”), for the Group or any of them to ratify the provision of corporate guarantees for the benefit of RPL, and all transactions contemplated thereby; and
- (b) the Directors of the Company 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.

#### **ORDINARY RESOLUTION 2:**

##### **THE PROPOSED RATIFICATION OF THE PROVISION OF CORPORATE GUARANTEES FOR THE BENEFIT OF HOLMEN HEAVYLIFT OFFSHORE PTE. LTD. AND ITS SUBSIDIARIES (“HOLMEN GROUP”)**

##### **THAT:**

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Group or any of them to ratify the provision of corporate guarantees for the benefit of Holmen Group and all transactions contemplated thereby; and
- (b) the Directors of the Company 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.

#### **ORDINARY RESOLUTION 3:**

##### **THE PROPOSED RATIFICATION OF THE PROVISION OF THE PAST HOLMEN ADVANCES**

##### **THAT:**

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## **NOTICE OF EXTRAORDINARY GENERAL MEETING**

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- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Group or any of them to ratify the provision of the past Holmen Advances, and all transactions contemplated thereby; and
- (b) the Directors of the Company 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.

### **ORDINARY RESOLUTION 4:**

#### **THE PROPOSED ENTRY INTO THE HOLMEN LOAN AGREEMENT**

##### **THAT:**

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Group or any of them to enter into the Holmen Loan Agreement, and all transactions contemplated thereby; and
- (b) the Directors of the Company 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.

### **ORDINARY RESOLUTION 5:**

#### **THE PROPOSED ADOPTION OF THE HOLMEN INTERESTED PERSON TRANSACTION ("IPT") MANDATE**

##### **THAT:**

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Group or any of them to enter into any of the transactions falling within the Holmen IPT Mandate, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its Independent Shareholders and are in accordance with the guidelines and review procedures for such interested person transactions;
- (b) the Holmen IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and
- (c) the Directors of the Company 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.

### **ORDINARY RESOLUTION 6:**

#### **THE PROPOSED ENTRY INTO THE RAWABI HOLDING COMPANY LIMITED ("RHC") LOAN AGREEMENT**

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### THAT:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Group or any of them to enter into the RHC Loan Agreement, and all transactions contemplated thereby; and
- (b) the Directors of the Company 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.

### **ORDINARY RESOLUTION 7:**

#### **THE PROPOSED ADOPTION OF THE REVISED RAWABI IPT MANDATE**

### THAT:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Catalist Rules of the SGX-ST, for the Group or any of them to enter into any of the transactions falling within the Revised Rawabi IPT Mandate, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its Independent Shareholders and are in accordance with the guidelines and review procedures for such interested person transactions;
- (b) the Revised Rawabi IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company; and
- (c) the Directors of the Company 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  
12 April 2021

### **IMPORTANT NOTES:**

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM of the Company will be convened and held by way of electronic means through a “live” webcast (“**Live EGM Webcast**”). **NO PHYSICAL ATTENDANCE TO THE EGM IS PERMITTED.**
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.vallianzhholdings.com/newsroom.html> and SGXNet. Printed copies of these documents will NOT be despatched to Shareholders.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### 3. Registration of Shareholders

- (i) All Shareholders who wish to watch or listen to Live EGM Webcast proceedings must pre-register online by 4.00 p.m. on 24 April 2021 ("**Registration Deadline**") at the URL <https://conveneagm.sg/vallianzegm> 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 4.00 p.m. on 26 April 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 resolutions to be tabled for approval at the EGM. All questions must be submitted by 4.00 p.m. on 24 April 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 resolutions 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 4.00 p.m. on 25 April 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 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 15 April 2021).

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 4.00 p.m. on 24 April 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 12 April 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 12 April 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 4.00 p.m. on 27 April 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 Ratification of the Provision of Corporate Guarantee for the Benefit of Resolution Pte. Ltd.			
2.	The Proposed Ratification of the Provision of Corporate Guarantees for the Benefit of Holmen Heavylift Offshore Pte. Ltd. and its subsidiaries			
3.	The Proposed Ratification of the Provision of Past Holmen Advances;			
4.	The Proposed Entry into the Holmen Loan Agreement			
5.	The Proposed Adoption of the Holmen Interested Person Transaction Mandate			
6.	The Proposed Entry into the Rawabi Holding Company Limited Loan Agreement			
7.	The Proposed Adoption of the Revised Rawabi IPT Mandate			

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**

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## PROXY FORM

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### Notes:

1. In accordance with the alternative arrangements under the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, 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.**
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 4.00 p.m. on 25 April 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 4.00 p.m. on 24 April 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 12 April 2021.