CIRCULAR DATED 11 JULY 2018

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular has been prepared by Vallianz Holdings Limited (the "**Company**") and is circulated to the shareholders of the Company together with the 2018 Annual Report (as defined herein), which encloses the Notice of Annual General Meeting and Proxy Form. If you are in any doubt as to the contents herein and course of action, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through CDP, you need not forward this Circular, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular with the Notice of Annual General Meeting and the enclosed Proxy Form to be sent to the purchaser or the transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual, Section B: Rules of Catalist. It has not been examined or approved by the SGX-ST, and the SGX-ST and the Sponsor take no responsibility for the contents of this Circular, including the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

The contact person for the Sponsor is Ms. Wong Bee Eng.
Tel: (65) 6227 1580 Email: wongbe@provenancecapital.com

VALLIANZ HOLDINGS LIMITED

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

CIRCULAR TO SHAREHOLDERS

in relation to

(1) THE PROPOSED SHARE CONSOLIDATION;

(2) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND

(3) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE RAWABI GROUP.

In this Circular, the following definitions apply throughout unless otherwise stated or the context otherwise requires:

"2017 AGM"	The annual general meeting of the Company held on 7 July 2017
"2017 Annual Report"	The annual report of the Company for the financial period from 1 January 2016 to 31 March 2017
"2014 EGM"	The extraordinary general meeting of the Company held on 31 December 2014
"**2017 EGM**"	The extraordinary general meeting of the Company held on 7 July 2017
"ACRA"	The Accounting and Corporate Regulatory Authority of Singapore
"Adjusted Warrant"	A Warrant that has been adjusted in accordance with paragraph 2.8 of this Circular
"AGM"	Annual general meeting of the Company
"Approved Bank"	Any reputable bank, merchant bank, financial institution or holder of a capital markets services licence in Singapore that is regulated, licensed or approved by the Monetary Authority of Singapore as may be selected by the Directors
"approved exchange"	A stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions according to similar principles to Chapter 9 of the Catalist Rules
"Associate"	(a) in relation to any director, chief executive officer, 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% or more; and (b) in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or other companies taken together (directly or indirectly) have an interest of 30% or more
"associated company"	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
"Audit Committee"	The audit committee of the Company, comprising Independent Directors, Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Chong Chee Keong Chris, as at the Latest Practicable Date.

"Auditors"	The auditors of the Company for the time being
"Auditor's Certificate"	The signed certificate issued by the Auditors of the Company dated 9 July 2018, which states that the adjustments to the Warrants are in accordance with Condition 5.1 of the Deed Poll
"Average Closing Price"	Has the meaning given to it in paragraph 3.3.4 of this Circular
"Board"	The board of directors of the Company as at the Latest Practicable Date
"Books Closure Date"	The time and date, to be determined by the Directors, at and on which the Register of Members and share transfer books of the Company will be closed to determine entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
"Catalist"	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	The rules in Section B: Rules of Catalist of the Listing Manual, as amended, supplemented or modified from time to time
"CDP"	The Central Depository (Pte) Limited
"CEO"	The chief executive officer of the Company
"Circular"	This circular to Shareholders dated 11 July 2018
"Companies Act"	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Company"	Vallianz Holdings Limited
"Condition"	The terms and conditions of the Deed Poll, and each a **"Condition"**
"Consolidated Shares"	Shares in the capital of the Company after completion of the Proposed Share Consolidation
"Constitution"	The constitution of the Company for the time being in force as originally framed, or as amended or modified from time to time
"Controlling Shareholder"	A person who: (a) in fact exercises control over the Company; or (b) holds, directly or indirectly, 15% or more of the nominal amount of all voting shares, excluding treasury shares, in the Company, unless the SGX-ST determines otherwise
"date of the making of the offer"	Has the meaning given to it in paragraph 3.3.4 of this Circular
"Deed Poll"	The deed poll dated 1 December 2017 and executed by the Company for the purpose of constituting the Warrants and containing, *inter alia*, provisions for the protection of the rights and interests of the Warrantholders
"Directors"	The directors of the Company

"Director's Certificate"	The certificate signed by a Director setting out particulars of the adjustments to the Warrants, as required under the terms of the Deed Poll
"Effective Trading Date"	The date to be determined by the Directors as being the date when the Proposed Share Consolidation will become effective and the date on which the Consolidated Shares will trade on the Catalist of the SGX-ST in board lots of 100 Consolidated Shares
"EGM"	Extraordinary general meeting of the Company
"EPS"	Earnings per Share
"entity at risk"	For the purpose of this Circular, any of: (a) the Company; (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and its Interested Persons, has control over such associated company
"ESOS"	The employee share option scheme of the Company known as "Vallianz Employees' Share Option Scheme"
"Existing Shares"	Shares in the capital of the Company prior to the Proposed Share Consolidation
"Financial Controller"	The financial controller of the Company or its equivalent
"FY"	Financial year ended or ending on 31 March of each calendar year, as the case may be
"Group"	The Company and its subsidiaries
"Independent Director"	An independent director of the Company
"Interested Person"	A director, chief executive officer, or controlling shareholder of the Company, or an Associate of any such director, chief executive officer, or controlling shareholder
"Interested Person Transaction"	Transactions between an entity at risk and an Interested Person
"Latest Practicable Date"	4 July 2018, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	The listing manual of the SGX-ST as may be amended, supplemented or modified from time to time
"Market Day"	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	Has the meaning given to it in paragraph (a) of this Circular
"Maximum Price"	Has the meaning given to it in paragraph 3.3.4 of this Circular

"New Consolidated Shares"	The new Shares to be allotted and issued from time to time upon the exercise of the Adjusted Warrants after completion of the Proposed Share Consolidation
"New Share Certificates"	Physical share certificates in respect of the Consolidated Shares
"Notice of AGM"	The notice of AGM dated 11 July 2018 convening the upcoming AGM to be held on 26 July 2018
"NTA"	Net tangible assets
"Old Share Certificates"	Physical share certificates in respect of the Existing Shares
"Off-Market Purchase"	Has the meaning given to it in paragraph (b) of this Circular
"Ordinary Resolutions"	The ordinary resolutions relating to the Proposed Share Consolidation and the proposed renewals of each of the Share Buyback Mandate and/or the Rawabi IPT Mandate as set out in the Notice of AGM
"Settlement Shares"	196,651,000 new Shares subscribed by certain trade creditors of the Group which will be fully set-off against the aggregate trade payables of S$3,146,416 owed by the Group as announced by the Company on 27 June 2018 and which the listing and quotation notice from the SGX-ST had been received on 3 July 2018
"Proposed Share Consolidation"	The proposed consolidation of every 30 Existing Shares in the capital of the Company held by Shares of the Company as at the Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
"Proxy Form"	The proxy form in respect of the upcoming AGM as attached to the 2018 Annual report
"Register of Members"	The register of members of the Company
"Remuneration Committee"	The remuneration committee of the Company, comprising Independent Directors Mr. Yeo Jeu Nam, Mr. Bote de Vries and Mr. Chong Chee Keong Chris, as at the Latest Practicable Date
"public"	Has the meaning given to it in paragraph 3.9 of this Circular
"Rawabi Holding"	Rawabi Holding Company Limited
"Rawabi Group"	Rawabi Holding and its Associates
"Rawabi Interested Person Transactions"	Has the meaning given to it in the Appendix to this Circular
"Rawabi IPT Mandate"	The general mandate given by Shareholders for the Rawabi Interested Person Transactions
"Relevant Period"	The period commencing from the date on which the Ordinary Resolution relating to the renewal of the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
"ROE"	Return on equity

"Securities Account"	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Share Buyback Mandate"	The general mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
"Shareholders"	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
"Share Registrar" or **"Warrant Agent"**	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
"Share Options"	Options to subscribe for Shares granted pursuant to the ESOS
"Shares"	Ordinary shares in the capital of the Company
"SIC"	Securities Industry Council
"Sponsor"	Provenance Capital Pte. Ltd.
"subsidiary"	Has the meaning given to it in section 5 of the Companies Act
"Substantial Shareholder"	A Shareholder who has an interest in 5% or more of the voting shares of the Company
"Take-over Code"	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"Vallianz PSP"	The performance share plan of the Company known as "Vallianz Performance Share Plan"
"Warrant Register"	The Register of Warrantholders to be maintained by the Warrant Agent pursuant to the Deed Poll
"Warrantholders"	Registered holders of the Warrants, except that where the registered holder is CDP, the term **"Warrantholders"** shall, in relation to such Warrants and where the context admits, means the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with such Warrants
"Warrants"	The warrants issued by the Company pursuant to the Deed Poll
"S$"	Singapore dollars
"US$" and "US$ cents"	United States dollars and cents respectively
"%" or "per cent"	Per centum or percentage

The terms "**depositor**", "**Depository Register**" and "**depository agent**" shall have the meanings ascribed to them respectively in section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or Catalist Rules or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act or Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to a time of a day in this Circular shall be a reference to Singapore time unless otherwise stated.

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

In this Circular, the figures in United States dollars which are expressed in Singapore dollars (and *vice versa*) are expressed based on the exchange rate of US$0.75 : S$1.00. Such conversions are provided solely for convenience of the readers and should not be confused as representations that the United States dollars amounts stated in this Circular could have been or would have been converted into Singapore dollar amounts or *vice versa*, at the stated rates or at any rate or at all.

Board of Directors:

Sheikh Abdulaziz Ali AlTurki, *Non-Executive Chairman*
Yeo Chee Neng, *Executive Vice Chairman*
Ling Yong Wah, *Executive Director and CEO*
Yeo Jeu Nam, *Non-Executive Independent Director*
Bote de Vries, *Non-Executive Independent Director*
Chong Chee Keong Chris, *Non-Executive Independent Director*

Registered office:

3A International Business Park
#01-13 Icon@IBP
Singapore 609935

11 July 2018

To: The Shareholders of Vallianz Holdings Limited

Dear Sir/Madam,

(1) THE PROPOSED SHARE CONSOLIDATION;

(2) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND

(3) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE RAWABI GROUP.

1. INTRODUCTION

1.1 **AGM.** We refer to the notice of AGM dated 11 July 2018 convening the upcoming AGM to be held on 26 July 2018 and the Ordinary Resolutions.

1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the following proposals set to be tabled at the upcoming AGM:

(a) the Proposed Share Consolidation;

(b) the proposed renewal of the Share Buyback Mandate; and

(c) the proposed renewal of the Rawabi IPT Mandate,

as further explained in paragraphs 2, 3 and 4 of this Circular and to seek the necessary approvals in relation thereto at the upcoming AGM.

2. THE PROPOSED SHARE CONSOLIDATION

2.1 **The Proposed Share Consolidation.** On 4 July 2018, the Company announced that it is proposing to undertake the Proposed Share Consolidation pursuant to which the Company proposes to consolidate every 30 Existing Shares into one (1) Consolidated Share as at a Books Closure Date to be determined by the Directors in their absolute discretion as they deem appropriate, fractional entitlements to be disregarded.

Accordingly, subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the AGM, Shareholders' holdings of the Consolidated Shares arising from the Proposed Share Consolidation will be ascertained on the Books Closure Date. After the Books Closure Date, every 30 Existing Shares registered in the name, or standing to the credit of the Securities Account, of each Shareholder or Depositor (as the case may be) as at the Books Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded.

The Proposed Share Consolidation will take effect on the Effective Trading Date. An announcement will be made at the appropriate time of the Effective Trading Date.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded. Fractions of a Share arising from Consolidated the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company, including (i) disregarding fractional entitlements, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded. A Shareholder who holds less than 30 Existing Shares as at the Books Closure Date will not be entitled to any Consolidated Shares and will no longer be a Shareholder upon completion of the Proposed Share Consolidation. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of 30 Existing Shares as at the Books Closure Date.

Each Consolidated Share will rank *pari passu* in all respects with each other. With effect from 9.00 a.m. on the Effective Trading Date, trading in the Consolidated Shares on the Catalist of the SGX-ST will be in board lots of 100 Consolidated Shares.

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S$491,539,791.43 comprising 16,551,944,251 Existing Shares and the Company does not have any treasury shares. Taking into account the 196,651,000 Settlement Shares that will be issued and allotted on or around 9 July 2018, the Company will have an issued and paid-up share capital of S$494,686,207.43 comprising 16,748,595,251 Existing Shares. On the assumption that there will be no new Shares issued by the Company (other than the 196,651,000 Settlement Shares) from the Latest Practicable Date up to the Books Closure Date and no fractions of Consolidated Shares arising from the Proposed Share Consolidation, and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, the Company will have an issued and paid-up share capital of S$494,686,207.43 comprising 558,286,508 Consolidated Shares following the completion of the Proposed Share Consolidation.

Based on the last trading price of S$0.010 for trades done on the Catalist board of the SGX-ST on Latest Practicable Date, the theoretical trading price of each Consolidated Share after the Proposed Share Consolidation will be S$0.300.

The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any material changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding and the disregard of the fractional entitlement.

2.2 **Rationale for the Proposed Share Consolidation.** The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders having taken into consideration the following:

2.2.1 Reduction of volatility of the Share price

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price, for each board lot of Shares. In addition, lowly-priced shares are generally more prone to speculation and market manipulation. Given their susceptibility to speculation and market manipulation, lowly-priced shares may be more prone to speculation and market manipulation, and therefore are generally more volatile as compared to higher-

priced shares. The Board believes that the Proposed Share Consolidation will help to reduce short-term Share price volatility and off-set the effects of short-term Share price speculation, reduce fluctuations in the Company's market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

2.2.2 Increase in the market interest and attractiveness of the Company and its Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares issued and outstanding. It is expected that, all other things being equal, the theoretical trading price and net tangible assets ("**NTA**") of each Consolidated Share following the decrease in the number of Shares in issue after the Proposed Share Consolidation would be higher than the current trading price and NTA of each existing Share. In addition, the Proposed Share Consolidation may facilitate corporate actions and also increase market interest and activity in the Shares from, investors, including institutional investors, thus providing a more diverse Shareholder base.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.3 **Conditions for the Proposed Share Consolidation.** The Proposed Share Consolidation is subject to, *inter alia*:

(a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation of the Consolidated Shares and the New Consolidated Shares on the Catalist of the SGX-ST ("**Share Consolidation LQN**");

(b) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation of the Adjusted Warrants on the Catalist of the SGX-ST ("**Warrants Adjustment LQN**"); and

(c) the approval of Shareholders by ordinary resolution of the Proposed Share Consolidation at the AGM of the Company.

An application has been made by the Sponsor, for and on behalf of the Company, for the dealing in, listing of and quotation for the Consolidated Shares, the New Consolidated Shares and the Adjusted Warrants on the Catalist of the SGX-ST. As at the Latest Practicable Date, the Company has yet to receive the Share Consolidation LQN and the Warrants Adjustment LQN from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares, the New Consolidated Shares and the Adjusted Warrants. An appropriate announcement on the outcome of the application will be made once the Share Consolidation LQN and the Warrants Adjustment LQN are issued by the SGX-ST. Any listing and quotation notice which may be issued by the SGX-ST for the listing and quotation of the Consolidated Shares, the New Consolidated Shares and the Adjusted Warrants is not to be taken as an indication of the merits of the Company, its subsidiaries, the Proposed Share Consolidation, the Consolidated Shares, the New Consolidated Shares or the Adjusted Warrants.

Assuming that the abovementioned approvals are duly obtained, the Directors will fix the Books Closure Date and the date when the Proposed Share Consolidation will become effective and the date on which the Consolidated Shares will commence trading on the SGX-ST ("**Effective Trading Date**") at such date and time as they deem appropriate in the interests of the Company and its Shareholders.

An announcement will be made by the Company to notify Shareholders of the Books Closure Date and the Effective Trading Date in due course. The announcement of the Books Closure Date will be made at least five (5) Market Days ahead of the Books Closure Date.

2.4 **Updating of Register of Members and Depository Register.** If Shareholders at the AGM approve the Proposed Share Consolidation, the Shareholders' entitlements of the Consolidated Shares will be determined on the Books Closure Date, based on their shareholdings as at 5.00 p.m. on such date. The Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders based on their shareholdings in the Company as at the Books Closure Date and the Consolidated Shares will begin trading in board lots of 100 Consolidated Shares on the Effective Trading Date.

2.4.1 Deposit of Share Certificates with CDP

Shareholders who hold Old Share Certificates in their own names and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP, must deposit their Old Share Certificates with CDP, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date. After the Books Closure Date, CDP will not accept any Old Share Certificates for deposit.

After the Books Closure Date, CDP will only accept the deposit of New Share Certificates. Shareholders who wish to deposit their Old Share Certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898 for cancellation and issuance of New Share Certificates in replacement thereof as described below.

2.4.2 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation. Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #11-02, Singapore 068898 as soon as possible during normal business hours (9.00 a.m. to 5.00 p.m., Mondays to Fridays) and preferably, not later than five (5) Market Days after they have been notified of the Books Closure Date for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of the relevant Shareholders at their own risk within 10 Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders are to deliver their respective Old Share Certificates to the Company's Share Registrar or CDP in accordance with the provisions set out above, only after the Company's announcement of the Books Closure Date.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from those reflected in the Register of Members of the Company.

2.4.3 Share Certificates not valid for settlement of trades on the Catalist of the SGX-ST

Shareholders who hold Old Share Certificates are reminded that their Old Share Certificates are not valid for settlement of trading in the Consolidated Shares on the Catalist of the SGX-ST, as the Shares are traded under a book-entry (scripless) settlement

system, but will continue to be accepted for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar. The New Share Certificates will not be valid for delivery for trades done on the Catalist of the SGX-ST although they will continue to be prima facie evidence of legal title to Consolidated Shares.

2.5 **Trading Arrangements for the Consolidated Shares and odd lots**

2.5.1 Trading arrangements for the Consolidated Shares

Subject to the approval for the Proposed Share Consolidation by the Shareholders at the AGM of the Company with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Consolidated Shares. Accordingly, 30 Existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

2.5.2 Trading arrangements for odd lots

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company, including (i) disregarding, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company.

The Existing Shares are currently traded in board lots of 100 Shares in the ready market. Following the completion of the Proposed Share Consolidation, the Securities Accounts maintained with CDP of Shareholders (being Depositors) may be credited with odd lots of the Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares). The market for trading of such odd lots of Consolidated Shares may be illiquid.

Shareholders who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST can trade with a minimum size of one (1) Consolidated Share on the SGX-ST's unit share market. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying shares. As odd lots of Consolidated Shares can be traded on the unit share market of the SGX-ST, no separate arrangement will be made for the trading of such odd lots.

2.6 **Financial Effects of the Proposed Share Consolidation.** For illustrative purposes only and based on the assumptions set out below and the audited financial statements of the Group and the Company for FY2018 are shown in the following tables and are based on the assumptions set out below:

(a) The financial effects of the Proposed Share Consolidation set out below are purely for illustrative purposes only and are neither indicative of the actual financial results of the Proposed Share Consolidation on share capital, NTA per Share, EPS and gearing, nor do they represent the future financial performance and/or position of the Company and/or the Group immediately after the completion of the Proposed Share Consolidation.

(b) The 32,833,334 new Existing Shares issued after 31 March 2018 up to the Latest Practicable Date (arising from vesting of Vallianz PSP) were issued on 31 March 2018 for computing the financial effects on NTA and 1 April 2017 for computing the financial effects on EPS.

(c) The 196,651,000 Settlement Shares issued after 31 March 2018 were issued on 31 March 2018 for computing the financial effects on NTA and 1 April 2017 for computing the financial effects on EPS.

(d) For the purposes of illustrating the financial effects on share capital, gearing and NTA per Share, it is assumed that the Proposed Share Consolidation had been completed on 31 March 2018.

(e) For the purposes of illustrating the financial effects on the EPS of the Group, it is assumed that the Proposed Share Consolidation had been completed on 1 April 2017.

(f) The computation does not take into account any expenses that may be incurred in relation to the Proposed Share Consolidation.

(g) There will be no fractions of Consolidated Shares arising from the Proposed Share Consolidation.

(1) Share Capital

	As at 31 March 2018	
	Before the Proposed Share Consolidation	**After the Proposed Share Consolidation**
Issued and paid-up share capital (US$'000)	349,834	349,834
Number of Shares ('000)	16,748,595	558,287

(2) NTA per Share

	As at 31 March 2018			
	Company		Group	
	Before the Proposed Share Consolidation	**After the Proposed Share Consolidation**	**Before the Proposed Share Consolidation**	**After the Proposed Share Consolidation**
NTA (US$'000)	70,691	70,691	245,808	245,808
Number of Shares ('000)	16,748,595	558,287	16,748,595	558,287
NTA per Share (US$ cents)	0.42	12.66	1.47	44.03

(3) EPS

	FY2018	
	Group	
	Before the Proposed Share Consolidation	**After the Proposed Share Consolidation**
Earnings attributable to Shareholders (US$'000)	16,665	16,665
Weighted average number of Shares for basic EPS ('000)	7,427,444	247,581
Weighted average number of Shares for diluted EPS	8,962,079	289,736
EPS – basic (US$ cents)	0.22	6.73
– diluted (US$ cents)	0.19	5.58

(4) Gearing

The Proposed Share Consolidation will not have any effect on the gearing of the Company and of the Group.

2.7 **Adjustments to Performance Shares.** On 25 August 2017, the Company announced the grant of share awards of up to 110,000,000 Performance Shares (the "**Award**") under the Vallianz Performance Share Plan ("**Vallianz PSP**"). One third of the Award shall be vested on 1 January 2018, 30 June 2018 and 31 December 2018 respectively to directors and employees of the Company. As at the Latest Practicable Date, up to 32,833,325 Performance Shares under the Award have yet to be vested.

Under the terms of the Vallianz PSP, the class and/or number of Performance Shares awarded to the extent not yet vested shall be adjusted due to a share consolidation in such manner as the Remuneration Committee deems appropriate.

The Remuneration Committee has determined that following the Proposed Share Consolidation, all outstanding Awards shall be consolidated on a 30:1 ratio, as if the outstanding Performance Shares were consolidated under the Proposed Share Consolidation. Following the Proposed Share Consolidation and adjustment, up to 1,094,444 Performance Shares may be awarded to participants.

The abovementioned adjustments will be made pursuant to the rules of the Vallianz PSP i.e. the Auditors have confirmed in writing that such adjustments are in their opinion, fair and reasonable, and the Company shall notify each participant (or his duly appointed personal representative where applicable) in writing and deliver to him (or his duly appointed personal representative where applicable) a statement setting forth the class and/or number of Performance Shares thereafter to be issued or transferred on the vesting of the Award. The abovementioned adjustments shall take effect upon such written notification being given.

2.8 **Adjustments to Warrants.** As at the Latest Practicable Date, the Company has 1,501,801,298 unexercised Warrants. Pursuant to the Conditions, the Proposed Share Consolidation will constitute an event giving rise to adjustments to the exercise price payable for each new Share on the exercise of the Warrants and the number of Warrants ("**Warrants Adjustment**").

2.8.1 The Warrants Adjustment will not result in any material impact on the share capital, NTA per Share and EPS of the Company. Further details of the Warrants Adjustment have been announced by the Company in its announcement dated 4 July 2018.

2.8.2 In accordance with the provisions of Condition 5.2.5 of the Deed Poll, the Warrants Adjustment will be as follows:

(a) the number of unexercised Warrants will be adjusted on the basis that 30 Warrants will be consolidated into one (1) Adjusted Warrant;

(b) the existing exercise price of each Warrant will be adjusted from S$0.016 to S$0.480; and

(c) each Adjusted Warrant shall carry the right to subscribe for one (1) New Consolidated Share upon the exercise thereof.

2.8.3 The abovementioned adjustments will be made pursuant to the Conditions set out in the Deed Poll, i.e. the Directors have consulted an Approved Bank (at the option of the Company unless otherwise stated in the Deed Poll) and the Auditors have certified that such adjustments will be made in accordance with the relevant Conditions set out in the Deed Poll. Copies of the Deed Poll, the Auditor's Certificate and the Director's Certificate are available for inspection at the registered office of the Company. Following the Proposed Share Consolidation and adjustment, there will be up to 50,060,043 unexercised Warrants.

2.8.4 The adjustments will be effective from the close of the Market Day immediately preceding the date on which the Proposed Share Consolidation becomes effective ("**Warrants Adjustment Effective Date**"). Pursuant to Conditions 5.5 and 5.6 of the Deed Poll, any adjustment to the exercise price will be rounded upwards to the nearest 0.1 cent and any adjustment to the number of Warrants will be rounded downwards to the nearest whole Warrant.

2.8.5 An announcement will be made by the Company in due course to notify Warrantholders of the books closure date, to be determined by the Directors, at and on which the Warrant Register of the Company will be closed to determine entitlements of Warrantholders to the Adjusted Warrants resulting from the Proposed Share Consolidation and the Warrants Adjustment Effective Date.

3. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

3.1 **The Share Buyback Mandate.** Sections 76B, 76C, 76DA and 76E of the Companies Act allow a listed company to purchase its own shares. At the EGM held on 20 April 2011, Shareholders had approved a mandate to enable the Company to purchase or acquire its issued Shares at anytime during the duration and on the terms of the Share Buyback Mandate.

The Share Buyback Mandate was last renewed at the 2017 AGM and the Share Buyback Mandate will, unless renewed, expire on the date of the upcoming AGM to be held on 26 July 2018. Accordingly, Shareholders' approval is being sought for the renewal of the Share Buyback Mandate at the upcoming AGM in accordance with the terms set out below.

3.2 **Rationale.** The renewal of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the ten per cent limit described in paragraph 3.3.1 below at any time during the period when the Share Buyback Mandate is in force. The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

3.2.1 In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the ROE of the Group. In addition to growth and expansion of the business, Share buybacks may be considered as one of the ways through which the ROE of the Group may be enhanced.

3.2.2 The Company has at present two share-based incentive schemes for its employees, namely the Vallianz PSP and the ESOS. Shares which are purchased by the Company pursuant to the Share Buyback Mandate and held in treasury may be used to satisfy vested awards under the Vallianz PSP or Share Options exercised under the ESOS, thus giving the Company greater flexibility to select the method of providing Shares under these schemes. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

3.2.3 The Share Buyback Mandate will provide the Company with the flexibility to purchase or acquire its issued Shares if and when circumstances permit, during the period when the proposed Share Buyback Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return to its Shareholders surplus funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans. In addition, the Share Buyback Mandate allows the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.

3.2.4 The purchase or acquisition of Shares under the proposed Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and off-set the effects of short-term share price speculation, supporting the fundamental value of the issued Shares and thereby bolstering Shareholders' confidence and employees' morale.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said ten per cent limit during the duration referred to in paragraph 3.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full ten per cent limit as authorised or at all and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading or listing status of the Shares on the SGX-ST.

3.3 **Authority and limits of the Share Buyback Mandate.** The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buyback Mandate are summarised below:

3.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than ten per cent of the total number of issued Shares (ascertained as at the date of the last AGM or (if different) at the date of the general meeting at which the renewal of the Share Buyback Mandate is to be approved, whichever is higher, unless the Company has effected a reduction of the share capital of the Company by way of a special resolution in accordance with section 78 of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as so altered). Any shares of the Company which are held as treasury shares will be disregarded for the purposes of computing the ten per cent limit.

For illustrative purposes only, on the basis of 16,748,595,251 Shares in issue as at the Latest Practicable Date ((including the 196,651,000 Settlement Shares) and assuming no further Shares are issued on or prior to the upcoming AGM, not more than 1,674,859,525 Shares (representing ten per cent of the total number of Shares as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate during the period referred to in paragraph 3.3.2 below. Based on the issued share capital of the Company as at the Latest Practicable Date (including the 196,651,000 Settlement Shares) and assuming that the Proposed Share Consolidation is successfully effected, the Company would have approximately 558,286,508 Consolidated Shares and not more than 55,828,650 Consolidated Shares may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate during the period referred to in paragraph 3.3.2 below.

3.3.2 Duration of authority

Purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the upcoming AGM at which the renewal of the Share Buyback Mandate is to be approved up to:

(a) the date on which the following AGM is held or is required by law to be held;

(b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied (in accordance with the Companies Act) by the Shareholders in a general meeting; or

(c) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by Shareholders at the following AGM or at an EGM to be convened immediately after the conclusion or adjournment of the following AGM. When seeking the approval of Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

3.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchase(s) ("**Market Purchase**") transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares against the total number of issued Shares;

(b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers shall be the same except that there shall be disregarded, where applicable:

  (i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

  (ii) differences in consideration attributable to the fact that offers may relate to Shares with different amounts remaining unpaid (if applicable); and

  (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it shall issue an offer document to all Shareholders containing at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchase or acquisition of Shares;

(d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions; and

(g) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

3.3.4 Purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate. However, the purchase price to be paid for the Shares pursuant to such purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme in accordance with section 76C of the Companies Act, 120% of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the purposes of determining the Maximum Price:

"**Average Closing Price**" means the average of the closing market prices of the Shares for the last five Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs after the relevant five Market Days period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

3.4 **Status of purchased or acquired Shares.** Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition unless such Share is held by the Company as a treasury share. Upon such cancellation, all rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

3.5 **Treasury shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

3.5.1 Maximum holdings

The number of shares held as treasury shares cannot at any time exceed ten per cent of the total number of issued Shares.

3.5.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully-paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

3.5.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

3.5.3.1 sell the treasury shares for cash;

3.5.3.2 transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

3.5.3.3 transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

3.5.3.4 cancel the treasury shares; or

3.5.3.5 sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

The Directors will also consider and decide whether to purchase or acquire Shares to satisfy the Shares awarded under the Vallianz PSP or pursuant to an exercise of Share Options granted under the ESOS.

The Shares purchased or acquired under the Share Buyback Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company.

3.6 **Reporting requirements.** The Company shall notify ACRA within 30 days of a purchase or acquisition of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the purchases or acquisitions, including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's total issued share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required in the prescribed form. Within 30 days of the passing of the resolution to renew the Share Buyback Mandate, the Company shall lodge a copy of such resolution with ACRA.

The Catalist Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stock brokers to ensure that they provide to the Company, in a timely fashion, the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

(a) date of the sale, transfer, cancellation and/or use;

(b) purpose of such sale, transfer, cancellation and/or use;

(c) number of treasury shares sold, transferred, cancelled and/or used;

(d) number of Shares before and after such sale, transfer, cancellation and/or use;

(e) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

3.7 **Source of funds**. The Company may only apply funds legally available for the purchase or acquisition of the Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in section 76F(4) of the Companies Act). Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

The Company intends to use internal sources of funds or borrowings or a combination of both to finance any of the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

3.8 **Financial effects.** It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA and EPS of the Group and the Company as the resultant effect would depend on, *inter alia,* the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The repurchased Shares may be cancelled or held as treasury shares. If the Shares are cancelled, the Company's total issued share capital will be diminished by the total number of Shares repurchased by the Company. The NTA of the Group will also be reduced by the aggregate purchase price paid by the Company for the Shares. If the Shares are held as treasury shares, the issued share capital of the Company will not be affected.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans, of the Group and the prevailing market conditions. The proposed Share Buyback Mandate will be exercised with a view of enhancing the EPS and/or the NTA value per Share of the Group.

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Group and the Company based on the audited financial statements of the Group and the Company for FY2018 are shown in the following tables and are based on the assumptions set out below:

3.8.1 Based on 558,286,508 Consolidated Shares and assuming that the issued and paid-up Shares had been adjusted to take into account the Proposed Share Consolidation and no further Shares are issued on or prior to the upcoming AGM, not more than 55,828,650 Shares (representing ten per cent of the issued ordinary share capital of the Company as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

3.8.2 In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 55,828,650 Shares at the Maximum Price of S$0.315 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 55,828,650 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and related expenses) is approximately US$13,189,519.

3.8.3 In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 55,828,650 Shares at the Maximum Price of S$0.360 for one Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 55,828,650 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and related expenses) is approximately US$15,073,736.

For illustrative purposes only, based on the assumptions set out in sub-paragraphs 3.8.1 to 3.8.3 above and further assuming that:

(i) such purchase or acquisition of Shares is financed solely by internal sources of funds available as at 31 March 2018 and external borrowings;

(ii) the Share Buyback Mandate had been effective on 1 April 2017; and

(iii) the Company had purchased or acquired 55,828,650 Shares (representing ten per cent of its issued ordinary share capital as at the Latest Practicable Date (including the 196,651,000 Settlement Shares)) on 31 March 2018,

the financial effects of the purchase and acquisition of such Shares by the Company pursuant to the Share Buyback Mandate:

(1) by way of purchases made entirely out of capital and held as treasury shares; and

(2) by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for FY2018 are set out below:

(1) Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before Share Buyback (US$'000)	After Share Buyback assuming Market Purchase (US$'000)	After Share Buyback assuming Off-Market Purchase (US$'000)	Before Share Buyback (US$'000)	After Share Buyback assuming Market Purchase (US$'000)	After Share Buyback assuming Off-Market Purchase (US$'000)
As at 31 March 2018						
Share capital	344,866	344,866	344,866	344,866	344,866	344,866
Capital and other reserves	(101,418)	(101,418)	(101,418)	(276,535)	(276,535)	(276,535)
Minority interests	(7,760)	(7,760)	(7,760)	–	–	–
Treasury shares	–	(13,190)	(15,074)	–	(13,190)	(15,074)
Shareholders' funds	243,448	230,258	228,374	68,331	55,141	53,257
NTA	235,688	222,498	220,614	68,331	55,141	53,257
Current assets	251,307	238,117	236,233	142,996	129,806	127,922
Current liabilities	193,689	193,689	193,689	143,433	143,433	143,433
Working capital	57,618	44,428	42,544	(437)	(13,627)	(15,511)
Profit after tax and minority interest	16,665	16,665	16,665	(5,051)	(5,051)	(5,051)
Number of Consolidated Shares[1] ('000)	558,267	502,458	502,458	558,267	502,458	502,458
Treasury shares ('000)	–	55,829	55,829	–	55,829	55,829
Weighted average number of Shares ('000)	247,581	191,753	191,753	247,581	191,753	191,753
Financial ratios						
NTA/Share[2] (US$ cents)	42.22	44.28	43.91	12.24	10.97	10.60
EPS[3] (US$ cents)	6.73	8.69	8.69	(2.04)	(2.63)	(2.63)
Current ratio[4] (times)	1.30	1.23	1.22	1.00	0.90	0.89
ROE[5] (%)	6.8	7.2	7.3	(7.4)	(9.2)	(9.5)

Notes:

(1) Assuming the Proposed Share Consolidation completed with 32,833,834 new Existing Shares from Vallianz PSP and 196,651,000 Settlement Shares.

(2) NTA per Share is calculated based on the NTA and 558,286,508 and 502,457,858 Consolidated Shares in issue as at 31 March 2018 and after the share buyback respectively.

(3) EPS is based on the weighted average number of 247,581,474 and 191,752,824 Shares in issue as at 31 March 2018 and after the share buyback respectively.

(4) Current ratio equals current assets divided by current liabilities.

(5) ROE equals profit after tax and minority interest divided by Shareholders' funds.

(2) Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Buyback (US$'000)	After Share Buyback assuming Market Purchase (US$'000)	After Share Buyback assuming Off-Market Purchase (US$'000)	Before Share Buyback (US$'000)	After Share Buyback assuming Market Purchase (US$'000)	After Share Buyback assuming Off-Market Purchase (US$'000)
As at 31 March 2018						
Share capital	344,866	331,676	329,969	344,866	331,676	329,969
Capital and other reserves	(101,418)	(101,418)	(101,418)	(276,535)	(276,535)	(276,535)
Minority interests	(7,760)	(7,760)	(7,760)	–	–	–
Shareholders' funds	243,448	230,258	228,374	68,331	55,141	53,257
NTA	235,688	222,498	220,614	68,331	55,141	53,257
Current assets	251,307	238,117	236,233	142,996	129,806	127,992
Current liabilities	193,689	193,689	193,689	143,433	143,433	143,433
Working capital	57,618	44,428	42,544	(437)	(13,627)	(15,511)
Profit after tax and minority interest	16,665	16,665	16,665	(5,051)	(5,051)	(5,051)
Number of Consolidated Shares[1] ('000)	558,267	502,458	502,458	558,267	502,458	502,458
Weighted average number of Shares ('000)	247,581	191,753	191,753	247,581	191,753	191,753
Financial ratios						
NTA/Share[2] (US$ cents)	42.22	44.28	43.91	12.24	10.97	10.60
EPS[3] (US$ cents)	6.73	8.69	8.69	(2.04)	(2.63)	(2.63)
Current ratio[4] (times)	1.30	1.23	1.22	1.00	0.90	0.89
ROE[5] (%)	6.8	7.2	7.3	(7.4)	(9.2)	(9.5)

Notes:

(1) Assuming the Proposed Share Consolidation completed with 32,833,834 new Existing Shares from Vallianz PSP and 196,651,000 Settlement Shares.

(2) NTA per Share is calculated based on the NTA and 558,286,508 and 502,457,828 Consolidated Shares in issue as at 31 March 2018 and after the share buyback respectively.

(3) EPS is based on the weighted average number of 247,581,474 and 191,752,824 Consolidated Shares in issue as at 31 March 2018 and after the share buyback respectively.

(4) Current ratio equals current assets divided by current liabilities.

(5) ROE equals profit after tax and minority interest divided by Shareholders' funds.

Shareholders should note that the financial effects set out above are purely for illustration purposes and based only on the abovementioned assumptions. In particular, it is important to note that the above financial analysis is based on the Company's and the Group's historical numbers for FY2018 and is not necessarily representative of the future financial performance of the Company and the Group. The Company will take into account both financial and non-financial factors (for example, equity market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the proposed Share Buyback Mandate would authorise the Company to purchase or acquire up to ten per cent of the total number of issued Shares, the Company may not necessarily purchase or be able to purchase the entire ten per cent of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who have any doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

3.9 **Catalist Rules.** While the Catalist Rules do not expressly prohibit purchase or acquisitions of shares by a Catalist company during any particular time or times, because a Catalist company would be considered an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such information has been publicly announced. In particular, in line with the best practices guide on securities dealing issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one month immediately preceding the announcement of the Company's full-year results; and

(b) two weeks immediately preceding the announcement of the Company's first three quarterly results.

The Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent of its Shares are in the hands of the public. The "**public**", as defined under the Catalist Rules, are persons other than the Directors, CEO, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, as well as the Associates of such persons.

Based on the interests of Directors and Substantial Shareholders as recorded in the Register of Directors' shareholdings and the Register of Substantial Shareholders as at the Latest Practicable Date (including the 196,651,000 Settlement Shares), approximately 3,653,895,474 Shares representing approximately 21.82% of the issued Shares, were in the hands of the public.

Assuming that the Company purchases its Shares up to the full ten per cent limit pursuant to the Share Buyback Mandate from the public (as defined in the Catalist Rules), the number of Shares in the hands of the public would be reduced to 1,979,035,949 Shares, representing approximately 13.13% of the reduced issued share capital of the Company. Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full ten per cent limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions, a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

3.10 **Take-over Code implications.** Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.10.1 Obligation to make a take-over offer

Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, inter alia, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than one per cent in any period of six months.

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder and persons acting in concert with him obtains or consolidates effective control of the Company, such Shareholder or persons acting in concert with him could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

3.10.2 Persons acting in concert

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

3.10.2.1 a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

3.10.2.2 a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

3.10.2.3 a company with any of its pension funds and employee share schemes;

3.10.2.4 a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;

3.10.2.5 a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis where the shareholdings of the adviser and any of those funds in the client total ten per cent or more of the client's equity share capital;

3.10.2.6 directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;

3.10.2.7 partners; and

3.10.2.8 an individual with his close relatives, related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Based on the interests of Directors and Substantial Shareholders as recorded in the Register of Directors' shareholdings and the Register of Substantial Shareholders as at the Latest Practicable Date Date (including the 196,651,000 Settlement Shares), Rawabi Holding Company Limited and Swiber Holdings Limited hold 9,526,811,687 and 3,453,070,356 Shares representing 56.88% and 20.62% of the issued share capital of the Company respectively (based on 16,748,595,251 Shares in issue as at the Latest Practicable Date (including the 196,651,000 Settlement Shares)).

3.10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

(a) the voting rights of such Directors and their concert parties would increase to 30% or more; or

(b) in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent in any period of six months.

In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

(a) the voting rights of such Shareholder would increase to 30% or more; or

(b) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent in any period of six months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Buyback Mandate.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the purchase of Shares by the Company. For this purpose, an increase in the percentage of voting rights as a result of the purchase of Shares by the Company will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than one per cent in any period of six months.

Shareholders (including Directors) and their concert parties who hold more than 50% of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares.

Based on the interests of the Substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date (including the 196,651,000 Settlement Shares), in the event the Company undertakes to purchase Shares up to the maximum limit of ten per cent of the issued and paid-up share capital of the Company, none of the Substantial Shareholders and the parties acting in concert with each of them will be required to make a take-over offer for the Shares held by the other Shareholders pursuant to Rule 14 of the Take-over Code.

The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

3.11 **Previous Share purchases.** In the 12 months immediately preceding the Latest Practicable Date, the Company had not purchased or acquired any Shares.

4. THE PROPOSED RENEWAL OF THE RAWABI IPT MANDATE

4.1 **The Rawabi IPT Mandate.** At the 2014 EGM and the 2017 EGM, the Shareholders approved the shareholders' mandate for the Group to enter into certain recurring Interested Person Transactions with the Rawabi Group. The existing Rawabi IPT Mandate will, unless renewed, expire on the date of the upcoming AGM which is scheduled to be held on 26 July 2018. Accordingly, the Directors propose that the Ordinary Resolution relating to the Rawabi IPT Mandate ("**Ordinary Resolution 10**") be passed to renew the Rawabi IPT Mandate at the upcoming AGM to take effect until the following AGM. The particulars of the Interested Person Transactions in respect of which the Rawabi IPT Mandate is sought to be renewed remain unchanged.

4.2 **Audit Committee's statement.** The Audit Committee (comprising Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Chong Chee Keong Chris as at the Latest Practicable Date) confirms that:

4.2.1 the methods or procedures for determining transaction prices under the Rawabi IPT Mandate has not changed since the 2017 AGM and 2017 EGM; and

4.2.2 the methods or procedures referred to in sub-paragraph 4.2.1 above 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.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

5.1 **Directors' and Substantial Shareholders' Interests.** Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date (including the 196,651,000 Settlement Shares), the interests of the Directors and the Substantial Shareholders in the Shares are as follows:

	Before Share Buyback (Number of Shares)			Before Share Buyback	After Share Buyback
Name	Direct interest	Deemed interest	Total interest	(%)[1]	(%)[2]
Directors					
Sheikh Abdulaziz Ali AlTurki[3]	–	9,526,811,687	9,526,811,687	56.88	63.20
Yeo Chee Neng	55,000,000	–	55,000,000	0.33	0.36
Ling Yong Wah	40,784,400	–	40,784,400	0.24	0.27
Yeo Jeu Nam	9,266,667	–	9,266,667	0.06	0.06
Bote de Vries	3,266,667	–	3,266,667	0.02	0.02
Chong Chee Keong Chris	–	–	–	n.a	n.a
Substantial Shareholders					
Rawabi Holding[3]	9,526,811,687	–	9,526,811,687	56.88	63.20
Sheikh Abdulaziz Ali AlTurki[3]	–	9,526,811,687	9,526,811,687	56.88	63.20
Swiber[4]	3,453,070,356	–	3,453,070,356	20.62	22.91

Notes:

(1) As a percentage of the issued share capital of the Company as at the Latest Practicable Date (including 196,651,000 Settlement Shares), comprising 16,748,595,251 Shares.

(2) As a percentage of the issued share capital of the Company as at the Latest Practicable Date (including the Settlement Shares), comprising 15,073,735,726 Shares, (assuming that the Company purchases the maximum number of 1,674,859,525 Shares under the Share Buyback Mandate).

(3) By virtue of section 4 of the Securities and Futures Act, Cap. 289, Sheikh Abdulaziz Ali AlTurki is deemed to be interested in the Shares held by Rawabi Holding Company Limited as at the Latest Practicable Date.

(4) Swiber Holdings Limited is a company incorporated in Singapore and listed on the Main Board of the SGX-ST. Swiber has been placed under judicial management since 6 October 2016.

5.2 **Interests in the Proposed Share Consolidation.** None of the Directors or controlling Shareholders of the Company have any interest, direct or indirect, in the Proposed Share Consolidation (other than through their respective shareholdings in the Company).

6. ANNUAL GENERAL MEETING

The upcoming AGM, notice of which is set out on pages 128 to 134 of the 2018 Annual Report, will be held at 52 Jurong Gateway Road, Auditorium, #06-00 JEM Office Tower, Singapore 608550 on 26 July 2018 at 3.30 p.m. for the purpose of, *inter alia*, considering and if thought fit, passing with or without modifications, each of the Ordinary Resolutions.

7. ABSTENTIONS FROM VOTING

The proposed renewal of the Rawabi IPT Mandate. In accordance with the requirements of Chapter 9 of the Catalist Rules, Rawabi Holding, being a Controlling Shareholder, is regarded as an Interested Person in relation to the Rawabi IPT Mandate and will abstain, and has undertaken to ensure that its Associates and other Associates of the Rawabi Group will abstain, from voting on Ordinary Resolution 10 relating to the proposed renewal of the Rawabi IPT Mandate at the upcoming AGM.

Such persons will also decline to accept appointment as proxy to vote and attend at the upcoming AGM in respect of the said Ordinary Resolution unless such persons have been given specific instructions as to the manner in which their votes are to be cast.

8. DIRECTORS' RECOMMENDATIONS

8.1 **The Proposed Share Consolidation.** All the Directors are deemed independent for the purposes of the Proposed Share Consolidation and are of the opinion that the Proposed Share Consolidation is in the best interests of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 13 to be proposed at the upcoming AGM.

8.2 **The proposed renewal of the Share Buyback Mandate.** All the Directors are deemed independent for the purposes of the renewal of the Share Buyback Mandate and are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 9 to be proposed at the upcoming AGM.

8.3 **The proposed renewal of the Rawabi IPT Mandate.** All the Directors are deemed independent for the purposes of the renewal of the Rawabi IPT Mandate and are of the opinion that the proposed renewal of the Rawabi IPT Mandate is in the best interests of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 10 to be proposed at the upcoming AGM.

9. 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 Proposed Share Consolidation, the proposed renewal of the Share Buyback Mandate and the Rawabi IPT Mandate, 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 this 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 this Circular in its proper form and context.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the upcoming AGM may appoint a proxy/proxies to attend and vote at such AGM on their behalf by completing, signing and returning the Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 3A International Business Park #01-13 Icon@IBP Singapore 609935 not less than 48 hours before the time fixed for the upcoming AGM. The completion and return of a Proxy Form by a Shareholder will not preclude him from attending and voting in person at the AGM in place of his proxy if he wishes to do so.

A Depositor shall not be entitled to attend the upcoming AGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register, as certified by CDP, not less than 72 hours before the time fixed for the AGM or any adjournment thereof.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the upcoming AGM:

(a) the Deed Poll;

(b) the Auditor's Certificate;

(c) the Director's Certificate;

(d) the Constitution; and

(e) the 2018 Annual Report.

Yours faithfully,

Ling Yong Wah
Executive Director and CEO
For and on behalf of the Board of Directors of
VALLIANZ HOLDINGS LIMITED

1. Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's Interested Persons but such mandate shall not be in respect of the purchase or sale of assets, undertakings or businesses. Due to the time-sensitive nature of commercial transactions, such a mandate will enable a listed company, in its ordinary course of business, to enter into certain categories of transactions with certain classes of Interested Persons, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the company and its minority shareholders.

At the 2014 EGM and 2017 EGM, the Shareholders approved the shareholders' mandate for the Group to enter into certain recurring Interested Person Transactions with the Rawabi Group. The existing Rawabi IPT Mandate will, unless renewed, expire on the date of the upcoming AGM which is scheduled to be held on 26 July 2018.

Interested person transactions that do not fall within the ambit of the Rawabi IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules.

2. Classes of Interested Persons

Rawabi Holding is a Controlling Shareholder holding 9,526,811,687 Shares as at the Latest Practicable Date, representing an interest of approximately 56.88% in the share capital of the Company (including the 196,651,000 Settlement Shares). Accordingly, Rawabi is an Interested Person for the purpose of Chapter 9 of the Catalist Rules.

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

3. Categories of Interested Person Transactions

The categories of Interested Person Transactions which will be covered by the Rawabi IPT Mandate include:

(1) the rental of premises from the Rawabi Group (the "**Rental of Premises**");

(2) the obtaining of corporate services from the Rawabi Group (the "**Rawabi Corporate Services**");

(3) in relation to paragraph (2) above, the obtaining of other goods and services from the Rawabi Group, including but not limited to the procurement of information technology equipment, stationery, air tickets and accommodation (the "**Other Rawabi Goods and Services**");

(4) the chartering of vessels from the Group to the Rawabi Group which includes term charters and bareboat charters (collectively, the "**Vessel Charters to Rawabi Group**");

(5) the chartering of vessels from the Rawabi Group to the Group ("**Vessel Charters from Rawabi Group**); and

(6) the provision of project management services to the Rawabi Group, including without limitation, full project management and consultancy services which include feasibility studies, special investigations, provision of technical advice and interface between various parties and the procurement and/or provision of vessels, equipment and materials for such projects (the "**Project Management Services to Rawabi Group**").

collectively, the "**Rawabi Interested Person Transactions**".

The Rawabi IPT Mandate will not cover any Interested Person Transaction 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.

4. Rationale for and benefits of the Rawabi IPT Mandate

Rawabi Holding is a company based in Al-Khobar (Eastern Province), Kingdom of Saudi Arabia and has been in business for almost 40 years. Its core business is related to the oil and gas industry, specifically in the drilling and related oilfield services. Rawabi Holding 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. Rawabi Holding has international partners from more than 12 countries and represents over 40 worldwide prominent companies. Rawabi Holding was introduced to the Company by Swiber.

The Directors believe that the Rental of Premises and obtaining of Rawabi Corporate Services is in the interest of the Group as it allows the Group to tap on the Rawabi Group's resources and the Rawabi Group's personnel for administrative work which would enable the Group to have a more efficient administrative set-up.

In relation to the Rawabi Corporate Services, the Directors also believe that the obtaining of Other Rawabi Goods and Services is beneficial to the Group as it would enable the Group to tap on the Rawabi Group's existing network and to enjoy economies of scale in the procurement of goods and services.

The Directors believe that the procurement of the Vessel Charters from Rawabi Group is beneficial to the Group as it would enable the Group to tap on the Rawabi Group's existing resources and network and to enjoy economies of scale in the procurement of goods and services. This will also allow the Group to offer a wider range of vessels to its customers.

The Directors believe that the provision of the Vessel Charters to Rawabi Group and Project Management Services to Rawabi Group is beneficial to the Group as it would 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.

Owing to the time-sensitive nature of commercial transactions, the renewal of the Rawabi IPT Mandate pursuant to Chapter 9 of the Catalist Rules, if approved by the Shareholders, will enable the Group, in the ordinary course of its business, to take advantage of the business opportunities offered by such Rawabi Interested Person Transactions without being separately subject to the obligations in Rules 905 and 906 of the Catalist Rules provided that such transactions are made at arm's length on the Group's normal commercial terms and are reviewed in accordance with the review procedures set out below.

This will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders' approval for each separate Rawabi Interested Person Transaction and will give the Group the flexibility to conduct such recurrent Rawabi Interested Person Transactions, thereby enhancing the Group's ability to pursue business opportunities which are time-sensitive in nature. It will substantially reduce administrative time and expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and allow resources and time to be channeled to other corporate and business opportunities.

5. Guidelines and review procedures for transactions under the Rawabi IPT Mandate

The Group has implemented the following guidelines and review procedures pursuant to the Rawabi IPT Mandate to ensure that the Rawabi Interested Persons 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 minority Shareholders. For the purposes of this section, the term "value" in relation to each Rawabi Interested Person Transactions shall, in accordance with Rule 909 of the Catalist Rules, mean the amount at risk to the Group.

Methods and procedures for determining prices or value for the Rawabi Interested Person Transactions under the 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).

In ascertaining the rental for any lease with the Rawabi Group, factors such as the available facilities, tenure of the lease, the area of the leased premises and any other relevant factors that may affect the rental rates or terms of the lease would be taken into consideration.

The Group will use at least two leases between the Rawabi Group and their other unrelated third party tenants in the same building(s) as a basis for comparison to ensure that the terms of the leases entered into by the Group with the Rawabi Group are not more favourable to the Rawabi Group than those terms extended to such unrelated third parties. If there are no other unrelated third party tenants in the same building(s), the Group will obtain quotes from at least two unrelated third party lessors for similar space or buildings that are of similar or comparable standing within the same vicinity.

In the event that quotations from unrelated third parties are not available in respect of a Rental of Premises, a review committee, which shall be constituted from time to time and shall comprise a Director and the Financial Controller, and if deemed necessary by the Directors, will include another Director (each of whom should not have a, direct or indirect, interest in the Rawabi Interested Person Transaction) ("**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 evaluation, 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 in respect of the Rawabi Interested Person Transaction before deciding whether to approve or reject the Rawabi Interested Person Transaction. In evaluating the terms of the Rawabi Interested Person Transaction, the Audit Committee will take into account prevailing industry norms (including the reasonableness of the terms).

In the event of any variation to the agreement with the Rawabi Group for the Rental of Premises, the Financial Controller shall provide the basis and justification for approval of such variation. The Audit Committee shall review any such variation to ensure that the Rental of Premises continues to be made on the Group's normal commercial terms.

(b) Obtaining of Rawabi Corporate Services

The fees charged by the Rawabi Group for the provision of Rawabi Corporate Services will be derived after taking into account the Group's costs as a proportion of the total actual costs incurred by the Rawabi Group on a cost-recovery basis for providing such services to its group of companies.

In assessing the fees when obtaining Rawabi Corporate Services or renewing a contract therefor, the Financial Controller, who does not have any interests, whether direct or deemed, in relation to the Rawabi Interested Person Transaction will review the cost-recovery basis and justifications to be provided by the Rawabi Group, having regard to the Group's proportionate share of the total costs to be incurred by the Rawabi Group, taking into account also the relevant factors such as the nature of the services provided, and the Group's historical and projected utilisation of the common pool of resources also shared by the other companies of the Rawabi Group.

(c) Obtaining of 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 services or products will be based on a cost reimbursement basis.

(d) Provision of Vessel Charters to Rawabi Group

It is expected that the Group will have a long-term business relationship with the 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, 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 which may also provide exclusivity and substantial volume of work.

In addition, in assessing the charter hire fees for the Vessel Charters to Rawabi Group, the Financial Controller, who does not have any interests, whether direct or deemed, in relation to the Rawabi Interested Person 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.

In the event of any variation to the terms of the Vessel Charters to Rawabi Group, the Financial Controller shall also provide the basis and justification for such variation. The Audit Committee shall review any such variation to ensure that the Rawabi Interested Person 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, a Review Committee will evaluate and weigh the benefits of, and rationale for, entering into the Rawabi Interested Person 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 Interested Person Transaction.

(e) Procurement of Vessel Charters from Rawabi Group

To ensure that the Rawabi Interested Person 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 minority 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 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 Financial Controller, who does not have any interests, whether direct or deemed, in relation to the Rawabi Interested Person 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.

In the event of any variation to the terms of the Vessel Charters from Rawabi Group, the Financial Controller shall also provide the basis and justification for approval of such variation. The Audit Committee shall review any such variation to ensure that the Rawabi Interested Person 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 Interested Person Transactions.

(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 two recent contracts or agreements of a similar nature (if available) entered into by the Rawabi 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 who may also provide exclusivity and substantial volume of work to the Group.

In addition, in assessing the fees for the provision of the Project Management Services to Rawabi Group, the Financial Controller, who does not have any interests, whether direct or deemed, in relation to the Rawabi Interested Person Transactions will, in consultation with the Audit Committee, 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.

In the event of any variation to the agreement in relation to the Project Management Services to Rawabi Group, the Financial Controller shall also provide the basis and justification for approval of such variation. The Audit Committee shall review any such variation to ensure that the Rawabi Interested Person 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 Interested Person 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 Interested Person Transactions.

Approval process for the Rental of Premises

The Group will monitor all transactions for the Rental of Premises and categorise them as follows:

(i) a Category 1 Transaction is one where the value thereof is less than US$3 million; and

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

All Category 1 Transactions shall be determined by the Financial Controller, in consultation with the Audit Committee, and all Category 2 Transactions shall be submitted by the Group for prior approval of the Audit Committee and any Director who has no interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Interested Person Transaction.

The threshold limits set out above have been adopted by the Group after taking into account, inter alia, the expected tenure of the transactions as the transactions and are expected to be entered into on a long term basis which is typically three years as well as the Group's day-to-day operations, administration, businesses and the Group's track record for the Rental of Premises.

Approval process for the obtaining of Rawabi Corporate Services

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

(i) a Category 1 Transaction is one where the value thereof is less than US$1 million; and

(ii) a Category 2 Transaction is one where the value thereof is equal to or more than US$1 million.

All Category 1 Transactions shall be determined by the Financial Controller, in consultation with the Audit Committee, and all Category 2 Transactions shall be submitted by the Group for prior approval of the Audit Committee and any Director who has no interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Interested Person Transaction.

The threshold limits set out above have been adopted by the Group after taking into account, inter alia, the expected tenure of the transactions as the transactions and are expected to be entered into on a long-term basis which is typically three years as well as the Group's day-to-day operations, administration, businesses and the Group's track record for obtaining Rawabi Corporate Services.

Approval process for the obtaining of Other Rawabi Goods and Services

The approval thresholds for obtaining the Other Rawabi Goods and Services are as follows:

Value of Other Rawabi Goods and Services	Required approval
Less than US$200,000	Approval of the Financial Controller
Greater than or equal to US$200,000	Approval of the Audit Committee

Approval process for the provision of Vessel Charters to Rawabi Group

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

(i) a Category 1 Transaction is one where the value thereof is less than US$20 million; and

(ii) a Category 2 Transaction is one where the value thereof is equal to or more than US$20 million.

All Category 1 Transactions shall be determined by the Financial Controller, in consultation with the Audit Committee, and all Category 2 Transactions shall be submitted by the Group for prior approval of the Audit Committee together with a Director who has no interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Interested Person Transaction.

The threshold limits set out above have been adopted by the Group after taking into account, *inter alia*, the expected nature, volume, recurrent frequency and size of the transactions as the transactions are expected to be entered into on a long-term basis which is typically more than five years as well as the Group's day-to-day operations, administration, businesses and the Company's track record for the provision of vessel charters.

Approval process for the obtaining of Vessel Charters from Rawabi Group

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

(i) a Category 1 Transaction is one where the value thereof is less than US$20 million; and

(ii) a Category 2 Transaction is one where the value thereof is equal to or more than US$20 million.

All Category 1 Transactions shall be determined by the Financial Controller, in consultation with the Audit Committee, and all Category 2 Transactions shall be submitted by the Group for prior approval of the Audit Committee together with a Director who has no interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Interested Person Transaction.

The threshold limits set out above have been adopted by the Group after taking into account, *inter alia*, the expected nature, volume, recurrent frequency and size of the transactions as the transactions are expected to be entered into on a long-term basis which is typically more than five years as well as the Group's day-to-day operations, administration, businesses and the Company's track record for the obtaining of vessel charters.

Approval process for the provision of Project Management Services to Rawabi Group

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

(i) a Category 1 Transaction is one where the value thereof is less than US$3 million; and

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

All Category 1 Transactions shall be determined by the Financial Controller, in consultation with the Audit Committee, and all Category 2 Transactions shall be submitted by the Group for prior approval of the Audit Committee together with a Director who has no interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Interested Person Transaction.

The threshold limits set out above have been adopted by the Group after taking into account, inter alia, the expected nature, volume, recurrent frequency and size of the transactions as well as the Group's day-to-day operations, administration, businesses and the Group's track record for the provision of project management services.

6. General administrative procedures for all Interested Person Transactions

In addition to the guidelines and review procedures for the Rawabi IPT Mandate, the Group will also implement the following procedures for the identification of Interested Persons and the record of all interested person transactions:

(a) A team from the accounting and finance department of the Group (the "**Accounting and Finance team**") will maintain a master list of the Group's directors and the Controlling Shareholders and their Associates, which is to be updated immediately if there are any changes. In addition, the Accounting and Finance team will update the list of directors and Controlling Shareholders and their Associates on a quarterly basis. The directors and Controlling Shareholders are also required to inform the Accounting and Finance team as and when there is any change in the information with respect to their Associates that they had previously disclosed to the Company. The list will be disclosed to relevant personnel, such as the Board and executive officers of the Company, to enable identification of Interested Persons. This master list of Interested Persons will be reviewed by the Audit Committee on a quarterly basis.

(b) Subsidiaries and associated companies of the Group are required to inform the Accounting and Finance team of any upcoming transactions with Interested Persons so as to obtain the prior approval from the Financial Controller, the Audit Committee, the Directors and/or Shareholders, in accordance with the Rawabi IPT Mandate or provisions of Chapter 9 of the Catalist Rules, as the case may be.

(c) All Interested Person Transactions entered into pursuant to the 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 ("**Register of Transactions**") by the Accounting and Finance team and submitted to the Audit Committee for review on a quarterly basis.

(d) The Financial Controller of the Group shall, on a monthly basis, review the Register of Transactions.

(e) The Financial Controller of the Group shall, on a quarterly basis, review the Register of Transactions and the operation of the review procedures and report to the Audit Committee on all Interested Person Transactions and the basis on which such transactions were entered into with the Interested Persons during the preceding quarter.

(f) As part of the Company's annual audit, external auditors will be appointed by the Audit Committee to review all Interested Person Transactions on an annual basis.

(g) The external auditors will review and confirm the Interested Person Transactions under the notes to the financial statements.

(h) The half-yearly internal audit plan will incorporate a review of all Interested Person Transactions entered into. The internal audit reports will be submitted to and reviewed by the Audit Committee on a half yearly basis to ascertain whether the guidelines and review procedures established to monitor Interested Person Transactions have been complied with.

(i) Generally, the Review Committee and 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 Review Committee or 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.

(j) 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 voting on any resolution relating to the Interested Person Transaction and abstain from participating in the Audit Committee's decision during its review of the established review procedures for the Interested Person Transaction or during its review or approval of any Interested Person Transaction.

7. Disclosure to Shareholders

The Company will announce the aggregate value of Rawabi Interested Person Transactions 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 Interested Person Transactions during the current financial year, and in the annual reports for the subsequent financial years during which the 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) and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

Name of Interested Person	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 Rawabi IPT Mandate) pursuant to Rule 920 of the Catalist Rules	Aggregate value of all Rawabi Interested Person Transactions (excluding transactions less than S$100,000) pursuant to Rule 920 of the Catalist Rules

8. 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 minority Shareholders.

The Audit Committee will also carry out periodic reviews (not less than four times in a financial year) to ensure that the guidelines and review procedures for the Rawabi Interested Person 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 Interested Person Transactions will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for the Rawabi Interested Person Transactions.

9. 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 abstain from voting on any resolution relating to the Interested Person Transaction and abstain from any decision making in respect of that transaction, and the review of the established review procedures for the Interested Person Transaction and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

10. Renewal of the Rawabi IPT Mandate

The renewal of the 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 in force until the date on 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. Rawabi Holding and its Associates will abstain from voting on such resolutions for the renewals of the Rawabi IPT Mandate. Furthermore, Rawabi Holding and its Associates shall not act as proxies in relation to the resolutions unless specific voting instructions have been given by the relevant Shareholder.

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 Rawabi IPT Mandate if the Audit Committee confirms that:

(a) the methods or procedures for determining the transaction prices have not changed since the last approval of the Shareholders was obtained for the Rawabi IPT Mandate; and

(b) the methods or procedures in sub-paragraph (a) above are sufficient to ensure that the transactions under the Rawabi IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

11. Guidelines and review procedures for ongoing and future Interested Person Transactions other than those covered under the Rawabi IPT Mandate

The Audit Committee will review and approve all Interested Person Transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted on terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of the Group and the Shareholders in any way.

To ensure that all future Interested Person Transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Group or the Shareholders, the following procedures will be implemented by the Group:

(a) when purchasing any products or engaging any services from an Interested Person, two other quotations from non-interested persons will be obtained for comparison to ensure that the interests of the Group and Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;

(b) in the case of renting properties from or to an Interested Person, the Board shall take appropriate steps to ensure that the rent commensurates with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;

(c) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the Interested Person Transaction will be approved by the Financial Controller, if he/she has no interest in the transaction, or failing which, the Audit Committee, in accordance with the Group's usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as but not limited to quantity, requirements and specifications will be taken into account; and

(d) in addition, the Company shall monitor all Interested Person Transactions entered into by the Group and categorise these transactions as follows:

(i) a Category 1 Interested Person Transaction is one where the value thereof is below three per cent of the NTA of the Group; and

(ii) a Category 2 Interested Person Transaction is one where the value thereof is equal to or in excess of three per cent of the NTA of the Group.

All Category 2 Interested Person Transactions must be approved by the Audit Committee prior to entry whereas Category 1 Interested Person Transactions need not be approved by the Audit Committee prior to entry but shall be reviewed on a quarterly basis by the Audit Committee.

The Audit Committee will review all Interested Person Transactions, if any, on a quarterly basis to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above, taking into account all relevant non-quantitative factors. In the event that a member of the Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

The Company shall prepare all the relevant information to assist the Audit Committee in its review and will keep a register recording all Interested Person Transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, the Audit Committee and the Board will also ensure that all disclosure, approval and other requirements on the Interested Person Transactions, including those required by prevailing legislation, the Catalist Rules (in particular, Chapter 9) and relevant accounting standards, are complied with. The half-yearly internal audit plan shall incorporate a review of all Interested Person Transactions entered into. Such transactions will also be subject to the approval of the Shareholders if required by the Catalist Rules. The Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2012.

The internal audit reports will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor Interested Person Transactions have been complied with. The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice the Company's interests and the interests of the Shareholders. Further,

if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that Interested Person Transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to the Company's interests and the interests of the Shareholders, the Audit Committee will adopt such new guidelines and review procedures for future Interested Person Transactions as may be appropriate.

Disclosure will be made in the Company's annual report of the aggregate value of Interested Person Transactions during the relevant financial year under review in accordance with the Catalist Rules.