

Vallianz Holdings Limited
Co Reg No. 199206945E

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RESPONSE TO SGX QUERIES ON THE COMPANY'S ANNOUNCEMENT DATED 11 JANUARY 2021 IN RELATION TO THE DISPOSAL OF OFFSHORE ENGINEERING RESOURCES PTE. LTD.

Vallianz Holdings Limited (“**Company**” and together with its subsidiaries, “**Group**”) would like to announce its responses to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 14 January 2021 in respect of the announcement released by the Company on 11 January 2021 in relation to the disposal of the Group’s entire interest in its wholly-owned subsidiary, Offshore Engineering Resources Pte. Ltd. (“**OERPL**”) for a nominal consideration of US\$1 (“**Consideration**”) to an unrelated third party (“**Disposal**”), as follows:

1. We note that the Group had on 31 December 2020 disposed of its interest in OERPL.

- (a) Why was the disclosure only made on 11 Jan 2021?**
- (b) When was the Sponsor first informed of the disposal of OERPL?**

Company’s response:

The Company first informed the Sponsor on 4 January 2021 around 4.30 pm that the Company had signed the SPA for the Disposal and enquired with the Sponsor whether there is a need to make an announcement as the relevant ratios under Chapter 10 of the Catalist Rules are below the 5% threshold which would otherwise require an immediate announcement.

The Sponsor had responded promptly on the same day that:

- (i) announcement is required, with relevant details as required under Catalist Rule 706(A) to be disclosed in the announcement; and
- (ii) the Company should make the announcement when or as soon as the SPA is signed,

as the Mexican subsidiaries which are the subject of the Disposal have IPT dealings with Swiber Holdings Limited and hence the Disposal will have an impact on the disclosure in the proposed IPT Circular which the Company is currently in the midst of finalising.

On 5 January 2021 around 7.30 pm, the Company provided the draft announcement to the Sponsor for its review, and the Sponsor responded with its comments on 6 January 2021 and requested for more information on the Disposal.

The Company provided the Sponsor with more information over the course of 6 and 7 January 2021, including the SPA on the 7 January 2021. The Sponsor reviewed the SPA and commented on the lack of clarity on the completion date of the SPA which will affect the announcement.

The Company proceeded to amend the SPA to make clear the completion date is on 31 December 2020, being the date of the SPA, and re-signed the amended SPA on 8 January 2021, a copy of which was provided to the Sponsor around 6.30 pm on 8 January 2021.

As 8 January is a Friday and the Company has to seek its Board’s clearance for the announcement, the announcement was released by the next business day on 11 January 2021.

2. The disposal of OERPL is to an unrelated third party for a nominal consideration of US\$1.

(a) Who is the said unrelated third party? Why is the identity of the buyer not disclosed?

Company's response:

The buyer is Asian Shipping Corporation ("ASC"). The ultimate beneficial owner of ASC is Mr Tan Yam Seng, a Singaporean businessman. Both ASC and Mr Tan Yam Seng are not related to the Group or any of its Directors or shareholders.

The Company had not disclosed the details in the announcement due to confidentiality clauses in the SPA.

(b) Who introduced the buyer to the Group?

Company's response:

Buyer was known to the Company.

3. It was announced that the disposal is a non-disclosable transaction. Please provide the ratios pursuant to Rule 1006 computation.

Company's response:

Based on the latest announced unaudited financial statements of the Group for the first half year ended 30 September 2020, the relative figures for the disposal computed on the bases set out in Catalyst Rule 1006 are as follows:

Rule 1006	Bases	Relative figure (%)
(a)	Net asset value of assets disposed of, as compared with the Group's net asset value	-0.03% ⁽¹⁾
(b)	Net loss attributable to the assets disposed of, compared with the Group's net loss	3.07% ⁽²⁾
(c)	Aggregate value of the consideration received for the Disposal, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	0.00% ⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not applicable

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Notes:

- (1) Computed based on the OERPL combined group's net tangible liabilities of approximately US\$20,000 as at 31 December 2020 and the Group's net asset value of US\$62.5 million as at 30 September 2020.
- (2) Computed based on OERPL combined group's net loss of approximately US\$324,000 for the 9 months ended 31 December 2020 and the Group's net loss of approximately US\$10.6 million for the first half year ended 30 September 2020.
- (3) The Consideration of the Disposal a nominal sum of US\$1.00. The Company's market capitalisation is S\$26.4 million, based on 559,354,434 ordinary shares in the issued and paid-up capital of the Company and weighted average price of S\$0.0472 per share on 29 December 2020, being the last traded market day prior to the date of the SPA.

4. **We noted that the combined group (OERPL, OSR, OER) incurred interim net loss of approximately US\$324k for the 9 months ended 31 December 2020 and the total unaudited net tangible liabilities as at 31 December 2020 is approximately US\$20k. Please disclose each entity's profit/loss for the 9 months ended 31 December 2020 and its respective balance sheet position as at 31 December 2020.**

Company's response:

Entities	Profit/(Loss) after tax US\$'000	Net tangible assets/(liabilities) US\$'000
OERPL	12	10
OSR	(205)	(4)
OER	(131)	(26)
Total	(324)	(20)

5. **What is the rationale for the disposal of OERPL and its subsidiaries (OSR and OER)?**

Company's response:

OER and OSR's business activities are focused in Mexico and the Group does not have any other operations in Mexico save for OER and OSR. The Group do not have plans to commence any additional operations in Mexico in the next 6 months.

OERPL and its subsidiaries are loss-making and do not contribute significantly to the Group's revenue.

In addition, the Disposal also addresses certain of the IPT matters, which will be set out in the IPT Circular to be issued to Shareholders in due course.

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6. In the AR for FYE 31 March 2020, "Vessel Management Services" was disclosed as one of the reportable business segments and that included the provision of crew services. It was also disclosed in the Chairman's Message that the Group has secured a crew management contract with a leading national oil company in the Middle East ("NOC"), whereby the Group will provide the crew requirements for this NOC customer. While the profit margins from this new business are not expected to be significant, the Group hopes this will lead to further expansion of its services to the NOC customer. Please elaborate if OERPL and its subsidiaries constitute core business of the Group, and provide the basis.

Company's response:

OERPL and its subsidiaries provide crew services in Mexico and its contribution to the Group's revenue is insignificant. As such, OERPL and its subsidiaries do not constitute core business of the Group. The Group provided crew requirement to the abovementioned NOC customer in the Middle East through another of its subsidiary, Rawabi Vallianz Offshore Services Company Limited.

BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
15 January 2021

This document has been reviewed by the Company's Sponsor, Provenance Capital Pte. Ltd. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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