Vallianz Holdings Limited
Co Reg No. 199206945E

3A International Business Park, #01-13 Icon@IBP, Singapore 609935
Tel: +65 6911 6200 Fax: +65 6659 1292
www.vallianzholdings.com

UPDATE ON THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

The board of directors (the "**Board**") of Vallianz Holdings Limited (the "**Company**") refers to the Company's previous announcements dated 6 September 2016, 3 October 2016, 24 May 2017 and 6 July 2017, (the "**Announcements**") regarding the proposed Rights cum Warrants Issue. Unless otherwise defined herein or the context otherwise requires, all capitalised terms shall bear the same meanings as ascribed to them in the Announcements.

The Board wishes to announce the following changes:

1A. CHANGE IN SHARE CAPITAL

On 3 October 2016, the Company announced the receipt of the listing and quotation notice (the "**2016 LQN**") from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of up to 3,596,211,385 Rights Shares, 7,192,422,770 Warrants and 7,192,422,770 New Shares on the Catalist Board of the SGX-ST ("**Catalist**"), pursuant to the Rights cum Warrants issue, the 2016 LQN takes into account the 4,000,000 outstanding ESOS Options which may be exercised and converted into New Shares on or prior to the Books Closure Date ("**BCD**").

Since the 2016 LQN, the issued share capital of the Company has increased to 4,479,061,385 Shares. In addition, in the event that all of the 4,000,000 outstanding ESOS Options are exercised and converted into new shares on or prior to BCD, the issued share capital of the Company for the purposes of the Rights cum Warrants Issue will consist of 4,483,061,385 Shares.

1B. CHANGE IN ISSUE PRICE OF EACH RIGHTS SHARE AND EXERCISE PRICE OF EACH NEW SHARE UPON THE EXERCISE OF EACH WARRANT

As highlighted by the Company in its third quarter results dated 6 November 2017, notwithstanding the difficult operating environment in the offshore marine industry, the Group continued to generate operating profits in the financial year ended 31 March 2017 and first half ended 30 September 2017. This was attributed to the Group's resilient business model, as well as the Group's successful efforts to restructure its operations and financial obligations for better alignment with current market conditions. With a strong order book of US$950 million to be fulfilled over the next 8 years, including options, the Group envisages that its longer term prospects remain sound.

To allow Shareholders to participate in the Group's prospects, the Company has improved the terms of the Rights cum Warrant Issue to encourage wider subscription from Shareholders. The Group believes that the Rights Issue will help to strengthen its capital structure and place it in a better position to ride through the current market conditions and execute its growth strategies.

As at the date of this announcement, the Company had revised the Issue Price of each Rights Share to S$0.016 instead of the previously announced issue price of S$0.020 and the Exercise Price for each New Share upon the exercise of a Warrant to S$0.016 instead of the previously announced exercise price of S$0.020.

In view of the increase in size of the Rights cum Warrants Issue due to the increased issued share capital of the Company and the change in issue price of each Rights Share and exercise price for each New Share upon the exercise of a Warrant since the 2016 LQN, the Company will be making a revised

Vallianz Holdings Limited
Co Reg No. 199206945E

3A International Business Park, #01-13 Icon@IBP, Singapore 609935
Tel: +65 6911 6200 Fax: +65 6659 1292
www.vallianzholdings.com

application to the SGX-ST through the Sponsor for the permission to deal in and for the listing and quotation for the following number of Rights Shares, Warrants and New Shares on Catalist based on the current share capital:

(i) Up to 4,483,061,385 Rights Shares;

(ii) Up to 8,966,122,770 Warrants; and

(iii) Up to 8,966,122,770 New Shares.

An appropriate announcement on the outcome of the application for the permission to deal in and for the listing and quotation of the number of Rights Shares, Warrants and New Shares on Catalist will be made in due course.

Save for the changes above, all other key terms of the Rights cum Warrants Issue remain the same.

The Company had also, on 6 November 2017, entered into a supplementary agreement with Swiber Holdings Limited (Judicial Manager Appointed), Swiber Offshore Construction Pte Ltd (Judicial Manager Appointed) and Rawabi Holding Company Limited respectively, to take into account the changes as described in Section 1A and 1B above, in relation to the Rights cum Warrants Issue to be undertaken by the company and to amend and supplement the terms of the set-off and settlement agreements ("**SOSAs**") dated 24 May 2017. Please refer to the announcement made on 24 May 2017 for further information on the SOSAs.

2. CONSEQUENT CHANGES TO GROSS PROCEEDS AND USE OF PROCEEDS

Due to the revision in the Issue Price of each Rights Share and the Exercise Price to S$0.016 and the present share capital of the Company, the gross proceeds to be raised from the Right Shares and the exercise of the Warrants are as follows:

Table 1: Gross proceeds from the Rights Shares and exercise of all the Warrants

Scenario	Gross proceeds from the Rights Shares (before the exercise of the Warrants) (S$ million)	Gross proceeds from the exercise of all the Warrants (S$ million)
Minimum Scenario[(1)]	71.7[(1)]	143.3[(3)]
Maximum Scenario[(2)]	71.7[(2)]	143.5[(3)]

Notes:

(1) Minimum Scenario refers to the event where none of the ESOS Options are exercised and converted into new shares on or prior to the books closure date and the issued share capital of the Company for the purposes of the Rights cum Warrants Issue will consist of 4,479,061,385 Shares. Gross proceeds from the Rights Shares (before the exercise of the Warrants) is S$71,664,982;

(2) Maximum Scenario refers to the event where all of the ESOS Options are exercised and converted into new shares on or prior to the books closure date and the issued share capital of the Company for the purposes of the Rights cum Warrants Issue will consist of 4,483,061,385 Shares. The difference in the gross proceeds from the Rights Shares between the Minimum Subscription Scenario and Maximum Subscription Scenario is S$64,000; and

Vallianz Holdings Limited
Co Reg No. 199206945E

3A International Business Park, #01-13 Icon@IBP, Singapore 609935
Tel: +65 6911 6200 Fax: +65 6659 1292
www.vallianzholdings.com

(3) Gross proceeds from the exercise of all the Warrants under the Minimum Scenario and the Maximum Scenario is S$143,329,964 and S$143,457,964 respectively.

The use of proceeds from the gross proceeds to be raised from the Right Shares and the exercise of the Warrants during the exercise period of two years (to the extent permissible pursuant to the SHL SOSA and the RHCL SOSA) are as follows:

Table 2: Use of proceeds from the Rights Shares

	Minimum Subscription Scenario[1]		Maximum Subscription →			
			Scenario 1[2]		Scenario 2[3]	
Use of proceeds	In S$ million	% allocation	In S$ million	% allocation	In S$ million	% allocation
1. Partial repayment of RHCL Advances by way of set-off	71.7	100.0	71.7	100.0	10.8[3]	15.1
2. Partial repayment of VHL Owings by way of set-off	-	-	-	-	14.5[4]	20.2
3. Working capital and repayment of bank loans	-	-	-	-	45.9	64.0
4. Estimated expenses	-	-	-	-	0.5[5]	0.7
Gross proceeds	**71.7**	**100.0**	**71.7**	**100.0**	**71.7**	**100.0**

Notes:

(1) Minimum Subscription Scenario refers to the Minimum Scenario where only RHCL subscribes for its *pro rata* entitlement of Rights Shares with Warrants and all Excess Rights Shares with Warrants in accordance with the terms and subject to the conditions of the RHCL SOSA. The total outstanding RHCL Advances is approximately US$102.1 million as at 31 December 2016 (equivalent to approximately S$141.7 million based on the Exchange Rate) and the RHCL Actual Subscription Amount pursuant to the subscription of the Rights Shares is approximately S$71.7 million which will be used to set-off and settle against the RHCL Advances. The balance of the RHCL Advances ("**Balance Advances**") pursuant to such set-off under the Minimum Subscription Scenario of approximately S$70.0 million will be available for further set-off against the exercise of the Warrants held by RHCL as set out in Table 3 below;

(2) Maximum Subscription Scenario 1 refers to the Maximum Scenario where only RHCL subscribes for its *pro rata* entitlement of Rights Shares with Warrants and all Excess Rights Shares with Warrants in accordance with the terms and subject to the conditions of the RHCL SOSA. Similar to the Minimum Subscription Scenario, the RHCL Actual Subscription Amount of approximately S$71.7 million will be used to set-off and settle against the RHCL Advances of approximately US$102.1 million as at 31 December 2016 (equivalent to approximately S$141.7 million). The Balance Advances pursuant to such set-off under the Maximum Subscription Scenario 1 of approximately S$69.9 million (does not add up due to rounding) will be available for further set-off against the exercise of the Warrants held by RHCL as set out in Table 3 below;

(3) Maximum Subscription Scenario 2 refers to the Maximum Scenario where all the Entitled Shareholders (including RHCL and SHL) subscribe in full for their *pro rata* entitlements of Rights Shares with Warrants. Accordingly, the RHCL Actual Subscription Amount is approximately S$10.8 million based on RHCL's *pro rata* entitlement of the Rights Shares with Warrants which will be used to set-off and settle against the RHCL Advances of approximately US$102.1 million as at 31 December 2016 (equivalent to approximately S$141.7 million). The Balance Advances pursuant to

Vallianz Holdings Limited
Co Reg No. 199206945E

3A International Business Park, #01-13 Icon@IBP, Singapore 609935
Tel: +65 6911 6200 Fax: +65 6659 1292
www.vallianzholdings.com

such set-off under the Maximum Subscription Scenario 2 of approximately S$130.9 million, which will be available for further set-off against the exercise of the Warrants held by RHCL as set out in Table 3 below;

(4) Pursuant to the SHL SOSA, the total outstanding VHL Group Owings is approximately US$36.6 million as at 31 December 2016 (equivalent to approximately S$50.7 million based on the Exchange Rate). Upon SHL's subscription of its *pro rata* entitlement (to the extent not subject of Renunciation (as defined in paragraph 2.1(e) of the announcement on 24 May 2017)) of the Rights Shares with Warrants, the SHL Actual Subscription Amount of approximately S$14.5 million shall be used to set-off and settle against the VHL Group Owings. The balance of the VHL Group Owings from such set-off of approximately S$36.2 million will be available for further set-off against the exercise of the Warrants held by SHL as set out in Table 3 below; and

(5) In the Minimum Subscription Scenario and the Maximum Subscription Scenario 1, professional fees and expenses relating to the Rights cum Warrants Issue will be paid out of the Company's existing resources as there are no fresh funds raised from the Rights Shares. However, in the Maximum Subscription Scenario 2, professional fees and expenses relating to the Rights cum Warrants Issue will be deducted from the gross proceeds of the Rights cum Warrants Issue, to the extent of fresh funds being raised from Entitled Shareholders other than RHCL and SHL (whose subscription of the Rights Shares are set-off and settled pursuant to the RHCL SOSA and the SHL SOSA respectively), with any shortfall being paid out of the Company's existing resources.

Table 3: Use of proceeds from the exercise of Warrants

	Minimum Subscription Scenario[1]		Maximum Subscription			
			Scenario 1[2]		Scenario 2[3]	
Use of proceeds	**In S$ million**	**% allocation**	**In S$ million**	**% allocation**	**In S$ million**	**% allocation**
1. Full/partial repayment of RHCL Advances by way of set-off	70.0	100.0	69.9	100.0	21.5[3]	15.0
2. Partial repayment of VHL Owings by way of set-off	-	-	-	-	28.9[4]	20.1
3. Working capital and repayment of bank loans	-	-	-	-	93.0	64.8
Gross proceeds	**70.0**	**100.0**	**69.9**	**100.0**	**143.5**	**100.0**

Notes:

(1) Under the Minimum Subscription Scenario, it is assumed that RHCL will exercise such number of Warrants where the aggregate exercise price payable by RHCL to the Company in respect of the exercise of its Warrants shall be fully set-off and settle against the Balance Advances of approximately S$70.0 million. Hence, there will be no cash subscription by RHCL. If RHCL exercises all its Warrants in excess of the Balance Advances, RHCL will pay the exercise price in cash and the Company will raise cash proceeds of approximately S$73.3 million;

(2) Similarly, under the Maximum Subscription Scenario 1, it is assumed that RHCL will exercise such number of Warrants where the aggregate exercise price payable by RHCL to the Company in respect of the exercise of its Warrants shall be fully set-off and settle against the Balance Advances of approximately S$69.9 million. Hence, there will be no cash subscription by RHCL. If RHCL exercises all its Warrants in excess of the Balance Advances, RHCL will pay the exercise price in cash and the Company will raise cash proceeds of approximately S$73.6 million;

Vallianz Holdings Limited
Co Reg No. 199206945E

3A International Business Park, #01-13 Icon@IBP, Singapore 609935
Tel: +65 6911 6200 Fax: +65 6659 1292
www.vallianzholdings.com

(3) Under Maximum Subscription Scenario 2, the aggregate exercise price of approximately S$21.5 million payable by RHCL to the Company in respect of the exercise of all its Warrants will be set-off and settle against the Balance Advances of approximately S$130.9 million. Hence, pursuant to RHCL's subscription of its *pro rata* entitlement of the Rights Shares with Warrants and the exercise of all its Warrants, the Balance Advances will be approximately S$109.4 million. The Company may issue further new shares ("**Additional RHCL Shares**") in the future to settle such Balance Advances. For the avoidance of doubt, such issuance of Additional RHCL Shares, if any, are subject to certain conditions and/or approvals to be obtained, including Shareholders' approval at an EGM at a later date after the completion of the Rights cum Warrants Issue; and

(4) The aggregate exercise price of approximately S$28.9 million payable by SHL to the Company in respect of the exercise of all its Warrants will be set-off and settle against the balance of the VHL Group Owings of approximately S$36.2 million. Hence, pursuant to SHL's subscription of its *pro rata* entitlement of the Rights Shares with Warrants and the exercise of all its Warrants, the balance of the VHL Group Owings will be approximately S$7.3 million. The Company may issue further new shares ("**Additional SHL Shares**") in the future to settle such outstanding amount. For the avoidance of doubt, such issuance of Additional SHL Shares, if any, are subject to certain conditions and/or approvals to be obtained, including Shareholders' approval at an EGM at a later date after the completion of the Rights cum Warrants Issue.

3. WAIVER OF MANDATORY OFFER OBLIGATION OF RHCL

On 22 August 2016, the Council had granted the Whitewash Waiver subject to the satisfaction of the SIC Conditions. Following the update announcement dated 6 July 2017 ("**Update Announcement**"), the Company had, on 2 August 2017, obtained the Council's confirmation that, subject to compliance with the SIC Conditions, the Council has no objections to the changes (set out in the Update Announcement) to the Rights cum Warrants Issue and the Whitewash Waiver remains valid. The Company had, on 27 October 2017, further updated the Council on the revision to the terms of the Rights cum Warrants Issue as detailed in this announcement.

Assuming the Minimum Subscription Scenario as described in paragraph 2 of this announcement, the shareholding of RHCL will increase to approximately 57.5% of the share capital of the Company after the completion of the Rights cum Warrants Issue (the "**Enlarged Share Capital**") before the exercise of all the Warrants and will increase further to approximately 78.8% of the Enlarged Share Capital after the exercise of all its Warrants (whether through the RHCL SOSA set-off and settlement arrangements or cash subscription of the Warrants), being the maximum percentage shareholding interest for RHCL in the Company. In the event that RHCL only exercise its Warrants up to the extent of setting-off in full the RHCL Advances, its shareholding will increase to 71.4% of the Enlarged Share Capital after the exercise of the Warrants.

We note that SHL will be seeking shareholders' approval to participate in the Rights cum Warrants Issue. In the event that SHL subscribes to its full entitlement of the Rights cum Warrants Issue, SHL's shareholding interest in the Company will be maintained at approximately 20.2% and RHCL maximum shareholding interest in the Company will be approximately 47.4% assuming no other Entitled Shareholders subscribe for their entitlements in the Rights cum Warrants Issue.

4. APPOINTMENT OF IFA

The Board wishes to announce that the Company has appointed RHT Capital Pte. Ltd. in place of Provenance Capital Pte. Ltd. as the independent financial adviser to the Unconflicted Directors for the purposes of making recommendations to the Independent Shareholders on the Whitewash Resolution in relation to the Rights cum Warrants Issue.

Vallianz Holdings Limited
Co Reg No. 199206945E

3A International Business Park, #01-13 Icon@IBP, Singapore 609935
Tel: +65 6911 6200 Fax: +65 6659 1292
www.vallianzholdings.com

5. RESPONSIBILITY STATEMENT

The directors of the Company 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, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this announcement misleading be, accurately reflected or reproduced in this announcement.

6. CAUTION IN TRADING

A fresh circular setting out, amongst others, the time, date and venue of the EGM and details of, and other relevant information pertaining to, the Rights cum Warrants Issue and the Whitewash Resolution, together with a fresh notice of the EGM, will be despatched by the Company to Shareholders in due course.

Shareholders are advised to exercise caution in trading their shares in the Company as the Rights cum Warrants Issue is subject to conditions precedent and there is no certainty or assurance as at the date of this announcement that all of the conditions precedent will be satisfied (or waived, as the case may be) or that the Rights cum Warrants Issue will be completed. The Company will make the necessary announcements when there are further developments on the Rights cum Warrants Issue. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 3A International Business Park, #01-13 Icon @IBP, Singapore 609935, during normal business hours for three (3) months from the date of this Announcement:

(a) the RHCL SOSA and the SHL SOSA dated 24 May 2017; and

(b) the supplemental agreements dated 6 November 2017.

By Order of the Board

Ling Yong Wah
Chief Executive Officer
6 November 2017

Vallianz Holdings Limited
Co Reg No. 199206945E

3A International Business Park, #01-13 Icon@IBP, Singapore 609935
Tel: +65 6911 6200 Fax: +65 6659 1292
www.vallianzholdings.com

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

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

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

Telephone (65) 6227 1580 Email: wongbe@provenancecapital.com