

**CIRCULAR DATED 8 NOVEMBER 2017**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

If you have sold or transferred all your ordinary shares in the capital of Vallianz Holdings Limited (the “**Company**”), you should immediately forward this Circular, the enclosed Notice of Extraordinary General Meeting and the accompanying Proxy Form to the purchaser or the transferee, or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

This Circular 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 relevant rules of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular including the correctness of any of the statements or opinions made or reports contained in this Circular. The contact person for the Sponsor is Ms. Wong Bee Eng, Tel: (65) 6227 1580, Email: wongbe@provenancecapital.com.



**VALLIANZ HOLDINGS LIMITED**

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

**CIRCULAR TO SHAREHOLDERS**

in relation to

- (A) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 4,483,061,385 RIGHTS SHARES AT AN ISSUE PRICE OF S\$0.016 FOR EACH RIGHTS SHARE, WITH FREE DETACHABLE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE SHARE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$0.016 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE SHARE CAPITAL OF THE COMPANY HELD BY EACH SHAREHOLDER OF THE COMPANY AS AT A TIME AND DATE TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY FOR THE PURPOSE OF DETERMINING THE SHAREHOLDERS’ ENTITLEMENTS UNDER THE RIGHTS CUM WARRANTS ISSUE, WITH TWO (2) FREE DETACHABLE WARRANTS FOR EVERY ONE (1) RIGHTS SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (B) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM RAWABI HOLDING COMPANY LIMITED.**

Independent Financial Adviser in relation to the Proposed Whitewash Resolution



**RHT Capital Pte. Ltd.**

(UEN No. 201109968H)  
(Incorporated in the Republic of Singapore)

**IMPORTANT DATES AND TIMES:**

Last date and time for lodgement of Proxy Form	:	23 November 2017 at 4.00 p.m.
Date and time of Extraordinary General Meeting	:	25 November 2017 at 4.00 p.m.
Place of Extraordinary General Meeting	:	52 Jurong Gateway Road Auditorium, JEM Office Tower #06-00, Singapore 608550

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## DEFINITIONS

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For the purposes of this Circular, the following definitions apply throughout unless the context requires otherwise:

### **Companies, Organisations and Agencies**

<b>“Authority”</b>	:	Monetary Authority of Singapore
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Company”</b>	:	Vallianz Holdings Limited
<b>“Council”</b>	:	Securities Industry Council of Singapore
<b>“CPF”</b>	:	Central Provident Fund
<b>“CPF Approved Bank”</b>	:	Any bank appointed by the CPF Board to be a bank for the purposes of the Central Provident Fund (Investment Schemes) Regulations as amended, modified or supplemented from time to time
<b>“CPF Board”</b>	:	The board of the CPF established pursuant to the Central Provident Fund Act (Chapter 36) of Singapore, as amended, modified or supplemented from time to time
<b>“Group”</b>	:	The Company, its subsidiaries and associated companies collectively
<b>“Holmen”</b>	:	Holmen Heavylift Offshore Pte. Ltd., a subsidiary of the Company
<b>“Holmen Arctic”</b>	:	Holmen Arctic Pte Ltd, a subsidiary of the Company
<b>“Holmen Group”</b>	:	Holmen and its subsidiaries collectively
<b>“Independent Financial Adviser” or “IFA”</b>	:	RHT Capital Pte. Ltd., the independent financial adviser to the Unconflicted Directors in respect of the Proposed Whitewash Resolution
<b>“OER”</b>	:	Offshore Engineering Resources Pte Ltd, a wholly-owned subsidiary of the Company
<b>“Participating Banks”</b>	:	The banks that will be participating in the Rights cum Warrants Issue by making available their electronic channels to Entitled Depositors and persons purchasing provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore, for acceptances of the Rights Shares with Warrants and applications for Excess Rights Shares with Warrants, as the case may be, to be made under the Rights cum Warrants Issue
<b>“PTVOM”</b>	:	PT Vallianz Offshore Maritim, a 49.0%-owned associate of the Company
<b>“RHCL”</b>	:	Rawabi Holding Company Limited
<b>“SGX-ST”</b>	:	Singapore Exchange Securities Trading Limited
<b>“Share Registrar” or “Warrant Agent”</b>	:	Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)

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## DEFINITIONS

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<b>“SHL”</b>	:	Swiber Holdings Limited (Judicial Managers Appointed)
<b>“SHL Group”</b>	:	SHL and its subsidiaries and associated companies collectively (excluding the Company and any other entities within the Group)
<b>“SOC”</b>	:	Swiber Offshore Construction Pte. Ltd. (Judicial Managers Appointed), a subsidiary of SHL
<b>“Sponsor”</b>	:	Provenance Capital Pte. Ltd.
<b>“SRS Approved Banks”</b>	:	Approved banks in which SRS Members hold their accounts under the SRS
<b>“Vallianz International”</b>	:	Vallianz International Pte. Ltd., a wholly-owned subsidiary of the Company
<b>“VOM”</b>	:	Vallianz Offshore Marine Pte Ltd, a wholly-owned subsidiary of the Company
<b>General</b>		
<b>“6 July Announcement”</b>	:	The update announcement dated 6 July 2017 released by the Company in relation to the Rights cum Warrants Issue
<b>“24 May Announcement”</b>	:	The announcement dated 24 May 2017 released by the Company in relation to the Set-Off and Settlement Agreements
<b>“6 November Announcement”</b>	:	The announcement dated 6 November 2017 released by the Company in relation to the update on the proposed renounceable non-underwritten Rights cum Warrants Issue
<b>“2016 Circular”</b>	:	The circular despatched by the Company to Shareholders dated 29 September 2016
<b>“2016 Set-Off and Settlement Agreement”</b>	:	The set-off and settlement agreement dated 5 September 2016 entered into between the Company and RHCL, the terms of which were superseded by the RHCL SOSA
<b>“Additional RHCL Share Issuance Conditions Precedent”</b>	:	The conditions precedent applicable to each subscription for Additional RHCL Shares by RHCL and the Additional RHCL Set-Off and Settlement Arrangement, details of which are set out in column C of the table in Appendix II to this Circular
<b>“Additional SHL Share Issuance Conditions Precedent”</b>	:	The conditions precedent applicable to each subscription for Additional SHL Shares by SHL and the Additional SHL Set-Off and Settlement Arrangement, details of which are set out in column D of the table in Appendix I to this Circular
<b>“Additional RHCL Shares”</b>	:	Subject to the fulfilment or waiver of the Additional RHCL Share Issuance Conditions Precedent, the new Shares which may be issued by the Company to RHCL in settlement of RHCL Advances owing by the Company to RHCL to the extent not settled by the RHCL Set-Off and Settlement Arrangements
<b>“Additional SHL Shares”</b>	:	Subject to the fulfilment or waiver of the Additional SHL Share Issuance Conditions Precedent, the new Shares which may be issued by the Company to SHL in settlement of the VHL Group Owings to the extent not settled pursuant to the SHL Set-Off and Settlement Arrangements and Group Set-Offs

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## DEFINITIONS

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<b>“Aggregate Excess VHL Amount”</b>	:	The amount of the aggregate of the VHL Owing and the Aggregate Novated VHL Net Owings in excess of the Maximum Aggregate Price
<b>“Announcement”</b>	:	The announcement released by the Company on 6 September 2016 in relation to the Rights cum Warrants Issue
<b>“Announcement Date”</b>	:	6 September 2016, being the date of the announcement released by the Company on 6 September 2016 in relation to the Rights cum Warrants Issue
<b>“ARE”</b>	:	Application and acceptance form for Rights Shares with Warrants and Excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue
<b>“ARS”</b>	:	Application and acceptance form for Rights Shares with Warrants to be issued to purchasers of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on Catalist through the book-entry (scripless) settlement system
<b>“associated company”</b>	:	Has the meaning ascribed to it in the Catalist Rules, being a company in which at least 20.0% but not more than 50.0% of its shares are held by a listed company or group
<b>“Balance Advances”</b>	:	The RHCL Advances less the RHCL Actual Subscription Amount
<b>“Balance VHL Owing”</b>	:	The VHL Owing less the SHL Actual Subscription Amount
<b>“Board”</b>	:	The board of Directors
<b>“Books Closure Date”</b>	:	Subject to Shareholders’ approval of the Rights cum Warrants Issue and Independent Shareholders’ approval of the Whitewash Resolution, the time and date to be determined by the Directors, at and on which the Register of Members will be closed to determine the provisional allotments of the Entitled Shareholders under the Rights cum Warrants Issue
<b>“Business Day”</b>	:	A day (other than a Saturday, Sunday or public holiday) on which banks, the SGX-ST, CDP and the Share Registrar are open for business in Singapore
<b>“Catalist” or “SGX-Catalist”</b>	:	The Catalist board of the SGX-ST
<b>“Catalist Rules”</b>	:	The Listing Manual Section B: Rules of Catalist issued by the SGX-ST, as may be amended, supplemented or revised from time to time
<b>“Circular”</b>	:	This circular to Shareholders dated 8 November 2017
<b>“Closing Date”</b>	:	The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of, the Rights Shares with Warrants under the Rights cum Warrants Issue
<b>“Code”</b>	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time

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## DEFINITIONS

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<b>“Companies Act”</b>	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
<b>“CPF Funds”</b>	:	The CPF account savings of CPFIS Members under the CPF Investment Scheme – Ordinary Account
<b>“CPF Investment Account”</b>	:	An account opened by CPFIS Members from which CPF Funds may be withdrawn for, amongst others, payment to subscribe for the Rights Shares with Warrants pursuant to the Rights cum Warrants Issue
<b>“CPFIS Member”</b>	:	Investor who had bought Shares under the CPF Investment Scheme – Ordinary Account
<b>“DBS Voting Confirmation”</b>	:	The written confirmation by DBS Bank Ltd. to SHL that it has no objections to SHL voting, at an extraordinary general meeting of the Company to be convened, in favour of resolutions to approve (i) the RHCL SOSA and the issuance of the Additional RHCL Shares to RHCL; and (ii) the RHCL Debts Settlement Whitewash Resolution. Please refer to Section 4.2.6 of this Circular for further information
<b>“Deed Poll”</b>	:	The deed poll to be executed by the Company constituting the Warrants and containing, amongst others, provisions for the protection of the rights and interests of the Warrantholders
<b>“Directors”</b>	:	The directors of the Company as at the Latest Practicable Date
<b>“EGM”</b>	:	The extraordinary general meeting of the Company to be held on 25 November 2017 at 4.00 p.m. at 52 Jurong Gateway Road, Auditorium, JEM Office Tower, #06-00, Singapore 608550, notice of which is set out on pages N-1 to N-5 of this Circular
<b>“Electronic Application”</b>	:	Acceptance of the Rights Shares with Warrants and (if applicable) application for the Excess Rights Shares with Warrants made through an electronic channel of one of the Participating Banks in accordance with the terms and conditions of the Offer Information Statement
<b>“Enlarged Share Capital”</b>	:	The issued share capital of the Company immediately following the Rights cum Warrants Issue
<b>“Entitled Depositors”</b>	:	Shareholders whose Shares are registered in the name of CDP and whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138588, with addresses in Singapore for the service of notices and documents
<b>“Entitled Scripholders”</b>	:	Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books

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## DEFINITIONS

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- Closure Date or who had at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
- “Entitled Shareholders”** : The Entitled Depositors and Entitled Scripholders collectively
- “ESOS Options”** : The 4,000,000 outstanding options which may be exercised under the Vallianz ESOS, each carrying the right to subscribe for one (1) new Share
- “Excess Rights Shares with Warrants”** : The additional Rights Shares with Warrants that Entitled Shareholders will be eligible to apply for in excess of their provisional allotments under the Rights cum Warrants Issue. Please refer to Section 2.1 of this Circular for more information
- “Exchange Rate”** : The exchange rate of US\$1:S\$1.3878, being the agreed exchange rate as set out in the RHCL SOSA and the SHL SOSA
- “Exercise Period”** : The period during which the Warrants may be exercised, commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the day immediately preceding the second (2<sup>nd</sup>) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warranholders are/is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to closure of the Register of Members and/or Register of Warranholders or on the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Members and/or Register of Warranholders may be closed, subject to the terms and conditions of the Warrants as set out in the Deed Poll. The right to exercise the Warrants will not be extended beyond the Exercise Period and any Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose
- “Exercise Price”** : The price payable in respect of each New Share upon the exercise of a Warrant shall be S\$0.016, subject to certain adjustments in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
- “Existing RHCL Shares”** : The 672,000,000 Shares that RHCL has an interest in as at the Latest Practicable Date, representing approximately 15.0% of the Existing Share Capital
- “Existing Share Capital”** : The existing issued share capital of the Company consisting of 4,479,061,385 Shares as at the Latest Practicable Date. The Company does not have any treasury shares
- “First SHL Warrants Exercise”** : Subject to the fulfilment or waiver of the SHL WSA Conditions Precedent and the GSO Conditions Precedent, the exercise of Warrants issued to SHL by SHL, insofar as (i) the aggregate exercise price payable by SHL to the Company on such exercise is equivalent to or does not exceed the S\$ equivalent of the Balance VHL Owing; and (ii) such exercise will not result in SHL and persons acting in concert with it holding Shares representing more than 29.9% of the voting rights of the Company immediately following such exercise

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## DEFINITIONS

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<b>“Foreign Shareholders”</b>	:	Shareholders whose registered addresses with the Share Registrar or CDP, as the case may be, are outside Singapore as at the Books Closure Date and who had not, at least three (3) Market Days prior to the Books Closure Date, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and document
<b>“Foreign Purchasers”</b>	:	Has the meaning ascribed to it in Section 2.5 of this Circular
<b>“FY2014”</b>	:	The financial year ended 31 December 2014
<b>“FY2015”</b>	:	The financial year ended 31 December 2015
<b>“FY2017”</b>	:	The financial period of 15 months ended 31 March 2017
<b>“Group Set-Off”</b>	:	Each set-off and settlement of the Novated SHL Group Owings against the Novated VHL Group Owings to the extent of the Novated SHL Group Owings
<b>“GSO Conditions Precedent”</b>	:	The conditions precedent applicable to each Novation and Assignment and each Group Set-Off, details of which are set out in column C of the table in Appendix I to this Circular
<b>“GSO Long Stop Date”</b>	:	The Warrants Expiry Date or such other date as the Company, SHL and SOC may mutually agree in writing
<b>“IFA Letter”</b>	:	The letter dated 8 November 2017 from the IFA to the Unconflicted Directors in relation to the Proposed Whitewash Resolution as set out in Appendix IV to this Circular
<b>“Independent Shareholders”</b>	:	The Shareholders, who are independent of RHCL for the purpose of the Whitewash Resolution, and who are deemed to be independent for the purposes of the Whitewash Resolution
<b>“Irrevocable Undertaking”</b>	:	The irrevocable undertaking dated 5 September 2016 given by RHCL to the Company, the terms of which were superseded by the RHCL SOSA
<b>“Issue Price”</b>	:	The issue price of S\$0.016 for each Rights Share
<b>“Latest Practicable Date”</b>	:	6 November 2017, being the latest practicable date prior to the printing of this Circular
<b>“LQN”</b>	:	The listing and quotation notice received by the Company from the SGX-ST on 3 October 2016 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 Catalist based on the terms of the Rights cum Warrants Issue as set out in the 2016 Circular. Please note that the LQN is not an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company, its subsidiaries and their securities
<b>“Market Day”</b>	:	A day on which the SGX-ST is open for trading in securities
<b>“Maximum Aggregate Price”</b>	:	The aggregate of (i) the SHL Actual Subscription Amount payable for the SHL Subscription (in full); and (ii) the SHL Actual Exercise Amount payable in respect of the exercise of all the Warrants by SHL



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## DEFINITIONS

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- “Maximum Scenario”** : In the event that all of the ESOS Options are exercised and converted into new Shares on or prior to the Books Closure Date, the issued share capital of the Company for the purposes of the Rights cum Warrants Issue will consist of 4,483,061,385 Shares. Please refer to Section 2.2 of this Circular for more information
- “Maximum Subscription Scenario 1”** : Assuming that (a) based on the Maximum Scenario; and (b) only RHCL subscribes for its *pro rata* entitlement of Rights Shares with Warrants and all Excess Rights Shares with Warrants under the Rights cum Warrants Issue in accordance with the RHCL SOSA, up to 4,483,061,385 Rights Shares with 8,966,122,770 Warrants will be issued under the Rights cum Warrants issue. Please refer to Section 3.2 of this Circular for more information
- “Maximum Subscription Scenario 2”** : Assuming that (a) based on the Maximum Scenario; and (b) all the Entitled Shareholders (including RHCL and SHL) subscribe in full for their *pro rata* entitlements of Rights Shares with Warrants under the Rights cum Warrants Issue, up to 4,483,061,385 Rights Shares with 8,966,122,770 Warrants will be issued under the Rights cum Warrants issue. Please refer to Section 3.2 of this Circular for more information
- “Maximum Subscription Scenarios”** : The Maximum Subscription Scenario 1 and the Maximum Subscription Scenario 2 collectively
- “Minimum Scenario”** : In the event that none of the ESOS Options are exercised and converted into new Shares on or prior to the Books Closure Date, the issued share capital of the Company for the purposes of the Rights cum Warrants Issue will consist of 4,479,061,385 Shares. Please refer to Section 2.2 of this Circular for more information
- “Minimum Subscription Scenario”** : Assuming that (a) based on the Minimum Scenario; and (b) only RHCL subscribes for its *pro rata* entitlement of Rights Shares with Warrants and all Excess Rights Shares with Warrants under the Rights cum Warrants Issue in accordance with the RHCL SOSA, up to 4,479,061,385 Rights Shares with 8,958,122,770 Warrants will be issued under the Rights cum Warrants issue. Please refer to Section 3.2 of this Circular for more information
- “NAV”** : Net asset value
- “Netting Off Practice”** : The practice, as described by the Company in its announcement dated 31 August 2016, of conducting business on an extended credit basis as well as a netting off basis which includes the netting off of owings as between Group entities and SHL Group entities
- “New Shares”** : Up to 8,966,122,770 new Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants, subject to and in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll
- “Notice of EGM”** : The notice of EGM set out on pages N-1 to N-5 of this Circular
- “Novated Net VHL Owings”** : The excess of the Novated VHL Group Owings over the Novated SHL Group Owings

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## DEFINITIONS

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<b>“Novated SHL Group Owings”</b>	:	Has the meaning ascribed to it in Section 4.1.3 of this Circular
<b>“Novated VHL Group Owings”</b>	:	Has the meaning ascribed to it in Section 4.1.3 of this Circular
<b>“Novation and Assignment”</b>	:	Has the meaning ascribed to it in Section 4.1.3 of this Circular
<b>“October 2016 EGM”</b>	:	The extraordinary general meeting of the Company originally scheduled to be held on 17 October 2016. Please refer to Section 1.2 of this Circular for further information
<b>“Offer Information Statement”</b>	:	The offer information statement to be issued by the Company in relation to the Rights cum Warrants Issue, and together with (where the context requires) the PAL, the ARE and the ARS and all other accompanying documents, including any supplementary or replacement document, which may be issued by the Company and to be lodged with the SGX-ST acting as agent on behalf of the Authority in connection with the Rights cum Warrants Issue
<b>“Ordinary Resolutions”</b>	:	The ordinary resolutions set out in the Notice of EGM, and <b>“Ordinary Resolution”</b> shall be construed accordingly
<b>“PAL”</b>	:	The provisional allotment letter issued to the Entitled Scripholders, setting out the provisional allotments of Rights Shares with Warrants of such Entitled Scripholders in connection with the Rights cum Warrants Issue
<b>“Record Date”</b>	:	In relation to any dividends, rights, allotments or other distributions that may be declared or paid, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or with CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions that may be declared or paid
<b>“Register of Members”</b>	:	Register of members of the Company
<b>“Register of Warranholders”</b>	:	Register of warranholders of the Company
<b>“Relevant Excess VHL Amount”</b>	:	The difference between (i) the Aggregate Excess VHL Amount immediately following the Relevant GSO; and (ii) the Aggregate Excess VHL Amount immediately prior to the Relevant GSO
<b>“Renunciation”</b>	:	The renunciation by SHL of all or part of its provisional allotment(s) of Rights Shares with Warrants to Third Party Subscribers, the further details of which are discussed in paragraph 2.1(e) of the 24 May Announcement
<b>“RHCL Actual Exercise Amount”</b>	:	The actual aggregate exercise price payable by RHCL to the Company in respect of the RHCL Warrants Exercise
<b>“RHCL Actual Subscription Amount”</b>	:	The actual aggregate issue price payable by RHCL to the Company for the RHCL Subscription. Please refer to Section 3.2 of this Circular for more information
<b>“RHCL Advances”</b>	:	The advances made by RHCL to the Company, under which the total outstanding amount owing as at the Latest Practicable Date is approximately US\$102.1 million (equivalent to approximately S\$141.7 million based on the Exchange Rate)

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## DEFINITIONS

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<b>“RHCL Debts Settlement Whitewash Resolution”</b>	:	The proposed resolution to be passed at the extraordinary general meeting to be convened by the Company, by independent Shareholders for the waiver of their rights to receive a mandatory general offer for the Shares from RHCL and persons acting in concert with it as a result of RHCL's acquisition of the Additional RHCL Shares
<b>“RHCL Long Stop Date”</b>	:	The RHCL SSA Long Stop Date and RHCL WSA Long Stop Date collectively
<b>“RHCL Set-Off and Settlement Arrangements”</b>	:	The RHCL Subscription Set-Off and Settlement Arrangement and RHCL Warrants Exercise Set-Off and Settlement Arrangement collectively
<b>“RHCL SOSA”</b>	:	The set-off and settlement agreement dated 24 May 2017 (as amended and supplemented by a supplemental agreement dated 6 November 2017) entered into between the Company and RHCL. Please refer to Section 5 of this Circular for more information
<b>“RHCL SSA Conditions Precedent”</b>	:	The conditions precedent applicable to the RHCL Subscription and the RHCL Subscription Set-Off and Settlement Arrangement, details of which are set out in column A of the table in Appendix II to this Circular
<b>“RHCL SSA Long Stop Date”</b>	:	The closing date of the Rights cum Warrants Issue, or such other date as the Company and RHCL may mutually agree in writing
<b>“RHCL Subscription”</b>	:	Subject to the fulfilment or waiver of the RHCL SSA Conditions Precedent, the subscription by RHCL in full for (i) its <i>pro rata</i> entitlement of the Rights Shares with Warrants; and (ii) subject to availability, any Excess Rights Shares with Warrants (subject to availability), in accordance with the terms and conditions of the Rights cum Warrants Issue
<b>“RHCL Subscription Set-Off and Settlement Arrangement”</b>	:	The set-off and settlement of the RHCL Actual Subscription Amount against the RHCL Advances to the extent of the RHCL Actual Subscription Amount
<b>“RHCL Warrants Exercise”</b>	:	Subject to the fulfilment or waiver of the RHCL WSA Conditions Precedent, the exercise of the Warrants issued to RHCL by RHCL, insofar as the aggregate exercise price payable by RHCL to the Company on such exercise is equivalent to or does not exceed the S\$ equivalent of the Balance Advances
<b>“RHCL Warrants Exercise Set-Off and Settlement Arrangement”</b>	:	The set-off and settlement of the RHCL Actual Exercise Amount against the Balance Advances to the extent of the RHCL Actual Exercise Amount
<b>“RHCL WSA Conditions Precedent”</b>	:	The conditions precedent applicable to any RHCL Warrants Exercise(s) and the RHCL Warrants Exercise Set-Off and Settlement Arrangement, details of which are set out in column B of the table in Appendix II to this Circular
<b>“RHCL WSA Long Stop Date”</b>	:	The Warrants Expiry Date or such other date as the Company and RHCL may mutually agree in writing

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## DEFINITIONS

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<b>“Rights cum Warrants Issue”</b>	:	The proposed renounceable non-underwritten rights cum warrants issue of up to 4,483,061,385 Rights Shares at the Issue Price of S\$0.016 for each Rights Share, with free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price of S\$0.016 for each New Share, on the basis of one (1) Rights Share for every one (1) existing Share held by each Entitled Shareholder as at the Books Closure Date, with two (2) free detachable Warrants for every one (1) Rights Share, fractional entitlements to be disregarded
<b>“Rights Shares”</b>	:	Up to 4,483,061,385 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
<b>“Securities Account”</b>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<b>“Securities and Futures Act”</b>	:	Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
<b>“Set-Off and Settlement Agreements”</b>	:	The SHL SOSA and RHCL SOSA collectively
<b>“SGXNET”</b>	:	A broadcast network utilised by companies listed on the SGX-ST for the purposes of sending information (including announcements) to the SGX-ST (or any other broadcast or system networks prescribed by the SGX-ST)
<b>“Shareholders”</b>	:	Registered holders of Shares except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, in relation to such Shares and where the context admits, mean the Depositors whose direct Securities Accounts maintained with CDP are credited with Shares
<b>“Share(s)”</b>	:	The issued ordinary share(s) in the capital of the Company
<b>“SHL Actual Exercise Amount”</b>	:	The actual aggregate exercise price payable by SHL to the Company in respect of the SHL Warrants Exercises
<b>“SHL Actual Subscription Amount”</b>	:	The actual aggregate issue price payable by SHL to the Company for the SHL Subscription. Please refer to Section 3.2 of this Circular for more information
<b>“SHL Debts Settlement Whitewash Resolution”</b>	:	The proposed resolution to be passed at the extraordinary general meeting to be convened by the Company, by independent Shareholders for the waiver of their rights to receive a mandatory general offer for the Shares from SHL and persons acting in concert with it as a result of SHL’s acquisition of the Additional SHL Shares pursuant to the SHL SOSA
<b>“SHL Group Owings”</b>	:	The outstanding amounts owing by various entities within the SHL Group to various entities within the Group
<b>“SHL Long Stop Dates”</b>	:	The SHL SSA Long Stop Date, SHL WSA Long Stop Date and GSO Long Stop Date collectively, and <b>“SHL Long Stop Date”</b> refers to any one of them

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## DEFINITIONS

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<b>“SHL Set-Off and Settlement Arrangements”</b>	:	The SHL Subscription Set-Off and Settlement Arrangement and SHL Warrants Exercise Set-Off and Settlement Arrangement collectively
<b>“SHL SOSA”</b>	:	The set-off and settlement agreement dated 24 May 2017 (as amended and supplemented by a supplemental agreement dated 6 November 2017) entered into between the Company, SHL and SOC. Please refer to Section 4 of this Circular for more information
<b>“SHL SSA Conditions Precedent”</b>	:	The conditions precedent applicable to the SHL Subscription and the SHL Subscription Set-Off and Settlement Arrangement, details of which are set out in column A of the table in Appendix I to this Circular
<b>“SHL SSA Long Stop Date”</b>	:	The closing date of the Rights cum Warrants Issue, or such other date as the Company, SHL and SOC may mutually agree in writing
<b>“SHL Subscription”</b>	:	Subject to the fulfilment or waiver of the SHL SSA Conditions Precedent and GSO Conditions Precedent, the subscription by SHL in full for its <i>pro rata</i> entitlement (to the extent not subject of Renunciation) of the Rights Shares with Warrants in accordance with the terms and conditions of the Rights cum Warrants Issue
<b>“SHL Subscription Set-Off and Settlement Arrangement”</b>	:	The set-off and settlement of the SHL Actual Subscription Amount against the VHL Owing to the extent of the SHL Actual Subscription Amount
<b>“SHL Voting Undertaking”</b>	:	Has the meaning ascribed to it in Section 4.2.6 of this Circular
<b>“SHL Warrants Exercise SetOff and Settlement Arrangement”</b>	:	The set-off and settlement arrangements in respect of the settlement of the exercise price payable by SHL to the Company on exercise of Warrants collectively
<b>“SHL Warrants Exercises”</b>	:	The First SHL Warrants Exercise and Subsequent SHL Warrants Exercise collectively
<b>“SHL WSA Conditions Precedent”</b>	:	The conditions precedent applicable to any SHL Warrants Exercise(s) and the SHL Warrants Exercise Set-Off and Settlement Arrangement, details of which are set out in column B of the table in Appendix I to this Circular
<b>“SHL WSA Long Stop Date”</b>	:	The Warrants Expiry Date or such other date as the Company, SHL and SOC may mutually agree in writing
<b>“SIC Conditions”</b>	:	Conditions imposed by the Council to which the Whitewash Waiver is subject, details of which are set out in Section 8.3 of this Circular
<b>“SRS”</b>	:	Supplementary Retirement Scheme
<b>“SRS Account”</b>	:	An account opened by a participant in the SRS with an SRS Approved Bank from which money may be withdrawn for, amongst others, payment of the Rights Shares with Warrants and/or Excess Rights Shares with Warrants
<b>“SRS Funds”</b>	:	Monies standing to the credit of the SRS Accounts of SRS Members under the SRS

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## DEFINITIONS

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<b>“SRS Members”</b>	:	Members under the SRS
<b>“Subsequent SHL Warrants Exercise”</b>	:	Subject to the fulfilment or waiver of the SHL WSA Conditions Precedent and the GSO Conditions Precedent, the further exercise of Warrants issued to SHL by SHL, insofar as (i) the aggregate exercise price payable by SHL to the Company on such exercise is equivalent to or does not exceed the S\$ equivalent of the Novated Net VHL Owings; and (ii) such exercise will not result in SHL and persons acting in concert with it holding Shares representing more than 29.9% of the voting rights of the Company immediately following such exercise
<b>“Subsequent VHL EGM”</b>	:	Has the meaning ascribed to it in Section 4.2.6 of this Circular
<b>“subsidiaries”</b>	:	Has the meaning ascribed to it in Section 5 of the Companies Act, and <b>“subsidiary”</b> shall be construed accordingly
<b>“Substantial Shareholder”</b>	:	A person (including a corporation) who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share or those shares is not less than 5.0% of the total votes attached to all voting shares of the Company
<b>“Theoretical Ex-Rights Price”</b>	:	For the purposes of the Rights cum Warrants Issue, the theoretical ex-rights price per Share is equal to the sum of the last traded price of the Shares of S\$0.016 on 3 November 2017 prior to the trading halt on 6 November 2017 and the Issue Price, divided by two. For the avoidance of doubt, the theoretical ex-rights price computations do not include the New Shares to be issued from the exercise of the Warrants
<b>“Third Party Aggregate Issue and Exercise Amount”</b>	:	The aggregate of the issue price and exercise price payable by Third Party Subscriber(s) for subscribing for renounced provisional allotment(s) of Rights Shares with Warrants under the Renunciation and exercising such Warrants issued to such Third Party Subscriber(s) in full
<b>“Third Party Subscribers”</b>	:	The third party(ies) to whom SHL renounces all or part of its provisional allotment(s) of Rights Shares with Warrants
<b>“Unconflicted Directors”</b>	:	The Directors who are considered independent of RHCL and its concert parties
<b>“Vallianz ESOS”</b>	:	The Vallianz Employee Share Option Scheme implemented by the Company in the financial year ended 31 March 2009 in accordance with the scheme approved by the Shareholders on 11 April 2001
<b>“Vallianz PSP”</b>	:	The Vallianz Performance Share Plan implemented by the Company in 2010 in accordance with the plan approved by the Shareholders on 23 August 2010
<b>“VHL Group Owings”</b>	:	The net amounts owing by the Group to the SHL Group, which amounted to approximately US\$36.6 million (equivalent to approximately S\$50.7 million based on the Exchange Rate) as at 31 December 2016, as set out in the SHL SOSA

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## DEFINITIONS

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- “VHL Owing”** : The net amount owing by the Company to SHL, which amounted to approximately US\$29.4 million (equivalent to approximately S\$40.8 million based on the Exchange Rate) as at 31 December 2016, as set out in the SHL SOSA, which remains unchanged as at the Latest Practicable Date
- “Warrantholders”** : Registered holders of the Warrants in the Register of Warrantholders, except where the registered holder is CDP, the term **“Warrantholders”** shall, in relation to such Warrants and where the context admits, mean the Entitled Depositors whose Securities Accounts are credited with such Warrants
- “Warrants”** : Up to 8,966,122,770 free detachable warrants in registered form, to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue, and where the context so admits, such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the warrants to be set out in the Deed Poll (any such additional warrants to rank *pari passu* with the warrants to be issued together with the Rights Shares and for all purposes to form part of the same series of warrants constituted by the Deed Poll), subject to the terms and conditions to be set out in the Deed Poll, each Warrant entitling the holder thereof to subscribe for one (1) New Share at the Exercise Price
- “Warrants Expiry Date”** : The date on which the period during which the Warrants may be exercised under the terms of the Rights cum Warrants Issue shall expire
- “Whitewash Resolution”** : The resolution to be approved by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer from RHCL pursuant to Rule 14 of the Code arising from the Rights cum Warrants Issue. Please refer to Section 8 of this Circular for more information on the Whitewash Resolution
- “Whitewash Waiver”** : The waiver granted by the Council on 22 August 2016, of the requirement on the part of RHCL to make a mandatory general offer for the Shares not already owned by it under Rule 14 of the Code arising from the Rights cum Warrants Issue. Please refer to Section 8 of this Circular for more information on the Whitewash Waiver

### **Currencies and Units of Measurements**

- “S\$”** : Singapore dollars, the lawful currency of the Republic of Singapore
- “US\$” and “US cents”** : United States of America dollars and cents respectively, the lawful currency of the United States of America
- “%”** : 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.

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## DEFINITIONS

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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, where applicable, include corporations.

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

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Securities and Futures Act or the Catalist Rules or any modification thereof and not otherwise defined in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the Securities and Futures Act or the Catalist Rules or such 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 figures in this Circular between the figures listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

### **Cautionary Note on Forward-Looking Statements**

*All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the Catalist Rules and/or any other regulatory or supervisory body or agency.*



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## LETTER TO SHAREHOLDERS

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### VALLIANZ HOLDINGS LIMITED

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

#### Board of Directors

Mr. Ling Yong Wah (*Executive Director and Chief Executive Officer*)  
Mr. Yeo Chee Neng (*Non-Executive Vice Chairman*)  
Mr. Yeo Jeu Nam (*Non-Executive Independent Director*)  
Mr. Bote de Vries (*Non-Executive Independent Director*)

#### Registered Office

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

8 November 2017

TO: THE SHAREHOLDERS OF VALLIANZ HOLDINGS LIMITED

Dear Sir/Madam

- (A) **THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 4,483,061,385 RIGHTS SHARES AT AN ISSUE PRICE OF S\$0.016 FOR EACH RIGHTS SHARE, WITH FREE DETACHABLE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE SHARE CAPITAL OF THE COMPANY AT AN EXERCISE PRICE OF S\$0.016 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE SHARE CAPITAL OF THE COMPANY HELD BY EACH SHAREHOLDER OF THE COMPANY AS AT A TIME AND DATE TO BE DETERMINED BY THE DIRECTORS OF THE COMPANY FOR THE PURPOSE OF DETERMINING THE SHAREHOLDERS' ENTITLEMENTS UNDER THE RIGHTS CUM WARRANTS ISSUE, WITH TWO (2) FREE DETACHABLE WARRANTS FOR EVERY ONE (1) RIGHTS SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED; AND**
- (B) **THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM RAWABI HOLDING COMPANY LIMITED.**

#### 1. INTRODUCTION

##### 1.1 Purpose of this Circular

The Board is proposing to convene the EGM to be held on 25 November 2017 at 4.00 p.m. at 52 Jurong Gateway Road, Auditorium, JEM Office Tower, #06-00, Singapore 608550 to seek:

- (a) Shareholders' approval for the proposed Rights cum Warrants Issue; and
- (b) Independent Shareholders' approval for the proposed Whitewash Resolution.

In connection therewith, this Circular has been prepared to provide Shareholders and Independent Shareholders with information relating to the Rights cum Warrants Issue and the Whitewash Resolution, as the case may be, and to seek Shareholders' and Independent Shareholders' approval in respect of the same at the EGM. The Notice of EGM is set out on pages N-1 to N-5 of this Circular.

##### 1.2 The Rights cum Warrants Issue

On 6 September 2016, the Company announced the Rights cum Warrants Issue of up to 3,596,211,385 rights shares at the issue price of S\$0.02 for each rights share, with two (2) free detachable warrants for every one (1) rights share. On 29 September 2016, the Company despatched the 2016 Circular to Shareholders containing information on, amongst others, the Rights cum Warrants Issue and to seek Shareholders' approval in respect of the same at an extraordinary general meeting of the Company to be convened on 17 October 2016 (the "**October 2016 EGM**").

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## LETTER TO SHAREHOLDERS

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On 13 October 2016, the Company announced the postponement of the October 2016 EGM, further to the Company receiving a notification from the judicial managers of SHL of:

- (a) SHL's interest to participate in the proposed renounceable non-underwritten rights cum warrants issue; and
- (b) SHL's proposal, to the extent that SHL should participate in the proposed renounceable nonunderwritten rights cum warrants issue, for the Company and SHL to set-off and settle the actual subscription amount payable by SHL to the Company for subscribing for its *pro rata* entitlement or any part thereof of the rights shares with warrants under the proposed renounceable non-underwritten rights cum warrants issue against and to the extent of any amount owing by the Company to SHL, on and subject to the terms of a set-off and settlement agreement to be executed between the Company and SHL.

Please refer to the Company's announcement dated 13 October 2016 for further information.

On 24 May 2017, the Company announced that it had entered into the SHL SOSA and the RHCL SOSA to govern the participation of SHL and RHCL in the Rights cum Warrants Issue respectively, as well as the set-off and settlement of amounts owing as between the SHL Group and the Group, and amounts owing by the Company to RHCL, on and subject to the terms and conditions of the SHL SOSA and the RHCL SOSA respectively. Please refer to the 24 May Announcement and Sections 4 and 5 of this Circular for information on the terms of the SHL SOSA and the RHCL SOSA respectively.

Following the signing of the SHL SOSA and the RHCL SOSA, the Company announced on 6 July 2017 that the Board wishes to convene the EGM, in order to seek the approvals of, Shareholders for the Rights cum Warrants Issue and the issue and allotment of the Rights Shares, the Warrants and the New Shares, and the Independent Shareholders for the Whitewash Resolution.

In the 6 July Announcement, the Company provided Shareholders with an update on the increase in size of the Rights cum Warrants Issue. As at the date of the 2016 Circular, the issued share capital of the Company consisted of 3,592,211,385 Shares. As at the Latest Practicable Date, the Existing Share Capital consists of 4,479,061,385 Shares. The Company does not have any outstanding treasury shares.

Notwithstanding the difficult operating environment in the offshore marine industry, the Group continued to generate operating profits (before exceptional items) 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 the current market conditions. With a strong order book of US\$950 million to be fulfilled over the next 8 years, 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 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.

On 6 November 2017, the Company announced a change to the Issue Price of each Rights Share to S\$0.016 instead of the previously announced issue price of S\$0.020 and a change to 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.

The details of the issue and allotment of 886,850,000 new Shares by the Company since the date of the 2016 Circular are as follows:

- (a) the issue and allotment of 350,000,000 new Shares to Greatwill Asset Global Limited at the issue price of S\$0.02 for each new Share for the aggregate consideration of S\$7.0 million; and

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## LETTER TO SHAREHOLDERS

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- (b) the issue and allotment of 536,850,000 new Shares at the issue price of S\$0.02 for each new Share to certain trade creditors of the Company's subsidiaries named in Appendix 1 to each of the Company's announcements dated 22 February 2017 and 19 June 2017, to set-off aggregate trade payables owing by the Company's subsidiaries to such trade creditors of approximately S\$10.7 million.

Please refer to Section 2.2 of this Circular for more information on the size of the Rights cum Warrants Issue.

Accordingly, since the LQN:

- (a) the maximum number of new Shares to be issued pursuant to the Rights cum Warrants Issue has increased from 3,596,211,385 Rights Shares to 4,483,061,385 Rights Shares;
- (b) the maximum number of free detachable warrants to be issued pursuant to the Rights cum Warrants Issue has increased from 7,192,422,770 Warrants to 8,966,122,770 Warrants;
- (c) the maximum number of New Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants has increased from 7,192,422,770 New Shares to 8,966,122,770 New Shares; and
- (d) on the basis of one (1) Rights Share, the issue price of each Rights Share has been changed to S\$0.016 instead of the previously announced issue price of S\$0.02, for every one (1) Share held by each entitled Shareholder as at the Books Closure Date, with two (2) free detachable Warrants for every one (1) Rights Share, and each Warrant carrying the right to subscribe for one (1) New Share at the exercise price of S\$0.016 for each New Share instead of the previously announced exercise price of S\$0.02.

Further to the LQN and in view of the increase in size of the Rights cum Warrants Issue, the change in issue price of each Rights Share and the exercise price of each New Share upon the exercise of each Warrant, the Company will be making a revised application to the SGX-ST through the Sponsor for the permission to deal in and for the listing and quotation of the following number of Rights Shares, Warrants and New Shares on Catalist based on the current share capital:

- (a) up to 4,483,061,385 Rights Shares;
- (b) up to 8,966,122,770 Warrants; and
- (c) 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.

Shareholders should note that the Rights cum Warrants Issue is subject to, amongst others:

- (a) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist having been obtained and such approval not having been withdrawn or revoked on or prior to the Closing Date, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
- (b) the lodgement of the Offer Information Statement, together with all other necessary accompanying documents in connection with the Rights cum Warrants Issue, with the SGXST acting as agent on behalf of the Authority;
- (c) the Whitewash Waiver granted by the Council on 22 August 2016 not having been withdrawn or revoked as at the date of completion of the Rights cum Warrants Issue; and

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## LETTER TO SHAREHOLDERS

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- (d) the approval of (i) the Shareholders for the Rights cum Warrants Issue and the issue and allotment of the Rights Shares, the Warrants and the New Shares, and (ii) the Independent Shareholders for the Whitewash Resolution, at the EGM.

For the avoidance of doubt, the Rights cum Warrants Issue is not conditional upon SHL obtaining, amongst others, the requisite approval of its shareholders to participate in the Rights cum Warrants Issue.

### 1.3 The Whitewash Resolution

As the fulfilment by RHCL of its obligations under the RHCL SOSA may result in it being obliged to make a mandatory general offer for the Company pursuant to Rule 14 of the Code, the Company has made an application to the Council for the Whitewash Waiver in 2016 based on the previous terms of the Rights cum Warrants Issue as set out in the 2016 Circular.

On 22 August 2016, the Council granted the Whitewash Waiver subject to the satisfaction of the SIC Conditions. The details of the SIC Conditions are set out in Section 8.3 of this Circular. Following the 6 July Announcement where the Company provided an update to the Shareholders on the increase in the size of the Rights cum Warrants Issue, 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 to the Rights cum Warrants Issue (as detailed in the 6 July Announcement and Sections 2.2 and 3.2 of this Circular) and the Whitewash Waiver remains valid.

On 27 October 2017, the Company updated the Council on the further changes to the terms of the Rights cum Warrants Issue in relation to amongst others, the change in the Issue Price and Exercise Price to S\$0.016 from S\$0.020.

The Company has appointed RHT Capital Pte. Ltd. in place of Provenance Capital Pte. Ltd. as the IFA to advise the Unconflicted Directors for the purposes of making recommendations to the Independent Shareholders on the Whitewash Resolution. Please refer to Section 8.5 of this Circular for the advice from the IFA.

### 1.4 Conditionality of Resolutions

**Shareholders should note that Ordinary Resolutions 1 and 2 in respect of the Rights cum Warrants Issue and the Whitewash Resolution respectively are inter-conditional. This means that if either Ordinary Resolution 1 or Ordinary Resolution 2 is not approved, none of the Ordinary Resolutions would be passed.**

## 2. THE RIGHTS CUM WARRANTS ISSUE

### 2.1 Basis of the Rights cum Warrants Issue

The Company is offering to Entitled Shareholders up to 4,483,061,385 Rights Shares at the Issue Price of S\$0.016 for each Rights Share and up to 8,966,122,770 free detachable Warrants, with each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price of S\$0.016 for each New Share, on the basis of one (1) Rights Share for every one (1) existing Share held by each Entitled Shareholder as at the Books Closure Date, with two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or, in the case of Entitled Depositors only, trade (during the provisional allotment trading period prescribed by the SGX-ST), their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue (the "**Excess Rights Shares with Warrants**"). Provisional allotments of Rights Shares with Warrants which would otherwise have been made to Foreign Shareholders will be dealt with in the manner described in Section 2.5 of this Circular.

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## LETTER TO SHAREHOLDERS

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Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares with Warrants and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy applications for Excess Rights Shares with Warrants (subject to availability), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company subject to applicable laws, and the Catalist Rules.

In the allotment of Excess Rights Shares with Warrants, preference will be given to the rounding of odd lots and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and the allotment of Excess Rights Shares with Warrants. The Company will also not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares with Warrants are payable in full upon acceptance and/or application by Entitled Shareholders. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares.

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights cum Warrants Issue including the procedures for acceptances, renunciation of and applications for the Rights Shares with Warrants will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

### 2.2 Size of the Rights cum Warrants Issue

As at the Latest Practicable Date, the Existing Share Capital consists of 4,479,061,385 Shares. The Company does not have any outstanding treasury shares. In addition, pursuant to the Vallianz ESOS, there are 4,000,000 ESOS Options which may be exercised on or prior to the Books Closure Date.

In the event that none of the ESOS Options are exercised and converted into new Shares on or prior to the Books Closure Date, the issued share capital of the Company for the purposes of the Rights cum Warrants Issue will consist of 4,479,061,385 Shares (the "**Minimum Scenario**"). In the event that all of the ESOS Options are exercised and converted into new Shares on or prior to the Books Closure Date, the issued share capital of the Company for the purpose of the Rights cum Warrants Issue will consist of 4,483,061,385 Shares (the "**Maximum Scenario**").

Irrespective of the scenarios set out in Section 3.2 of this Circular, in view of the Irrevocable Undertaking by RHCL to subscribe for all the Excess Rights Shares with Warrants, the Rights cum Warrants Issue will be fully subscribed for subject to the terms and on the conditions of the RHCL SOSA.

Accordingly, since the 2016 Circular:

- (a) the maximum number of new Shares to be issued pursuant to the Rights cum Warrants Issue has increased from 3,596,211,385 new Shares to 4,483,061,385 Rights Shares;
- (b) the maximum number of free detachable warrants to be issued pursuant to the Rights cum Warrants Issue has increased from 7,192,422,770 warrants to 8,966,122,770 Warrants;
- (c) the maximum number of new Shares to be issued by the Company, credited as fully paid, upon the exercise of the Warrants has increased from 7,192,422,770 new Shares to 8,966,122,770 New Shares; and

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- (d) on the basis of one (1) Rights Share, the Issue Price of each Rights Share has been changed to S\$0.016 instead of the previously announced issue price of S\$0.02, for every one (1) Share held by each Entitled Shareholder as at the Books Closure Date, with two (2) free detachable Warrants for every one (1) Rights Share, and each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price of S\$0.016 for each New Share instead of the previously announced exercise price of S\$0.02.

### 2.3 Principal Terms of the Rights Shares

**Number of Rights Shares** : Up to 4,483,061,385 Rights Shares (with up to 8,966,122,770 free detachable Warrants) to be issued.

**Basis of Provisional Allotment** : One (1) Rights Share for every one (1) existing Share held by each Entitled Shareholder as at the Books Closure Date, with two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

**Issue Price** : S\$0.016 for each Rights Share, payable in full on acceptance and/or application.

The Issue Price of S\$0.016 for each Rights Share represents (a) the last traded price of S\$0.016 for Shares traded on Catalist on 3 November 2017, being the last traded price prior to the 6 November Announcement; and (b) the Theoretical Ex-Rights Price of S\$0.016 per Share (based on the last traded price of S\$0.016 for Shares traded on Catalist on 3 November 2017).

**Status of Rights Shares** : The Rights Shares are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares.

**Eligibility to participate in the Rights cum Warrants Issue** : Please refer to Section 2.5 of this Circular entitled “Eligibility of Shareholders to Participate in the Rights cum Warrants Issue”.

**Listing of the Rights Shares** : The Company had, on 3 October 2016, announced its receipt of the LQN. Please note that the LQN is not an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company, its subsidiaries and their securities.

In view of the increase in size of the Rights cum Warrants Issue and the change in the issue price of each Rights Share and the exercise price of each New Share upon the exercise of each Warrant, the Company will be making an application through its Sponsor to the SGXST for the permission to deal in and for the listing and quotation of the revised number of Rights Shares, Warrants and New Shares on Catalist. An appropriate announcement on the outcome of the application for the permission to deal in and for the listing and quotation of the revised number of Rights Shares, Warrants and New Shares on Catalist will be made by the Company in due course.

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**Trading of the Rights Shares** : Upon the listing and quotation of the Rights Shares on Catalist, the Rights Shares will be traded on Catalist under the book-entry (scripless) settlement system. For the purposes of trading on Catalist, each board lot of Shares will comprise 100 Shares.

**Acceptance and Excess Application** : Provisional allotments of Rights Shares with Warrants, which are not taken up or allotted for any reason, shall be aggregated and allotted to satisfy applications for Excess Rights Shares with Warrants (subject to availability), or disposed or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company. In the allotment of Excess Rights Shares with Warrants, preference will be given to the rounding of odd lots and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority. The Company will also not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The procedures for acceptance, payment and excess application by Entitled Depositors and the procedures for acceptance, payment, splitting, renunciation and excess application by Entitled Scripholders will be set out in the Offer Information Statement to be despatched to Entitled Shareholders in due course, subject to, amongst others, the Rights cum Warrants Issue being approved by Shareholders and the Whitewash Resolution being approved by Independent Shareholders at the EGM.

**Scaling Down** : Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any of the Substantial Shareholders (if such Substantial Shareholder chooses to subscribe for its *pro rata* entitlement of Rights Shares with Warrants and/or apply for Excess Rights Shares with Warrants) to avoid placing the relevant Substantial Shareholder in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully.

**Use of CPF Funds/SRS Funds** : CPFIS Members who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants can only do so using their CPF Funds, subject to applicable CPF rules and regulations. Such CPFIS Members will need to instruct their respective approved CPF agent banks where they hold their CPF Investment Accounts, to accept their provisional allotment of Rights Shares with Warrants and (if applicable) apply for the Excess Rights Shares with Warrants on their behalf in accordance with the terms and conditions of the Offer Information Statement. In the case of insufficient CPF Funds

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or stock limit, CPFIS Members can top-up cash into their CPF Investment Accounts before instructing their respective CPF agent banks to accept their provisional allotment of Rights Shares with Warrants and (if applicable) apply for the Excess Rights Shares with Warrants. CPFIS Members are advised to provide their respective approved CPF agent banks with appropriate instructions early in order for their CPF agent banks to make the relevant acceptance and (if applicable) application on their behalf by the Closing Date. Any applications made directly through CDP, the Share Registrar, the Company and/or by way of Electronic Applications will be rejected. For the avoidance of doubt, CPF Funds may not be used for the purchase of Rights Shares with Warrants directly from the market.

SRS Members who wish to accept their Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants can only do so, subject to applicable SRS rules and regulations, using their SRS Funds. SRS Members who wish to accept their Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares using SRS Funds, must instruct the relevant SRS Approved Banks to accept their Rights Shares with Warrants and (if applicable) apply for Excess Rights Shares with Warrants on their behalf. Any acceptance and/or application made directly through CDP, the Share Registrar, the Company and/or by way of Electronic Applications will be rejected. For the avoidance of doubt, SRS Funds may not be used for the purchase of Rights Shares directly from the market.

**ANY APPLICATIONS MADE BY THE ABOVEMENTIONED ENTITLED SHAREHOLDERS DIRECTLY TO CDP, THE SHARE REGISTRAR, THE COMPANY AND/OR THROUGH ELECTRONIC APPLICATIONS WILL BE REJECTED.**

Such Entitled Shareholders should refer to the Offer Information Statement to be lodged with the SGX-ST acting as agent on behalf of the Authority for important details relating to the offer procedure in connection with the Rights cum Warrants Issue.

**Governing law** : Laws of the Republic of Singapore.

### 2.4 Principal Terms of the Warrants

**Number of Warrants** : Up to 8,966,122,770 Warrants to be issued free together with the Rights Shares.

**Basis of Allotment** : Two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

**Detachability and Trading** : The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on Catalist under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on Catalist, subject to, amongst others, an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.



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**Listing of the Warrants and the New Shares** : The Company had, on 3 October 2016, announced its receipt of the LQN. Please note that the LQN is not an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company, its subsidiaries and their securities.

In view of the increase in size of the Rights cum Warrants Issue and the change in the issue price of each Rights Share and the exercise price of each New Share upon the exercise of each Warrant, the Company will be making an application through its Sponsor to the SGX-ST for the permission to deal in and for the listing and quotation of the revised number of Rights Shares, Warrants and New Shares on Catalist. An appropriate announcement on the outcome of the application for the permission to deal in and for the listing and quotation of the revised number of Rights Shares, Warrants and New Shares on Catalist will be made by the Company in due course.

**SHAREHOLDERS SHOULD NOTE THAT THE WARRANTS MAY NOT BE LISTED AND QUOTED ON CATALIST IN THE EVENT THAT THERE IS AN INSUFFICIENT SPREAD OF HOLDINGS OF THE WARRANTS TO PROVIDE FOR AN ORDERLY MARKET IN THE TRADING OF THE WARRANTS. AS A GUIDE, THE SGX-ST EXPECTS AT LEAST 100 WARRANTHOLDERS FOR A CLASS OF COMPANY WARRANTS.**

**SHAREHOLDERS SHOULD NOTE THAT IN THE EVENT THAT PERMISSION IS NOT GRANTED BY THE SGX-ST FOR THE LISTING AND QUOTATION OF THE WARRANTS ON CATALIST DUE TO AN INSUFFICIENT SPREAD OF HOLDINGS TO PROVIDE FOR AN ORDERLY MARKET IN THE TRADING OF THE WARRANTS, WARRANTHOLDERS WILL NOT BE ABLE TO TRADE THEIR WARRANTS ON CATALIST BUT THE COMPANY SHALL, NEVERTHELESS, PROCEED WITH AND COMPLETE THE RIGHTS CUM WARRANTS ISSUE. HOWEVER, IF WARRANTHOLDERS EXERCISE THEIR RIGHTS, SUBJECT TO THE TERMS AND CONDITIONS OF THE WARRANTS, TO CONVERT THEIR WARRANTS INTO NEW SHARES, SUCH NEW SHARES WILL BE LISTED AND QUOTED ON CATALIST.**

**Form and subscription rights** : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants as set out in the Deed Poll, each Warrant shall entitle the Warrantholder, at any time during the Exercise Period, to subscribe for one (1) New Share at the Exercise Price in force on the relevant date of exercise of the Warrants.

**Exercise Price** : S\$0.016 for each New Share.

The Exercise Price of S\$0.016 for each New Share represents (a) the last traded price of S\$0.016 for Shares traded on Catalist on 3 November 2017, being the last traded price prior to the 6 November Announcement; and (b) the Theoretical Ex-Rights Price of S\$0.016 per Share (based on the last traded price of S\$0.016 for Shares traded on Catalist on 3 November 2017).

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**Exercise Period** : The Warrants may be exercised at any time from and including the date of the issue of the Warrants up to 5.00 p.m. on the date immediately preceding the second (2<sup>nd</sup>) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warranholders are/ is closed or is not a Market Day, in which event the Exercise Period shall expire on the date prior to the closure of the Register of Members and/or Register of Warranholders or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Members and/or Register of Warranholders may be closed), subject to the terms and conditions of the Warrants as set out in the Deed Poll. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

Notice of expiry of the Warrants shall be given to all Warranholders at least one (1) month before the Warrants Expiry Date. Such notice shall be delivered by post to the address of the relevant Warranholders.

**Mode of payment for exercise of Warrants** : Warranholders who exercise their Warrants must pay the Exercise Price by way of:

- (a) remittance in Singapore currency by banker's draft or cashier's order drawn on a bank in Singapore in favour of the Company for the full amount of the Exercise Price payable in respect of the Warrants exercised; or
- (b) by debiting the relevant Warranholder's CPF Investment Account with the specified CPF Approved Bank, for the credit of the Company, for the full amount of the Exercise Price payable in respect of the Warrants exercised,

for the full amount of the Exercise Price payable in respect of the Warrants exercised.

For the avoidance of doubt, in the event that RHCL exercises any of the Warrants that are issued to RHCL arising from the Rights cum Warrants Issue, it is the understanding between the Company and RHCL that RHCL may set-off the Exercise Price of the Warrants against the RHCL Advances as settlement of the RHCL Advances, instead of payment in cash in accordance with the terms set out above. The election of the above set-off is subject to the mutual consent of the Company and RHCL and valid to the extent of any RHCL Advances subsisting as at the time of the exercise of the Warrants by RHCL and shall be carried out in accordance with the RHCL SOSA in Section 5.1.2 to this Circular.

For the avoidance of doubt, in the event that SHL exercises any of the Warrants that are issued to SHL arising from the Rights cum Warrants Issue, such exercise shall be in accordance with the SHL SOSA in Section 4.1.2 and Section 4.1.4 of this Circular.

**Adjustments** : The Exercise Price and/or the number of Warrants to be held by each Warranholder will, after their issue, be subject to adjustments under certain circumstances provided for in the

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terms and conditions of the Warrants as set out in the Deed Poll. Such circumstances include, without limitation, consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues and certain capital distributions.

Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants issued under the Rights cum Warrants Issue and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on the SGXNET.

The terms and conditions of the Warrants (which shall include the provisions in connection with the adjustments to the Exercise Price and number of Warrants) will be set out as an appendix to the Offer Information Statement.

**Status of New Shares** : The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of exercise of the Warrants.

**Modifications** : The Company may, without the consent of the Warrantheolders but in accordance with the terms and conditions of the Deed Poll, effect modifications to the terms and conditions of the Deed Poll including, without limitation, the terms and conditions of the Warrants, which, in the opinion of the Company is:

- (a) is not materially prejudicial to the interests of the Warrantheolders;
- (b) of a formal, technical or minor nature or to correct a manifest error or to comply with mandatory provisions of Singapore law or the rules and regulations of the SGX-ST; or
- (c) to vary or replace provisions relating to the transfer or exercise of the Warrants, including the issue of New Shares arising from the exercise thereof or meetings of Warrantheolders in order to facilitate trading in or the exercise of the Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on Catalist.

Any such modification shall be binding on all Warrantheolders and all persons having an interest in the Warrants and shall be notified to them in accordance with the terms and conditions of the Warrants as set out in the Deed Poll, as soon as practicable thereafter.

Without prejudice to any provision of the Deed Poll, any material alteration in the terms and conditions of the Warrants to the advantage of the Warrantheolders is subject to the approval of Shareholders except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

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For the avoidance of doubt, the Company may not extend the Exercise Period of an existing Warrant or issue a new Warrant to replace an existing Warrant.

**Transfer and Transmission :** The Warrants shall be transferable in lots entitling Warranholders to subscribe for whole numbers of New Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants set out in the Deed Poll including, amongst others, the following:

- (a) Warrants not registered in the name of CDP – a Warranholder whose Warrants are registered otherwise than in the name of CDP (the “**Transferor**”) shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor’s warrant certificate(s) together with an instrument of transfer (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll, provided that the Company and the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to it;
- (b) Deceased Warranholder – the executors and administrators of a deceased Warranholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders whose Warrants are registered otherwise than in the name of CDP) or, if the Warranholder is CDP, of a deceased Depositor, and, in the case of the death of one or more of several such joint Warranholders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company and the Warrant Agent as having title to the Warrants registered in the name of a deceased Warranholder. Such persons shall, on producing to the Company and the Warrant Agent such evidence as may be reasonably required by the Warrant Agent to prove their title, and on the completion of a Transfer Form and the payment of the fees and expenses set out in the Deed Poll, be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warranholder could have made;
- (c) Warrants registered in the name of CDP – where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book-entry; and
- (d) Effective date of transfer – a Transferor or Depositor, as the case may be, shall be deemed to remain a Warranholder until the name of the transferee is entered in the Register of Warranholders by the Warrant Agent or the Depository Register by CDP, as the case may be.

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**Winding-up** : Where there is a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement approved by the Warranholders by way of a special resolution), the Warranholders may elect to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the Shares to which they would have been entitled pursuant to such exercise, and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warranholders in accordance with the terms and conditions of the Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof. Where a Warranholder has elected to be treated as if it had exercised its Warrants as aforesaid, it shall be liable to pay the Exercise Price in relation to such exercise.

Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and cease to be valid for any purpose.

**Further Issues** : Subject to the terms and conditions of the Warrants as set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and to issue further subscription rights, upon such terms and conditions as the Company sees fit but the Warranholders shall not have any participating rights in such further issues of Shares or subscription rights unless otherwise resolved by the Company in general meeting.

**Warrant Agent** : Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.).

**Governing Law** : Laws of the Republic of Singapore.

The above terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be set out in the Offer Information Statement to be lodged with the SGX-ST acting as agent on behalf of the Authority, and to be despatched to Entitled Shareholders in due course, subject to, amongst others, the approval of the Shareholders for the Rights cum Warrants Issue at the EGM.

### 2.5 Eligibility of Shareholders to Participate in the Rights cum Warrants Issue

#### Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the ARE or PAL, as the case may be, and other accompanying documents, at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the ARE may obtain them from CDP or the Share Registrar from the date the Rights cum Warrants Issue commences up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PAL may obtain them from the Share Registrar during the period from the date the Rights cum Warrants Issue commences up to the Closing Date.

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Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at a liberty to accept (in full or in part), decline, renounce or in the case of Entitled Depositors, trade their provisional allotments of Rights Shares with Warrants on Catalist during the provisional allotment trading period prescribed by the SGX-ST and will be eligible to apply for Excess Rights Shares with Warrants.

**All dealings in and transactions of the provisional allotments of Rights Shares with Warrants through Catalist will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on Catalist.**

**Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP.** Entitled Depositors are reminded that they must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore, they must provide CDP, at 9 North Buona Vista Drive, #01-19/20 The Metropolis Tower 2, Singapore 138588, with addresses in Singapore no later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares with Warrants.

**Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses with the Company.** Entitled Scripholders are reminded that any request to the Company to update their records or effect any change in address must reach the Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00, Singapore 068898, not later than 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares with Warrants.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP at least 12 Market Days before the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of Rights Shares with Warrants. Entitled Shareholders should note that their Securities Accounts will only be credited with the Shares on the 12<sup>th</sup> Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

### Foreign Shareholders

The Offer Information Statement and its accompanying documents have not been and will not be lodged, registered or filed in any jurisdiction other than in Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

**Accordingly, Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue, and no provisional allotment of Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application despatched by Foreign Shareholders will be valid.**

The Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing the provisional allotments of Rights Shares with Warrants through the bookentry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore. Further, any

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renouncee of an Entitled Scripholder, whose address as stated in the PAL is outside Singapore, will not be entitled to accept the provisional allotment of the Rights Shares with Warrants renounced to him.

The Company reserves the right to reject any acceptances of the Rights Shares with Warrants and/or applications for Excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction.

The Company further reserves the right to treat as invalid any ARE, ARS or PAL or decline to register such application or purported application which (a) appears to the Company or its agent to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore, or (c) purports to exclude any deemed representation or warranty.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue must by 5.00 p.m. on the date being three (3) Market Days prior to the Books Closure Date, provide to the Company, CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold "nil-paid" on Catalist as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its sole absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their **OWN RISK BY ORDINARY POST**, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on Catalist, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares with Warrants or the Rights Shares with Warrants represented by such provisional allotments.

If such provisional allotments of Rights Shares with Warrants cannot be or are not sold on Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

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Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without violating any regulatory or legal requirements in those territories.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation and/or sale of the provisional allotments of Rights Shares with Warrants and the application for Excess Rights Shares with Warrants pursuant to the Rights cum Warrants Issue, including the different modes of acceptance or excess application and payment, will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

### 3. RATIONALE FOR THE RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

#### 3.1 Rationale for the Rights cum Warrants Issue

The Company is undertaking the Rights cum Warrants Issue to strengthen the financial position of the Group. The Rights cum Warrants Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company and provide for financial flexibility for future expansion both in and outside Singapore.

In view of RHCL's agreement to undertake the RHCL Subscription (subject to the terms of the RHCL SOSA (including the fulfillment or waiver of the RHCL SSA Conditions Precedent)), and after taking into consideration the cost of engaging an underwriter and having to pay commission in relation to such underwriting, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

#### 3.2 Use of proceeds from the Rights cum Warrants Issue

The following tables illustrate (a) the gross proceeds arising from the Rights Shares and exercise of all the Warrants; (b) the gross proceeds arising from the Rights Shares, and (c) the gross proceeds arising from the exercise of the Warrants during the exercise period of two (2) years, in relation to the Minimum Subscription Scenario and the Maximum Subscription Scenarios, in each case inclusive of the proceeds which will be used to set-off against the RHCL Advances and VHL Group Owings in accordance with the RHCL SOSA and SHL SOSA.

**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 Subscription Scenario	71.7 <sup>(1)</sup>	143.3 <sup>(2)</sup>
Maximum Subscription Scenarios	71.7 <sup>(1)</sup>	143.5 <sup>(2)</sup>

Notes:

- (1) The gross proceeds from the Rights Shares (before the exercise of the Warrants) pursuant to the Minimum Subscription Scenario and the Maximum Subscription Scenario is S\$71,664,982 and S\$71,728,982 respectively; and
- (2) The gross proceeds from the exercise of all warrants under the Minimum Subscription Scenario and Maximum Subscription Scenario is S\$143,329,964 and S\$143,457,964 respectively.



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For the avoidance of doubt, the subscription by each of RHCL and SHL of Rights Shares with Warrants, and each of its respective exercise of the Warrants (where permissible, and to the extent of the RHCL Advances or VHL Group Owings), would be through a set-off and settlement mechanism in accordance with the RHCL SOSA and SHL SOSA respectively. Under such a mechanism, there would be no cash subscription by RHCL and SHL as the proceeds from their respective subscriptions of Rights Shares with Warrants and the exercise of Warrants (where permissible, and to the extent of the RHCL Advances or the VHL Group Owings) would be used purely to set-off against the RHCL Advances and the VHL Group Owings in accordance with the RHCL SOSA and SHL SOSA respectively as illustrated in Table 2 and Table 3 below.

The Company intends to utilise the proceeds from the Rights cum Warrants Issue, including the proceeds from the exercise of the Warrants during the exercise period of two (2) years (to the extent permissible pursuant to the SHL SOSA and the RHCL SOSA), as follows:

- (a) to fully or partially repay the RHCL Advances by way of a set-off in accordance with the RHCL SOSA;
- (b) to partially repay the VHL Group Owings by way of a set-off in accordance with the SHL SOSA;
- (c) for partial repayment of bank loans and for working capital purposes; and
- (d) for professional fees and expenses relating to the Rights cum Warrants Issue.

The amount and percentage allocation of the use of proceeds for these purposes will depend on the amount of Rights Shares with Warrants allocated to RHCL and subscription of the Rights Shares with Warrants by other Entitled Shareholders (including SHL). Please refer to the tables below for further information on the amount and percentage allocation of the use of proceeds from the Rights Shares and from the exercise of Warrants. Please also refer to the 24 May Announcement for further information on the RHCL Advances and VHL Group Owings.

### **For illustrative purposes only,**

Assuming that:

- (a) based on the Minimum Scenario; and
- (b) only RHCL subscribes for its *pro rata* entitlement of Rights Shares with Warrants and all Excess Rights Shares with Warrants under the Rights cum Warrants Issue in accordance with the RHCL SOSA (the “**Minimum Subscription Scenario**”),

up to 4,479,061,385 Rights Shares with 8,958,122,770 Warrants will be issued under the Rights cum Warrants issue.

Assuming that:

- (a) based on the Maximum Scenario; and
- (b) either (i) only RHCL subscribes for its *pro rata* entitlement of Rights Shares with Warrants and all Excess Rights Shares with Warrants under the Rights cum Warrants Issue in accordance with the RHCL SOSA (the “**Maximum Subscription Scenario 1**”); or (ii) all the Entitled Shareholders (including RHCL and SHL) subscribe in full for their *pro rata* entitlements of Rights Shares with Warrants under the Rights cum Warrants Issue (the “**Maximum Subscription Scenario 2**”),

up to 4,483,061,385 Rights Shares with 8,966,122,770 Warrants will be issued under the Rights cum Warrants issue.

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For the avoidance of doubt, in the Maximum Subscription Scenario 2, which assumes a full subscription by all Entitled Shareholders (including RHCL and SHL), each of RHCL and SHL will only be allocated its *pro rata* entitlement of Rights Shares with Warrants. Based on RHCL's shareholding of approximately 15.0% of the Existing Share Capital and SHL's shareholding of approximately 20.2% of the Existing Share Capital, the actual aggregate issue price payable by RHCL and SHL to the Company for each of its subscription of its *pro rata* entitlement of Rights Shares with Warrants in the Maximum Subscription Scenario 2 will be approximately S\$10.8 million (the "**RHCL Actual Subscription Amount**") and S\$14.5 million (the "**SHL Actual Subscription Amount**") respectively. Accordingly, in the Maximum Subscription Scenario 2, only the RHCL Actual Subscription Amount of S\$10.8 million will be set-off and settled against the RHCL Advances to the extent of the RHCL Actual Subscription Amount and the SHL Actual Subscription Amount of S\$14.5 million will be set-off and settled against the VHL Owing to the extent of the SHL Actual Subscription Amount, and the remaining net cash proceeds arising out of the subscription by entitled Shareholders other than RHCL and SHL will be utilised as set out in the table below.

**Table 2: Use of proceeds from the Rights Shares**

Use of proceeds	Minimum Subscription Scenario <sup>(1)</sup>		← Maximum Subscription →			
	In S\$ million	%	Scenario 1 <sup>(2)</sup>		Scenario 2 <sup>(3)</sup>	
			In S\$ million	%	In S\$ million	%
1. Partial repayment of RHCL Advances by way of set-off	71.7 <sup>(1)</sup>	100.0	71.7 <sup>(2)</sup>	100.0	10.8 <sup>(3)</sup>	15.1
2. Partial repayment of VHL Owing by way of set-off	–	–	–	–	14.5 <sup>(4)</sup>	20.2
3. Working capital and repayment of bank loans	–	–	–	–	45.9 <sup>(1)</sup>	64.0
4. Estimated expenses	–	–	–	–	0.5 <sup>(5)</sup>	0.7
<b>Gross proceeds</b>	<b>71.7</b>	<b>100.0</b>	<b>71.7</b>	<b>100.0</b>	<b>71.7</b>	<b>100.0</b>

**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 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 based on the Exchange Rate). 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 based on the Exchange Rate). The Balance Advances pursuant to such set-off under the Maximum Subscription Scenario 2 of approximately S\$130.9 million will be available for further set-off against the exercise of the Warrants held by RHCL as set out in Table 3 below;

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- (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) of the Rights Shares with Warrants, the SHL Actual Subscription Amount of approximately S\$14.5 million shall be 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 SHL Actual Exercise Amount arising from SHL's 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**

Use of proceeds	Minimum Subscription Scenario		Maximum Subscription			
	In S\$ million	% allocation	Scenario 1		Scenario 2	
	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 <sup>(1)</sup>	100.0	69.9 <sup>(2)</sup>	100.0	21.5 <sup>(3)</sup>	15.0
2. Partial repayment of VHL Owing by way of set-off	–	–	–	–	28.9 <sup>(4)</sup>	20.1
3. Working capital and repayment of bank loans	–	–	–	–	93.0 <sup>(1)</sup>	64.8
<b>Gross proceeds</b>	<b>70.0</b>	<b>100.0</b>	<b>69.9</b>	<b>100.0</b>	<b>143.5<sup>(1)</sup></b>	<b>100.0</b>

**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 settled 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 settled against the Balance Advances of approximately S\$69.9 million (does not add up due to rounding). 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;
- (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 settled 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 a separate 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 settled 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 a separate EGM at a later date after the completion of the Rights cum Warrants Issue.

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Subject to the SHL Warrants Exercise Set-Off and Settlement Arrangement and RHCL Warrants Exercise Set-Off and Settlement Arrangement, as detailed in Sections 4.1.2 and 4.1.4 and 5.1.2 of this Circular respectively, which are subject to the SHL WSA Conditions Precedent and the GSO Conditions Precedent and the RHCL WSA Conditions Precedent respectively, as and when the Warrants are exercised, any additional cash proceeds arising therefrom may, at the discretion of the Directors, be applied towards expanding the business of the Group, financing new business ventures through acquisitions and/or strategic investments, working capital (including repayment of bank loans) and/or such other purposes as the Directors may deem fit.

Pending deployment, the gross/net proceeds (as the case may be) of the Rights cum Warrants Issue (if any) may be placed in deposits with financial institutions or invested in short-term money market instruments or used for any other purposes on a short-term basis as the Directors may in their absolute discretion deem fit in the interests of the Company.

As at the Latest Practicable Date, the Directors are of the opinion that, after taking into consideration (i) the Group's present bank facilities, (ii) the SHL Set-Off and Settlement Arrangements in relation to the Rights cum Warrants Issue, (iii) the issue of the Additional SHL Shares and the set-off and settlement arrangement in relation thereto, (iv) the RHCL Set-Off and Settlement Arrangements in relation to the Rights cum Warrants Issue, (v) the issue of the Additional RHCL Shares and the set-off and settlement arrangement in relation thereto, (vi) any net cash proceeds arising from the subscription of the Rights cum Warrants Issue, and (vii) the continuous support from the Company's controlling Shareholder, RHCL, the working capital available to the Group is sufficient to meet its present requirements.

For the avoidance of doubt, the issue of Additional SHL Shares and Additional RHCL Shares, if any, are subject to certain conditions and approvals to be obtained at a later date after the completion of the Rights cum Warrants Issue.

The Company will make periodic announcements on the use of proceeds from the Rights cum Warrants Issue as and when the funds are materially disbursed, as well as provide status reports on the use of proceeds from the Rights cum Warrants Issue in the Company's annual reports until such time the proceeds have been fully utilised.

#### 4. SHL SET-OFF AND SETTLEMENT ARRANGEMENTS

##### 4.1 Principal terms of the SHL Set-Off and Settlement Arrangements

SHL is a controlling shareholder of the Company holding 903,534,986 Shares representing approximately 20.2% of the Existing Share Capital. SHL is a company incorporated in Singapore and is listed on the Mainboard of the SGX-ST.

During the course of business, the Group has created trade and other payables owing to the SHL Group. As at 31 December 2016, approximately US\$36.6 million (equivalent to approximately S\$50.7 million based on the Exchange Rate) (the "**VHL Group Owings**") was the net amount owing by the Group to the SHL Group. As at 31 December 2016 and the Latest Practicable Date, approximately US\$29.4 million (equivalent to approximately S\$40.8 million based on the Exchange Rate) (the "**VHL Owing**") was the net amount owing by the Company to SHL. Shareholders should note that 31 December 2016 has been taken as the reference date for the calculation of the VHL Group Owings and the VHL Owing in accordance with the SHL SOSA. Please refer to the Company's announcement dated 13 October 2016 and the 24 May Announcement for further information on the VHL Group Owings and VHL Owing.

On 24 May 2017, the Company, SHL and SOC entered into a set-off and settlement agreement (the "**SHL SOSA**") to, amongst others, govern the participation of SHL in the Rights cum Warrants Issue and the set-off and settlement of amounts owing as between the SHL Group and the Group.

On 6 November 2017, the Company, SHL and SOC entered into a supplementary agreement to amend and supplement the terms of the SHL SOSA to take into account the changes to the terms of the Rights cum Warrants Issue as stated in the 6 November Announcement.

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The principal terms of the SHL SOSA are as follows:

### 4.1.1 Subscription for Rights Shares with Warrants

Subject to the fulfillment or waiver of the SHL SSA Conditions Precedent and GSO Conditions Precedent, SHL shall subscribe (the “**SHL Subscription**”) in full for its *pro rata* entitlement (to the extent not subject of Renunciation) of the Rights Shares with Warrants in accordance with the terms and conditions of the Rights cum Warrants Issue, and upon such subscription, the actual aggregate issue price payable by SHL to the Company for the SHL Subscription (the “**SHL Actual Subscription Amount**”) shall be set-off and settled against the VHL Owing to the extent of the SHL Actual Subscription Amount (the “**SHL Subscription Set-Off and Settlement Arrangement**”).

For the avoidance of doubt, save for the SHL’s obligations pursuant to the SHL SOSA, SHL has not provided an irrevocable undertaking to the Company for the SHL Subscription.

### 4.1.2 Exercise of Warrants

Subject to the fulfillment or waiver of the SHL WSA Conditions Precedent and the GSO Conditions Precedent, SHL shall exercise the Warrants issued to SHL (the “**First SHL Warrants Exercise**”) insofar as:

- (a) the aggregate exercise price payable by SHL to the Company on such exercise is equivalent to or does not exceed the S\$ equivalent of the VHL Owing less the SHL Actual Subscription Amount (“**Balance VHL Owing**”); and
- (b) such exercise will not result in SHL and persons acting in concert with it holding Shares representing more than 29.9% of the voting rights of the Company immediately following such exercise,

and upon such exercise, the actual aggregate exercise price payable by SHL shall be set-off and settled against the Balance VHL Owing to the extent of such aggregate exercise price payable by SHL.

### 4.1.3 Novation and Assignment of Owings

Subject to the fulfillment or waiver of the applicable GSO Conditions Precedent and as soon as practicable after the First SHL Warrants Exercise (or such other date as may be agreed in writing between the Company, SHL and SOC):

- (a) SHL shall enter into, and shall use reasonable endeavours to procure the SHL Group entities to enter into novation and assignment arrangements in respect of the SHL Group Owings; and
- (b) the Company shall enter into, and shall use reasonable endeavours to procure the VHL Group entities to enter, novation and assignment arrangements in respect of the VHL Group Owings,

(each of such novation and assignment being referred to herein as a “**Novation and Assignment**” and collectively, the “**Novations and Assignments**”) such that the Company assumes the liability of such owings of the VHL Group entities (the “**Novated VHL Group Owings**”) as well as the benefit of such owings of the SHL Group entities (the “**Novated SHL Group Owings**”) whereas SHL assumes the liability of Novated SHL Group Owings as well as the benefit of Novated VHL Group Owings, and thereafter, the Novated SHL Group Owings are to be set-off and settled against Novated VHL Group Owings to the extent of Novated SHL Group Owings.

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### 4.1.4 Subsequent exercise of Warrants

Subject to the fulfillment or waiver of the SHL WSA Conditions Precedent and the GSO Conditions Precedent, SHL shall further exercise Warrants issued to SHL (the “**Subsequent SHL Warrants Exercise**”) insofar as:

- (a) the aggregate exercise price payable by SHL to the Company on such exercise is equivalent to or does not exceed the S\$ equivalent of the excess of Novated VHL Group Owings over Novated SHL Group Owings (such excess being “**Novated Net VHL Owing**”); and
- (b) such exercise will not result in SHL and persons acting in concert with it holding Shares representing more than 29.9% of the voting rights of the Company immediately following such exercise,

and upon such exercise, such aggregate exercise price payable by SHL shall be set-off and settled against the Novated Net VHL Owing to the extent of such aggregate exercise price payable by SHL.

For purposes of this Circular, the set-off and settlement arrangements in respect of the settlement of the exercise price payable by SHL to the Company on exercise of Warrants are collectively referred to as the “**SHL Warrants Exercise Set-Off and Settlement Arrangement**”, which together with SHL Subscription Set-Off and Settlement Arrangement are collectively referred to as the “**SHL Set-Off and Settlement Arrangements**.”

Please refer to Section 4.2 of this Circular for details of the other principal terms of the SHL SOSA.

### 4.2 **Other principal terms of the SHL SOSA**

Pursuant to and subject to the terms of the SHL SOSA, the Company, SHL and SOC have also agreed, amongst others, as follows:

#### 4.2.1 Renunciation of provisional allotment of Rights Shares with Warrants

SHL shall be entitled to renounce all or part of its provisional allotment(s) of Rights Shares with Warrants to third party(ies) (the “**Renunciation**”) (the “**Third Party Subscriber(s)**”), provided that:

- (a) SHL procures the undertaking by such Third Party Subscriber(s) to subscribe in full for the provisional allotment(s) of Rights Shares with Warrants so renounced by SHL to such Third Party Subscriber(s) and exercise the Warrants issued to such Third Party Subscriber(s), insofar as such exercise will not result in each of such Third Party Subscriber(s) and persons acting in concert with it holding Shares representing more than 29.9% of the voting rights of the Company immediately following such exercise;
- (b) SHL assigns to such Third Party Subscriber(s) the VHL Owing and/or (if any) Novated VHL Net Owings (or any part thereof) the S\$ equivalent of which does not exceed the aggregate of the issue price and exercise price (the “**Third Party Aggregate Issue and Exercise Amount**”) payable by such Third Party Subscriber(s) for subscribing for the renounced provisional allotment(s) of Rights Shares with Warrants and exercising such Warrants issued to such Third Party Subscriber(s) in full; and
- (c) SHL procures that the Third Party Subscriber(s) undertake to the Company that the Third Party Aggregate Issue and Exercise Amount will be fully set-off and settled against such part of the VHL Owing and/or (if any) Novated VHL Net Owings being assigned by SHL to the Third Party Subscriber(s).

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### 4.2.2 Issuance of Additional SHL Shares

Subject to the fulfillment or waiver of the Additional SHL Share Issuance Conditions Precedent, further new Shares (the “**Additional SHL Shares**”) may be issued by the Company to SHL in settlement of VHL Group Owings to the extent not settled pursuant to the SHL Set-Off and Settlement Arrangements and Group Set-Offs, in the circumstances and on terms set out in paragraph 3 of the 24 May Announcement (and as amended and supplemented by the Supplementary Agreement to the SHL SOSA dated 6 November 2017).

In the event that Additional SHL Shares are to be issued by the Company to SHL pursuant to the SHL SOSA, the Company will, after the completion of the Rights cum Warrants Issue:

- (a) seek specific approval from the Shareholders at a separate extraordinary general meeting to be convened by the Company for the issuance of the Additional SHL Shares to SHL pursuant to the subscription and such set-off and settlement arrangements set out in paragraph 3 of the 24 May Announcement; and
- (b) (in the event that such issuance results in SHL and persons acting in concert with it being obliged to make a mandatory general offer under Rule 14 of the Code for the Shares) seek approval from the independent Shareholders for the SHL Debts Settlement Whitewash Resolution.

### 4.2.3 Conditions Precedent

#### *SHL SSA Conditions Precedent*

The SHL Subscription and the SHL Subscription Set-Off and Settlement Arrangement are conditional upon the SHL SSA Conditions Precedent being satisfied, or waived in accordance with the SHL SOSA, on or before the SHL SSA Long Stop Date.

#### *SHL WSA Conditions Precedent*

Any SHL Warrants Exercise(s) and the SHL Warrants Exercise Set-Off and Settlement Arrangement are conditional upon the relevant SHL WSA Conditions Precedent being satisfied, or waived in accordance with the SHL SOSA, on or before such time that such SHL Warrants Exercise is undertaken by SHL pursuant to the SHL SOSA and the SHL Warrants Exercise Set-Off and Settlement Arrangement in relation thereto is effected in accordance with the SHL SOSA.

#### *GSO Conditions Precedent*

Each Novation and Assignment and each Group Set-Off are conditional upon the GSO Conditions Precedent being satisfied, or waived in accordance with the SHL SOSA on or before such Novation and Assignment and Group Set-Off are effected in accordance with the SHL SOSA.

### 4.2.4 Long Stop Dates

In the event that any of the SHL SSA Conditions Precedent is not fulfilled or waived in accordance with the SHL SOSA (as the case may be) on or before the SHL SSA Long Stop Date, the SHL SOSA (other than the agreed surviving provisions) shall lapse and terminate.

In the event that:

- (a) any of the SHL WSA Conditions Precedent, with respect to the First SHL Warrants Exercise, is not fulfilled or waived in accordance with the SHL SOSA (as the case may be) on or before the SHL WSA Long Stop Date, the provisions of the SHL SOSA that are applicable to any SHL Warrants Exercise and the SHL Warrants Exercise Set-Off and Settlement Arrangement shall cease to have further effect; and
- (b) any of the SHL WSA Conditions Precedent, with respect to each subsequent SHL Warrants Exercise, is not fulfilled or waived in accordance with the SHL SOSA (as the case may be) on or before the SHL WSA Long Stop Date, the provisions of the SHL SOSA that are applicable to any SHL Warrants Exercise and the SHL Warrants Exercise Set-Off and Settlement Arrangement insofar as they relate to such Subsequent SHL Warrants Exercise, shall cease to have further effect.

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In the event that any of the GSO Conditions Precedent (as applicable in respect of any Novation and Assignment or Group Set-Off (as the case may be)) is not fulfilled or waived in accordance with the SHL SOSA (as the case may be) on or before the GSO Long Stop Date, the provisions of the SHL SOSA that are applicable to such Novation and Assignment or Group Set-Off (as the case may be) shall cease to have further effect.

### 4.2.5 Reservation of and no prejudice to rights of the Company and SHL

Nothing in the SHL SOSA nor its termination shall prejudice, affect or vary (a) the parties' respective legal positions regarding the Netting Off Practice (if any); or (b) the rights of the VHL Group entities and the SHL Group entities in respect of or arising under the Netting Off Practice (if any), which are expressly reserved by the VHL Group entities and the SHL Group entities, unless the settlement of all owings between the SHL Group and the VHL Group is fully effected by the SHL SOSA.

### 4.2.6 Undertaking to vote at extraordinary general meeting of the Company

SHL shall, for so long as it holds Shares, vote, at the extraordinary general meeting of the Company to be convened ("**Subsequent VHL EGM**"), in favour of the resolutions to approve the RHCL Debts Settlement Whitewash Resolution ("**SHL Voting Undertaking**").

The SHL Voting Undertaking is subject to and conditional upon the following conditions being satisfied, or waived in accordance with the provision of the SHL SOSA, before the Subsequent VHL EGM:

- (a) the receipt by SHL of a written confirmation by DBS Bank Ltd. that it has no objections to SHL voting, at the Subsequent VHL EGM, in favour of the resolutions to approve (a) the RHCL SOSA and the issuance of the Additional RHCL Shares to RHCL and (b) the RHCL Debts Settlement Whitewash Resolution ("**DBS Voting Confirmation**"), and where such DBS Voting Confirmation is subject to conditions, such conditions being acceptable to SHL, and if such conditions are required to be fulfilled, such conditions being fulfilled, and such DBS Voting Confirmation remaining valid and in full force and effect and not being withdrawn or amended; and
- (b) the SHL Voting Undertaking (in whole or in part) not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any statute, law, order, rule, regulation, ruling, directive, decision, requirement or request promulgated or made, whether or not having the force of law, by any court or legislative, executive or regulatory body or authority (including without limitation the SGX-ST and the Council), including without limitation any objections to such voting by the SGX-ST and/or the Council and any requests by the SGX-ST and/or the Council to abstain from voting).

## 4.3 **Rationale for the SHL Set-Off and Settlement Arrangements**

The rationale of the SHL Set-Off and Settlement Arrangements is to set-off and settle the VHL Group Owings to the extent of the SHL Actual Subscription Amount and the actual aggregate exercise price payable by SHL to the Company in respect of the SHL Warrants Exercises (the "**SHL Actual Exercise Amount**") whilst conserving cash reserves of the VHL Group.

## 5. **RHCL SET-OFF AND SETTLEMENT ARRANGEMENTS**

### 5.1 **Principal terms of the RHCL Set-Off and Settlement Arrangements**

RHCL is a controlling shareholder of the Company holding 672,000,000 Shares (the "**Existing RHCL Shares**") representing approximately 15.0% of the Existing Share Capital. RHCL is a company incorporated in the Kingdom of Saudi Arabia.

RHCL has made certain advances to the Company, under which approximately US\$102.1 million (equivalent to approximately S\$141.7 million based on the Exchange Rate) (the "**RHCL Advances**") was owing by the Company to RHCL as at the Latest Practicable Date.



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On 5 September 2016, RHCL executed an irrevocable undertaking (the “**Irrevocable Undertaking**”) in favour of the Company that it will subscribe and pay in full (subject to the terms of the 2016 Set-Off and Settlement Agreement) for its *pro rata* entitlement of rights shares with warrants and any excess rights shares with warrants (subject to availability) under the proposed renounceable nonunderwritten rights cum warrants issue, subject to a maximum aggregate subscription amount of S\$72.0 million. On 24 January 2017, the Company announced that it had entered into a supplemental agreement dated 23 January 2017 with RHCL to extend the long stop date of the Irrevocable Undertaking from 31 January 2017 to 30 June 2017.

On 5 September 2016, the Company also entered into the 2016 Set-Off and Settlement Agreement with RHCL, to setoff and settle the subscription amount payable by RHCL to the Company for subscribing for its *pro rata* entitlement of rights shares with warrants and any excess rights shares with warrants (subject to availability) under the proposed renounceable non-underwritten rights cum warrants issue against advances made by RHCL to the Company.

On 24 May 2017, the Company and RHCL entered into a set-off and settlement agreement (the “**RHCL SOSA**”) to govern the participation of RHCL in the Rights cum Warrants Issue and the setoff and settlement of owing by the Company to RHCL. On 6 November 2017, the Company and RHCL entered into a Supplementary Agreement to amend and supplement the terms of the RHCL SOSA to take into account the changes to the terms of the Rights cum Warrants Issue as stated in the 6 November Announcement. The principal terms of the RHCL SOSA, which superseded the Irrevocable Undertaking, the supplemental agreement thereto dated 23 January 2017 and the 2016 Set-Off and Settlement Agreement, are as follows:

### 5.1.1 Subscription for Rights Shares with Warrants

Subject to the fulfillment or waiver of the RHCL SSA Conditions Precedent, the Company and RHCL have agreed that RHCL shall subscribe (the “**RHCL Subscription**”) in full for:

- (a) its *pro rata* entitlement of the Rights Shares with Warrants; and
- (b) subject to availability, Excess Rights Shares with Warrants, being in excess of RHCL’s provisional allotment under the Rights cum Warrants Issue,

in accordance with the terms and conditions of the Rights cum Warrants Issue, and subject to such subscription, the actual aggregate issue price payable by RHCL to the Company for the RHCL Subscription (the “**RHCL Actual Subscription Amount**”) shall be set-off and settled against the RHCL Advances to the extent of the RHCL Actual Subscription Amount (the “**RHCL Subscription Set-Off and Settlement Arrangement**”).

### 5.1.2 Exercise of Warrants

Subject to the fulfillment or waiver of the RHCL WSA Conditions Precedent, the Company and RHCL have agreed that RHCL shall exercise the Warrants issued to RHCL (the “**RHCL Warrants Exercise**”) insofar as the aggregate exercise price payable by RHCL to the Company on such exercise is equivalent to or does not exceed the S\$ equivalent of the RHCL Advances less the RHCL Actual Subscription Amount (“**Balance Advances**”), and subject to such exercise, such actual aggregate exercise price payable by RHCL to the Company in respect of the RHCL Warrants Exercise (the “**RHCL Actual Exercise Amount**”) shall be set-off and settled against the Balance Advances to the extent of such aggregate exercise price payable by RHCL (the “**RHCL Warrants Exercise Set-Off and Settlement Arrangement**”).

For the purposes of this Circular, the RHCL Subscription Set-Off and Settlement Arrangement and RHCL Warrants Exercise Set-Off and Settlement Arrangement are collectively referred to as “**RHCL Set-Off and Settlement Arrangements**”.

Please refer to Section 5.2 of this Circular for details of the other principal terms of the RHCL SOSA.

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### 5.2 Other principal terms of the RHCL SOSA

Pursuant to and subject to the terms of the RHCL SOSA, the Company and RHCL have also agreed, amongst others, as follows:

#### 5.2.1 Issuance of Additional RHCL Shares

Subject to the fulfillment or waiver of the Additional RHCL Share Issuance Conditions Precedent, further new Shares (the “**Additional RHCL Shares**”) may be issued by the Company in settlement of RHCL Advances owing by the Company to RHCL to the extent not settled by RHCL Set-Off and Settlement Arrangements, in the circumstances and on terms set out in paragraph 5 of the 24 May Announcement (and as amended and supplemented by the Supplementary Agreement to the RHCL SOSA dated 6 November 2017).

The Company will seek approval from the Sponsor, the SGX-ST, other relevant authorities, and, where necessary, the Shareholders, for the issue of the Additional RHCL Shares in accordance with the requirements of the Catalyst Rules in due course.

#### 5.2.2 Conditions Precedent

##### *RHCL SSA Conditions Precedent*

The RHCL Subscription and the RHCL Subscription Set-Off and Settlement Arrangement are conditional upon the RHCL SSA Conditions Precedent being satisfied, or waived in accordance with the RHCL SOSA, on or before the RHCL SSA Long Stop Date.

##### *RHCL WSA Conditions Precedent*

Any RHCL Warrants Exercise(s) and the RHCL Warrants Exercise Set-Off and Settlement Arrangement are conditional upon the RHCL WSA Conditions Precedent being satisfied, or waived in accordance with the RHCL SOSA, on or before such time that such RHCL Warrants Exercise is undertaken by RHCL pursuant to the RHCL SOSA and the RHCL Warrants Exercise Set-Off and Settlement Arrangement in relation thereto is effected in accordance with the RHCL SOSA.

#### 5.2.3 Long Stop Dates

In the event that any of the RHCL SSA Conditions Precedent is not fulfilled or waived in accordance with the RHCL SOSA (as the case may be) on or before the RHCL SSA Long Stop Date, the RHCL SOSA (other than the agreed surviving provisions and the provisions of the RHCL SOSA in relation to paragraph 5 of the 24 May Announcement) shall lapse and terminate.

In the event that any of the RHCL WSA Conditions Precedent is not fulfilled or waived in accordance with the RHCL SOSA (as the case may be) on or before the RHCL WSA Long Stop Date, the provisions of this RHCL SOSA that are applicable to the RHCL Warrants Exercise and the RHCL Warrants Set-Off and Settlement Arrangement shall cease to have further effect and all obligations and liabilities of the parties under such provisions (to the extent applicable to the RHCL Warrants Exercise and the RHCL Warrants Set-Off and Settlement Arrangement) shall cease and determine.

#### 5.2.4 Undertaking to vote at the extraordinary general meeting of the Company

RHCL shall vote, at the extraordinary general meeting of the Company to be convened, in favour of all acts, deeds, things and documents as may be necessary to implement, give effect to, consummate, complete or procure the performance and completion of any transactions or matters contemplated in the SHL SOSA, unless RHCL is required by the SGX-ST or the Council to abstain from voting on the same.

#### 5.2.5 Undertakings by RHCL

- (a) Subject to the terms of the RHCL SOSA (including the fulfillment or waiver of the RHCL SSA Conditions Precedent), RHCL shall undertake the RHCL Subscription.

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- (b) Subject to the terms of the RHCL SOSA (including the fulfillment or waiver of the RHCL WSA Conditions Precedent), RHCL shall undertake the RHCL Warrants Exercise within 10 business days after the commencement of the Exercise Period, insofar as the RHCL Actual Exercise Amount payable on such exercise is equivalent to or does not exceed the S\$ equivalent of the RHCL Balance Advances.
- (c) RHCL shall not, commencing from the date hereof, sell, transfer or otherwise dispose of, any interest in the Existing RHCL Shares, such that RHCL's direct and/or indirect interest in the Company as at the Books Closure Date shall not be less than the Existing RHCL Shares. The undertaking in this Section 5.2.5(c) of this Circular shall automatically terminate upon the earlier of:
  - (i) the Company not having announced the Rights cum Warrants Issue by 31 December 2017 (or such other dates as may be agreed between the Company and RHCL in writing);
  - (ii) the Rights cum Warrants Issue (if any) as announced by the Company not being completed by 31 January 2018 (or such other dates as may be agreed between the Company and RHCL in writing);
  - (iii) the Company having announced the Rights cum Warrants Issue and thereafter releasing an announcement of the Company's decision not to proceed therewith, subject to the Company's compliance with the requirement of the listing rules of the SGX-ST that the Rights cum Warrants Issue will not be withdrawn after the commencement of ex-rights trading; or
  - (iv) the day immediately following the Books Closure Date.

### 5.3 Rationale for the RHCL Set-Off and Settlement Arrangements

The rationale of the RHCL Set-Off and Settlement Arrangements is to set-off and settle the RHCL Advances to the extent of the RHCL Actual Subscription Amount and the RHCL Actual Exercise Amount whilst conserving cash reserves of the Group.

## 6. FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

The financial statements of the Group (the consolidated income, balance sheet and cash flow statements) and the working capital positions for FY2014, FY2015 and FY2017 as well as the reviews thereof, are set out in Appendix III to this Circular.

Shareholders should note that on 6 September 2016, the Company announced the change of the Company's financial year end from 31 December to 31 March. Following the above change, each financial year of the Company following the financial year ended 31 December 2015 will end on 31 March of each year. The latest financial statements of the Company cover a period of 15 months from 1 January 2016 to 31 March 2017.

The Board's decision to change the financial year end was arrived at after taking into consideration the reporting requirements and the Board's view that the change is to improve the management of the Company's internal processes and smoother flow of its operations which will result in better administrative and operational efficiencies.

## 7. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

For illustrative purposes only and based on the latest unaudited consolidated financial statements of the Group the period ended 30 September 2017, the consolidated financial effects of the Rights cum Warrants Issue on the Group are set out below, assuming three (3) scenarios:

- (a) the Minimum Subscription Scenario;

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- (b) the Maximum Subscription Scenario 1; and
- (c) the Maximum Subscription Scenario 2.

The analysis below further assumes:

- (i) that in respect of the profit and loss statement, the Rights cum Warrants Issue was effected on 1 April 2017, as the case may be;
- (ii) that in respect of the balance sheet, the Rights cum Warrants Issue was effected on 30 September 2017, as the case may be
- (iii) that there is no return earned from the net proceeds raised from the Rights cum Warrants Issue; and
- (iv) the maximum subscription of Rights Shares with Warrants and/or subscription of the Excess Rights Shares with warrants and exercise of warrants by RHCL is capped at US\$102,087,467. There would be no cash subscription by RHCL.

**The *pro forma* financial effects below have been prepared solely for illustrative purposes only and do not purport to be an indication or a projection or an estimate of the financial results and financial positions of the Company and the Group immediately after the completion of the Rights cum Warrants Issue.**

### 7.1 Share Capital

For illustrative purposes only, the effects of the Rights cum Warrants Issue on the Existing Share Capital are as follows:

	Minimum Subscription Scenario		Maximum Subscription Scenario 1		Maximum Subscription Scenario 2	
	No. of Shares	US\$'000 <sup>(1)</sup>	No. of Shares	US\$'000 <sup>(1)</sup>	No. of Shares	US\$'000 <sup>(1)</sup>
Existing Share Capital	4,479,061,385	206,176	4,479,061,385	206,176	4,479,061,385	206,176
Add: Shares issued pursuant to the assumed exercise of the ESOS Options	–	–	4,000,000	153	4,000,000	153
Add: Rights Shares to be issued	4,479,061,385	51,639	4,483,061,385	51,685	4,483,061,385	51,685
Issued share capital after the issuance of the Rights Shares	<b>8,958,122,770</b>	<b>257,815</b>	<b>8,966,122,770</b>	<b>258,014</b>	<b>8,966,122,770</b>	<b>258,014</b>
Add: New Shares arising from the exercise of the Warrants (where permissible)	4,375,750,283	50,448	4,371,750,283	50,402	8,966,122,770	103,371
Enlarged issued share capital after the Rights cum Warrants Issue and upon exercise of the Warrants (where permissible)	<b>13,333,873,053</b>	<b>308,263</b>	<b>13,337,873,053</b>	<b>308,416</b>	<b>17,932,245,540</b>	<b>361,385</b>

**Note:**

- (1) All S\$ figures have been converted from S\$ to US\$ at the Exchange Rate.

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### 7.2 NAV

For illustrative purposes only, the effects of the Rights cum Warrants Issue on the NAV of the Group based on the unaudited consolidated balance sheet as at 30 September 2017 are as follows:

	Minimum Subscription Scenario <sup>(1)</sup>	Maximum Subscription Scenario 1 <sup>(1)</sup>	Maximum Subscription Scenario 2 <sup>(1)</sup>
<b>Before the Rights cum Warrants Issue</b>			
NAV as at 30 September 2017 (before the Rights cum Warrants Issue) (US\$'000)	190,598	190,598	190,598
Add: Proceeds from the exercise of all the ESOS Options (US\$'000)	–	153	153
NAV as at 30 September 2017 (before the Rights cum Warrants Issue) (US\$'000)	190,598	190,751	190,751
Number of Shares in issue as at 30 September 2017 (before the Rights cum Warrants Issue)	4,479,061,385	4,483,061,385	4,483,061,385
NAV per Share as at 30 September 2017 (before the Rights cum Warrants Issue) (US cents)	4.255	4.255	4.255
<b>After the issue of the Rights Shares with Warrants</b>			
Add: Proceeds from the issue of Rights Shares to Shareholders other than RHCL and SHL (US\$'000)	–	–	33,521
Add: Debt to equity settlement of VHL owing via subscription to pro-rata entitlement of Rights Shares by SHL	–	–	10,417
NAV after the issue of the Rights Shares (US\$'000)	190,598	190,751	234,689
Number of Shares after the issue of the Rights Shares	8,958,122,770	8,966,122,770	8,966,122,770
NAV per Share as at 30 September 2017 (after the issue of the Rights Shares) (US cents)	2.13	2.13	2.62
<b>After the issue of the Rights Shares with Warrants, and the exercise of all the Warrants</b>			
Add: Proceeds from the exercise of Warrants by Shareholders other than RHCL and SHL (US\$'000)	–	–	67,042
Add: Debt to equity settlement of VHL Group Owing via Warrants exercise by SHL	–	–	20,834

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	Minimum Subscription Scenario <sup>(1)</sup>	Maximum Subscription Scenario 1 <sup>(1)</sup>	Maximum Subscription Scenario 2 <sup>(1)</sup>
NAV after the issue of the Rights Shares with Warrants, and the exercise of all the Warrants (US\$'000)	190,598	190,751	322,564
Number of Shares after the issue of the Rights Shares with Warrants, and the exercise of all the Warrants	13,333,873,053	13,337,873,053	17,932,245,540
NAV per Share after the issue of the Rights Shares with Warrants, and the exercise of all the Warrants (US cents)	1.43	1.43	1.80

**Note:**

(1) All S\$ figures have been converted from S\$ to US\$ at the Exchange Rate.

### 7.3 Earnings per Share

For illustrative purposes only, the effect of the Rights cum Warrants Issue on the earnings per Share of the Group based on the unaudited consolidated profit and loss statement for the period ended 30 September 2017 is as follows:

	Minimum Subscription Scenario <sup>(1)</sup>	Maximum Subscription Scenario 1 <sup>(1)</sup>	Maximum Subscription Scenario 2 <sup>(1)</sup>
Annualised earnings attributable to Shareholders (US\$'000)	19,046	19,046	19,046
Number of Shares before the Rights cum Warrants Issue	4,479,061,385	4,483,061,385	4,483,061,385
Number of Shares after the issue of the Rights Shares with Warrants, and the exercise of the Warrants	13,333,873,053	13,337,873,053	17,932,245,540
Annualised EPS before the Rights cum Warrants Issue (US cents)	0.43	0.42	0.42
Annualised EPS after the issue of the Rights Shares with Warrants, and the exercise of all the Warrants (US cents)	0.14	0.14	0.11

**Note:**

(1) All S\$ figures have been converted from S\$ to US\$ at the Exchange Rate.

### 7.4 Gearing

For illustrative purposes only, the effects of the Rights cum Warrants Issue on the gearing of the Group for the period ended 30 September 2017, assuming that the Rights cum Warrants Issue had been effected on 30 September 2017, are as follows:

	Minimum Subscription Scenario <sup>(1)</sup>	Maximum Subscription Scenario 1 <sup>(1)</sup>	Maximum Subscription Scenario 2 <sup>(1)</sup>
Total borrowings <sup>(2)</sup> before the Rights cum Warrants Issue (US\$'000)	335,993	335,993	335,993

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	Minimum Subscription Scenario <sup>(1)</sup>	Maximum Subscription Scenario 1 <sup>(1)</sup>	Maximum Subscription Scenario 2 <sup>(1)</sup>
Shareholders' equity <sup>(3)</sup> before the Rights cum Warrants Issue (US\$'000)	190,598	190,598	190,598
<u>Add:</u> Proceeds from the assumed exercise of all the ESOS Options (US\$'000)	–	153	153
Adjusted Shareholders' equity <sup>(3)</sup> before the Rights cum Warrants Issue (US\$'000)	190,598	190,751	190,751
Gearing <sup>(4)</sup> before the Rights cum Warrants Issue (times)	1.76	1.76	1.76
<u>Add:</u> Proceeds from the issue of the Rights Shares (US\$'000)	–	–	33,521
Adjusted total borrowings <sup>(2)</sup> after the issue of the Rights Shares (US\$'000)	335,993	335,993	302,472
Adjusted Shareholders' equity <sup>(3)</sup> after the issue of the Rights Shares (US\$'000)	190,598	190,751	234,689
Gearing <sup>(4)</sup> after the issue of the Rights Shares (times)	1.76	1.76	1.29
<u>Add:</u> Proceeds from the exercise of Warrants (US\$'000)	–	–	67,042
Adjusted total borrowings <sup>(2)</sup> after the issue of the Rights Shares with Warrants, and the exercise of all the Warrants (US\$'000)	335,993	335,993	235,430
Adjusted Shareholders' equity <sup>(3)</sup> after the issue of the Rights Shares with Warrants, and the exercise of all the Warrants (US\$'000)	190,598	190,751	322,564
Gearing <sup>(4)</sup> after the issue of the Rights Shares with Warrants, and the exercise of all the Warrants (times)	1.76	1.76	0.73

**Notes:**

- (1) All S\$ figures have been converted from S\$ to US\$ at the Exchange Rate.
- (2) "Total borrowings" mean the amount of liabilities arising from all the borrowings from banks and other financial institutions.
- (3) "Shareholders' equity" means the aggregate of the Group's issued and paid-up share capital and reserves, excluding non-controlling interests.
- (4) "Gearing" means the ratio of the Group's total borrowings to shareholders' equity.

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### 8. THE WHITEWASH RESOLUTION

#### 8.1 Mandatory General Offer Requirements under the Code

The Rights Shares with Warrants and Excess Rights Shares with Warrants (subject to availability) to be issued to RHCL pursuant to its undertaking to subscribe for the Rights cum Warrants Issue may result in RHCL acquiring 30.0% or more of the voting rights of the Company after the completion of the Rights cum Warrants Issue as well as the exercise of the Warrants. In such event, RHCL would incur an obligation to make a mandatory general offer for the Company under Rule 14 of the Code unless the aforesaid obligation is waived by the Council. As at the Latest Practicable Date, RHCL does not have any concert parties as defined under the Code that are holding Shares.

Accordingly, the Company has sought and obtained from the Council on 22 August 2016, a waiver of the obligation of RHCL to make a mandatory general offer under the Code for all the Shares not owned or controlled by RHCL as a result of the Rights cum Warrants Issue (the “**Whitewash Waiver**”) based on the previous terms of the Rights cum Warrants Issue as set out in the 2016 Circular.

Following the 6 July Announcement where the Company provided an update to the Shareholders on the increase in the size of the Rights cum Warrants Issue, 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 to the Rights cum Warrants Issue (as detailed in the 6 July Announcement and Sections 2.2 and 3.2 of this Circular) and the Whitewash Waiver remains valid.

On 27 October 2017, the Company updated the Council on the change to the Issue Price of each Rights Share to S\$0.016 instead of the previously announced issue price of S\$0.020 and a change to 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.

On 6 November 2017, the Company provided a further update to Shareholders on such further changes to the terms of the Rights cum Warrants Issue.

The Company will be seeking the respective approvals of the Shareholders and the Independent Shareholders for the Rights cum Warrants Issue and the whitewash resolution for the waiver of the Independent Shareholders’ rights to receive a mandatory offer from RHCL pursuant to Rule 14 of the Code arising from the Rights cum Warrants Issue (the “**Whitewash Resolution**”) respectively, at the EGM.

Assuming the Minimum Subscription Scenario where only RHCL subscribes for its pro rata entitlement of 672,000,000 Rights Shares with 1,344,000,000 Warrants under the Rights cum Warrants Issue and RHCL further subscribes for all 3,807,061,385 excess Rights Shares with 7,614,122,770 Warrants pursuant to the RHCL SOSA, the shareholding of RHCL will increase to approximately 57.5% of the Enlarged Share Capital before the exercise of all its Warrants and will increase further to 78.8% of the Enlarged Share Capital after RHCL exercises all of 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. Please refer to Section 8.2 of this Circular below for further details of the maximum shareholding scenario of RHCL.

In the event that RHCL only exercise its Warrants up to the extent of setting-off in full the RHCL Advances, its shareholding interest 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’s 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.



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For the avoidance of doubt, RHCL and parties not independent of it will abstain from voting on the Whitewash Resolution and shall not accept nomination as proxies or otherwise for voting on the Whitewash Resolution at the EGM.

### 8.2 Potential Dilution

Based on the illustrative scenario described in Section 8.1 of this Circular, the potential dilution effects of the Rights cum Warrants Issue on existing Shareholders is set out in the table below:

Shareholder	Before Rights cum Warrants Issue		Rights Shares entitlements <sup>(1)</sup>	No. of Rights Shares and Excess Rights Shares subscribed for <sup>(2)</sup>	After Rights cum Warrants Issue but before the exercise of the Warrants		After Rights cum Warrants Issue and after the exercise by RHCL of all its Warrants	
	No. of Shares	(%) <sup>(1)</sup>			No. of Shares	(%) <sup>(3)</sup>	No. of Shares	(%) <sup>(4)</sup>
RHCL	672,000,000	15.0	672,000,000	4,479,061,385	5,151,061,385	57.5	14,109,184,155	78.8
Independent Shareholders	3,807,061,385	85.0	3,807,061,385	–	3,807,061,385	42.5	3,807,061,385	21.2
<b>Total</b>	<b>4,479,061,385</b>	<b>100.00</b>	<b>4,479,061,385</b>	<b>4,479,061,385</b>	<b>8,958,122,770</b>	<b>100.00</b>	<b>17,916,245,540</b>	<b>100.00</b>

**Notes:**

- (1) Based on the Existing Share Capital of 4,479,061,385 Shares.
- (2) Assuming the Minimum Subscription Scenario.
- (3) Based on the Enlarged Share Capital of 8,958,122,770 Shares assuming (i) the Minimum Subscription Scenario; and (ii) that RHCL does not exercise any of its Warrants into New Shares after the completion of the Rights cum Warrants Issue.
- (4) Based on the Enlarged Share Capital of 17,916,245,540 Shares assuming (i) the Minimum Subscription Scenario; and (ii) that RHCL exercises all of its Warrants into New Shares after the completion of the Rights cum Warrants Issue.

### 8.3 Whitewash Waiver

The Whitewash Waiver obtained on 22 August 2016 is subject to the following conditions:

- (a) a majority of holders of voting rights of the Company approving the Whitewash Resolution at the EGM by way of a poll to waive their rights to receive a general offer from RHCL;
- (b) the Whitewash Resolution is separate from the other resolutions;
- (c) RHCL and parties not independent of it abstain from voting on the Whitewash Resolution;
- (d) RHCL did not acquire and is not to acquire any Shares or instruments convertible into and options in respect of the Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
  - (i) during the period between the Announcement Date and the date Independent Shareholders' approval is obtained for the Whitewash Resolution; and
  - (ii) in the six (6) months prior to the Announcement Date, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;

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- (f) the Company sets out clearly in this Circular:
  - (i) details of the Rights cum Warrants Issue, including the irrevocable undertaking to subscribe for Rights Shares with Warrants and Excess Rights Shares with Warrants granted by RHCL;
  - (ii) the possible dilution effect to existing Shareholders of issuing the Rights Shares and the issue of New Shares upon the exercise of the Warrants to RHCL;
  - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by RHCL and its concert parties as at the Latest Practicable Date;
  - (iv) the number and percentage of voting rights in the Company to be issued to RHCL upon (I) the acquisition of the Rights Shares, and (II) the exercise of the Warrants;
  - (v) specific and prominent reference to the fact that the issue of the Rights Shares and the New Shares upon the exercise of the Warrants to RHCL might result in RHCL and its concert parties holding shares carrying over 49.0% of the voting rights of the Company based on the Enlarged Share Capital and the Enlarged Share Capital after the exercise of all the Warrants and that RHCL and its concert parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;
  - (vi) that Independent Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from RHCL at the highest price paid by RHCL and its concert parties for the Shares in the six (6) months preceding the commencement of the offer; and
  - (vii) that Independent Shareholders, by voting for the Whitewash Resolution, could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants;
- (g) this Circular stating that the Whitewash Waiver granted by the Council to RHCL is subject to the conditions stated at Sections 8.3(a) to (f) above;
- (h) the Company obtaining the Council's approval in advance for those parts of this Circular that refer to the Whitewash Resolution; and
- (i) to rely on the Whitewash Resolution, the acquisition of the Rights Shares with Warrants by RHCL must be completed within three (3) months of the approval of the Whitewash Resolution, and the acquisition of the New Shares by RHCL upon the exercise of the Warrants must be completed within five (5) years of the date of issue of the Warrants,

(collectively, the "**SIC Conditions**").

As at the Latest Practicable Date, save for the conditions set out in Sections 8.3(a), (c), (d)(i) and (i) above, all the other conditions imposed by the Council set out above have been satisfied.

### 8.4 Whitewash Resolution

Independent Shareholders are requested to vote by way of a poll, on the Whitewash Resolution set out in the Notice of EGM, waiving their rights to receive a mandatory general offer from RHCL for the remaining Shares not already owned or controlled by them as a result of the Rights cum Warrants Issue.

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## LETTER TO SHAREHOLDERS

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Independent Shareholders should note that:

- (a) by voting in favour of the Whitewash Resolution, they will be waiving their rights to receive a general offer for their Shares from RHCL at the highest price paid or agreed to be paid by RHCL and its concert parties in the six (6) months preceding the Announcement Date which RHCL would have otherwise been obliged to make in accordance with Rule 14 of the Code;
- (b) by voting in favour of the Whitewash Resolution, they could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants; and
- (c) the issue of Rights Shares and the New Shares upon the exercise of the Warrants to RHCL may result in RHCL and its concert parties holding Shares carrying over 49.0% of the voting rights of the Company based on the Enlarged Share Capital and the Enlarged Share Capital after the exercise of all the Warrants and RHCL and its concert parties would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer.

### 8.5 Advice from the Independent Financial Adviser

The IFA has been appointed to advise the Unconflicted Directors for the purposes of making recommendations to the Independent Shareholders on the Whitewash Resolution. The IFA's advice is set out in the IFA Letter, which is set out as Appendix IV to this Circular, and is reproduced in italics below:

#### **“8. OUR OPINION**

*In arriving at our recommendation in respect of the Proposed Whitewash Resolution, we have taken into consideration, inter alia, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:*

- (a) *the rationale of the Rights cum Warrants Issue and the use of proceeds;*
- (b) *the Proposed Rights cum warrants Issue being offered to all entitled Shareholders on a pro-rata basis;*
- (c) *an assessment of the Issue Price of the Rights Shares and the Exercise Price of the Warrants:*
  - (1) *considering the market quotation and trading activity of the Shares:*

*We note that:*

- (i) *during the 1-year period prior to the First Announcement, the closing prices of the Shares ranged between a low of S\$0.016 and a high of S\$0.058. The Issue Price and Exercise Price is equivalent to the lowest closing price of the Shares over the 1-year period prior to the release of the First Announcement and represent a discount of 72.4% to the highest closing price of the Shares over the 1-year period prior to the release of the First Announcement;*
- (ii) *during the period between the First Announcement and the First Update Announcement, the closing prices of the Shares ranged between S\$0.015 and S\$0.025 during the period between the First Announcement and the First Update Announcement; and*

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## LETTER TO SHAREHOLDERS

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- (iii) *during the period between the First Update Announcement and the Second Update Announcement, the closing prices of the Shares ranged between S\$0.011 and S\$0.017 during the period between the First Update Announcement and the Second Update Announcement*

*The Issue Price and Exercise Price represent:*

- (i) *a discount of 23.8%, 40.7%, 54.3% and 61.0% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the First Announcement respectively;*
- (ii) *a discount of 20.0% to the VWAP of the Shares of approximately S\$0.020 for the period after the release of the First Announcement and up to the date of the First Update Announcement; and*
- (iii) *a premium of 14.3% over the VWAP of the Shares of approximately S\$0.014 for the period after the release of the First Update Announcement and up to the date of the Second Update Announcement;*

*The Issue Price and Exercise Price is equivalent to the last transacted price of the Shares of S\$0.016 as at the Second Update Announcement and the Latest Practicable Date;*

- (2) *a comparison of the Issue Price with the market statistics of Comparable Rights Issues:*
  - (i) *the Issue Price is priced at a discount of 15.8% to the last transacted Share price of S\$0.019 as at the First Announcement, which is within the range of Comparable Rights Issues but at a smaller discount as compared to the mean and median of the Comparable Rights Issue;*
  - (ii) *the Issue Price is priced at a discount of 8.6% to the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.019 as at the First Announcement, which is within the range of Comparable Rights Issues but at a smaller discount as compared to the mean and median of the theoretical ex-rights prices of Comparable Rights Issue;*
  - (iii) *the Issue Price is priced at a premium of 6.7% over the last transacted Share price of S\$0.015 as at the First Update Announcement, which is within the range of Comparable Rights Issues but at a premium unlike Comparable Rights Issues where the issue price is usually at a discount to the last transacted share prices;*
  - (iv) *the Issue Price is priced at a premium of 3.2% over the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.015 as at the First Update Announcement, which is within the range of Comparable Rights Issues but at a premium unlike Comparable Rights Issues where the issue price is usually at a discount to the theoretical ex-rights prices;*
  - (v) *the Issue Price is equivalent to the last transacted Share price of S\$0.016 as at the Second Update Announcement, which is within the range of Comparable Rights Issues but offers no discount unlike Comparable Rights Issues where the issue price is usually at a discount to the last transacted share prices; and*

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## LETTER TO SHAREHOLDERS

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- (vi) *the Issue Price is equivalent to the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.016 as at the Second Update Announcement, which is within the range of Comparable Rights Issues but offers no discount unlike Comparable Rights Issues where the issue price is usually at a discount to the theoretical ex-rights prices;*
- (3) *the Warrants issued at an Exercise Price of S\$0.016 are “at-the-money” based on the Share price of S\$0.016 as at Latest Practicable Date and there is a value to the Warrants due to the time value of money as the Warrants have an exercise period of two years commencing on and including the date of issue of the Warrants;*
- (d) *the financial effects of the Proposed Rights cum Warrants Issue;*
- (e) *the potential dilution faced by Shareholders; and*
- (f) *other relevant considerations, namely: (i) the inter-conditionality of the Proposed Rights cum Warrants Issue and the Proposed Whitewash Resolution; (ii) strategic and financial support from RHCL; (iii) support from trade creditors; (iv) repayment of all VHL Owing to SHL; (v) unaudited 6M2017/18 results announcement; and (vi) improvement of the Group’s financial position.*

***Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Whitewash Resolution (in relation to the Proposed Rights cum Warrants Issue) is, on balance, fair and reasonable and not prejudicial to the interests of the Independent Shareholders.***

***We therefore advise the Unconflicted Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Rights cum Warrants Issue and the Proposed Whitewash Resolution.***

***We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Rights cum Warrants Issue, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Rights cum Warrants Issue, and we do not warrant the merits of the Proposed Rights cum Warrants Issue.”***

Shareholders are advised to read the IFA Letter set out in Appendix IV to this Circular in full and consider carefully the recommendations of the Unconflicted Directors in relation to the Whitewash Resolution set out as Ordinary Resolution 2 in the Notice of EGM.

### **9. BOOKS CLOSURE DATE**

Subject to (a) the Shareholders’ approval of the Rights cum Warrants Issue and the Independent Shareholders’ approval of the Whitewash Resolution at the EGM; and (b) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist and the fulfilment of the conditions that may be required to be fulfilled therein, the Books Closure Date for the purpose of determining the Entitled Shareholders’ entitlements under the Rights cum Warrants Issue will be announced at a later date.

## LETTER TO SHAREHOLDERS

### 10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
<b>Directors</b>				
Ling Yong Wah	10,000,000	0.22	–	–
Yeo Chee Neng	33,000,000	0.74	–	–
Yeo Jeu Nam	3,300,000	0.07	–	–
Bote De Vries	600,000	0.01	–	–
<b>Substantial Shareholders other than Directors</b>				
RHCL	672,000,000 <sup>(2)</sup>	15.0	–	–
SHL	903,534,986	20.2	–	–
Sheikh Abdul Aziz Ali Alturki	–	–	672,000,000 <sup>(3)</sup>	15.0
Greatwill Asset Global Limited	350,000,000	7.8	–	–
Excel Ace Limited	–	–	350,000,000 <sup>(4)</sup>	7.8
Lim Oon Cheng	–	–	350,000,000 <sup>(4)</sup>	7.8

**Notes:**

- (1) Based on the Existing Share Capital of 4,479,061,385 Shares.
- (2) RHCL has a direct interest in 672,000,000 Shares which are registered in the name of its nominee, DBS Nominees Pte Ltd.
- (3) By virtue of Section 4 of the Securities and Futures Act, Sheikh Abdul Aziz Ali Alturki is deemed to be interested in the 672,000,000 Shares in which RHCL has a direct interest.
- (4) By virtue of Section 4 of the Securities and Futures Act, Excel Ace Limited and Lim Oon Cheng are deemed to be interested in the 350,000,000 Shares held by Greatwill Asset Global Limited.

Save for RHCL and SHL, none of the Directors or Substantial Shareholders have any interests, direct or indirect, in the Rights cum Warrants Issue, the SHL Set-Off and Settlement Arrangements, the RHCL Set-Off and Settlement Arrangements and the Whitewash Resolution other than through their respective shareholdings in the Company.

### 11. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-5 of this Circular, will be held on 25 November 2017 at 4.00 p.m. at 52 Jurong Gateway, Auditorium, JEM Office Tower, #06-00 Singapore 608550, for the purpose of considering and, if thought fit, passing with or without modifications, Ordinary Resolutions 1 and 2 set out in the Notice of EGM.

### 12. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint proxies to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to this Circular in accordance with the instructions printed thereon. The completed and signed proxy form should be returned as soon as possible and in any event so as to arrive at the Company's registered office at 3A International Business Park, #01-13 Icon@IBP, Singapore 609935 not less than 48 hours before the time appointed for the EGM. Shareholders who have completed and returned the proxy form may still attend and vote in person at the EGM, if they so wish, in place of their proxies. A proxy need not be a Shareholder.

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM 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, as at 72 hours before the time appointed for the EGM.

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## LETTER TO SHAREHOLDERS

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### 13. DIRECTORS' RECOMMENDATIONS

All of the Directors are considered to be Unconflicted Directors for the purposes of making recommendations to the Independent Shareholders in respect of the Whitewash Resolution.

#### 13.1 Rights cum Warrants Issue

The Directors, having considered, amongst others, the terms and rationale for and the intended use of proceeds from the Rights cum Warrants Issue as set out in Section 2 and Section 3 of this Circular respectively, are of the opinion that the Rights cum Warrants Issue is in the best interests of the Company, and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 1 as set out in the Notice of EGM at the EGM.

#### 13.2 Whitewash Resolution

The Unconflicted Directors, having considered, amongst others, the rationale for and the intended use of proceeds from the Rights cum Warrants Issue as set out in Section 3 of this Circular, and the advice of the IFA as set out in the IFA Letter, are of the opinion that the Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Independent Shareholders vote in favour of Ordinary Resolution 2 as set out in the Notice of EGM at the EGM.

#### 13.3 Note to Shareholders

Shareholders, in deciding whether to vote in favour of the Ordinary Resolutions, should carefully read the terms and conditions, rationale and financial effects of the Rights cum Warrants Issue, and the IFA's advice in relation to the Whitewash Resolution which should be considered in the context of the entirety of the IFA Letter and this Circular. In giving the above recommendations, the Directors have not had regard to the specific investment objectives, financial situation, tax position or unique needs or constraints of any individual Shareholder. As Shareholders would have different investment objectives, the Directors recommend that any Shareholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser.

### 14. 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 Rights cum Warrants Issue and the Whitewash Resolution, 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.

### 15. ABSTENTION FROM VOTING

Pursuant to the SIC Conditions, RHCL and parties not independent of it will abstain from voting on Ordinary Resolution 2 as set out in the Notice of EGM at the EGM and shall not accept nomination as proxies or otherwise for voting on Ordinary Resolution 2 as set out in the Notice of EGM at the EGM.

### 16. CONSENT

RHT Capital Pte. Ltd., the IFA, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular.

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## LETTER TO SHAREHOLDERS

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### 17. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched to Entitled Shareholders subject to, amongst others, the approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE or through the electronic channels of the Participating Banks, in the case of Entitled Depositors; and
- (c) the ARS or through the electronic channels of the Participating Banks, in the case of persons purchasing provisional allotments of Rights Shares with Warrants through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

### 18. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed below, the Directors are not aware of any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had in the 12 months immediately preceding the date of this Circular, a material effect on the financial position or profitability of the Group.

(a) Receipt of letters of request for payment and statement of accounts

As announced by the Company on 31 August 2016, certain entities within the Group (the “**Relevant Vallianz Entities**”) had recently received letters (the “**Request Letters**”) from the interim judicial managers (“**IJMs**”) of SHL and SOC requesting for:

- (i) payments totaling approximately US\$63.5 million which the IJMs claim to be owing to SHL or SOC as based on the records, and
- (ii) statements of accounts from the Relevant Vallianz Entities to SHL and/or SOC.

In the Request Letters, the IJMs have also requested reasons for non-payment should the Relevant Vallianz Entities decline payment of the amounts which the IJMs claimed to be outstanding.

The Relevant Vallianz Entities have declined payment of such amounts and furnished the following explanation to the IJMs on 25 August 2016:

- (i) that there has been substantial commercial dealings between the Group and the SHL Group - such dealings broadly involving various entities within the Group providing services to various SHL Group entities on a regular basis and generally as a result of these activities, the Group would more often than not have receivables due from the SHL Group;
- (ii) that the Group and the SHL Group have conducted business between themselves on an extended credit basis as well as a netting off basis which included the netting off of receivables and payables between the Relevant Vallianz Entities and SHL Group entities and this was an established course of dealings in transactions between the Group and the SHL Group with such squaring up of positions reflected in year-end reports of the Group and the SHL Group;
- (iii) that this netting off practice allowed the Group and the SHL Group to conduct business easily and efficiently, with the assurance that credit would be granted to each other with no fixed term of repayment, and on the expectation that if sums are to be paid, it would be with the ability to net off all that is owed between the two groups leaving only the net amount payable to the relevant entity/group; and



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## LETTER TO SHAREHOLDERS

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- (iv) that consequently, receivables due to the Group that are owed by the SHL Group must be taken into account when payment(s) for the above amounts are requested by the SHL Group of the Relevant Vallianz Entities.

As announced by the Company on 14 November 2016, as at 30 September 2016, the Group had:

- (i) trade receivables and other receivables owing from SHL Group entities amounting to approximately US\$97.5 million; and
- (ii) trade payables and other payables owing to SHL Group entities amounting to approximately US\$87.4 million.

As announced by the Company in the 24 May Announcement, the Company had entered into the SHL SOSA with SHL and SOC to govern, amongst others, the the set-off and settlement of amounts owing as between the Group and the SHL Group.

Subject to and on the conditions of the SHL SOSA, it is expected that, following the relevant Novations and Assignments and SHL Set-Off and Settlement Arrangements, the VHL Group Owings will be fully set-off and settled against the aggregate SHL Actual Subscription Amount and the SHL Actual Exercise Amounts payable by SHL to the Company, based on the following assumptions:

- (i) SHL subscribes for its full *pro rata* entitlements of Rights Shares with Warrants under the Rights cum Warrants Issue at the SHL Actual Subscription Amount of approximately S\$14.5 million, and the SHL Actual Subscription Amount is fully set-off and settled against the VHL Owing (resulting in a Balance VHL Owing of approximately US\$19 million (equivalent to approximately S\$26.4 million at the Exchange Rate));
- (ii) SHL undertakes the First SHL Warrants Exercise by exercising such number of its Warrants (to the extent possible, insofar as such exercise will not result in SHL and persons acting in concert with it holding Shares representing more than 29.9% of the voting rights of the Company immediately following such exercise) at an aggregate exercise price equivalent to approximately US\$19 million (equivalent to approximately S\$26.4 million at the Exchange Rate), and such aggregate exercise price is fully set-off and settled against the Balance VHL Owing of approximately US\$19 million (equivalent to approximately S\$26.4 million at the Exchange Rate), such that the entire VHL Owing of approximately US\$29.4 million (equivalent to approximately S\$40.8 million at the Exchange Rate) is fully set-off and settled pursuant to the SHL Subscription and the First SHL Warrants Exercise;
- (iii) the entire VHL Group Owings and the entire SHL Group Owings are fully novated pursuant to the Novations and Assignments and the Novated SHL Group Owings are to be set-off and settled against Novated VHL Group Owings to the extent of Novated SHL Group Owings, resulting in an aggregate amount of Novated Net VHL Owings of approximately US\$7.2 million (equivalent to approximately S\$10.0 million at the Exchange Rate); and
- (iv) SHL undertakes Subsequent SHL Warrants Exercise(s) by exercising such number of SHL Warrants (to the extent possible, insofar as such exercise will not result in SHL and persons acting in concert with it holding Shares representing more than 29.9% of the voting rights of the Company immediately following such exercise) at an aggregate exercise price equivalent to approximately US\$7.2 million (equivalent to approximately S\$10.0 million at the Exchange Rate), and such aggregate exercise price is fully set-off and settled against the aggregate Novated Net VHL Owings,

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## LETTER TO SHAREHOLDERS

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such that the entire balance VHL Group Owings is fully set-off and settled pursuant to the Subsequent SHL Warrants Exercise(s).

Notwithstanding the execution of the SHL SOSA, the SHL SOSA expressly provides that the SHL Group makes no admission to the existence or the extent of the Netting Off Practice, and each of the parties to the SHL SOSA has expressly reserved its respective legal position in respect of, amongst others, the Netting Off Practice (if any), in the event the SHL SOSA is held to be illegal, invalid or unenforceable under any law or jurisdiction and/or cannot be performed or is not effected for whatsoever reason.

Accordingly, to the extent that the set-off and settlement of the VHL Owing, the VHL Group Owings and SHL Group Owings are not effected by the SHL SOSA, there is no assurance that the SHL Group will not pursue any of the abovementioned claims and to the extent that the SHL Group should succeed on such claims, notwithstanding contest by the Group thereof, such claims would materially and adversely affect the financial position of the Group.

(b) Litigation in Bombay, India

On 2 December 2016, the Company announced that the Company had been notified of a suit commenced against Swiber Offshore (India) Pte Ltd (“**SOI**”), Oil and Natural Gas Corporation (“**ONGC**”), and two of the Company’s wholly-owned subsidiaries, OER and VOM, in the Bombay High Court, claiming, amongst others:

- (i) payment of unpaid invoices from SOI, VOM and OER, totalling approximately US\$1.6 million;
- (ii) an injunction against SOI, VOM and OER to prevent the repatriation of their respective income and monies out of India pending resolution of the suit;
- (iii) an anti-suit injunction against SOI, VOM and OER to prevent them from filing a claim against the Plaintiffs in any other jurisdiction pending resolution of the suit; and
- (iv) for ONGC to pay into the Bombay High Court monies that it is contractually obliged to pay to SOI.

VOM and OER are of the view that these claims should be made against SOI and not against VOM and OER as none of the unpaid invoices upon which the claims arise are addressed to VOM or OER. VOM and OER are working closely with their lawyers to take all necessary action to defend the suit and to safeguard the interests of the Group. Please refer to the Company’s announcement dated 2 December 2016 for further information.

(c) Litigation in Batam, Indonesia

On 2 December 2016, the Company further announced that it had been notified that VOM and Holmen Arctic have been named as defendants alongside SOC and Newcruz Offshore Marine Pte Ltd (“**NOM**”) to a suit commenced by PT. ASL Shipyard Indonesia (the “**Claimant**”), claiming for, amongst others, (i) payment of unpaid invoices issued pursuant to certain purchase orders totalling a sum of approximately S\$1.9 million; and (ii) other interests, fees and damages totalling a sum of approximately S\$6.8 million.

VOM and Holmen Arctic are of the opinion that the aforementioned claims should be made against SOC and/or NOM only and not to VOM and Holmen Arctic as the purchase orders under which the unpaid invoices arose were issued by SOC. VOM and Holmen Arctic are working closely with their lawyers to take all necessary action to defend this suit as well as safeguard the interests of the Group. Please refer to the Company’s announcement dated 2 December 2016 for further information.

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## LETTER TO SHAREHOLDERS

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### 19. MATERIAL CONTRACTS

Save as disclosed below, neither the Company nor any of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years preceding the Latest Practicable Date:

- (a) the subscription agreement dated 24 January 2016 (the “**Subscription Agreement**”) entered into between the Company and CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited and CRRC (Hong Kong) Co. Limited, both of which are subsidiaries of CRRC Corporation Limited (“**CRRC**”), pursuant to which the two subsidiaries of CRRC shall subscribe for an aggregate of 550 million new Shares at S\$0.043 per Share for the aggregate investment sum of approximately S\$23.7 million. The termination of the Subscription Agreement was announced on 6 June 2016;
- (b) the sale and purchase agreement dated 1 April 2016 entered into between Vallianz International and a third party for the acquisition of 75,000 ordinary shares of Holmen for the consideration of US\$6.0 million;
- (c) the 2016 Set-Off and Settlement Agreement (the terms of which were superseded by the RHCL SOSA), and the supplemental agreement thereto dated 23 January 2017 entered into between the Company and RHCL;
- (d) the subscription agreement dated 16 January 2017 entered into between the Company and Greatwill Asset Global Limited for the subscription by Greatwill Asset Global Limited of 350,000,000 new Shares for the consideration of S\$7.0 million;
- (e) the letters of agreement dated 21 February 2017 entered into between the Company, the subsidiaries of the Company named in Appendix 1 to the Company’s announcement dated 22 February 2017 and the trade creditors of the Company’s subsidiaries named in Appendix 1 to the Company’s announcement dated 22 February 2017, details of which are set out in the Company’s announcement dated 22 February 2017;
- (f) the framework agreement dated 10 March 2017 entered into between the Company and several of its subsidiaries and their lenders to refinance some of the Group’s existing borrowings totaling US\$163.2 million, details of which are set out in the Company’s announcement dated 10 March 2017;
- (g) the SHL SOSA, details of which are set out in Section 4 of this Circular;
- (h) the RHCL SOSA, details of which are set out in Section 5 of this Circular; and
- (i) the letters of agreement dated 19 June 2017 entered into between the Company, the subsidiaries of the Company named in Appendix 1 to the Company’s announcement dated 19 June 2017 and the trade creditors of the Company’s subsidiaries named in Appendix 1 to the Company’s announcement dated 19 June 2017, details of which are set out in the Company’s announcement dated 19 June 2017.

### 20. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company during normal business hours from the date of this Circular to the time and date of the EGM:

- (a) the Constitution of the Company;
- (b) the annual reports of the Company for FY2014, FY2015 and FY2017;
- (c) the IFA Letter;

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## LETTER TO SHAREHOLDERS

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- (d) the letter of consent referred to in Section 16 of this Circular; and
- (e) the material contracts referred to in Section 19 of this Circular.

Yours faithfully,

For and on behalf of the Board of Directors of  
**Vallianz Holdings Limited**

Ling Yong Wah  
Executive Director and Chief Executive Officer

8 November 2017

## APPENDIX I – CONDITIONS PRECEDENT IN THE SHL SOSA

The conditions precedents applicable to a transaction (each a “Subject Transaction”) contemplated under the SHL SOSA are indicated by a “X” against such Subject Transaction in the Table below.

In the Table, the Subject Transaction(s):

- (a) in respect of **Column A**, comprise(s) the SHL Subscription and the SHL Subscription Set-Off and Settlement Arrangement;
- (b) in respect of **Column B**, comprise(s) the SHL Warrants Exercise(s) and the SHL Warrants Exercise Set-Off and Settlement Arrangement;
- (c) in respect of **Column C**, comprise(s) the Novation(s) and Assignment(s) and Group Set-Off(s); and
- (d) in respect of **Column D**, comprise(s) Additional SHL Share Issuance and Settlement.

No.	Description of conditions precedent	Subject Transaction(s) in respect of:			
		A	B	C	D
1.	The approval of the shareholders of SHL for such Subject Transaction in accordance with the terms of the SHL SOSA being obtained at an extraordinary general meeting to be convened by SHL, and such shareholders’ approval remaining in full force and effect and not having been revoked or varied.	X	X		X
2.	All approvals, consents and/or waivers from any third parties (including without limitation any regulatory authorities and any creditors of SHL) for such Subject Transaction(s) which SHL, and if such Subject Transaction be a Subject Transaction referred to in Column C of this Table, which SOC and/or the relevant SHL Group entities, in its/their sole and absolute discretion consider to be necessary or desirable to be obtained (“ <b>SHL Relevant Third Party Approvals</b> ”), being granted to SHL, SOC and/or all other SHL Group entities (as the case may be), and where any such SHL Relevant Third Party Approvals are subject to conditions, such conditions being acceptable to SHL, SOC and/or the relevant SHL Group entities (as the case may be) and if such conditions are required to be fulfilled before such Subject Transaction is to be undertaken, such conditions being fulfilled before such Subject Transaction is undertaken, and such SHL Relevant Third Party Approvals remaining valid and in full force and effect and not being withdrawn or amended.	X	X	X	X

## APPENDIX I – CONDITIONS PRECEDENT IN THE SHL SOSA

No.	Description of conditions precedent	Subject Transaction(s) in respect of:			
		A	B	C	D
3.	Such Subject Transaction not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any statute, law, order, rule, regulation, ruling, directive, decision or request promulgated or made, whether or not having the force of law, by any court or legislative, executive or regulatory body or authority (including without limitation the SGX-ST and the Council).	X	X	X	X
4.	The receipt by SHL of a written confirmation by DBS Bank Ltd. that (i) it has no objections to the SHL Subscription and SHL Warrants Exercise, and (ii) it has no security over or any other interest in (aa) the Rights Shares and the Warrants to be issued to SHL pursuant to the SHL Subscription and (bb) the New Shares to be issued to SHL pursuant to any SHL Warrants Exercise (“ <b>DBS Confirmation</b> ”), and where such DBS Confirmation is subject to conditions, such conditions being acceptable to SHL, and if such conditions are required to be fulfilled before the SHL Subscription, such conditions being fulfilled before the SHL Subscription, and the DBS Confirmation remaining valid and in full force and effect and not being withdrawn or amended.	X			
5.	The DBS Confirmation remaining valid and in full force and effect and not being withdrawn or amended.		X		X
6.	The Rights cum Warrants Issue being undertaken by the Company on the same terms as those set out in this Circular, as amended by the terms set out in the SHL SOSA and RHCL SOSA.	X			
7.	The approval by the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares to be issued upon the exercise of the Warrants, on Catalyst, being granted and remaining in full force and effect	X			
8.	The Warrants being listed and quoted on Catalyst, and the approval by the SGX-ST for the listing and quotation of the New Shares to be issued upon the exercise of the Warrants, on Catalyst, being granted and remaining in full force and effect.		X		

**APPENDIX I – CONDITIONS PRECEDENT IN THE SHL SOSA**

No.	Description of conditions precedent	Subject Transaction(s) in respect of:			
		A	B	C	D
9.	<p>In the event:</p> <p>(a) in respect of a Subject Transaction referred to in Columns A, B and D of this Table, that trading in the Shares; and/or</p> <p>(b) in respect of a Subject Transaction referred to in Columns B and D of this Table, that trading in Warrants, shall at any time prior to the SHL Long Stop Date applicable thereto be suspended for any reason whatsoever, such suspension being lifted on or before the SHL Long Stop Date applicable thereto or in the event the lifting of such suspension is subject to conditions prescribed by the SGX-ST, such conditions being fulfilled before the SHL Long Stop Date applicable thereto.</p>	X	X		X
10.	<p>The RHCL SOSA remaining in full force and effect and not being amended, and in respect a Subject Transaction referred to (a) in Column A of this Table, RHCL and the Company complying with all the terms of the RHCL SOSA in relation to the RHCL Subscription; (b) in Column B of this Table, RHCL and the Company complying with all the terms thereof which relate to the RHCL Warrants Exercise; and (c) in Column D of this Table, RHCL and the Company complying with all the terms of the RHCL SOSA.</p>	X	X		X
11.	<p>Waiver from the SGX-ST from the requirements under Rule 1015 of the listing manual of the SGX-ST (the “<b>Listing Manual</b>”) in the event that the relative figures in respect of the SHL Subscription, the SHL Warrants Exercise Set-Off and Settlement Arrangement, the issue of Additional SHL Shares (as detailed in Paragraph 3 of the 24 May Announcement) and any other Shares to be acquired which the SGX-ST may require to be aggregated pursuant to Rule 1005 of the Listing Manual, as computed on the applicable bases set out in Rule 1006 of the Listing Manual pursuant to the rules set out in Chapter 10 are 100% or more, from the perspective of SHL.</p>		X		X
12.	<p>The GSO Conditions Precedent being satisfied, or waived in accordance with the SHL SOSA.</p>		X <sup>(1)</sup>		
13.	<p>The agreement(s) in relation to Novation and Assignment(s) having been entered into between all the parties thereto in accordance with the SHL SOSA, and remaining in full force and effect.</p>		X <sup>(1)</sup>	X <sup>(2)</sup>	

## APPENDIX I – CONDITIONS PRECEDENT IN THE SHL SOSA

No.	Description of conditions precedent	Subject Transaction(s) in respect of:			
		A	B	C	D
14.	SHL being issued all the Rights Shares with Warrants less any Rights Shares with Warrants the provisional allotments of which are renounced by SHL to Third Party Subscriber(s) in accordance with the terms of the SHL SOSA, which it subscribes for pursuant to the SHL Subscription, and all of such Rights Shares and such Warrants being listed and quoted on Catalyst.			X	X
15.	In respect of a SHL Group entity, there being no order of court (including orders for winding up and judicial management) and no legal proceedings (including winding up or judicial management applications) commenced by or against such SHL Group entity which has the effect or result of prohibiting or restricting in any manner the Novation and Assignment and/or Group Set-Off in respect of such SHL Group entity.			X	
16.	The approval of Shareholders for the issuance of the Additional SHL Shares to SHL pursuant to such subscription and such set-off and settlement arrangements (if required), and (in the event that the issuance of such Additional SHL Shares to SHL results in SHL and persons acting in concert with it being obliged to make a mandatory general offer under Rule 14 of the Code for the Shares), the SHL Debts Settlement Whitewash Resolution being obtained at an extraordinary general meeting to be convened by the Company, and such Shareholders' approval remaining in full force and effect and not having been revoked or varied.				X
17.	(In the event that the issuance of such Additional SHL Shares to SHL results in SHL and persons acting in concert with it being obliged to make a mandatory general offer under Rule 14 of the Code for the Shares) the waiver to be granted by the Council to SHL and persons acting in concert with it of their obligation to make a mandatory general offer under Rule 14 of the Code for the Shares arising from the issuance of the Additional SHL Shares to SHL pursuant to SHL SOSA (" <b>SHL Debts Settlement Whitewash Waiver</b> ") being granted by the Council and all conditions imposed by the Council for the SHL Debts Settlement Whitewash Waiver being fulfilled, and the SHL Debts Settlement Whitewash Waiver remaining valid and in full force and effect and not having been revoked or varied on or before the issuance of such Additional SHL Shares.				X
18.	The approval by the SGX-ST for the listing and quotation of the Additional SHL Shares to be issued by the Company pursuant to such subscription, on Catalyst, being granted and remaining in full force and effect.				X



**APPENDIX I – CONDITIONS PRECEDENT IN THE SHL SOSA**

No.	Description of conditions precedent	Subject Transaction(s) in respect of:			
		A	B	C	D
19.	The RHCL Set-Off and Settlement Arrangement having been fully effected, all the Additional RHCL Shares having been issued to RHCL, and the set-off and settlement of all Unutilised RHCL Advances having been fully effected such that none of the RHCL Advances remain outstanding.				X
20.	The receipt by SHL of a written confirmation by DBS Bank Ltd. that it has no objections to such subscription (“ <b>DBS Additional Subscription Confirmation</b> ”), and where such DBS Additional Subscription Confirmation is subject to conditions, such conditions being acceptable to SHL, and if such conditions are required to be fulfilled before such subscription, such conditions being fulfilled before such subscription, and such DBS Additional Subscription Confirmation remaining valid and in full force and effect and not being withdrawn or amended.				X

**NOTES:**

- (1) Applicable only in respect of a Subject Transaction being a Subsequent SHL Warrants Exercise
- (2) Applicable only in respect of a Subject Transaction being a Novation and Assignment

## APPENDIX II – CONDITIONS PRECEDENT IN THE RHCL SOSA

The conditions precedents applicable to a Subject Transaction contemplated under the RHCL SOSA are indicated by a “X” against such Subject Transaction in the Table below.

In the Table, the Subject Transaction(s):

- (a) in respect of **Column A**, comprise(s) the RHCL Subscription and the RHCL Subscription Set-Off and Settlement Arrangement;
- (b) in respect of **Column B**, comprise(s) the RHCL Warrants Exercise and the RHCL Warrants Exercise Set-Off and Settlement Arrangement; and
- (c) in respect of **Column C**, comprise(s) the Additional RHCL Share Issuance and Settlement.

No.	Description of conditions precedent	Subject Transaction(s) in respect of:		
		A	B	C
1.	To the extent required by the constitutional documents of RHCL and such laws as may be applicable to RHCL, the approval of the shareholders of RHCL for such Subject Transaction in accordance with the terms of the SHL SOSA being obtained at an extraordinary general meeting to be convened by RHCL, and such shareholders' approval remaining in full force and effect and not having been revoked or varied.	X	X	X
2.	Such Subject Transaction not being prohibited, restricted, curtailed, hindered, impaired or otherwise adversely affected by any statute, law, order, rule, regulation, ruling, directive, decision or request promulgated or made, whether or not having the force of law, by any court or legislative, executive or regulatory body or authority (including without limitation the SGX-ST).	X	X	X
3.	The Rights cum Warrants Issue being undertaken by the Company on the same terms as those set out in this Circular, as amended by the terms set out in the SHL SOSA and RHCL SOSA.	X		
4.	The approval by the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares to be issued upon the exercise of the Warrants, on Catalist, being granted and remaining in full force and effect.	X		
5.	The Warrants being listed and quoted on Catalist, and the approval by the SGX-ST for the listing and quotation of the New Shares to be issued upon the exercise of the Warrants, on Catalist, being granted and remaining in full force and effect.		X	

## APPENDIX II – CONDITIONS PRECEDENT IN THE RHCL SOSA

No.	Description of conditions precedent	Subject Transaction(s) in respect of:		
		A	B	C
6.	<p>In the event:</p> <p>(a) in respect of a Subject Transaction in Column A and B of this Table, that trading in the Shares; and/or</p> <p>(b) in respect only of a Subject Transaction in Column B of this Table, that trading in the Warrants,</p> <p>shall at any time prior to the RHCL Long Stop Date applicable thereto be suspended for any reason whatsoever, such suspension being lifted on or before the RHCL Long Stop Date applicable thereto or in the event the lifting of such suspension is subject to conditions prescribed by the SGX-ST, such conditions being fulfilled before the RHCL Long Stop Date applicable thereto.</p>	X	X	
7.	The waiver from the requirement for RHCL to make a general offer for the Company under Rule 14 of the Code in the event that RHCL increases its aggregate shareholding in the Company to 30% or more based on the Company's enlarged issued capital as a result of the issue by the Company to RHCL, and subscription by RHCL, of the Rights Shares with Warrants or the New Shares upon exercise of the Warrants, subject to conditions, as granted by the Council remaining valid and in full force and effect.	X	X	
8.	The approval of Shareholders who are independent of RHCL being obtained for the whitewash resolution for the waiver of the independent shareholders' rights to receive a mandatory offer from RHCL as a result of the Rights cum Warrants Issue at an extraordinary general meeting of the Company to be convened, and such approval of the independent shareholders remaining in full force and effect.	X	X	
9.	The approval of Shareholders for the issuance of the Additional RHCL Shares to RHCL pursuant to the issuance of the Additional RHCL Shares and the set-off and settlement arrangements in relation thereto (if required).			X
10.	The approval by the SGX-ST for the listing and quotation of the Additional RHCL Shares to be issued by the Company to RHCL, on Catalyst, being granted and remaining in full force and effect.			X
11.	RHCL obtaining the approval of the Council for waiver from the requirement for RHCL to make a general offer for the Company under Rule 14 of the Code in the event that RHCL increases its aggregate shareholding in the Company to 30% or more based on the Company's enlarged issued capital as a result of the issue by the Company to RHCL, and subscription by RHCL, of the Additional RHCL Shares, subject to conditions, being granted by the Council and remaining valid and in full force and effect.			X

**APPENDIX II – CONDITIONS PRECEDENT IN THE RHCL SOSA**

No.	Description of conditions precedent	Subject Transaction(s) in respect of:		
		A	B	C
12.	(in the event that the issuance of such Additional RHCL Shares to RHCL results in RHCL and persons acting in concert with it being obliged to make a mandatory general offer under Rule 14 of the Code for the Shares), the RHCL Debts Settlement Whitewash Resolution being obtained at an extraordinary general meeting to be convened by the Company, and such shareholders' approval remaining in full force and effect and not having been revoked or varied.			X

## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

### A. Consolidated Statement of Profit and Loss

The audited consolidated profit and loss statements of the Group for FY2014, FY2015 and FY2017, are set out below:

	FY2014 US\$'000 Audited	FY2015 US\$'000 Audited	FY2017 US\$'000 Audited
<b>Revenue</b>	153,680	232,554	247,828
Cost of sales	(98,498)	(167,601)	(185,369)
<b>Gross profit</b>	55,182	64,953	62,459
Other income	7,117	9,920	2,969
Administrative expenses	(16,785)	(23,144)	(19,237)
Other operating expenses	(1,653)	–	–
Exceptional items	–	–	(214,554)
Finance costs	(22,258)	(26,859)	(23,093)
Share of results of associate and joint ventures	–	638	(3,390)
<b>(Loss)/Profit before tax</b>	<b>21,603</b>	<b>25,508</b>	<b>(194,846)</b>
Income tax expense	(1,173)	(5,396)	2,313
<b>(Loss)/Profit for the year/period</b>	<b>20,430</b>	<b>20,112</b>	<b>(192,533)</b>
<b>(Loss)/Profit for the year/period attributable to:</b>			
Owners of the Company	18,577	18,554	(158,247)
Non-controlling interests	1,853	1,558	(34,386)
<b>Total</b>	<b>20,430</b>	<b>20,112</b>	<b>(192,533)</b>
<b>Other comprehensive (loss)/income for the year/period, net of tax</b>			
Exchange differences on translation of foreign operations	(268)	(1,172)	395
Cash flow hedges	(2,141)	196	1,945
Actuarial loss on post-employment benefit obligation	–	(14)	–
Share of actuarial gain on post-employment benefit obligation of an associate of the Group	–	32	–
	(2,409)	(958)	2,340
<b>Total comprehensive (loss)/income for the year/period</b>	<b>18,021</b>	<b>19,154</b>	<b>(190,193)</b>
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company	16,168	17,596	(155,907)
Non-controlling interests	1,853	1,558	(34,286)
	<b>18,021</b>	<b>19,154</b>	<b>(190,193)</b>
<b>(Loss)/Earnings per Share (US cents)</b>			
Basic	0.79	0.55	(4.38)
Diluted	0.79	0.50	(4.38)

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## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

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A review of the operations, business and financial performance of the Group is set out below:

### **FY2015 vs FY2014**

#### ***Revenue***

The Group registered approximately US\$232.6 million of revenue for FY2015, representing an increase of 51.3% or approximately US\$78.9 million compared to approximately US\$153.7 million in FY2014. The growth in topline was partly driven by higher chartering & brokerage revenue in tandem with the growth of the Group's fleet size. The Group also derived higher revenue from ship management and shipyard services which was attributed mainly to contributions from Jetlee Shipbuilding & Engineering Pte. Ltd. and its subsidiary, OER Holdings Pte. Ltd. and its subsidiaries and Newcruz International Pte. Ltd., which were acquired in the last quarter of FY2014. As a result, ship management and shipyard services accounted for a larger share of Group revenue of 34.0% for FY2015. Chartering & brokerage services made up 63.9% of total revenue in FY2015, compared to 77.5% in FY2014.

#### ***Cost of sales and gross profit***

Cost of sales increased by 70.2% or US\$69.1 million to approximately US\$167.6 million in FY2015 from approximately US\$98.5 million in FY2014. This 70.2% increase was in line with the expanded scale of operations in FY2015 following the acquisition of businesses in late 2014.

The Group's gross profit increased by 17.7% or approximately US\$9.8 million to approximately US\$65.0 million in FY2015 from approximately US\$55.2 million in FY2014 as a result of higher gross profit from the vessel chartering business and full-year contributions by subsidiaries acquired in last quarter of 2014. Gross profit margin in FY2015 was 27.9% as compared to 35.9% in FY2014. This fluctuation was due to the change in revenue mix and expansion of owned fleet.

#### ***Other Income***

Other income of approximately US\$9.9 million in FY2015 mainly consisted of change in fair value of contingent consideration of approximately US\$4.2 million, gain from disposal of property, plant and equipment of approximately US\$1.8 million, gain from sale of previously held for sale asset of US\$0.5 million and fair value gain on derivative financial instrument of US\$0.3 million.

#### ***Administrative and other operating expenses***

Administrative and other operating expenses, which comprise largely staff and travel related expenses, increased by approximately US\$6.3 million to approximately US\$23.1 million in FY2015 from approximately US\$16.8 million in FY2014. This was attributed largely to the consolidation of expenses of subsidiaries acquired in the last quarter of 2014. The impact of consolidation was partially offset by the effective measures implemented by the Group to optimise its cost structure.

#### ***Finance costs***

Finance costs for the Group increased to approximately US\$26.9 million in FY2015 from approximately US\$22.3 million in FY2014. The increase was due mainly to the issuance of notes under the Multicurrency Debt Issuance Programme in second quarter of 2014 and finance costs for loans on vessels acquisition in FY2015.

#### ***Share of results of associate and joint ventures***

The Group recorded share of results from an associate of US\$638,000 in FY2015. This was contributed by the Company's 49.0%-owned associate, PTVOM, in Indonesia. PTVOM was acquired by the Group on 31 December 2014.

#### ***Net profit***

The Group recorded a profit of approximately US\$20.1 million for FY2015, representing a decrease of 1.6% or approximately US\$0.3 million compared to approximately US\$20.4 million for FY2014.

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## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

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### **FY2017 vs FY2015**

#### ***Revenue, cost of sales and gross profit***

The Group registered revenue of approximately US\$247.8 million for FY2017, representing an increase of 6.6% or approximately US\$15.3 million when compared to FY2015. Chartering & brokerage services made up 84.71% of total revenue in FY2017, compared to 63.9% in FY2015.

Gross profit for FY2017 declined to approximately US\$62.5 million, a 3.8% decrease from approximately US\$65.0 million for FY2015.

#### ***Other Income***

Other income of approximately US\$9.9 million in FY2015 mainly consisted of change in fair value of contingent consideration of approximately US\$4.2 million, gain from disposal of property, plant and equipment of approximately US\$1.8 million, gain from sale of previously held for sale asset of approximately US\$0.5 million and fair value gain on derivative financial instrument of approximately US\$0.3 million. For FY2017, the balance largely comprises debt forgiveness by certain third parties and reversal of share based expenses previously recognised as a result of forfeiture of share options.

#### ***Administrative expenses***

Administrative expenses, which comprise largely staff and travel related expenses, decreased by approximately US\$3.9 million to approximately US\$19.2 million for FY2017 from approximately US\$23.1 million for FY2015.

#### ***Finance costs***

Finance costs for the Group decreased to approximately US\$23.1 million for FY2017 as compared to approximately US\$26.9 million for FY2015. The decrease was a result of the completion of a refinancing exercise in Middle East in February 2016.

#### ***Share of results of associate and joint ventures***

The Group recorded share of losses from an associate of approximately US\$3.4 million for FY2017. This was attributed to PTVOM in Indonesia. The remaining amount mainly relates to share of results from the joint venture in the Middle East for FY2017.

#### ***Exceptional expenses***

The Group had, as at 31 March 2017, completed an in-depth evaluation of the carrying value of certain of its assets that comprise goodwill, fixed assets and investments, in light of the current slowdown in the offshore and marine market and the rightsizing initiatives that it had undertaken. Therefore, further to the impairment expense of approximately US\$1.6 million on the carrying value of its intangible assets recognized in the second quarter of FY2017, the Group further recognized write-downs amounting to approximately US\$212.9 million resulting in the total writedown of approximately US\$214.6 million in FY2017, of which approximately US\$22.3 million is attributable to the non-controlling interest.

#### ***Net (loss)/profit***

The Group recorded a net loss after tax of approximately US\$192.5 million for FY2017. The significant net loss resulted mainly from the recognition of exceptional expenses of approximately US\$214.6 million for FY2017. This is in addition to the lower operational profitability that the Group is experiencing in the current challenging market conditions.

The fluctuation in taxation amount is due to the reversal of deferred tax liabilities previously recognised by the Group for FY2017.

## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

### B. Consolidated Statement of Financial Position

The audited consolidated statement of financial position of the Group as at 31 December 2014, 31 December 2015 and 31 March 2017 are set out below:

	As at 31 December 2014 US\$'000 Audited	As at 31 December 2015 US\$'000 Audited	As at 31 March 2017 US\$'000 Audited
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	20,754	41,901	45,568
Trade receivables	99,219	130,355	91,890
Other receivables	55,978	175,801	124,915
Inventories	1,009	1,069	1,669
Construction work-in-progress	1,779	464	1,506
Available-for-sale investments	99	88	31,729
Derivative financial instruments	–	295	–
	178,838	349,973	297,277
Assets classified as held for sale	–	115,314	–
Total current assets	<b>178,838</b>	<b>465,287</b>	<b>297,277</b>
<b>Non-current assets</b>			
Deposits pledged with banks	4,163	900	699
Available-for-sale investments	99,700	90,200	–
Property, plant and equipment	661,358	161,007	372,233
Joint ventures	–	44,018	54,026
Associate	15,539	16,293	–
Goodwill	9,171	9,171	–
Intangible assets	3,232	2,155	–
Deferred tax assets	262	242	–
Derivative financial instruments	–	–	1,295
Total non-current assets	<b>793,425</b>	<b>323,986</b>	<b>428,253</b>
<b>Total assets</b>	<b>972,263</b>	<b>789,273</b>	<b>725,530</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Term loans	102,421	127,798	64,903
Notes payable	–	112,337	–
Trade payables	48,942	33,995	62,487
Other payables	37,834	79,786	136,922
Finance lease payables	16,305	774	186
Derivative financial instruments	–	15,967	–
Income tax payable	1,406	2,034	2,613
Total current liabilities	<b>206,908</b>	<b>372,691</b>	<b>267,111</b>



## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

	As at 31 December 2014 US\$'000 Audited	As at 31 December 2015 US\$'000 Audited	As at 31 March 2017 US\$'000 Audited
<b>Non-current liabilities</b>			
Term loans	306,697	137,893	275,726
Notes payable	118,528	–	–
Retirement benefit obligation	507	860	1,077
Other payables	85,001	–	–
Finance lease payables	153	876	–
Derivative financial instruments	8,195	–	–
Deferred tax liabilities	5,526	8,956	4,010
Total non-current liabilities	<b>524,607</b>	<b>148,585</b>	<b>280,813</b>
<b>Capital and reserves</b>			
Share capital	185,276	185,338	203,918
Perpetual capital securities	22,500	22,500	22,500
Foreign currency translation reserve	(268)	(1,440)	(1,045)
Hedging reserve	(2,141)	(1,945)	–
Share options reserve	1,156	2,487	447
Shareholder's advances	–	–	102,087
Other reserve	24	(27)	(27)
Accumulated (losses) profits	6,262	22,059	(147,638)
Equity attributable to owners of the Company and capital securities holders	212,809	228,972	180,242
Preference shares issued to a non-controlling interest	–	9,474	–
Non-controlling interests	27,939	29,551	(2,636)
<b>Total equity</b>	<b>240,748</b>	<b>267,997</b>	<b>177,606</b>
<b>Total liabilities and equity</b>	<b>972,263</b>	<b>789,273</b>	<b>725,530</b>

A review of the financial positions of the Group as at 31 December 2014, 31 December 2015 and 31 March 2017 is set out below:

### **As at 31 December 2015 compared to 31 December 2014**

#### ***Trade and other receivables***

Trade and other receivables increased by approximately US\$151.0 million to approximately US\$306.2 million as at 31 December 2015 from approximately US\$155.2 million as at 31 December 2014 which is in line with the increase in revenue.

#### ***Available-for-sale investments***

As at 31 December 2014, the Group had preferential shares in ROPL valued at US\$99.7 million recognised as a non-current asset. ROPL redeemed 95,000 preference shares for a total value of US\$9.5 million in 2015, leading to a reduction in the carrying value of the available-for-sale investment (non-current) to US\$90.2 million as at 31 December 2015.

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## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

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### ***Property, plant and equipment and assets held for sale***

Property, plant and equipment decreased from approximately US\$661.4 million as at 31 December 2014 to approximately US\$161.0 million as at 31 December 2015. The decrease was due to the transfer of vessels pursuant to the Group's refinancing exercise. Depreciation in FY2015 amounted to approximately US\$28.6 million and representing an increase of approximately US\$11.0 million from FY2014.

### ***Total current and non-current borrowings***

Total current and non-current borrowings for the Group include term loans, working lines, notes payable and finance lease. Total current and non-current term borrowings, which comprised largely of bank borrowings for vessels and notes payable decreased from approximately US\$544.1 million as at 31 December 2014 to approximately US\$379.7 million as at 31 December 2015. This is mainly due to the abovementioned transfer of vessels by a subsidiary corporation in the fourth quarter of 2015.

As at 31 December 2015, the Group has 2 tranches of notes payables totalling approximately US\$112.3 million that had been reclassified to current liabilities as at 31 December 2015 from non-current liabilities as at 31 December 2014. Despite this reclassification, the Group maintained a net current asset position of approximately US\$92.6 million as at 31 December 2015.

### ***Trade and other payables***

The Group's trade and other payables decreased by approximately US\$57.5 million from approximately US\$171.8 million as at 31 December 2014.

### **As at 31 March 2017 compared to 31 December 2015**

#### ***Trade and other receivables***

Trade and other receivables decreased by approximately US\$89.4 million to approximately US\$216.8 million as at 31 March 2017 from approximately US\$306.2 million as at 31 December 2015. The improvement is largely due to the Group's concerted efforts in the collection of outstanding receivables during in FY2017.

#### ***Available-for-sale investments***

As at 31 March 2017, the Group had preferential shares in Resolute Offshore Pte Ltd valued at approximately US\$31.7 million recognised as a current asset. During FY2017, Resolute Offshore Pte Ltd redeemed 130,000 preference shares for a total value of US\$13.0 million. Additionally, following the completion of the Group's assessment of the current carrying value of the available-for-sale investments, an impairment expense of approximately US\$45.5 million was recognized in the last quarter of FY2017. Therefore, the Group recorded a decrease of approximately US\$58.5 million in the carrying value of the available-for-sale investment when compared to approximately US\$90.2 million as at 31 December 2015.

#### ***Property, plant and equipment***

Property, plant and equipment increased by approximately US\$211.2 million from approximately US\$161.0 million as at 31 December 2015 to approximately US\$372.2 million as at 31 March 2017. The net increase was mainly due to the acquisition of new vessels including the submersible launch barges and consolidation of vessel fleet owned by the Holmen Group which was acquired on 1 April 2016.

#### ***Asset held for sale***

As at 31 March 2017, the absence of the carrying value of the assets classified as held for sale is mainly due to the completion of a restructuring and refinancing exercise of the Group's operations in the Middle East in February 2016.

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### **Joint ventures**

The increase in the joint ventures is the result of quasi-equity contribution from the Group to its joint venture in the Middle East of approximately approximately US\$16.3 million in FY2017 and the share of results from this joint venture for FY2017. This increase is partially offset by an impairment expense of approximately US\$5.9 million recognised on the carrying amount of investment in another joint venture in Malaysia following the completion of the Group's assessment of the recoverability of certain assets as at 31 March 2017.

### **Associate**

The Group shared approximately US\$2.9 million of losses from its associate in Indonesia during FY2017. Following the completion of the Group's assessment of recoverability of its investment in the associate, it decided to record an impairment expense in relation to this investment of approximately US\$13.4 million in the last quarter of FY2017.

### **Goodwill and intangible assets**

Goodwill and intangible assets were fully impaired during FY2017 following the completion of the Group's assessment of the impact from rightsizing efforts that it undertook during FY2017.

### **Total current and non-current borrowings**

Total current and non-current borrowings for the Group include term loans, working lines, notes payable and finance lease.

	31 March 2017			31 December 2015		
	Current US\$'000	Non-current US\$'000	Total US\$'000	Current US\$'000	Non-current US\$'000	Total US\$'000
Term loans	39,558	269,726	309,284	95,321	137,893	233,214
Working lines	25,345	6,000	31,345	32,477	–	32,477
Notes payable	–	–	–	112,337	–	112,337
Finance leases	186	–	186	774	876	1,650
	<b>65,089</b>	<b>275,726</b>	<b>340,815</b>	<b>240,909</b>	<b>138,769</b>	<b>379,678</b>

Total current and non-current borrowings declined as the Group fully redeemed its notes payables during FY2017. Nonetheless, the Group also recorded additional borrowings from the acquisition of the Holmen Group on 1 April 2016.

During FY2017, the Group also successfully completed its restructuring of certain of its borrowings as announced on 10 March 2017. Accordingly, certain of its borrowings were reclassified to non-current as at 31 March 2017.

### **Trade and other payables**

The Group's trade and other payables increased by approximately US\$85.6 million from US\$113.8 million as at 31 December 2015 to US\$199.4 million as at 31 March 2017. The increase is largely attributed by the acquisition of the Holmen Group on 1 April 2016.

### **Shareholder's advances**

The amount mainly relates to the deemed investment by RHCL into the Company following an intended undertaking by RHC to convert its shareholder's advances to the Company into equity from its subscription to the Proposed Rights cum Warrants Issue and further new equity in the foreseeable future subject to fulfilment of certain conditions.

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### C. Cash Flow Statement

The audited consolidated cash flow statements of the Group for FY2014, FY2015 and FY2017 are set out below:

	FY2014 US\$'000 Audited	FY2015 US\$'000 Audited	FY2017 US\$'000 Audited
<b>Operating activities</b>			
(Loss)/Profit before tax	21,603	25,508	(194,846)
Adjustments for:			
Allowances for impairment of receivables	1,653	5	7,604
Depreciation of property, plant and equipment	17,606	28,640	26,220
Amortisation of intangible assets	–	1,077	538
Dividend income from available for sale investments	(5,286)	(4,832)	(3,206)
Gain on bargain purchase	(5,862)	–	–
Gain on disposal of asset previously held for sale	–	(398)	–
Fair value gain on contingent consideration	–	(4,153)	–
Provision for employee benefits	143	339	217
Finance costs	22,258	26,859	23,093
Loss (Gain) on disposal of property, plant and equipment	(7)	(1,749)	1,768
Unrealised exchange loss	237	422	404
Share-based payment expense	1,928	1,397	1,303
Share of results of associate and joint ventures	–	(638)	3,390
Impairment of available-for-sale investments	–	11	45,559
Fair value gain of derivative financial instrument	–	(295)	(1,000)
Forfeiture of performance shares awarded	–	–	(1,496)
Impairment of property, plant and equipment	–	–	131,334
Impairment of goodwill	–	–	9,171
Impairment of intangible assets	–	–	1,617
Impairment of investments in associate and joint ventures	–	–	19,269
<b>Operating cash flows before working capital changes</b>	<b>54,273</b>	<b>72,193</b>	<b>70,939</b>
Trade and other receivables	(11,038)	(102,582)	26,664
Trade and other payables	(92,044)	29,883	(77,348)
Inventories	133	(60)	(600)
Construction contracts work-in-progress	6,512	1,315	(1,042)
<b>Net cash from (used in) operations</b>	<b>(42,164)</b>	<b>749</b>	<b>18,613</b>
Income tax paid	(376)	(1,318)	(1,812)
<b>Net cash from (used in) operating activities</b>	<b>(42,540)</b>	<b>(569)</b>	<b>16,801</b>

## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

	FY2014 US\$'000 Audited	FY2015 US\$'000 Audited	FY2017 US\$'000 Audited
<b>Investing activities</b>			
Dividends received	3,970	4,965	1,182
Purchase of property, plant and equipment	(291,769)	(30,598)	(27,129)
Proceeds on disposal of plant and equipment	59	216,442	5,275
Proceeds from redemption of preference shares	5,200	9,500	13,000
Proceeds from disposal of asset previously held-for-sale	–	–	16,759
Acquisition of subsidiary corporations and associate	6,878	(84)	7,274
Investment in joint venture	–	(5,880)	–
<b>Net cash from (used in) investing activities</b>	<b>(275,662)</b>	<b>194,345</b>	<b>16,361</b>
<b>Financing activities</b>			
Interest paid	(19,226)	(23,482)	(19,115)
Pledged deposit	(4,163)	3,263	201
Dividends paid	(912)	(1,672)	(1,800)
Distribution paid	–	(446)	(1,124)
Proceeds from new bank loans raised	247,060	182,519	99,238
Advance from joint venture	–	–	48,955
Proceeds from new shares issue	63,608	–	4,929
Proceeds from issuance of redeemable convertible capital securities	35,200	–	–
Proceeds from issuance of notes	123,318	–	–
Proceeds from shareholder's advances	–	–	102,087
Proceeds from issuance of preference shares by a subsidiary corporation	–	10,000	–
Repayment of term loans	(101,295)	(325,946)	(129,072)
Repayment of obligation under finance leases	(114)	(16,028)	(1,464)
Acquisition of remaining interest from non-controlling shareholders	(2,275)	–	–
Repayment of notes payable	–	–	(122,329)
Redemption of preference shares issued by a subsidiary corporation	(3,920)	–	(10,000)
Payment of transaction costs related to issuance of preference shares	–	(526)	–
<b>Net cash from (used in) financing activities</b>	<b>337,281</b>	<b>(172,318)</b>	<b>(29,494)</b>
Net increase in cash and cash equivalents	19,079	21,458	3,668
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(137)	(311)	(1)
Cash and cash equivalents at beginning of financial year/period	1,812	20,754	41,901
<b>Cash and cash equivalents at end of financial year/period</b>	<b>20,754</b>	<b>41,901</b>	<b>45,568</b>

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## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

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A review of the cash flow positions of the Group for FY2014, FY2015 and FY2017 is set out below:

### **FY2014**

Cash and cash equivalents increased from approximately US\$1.8 million as at 31 December 2013 to approximately US\$20.8 million as at 31 December 2014.

The Group registered positive operating cash inflows of approximately US\$54.3 million for FY2014. However, as a result of approximately US\$96.4 million in net working capital required for its expanded business activities, the Group recorded net cash used in operating activities of approximately US\$42.2 million for FY2014.

Net cash outflow from investing activities amounted to approximately US\$275.7 million in FY2014 due to the purchase of property, plant and equipment.

Net cash generated from financing activities amounted to approximately US\$337.3 million for FY2014 mainly due to proceeds from new bank loans, shares issued, issuance of redeemable convertible capital securities and notes under the Multicurrency Debt Issuance Programme.

### **FY2015**

Cash and cash equivalents increased approximately US\$21.5 million from approximately US\$20.8 million as at 31 December 2014 to approximately US\$41.9 million as at 31 December 2015.

The Group used net cash in operating activities of approximately US\$0.6 million in FY2015. This represents an improvement of approximately US\$42.0 million from the net cash used in operating activities in FY2014.

Net cash from investing activities amounted to approximately US\$194.3 million for FY2015 arising mainly from the transfer of vessels which generated approximately US\$216.4 million of cash inflow in FY2015. The effect of this increase coupled with the redemption of preference shares of US\$9.5 million and receipt of dividends was reduced by purchases of new equipment in FY2015. In FY2014, the net cash used in investing activities was largely for the purchase of fixed assets.

Net cash used in financing activities in FY2015 amounted to approximately US\$172.3 million which was mainly due to the repayment of loans on a fleet of vessels that were sold by a subsidiary in FY2015. The Group also received proceeds from new bank loans which reduced the impact from the repayment for FY2015.

### **FY2017**

Cash and cash equivalents increased by approximately US\$3.7 million from approximately US\$41.9 million as at 31 December 2015 to approximately US\$45.6 million as at 31 March 2017.

The Group generated net cash from operating activities of approximately US\$16.8 million in FY2017. This represents an improvement of approximately US\$17.4 million from the net cash used in operating activities of approximately US\$0.6 million in FY2015.

Net cash from investing activities amounted to approximately US\$16.4 million for FY2017. This arose mainly from the sale of vessels which generated approximately US\$16.8 million of cash inflow in FY2017 and the redemption of preference shares of US\$13.0 million. In FY2015, the net cash from investing activities of approximately US\$194.3 million was largely generated from the sale of vessels.

Net cash used in financing activities in FY2017 amounted to approximately US\$29.5 million. This was mainly due to the repayment of loans on a fleet of vessels and redemption of notes payable which was partially cushioned by proceeds from new bank loans and shareholder's advances.

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## APPENDIX III – FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

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### D. Working Capital

The working capital of the Group as at 31 December 2014, 31 December 2015 and 31 March 2017 are set out below:

	As at 31 December 2014 (US\$'000) (Audited)	As at 31 December 2015 (US\$'000) (Audited)	As at 31 March 2017 (US\$'000) (Audited)
Total Current Assets	178,838	465,287	297,277
Total Current Liabilities	206,908	372,691	267,111
Net Working Capital	(28,070)	92,596	30,166

A review of the working capital of the Group as 31 December 2014, 31 December 2015 and 31 March 2017 is set out below:

#### **31 December 2015 compared to 31 December 2014**

The Group registered a positive working capital position of approximately US\$92.6 million as at 31 December 2015, representing an increase of approximately US\$120.7 million from the negative working capital position of approximately US\$28.1 million as at 31 December 2014. This was mainly due to an increase in current assets of approximately US\$286.5 million.

Total current assets increased by approximately US\$286.5 million from approximately US\$178.8 million as at 31 December 2014 to approximately US\$465.3 million as at 31 December 2015 due mainly to the transfer of vessels pursuant to the Group's refinancing exercise. Total current liabilities increased by approximately US\$165.8 million from approximately US\$206.9 million as at 31 December 2014 to approximately US\$372.7 million as at 31 December 2015 due mainly to the reclassification of the Notes Payables that are due in April and November 2016 respectively.

#### **31 March 2017 compared to 31 December 2015**

The Group registered a positive working capital position of approximately US\$30.2 million as at 31 March 2017, representing a decrease of approximately US\$62.4 million from the positive working capital position of approximately US\$92.6 million as at 31 December 2015. This was mainly due to a decrease in current assets of approximately US\$168.0 million.

Total current assets decreased by approximately US\$168.0 million from approximately US\$465.3 million as at 31 December 2015 to approximately US\$297.3 million as at 31 March 2017 due mainly to the recognition of non-recurring asset held for sale of approximately US\$115.3 million as at 31 December 2015 coupled with the Group's concerted efforts in the collection of outstanding receivables in FY2017. Total current liabilities decreased by approximately US\$105.6 million from approximately US\$372.7 million as at 31 December 2015 to approximately US\$267.1 million as at 31 March 2017 due mainly to the repayment of approximately US\$122.3 million of Notes Payable in the current year and restructuring of certain term loans of approximately US\$163.2 million that resulted in reclassification of certain balance of these loans from current liabilities to non-current liabilities in FY2017. This decrease was however negated by an increase in liabilities from the acquisition of Holmen Group on 1 April 2016.

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### RHT CAPITAL PTE. LTD.

(Company Registration Number: 201109968H)  
(Incorporated in the Republic of Singapore)  
9 Raffles Place, #29-01  
Republic Plaza Tower 1  
Singapore 048619

8 November 2017

To: The Unconflicted Directors of Vallianz Holdings Limited  
(deemed to be independent in respect of the Proposed Whitewash Resolution)

Mr Ling Yong Wah	(Executive Director and Chief Executive Officer)
Mr Yeo Chee Neng	(Non-Executive Vice Chairman)
Mr Yeo Jeu Nam	(Non-Executive Independent Director)
Mr Bote de Vries	(Non-Executive Independent Director)

Dear Sirs,

#### INDEPENDENT FINANCIAL ADVICE TO THE UNCONFLICTED DIRECTORS IN RELATION TO THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER OF RIGHTS OF THE INDEPENDENT SHAREHOLDERS OF VALLIANZ HOLDINGS LIMITED TO RECEIVE A MANDATORY GENERAL OFFER FROM RAWABI HOLDING COMPANY LIMITED PURSUANT TO THE PROPOSED RIGHTS CUM WARRANTS ISSUE

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*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 8 November 2017 (“Circular”) issued by the Company to the shareholders of the Company (“Shareholders”) shall have the same meaning herein. For the purpose of this Letter (as defined herein), where applicable, we have used the foreign exchange rates of S\$1.00 : S\$1.3878 being the agreed exchange rate as set out in the RHCL SOSA and SHL SOSA (as defined herein) and the Circular. The above foreign exchange rate is provided solely for information only.*

#### 1. INTRODUCTION

On 6 September 2016 (“**First Announcement**”), the board of directors (“**Board**” or “**Directors**”) of Vallianz Holdings Limited (“**Company**”, and together with its subsidiaries, “**Group**”) announced, *inter alia*, that the Company is proposing to undertake a renounceable non-underwritten rights cum warrants issue (“**Proposed Rights cum Warrants Issue**”) of up to 3,596,211,385 new ordinary shares in the share capital of the Company (“**Rights Shares**”) at an issue price of S\$0.020 for each Rights Share on the basis of one (1) Rights Share for every one (1) existing share of the Company (“**Share**”) held by each Shareholder at a books closure date determined by the Directors, with fractional entitlements disregarded.

Each Rights Share comes with two (2) free detachable warrants (“**Warrants**”). Each Warrant carries the right to subscribe for one new ordinary share in the capital of the Company (“**New Share**”) at an exercise price of S\$0.020 for each New Share.

In the First Announcement, it was also announced that, to demonstrate its support for the Proposed Rights cum Warrants Issue, Rawabi Holding Company Limited (“**RHCL**”), who owns 672,000,000 Shares, representing approximately 18.7% of the total number of issued Shares as at the First Announcement, had provided an irrevocable undertaking that it would subscribe and pay in full (subject to the terms of the set-of and settlement agreement entered into on 5 September 2016 (“**2016 RHCL SOSA**”)) for its *pro rata* entitlement of 672,000,000 Rights Shares with Warrants and 2,924,211,385 Excess Rights Shares with Warrants (as defined below), subject to: (i) the availability of the Excess Rights Shares with Warrants; and (ii) a maximum aggregate subscription amount of up to approximately S\$72.0 million (“**RHCL Irrevocable Undertaking**”).



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Pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers (“**Code**”), except with the consent of the Securities Industry Council (“**SIC**”), where (a) any person who acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carrying 30.0% or more of the voting rights in the Company; or (b) any person who together with persons acting in concert with him, holds not less than 30.0% but not more than 50.0% of the voting rights in the Company and such person, or any person acting in concert with him, acquires in any period of six (6) months additional Shares carrying more than 1.0% voting rights, (“**Mandatory Offer Threshold**”), he is required to make a mandatory general offer for all the Shares in the Company which he does not already own or control (“**Mandatory Offer**”).

The Rights Shares with Warrants to be issued to RHCL and the Excess Rights Shares with Warrants that may be issued to RHCL pursuant to the RHCL Irrevocable Undertaking may result in RHCL holding a shareholding interest equal to or more than 30.0% after the completion of the Proposed Rights cum Warrants Issue as well as after the exercise of the Warrants, causing RHCL to incur an obligation to make a Mandatory Offer for the Company.

Accordingly, the Company had sought and obtained from the SIC, a waiver of the obligation of RHCL to make a Mandatory Offer under the Code for all the Shares not owned or controlled by RHCL as a result of the Proposed Rights cum Warrants Issue (“**Whitewash Waiver**”), and the Company will be seeking the approval of: (i) Shareholders for the Proposed Rights cum Warrants Issue; and (ii) the approval of shareholders other than RHCL and parties not independent of it (“**Independent Shareholders**”) for the proposed whitewash resolution for the waiver of independent shareholder’s rights to receive a Mandatory Offer from RHCL (“**Proposed Whitewash Resolution**”) at an extraordinary general meeting (“**EGM**”) to be convened.

Subsequently, the Company had on 29 September 2016, despatched a circular to Shareholders (“**2016 Circular**”) in relation to the above EGM, which was to be held on 17 October 2016.

However, on 13 October 2016, the Company had been notified by the judicial managers of Swiber Holdings Limited (“**SHL**”), a controlling Shareholder of the Company which owns 903,534,986 Shares, representing approximately 25.2% of the total number of issued Shares of: (i) SHL’s interest to participate in Proposed Rights cum Warrants Issue (which SHL’s participation may be subject to the approval, pursuant to Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) of SHL’s shareholders in a general meeting); and (ii) SHL’s proposal, to the extent that SHL should participate in the Proposed Rights cum Warrants Issue, for the Company and SHL to set-off and settle the actual subscription amount payable by SHL to the Company by subscribing for its *pro rata* entitlement or any part thereof of the Rights Shares with Warrants (entitlement *pro rata vis-à-vis* all other Shareholders) under the Proposed Rights cum Warrants Issue against and to the extent of any amount owing by the Company to SHL, on and subject to the terms of a set-off and settlement agreement to be executed between the Company and SHL (“**SHL SOSA**”).

As such, in order to provide sufficient time for Shareholders to consider, *inter alia*, the participation of SHL, and the contemplated SHL SOSA with respect to the Proposed Rights cum Warrants Issue, the EGM was postponed to a later date pending the resolutions of the above developments.

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On 24 May 2017, the Board announced that it had on the same day, entered into:

- (i) the SHL SOSA with SHL and Swiber Offshore Construction Pte. Ltd. (Judicial Manager Appointed) (“**SOC**”) in relation to SHL’s participation in the Proposed Rights cum Warrants Issue as well as the set-off and settlement of amounts owing as between SHL, its subsidiaries and associated companies (excluding the Group) (“**SHL Group**”) and the Group; and
- (ii) a revised set-off and settlement agreement with RHCL (“**RHCL SOSA**”) in relation to RHCL’s participation in the Proposed Rights cum Warrants Issue as well as the set-off and settlement of amounts owing by the Company to RHCL.

On 6 July 2017, the Company released an update announcement to the Proposed Rights cum Warrants Issue (“**First Update Announcement**”), stating that the Board wishes to convene an EGM in order to seek the approvals of Shareholders for the Proposed Rights cum Warrants Issue and the issue and allotment of the Rights Shares, the Warrants and the New Shares, and Independent Shareholders for the Proposed Whitewash Resolution. The First Update Announcement also set out the changes to the Proposed Rights cum Warrants Issue, such as, *inter alia*, the changes to the size of the Proposed Rights cum Warrants Issue due to the increase in the share capital of the Company, and changes to the use of proceeds from the Proposed Rights cum Warrants Issue to account for the effects of the SHL SOSA and the RHCL SOSA. For the avoidance of doubt, the basis of the Proposed Rights cum Warrants Issue remained unchanged. The Company had also announced that it would be writing to the SIC to seek the SIC’s confirmation on whether, subject to compliance with conditions set out in the SIC Waiver letter (“**SIC Conditions**”), that the SIC has any objections to the changes to the Proposed Rights cum Warrants Issue and if the Whitewash Waiver remains valid.

We understand that the Company had, on 2 August 2017, obtained the SIC’s confirmation that, subject to the SIC Conditions, the SIC has no objections to the changes to the Proposed Rights cum Warrants Issue and that the Whitewash Waiver remains valid.

To allow Shareholders to participate in the Group’s prospects, the Company had decided to improve the terms of the Proposed Rights cum Warrants Issue to encourage wider subscription from Shareholders. The Group believed that the Proposed Rights cum Warrants Issue would help to strengthen the Group’s capital structure and place it in a better position to ride through the current market conditions and execute its growth strategies.

As such, on 6 November 2017, the Company released a subsequent update announcement to the Proposed Rights cum Warrants Issue (“**Second Update Announcement**”), stating, *inter alia*, that the Board had decided to revise the terms of the Proposed Rights cum Warrants Issue as follows: (i) change the issue price of the Rights Shares from S\$0.020 to S\$0.016 (“**Issue Price**”); and (ii) change the exercise price of the Warrants from S\$0.020 to S\$0.016 (“**Exercise Price**”). The remaining terms of the Proposed Rights cum Warrants Issue, including the size of the Proposed Rights cum Warrants Issue and the basis of the Proposed Rights cum Warrants Issue (being one (1) Rights Share for every one (1) existing Share with each Rights Share entitled to two (2) free detachable Warrants) will remain unchanged.

The Company had also, on 6 November 2017, entered into supplementary agreements with SHL, SOC and RHCL individually, to take into the changes in the size of the Proposed Rights cum Warrants Issue and Issue Price of the Rights Shares and Exercise Price of the Warrants and to amend and supplement the terms of the SHL SOSA and the RHCL SOSA (“**Supplementary SOSA Agreements**”).

In relation to the Whitewash Waiver, the Company had, on 27 October 2017, updated the SIC on the further changes to the terms of the Proposed Rights cum Warrants Issue in relation to amongst others, the change in the Issue Price and Exercise Price from S\$0.020 to S\$0.016.

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The revised Proposed Rights cum Warrants Issue is summarised as follows: a renounceable non-underwritten Rights cum Warrants Issue of up to 4,483,061,385 Rights Shares at the Issue Price of S\$0.016 for each Rights Share, on the basis of one (1) Rights Share for every one (1) existing Share held by each Shareholder at a books closure date determined by the Directors, with fractional entitlements disregarded; and each Rights Share comes with two (2) free detachable Warrants, with each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.016 for each New Share.

As at the Latest Practicable Date, the Company has 4,479,061,385 outstanding Shares. The Company does not have any outstanding treasury Shares and pursuant to the Vallianz Employee Share Option Scheme, the Company has 4,000,000 outstanding employee share options (“**ESOS Options**”) which may be exercised on or prior to the books closure date of the Proposed Rights cum Warrants Issue. On the assumption that no ESOS Options are exercised, the Company would have 4,479,061,385 Shares. Assuming that all ESOS Options are exercised prior to the books closure date of the Proposed Rights and Warrants Issue, the share capital of the Company will be 4,483,061,385 Shares.

We note that the weighted average exercise price of the ESOS Options is S\$0.053. As the exercise price of the ESOS Options is pegged at S\$0.053 per Share, it is unlikely that these ESOS Options would be exercised for the purpose of participating in the Proposed Rights cum Warrants Issue, given that the last transacted price of the Shares prior to the release of the Second Update Announcement on 6 November 2017 is S\$0.016, which is at a significant discount of 69.8% to the exercise price of the ESOS Options and hence, the ESOS Options are “out-of-the-money”. As such, we have based our evaluation on the assumption that the ESOS Options would not be exercised and the share capital of the Company comprises 4,479,061,385 Shares.

We further note that there are a total of 179,000,000 share awards (“**Awards**”) that have been granted to selected Directors and employees of the Company under the Vallianz performance share plan. As at the Latest Practicable Date, the Awards have not vested and are currently unissued. As such, we have not included the Awards in our computation of the share capital of the Company and in our evaluation.

As at the Latest Practicable Date, RHCL owns 672,000,000 Shares, representing approximately 15.0% of the total number of issued Shares. Pursuant to its obligations under the RHCL SOSA, RHCL has undertaken to subscribe in full for:

- (i) its *pro rata* entitlement of the Rights Shares with Warrants; and
- (ii) subject to availability, the additional Rights Shares with Warrants which remain unsubscribed by Shareholders, being the excess of RHCL’s provisional allotment under the Proposed Rights cum Warrants Issue.

RHCL’s subscription to the above pursuant to the RHCL SOSA may result in RHCL holding a shareholding interest equal to or more than 30.0% after the completion of the Proposed Rights cum Warrants Issue and as well as after the exercise of the Warrants, causing RHCL to incur an obligation to make a Mandatory Offer for the Company and thus still requiring the Whitewash Waiver.

The SIC’s approval for the Whitewash Waiver is subject to the satisfaction of certain conditions as set out in Section 8.3 of the Circular, including, *inter alia*, (i) the approval of the Proposed Whitewash Resolution by the majority of the Independent Shareholders voting by way of a poll to waive their rights to receive the Mandatory Offer from RHCL at the EGM; and (ii) the appointment of an independent financial adviser (“**IFA**”) to advise the Independent Shareholders on the Proposed Whitewash Resolution.

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Accordingly, RHT Capital Pte. Ltd. (“**RHTC**”) has been appointed by the Company as the IFA to advise the Directors who are deemed independent in respect of the Proposed Whitewash Resolution. We note that the entire Board, comprising of Mr Ling Yong Wah, Mr Yeo Chee Neng, Mr Yeo Jue Nam and Mr Bote de Vries are considered independent of RHCL and its concert parties, and are thus considered independent directors with respect to the Proposed Whitewash Resolution (“**Unconflicted Directors**”).

This letter (“**Letter**”) is addressed to the Unconflicted Directors and sets out, *inter alia*, our evaluation and recommendation on the Proposed Whitewash Resolution. This Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed Rights cum Warrants Issue, the Proposed Whitewash Resolution and the recommendation of the Unconflicted Directors.

The passing of the ordinary resolutions for the Proposed Rights cum Warrants Issue and the Proposed Whitewash Resolution are inter-conditional upon each other. If either of these resolutions is not passed, the Company will not proceed with the Proposed Rights cum Warrants Issue.

### 2. TERMS OF REFERENCE

We have been appointed to advise the Unconflicted Directors in respect of the Proposed Whitewash Resolution. The purpose of this Letter is to provide an independent opinion on, whether the Proposed Whitewash Resolution, when considered in the context of the Proposed Rights cum Warrants Issue, is fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Rights cum Warrants Issue nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed Rights cum Warrants Issue or to obtain the approval of the Independent Shareholders for the Proposed Rights cum Warrants Issue and/or the Proposed Whitewash Resolution, and we do not, by this Letter, warrant the merits of the Proposed Rights cum Warrants Issue and/or the Proposed Whitewash Resolution other than to express an opinion on whether the Proposed Whitewash Resolution is prejudicial to the interests of the Independent Shareholders when considered in the context of the Proposed Rights cum Warrants Issue.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Proposed Rights cum Warrants Issue and/or the Proposed Whitewash Resolution or to compare its relative merits *vis-à-vis* alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (“**Management**”) although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation of the financial terms of the Proposed Rights cum Warrants Issue, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company and/or the Group. We have also relied on information provided and representations made, including relevant financial analyses and estimates, by the Directors, the Management, and the Company’s advisers, including but not limited to its solicitors and/or auditors. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information, representation or assurance. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

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We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Proposed Rights cum Warrants Issue, the Proposed Whitewash Resolution, the Company and/or the Group are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Rights cum Warrants Issue and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this Letter.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Company and/or the Group, (including without limitation, property, plant and equipment) and we have not been furnished with any such evaluation or appraisal.

Our analysis and our opinion as set out in this Letter is based upon market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of 6 November 2017 (“**Latest Practicable Date**”). Such conditions may change significantly over a relatively short period of time. **We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.** Shareholders should further take note of any announcements relevant to their consideration of the Proposed Rights cum Warrants Issue and/or the Proposed Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we would advise the Unconflicted Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter as set out in the Circular). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this Letter as set out in the Circular).

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this Letter (or any part thereof) for any purposes other than for the purposes of the Shareholders’ resolution in relation to the Proposed Whitewash Resolution at any time and in any manner without the prior written consent of RHTC in each specific case.

We have prepared this Letter for the use of the Unconflicted Directors in connection with their consideration of the Proposed Whitewash Resolution and their advice to Independent Shareholders arising thereof. The recommendations made to the Independent Shareholders in relation to the Proposed Whitewash Resolution remain the sole responsibility of the Unconflicted Directors.

**Our opinion on the Proposed Whitewash Resolution should be considered in the context of the entirety of this Letter and the Circular.**

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### 3. INFORMATION ON THE COMPANY AND THE GROUP

#### 3.1 Overview

The Group is an owner and operator of 56 offshore support vessels (“OSVs”) while its associated company owns and operates another 21 OSVs. It also provides integrated offshore marine solutions services to oil majors and national oil companies worldwide. From its base in Singapore, the Group has operations globally spanning three continents.

As at the Latest Practicable Date, based on the existing number of outstanding shares of the Company of 4,479,061,385 Shares and the last traded Share price of S\$0.016, the market capitalisation of the Company is approximately S\$71.7 million.

#### 3.2 Key developments

The Company was listed on the Catalist of the SGX-ST on 8 July 2010 via a reverse take-over of Enzer Corporation Limited, which had acquired Samson Oceanic Pte. Ltd. from the SHL Group in exchange for shares of Enzer Corporation Limited. Following the reverse take-over, and as a result of the share issuance as consideration, SHL became a controlling shareholder of the Company, holding 176,000,000 Shares, or representing approximately 29.4% of the total number of issued Shares upon the completion of the reverse take-over. The Company was also subsequently renamed Vallianz Holdings Limited.

From 2012 to 2013, the Group focused on expanding its asset base of offshore marine vessels for the oil and gas industry, expanding and diversifying its customer base. It grew its fleet size rapidly from five (5) vessels in 2012 to 28 OSVs in 2013, primarily through mergers and acquisitions.

As part of the Group’s strategic direction to expand its asset base and provide integrated offshore marine services to major oil and gas companies and further develop its customer base, Vallianz Capital Ltd, a wholly-owned subsidiary of the Company, had on 1 October 2013 entered into a sales and purchase agreement with SOC for the acquisition of a 50.0% shareholding interest in Rawabi Swiber Offshore Services Co. Ltd. (“RSOS”) (“**RSOS Acquisition**”), a company incorporated in the Kingdom of Saudi Arabia involved in the provision of offshore marine support services for oil platforms and projects. The remaining 50.0% equity interest in RSOS is owned by RHCL. The RSOS Acquisition allowed the Group to establish a presence in the Kingdom of Saudi Arabia and the Middle East.

Following the RSOS Acquisition, the Company had on 2 October 2013, entered into a subscription agreement with RHCL for the issuance of redeemable convertible capital securities with a principal amount of US\$35.2 million (“**RHCL RCCS**”), convertible at the option of RHCL into an aggregate of 800,000,000 Shares at a conversion price of US\$0.044 per Share. On the same day, the Company also entered into an option agreement with SHL for the issuance of 500,000,000 non-transferable share options (“**SHL Options**”), with each SHL Option carrying the right to subscribe for one (1) Share at an exercise price of S\$0.055 per SHL Option. The issuance of the SHL Options and RHCL RCCS were approved by Shareholders at an EGM convened on 9 December 2013 and the Company completed the issuance of the SHL Options to SHL and the RHCL RCCS to RHCL on 14 February 2014.

On 24 February 2014, the Company announced that it had allotted and issued a total of 509,000,000 Shares to RHCL and its permitted transferees pursuant to the conversion of a principal amount of approximately US\$22.4 million of the RHCL RCCS, at a conversion price of US\$0.044 per Share (“**RHCL RCCS Conversion**”). Pursuant to the RHCL RCCS Conversion, RHCL became a controlling Shareholder of the Company, holding 429,000,000 Shares, or approximately 25.3% of the total number of issued Shares upon completion of the RHCL RCCS Conversion. RHCL had converted the RHCL RCCS into new Shares from the period of 24 February 2014 to 24 September 2014. As at the Latest Practicable Date, no RHCL RCCS is outstanding.

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Similarly, SHL had exercised all SHL Options from 10 March 2014 to 22 September 2014 and as at the Latest Practicable Date, no SHL Options are outstanding.

Between 2014 and 2015, the Group was expanding rapidly. In FY2014, the Group made its foray into the Mexico markets and managed to secure new charter awards and contracts with an aggregate value of over US\$60.0 million in Mexico and Asia Pacific. It also won a time charter award worth US\$97.0 million from a major customer, a large oil company in the Middle East. The Group had 21 out of 34 vessels deployed in the Middle East as at 15 December 2014.

During FY2015, the Group managed to secure new chartering contracts of up to US\$856.0 million, and grew its order book to nearly US\$1.0 billion from US\$540.0 million at the end of 2014. The number of vessels it owned also increased significantly from 37 OSVs in 2014 to 66 OSVs in 2015 through the mergers and acquisitions.

RSOS was renamed to Rawabi Vallianz Offshore Services Limited (“**RVOS**”) on 28 August 2015. On 15 December 2015, the Company announced that RVOS intended to enter into a refinancing exercise (“**RVOS Refinancing**”) which will, *inter alia*, refinance the bulk of RVOS’s bank loans amounting up to SAR1.1 billion (“**RVOS Loans**”), or the equivalent of approximately US\$293.3 million secured on RVOS’s fleet of 20 vessels comprising mainly anchor handling tugs and platform support vessels (“**RVOS Vessels**”) with an aggregate net book value of approximately SAR 1.52 billion (or approximately US\$405.0 million). Although the Group owns 50.0% of shareholding interest in RVOS, RVOS is accounted for as a wholly-owned subsidiary of the Group as the Group had the practical ability to direct the relevant activities of RVOS and enjoyed all economic benefits of RVOS. To facilitate the RVOS Refinancing, the Company had, on 11 December 2015, announced the incorporation of Rawabi Vallianz International Company Limited (“**RVSPV**”), as a limited liability company incorporated in the Kingdom of Saudi Arabia, as a joint venture company equally owned by the Company and RHCL, with the provision of offshore marine services as its principal activity.

The RVOS Refinancing involved the transfer by RVOS of RVOS Loans to RVSPV, and RVSPV will refinance the RVOS Loans with a Saudi Riyal-denominated sukuk financing (“**Sukuk**”) of up to SAR1.1 billion (or approximately US\$293.3 million). The Sukuk will be for a fixed term of five (5) years, with certain amortised principal repayment during the term and a bullet repayment of the remaining principal amount at the end of five (5) years, and is jointly guaranteed by corporate guarantee from the Group and RHCL and secured on the RVOS Vessels, which will be transferred from RVOS to RVSPV for an aggregate consideration of US\$410.0 million. Following which, RVOS will lease back the vessels from RVSPV for a term of five (5) years and pay RVSPV quarterly charter rates sufficient to cover the financing obligations of RVSPV arising from the Sukuk.

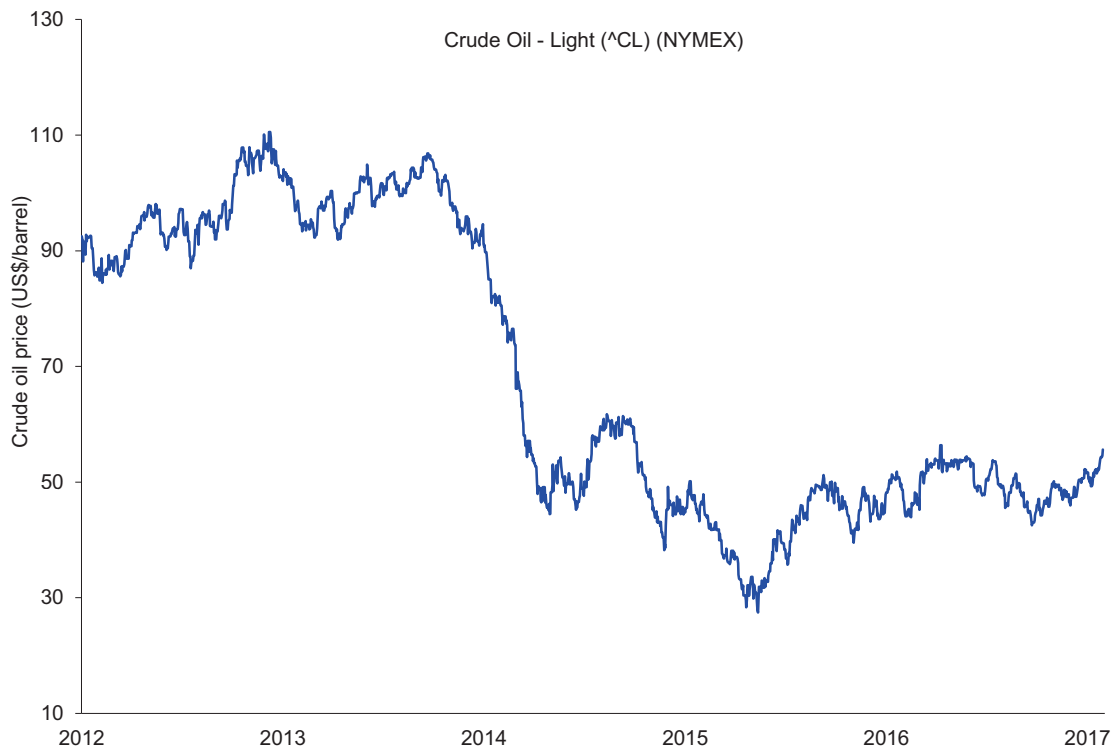
As the finance cost and tenure of the Sukuk were more favourable than that of the RVOS Loans, the RVOS Refinancing allowed the Group to enjoy cost savings and improve its cash flow due to the larger bullet repayment of the Sukuk as compared to the RVOS Loans. It also allowed the Group to tap the Islamic debt capital markets in order to fund its operations in the Middle East. At the same time, the RVOS Refinancing reduced the gearing of the Group as the RVOS Loans will now be transferred to the RVSPV and accounted for under the equity method.

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As referenced in the chart below, we note that in the middle of 2014, oil prices had begun to depress from a high of US\$105 per barrel in 2014 to a low of US\$36 per barrel in 2015. The movement of oil prices from 2012 to the Latest Practicable Date is captured in the chart below:



**Source:** S&P Capital IQ

In 2016, oil prices continued to remain depressed and sunk to as low as US\$27 per barrel. We note that with the depressed oil prices, several other companies listed on the SGX-ST in the oil and gas space had encountered financial difficulties, including entering liquidation or bankruptcy. On 28 July 2016, SHL announced that it had on 27 July 2016 filed an application in the Singapore High Court for voluntary winding up and provisional liquidation. As at 28 July 2016, SHL had 903,534,986 Shares, representing approximately 25.2% of the total number of issued Shares and RHCL had 672,000,000 Share, representing approximately 18.7% of the total number of issued Shares. We noted that on 28 July 2016, the board of directors of SHL and its provisional liquidators had discussions with SHL's major financial creditor who had indicated that they are supportive of an application for SHL to place itself into judicial management instead of liquidation. Accordingly on 29 July 2016, SHL and SOC took out applications to place SHL and SOC under judicial management and interim judicial management and applied to discharge the provisional liquidation order and withdraw the winding up application made.

Following the announcements made by SHL, the share price of the Company dropped significantly from S\$0.036 to S\$0.021, prompting a query from the SGX-ST. On 29 July 2016, the group chairman of RHCL and chairman of RVOS, Sheikh Abdul Aziz Ali Alturki, made a media statement expressing his confidence in the Group's business prospects. RHCL reaffirmed its strong commitment to the Company. As at 29 July 2016, majority of the Group's vessel chartering business was made up of contracts with third-party oil and gas companies in the Middle East region. In a media statement released by the Company on 14 August 2016, it was reported that Sheikh Abdul Aziz Ali Alturki had made a visit to Singapore and met with several key stakeholders of the Company to shed light on the prospects of the Middle East markets and assuage concerns stemming from the downturn of the oil and gas industry in 2016. He reaffirmed RHCL's commitment and support for the Company and expressed confidence in the Group's business prospects in the Middle East region.



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The Group began to seek options to raise funds to refinance and settle its liabilities. The Proposed Rights cum Warrants Issue was announced by the Company on 6 September 2016 to strengthen the financial position of the Group and set off liabilities due by the Group to RHCL. RHCL had provided the RHCL Irrevocable Undertaking as a display of support for the Proposed Rights cum Warrants Issue as detailed in Paragraph 1 of this Letter.

As announced by the Company on 22 February 2017, the Group and certain trade creditors had, on 21 February 2017, entered into letters of agreement to settle approximately S\$7.6 million of trade payables via the issuance of 380,589,000 Shares at S\$0.020 per Share to settle the Group's trade payables whilst conserving cash reserves of the Group ("**Trade Creditors Swap 1**"). The Trade Creditors Swap 1 was completed on 7 March 2017.

On 10 March 2017, the Group announced that it had entered into a framework agreement with its lenders to refinance some of the Group's existing borrowings totalling US\$163.2 million. The borrowings were restructured to a repayment term of approximately 8.2 years, up from an average of approximately 5.8 years previously. With the maturity of these borrowings extended to December 2022, the Group shall grant its lenders, *inter alia*, a shared security package over the shares of certain subsidiaries of the Company and certain fixed assets of the Group. The completion of this debt restructuring exercise would result in a deferment of the repayment of the principal amount of borrowings owing from the Group, accordingly relieving the Group's cash flow by US\$103.5 million in the next 2 years. This would enhance the Group's short to medium term liquidity position and cash flows.

On 24 May 2017, the Board announced that it had on the same day, entered into the SHL SOSA and the RHCL SOSA, to govern the participation of SHL and RHCL in the Proposed Rights cum Warrants Issue. Information on the principal terms of the SHL SOSA and RHCL SOSA are set out in Sections 4 and 5 of the Circular and Paragraph 5 of the Letter below.

The Group announced that it had on 19 June 2017, further entered into letters of agreement with certain trade creditors to fully offset against the aggregate trade payables of S\$3.1 million via the issuance of 156,261,000 Shares at S\$0.02 per Share, allowing the Group to further conserve its cash reserves and settle its trade payables ("**Trade Creditors Swap 2**"). The Trade Creditors Swap 2 was completed on 5 July 2017.

On 6 July 2017 and 6 November 2017, the Group released the First Update Announcement and the Second Update Announcement respectively, with regards to the Proposed Rights cum Warrants Issue, details of which are covered in Paragraph 4 of this Letter below.

### 3.3 Financial Information of the Group

#### Change of year end

On 6 September 2016, the Company announced the change of the Company's financial year end from 31 December to 31 March. Following the change, the next financial year of the Company following the financial year ended 31 December 2015 will end on 31 March of each year. The latest audited financial statements of the Company covered a period of 15 months from 1 January 2016 to 31 March 2017.

We note that the Board's decision to change the financial year end was arrived at after taking into consideration the reporting requirements and the Board's view that the change is to improve the management of the Company's internal processes and smoothen the flow of its operations which will result in better administrative and operational efficiencies. We noted that the Board does not foresee any material adverse impact on the Group's financial position and operations as a result of the change of the financial year end.

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### Audited financial performance and position of the Group

The Group's audited consolidated profit and loss statements of the Group for the financial year ended 31 December 2014 ("FY2014"), 31 December 2015 ("FY2015"), and financial period from 1 January 2016 to 31 March 2017 ("FP2017"); the Group's audited consolidated statement of financial position as at 31 December 2014, 31 December 2015 and 31 March 2017; are set out in Appendix III to the Circular.

### Financial performance of the Group for FY2014, FY2015, FP2017 and 6M2017/18

A summary of the audited financial performance of the Group for the last three financial years ended FY2014, FY2015 and FP2017 and unaudited financial performance for the six months ended 30 September 2017 ("6M2017/18") are set out below. The following summary financial information should be read in conjunction with the full text of the Company's annual reports for FY2014, FY2015 and FP2017 and the respective results announcements in respect of the relevant financial periods including the notes thereto.

(US\$'000)	Audited FY2014	Audited FY2015	Audited FP2017	Unaudited 6M2016	Unaudited 6M2017/18
Revenue	153,680	232,554	247,828	118,454	82,447
Cost of sales	(98,498)	(167,601)	(185,369)	(90,675)	(61,624)
Gross profit	55,182	64,953	62,459	27,779	20,823
Other income	7,117	9,920	2,969	966	2,540
Administrative expenses	(16,785)	(23,144)	(19,237)	(8,473)	(6,374)
Other operating expenses	(1,653)	–	–	(437)	(224)
Exceptional items	–	–	(214,554)	–	–
Finance costs	(22,258)	(26,859)	(23,093)	(10,689)	(6,606)
Share of results of associate and joint ventures	–	638	(3,390)	49	127
Impairment charge	–	–	–	(1,617)	–
<b>Profit / (Loss) before tax</b>	<b>21,603</b>	<b>25,508</b>	<b>(194,846)</b>	<b>7,579</b>	<b>10,286</b>
Income tax expense	(1,173)	(5,396)	2,313	(541)	(286)
<b>Profit / (Loss) for the year / period</b>	<b>20,430</b>	<b>20,112</b>	<b>(192,533)</b>	<b>7,038</b>	<b>10,000</b>
<b>Profit / (Loss) for the year / period attributable to owners of the Company</b>	<b>18,577</b>	<b>18,554</b>	<b>(158,247)</b>	<b>4,713</b>	<b>9,523</b>

*Sources: Company's annual report for FY2015 and FP2017 and the Company's announcement relating to the unaudited financial results for 6M2017/18*

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### *FY2015 vs FY2014*

Revenue of the Group increased by US\$78.9 million or 51.3% from approximately US\$153.7 million in FY2014 to approximately US\$232.6 million in FY2015, mainly due to higher chartering and brokerage revenue in tandem with the growth of the Group's fleet size. The Group also derived higher revenue from ship management and shipyard services attributed to the acquisition of new subsidiaries in the last quarter of FY2014. Gross profit increased by US\$9.8 million or 17.8% from US\$55.2 million in FY2014 to US\$65.0 million in FY2015 due to higher gross profit from the vessel chartering business and full year contributions by subsidiaries acquired.

However, net profit attributable to the owners of the Company remained constant, at US\$18.6 million in FY2014 and FY2015 despite the increase in gross profit, mainly attributable to: (i) an increase in administrative costs of US\$6.4 million; (ii) an increase in finance costs of US\$4.6 million; and (iii) an increase in income tax expense of US\$4.2 million, offset by an increase in: (i) other income of US\$2.8 million; (ii) an absence of other operating expenses; and (iii) recognition of the share of results of associate and joint venture companies.

### *FP2017 vs FY2015*

Revenues of the Group increased by US\$15.2 million or 6.5%, from US\$232.6 million in FY2015 to US\$247.8 million in FP2017 due mainly the change in financial year end, as the revenues captured in FP2017 was recorded over 15 calendar months while the revenues of FY2015 was recorded over a period of twelve calendar months. However, gross profit decreased by US\$2.5 million or 3.8% from US\$65.0 million in FY2015 to US\$62.5 million in FP2017 mainly due to a disproportionate increase in cost of sales compared to revenues, with cost of sales increasing by US\$17.8 million or 10.6% compared to a 6.6% increase in revenue.

The Group recorded a loss attributable to owners of the Company of US\$158.2 million in FP2017 from a profit attributable to owners of the Company, mainly due to an exceptional loss of US\$192.3 million attributable to owners of the Company, which arose after the Group had completed an in-depth evaluation of the carrying value of certain of its assets that comprise goodwill, fixed assets and investments, in light of the slowdown in the offshore and marine market and the rightsizing initiatives that it had undertaken.

### *6M2017/18 vs 6M2016*

Revenues of the Group decreased by US\$36.0 million or 30.4%, from US\$118.5 million in 6M2016 to US\$82.5 million in 6M2017/18 due mainly to the completion of various one-time vessel management projects in the second half of 2016 and thus no further revenues relating to these projects were recorded in 6M2017/18. This was partially offset by the commencement of new contracts with a key customer since 1Q2017/18. While the Group had experienced lower utilisation for certain of its vessels, this was mitigated by the ongoing long term charters in the Middle East as well as the commencement of the new contract. In line with the above, gross profit also decreased by US\$7.0 million or 25.2% from US\$27.8 million in 6M2016 to US\$20.8 million in 6M2017/18. However, gross profit margins improved from 23.5% to 25.3% due to lower depreciation expenses and the higher profit margins enjoyed by the chartering and brokerage services business (which contributed 90.0% of the Group's revenue in 6M2017/18), compared to the vessel management services business which historically commanded a lower gross profit margin.

Despite the decrease in gross profit, the Group recorded an increase in profit attributable to owners of the Company by US\$4.8 million or 102.1% from US\$4.7 million in 6M2016 to US\$9.5 million in 6M2017/18, mainly attributable to: (i) an increase in other income of US\$1.6 million; (ii) a decrease in administrative costs of US\$2.1 million; (iii) a decrease in finance costs of US\$4.1 million; (iv) an absence of an impairment charge in 6M2017/18 compared to 6M2016; and (v) a decrease in the profit attributable to non-controlling interests of US\$1.8 million.

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### Financial position of the Group as at 31 March 2017 and 30 September 2017

The audited financial position of the Group as at 31 March 2017 and the unaudited financial position of the Group as at 30 September 2017 are set out below:

<b>(US\$'000)</b>	<b>Audited</b> <b>As at 31 March 2017</b>	<b>Unaudited</b> <b>As at 30 September 2017</b>
<i><u>Current assets</u></i>		
Cash and cash equivalents	45,568	10,486
Trade receivables	91,890	91,850
Other receivables	124,915	171,346
Inventories	1,669	1,575
Construction work-in-progress	1,506	902
Available-for-sale investments	31,729	31,729
<b>Total current assets</b>	<b>297,277</b>	<b>307,888</b>
<i><u>Non-current assets</u></i>		
Deposits pledged with banks	699	699
Property, plant and equipment	372,233	367,900
Joint ventures	54,026	54,153
Derivative financial instruments	1,295	1,295
<b>Total non-current assets</b>	<b>428,253</b>	<b>424,047</b>
<b>Total assets</b>	<b>725,530</b>	<b>731,935</b>
<i><u>Current liabilities</u></i>		
Term loans	64,903	62,193
Trade payables	62,487	69,719
Other payables	136,922	127,623
Finance lease payables	186	63
Income tax payable	2,613	3,041
<b>Total current liabilities</b>	<b>267,111</b>	<b>262,639</b>
<i><u>Non-current liabilities</u></i>		
Term loans	275,726	273,729
Retirement benefit obligation	1,077	1,211
Finance lease payables	–	8
Deferred tax liabilities	4,010	3,750
<b>Total non-current liabilities</b>	<b>280,813</b>	<b>278,698</b>
<i><u>Capital and reserves</u></i>		
Share capital	203,918	206,176
Perpetual capital securities	22,500	22,500
Foreign currency translation reserve	(1,045)	(908)
Share options reserve	447	1,044
Shareholder's advances	102,087	102,087
Other reserves	(27)	(27)
Accumulated (losses)	(147,638)	(138,115)

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(US\$'000)	Audited As at 31 March 2017	Unaudited As at 30 September 2017
<b>Equity attributable to owners of the Company and capital securities holders</b>	<b>180,242</b>	<b>192,757</b>
Non-controlling interests	(2,636)	(2,159)
<b>Total equity</b>	<b>177,606</b>	<b>190,598</b>

**Number of Shares (excluding treasury Shares) as at Latest Practicable Date** **4,479,061,385**

**Net asset value (“NAV”) attributable to owners of the Company as at 30 September 2017 (US\$)** **190,598**

**NAV attributable to owners of the Company per Share as at 30 September 2017 (US\$)** **0.043**

**NAV attributable to owners of the Company per Share as at 30 September 2017 (S\$)** **0.060**

*Sources: Company's annual report for FP2017 and the Company's announcement relating to the unaudited financial results for 6M2017/18*

As at 31 March 2017, the assets of the Group totalling US\$725.5 million comprised mainly: (i) property, plant and equipment of US\$372.2 million; (ii) other receivables of US\$124.9 million; and (iii) trade receivables of US\$91.9 million, representing approximately 51.3%, 17.2% and 12.7% of the Group's total assets respectively.

Property, plant and equipment are mostly in relation to the fleet of vessels owned by the Group, and are carried at cost less accumulated depreciation and any accumulated impairment losses. The vessels have a useful life ranging from 12 to 25 years.

Other receivables are mainly in relation to receivables due from associate of US\$35.9 million, receivables due from joint ventures of US\$31.1 million, and receivables due from related parties of US\$22.5 million and prepayments made by the Group of US\$30.3 million. The amounts due from associate, joint ventures and related parties are unsecured, interest-free and repayable on demand.

Trade receivables are mainly due from outside parties of US\$38.2 million and trade receivables due from related parties of US\$56.0 million. Trade receivables are given a credit period of 30 days, and out of a total of US\$91.9 million, US\$64.9 million are past due. Accordingly, the Group had recognised US\$2.5 million of impairment loss for certain of these trade receivables as there has been a significant change in credit quality.

The corresponding liabilities of the Group as at 31 March 2017 totalling US\$547.9 million comprised mainly: (i) short and long term loans of US\$340.6 million; (ii) other payables of US\$136.9 million; and (iii) trade payables of US\$62.5 million, representing approximately 62.2%, 25.0% and 11.4% respectively.

Short and long term loans of approximately US\$64.9 million and US\$275.7 million respectively relate mainly to bank loans secured by mortgages over the property, vessels and equipment of the Group, assignment of marine insurances, monies pledged, assignment of earnings and charter proceeds of vessels, corporate guarantees, unquoted preference shares held by the Group and shares of subsidiaries. The non-repayment of an instalment payment of US\$31.7 million by a subsidiary corporation triggered a technical default of its loan arrangement, and accordingly, the loan secured by mortgages over a vessel had been reclassified under current liabilities.

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Other payables relate mainly to accruals of US\$77.2 million and non-interest bearing payables due to related parties of US\$50.0 million, with an average credit period of 30 days.

Trade payables comprise mainly non-interest bearing trade payables due to outside parties of US\$40.1 million and trade payables due to associates of US\$10.8 million, both with an average credit period of 30 days and deferred income of US\$8.0 million.

The Company has US\$22.5 million of perpetual capital securities outstanding as at 31 March 2017. The perpetual capital securities have no fixed maturity and are redeemable in whole, or in part, at the Company's option on or after 30 December 2017. The Company declares distribution to holders of the perpetual capital securities at its discretion on a semi-annual basis at a rate of 4.0% per annum, subject to a step-up rate to 7.0% from 30 December 2017. We further note that the Group had recorded the amounts due to RHCL of US\$102.1 million as shareholder's advances under capital and reserves.

The financial position of the Group had remained largely unchanged from 31 March 2017 to 30 September 2017, save for the profits made by the Group during in 6M2017/18 and the decrease in cash and cash equivalents, which was used for: (i) advances made to a joint venture of US\$28.4 million and prepayments made to certain vendors, which correspondingly resulted in an increase of other receivables; and (ii) repayment of borrowings during 6M2017/18.

**As at 30 September 2017, the NAV of the Group attributable to owners of the Company was approximately US\$190.6 million (or S\$264.5 million) and the NAV per Share was approximately US\$0.043 per Share (S\$0.060 per Share).**

In respect of the above, we have sought the following confirmation from the Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that:

- (i) there are no material differences between realisable values of Group's assets and their respective book values as at 30 September 2017 which would have material impact on the NAV of the Group;
- (ii) other than that already provided for or disclosed in the Group's unaudited financial statements as at 30 September 2017, there are no other contingent liabilities, bad or doubtful debts or material events which would likely have a material impact on the NAV of the Group as at the Latest Practicable Date;
- (iii) save as disclosed in the Circular, there are no litigation, claim or proceedings pending or threatened against the Company or Group or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position of the Company and Group;
- (iv) there are no other intangible assets and which ought to be disclosed in the statement of financial position of the Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Group; and
- (v) there are no material acquisitions or disposals of assets by the Group between 30 September 2017 and the Latest Practicable Date and the Group does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Group's material assets or material change in the nature of the Group's business.

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### 4. INFORMATION ON THE PROPOSED RIGHTS CUM WARRANTS ISSUE

Detailed terms of the Proposed Rights cum Warrants Issue are set out in Section 2 of the Circular.

The Proposed Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis, and on the basis of one Rights Shares for every one existing Share held by the Shareholders as at the books closure date at an Issue Price of S\$0.016 for each Rights Share, with two free Warrants for every one Rights Share subscribed, with each Warrant carrying the right to subscribe for one New Share at the Exercise Price of S\$0.016 for each New Share.

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or, trade (during the provisional allotment trading period prescribed by the SGX-ST), their provisional allotments of Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue ("**Excess Rights Shares with Warrants**").

In the case of foreign shareholders who are not entitled to the provisional allotments of the Rights Shares with Warrants, in order to avoid violation of securities legislation applicable in their countries, it is stated in Section 2.5 of the Circular that if it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to foreign shareholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the provisional allotment of the Rights Shares with Warrants commence. The net proceeds arising from the above will be dealt with in accordance with the terms set out in the offer information statement to be issued by the Company for the Proposed Rights cum Warrants Issue.

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the entitled Shareholders' provisional allotments of Rights Shares with Warrants and will, together with the provisional allotments of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy applications for Excess Rights Shares with Warrants (subject to availability), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company subject to applicable laws and regulations.

In the allotment of Excess Rights Shares with Warrants, preference will be given to the rounding of odd lots and the Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and the allotment of Excess Rights Shares with Warrants. The Company will also not make any allotment and issuance of any Excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares are payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, "record date" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of the business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or the securities accounts of Shareholders must be credited with Shares in order to participate in such dividends, rights, allotments or distributions.

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The Issue Price for each Rights Share of S\$0.016 is:

- (i) a discount of approximately 15.8% to the last transacted price of S\$0.019 per Share on the SGX-ST on 2 September 2016, being the last market day the Shares were last traded prior to the release of the First Announcement;
- (ii) a discount of approximately 8.6% to the theoretical ex-rights price of S\$0.0175, based on the last transacted Share price of S\$0.019 prior to the release of the First Announcement;
- (iii) a premium of approximately 6.7% over the last transacted price of S\$0.015 per Share on the SGX-ST on 6 July 2017, being the last market day the Shares were last traded prior to the release of the First Update Announcement;
- (iv) a premium of approximately 3.2% over the theoretical ex-rights price of S\$0.0155, based on the last transacted Share price of S\$0.015 prior to the release of the First Update Announcement;
- (v) at the last transacted price of S\$0.016 per Share on the SGX-ST on 3 November 2017, being the last market day the Shares were last traded prior to the release of the Second Update Announcement, and
- (vi) at the theoretical ex-rights price of S\$0.016, based on the last transacted Share price of S\$0.016 prior to the release of the Second Update Announcement.

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form. The Warrants will be constituted by the Deed Poll and subject to the terms and conditions to be set out in the Deed Poll including the adjustments formulae to the Exercise Price and the number of Warrants under circumstances which include, without limitation, consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues and certain capital distributions. Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants and will for all purposes form part of the same series.

The Exercise Price of the Warrants of S\$0.016 is:

- (i) a discount of approximately 15.8% to the last transacted price of S\$0.019 per Share on the SGX-ST on 2 September 2016, being the last market day the Shares were last traded prior to the release of the First Announcement;
- (ii) a premium of approximately 6.7% over the last transacted price of S\$0.015 per Share on the SGX-ST on 6 July 2017, being the last market day the Shares were last traded prior to the release of the First Update Announcement; and
- (iii) at the last transacted price of S\$0.016 per Share on the SGX-ST on 3 November 2017, being the last market day the Shares were last traded prior to the release of the Second Update Announcement.

The Warrants may be exercised at any time from and including the date of the issue of the Warrants up to 5.00 p.m. on the date immediately preceding the second (2<sup>nd</sup>) anniversary of the date of issue of the Warrants. The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save that they will not be entitled to participate in any dividends, rights, allotments or other distributions, that may be declared or paid, the record date for which falls before the date of exercise of the Warrants.

The Company had on 3 October 2016 announced the receipt of the listing and quotation notice (“LQN”) 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 pursuant to the terms of the Proposed Rights cum Warrants Issue based on the 2016 Circular.



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Subsequent to the LQN obtained pursuant to the terms of the Proposed Rights cum Warrants Issue in the 2016 Circular, the Company has made an application to the SGX-ST through its Sponsor for the permission to deal in and for the listing and quotation of the increased number of Rights Shares, Warrants and New Shares on the Catalist based on the revised terms of the Proposed Rights cum Warrants Issue for:

- (a) up to 4,483,061,385 Rights Shares;
- (b) up to 8,966,122,770 Warrants; and
- (c) up to 8,966,122,770 New Shares.

Shareholders should take note of any announcements which may be made by the Company with regards to the SGX-ST's approval for the listing of the increased number of Rights Shares, Warrants and New Shares. Shareholders should note that the Proposed Rights cum Warrants Issue is subject to, *inter alia*:

- (i) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist having been obtained and such approval not having been withdrawn or revoked on or prior to the Closing Date, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
- (ii) the lodgement of the Offer Information Statement, together with all other necessary accompanying documents in connection with the Proposed Rights cum Warrants Issue, with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore;
- (iii) the Whitewash Waiver granted by the Council on 22 August 2016 not having been withdrawn or revoked as at the date of completion of the Proposed Rights cum Warrants Issue; and
- (iv) the approval of: (i) the Shareholders for the Proposed Rights cum Warrants Issue and the issue and allotment of the Rights Shares, the Warrants and the New Shares; and (ii) the Independent Shareholders for the Proposed Whitewash Resolution, at the EGM.

For the avoidance of doubt, the Proposed Rights cum Warrants Issue is not conditional upon SHL obtaining, amongst others, the requisite approval of its shareholders to participate in the Proposed Rights cum Warrants Issue.

### 5. IRREVOCABLE UNDERTAKING AND SET-OFF AND SETTLEMENT AGREEMENTS

Details of the SHL SOSA, the RHCL Irrevocable Undertaking and the RHCL SOSA are set out in Sections 4 and 5 of the Circular respectively. We noted that following the entering of the SHL SOSA and the RHCL SOSA on 24 May 2017, the Company had, on 6 November 2017, entered into the Supplementary SOSA Agreements to amend and supplement the terms of the SHL SOSA and the RHCL SOSA to take into account the various changes to the Proposed Rights cum Warrants Issue.

#### 5.1 SHL SOSA

As at 31 December 2016, the outstanding net amount due by the Company to SHL (“**VHL Owing**”) is approximately US\$29.4 million (or S\$40.8 million) and the outstanding net amounts owing by the Group to the SHL Group (“**VHL Group Owing**”) is approximately US\$36.6 million (or S\$50.7 million) based on an exchange rate of US\$1.00 : S\$1.3878, the agreed exchange rate as set out in the SHL SOSA. 31 December 2016 has been taken as the reference date for the VHL Owing and the VHL Group Owings in accordance with the SHL SOSA.

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The rationale of the SHL SOSA is to partially set-off and settle the VHL Owing and VHL Group Owings through SHL's subscription of the Rights Shares with Warrants and the exercise of the Warrants while conserving cash reserves of the Group.

We note that save for the SHL's obligations pursuant to the SHL SOSA, SHL has not provided an irrevocable undertaking to the Company for the SHL Subscription. Further, we note that SHL will be seeking, *inter alia*, their shareholders' approval and its bankers' confirmation for SHL to participate in the Proposed Rights cum Warrants Issue and there is no certainty that SHL will be participating in the Proposed Rights cum Warrants Issue.

### **Key Terms of the SHL SOSA**

#### Subscription for Rights Shares with Warrants

Subject to the fulfilment or waiver of the SHL SSA Conditions Precedent, as set out in Section 4.2.3 and Appendix I to the Circular, SHL had, pursuant to the SHL SOSA agreed to subscribe for its *pro rata* entitlement of the Rights Shares with Warrants ("**SHL Rights with Warrants Subscription**"), and upon such subscription, the actual aggregate issue price payable by SHL to the Company for the SHL Rights with Warrants Subscription shall be set-off and settled against the VHL Owing to the extent of such aggregate issue price payable by SHL.

In accordance with the above terms, we note that should SHL be participating in the Proposed Rights cum Warrants Issue, SHL will subscribe for 903,534,986 Rights Shares with Warrants with an aggregate issue price payable of approximately S\$14.5 million. Following the SHL Rights with Warrants Subscription, the VHL Owing would be reduced from approximately S\$40.8 million to approximately S\$26.3 million.

#### Exercise of Warrants

Subject to the SHL WSA Conditions Precedent, SHL had pursuant to the SHL SOSA agreed to exercise the Warrants issued to SHL ("**First SHL Warrants Exercise**") insofar as the aggregate exercise price payable by SHL to the Company on such exercise is equivalent or does not exceed the S\$ equivalent of the VHL Owing less the actual aggregate exercise price payable by SHL for the exercise of such Warrants, and subject to such exercise, such aggregate exercise price payable by SHL shall be set-off and settled against the remaining amount of VHL Owing outstanding of approximately S\$26.3 million after the set-off against the aggregate issue price payable by SHL for the SHL Rights with Warrants Subscription, to the extent of such aggregate exercise price payable by SHL.

The First SHL Warrants Exercise is subject to SHL and persons acting in concert with it not holding Shares representing more than 29.9% of the total number of issued Shares immediately following such exercise.

Should SHL be participating in the Proposed Rights cum Warrants Issue, pursuant to the SHL SOSA, SHL will exercise 1,646,000,385 Warrants to fully set-off all outstanding VHL Owing of approximately S\$26.3 million.

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### Novation and Assignment of Owings

Subject to the fulfilment or waiver of the applicable GSO Conditions Precedent as set out in Appendix I to the Circular and as soon as practicable after the First SHL Warrants Exercise, SHL shall enter into and use reasonable endeavours to procure the SHL Group entities to enter into novation and assignment arrangements in respect of the outstanding amounts owing by various entities within the SHL Group to various entities within the Group (“**SHL Group Owings**”) and the Company shall enter into and use reasonable endeavours to procure various entities within the Group to enter into novation and assignment arrangements in respect of the VHL Group Owings such that the Company assumes the liability of such owings and benefits of owings due by the SHL Group entities, while SHL assumes the liabilities of the owing due by the SHL Group and benefits of the VHL Group Owings due to various entities of the SHL Group. Following which, SHL Group Owings are to be set-off and settled against VHL Group Owings to the extent of SHL Group Owings.

### Subsequent exercise of Warrants

Subject to the SHL WSA Conditions Precedent as set out in Section 4.2.3 and Appendix I to the Circular, SHL shall pursuant to the SHL SOSA further exercise Warrants issued to SHL (“**Subsequent SHL Warrants Exercise**”) insofar as the aggregate exercise price payable by SHL to the Company on such exercise is equivalent or does not exceed the S\$ equivalent of the excess of the VHL Group Owing over the SHL Group Owing (“**Excess VHL Group Owings**”), and subject to such exercise, such aggregate exercise price payable by SHL shall be set-off and settled against the remaining amount of Excess VHL Group Owings outstanding to the extent of such aggregate exercise price payable by SHL.

The Subsequent SHL Warrants Exercise is similarly subject to SHL, and persons acting in concert with it, not holding Shares representing more than 29.9% of the total number of issued Shares immediately following such exercise.

On the assumption that SHL is able to participate in the Proposed Rights cum Warrants Issue, we note that following the First SHL Warrants Exercise of 1,646,000,385 Warrants, SHL will have 161,069,587 Warrants outstanding for the Subsequent SHL Warrants Exercise, at an aggregate exercise price of approximately S\$2.6 million. Following the Subsequent SHL Warrants Exercise, approximately S\$7.3 million of the Excess VHL Group Owings will be outstanding.

### Issuance of Additional SHL Shares

Subject to the fulfilment or waiver of the Additional SHL Share Issuance Conditions Precedent as set out in Appendix I to the Circular, the Company may issue additional new Shares to SHL in settlement of the outstanding VHL Group Owings to the extent not settled by the aggregate issue price payable by SHL to the Company for the SHL Rights Shares with Warrants Subscription and the aggregate exercise price payable by SHL for the First SHL Warrants Exercise and Subsequent SHL Warrants Exercise (“**SHL Additional Share Issuance**”). There will be a balance amount of approximately S\$7.3 million which will be settled via the issuance of Additional SHL Shares.

The SHL Additional Share Issuance is subject to the Company obtaining specific Shareholders’ approval at an EGM to be convened and approval from the independent shareholders of the Company with respect to the proposed whitewash resolution relating to the SHL Additional Share Issuance. For avoidance of doubt, the EGM to be convened is separate from the EGM to be convened for the Proposed Rights cum Warrants Issue, and the proposed whitewash resolution relating to the SHL Additional Share Issuance is independent of the Proposed Whitewash Resolution.

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### Renunciation of provisional allotment of Rights Shares with Warrants

SHL shall be entitled to renounce all or part of its provisional allotment(s) of Rights Shares with Warrants to third party(ies) (“**SHL Third Parties**”) provided the SHL Third Parties subscribe for the provisional allotment(s) of Rights Shares with Warrants in full and exercise the Warrants in accordance with the terms of the SHL SOSA, insofar as such exercise of Warrants do not result in SHL Third Parties and parties acting in concert with it holding more than 29.9% of the total number of issued Shares. Following which, SHL would assign the SHL Third Parties the outstanding VHL Owing (if any) and/or VHL Group Owings (or any part thereof) the S\$ equivalent of which does not exceed the aggregate issue price and exercise price payable by the SHL Third Parties. SHL would also procure from the SHL Third Parties an undertaking to the Company that the aggregate of issue prices and exercise prices payable by the SHL Third Parties be fully set-off and settled against such part of the VHL Owing and/or VHL Group Owings assigned by SHL to the SHL Third Parties.

### Long Stop Date

In the event that any of the SHL SSA Conditions Precedent set out in Section 4.2.3 and Appendix I to the Circular is not fulfilled or waived in accordance with the SHL SOSA on or before the closing date of the Proposed Rights cum Warrants Issue, the SHL SOSA shall lapse and terminate

In the event that any of the SHL WSA Conditions Precedent set out in Section 4.2.3 and Appendix I to the Circular is not fulfilled or waived in accordance with the SHL SOSA on or before the expiry date for the exercise of the Warrants, the provisions of the SHL SOSA relating to the First SHL Warrants Exercise and Subsequent SHL Warrants Exercise shall cease to have further effect.

In the event that any of the GSO Conditions Precedent set out in Section 4.2.3 and Appendix I to the Circular is not fulfilled or waived in accordance with the SHL SOSA on or before the expiry date for the exercise of the Warrants, the provisions of the SHL SOSA relating to the novation and assignment of the VHL Group Owings and SHL Group Owings shall cease to have further effect.

### Undertakings by SHL

SHL had also given an undertaking to the Company to vote in favour of the Proposed Rights cum Warrants Issue at the EGM of the Company to be convened, subsequent to conditions set out in Section 4.2.6 of the Circular.

## **5.2 Irrevocable Undertaking by RHCL**

As mentioned in Paragraph 1 of this Letter above, RHCL had provided the RHCL Irrevocable Undertaking in respect of the Proposed Rights cum Warrants Issue.

On 24 May 2017, the Company entered into the RHCL SOSA which superseded the RHCL Irrevocable Undertaking. The Company entered into the RHCL SOSA in relation to RHCL’s participation in the Proposed Rights cum Warrants Issue as well as the set-off and settlement of amounts owing by the Company to RHCL.

## **5.3 RHCL SOSA**

As at the Latest Practicable Date, the outstanding amount of RHCL Advances due by the Company to RHCL is approximately US\$102.1 million (or S\$141.7 million) based on an exchange rate of US\$1.00 : S\$1.3878, being the agreed exchange rate as set out in the RHCL SOSA.

Similar to the SHL SOSA, the rationale of the RHCL SOSA is to set-off and settle the RHCL Advances while conserving cash reserves of the Group.

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### **Key Terms of the RHCL SOSA**

#### Subscription for Rights Shares with Warrants

Subject to the fulfilment or waiver of the RHCL SSA Conditions Precedent as set out in Section 5.2.2 and Appendix II to the Circular, RHCL had pursuant to the RHCL SOSA agreed to subscribe for its *pro rata* entitlement of the Rights Shares with Warrants and subject to availability, Excess Rights Shares with Warrants, being the excess of RHCL's provisional allotment under the Proposed Rights cum Warrants Issue ("**RHCL Rights with Warrants Subscription**").

In accordance with the terms and conditions of the Proposed Rights cum Warrants Issue, and subject to such subscription, the actual aggregate issue price payable by RHCL to the Company for the RHCL Rights with Warrants Subscription shall be set-off and settled against the RHCL Advances to the extent of such aggregate issue price payable by RHCL.

In accordance with the above terms, we note that RHCL will subscribe for a minimum of 672,000,000 Rights Shares with Warrants with an aggregate issue price payable of approximately S\$10.8 million.

In the event that SHL is able to participate in the Proposed Rights cum Warrants Issue and subscribes for its entitled Rights Shares with Warrants pursuant to the terms of the SHL SOSA, RHCL will subscribe for a maximum of 3,575,526,399 Rights Shares with Warrants at an aggregate issue price payable of approximately S\$57.2 million, which is insufficient to set-off the entire amount of the RHCL Advances, and approximately S\$84.5 million of the RHCL Advances will remain outstanding.

In the event that SHL does not subscribe for its entitled Rights Shares with Warrants, RHCL will subscribe for a maximum of 4,479,061,385 Rights Shares with Warrants at an aggregate issue price payable of approximately S\$71.7 million. Following which, approximately S\$70.0 million of the RHCL Advances will remain outstanding.

#### Exercise of Warrants

Subject to the RHCL WSA Conditions Precedent, RHCL had pursuant to the RHCL SOSA agreed to exercise the Warrants issued to RHCL ("**RHCL Warrants Exercise**") insofar as the aggregate exercise price payable by RHCL to the Company for the RHCL Warrants Exercise is equivalent or does not exceed the S\$ equivalent of the RHCL Advances less the actual aggregate exercise price payable by RHCL for the exercise of Warrants, and subject to such exercise, such aggregate exercise price payable by RHCL shall be set-off and settled against the remaining amount of RHCL Advances outstanding after the set-off against the aggregate issue price payable by RHCL for the RHCL Rights with Warrants Subscription, to the extent of such aggregate exercise price payable by RHCL.

In the event where RHCL subscribes for a minimum of 672,000,000 Rights Shares with Warrants with an aggregate issue price payable of approximately S\$10.8 million and accordingly exercises 1,344,000,000 Warrants with an aggregate exercise price payable of approximately S\$21.5 million, approximately S\$109.4 million of the RHCL Advances will remain outstanding.

Assuming that SHL subscribes for its entitled Rights Shares with Warrants pursuant to the terms of the SHL SOSA, RHCL will subscribe for a maximum of 3,575,526,399 Rights Shares with Warrants, and accordingly, RHCL would exercise a maximum of 5,279,285,289 Warrants in accordance with the terms of the RHCL SOSA to fully set-off and settle all outstanding RHCL Advances due by the Company to RHCL. Following which, there will be a balance of 1,871,767,509 Warrants outstanding which are not exercised pursuant to the terms of the RHCL SOSA.

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In the event that SHL does not subscribe for its entitled Rights Shares with Warrants pursuant to the terms of the SHL SOSA, RHCL will subscribe for a maximum of 4,479,061,385 Rights Shares with Warrants and accordingly, RHCL would exercise a maximum of 4,375,750,303 Warrants in accordance with the terms of the RHCL SOSA and fully set-off and settle all outstanding RHCL Advances due by the Company to RHCL. Following which, there will be a balance of 4,582,372,467 Warrants outstanding which are not exercised pursuant to the terms of the RHCL SOSA.

### Issuance of Additional RHCL Shares

Subject to the fulfilment or waiver of the Additional RHCL Share Issuance Conditions Precedent as set out in Appendix II to the Circular, the Company may issue additional new Shares to RHCL in settlement of the RHCL Advances owing by the Company to RHCL to the extent of RHCL Advances not set-off and settled by the aggregate issue price payable by RHCL to the Company for the RHCL Rights Shares with Warrants Subscription and the aggregate exercise price payable by RHCL for the RHCL Warrants Exercise (“**RHCL Additional Share Issuance**”).

The RHCL Additional Share Issuance is subject to the Company obtaining specific Shareholders’ approval at an EGM to be convened and approval from the independent shareholders of the Company with respect to the proposed whitewash resolution relating to the RHCL Additional Share Issuance. For avoidance of doubt, the EGM to be convened is separate from the EGM to be convened for the Proposed Rights cum Warrants Issue, and the proposed whitewash resolution relating to the RHCL Additional Issuance is independent of the Proposed Whitewash Resolution.

### Long Stop Date

In the event that any of the RHCL SSA Conditions Precedent set out in Section 5.2.2 and Appendix II to the Circular is not fulfilled or waived in accordance with the RHCL SOSA on or before the closing date of the Proposed Rights cum Warrants Issue, the RHCL SOSA shall lapse and terminate

In the event that any of the RHCL WSA Conditions Precedent set out in Section 5.2.2 and Appendix II to the Circular is not fulfilled or waived in accordance with the RHCL SOSA on or before the expiry date for the exercise of the Warrants, the provisions of the RHCL SOSA relating to the RHCL Warrants Exercise shall cease to have further effect.

### Undertakings by RHCL

RHCL had also given undertakings for the following:

- (i) vote in favour of the Proposed Rights cum Warrants Issue at the EGM of the Company to be convened;
- (ii) to undertake the RHCL Rights with Warrants Subscription;
- (iii) to undertake the RHCL Warrants Exercise within 10 business days after the commencement of the Exercise Period; and
- (iv) not to sell, transfer or otherwise dispose of any shareholding interest in the Company, such that RHCL’s direct and indirect interest in the Company as at Books Closure Date shall not be less than 672,000,000 Shares, or approximately 15.0% of the total Shares

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We note that the above undertaking shall automatically terminate upon the earlier of:

- (i) the Proposed Rights cum Warrants Issue (if any) as announced by the Company not being completed by 31 January 2018 (or such other dates as may be agreed between the Company and RHCL in writing);
- (ii) the Company releasing an announcement of the Company's decision not to proceed with the Proposed Rights cum Warrants Issue; or
- (iii) the day immediately following the books closure date.

### 6. THE PROPOSED WHITEWASH RESOLUTION

As at the Latest Practicable Date, RHCL owns 672,000,000 Shares, representing approximately 15.0% of the total number of issued Shares.

Pursuant to the terms of the RHCL SOSA, the subscription of the Rights Shares with Warrants by RHCL will result in RHCL's shareholdings crossing the Mandatory Offer Threshold, which will result in RHCL being required to make a Mandatory Offer unless such requirement is waived by the SIC.

Accordingly, the Company had applied to the SIC for the Proposed Whitewash Waiver. The SIC had, on 22 August 2016, granted the Proposed Whitewash Waiver to RHCL, subject to the satisfaction of the SIC Conditions, including, *inter alia*, the following:

- (i) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Proposed Rights cum Warrants Issue, approve by way of a poll, the Proposed Whitewash Resolution to waive their rights to receive a general offer from RHCL;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) RHCL as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (iv) RHCL did not acquire and is not to acquire any Shares or instruments convertible into, rights to subscribe for and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in the Circular):
  - (a) during the period between the date of the First Announcement and the date that Independent Shareholders' approval is obtained for the Proposed Whitewash Resolution; and
  - (b) in the six (6) months prior to the First Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Rights cum Warrants Issue;
- (v) the Company appoints an IFA to advise the Independent Shareholders on the Proposed Whitewash Resolution;

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- (vi) the Company sets out clearly in its Circular to Shareholders:
  - (a) details of the Proposed Rights cum Warrants Issue, including the irrevocable undertaking to subscribe for Rights Shares with Warrants and Excess Rights Shares with Warrants granted by RHCL;
  - (b) the possible dilution effect to existing Shareholders of the issue of the Rights Shares and Warrants and the issue of New Shares upon the exercise of the Warrants by RHCL;
  - (c) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by RHCL and its concert parties as at the Latest Practicable Date;
  - (d) the number and percentage of voting rights to be issued to RHCL upon the issue of the Rights Shares and Warrants and the exercise of the Warrants; and
  - (e) specific and prominent reference to the fact that the issue of the Rights Shares with Warrants and the New Shares upon the exercise of the Warrants to RHCL might result in RHCL and its concert parties holding shares carrying over 49.0% of the voting rights of the Company based on the enlarged share capital and the enlarged share capital after the exercise of all the Warrants and that RHCL and its concert parties would thereafter be free to acquire further shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer;
  - (f) that Independent Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from RHCL at the highest price paid by RHCL and its concert parties for the Shares in the six (6) months preceding the commencement of the said offer; and
  - (g) that Independent Shareholders, by voting for the Proposed Whitewash Resolution, could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants;
- (vii) the Circular states that the waiver granted by the SIC to RHCL from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in paragraphs (i) to (vi) above;
- (viii) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, the acquisition of Rights Shares with Warrants by RHCL pursuant to the Proposed Whitewash Resolution must be completed within three (3) months of the approval of the Proposed Whitewash Resolution and the acquisition of the New Shares by RHCL upon the exercise of the Warrants must be completed within five years of the date of the issue of the Warrants.

As at the Latest Practicable Date, all the above conditions imposed by the SIC, except for the conditions in (i), (iii), (iv)(a) and (ix), have been satisfied.

The Independent Shareholders are therefore asked to vote, on a poll, on the Proposed Whitewash Resolution set out as Ordinary Resolution 2 in the Notice of EGM, included in the Circular.



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The Unconflicted Directors should advise the Independent Shareholders that:

- (a) by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 2), they will be waiving their rights to receive a general offer for their Shares from RHCL at the highest price paid or agreed to be paid by RHCL in the six (6) months preceding the commencement of the Proposed Rights cum Warrants which they would have otherwise been obliged to make for the Shares in accordance with Rule 14 of the Code;
- (b) by voting in favour of the by voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 2), they could be foregoing the opportunity to receive a general offer in view of the potential dilution effect of the Warrants;
- (c) the issue of the Rights Shares and New Shares upon the exercise of the Warrants to RHCL may result in RHCL and its concert parties holding Shares carrying over 49.0% of the voting rights of the Company based on the enlarged share capital of the Company and the enlarged share capital after the exercise of all the Warrants and RHCL and its concert parties would thereafter be free to acquire further Shares without incurring any obligation under Rule 14 of the Code to make a general offer; and
- (d) in the context of the Proposed Whitewash Waiver, the Proposed Rights cum Warrants Issue is conditional upon them voting in favour of the Proposed Whitewash Resolution (Ordinary Resolution 2). In view of this, in the event that the Proposed Whitewash Resolution (Ordinary Resolution 2) is not passed by the Independent Shareholders, the Proposed Rights cum Warrants Issue will not take place.

The Proposed Rights cum Warrants Issue was subsequently delayed as a result of SHL's intended participation. In the First Update Announcement, the Company announced the revival of the Proposed Rights cum Warrants Issue, and had written to the SIC to seek the SIC's confirmation on whether, subject to compliance with the SIC Conditions, that the SIC has any objections to the changes to the Proposed Rights cum Warrants Issue and if the Whitewash Waiver remains valid. On 2 August 2017, the SIC confirmed that, subject to the SIC Conditions, the SIC has no objections to the changes to the Proposed Rights cum Warrants Issue and that the Whitewash Waiver remains valid.

In relation to the changes to the Issue Price and Exercise Price as set out in the Second Update Announcement, the Company had, on 27 October 2017, updated the SIC on the changes.

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### 7. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In our evaluation of the Proposed Whitewash Resolution, we have given due consideration to, *inter alia*, the following key factors:

- (a) rationale of the Proposed Rights cum Warrants Issue and use of proceeds;
- (b) the Proposed Rights cum Warrants Issue being offered to all entitled Shareholders on a *pro-rata* basis;
- (c) assessment of the Issue Price of the Rights Shares and Exercise Price of the Warrants;
- (d) financial effects of the Proposed Rights cum Warrants Issue;
- (e) dilution effect of the Proposed Rights cum Warrants Issue on the Independent Shareholders; and
- (f) other relevant considerations.

#### 7.1 Rationale of the Proposed Rights cum Warrants Issue and the use of proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Rights cum Warrants Issue or the future prospects of the Group after the Proposed Rights cum Warrants Issue. Nevertheless, we have reviewed the rationale by the Company as set out in Section 3.1 of the Circular and we have set it out below for your easy reference:

##### **“3.1 Rationale for the Rights cum Warrants Issue**

*The Company is undertaking the Rights cum Warrants Issue to strengthen the financial position of the Group. The Rights cum Warrants Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company and provide for financial flexibility for future expansion both in and outside Singapore.*

*In view of RHCL’s agreement to undertake the RHCL Subscription (subject to the terms of the RHCL SOSA (including the fulfilment or waiver of the RHCL SSA Conditions Precedent)), and after taking into consideration the cost of engaging an underwriter and having to pay commission in relation to such underwriting, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.”*

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In relation to the gross proceeds raised, we note that pursuant to the RHCL SOSA, the Proposed Rights cum Warrants Issue would be fully subscribed. Assuming a Minimum Subscription Scenario taking into account that the ESOS Options are unlikely to be exercised as elaborated in Paragraph 1 above, the gross proceeds to be raised is set out in the table below:

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)
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Minimum Subscription Scenario	71.7 <sup>(1)</sup>	143.3 <sup>(2)</sup>
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**Notes:**

- (1) The gross proceeds from the Rights Shares (before the exercise of the Warrants) pursuant to the Minimum Subscription Scenario is S\$71,664,982.
- (2) The gross proceeds for the exercise of all Warrants under the Minimum Subscription Scenario is S\$143,329,964.

We note that the Company intends to utilise the proceeds from the Proposed Rights cum Warrants Issue, including the proceeds from 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) as follows:

- (a) to fully or partially repay the RHCL Advances by way of a set-off in accordance with the RHCL SOSA;
- (b) to partially repay the VHL Group Owings by way of a set-off in accordance with the SHL SOSA;
- (c) for partial repayment of bank loans and for working capital purposes; and
- (d) for professional fees and expenses relating to the Proposed Rights cum Warrants Issue.

Pursuant to the RHCL SOSA and the SHL SOSA, gross proceeds raised through the Proposed Rights cum Warrants Issue and exercise of Warrants would be settled and set-off against the RHCL Advances and the VHL Group Owings (including the VHL Owing) respectively, and as such, there would be no cash subscription by RHCL and SHL. As at the Latest Practicable Date, the total amount owing under the RHCL Advances is approximately S\$141.7 million while the total amount owing under the VHL Group Owings is approximately S\$50.7 million. The gross proceeds raised from the subscription of the Rights Shares with Warrants would be insufficient to retire the entire balances of the RHCL Advances and the VHL Group Owings.

Following exercise of the Warrants by SHL and RHCL in accordance with the terms of the SHL SOSA and RHCL SOSA respectively, gross proceeds from the Warrants would potentially be used to retire the RHCL Advances and a large portion of the VHL Group Owing. The remaining VHL Group Owing would be retired via the SHL Additional Share Issuance. Please refer to Paragraph 5 above for further details.

However, in the event where other entitled Shareholders (other than SHL and RHCL) subscribe for the Rights Shares with Warrants, cash proceeds will be raised. The net cash proceeds raised from the other entitled Shareholders would be used for working capital and the repayment of bank loans and to pay for the professional fees and expenses relating to the Proposed Rights cum Warrants Issue. However, in this scenario, the VHL Group Owings and the RHCL Advances may not be fully retired.

Please refer to Section 3.2 of the Circular for further details of the use of proceeds from the Proposed Rights cum Warrants Issue.

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We note that the purpose of the Proposed Rights cum Warrants Issue, the RHCL SOSA and the SHL SOSA is in essence to reduce the payables, shareholder's advances and other indebtedness of the Group, re-capitalise the Group's balance sheet and improve its working capital. Through the Proposed Rights cum Warrants Issue, the Group's debt-to-asset ratio and current ratio could improve from approximately 0.74 times to potentially 0.70 times and from approximately 1.17 times to potentially 1.32 times respectively, assuming the entire balances of the RHCL Advances and the VHL Group Owings are retired via the Proposed Rights cum Warrants Issue and the relevant SOSAs.

### **7.2 The Proposed Rights cum Warrants Issue being offered to all entitled Shareholders on a *pro-rata* basis**

The Proposed Rights Shares cum Warrants are being offered on a *pro-rata* basis to entitled Shareholders who will get the right of first refusal to subscribe to the Rights Shares with Warrants based on their provisional allotment of the Rights Shares with Warrants.

As mentioned in Paragraph 4 above, entitled Shareholders would be at liberty to accept, decline, renounce or trade their provisional allotment of Rights Shares with Warrants and can apply for excess Rights Shares with Warrants in excess of their entitlements subject to availability. In the allotment of Excess Rights Shares with Warrants, Directors and substantial shareholders who have control or influence over the Company will be ranked last in priority for the rounding of odd lots and allotment of excess Rights Shares. Hence, the Independent Shareholders will not be disadvantaged or prejudiced in the allocation of their application for their entitlements of Rights Shares with Warrants and Excess Rights Shares with Warrants pursuant to the Proposed Rights cum Warrants Issue.

In the event that all Shareholders subscribe in full for their entitled Rights Shares with Warrants, the current shareholding structure of the Company will remain unchanged.

We note that the Proposed Rights cum Warrants Issue are being offered to Shareholders on a *pro-rata* basis. Had the Proposed Rights cum Warrants Issue been replaced by placement exercises to RHCL and SHL as per the Trade Creditors' Swaps 1 and 2, which are not on a *pro-rata* basis, the placements would be immediately dilutive to Shareholders and Shareholders would not have the chance to participate on the same terms as RHCL and SHL.

### **7.3 Assessment of the Issue Price of the Rights Shares and the Exercise Price of the Warrants**

The Issue Price of the Rights Shares is S\$0.016 per Rights Share.

The Exercise Price of the Warrants is also set at S\$0.016 per new Share. Warrant holders can exercise the Warrants at any time from and including the date of issue of the Warrants up to 5.00 p.m. on the date immediately preceding the 2<sup>nd</sup> anniversary of the date of issue of the Warrants.

In assessing the Issue Price and Exercise Price, we have:

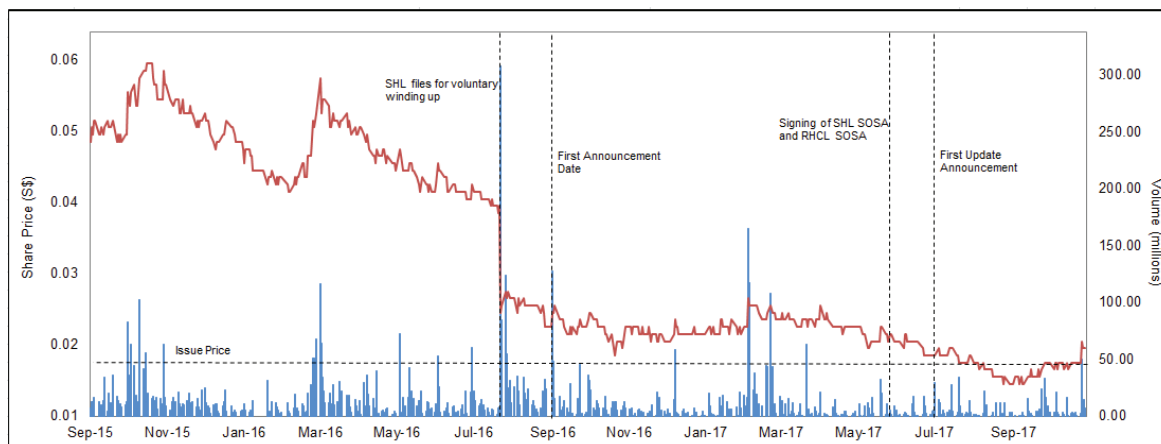
- (i) considered the market quotation and trading activity of the Shares; and
- (ii) compared the discount / premium of the Issue Price to the Theoretical Ex-Rights Price with the salient statistics of selected completed rights issues of shares by companies listed on the SGX-ST.

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### 7.3.1 Market quotation and trading activity of the Shares

In assessing the Issue Price and Exercise Price, we have compared the Issue Price and Exercise Price against the historical market price performance of the Shares and the historical share trading volume of the Shares. We noted that the Shares were halted on 5 September 2016 before the commencement of market trading. As such, we have set out below a chart showing the Issue Price and Exercise Price relative to the daily last transacted prices and trading volume of the Shares from 5 September 2015, being approximately the one year period prior to the trading halt, to the Latest Practicable Date (“**Period Under Review**”):

**Price movement and traded volume of the Shares  
from 5 September 2015 to the Latest Practicable Date**



Source: S&P Capital IQ

We note that prior to the SHL provisional liquidation announcement on 28 July 2016, the Share price of the Company was trading between S\$0.035 to S\$0.058. Following release of the announcement, the Share price of the Company fell from approximately S\$0.036 to S\$0.021. From the date of the First Announcement until the date of the First Update Announcement, the Share price of the Company had been on a decreasing trend falling from S\$0.019 as at the date of the First Announcement to S\$0.015 on the date of the First Update Announcement.

We note that Share price had reacted negatively to the First Update Announcement and decreased to a low of S\$0.011 on 30 August 2017 before recovering in tandem with the recovery of oil prices from approximately US\$46 per barrel on 30 August 2017 to US\$55 per barrel as at the Latest Practicable Date. As at Latest Practicable Date, the closing Share price was S\$0.016.

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### Market statistics

In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the Period Under Review:

	Highest traded price (\$)	Lowest traded price (\$)	VWAP <sup>(1)</sup> (\$)	Premium / (Discount) of Issue Price over / (to) VWAP (%)	Number of traded Days	Average daily traded volume <sup>(2)</sup> ('000)	Average daily traded volume as a percentage of free float <sup>(3)</sup> (%)
<b>Prior to the release of the First Announcement</b>							
Last 1 month	0.024	0.017	0.021	(23.8)	19	16,971	0.7
Last 3 months	0.043	0.016	0.027	(40.7)	61	21,990	0.9
Last 6 months	0.056	0.016	0.035	(54.3)	126	18,775	0.8
Last 1 year	0.058	0.016	0.041	(61.0)	243	17,282	0.7
As at 2 Sep 2016, being the last traded day prior to the First Announcement	0.019	0.017	0.018	(11.1)	1	23,795	1.0
<b>After the release of First Announcement to the release of the First Update Announcement</b>							
After the First Announcement to the First Update Announcement	0.025	0.015	0.020	(20.0)	202	10,795	0.5
As at 6 July 2017, the date of the First Update Announcement	0.015	0.014	0.014	14.3	1	5,540	0.2
<b>After the release of First Update Announcement to the release of the Second Update Announcement and Latest Practicable Date</b>							
After the First Update Announcement to the Second Update Announcement and Latest Practicable	0.017	0.011	0.014	14.3	78	3,861	0.2

**Source:** Shareinvestor.com

**Notes:**

- (1) The VWAP is calculated based on the turnover divided by volume of the Shares as extracted from Shareinvestor.com.
- (2) The average daily trading volume of the Shares was computed based on the total volume of Shares traded during the relevant periods, divided by the number of days that were open for trading (excluding public holidays and days with full day trading halts on the Shares) during that period.
- (3) Free float refers to the Shares other than those held by the Directors, chief executive officer, controlling Shareholders or substantial Shareholders of the Company and amounts to approximately 2.3 billion Shares representing approximately 54.2% of the issued Shares as disclosed in the Company's annual report for FP2017.

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Based on the information above, we note that:

- (i) during the 1-year period prior to the First Announcement, the closing prices of the Shares ranged between a low of S\$0.016 and a high of S\$0.058. The Issue Price and Exercise Price is equivalent to the lowest closing price of the Shares over the 1-year period prior to the release of the First Announcement and represent a discount of 72.4% to the highest closing price of the Shares over the 1-year period prior to the release of the First Announcement;
- (ii) during the period between the First Announcement and the First Update Announcement, the closing prices of the Shares ranged between S\$0.015 and S\$0.025 during the period between the First Announcement and the First Update Announcement; and
- (iii) during the period between the First Update Announcement and the Second Update Announcement, the closing prices of the Shares ranged between S\$0.011 and S\$0.017 during the period between the First Update Announcement and the Second Update Announcement.

The Issue Price and Exercise Price represent:

- (i) a discount of 23.8%, 40.7%, 54.3% and 61.0% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the release of the First Announcement respectively;
- (ii) a discount of 20.0% to the VWAP of the Shares of approximately S\$0.020 for the period after the release of the First Announcement and up to the date of the First Update Announcement; and
- (iii) a premium of 14.3% over the VWAP of the Shares of approximately S\$0.014 for the period after the release of the First Update Announcement and up to the date of the Second Update Announcement.

	Highest traded price (S\$)	Lowest traded price (S\$)	VWAP <sup>(1)</sup> (S\$)	Premium / (Discount) of Issue Price over / (to) VWAP (%)	Number of traded Days	Average daily traded volume <sup>(2)</sup> ('000)	Average daily traded volume as a percentage of free float <sup>(3)</sup> (%)
<b>Prior to the release of the Second Update Announcement</b>							
Last 1 month	0.017	0.013	0.015	6.7	22	7,564	0.3
Last 3 months	0.017	0.011	0.014	14.3	58	6,469	0.3
Last 6 months	0.020	0.011	0.015	6.7	118	6,677	0.3
Last 1 year	0.025	0.011	0.018	(11.1)	239	8,938	0.4
As at 3 November 2017, the last Market Day prior to the date of the Second	0.016	0.016	0.016	–	1	7,100	0.3

We further note that during the 1-year period prior to the Second Update Announcement, the closing prices of the Shares ranged between a low of S\$0.011 and a high of S\$0.025. The Issue Price and Exercise Price represent a premium of 45.5% over the lowest closing price of the Shares over a 1-year period prior to the release of the Second Update Announcement and represent a discount of 36.0% to the highest closing price of the Shares over a 1-year period prior to the release of the Second Update Announcement.

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In the one year period prior to the release of the First Announcement up to the Latest Practicable Date, the Shares were actively traded on majority of the market days throughout the period, save for trading halts called by the Company in relation to corporate actions.

The Issue Price and Exercise Price is equivalent to the closing price of the Shares of S\$0.016 as at the Second Update Announcement and the Latest Practicable Date.

The Theoretical Ex-Rights Price of S\$0.016 based on the last transacted Share price of S\$0.016 on the Latest Practicable Date, is equivalent to the Issue Price and Exercise Price.

### 7.3.2 Statistics of selected completed renounceable rights issues of shares

In assessing the Issue Price, we have also looked at the salient statistics of selected completed renounceable rights issues of shares by companies (excluding real estate and business trusts) listed on the SGX-ST (“**Comparable Rights Issues**”), that were announced since 1 July 2016 and up to the Latest Practicable Date.

Shareholders should note that the business activities, size of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation, composition of business activities, cash flow requirement, track record, future prospects and other relevant criteria of each of the above companies are not identical to the Group. Accordingly, any inference that can be drawn from the comparison of the relevant discount to theoretical ex-rights prices may not be directly comparable to the Proposed Rights cum Warrants Issue and should not be conclusively relied upon.

Company	Date of Announcement	Terms of Rights Issue	Issue Price of rights share (S\$)	Exercise Price of Warrants (S\$)	Last transacted share price prior to announcement (S\$)	Premium / (Discount) of Issue Price to last transacted share price prior to announcement (%)	Theoretical ex-rights price (“TERP”) <sup>(1)</sup> (S\$)	Premium / (Discount) of Issue Price to TERP (%)
Maxi-Cash Financial Services Corporation Ltd.	8 Aug 16	One (1) Rights Share for every four (4) existing ordinary shares	0.145	N.A.	0.15	(3.3)	0.149	(2.7)
ASL Marine Holdings Ltd	29 Aug 16	One (1) Rights Share for every two (2) existing ordinary shares	0.12	N.A.	0.2	(40.0)	0.173	(30.6)
MYP Ltd	31 Aug 16	One (1) Rights Share for every one (1) existing ordinary share	0.18	N.A.	0.27	(33.3)	0.225	(20.0)
Samko Timber Limited	9 Sep 16	Five (5) Rights Shares for every seven (7) existing ordinary shares	0.035	N.A.	0.09	(61.1)	0.067	(47.8)
Sino Grandness Food Industry Group Limited	30 Sep 16	One (1) Rights Share for every three (3) existing ordinary shares	0.31	N.A.	0.435	(28.7)	0.402	(22.9)
JEP Holdings Ltd	11 Oct 16	One (1) Rights Share for every two (2) existing ordinary shares and one (1) Warrant for every two (2) Rights Shares	0.02	0.02	0.028	(28.6)	0.025	(20.0)
Health Management International Ltd	11 Nov 16	Eleven (11) Rights Shares for every two hundred (200) existing ordinary shares	0.57	N.A.	0.605	(5.8)	0.603	(5.5)
Tat Hong Holdings Ltd	14 Nov 16	One (1) Rights Share for every five (5) existing ordinary shares	0.33	N.A.	0.455	(27.5)	0.434	(24.0)



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Company	Date of Announcement	Terms of Rights Issue	Issue Price of rights share (S\$)	Exercise Price of Warrants (S\$)	Last transacted share price prior to announcement (S\$)	Premium / (Discount) of Issue Price to last transacted share price prior to announcement (%)	Theoretical ex-rights price ("TERP") <sup>(1)</sup> (S\$)	Premium / (Discount) of Issue Price to TERP (%)												
Sincap Group Limited	5 Dec 16	Five (5) Rights Shares for every one (1) existing ordinary share	0.01	N.A.	0.025	(60.0)	0.013	(23.1)												
AsiaPhos Limited	30 Dec 16	One (1) Rights Share with one (1) Warrant for every eight (8) existing ordinary shares	0.08	0.08	0.101	(20.8)	0.099	(19.2)												
Lifebrandz Ltd	24 Jan 17	Two (2) Rights Shares, with two (2) Warrants for every one (1) existing ordinary share	0.025	0.05	0.10 <sup>(2)</sup>	(75.0)	0.050	(50.0)												
Ley Choon Group Holdings Limited	24 Feb 17	One (1) Rights Share for every one (1) existing ordinary share	0.015	N.A.	0.048	(68.8)	0.032	(53.1)												
3Cnergy Limited	13 Mar 17	One (1) Rights Share for every three (3) existing ordinary shares and two (2) Warrants for every Rights Share	0.067	0.10	0.05	34.0	0.054	24.1												
Pan-United Corporation Ltd	3 May 17	One (1) Rights Share for every four (4) existing ordinary shares	0.43	N.A.	0.73	(41.1)	0.669	(35.7)												
Maxi-Cash Financial Services Corporation Ltd.	16 May 17	One (1) Rights Share for every six (6) existing ordinary shares	0.17	N.A.	0.182	(6.6)	0.180	(5.6)												
					<table> <tr> <td><b>Max</b></td> <td><b>34.0</b></td> <td><b>24.1</b></td> </tr> <tr> <td><b>Min</b></td> <td><b>(75.0)</b></td> <td><b>(53.1)</b></td> </tr> <tr> <td><b>Average</b></td> <td><b>(31.1)</b></td> <td><b>(22.4)</b></td> </tr> <tr> <td><b>Median</b></td> <td><b>(28.7)</b></td> <td><b>(22.9)</b></td> </tr> </table>				<b>Max</b>	<b>34.0</b>	<b>24.1</b>	<b>Min</b>	<b>(75.0)</b>	<b>(53.1)</b>	<b>Average</b>	<b>(31.1)</b>	<b>(22.4)</b>	<b>Median</b>	<b>(28.7)</b>	<b>(22.9)</b>
<b>Max</b>	<b>34.0</b>	<b>24.1</b>																		
<b>Min</b>	<b>(75.0)</b>	<b>(53.1)</b>																		
<b>Average</b>	<b>(31.1)</b>	<b>(22.4)</b>																		
<b>Median</b>	<b>(28.7)</b>	<b>(22.9)</b>																		
<b>Vallianz Holdings Limited</b>	<b>06 Sep 16</b>	<b>One (1) Rights Share for every one (1) existing ordinary share and two (2) Warrants for every Rights Share</b>																		
<b>First Announcement</b>			<b>0.016</b>	<b>0.016</b>	<b>0.019</b>	<b>(15.8)</b>	<b>0.0175</b>	<b>(8.6)</b>												
<b>First Update Announcement</b>			<b>0.016</b>	<b>0.016</b>	<b>0.015</b>	<b>6.7</b>	<b>0.0155</b>	<b>3.2</b>												
<b>Second Update Announcement</b>			<b>0.016</b>	<b>0.016</b>	<b>0.016</b>	<b>–</b>	<b>0.016</b>	<b>–</b>												

**Sources:** S&P Capital IQ, announcements and circulars of the respective companies and RHTC's calculations

**Notes:**

- (1) Computed based on the respective last transacted price immediately prior to the announcement of the rights issue.
- (2) The last transacted share price of S\$0.10 has been adjusted for a 50-to-1 share consolidation.
- (3) N.A. denotes not applicable.

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As observed above, we note the following:

- (i) the Comparable Rights Issues were priced at a wide range from a premium of 34.0% above to a discount of 75.0% to their last transacted share price prior to their respective announcements with mean and median discounts of 37.1% and 28.7% respectively. In other words, most Comparable Rights Issues were priced at a discount to their last transacted share prices; and
- (ii) the Comparable Rights Issues were priced at a wide range from a premium of 24.1% above to a discount of 53.1% to their theoretical ex-rights price with a mean and median discount of 22.4% and 22.9% respectively. In other words, most Comparable Rights Issues were priced at a discount to their theoretical ex-rights prices.

We also note the following:

- (i) the Issue Price is priced at a discount of 15.8% to the last transacted Share price of S\$0.019 as at the First Announcement, which is within the range of Comparable Rights Issues but at a smaller discount as compared to the mean and median of the Comparable Rights Issue;
- (ii) the Issue Price is priced at a discount of 8.6% to the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.019 as at the First Announcement, which is within the range of Comparable Rights Issues but at a smaller discount as compared to the mean and median of the theoretical ex-rights prices of Comparable Rights Issue;
- (iii) the Issue Price is priced at a premium of 6.7% over the last transacted Share price of S\$0.015 as at the First Update Announcement, which is within the range of Comparable Rights Issues but at a premium unlike Comparable Rights Issues where the issue price is usually at a discount to the last transacted share prices;
- (iv) the Issue Price is priced at a premium of 3.2% over the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.015 as at the First Update Announcement, which is within the range of Comparable Rights Issues but at a premium unlike Comparable Rights Issues where the issue price is usually at a discount to the theoretical ex-rights prices;
- (v) the Issue Price is equivalent to the last transacted Share price of S\$0.016 as at the Second Update Announcement, which is within the range of Comparable Rights Issues but offers no discount unlike Comparable Rights Issues where the issue price is usually at a discount to the last transacted share prices; and
- (vi) the Issue Price is equivalent to the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.016 as at the Second Update Announcement, which is within the range of Comparable Rights Issues but offers no discount unlike Comparable Rights Issues where the issue price is usually at a discount to the theoretical ex-rights prices.

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### Warrants

We note that as at the Latest Practicable Date, the last transacted Share price is S\$0.016, which is equivalent to the Exercise Price of the Warrants at S\$0.016 per Warrant. As the Exercise Price is equivalent to the last transacted price, the Warrants are currently “at-the-money”. Independent Shareholders who subscribe for the Rights Shares will also be issued the free and detachable Warrants arising from the Proposed Rights cum Warrants Issue. We note that while there is no intrinsic value of the Warrants as at the Latest Practicable Date, there is a value to the Warrants due to the time value of money as the Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the second (2<sup>nd</sup>) anniversary of the date of issue of the Warrants.

We further note that pursuant to the RHCL SOSA and the SHL SOSA, RHCL and SHL will be exercising some of their entitled Warrants received from the Proposed Rights cum Warrants Issue to set off against the RHCL Advances and the VHL Amount Owing.

### **7.4 Financial Effects of the Proposed Rights cum Warrants Issue**

The financial effects of the Proposed Rights cum Warrants Issue are set out in Section 7 of the Circular. We recommend the Unconflicted Directors to advise the Shareholders to read Section 7 of the Circular carefully, in particular the assumptions relating to the preparation of the financial effects. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Rights cum Warrants Issue. We set out below the summary of the financial effects of the Proposed Rights cum Warrants Issue:

- (i) Share capital – Assuming the Proposed Rights cum Warrants Issue had been completed on 30 September 2017, the number of issued Shares and the issued share capital of the Company will increase significantly as the Rights Shares with Warrants would be fully subscribed as pursuant to the RHCL SOSA, RHCL will subscribe for all remaining Excess Rights Shares with Warrants. Upon the exercise of the Warrants, the issued share capital of the Company will increase further;
- (ii) NAV per Share – Assuming the Proposed Rights cum Warrants Issue had been completed on 30 September 2017, the NAV of the Company may increase, depending on the subscription levels of the Independent Shareholders. However, the NAV per Share of the Company will be diluted after the completion of the Proposed Rights cum Warrants Issue as the Issue Price and the Exercise Price are set at a discount to the NAV per Share of US\$0.043 as at 30 September 2017. The extent of the dilution to the NAV per Share will depend on the actual subscription level of the Rights Shares and the exercise of the Warrants;
- (iii) Earnings per Share – Assuming the Proposed Rights cum Warrants Issue had been completed on 1 April 2017, the Proposed Rights cum Warrants would have a dilutive effect on the earnings per Share due to the enlarged number of Shares. The future effect of the Proposed Rights cum Warrants Issue on the Group’s earnings will in turn depend on the returns earned from such deployment of the net proceeds from the issue of the Rights Shares and is not determinable at this point in time; and
- (iv) The gearing ratio of the Group will remain the same as most of the gross proceeds from the Proposed Rights cum Warrants Issue and the exercise of Warrants by RHCL and SHL would be used to retire the RHCL Advances and the VHL Amount Owing respectively, both of which are not regarded as loans or borrowings on the Group’s balance sheet. However, upon the retirement of these payables and shareholder’s advances, going forward, any exercise of Warrants from Shareholders may decrease the gearing of the Company, depending on the use of proceeds from the exercise of these Warrants.

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### 7.5 Dilution effect on the Independent Shareholders arising from the Proposed Rights cum Warrants Issue

As at the Latest Practicable Date, RHCL owns 672,000,000 Shares, representing approximately 15.0% of the total number of issued Shares. The remaining 85.0% are held by Independent Shareholders, which includes SHL, who owns 903,534,986 Shares, representing approximately 20.2% of the total number of issued Shares.

Independent Shareholders will suffer a dilution in their shareholdings in the Company if: (i) they do not subscribe to their full entitlements of the Rights Shares and Warrants; and/or (ii) they do not subsequently exercise their Warrants into new Shares, in tandem with RHCL's subscription of its 672,000,000 Rights Shares and exercise of its Warrants, pursuant to the RHCL SOSA.

In evaluating the dilution impact of the Proposed Rights cum Warrants Issue on the Independent Shareholders, we have made the following assumptions:

- (i) the issued share capital of the Company is 4,479,061,385 Shares and as set out in Paragraph 1, as the ESOS Options are "out-of-the-money", we have assumed that the ESOS Options would not be exercised into new Shares for participation in the Proposed Rights cum Warrants Issue;
- (ii) the Proposed Whitewash Resolution is passed by the Independent Shareholders.

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In addition, we have accounted for the effects of the RHCL SOSA and the SHL SOSA on the Proposed Rights cum Warrants Issue taking into account RHCL's and SHL's respective obligations under the SOSAs. As such, we have considered the following key scenarios:

Scenario	Description	Remarks
Scenario A	All entitled Shareholders subscribe in full for their <i>pro-rata</i> entitlements of Rights Shares with Warrants; and all entitled Shareholders exercise their Warrants.	No shareholding dilution to Independent Shareholders.
Scenario B	All entitled Shareholders subscribe in full for their <i>pro-rata</i> entitlements of Rights Shares with Warrants; however only RHCL and SHL exercise their Warrants pursuant to the respective terms of the RHCL SOSA and SHL SOSA.	Shareholders other than SHL and RHCL will face dilution in respect of their shareholdings when RHCL and SHL exercise their Warrants pursuant to the respective terms of the RHCL SOSA and SHL SOSA.
Scenario C	<p>Only RHCL and SHL subscribe for their <i>pro-rata</i> entitlements of Rights Shares with Warrants pursuant to the RHCL SOSA and SHL SOSA respectively. Additionally, RHCL subscribes for Excess Rights Shares in accordance with the terms of the RHCL SOSA.</p> <p>SHL and RHCL will then exercise the Warrants in accordance with their respective obligations under the SHL and RHCL SOSA.</p>	<p>Shareholders other than SHL and RHCL will face dilution in their shareholdings due to RHCL's subscription all the remaining Excess Rights Shares.</p> <p>Independent Shareholders, including SHL, will face further dilution upon RHCL and SHL exercising their Warrants into New Shares.</p>
Scenario D	<p>Only RHCL subscribes for its <i>pro-rata</i> entitlements of Rights Shares with Warrants pursuant to the RHCL SOSA and subscribes for Excess Rights Shares in accordance with the terms of the RHCL SOSA.</p> <p>RHCL will then exercise its Warrants in accordance with the terms of the RHCL SOSA.</p>	<p>Independent Shareholders will face dilution in their shareholdings due to RHCL's subscribing all the remaining Excess Rights Shares.</p> <p>Independent Shareholders will also face further dilution upon RHCL exercising its Warrants into New Shares.</p>

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### Scenario A

	Before the Proposed Rights cum Warrants Issue		Number of Excess Rights Subscribed	After the Proposed Rights cum Warrants Issue		After the exercise of Warrants into New Shares		
	Number of Shares	(%)		Number of Shares	(%)	Number of Shares	(%)	
SHL	903,534,986	20.2	903,534,986	20.2	1,807,069,972	1,807,069,972	3,614,139,944	20.2
RHCL	672,000,000	15.0	672,000,000	15.0	1,344,000,000	1,344,000,000	2,688,000,000	15.0
Other Shareholders	2,903,526,399	64.8	2,903,526,399	64.8	5,807,052,798	5,807,052,798	11,614,105,596	64.8
Total	4,479,061,385	100.0	4,479,061,385	100.0	8,958,122,770	8,958,122,770	17,916,245,540	100.0

### Scenario B

	Before the Proposed Rights cum Warrants Issue		Number of Excess Rights Subscribed	After the Proposed Rights cum Warrants Issue		After the exercise of Warrants into New Shares		
	Number of Shares	(%)		Number of Shares	(%)	Number of Shares	(%)	
SHL	903,534,986	20.2	903,534,986	20.2	1,807,069,972	1,807,069,972	3,614,139,944	29.8
RHCL	672,000,000	15.0	672,000,000	15.0	1,344,000,000	1,344,000,000	2,688,000,000	22.2
Other Shareholders	2,903,526,399	64.8	2,903,526,399	64.8	5,807,052,798	–	5,807,052,798	48.0
Total	4,479,061,385	100.0	4,479,061,385	100.0	8,958,122,770	3,151,069,972	12,109,192,742	100.0

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### Scenario C

	Before the Proposed Rights cum Warrants Issue		After the Proposed Rights cum Warrants Issue		After the exercise of Warrants into New Shares			
	Number of Shares	(%)	Number of Rights Shares Subscribed	Number of Shares	(%)	No. of Warrants Exercised	Number of Shares	(%)
SHL	903,534,986	20.2	903,534,986	1,807,069,972	20.2	1,807,069,972	3,614,139,944	22.5
RHCL	672,000,000	15.0	672,000,000	4,247,526,399	47.4	5,279,285,289 <sup>(2)</sup>	9,526,811,688	59.4
Other Shareholders	2,903,526,399	64.8	–	2,903,526,399	32.4	–	2,903,526,399	18.1
Total	4,479,061,385	100.0	1,575,534,986	8,958,122,770	100.0	7,086,355,261	16,044,478,031	100.0

**Notes:**

(1) RHCL will subscribe for Excess Rights Shares with Warrants pursuant to the RHCL SOSA.

(2) RHCL will exercise a maximum of 5,279,285,289 Warrants at an Exercise Price of S\$0.016, such that the aggregate subscription price and exercise price payable by RHCL does not exceed the S\$ equivalent of the RHCL Advances.

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### Scenario D

	Before the Proposed Rights cum Warrants Issue		After the Proposed Rights cum Warrants Issue		After the exercise of Warrants into New Shares		
	Number of Shares	(%)	Number of Rights Shares Subscribed	Number of Excess Rights Subscribed	No. of Warrants Exercised	Number of Shares	(%)
SHL	903,534,986	20.2	–	–	–	903,534,986	6.8
RHCL	672,000,000	15.0	672,000,000	3,807,061,385 <sup>(1)</sup>	4,375,750,303 <sup>(2)</sup>	9,526,811,688	71.4
Other Shareholders	2,903,526,399	64.8	–	–	–	2,903,526,399	21.8
Total	4,479,061,385	100.0	672,000,000	3,807,061,385	4,375,750,303	13,333,873,073	100.0

**Notes:**

(1) RHCL will subscribe for Excess Rights Shares with Warrants pursuant to the RHCL SOSA.

(2) RHCL will exercise a maximum of 4,375,750,303 Warrants at an Exercise Price of S\$0.016, such that the aggregate subscription price and exercise price payable by RHCL does not exceed the S\$ equivalent of the RHCL Advances.



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Under Scenario A, the Company will raise gross proceeds of S\$71.7 million from the issue of the Rights Shares. Upon the exercise of the Warrants, the Company will raise additional gross proceeds of S\$143.3 million. Under Scenario A, there will not be any shareholding dilution to Independent Shareholders. We note that Shareholders have an exercise period of two (2) years to exercise their Warrants, which may be attractive for exercise if the Share price of the Company continues to improve.

Under Scenario B, the Company will raise gross proceeds of S\$71.7 million from the issue of the Rights Shares. Upon the exercise of the Warrants by SHL and RHCL, the Company will raise additional gross proceeds of S\$50.4 million.

Under Scenario B, there will not be any shareholding dilution to Independent Shareholders immediately after the Proposed Rights cum Warrants Issue. Upon the exercise of the Warrants by SHL and RHCL pursuant to the SHL SOSA and RHCL SOSA respectively, SHL and RHCL's shareholding interest in the Company will increase to 29.8% and 22.2% respectively whereas the Independent Shareholders will have their aggregate shareholding diluted to 48.0%. However, we note that Shareholders will still have the Warrants and as above, Shareholders have an exercise period of two (2) years to exercise their Warrants, which may be attractive for exercise if the Share price of the Company continues to improve. This would reduce the dilution to Independent Shareholders.

Under Scenario C, the Company will raise gross proceeds of S\$71.7 million from the issue of the Rights Shares. Upon the exercise of the Warrants by SHL and RHCL, the Company will raise additional gross proceeds of S\$113.4 million.

Under Scenario C, SHL's shareholding interests will remain at 20.2%, while RHCL will have its shareholding interests increased to 47.4% immediately after the Proposed Rights cum Warrants Issue and the Shareholders other than SHL will have their aggregate shareholding interests diluted from 64.8% to 32.4% immediately after the Proposed Rights cum Warrants Issue. Upon the exercise of the Warrants by SHL and RHCL pursuant to the SHL SOSA and RHCL SOSA respectively, SHL and RHCL's shareholding interest in the Company will increase to 22.5% and 59.4% respectively and Shareholders other than SHL will have their aggregate shareholding interests diluted further to 18.1%.

Under Scenario D, the Company will raise gross proceeds of S\$71.1 million from the issue of the Rights Shares. Upon the exercise of the Warrants by RHCL, the Company will raise additional gross proceeds of S\$70.0 million.

Under Scenario D, RHCL will have its aggregate shareholding interest increased to 57.5% immediately after the Proposed Rights cum Warrants Issue and the Independent Shareholders will have their shareholding aggregate shareholding interests diluted from 85.0% to 42.5% immediately after the Proposed Rights cum Warrants Issue. Upon further exercise of the Warrants by RHCL pursuant to the RHCL SOSA, RHCL's shareholding interest in the Company will increase further to 71.4% and the Independent Shareholders will have their shareholding aggregate shareholding interests further diluted to 28.6%.

### **7.6 Other relevant considerations which may have a significant bearing on our assessment of the Proposed Whitewash Resolution**

#### **7.6.1 Inter-conditionality of the Proposed Rights cum Warrants Issue and the Proposed Whitewash Resolution**

It is pertinent to note that the Proposed Rights cum Warrants Issue and the Proposed Whitewash Resolution are inter-conditional upon one another. If any of the resolutions is not approved by Independent Shareholders at the EGM, none of the above approvals will take place.

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### 7.6.2 Strategic and financial support from RHCL

RHCL is a controlling Shareholder of the Group, and is also the joint venture partner of the Group's Middle East business operations through RVOS and the asset owning entity, RVSPV. With the support of RHCL's extensive knowledge and connections in the Middle East oil and gas market, the Group has established itself to become one of the largest offshore support vessel providers in the Middle East.

As at the Latest Practicable Date, RHCL has extended, in total, the RHCL Advances of approximately US\$102.1 million (or S\$141.7 million) which are interest-free and has no fixed term for repayment. Pursuant to the RHCL SOSA, RHCL has agreed to subscribe in full for its *pro-rata* entitlement of Rights Shares with Warrants, and agreed to exercise the Warrants insofar as the aggregate exercise price payable by RHCL to the Company on such exercise is equivalent to or does not exceed the S\$ equivalent of the RHCL Advances less the actual aggregate issue price payable by RHCL to the Company for the subscription of Rights Shares with Warrants and the exercise of such Warrants.

We believe that this underscores RHCL's continuing support for the Proposed Rights cum Warrants Issue and demonstrates RHCL's commitment to and confidence in the prospects of the Group. We further note that throughout the years as elaborated in Paragraph 3 above, RHCL has been very supportive of the Group through the subscription of the Shares and the refinancing of the Group's liabilities, despite the turbulent macro environment the Group is in.

For the avoidance of doubt, the issue price payable by RHCL to the Company for the subscription of Rights Shares with Warrants and the exercise price payable for the exercise of such Warrants will be fully set-off against the RHCL Advances owing by the Group to RHCL.

### 7.6.3 Support from trade creditors

We noted that the Company had successfully completed the Trade Creditors Swap 1 and 2 in 2017, where trade payables totalling S\$10.7 million were capitalised at S\$0.020, premiums to the then market prices of the Shares and also at a premium to the Issue Price of the Rights Shares with Warrants and the Warrants Exercise Price.

This encapsulates the show of support from the Group's creditors and that they were willing to convert the unsecured debts owed to them into equity, which ranks lower in a liquidation scenario.

### 7.6.4 Repayment of all VHL Owing to SHL

Subject to SHL participating in the Proposed Rights cum Warrants Issue and pursuant to the SHL SOSA, SHL will, subject to the fulfilment or waiver of the conditions precedent in the SHL SOSA, subscribe in full for its *pro-rata* entitlement of Rights Shares with Warrants, and the issue price payable for such Rights Shares will be set-off and settled against the VHL Owing by the Company to SHL.

Upon completion of the Proposed Rights cum Warrants Issue, the full sum of the VHL Owing would be settled and set-off against SHL's subscription of Rights Shares with Warrants and exercise of Warrants pursuant to the SHL SOSA. Following which, the Company would have no further sums owing to SHL.

Nonetheless, as explained above in Paragraph 5.1 of this Letter, approximately S\$7.3 million of the Excess VHL Owings will remain outstanding following completion of the Proposed Rights cum Warrants Issue in accordance with the terms of the SHL SOSA. We note that this is a substantial reduction from the original sum of VHL Group Owing of approximately S\$50.7 million. This S\$7.3 million would be set-off against the SHL Additional Share Issuance. Following the above set-offs, SHL will no longer be a creditor or debtor to the Group and will only be a controlling Shareholder of the Group, with shareholdings second to RHCL.

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### 7.6.5 Unaudited 6M2017/18 results announcement

We wish to highlight the following commentary on the Group's business environment made by the Company in its announcement of the financial results for 6M2017/18:

*"The market environment for the global offshore support vessel ("OSV") sector is expected to remain challenging over the near term. While the global oil market has shown encouraging signs of stability and recovery in recent months, the OSV industry is still facing a situation of excess supply against a backdrop of slower demand. The resultant intense competitive industry conditions will continue to exert pressure on vessel utilisation rates and charter rates.*

*In 2Q2017/18, the Group's operating profit increased 69.3% to US\$5.34 million compared to the same quarter in the last financial year. This was the Group's fourth consecutive quarter of higher operating profit since 2Q2016/17 which can be attributed to existing long-term vessel charters and commencement of new vessel charter contracts in the Middle East, as well as initiatives undertaken to align its operating and cost structure to prevailing market conditions.*

*The Group's core vessel chartering business is driven mainly by its long-term charter contracts secured in the Middle East region. The resilience of its business model has enabled the Group to endure the prolonged downturn in the oil and gas industry and continue delivering operating profits. The Group maintains a robust chartering services order book with total value of approximately US\$950 million as at 30 September 2017. This order book comprises mainly long term charter contracts that stretch up to 2025, including 2-year extension options.*

*Following the series of cost rationalisation, operations streamlining and restructuring activities, as well as an asset write-down exercise undertaken in the last financial year, the Group believes it is better positioned to overcome current market challenges, seize new business opportunities and execute its growth strategy.*

*In partnership with its strategic shareholder and partner Rawabi Holding Company Limited, the Group will continue to build on its strengths to solidify existing customer relationships and increase penetration in target markets in the Middle East and other regions.*

*The Group has a superior market position in Middle East as it ranks as one of the largest OSV players in that region. The Group will work closely with a key National Oil Company customer who continues to actively invest in offshore oil and gas production. The Group has also made headway in its strategy to penetrate new target markets with the award of new vessel charter contracts in Egypt and Turkmenistan in May 2017.*

*As part its ongoing strategies, the Group will continue to raise its operational capabilities and service quality, while expanding and differentiating its fleet as appropriate to meet customers' requirements. The Group will also focus on ensuring cost and operational efficiencies."*

### 7.6.6 Improvement of the Group's financial position

Assuming Scenario C above, we note that pursuant to the RHCL SOSA and the SHL SOSA, we note that the payables and shareholder's advances of the Group could potentially be reduced by a total of US\$138.7 million. As mentioned above, the Group's debt-to-asset ratio could improve, from approximately 0.74 times to potentially 0.70 times, assuming the entire balances of the RHCL Advances and the VHL Group Owings are retired via the Proposed Rights cum Warrants Issue and the relevant SOSAs. As a result, the working capital of the Group would also potentially increase and the Group's current ratio of approximately 1.17 will improve potentially to 1.32 following completion of the Proposed Rights cum Warrants Issue. The Group would be in a better position to ride out the currently depressed oil prices and take advantage of opportunities should there be a recovery in oil prices in the future.

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### 8. OUR OPINION

In arriving at our recommendation in respect of the Proposed Whitewash Resolution, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

- (a) the rationale of the Rights cum Warrants Issue and the use of proceeds;
- (b) the Proposed Rights cum warrants Issue being offered to all entitled Shareholders on a *pro-rata* basis;
- (c) an assessment of the Issue Price of the Rights Shares and the Exercise Price of the Warrants:
  - (1) considering the market quotation and trading activity of the Shares:

We note that:

- (i) during the 1-year period prior to the First Announcement, the closing prices of the Shares ranged between a low of S\$0.016 and a high of S\$0.058. The Issue Price and Exercise Price is equivalent to the lowest closing price of the Shares over the 1-year period prior to the release of the First Announcement and represent a discount of 72.4% to the highest closing price of the Shares over the 1-year period prior to the release of the First Announcement;
- (ii) during the period between the First Announcement and the First Update Announcement, the closing prices of the Shares ranged between S\$0.015 and S\$0.025 during the period between the First Announcement and the First Update Announcement; and
- (iii) during the period between the First Update Announcement and the Second Update Announcement, the closing prices of the Shares ranged between S\$0.011 and S\$0.017 during the period between the First Update Announcement and the Second Update Announcement

The Issue Price and Exercise Price represent:

- (i) a discount of 23.8%, 40.7%, 54.3% and 61.0% to the VWAP of the Shares for the 1-month, 3-month, 6-month and 1-year periods prior to the First Announcement respectively;
- (ii) a discount of 20.0% to the VWAP of the Shares of approximately S\$0.020 for the period after the release of the First Announcement and up to the date of the First Update Announcement; and
- (iii) a premium of 14.3% over the VWAP of the Shares of approximately S\$0.014 for the period after the release of the First Update Announcement and up to the date of the Second Update Announcement;

The Issue Price and Exercise Price is equivalent to the last transacted price of the Shares of S\$0.016 as at the Second Update Announcement and the Latest Practicable Date;

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- (2) a comparison of the Issue Price with the market statistics of Comparable Rights Issues:
- (i) the Issue Price is priced at a discount of 15.8% to the last transacted Share price of S\$0.019 as at the First Announcement, which is within the range of Comparable Rights Issues but at a smaller discount as compared to the mean and median of the Comparable Rights Issue;
  - (ii) the Issue Price is priced at a discount of 8.6% to the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.019 as at the First Announcement, which is within the range of Comparable Rights Issues but at a smaller discount as compared to the mean and median of the theoretical ex-rights prices of Comparable Rights Issue;
  - (iii) the Issue Price is priced at a premium of 6.7% over the last transacted Share price of S\$0.015 as at the First Update Announcement, which is within the range of Comparable Rights Issues but at a premium unlike Comparable Rights Issues where the issue price is usually at a discount to the last transacted share prices;
  - (iv) the Issue Price is priced at a premium of 3.2% over the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.015 as at the First Update Announcement, which is within the range of Comparable Rights Issues but at a premium unlike Comparable Rights Issues where the issue price is usually at a discount to the theoretical ex-rights prices;
  - (v) the Issue Price is equivalent to the last transacted Share price of S\$0.016 as at the Second Update Announcement, which is within the range of Comparable Rights Issues but offers no discount unlike Comparable Rights Issues where the issue price is usually at a discount to the last transacted share prices; and
  - (vi) the Issue Price is equivalent to the Theoretical Ex-Rights Price, based on the last trading price of the Shares of S\$0.016 as at the Second Update Announcement, which is within the range of Comparable Rights Issues but offers no discount unlike Comparable Rights Issues where the issue price is usually at a discount to the theoretical ex-rights prices;
- (3) the Warrants issued at an Exercise Price of S\$0.016 are “at-the-money” based on the Share price of S\$0.016 as at Latest Practicable Date and there is a value to the Warrants due to the time value of money as the Warrants have an exercise period of two years commencing on and including the date of issue of the Warrants;
- (d) the financial effects of the Proposed Rights cum Warrants Issue;
  - (e) the potential dilution faced by Shareholders; and
  - (f) other relevant considerations, namely: (i) the inter-conditionality of the Proposed Rights cum Warrants Issue and the Proposed Whitewash Resolution; (ii) strategic and financial support from RHCL; (iii) support from trade creditors; (iv) repayment of all VHL Owing to SHL; (v) unaudited 6M2017/18 results announcement; and (vi) improvement of the Group’s financial position.

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Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Whitewash Resolution (in relation to the Proposed Rights cum Warrants Issue) is, on balance, fair and reasonable and not prejudicial to the interests of the Independent Shareholders.

We therefore advise the Unconflicted Directors to recommend to the Independent Shareholders to vote in favour of the Proposed Rights cum Warrants Issue and the Proposed Whitewash Resolution.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Rights cum Warrants Issue, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Rights cum Warrants Issue, and we do not warrant the merits of the Proposed Rights cum Warrants Issue.

We have prepared this Letter for the use of the Unconflicted Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Whitewash Resolution and should not be relied on by any other party. The recommendation made by the Unconflicted Directors to the Shareholders in relation to the Proposed Whitewash Resolution shall remain the sole responsibility of the Unconflicted Directors.

We have prepared this Letter for the use of the Unconflicted Directors in connection with and for the purposes of their consideration of the Proposed Rights cum Warrants Issue. The recommendation made by them to the Independent Shareholders in relation to the Proposed Rights cum Warrants Issue shall remain the sole responsibility of the Unconflicted Directors.

Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully  
For and on behalf of  
**RHT CAPITAL PTE. LTD.**

Khong Choun Mun  
Chief Executive Officer

Mah How Soon  
Managing Director

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### VALLIANZ HOLDINGS LIMITED

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

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of Vallianz Holdings Limited (the “**Company**”) will be held on 25 November 2017 at 4.00 p.m. at 52 Jurong Gateway Road, Auditorium, JEM Office Tower, #06-00, Singapore 608550 for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions:

*All capitalised terms in this Notice of EGM which are not defined herein shall have the same meaning as ascribed to them in the Company’s circular dated 8 November 2017 (the “**Circular**”).*

#### **ORDINARY RESOLUTION 1**

##### **APPROVAL OF THE RIGHTS CUM WARRANTS ISSUE**

THAT subject to and contingent upon the passing of Ordinary Resolution 2 set out herein, a proposed renounceable non-underwritten rights cum warrants issue of up to 4,483,061,385 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at an issue price of S\$0.016 for each Rights Share (the “**Issue Price**”), with free detachable warrants (“**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (“**New Share**”) at an exercise price of S\$0.016 for each New Share (the “**Exercise Price**”), on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of the Company (“**Share**”) held by each shareholder of the Company (“**Shareholder**”) as at a time and date to be determined by the directors of the Company (the “**Directors**”) for the purpose of determining the Shareholders’ entitlements under the Rights cum Warrants Issue (the “**Books Closure Date**”), with two (2) free detachable Warrants for every one (1) Rights Share subscribed, fractional entitlements to be disregarded (the “**Rights cum Warrants Issue**”), be and is hereby approved and authority be and is hereby given to the Board of Directors to:

- (a) create and issue:
- (i) such number of Rights Shares as the Directors may determine up to 4,483,061,385 Rights Shares at the Issue Price of S\$0.016 for each Rights Share;
  - (ii) such number of Warrants as the Directors may determine up to 8,966,122,770 Warrants in registered form, each Warrant to entitle the holder thereof to subscribe for one (1) New Share at the Exercise Price of S\$0.016 for each New Share at any time during the period commencing on the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the second (2<sup>nd</sup>) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warrantholders are/is closed or is not a Market Day, in which event the Warrants shall expire on the date prior to closure of the Register of Members and/or Register of Warrantholders or on the immediately preceding Market Day, as the case may be, (but excluding such period(s) during which the Register of Members and/or Register of Warrantholders may be closed), subject to the terms and conditions of the deed poll constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may think fit (the “**Deed Poll**”); and
  - (iii) such further Warrants in registered form as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (b) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or extraordinary general meeting of the Company:
- (i) up to 8,966,122,770 New Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such New Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the New Shares; and
  - (ii) on the same basis as paragraph (b)(i) above, such further New Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (a) (iii) above;
- (c) effect the Rights cum Warrants Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
- (i) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to the Shareholders whose names appear in the Register of Members or the records of The Central Depository (Pte) Limited (“**CDP**”) as at the Books Closure Date with registered addresses in Singapore or who have, at least three (3) Market Days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of one (1) Rights Share for every one (1) existing Share and two (2) Warrants for every one (1) Rights Share subscribed, or in such other proportions as the Directors may think fit;
  - (ii) no provisional allotment of Rights Shares with Warrants shall be made in favour of Shareholders with registered addresses outside Singapore as at the Books Closure Date or who have not, at least three (3) Market Days prior thereto, provided to the Company, CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”);
  - (iii) the entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any (after deducting all expenses) proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
  - (iv) the entitlements to Rights Shares with Warrants not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
  - (v) the Rights Shares when issued and fully paid up will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of the issue of the Rights Shares; and
- (d) take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue (including fixing the Books Closure Date), with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Resolution or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **ORDINARY RESOLUTION 2**

#### **WHITEWASH RESOLUTION IN RELATION TO RAWABI HOLDING COMPANY LIMITED**

THAT subject to and contingent upon the passing of Ordinary Resolution 1 set out herein and the SIC Conditions being fulfilled, the Shareholders (other than RHCL) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer from RHCL in accordance with Rule 14 of the Code, in the event that the subscription of the Rights Shares with Warrants and excess applications for the Rights Shares with Warrants by RHCL pursuant to the Rights cum Warrants Issue results in it incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

**SHAREHOLDERS SHOULD NOTE THAT ORDINARY RESOLUTION 1 AND ORDINARY RESOLUTION 2 ARE INTER-CONDITIONAL. THIS MEANS THAT IF EITHER ORDINARY RESOLUTION 1 OR ORDINARY RESOLUTION 2 IS NOT PASSED, BOTH OF THE ORDINARY RESOLUTIONS WOULD NOT BE PASSED.**

#### **BY ORDER OF THE BOARD**

Ling Yong Wah  
Executive Director and Chief Executive Officer

8 November 2017

#### **NOTES:**

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member entitled to attend, speak and vote at the EGM may appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in the proxy form, failing which the appointments shall be deemed to be invalid.
2. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form, failing which the appointments shall be deemed to be invalid.
3. A proxy need not be a member of the Company.
4. The instrument appointing a proxy must be deposited at the registered office of the Company, at 3A International Business Park, #01-13 Icon@IBP, Singapore 609935, not later than 48 hours before the time appointed for the holding the EGM.
5. The instrument appointing a proxy or proxies must be signed by the appointor or an attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such persons as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
8. The submission of an instrument or form appointing a proxy or proxies by a member does not preclude him from attending and voting in person at the EGM if he so wishes.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the EGM.
10. The Company shall be entitled to reject an instrument of proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## PROXY FORM

### VALLIANZ HOLDINGS LIMITED

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

### PROXY FORM

(Please see Notes overleaf before  
completing this Proxy Form)

**IMPORTANT:**

Pursuant to Section 181(1C) of the Companies Act (Chapter 50) of Singapore (the "Companies Act"), a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act may appoint more than two (2) proxies to attend, speak and vote at the extraordinary general meeting. For investors who have used their CPF monies to buy shares in the Company, this Circular is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.

This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

**Personal data privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 8 November 2017.

\*I/We (Name) \_\_\_\_\_

(NRIC/Passport/Co. Registration No.) \_\_\_\_\_

of (Address) \_\_\_\_\_

being a \*member/members of **VALLIANZ HOLDINGS LIMITED** ("the **Company**"), hereby appoint:

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

Name	NRIC/ Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing \*him/her/them, the Chairman of the extraordinary general meeting of the Company (the "**EGM**"), as \*my/our \*proxy/proxies to attend, speak and vote for \*me/us on \*my/our behalf at the EGM to be held on 25 November 2017 at 4.00 p.m. at 52 Jurong Gateway Road, Auditorium, JEM Office Tower, #06-00, Singapore 608550 or at any adjournment thereof.

As Ordinary Resolution		For	Against
Resolution 1	To authorise the Rights cum Warrants Issue		
Resolution 2	To approve the Whitewash Resolution in relation to Rawabi Holding Company Limited		

**(Voting will be conducted by poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with a "X" in the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the relevant number of shares in the relevant boxes provided above. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the EGM.)**

**Note:** Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of EGM for the full purpose and intent of the Resolutions to be passed.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s)/  
Common Seal of Corporate Member

*\*Delete as appropriate*

**IMPORTANT: PLEASE READ NOTES OVERLEAF**



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## PROXY FORM

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### Notes:

1. Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act, a member entitled to attend, speak and vote at the EGM may appoint not more than two (2) proxies to attend, speak and vote in his/her stead. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified in the proxy form, failing which the appointments shall be deemed to be invalid.
2. Pursuant to Section 181(1C) of the Companies Act, a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act is entitled to appoint more than two (2) proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form, failing which the appointments shall be deemed to be invalid.
3. A proxy need not be a member of the Company.
4. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 3A International Business Park, #01-13 Icon@IBP, Singapore 609935, not later than 48 hours before the time appointed for holding the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or an attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
9. The submission of an instrument or form appointing a proxy or proxies by a member does not preclude him from attending and voting in person at the EGM if he so wishes.
10. The Company shall be entitled to reject an instrument of proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
11. Investors who buy Shares in the Company using CPF monies and/or SRS monies (as may be applicable) ("**CPF/SRS Investors**") may attend and cast their vote at the EGM in person. CPF/SRS Investors who are unable to attend the EGM but would like to vote, may inform CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF/SRS Investors shall be precluded from attending the EGM.