
ACQUISITION OF OER HOLDINGS PTE. LTD.

1. INTRODUCTION

- 1.1 The board of directors (the "**Board**") of Vallianz Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has, together with its wholly-owned subsidiary Vallianz International Pte. Ltd. ("**VIP**"), on 30 September 2014 entered into a conditional sale and purchase agreement ("**SPA**") with (i) ST Holmen Ltd ("**Vendor**") and (ii) Sugianto Tandio ("**Ultimate Vendor**"), for the acquisition of the entire issued and paid-up shares of OER Holdings Pte. Ltd. ("**OER**") by VIP (the "**Acquisition**").

2. INFORMATION ON OER GROUP

2.1 OER

OER is a private limited company incorporated in Singapore and currently holds six (6) subsidiaries: (i) Offshore Engineering Resources Pte. Ltd.; (ii) Offshore Engineering Resources Mexico S.A. de CV; (iii) Offshore Supply Resources Mexico S.A. de CV; (iv) OER Services Pte. Ltd.; (v) OER Services Ltd.; and (vi) OER Offshore Pte. Ltd. (OER, together with its subsidiaries, the "**OER Group**"). The OER Group is engaged in the business of being an integrated provider of manpower services to the offshore industry. The group structure of the OER Group is appended in this announcement as Appendix A.

Vendor is the legal and beneficial owner of 100% of the shareholding interest of OER, and in turn, Vendor is wholly-owned by the Ultimate Vendor (the "**Ultimate Vendor**"). Vendor is a company incorporated in the Federal Territory of Labuan, Malaysia, and is an investment-holding vehicle of Ultimate Vendor who is the sole director and shareholder of Vendor. Ultimate Vendor is based in Indonesia and is a Master of Science graduate from the Process Automation Engineer program at the University of North Dakota, USA. He is a respected entrepreneur who has been recognized for his work, having been awarded, amongst others, the World Economic Forum's 2013 "Schwab Foundation Social Entrepreneur of the Year Award" and the "Ernst and Young 2013 Entrepreneur of the Year Innovation Award".

3. PRINCIPAL TERMS OF THE SPA

The principal terms of the SPA are as follows:

- 3.1 Consideration - The aggregate consideration payable is approximately USD27.7 million, which is based on approximately five times the EBITDA of the OER Group, and which shall be satisfied by the allotment and issue of 250,000,000 ordinary shares in the capital of the Company ("**Shares**"), to the Vendor or such other party as may be designated by Vendor on completion ("**Consideration Shares**"). "EBITDA" means earnings before interest, taxes, depreciation and amortization.

The issue price per Consideration Share is S\$0.14 ("**Issue Price**"), which represents a 27% premium to the weighted average price for trades done of the shares of the Company on the SGX-ST for the full Market Day on the date of signing the SPA ("**Execution Date**").

The allotment and issue of Consideration Shares would not result in a transfer of controlling interest in the Company.

Pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"), at the annual general meeting of the Company held on 28 April 2014 (the "**2014 AGM**"), the Shareholders passed a resolution (the "**Resolution**") authorising the directors of the Company (the "**Directors**") to allot and issue shares and convertible securities in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to the Resolution) to be allotted and issued pursuant to the Resolution shall not exceed 100% of the issued shares in the capital of the Company at the time of the passing of the Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a *pro rata* basis to all shareholders of the Company shall not exceed 50% of the issued shares in the capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to the Resolution, until the issuance of such shares in accordance with the terms of such convertible securities (the "**2014 General Mandate**"). On the date of the 2014 AGM on which the 2014 General Mandate was granted, the Company has 2,114,412,122 issued shares (excluding treasury shares).

On 25 June 2014, pursuant to the 2014 General Mandate, the Company issued 400,000,000 Shares at S\$0.13545 per Share and raised net proceeds of US\$41.80 million.

On 30 September 2014, pursuant to the 2014 General Mandate, the Company issued 143,333,333 Shares at S\$0.138 per Share in fulfillment of the consideration for the acquisition of the entire issued and paid-up shares of Jetlee Shipbuilding & Engineering Pte Ltd. Please refer to the announcement of the Company dated 22 September 2014 for details of the foregoing.

Save for the foregoing, the Company has not issued any further Shares pursuant to the 2014 General Mandate. As such, as at the date hereof, subsequent to the adjustments as permitted under Rule 806(3) of the Listing Manual of the SGX-ST, the maximum number of Shares that can be issued pursuant to the 2014 General Mandate, other than on a *pro rata* basis, is 1,571,078,789 Shares.

As such, the allotment and issue of the Consideration Shares will be made under the 2014 General Mandate.

The Company will be making an application through the sponsor of the Company to the SGX-ST for the listing of and quotation for the Consideration Shares on the Catalist board of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

- 3.2** Moratorium Undertaking – Under the terms of the SPA, Vendor shall, upon receipt of the Consideration Shares on the completion date as prescribed under the SPA (the “**Completion Date**”), undertake not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, 50% of the Consideration Shares (“**Restricted Securities**”), for a period of six (6) months after Completion Date (“**Moratorium**”).

Additionally, the Ultimate Vendor undertakes:

- (a) upon receipt by the Vendor of the Consideration Shares, to procure that Vendor adheres to Vendor’s obligations under the Moratorium in respect of the Restricted Securities; and
- (b) undertake not to, directly or indirectly, sell, contract to sell, offer, realise, transfer, assign, pledge, grant any option to purchase, grant any security over, encumber or otherwise dispose of, any of the shares of Vendor, or allow the subscription, allotment or issue of new shares in the capital of Vendor, during the period of Moratorium.

- 3.3** Conditions Precedent – The Acquisition is conditional on the fulfillment of, *inter alia*, the following conditions precedent (“**Conditions Precedent**”) on or before the date falling one month after the date of the SPA (“**Long-Stop Date**”) (unless varied by in part of in whole by VIP):

- (a) the results of the legal and financial due diligence investigations conducted by the Purchaser and/or its professional advisers on the OER Group (including but not limited to the financial, legal, contractual, tax and trading position and prospects of the OER Group) being satisfactory to the Purchaser in its sole and absolute discretion;
- (b) approval for the allotment and issue of the Consideration Shares (to the extent required by or desirable for the purposes of the requirements of the SGX-ST, the Listing Manual or all other relevant laws applicable to the Company) to the Vendors;
- (c) all licences, authorisations, orders, grants, confirmations, permissions, registrations, consents and other approvals deemed necessary or desirable by VIP in respect of the Acquisition to be obtained by the OER Group, having been obtained from the appropriate governments, governmental, supranational or trade agencies, courts or other regulatory bodies in all relevant jurisdictions on terms reasonably satisfactory to VIP and such licences, authorisations, orders, grants, confirmations, permissions, registrations, consents and other approvals continuing to remain in full force and effect up to the Completion Date;
- (d) where the terms of any contracts entered into by or in relation to the OER Group (including but not limited to any policies of insurance or banking and finance facilities taken up by any of the entities under the OER Group) contain any restrictions or prohibition on the change in control of the shareholdings, management or ownership of the OER Group or include any right to terminate exercisable prior to or as a result of any matter contemplated by the SPA (including but not limited to the Acquisition), delivery by the Vendors to VIP of a written confirmation in a form and on terms (if any) satisfactory to VIP by the counterparts thereto, of the waiver of such restriction or prohibition in relation to any such change arising from the any of the matters or transactions under the SPA or of any such right to terminate;

- (e) the settlement or discharge of all inter-company loans (if any) between OER or any of OER's related corporations (save for inter-company loans between entities under the OER Group), shareholders' advances and all obligations of OER in relation thereto, and the discharge of, or amendment to, all loan, credit or finance facilities for the provision of credit or finances to any other companies (save for any of the OER Group) and for which any of the OER Group is a primary obligor or has furnished a guarantee;
- (f) there being no adverse proceedings pending or threatened against the OER Group, OER or the Vendors that might reasonably be expected to impair or prevent the completion of the Acquisition, or cause a material adverse change in the OER Group, VIP or the Vendors from the Execution Date up to and including Completion Date;
- (g) the business of the OER Group having at all times been carried on in the ordinary course of business, consistent with past practice, and there having been no material adverse change in the assets and liabilities of the OER Group since the Execution Date up to and including Completion Date;
- (h) all requirements under law and the listing rules of the SGX-ST as deemed applicable by VIP to the Acquisition being complied with, and all consents or approvals of third parties, government, regulatory body or any competent authority having jurisdiction over the Acquisition and/or the Divestments as VIP deems necessary having been obtained; and
- (i) delivery of all Moratorium undertakings as executed by each of the Vendor and Ultimate Vendor.

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

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

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the group's net asset value.	Not applicable
Rule 1006(b)	Net profits attributable to the acquisition of the OER Group, compared with the Group's net profits	19.5% ⁽¹⁾
Rule 1006(c)	The aggregate value of the Consideration to be given, compared to the Company's market capitalization based on the total number of issued shares excluding treasury shares	10.8% ⁽²⁾
Rule 1006(d)	Number of Consideration Shares to be issued by the Company, compared with the number of equity securities previously in issue	8.6% ⁽³⁾

Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable
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Notes:

- (1) For the latest audited profit after tax for the financial year ended 31 December 2013, the net profits attributable to the OER Group is approximately US\$4.7 million. Based on the Latest Announced Financial Statements, the net profit of the Group is approximately US\$12.06 million;
- (2) Based on the Consideration of approximately US\$27.7 million, and the issued share capital of the Company of 3,058,512,122 ordinary shares in the capital of the Company and the weighted average price of such shares transacted on the Catalist Board of the SGX-ST on 30 September 2014 (being the date of the SPA on which the shares of the Company were traded); and
- (3) Based on the aggregate Consideration Shares of 250,000,000 and the issued share capital of the Company of 3,058,512,122 ordinary shares in the capital of the Company.

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

5. RATIONALE FOR THE ACQUISITION

With the growing size of the vessel fleet in its aim to become a leading integrated offshore marine solutions services provider and to expand on its third-party vessel management business, the Company is desirous of acquiring OER for the purpose of further enhancing the ability of the Company in attaining greater efficiency in the management of crew personnel and at the same time expanding its customer base, geographical footprint and service capabilities to its customers in the offshore oil and gas industry.

6. FINANCIAL EFFECTS OF THE ACQUISITION

6.1 Bases and Assumptions

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

The pro forma financial effects for the Acquisition have been prepared based on the audited financial statements of the Group and OER Group for the financial year ended 31 December 2013, which have been prepared on a going concern basis, and are purely **for illustrative purposes only and do not necessarily reflect the actual future results and financial position of the Group post-Acquisition.**

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

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

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

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

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

8. NTA

(US\$'000)	Before the Acquisition	After the Acquisition
NTA attributable to the equity holders of the Company	42,730	69,379
Number of Shares ('000)	1,189,412	1,440,610
NTA per Share (US\$ cents)	3.59	4.82

9. Earnings

(US\$'000)	Before the Acquisition	After the Acquisition
Profit attributable to Shareholders	7,493	12,205
Number of Shares ('000)	1,189,412	1,440,610
Earnings per Share (US\$ cents)	0.63	0.85

10. FURTHER INFORMATION

10.1 Directors' Service Contracts – No person is proposed to be appointed as a Director of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10.2 Interests of Directors and Controlling Shareholders of the Company – None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

11. DOCUMENTS AVAILABLE FOR INSPECTION

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

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

13. FURTHER ANNOUNCEMENTS

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

14. CAUTION IN TRADING

Shareholders are advised to exercise caution in trading their Shares as there is no certainty or assurance as at the date of this Announcement that the Acquisition will proceed to completion, as the completion is subject to, *inter alia*, the fulfillment of all the conditions precedent in the SPA. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, solicitors or other professional advisors if they have any doubts about the actions they should take.

By Order of the Board

Yeo Chee Neng
Chief Executive Officer

30 September 2014

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

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

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

APPENDIX A

GROUP STRUCTURE OF OER GROUP

