

Swiber Holdings Limited
(Judicial Managers Appointed)
Co. Reg. No. 200414721N

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- (1) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF NEW ORDINARY SHARES WITH FREE DETACHABLE WARRANTS OF VALLIANZ HOLDINGS LIMITED, AN ASSOCIATED COMPANY OF SWIBER HOLDINGS LIMITED (JUDICIAL MANAGERS APPOINTED)**
 - (2) **EXECUTION OF SET-OFF AND SETTLEMENT AGREEMENT WITH VALLIANZ HOLDINGS LIMITED**
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1. INTRODUCTION

- 1.1 Swiber Holdings Limited (Judicial Managers Appointed) (the “**Company**”, and together with its subsidiaries, the “**SHL Group**”) refers to the circular by Vallianz Holdings Limited, an associated company of the Company (“**VHL**”, and together with its subsidiaries, the “**VHL Group**”) dated 29 September 2016 (the “**VHL Circular**”) and VHL’s announcement dated 13 October 2016 (the “**VHL Announcement**”) in relation to, *inter alia*, a proposed renounceable non-underwritten rights cum warrants issue of up to 3,596,211,385 new ordinary shares in the capital of VHL (“**Rights Shares**”) at an issue price of S\$0.02 for each Rights Share (“**Issue Price**”), with free detachable warrants (“**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of VHL (“**New VHL Share**”) at an exercise price of S\$0.02 for each New VHL Share (“**Exercise Price**”), on the basis of one (1) Rights Share for every one (1) existing ordinary share in the capital of VHL (“**VHL Share**”) held by each shareholder of VHL (“**VHL Shareholder**”) as at a books closure date to be determined by the directors of VHL for the purposes of determining the VHL Shareholders’ entitlements thereunder, with two (2) free detachable Warrants for every one (1) Rights Share, fractional entitlements to be disregarded (“**VHL Rights cum Warrants Issue**”). The Warrants have an exercise period of two (2) years from the date of issue of the Warrants (“**Warrants Exercise Period**”). Due to an increase in the issued share capital of VHL since the date of the VHL Circular, the Company understands that VHL proposes to undertake the Rights cum Warrants Issue on the basis of up to 4,326,800,385 Rights Shares with Warrants instead, based on its total number of 4,322,800,385 VHL Shares as at the date of this Announcement, and the term “**VHL Rights cum Warrants Issue**” shall hereinafter be construed accordingly.
- 1.2 The Company also refers to the Company’s announcement dated 13 October 2016 in relation to, amongst others, the Company’s interest in participating in the VHL Rights cum Warrants Issue.
- 1.3 The Company wishes to announce that, in connection with the Company’s proposed participation in the VHL Rights cum Warrants Issue, the Company and its wholly-owned subsidiary, Swiber Offshore Construction Pte. Ltd. (Judicial Managers Appointed) (“**SOC**”)

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have, on 24 May 2017, entered into a set-off and settlement agreement (the “**Set-Off and Settlement Agreement**”) with VHL, pursuant to which the Company will, amongst others, undertake:

- (i) the Proposed Subscription (as defined in paragraph 2.2 below); and
- (ii) the Proposed Warrants Exercise Arrangement (as defined in paragraph 2.2 below),

on the terms and subject to the conditions set out in the Set-Off and Settlement Agreement.

1.4 Under the Set-Off and Settlement Agreement, it is further contemplated that in the event that there are Excess VHL Amounts or Unutilised VHL Owings (both defined in paragraph 3.1 below), the Company will undertake the Proposed Additional Debt to Equity Conversion (as defined in paragraph 3.1 below) on the terms and subject to the conditions set out in the Set-Off and Settlement Agreement.

1.5 Each of the Proposed Subscription, the Proposed Warrants Exercise Arrangement and the Proposed Additional Debt to Equity Conversion (collectively, the “**Proposed Transactions**”) is subject to, and conditional upon, amongst others, the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting of the Company to be convened (the “**EGM**”). A circular setting out the relevant information on the Proposed Transactions will be despatched to Shareholders in due course.

2. PROPOSED SUBSCRIPTION AND PROPOSED WARRANTS EXERCISE ARRANGEMENT

2.1 As at the date of this Announcement, the Company holds 903,534,986 VHL Shares, representing approximately 20.9% of the total issued VHL Shares. Based on the foregoing and the Company’s pro-rata entitlement to the Rights Shares with Warrants on the basis set out in paragraph 1.1 above, the Company is entitled to subscribe for up to 903,534,986 Rights Shares (the “**SHL Rights Shares**”) with up to 1,807,069,972 Warrants (the “**SHL Warrants**”) for a total subscription amount of approximately S\$18.1 million.

2.2 Subject to the terms and conditions of the Set-Off and Settlement Agreement (including the fulfilment, or waiver by the Company, of the conditions precedent referred to in paragraph 2.3(d) below), the Company shall:

- (a) subscribe for its entire *pro-rata* entitlement under the VHL Rights cum Warrants Issue, being the SHL Rights Shares with SHL Warrants, where the aggregate Issue Price payable by the Company to VHL in respect thereof (the “**Actual Subscription Amount**”) will be fully set-off and settled against an outstanding

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amount of US\$29,393,692.12 (approximately S\$40.8 million¹) owing by VHL to the Company (the "**VHL Holdco Owing**") to the extent of the Actual Subscription Amount (the "**Proposed Subscription**"); and

- (b) exercise the SHL Warrants (the "**Proposed Warrants Exercise Arrangement**") (insofar as such exercise will not result in SHL and persons acting in concert with it holding VHL Shares representing more than 29.9% of the voting rights of VHL (the "**29.9% Threshold**") immediately following such exercise) (the "**29.9% Threshold Condition**"), where the aggregate Exercise Price payable by the Company to VHL in respect of the exercise by the Company of any SHL Warrants (the "**Actual Exercise Amount**") will be fully set-off and settled against the Balance VHL Holdco Owing (defined in paragraph 2.3(b)(i) below) in respect of the First Warrants Exercise, and against any Novated VHL Net Owings (as defined in paragraph 2.3(c)(ii) below), in respect of each Subsequent Warrants Exercise (as defined in paragraph 2.3(b)(ii) below).

2.3 A summary of the other salient terms of the Proposed Subscription and the Proposed Warrants Exercise Arrangement is set out below:

- (a) Proposed Subscription: the Company shall subscribe for all of its *pro-rata* entitlements to the SHL Rights Shares with SHL Warrants, and the Actual Subscription Amount payable by the Company to VHL shall be fully set-off and settled against the VHL Holdco Owing to the extent of the USD equivalent of the SHL Subscription Amount (the "**Subscription Set-Off and Settlement Arrangement**"), on the date of listing and quotation of the Rights Shares and Warrants to be issued to the Company pursuant to the Proposed Subscription, on the Catalist board of the SGX-ST ("**Catalist**");
- (b) Proposed Warrants Exercise Arrangement: the Proposed Warrants Exercise Arrangement shall be undertaken as follows:
- (i) subject to the applicable conditions precedent being satisfied or waived, the Company shall exercise the maximum number of SHL Warrants to the extent possible within ten (10) business days after the commencement of the Warrants Exercise Period, insofar as (aa) the Actual Exercise Amount payable on such exercise is equivalent to or does not exceed the S\$ equivalent of the balance amount of the VHL Holdco Owing after deducting the Actual Subscription Amount (the "**Balance VHL Holdco Owing**") and (bb) such exercise will not result in the 29.9% Threshold being breached (the "**First Warrants Exercise**"), and the Actual Exercise Amount payable by the Company to VHL shall be fully set-off and settled against the Balance

¹ Based on the agreed exchange rate of US\$1.00:S\$1.3878 as set out in the Set-Off and Settlement Agreement ("**Agreed Exchange Rate**").

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VHL Holdco Owing on the date of listing and quotation of the New VHL Shares to be issued to the Company on the Catalyst; and

- (ii) following the First Warrants Exercise, subject to the Company's monthly review of its shareholding level in VHL and subject to the applicable conditions precedent being satisfied or waived, the Company shall exercise the maximum number of SHL Warrants to the extent possible within ten (10) business days from the end of the relevant month, insofar as (i) the Actual Exercise Amount payable on such exercise is equivalent to or does not exceed the S\$ equivalent of the Novated VHL Net Owings (as defined at paragraph 2.3(c)(ii) below), and (ii) such exercise will not result in the 29.9% Threshold being breached (each a "**Subsequent Warrants Exercise**"), and the Actual Exercise Amount payable by the Company to VHL shall be fully set-off and settled against the Novated VHL Net Owings on the date of listing and quotation of the New VHL Shares to be issued to the Company on the Catalyst,

the "**Warrants Exercise Set-Off and Settlement Arrangement**", and together with the Subscription Set-Off and Settlement Arrangement, the "**Set-Off and Settlement Arrangements**";

- (c) Undertaking to effect novation and assignment of owings, and Group set-off thereafter: as the amount of the VHL Holdco Owing is not sufficient to cover the aggregate of the Actual Subscription Amount and the Actual Exercise Amount payable by the Company to VHL (assuming full subscription by the Company for its entire pro-rata entitlements of the SHL Rights Shares with SHL Warrants and the full exercise of all the SHL Warrants), in addition to the VHL Holdco Owing, it is contemplated under the Set-Off and Settlement Agreement that subject to the satisfaction of certain conditions precedent (the "**Novation and Group Set-Off Conditions**"):

- (i) there will also be novations and/or assignments of outstanding amounts (other than the VHL Holdco Owing) owing by various entities within the VHL Group (comprising VHL, its subsidiaries and associated companies (excluding the Company and any other entities within the SHL Group)) to various entities within the SHL Group (comprising the Company, its subsidiaries and associated companies (excluding VHL and any other entities within the VHL Group)) as at 31 December 2016 (the "**VHL Group Owings**"), and outstanding amounts owing by various entities within the SHL Group to various entities within the VHL Group as at 31 December 2016 (the "**SHL Group Owings**"), such that following such novations and/or assignments, the VHL Group Owings will be owing from VHL to the Company and the SHL Group Owings will be owing from the Company to VHL (collectively, the "**Novations**"); and

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- (ii) immediately upon the relevant Novation taking effect, VHL and the Company will effect a mutual set-off of the VHL Group Owings (as novated) against the SHL Group Owings (as novated), such that only the net amount (being the difference between the amount of the VHL Group Owings (as novated) and the amount of the SHL Group Owings (as novated)) remains owing between VHL and the Company (the “**Group Set-Off**”), following which only the balance amounts remaining therefrom shall be the net amounts owing by VHL to the Company (the “**Novated VHL Net Owings**”), subject to the amount of outstanding Novated VHL Net Owings not exceeding US\$1 million (or such other amount as may be agreed between the Company and VHL) at any point in time.

The Novation and Group Set-Off Conditions include, among others:

- (1) the Company being issued all the Rights Shares with Warrants subscribed less any Rights Shares with Warrants the provisional allotments of which are renounced by the Company to Third Party Subscriber(s) (as defined in paragraph 2.3(f) below), which it subscribes for pursuant to the Proposed Subscription, and all of such Rights Shares and such Warrants being listed and quoted on the Catalist;
- (2) all approvals, consents and/or waivers of any third parties for the Novations and the Group Set-Offs, which the Company, SOC and the relevant entities within the SHL Group, in their sole and absolute discretion consider to be necessary or desirable, being obtained, and such approvals, consents and/or waivers remaining valid and in full force and effect and not being withdrawn or amended;
- (3) each Novation and Group Set-Off in relation thereto 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 Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Securities Industry Council (“**SIC**”));
- (4) the novation and assignment agreement(s) having been entered into between all the relevant parties thereto, and remaining in full force and effect (the “**Novation and Assignment Agreement(s)**”); and
- (5) (in respect of any relevant entity within the SHL Group) there being no order of court and no legal proceedings commenced by or against any relevant entity of the SHL Group, which has the effect or result of prohibiting or restricting in any manner such Novations and the Group Set-offs;

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- (d) Conditions precedent: the Proposed Subscription and the Proposed Warrants Exercise Arrangement are subject to, amongst others, the following conditions precedent:
- (i) the approval of the Shareholders for the Proposed Subscription, the Proposed Warrants Exercise Arrangement and the Set-Off and Settlement Arrangements being obtained at the EGM;
 - (ii) all approvals, consents and/or waivers of any third parties for the Proposed Subscription and the Subscription Set-Off and Settlement Arrangement or the Proposed Warrants Exercise Arrangement and the Warrants Exercise Set-Off and Settlement Arrangement (as the case may be), which the Company in its sole and absolute discretion considers to be necessary or desirable, being obtained, and such approvals, consents and/or waivers remaining valid and in full force and effect and not being withdrawn or amended;
 - (iii) the Proposed Subscription and the Subscription Set-Off and Settlement Arrangement or the Proposed Warrants Exercise Arrangement and the Warrants Exercise Set-Off and Settlement Arrangement (as the case may be) 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 SIC);
 - (iv) the receipt by the Company of a written confirmation by DBS Bank Ltd. that it has no objections to the Proposed Subscription and the Proposed Warrants Exercise Arrangement, and that it has no security over or any other interest in (the SHL Rights Shares, the SHL Warrants and the New VHL Shares to be issued to the Company pursuant to any exercise by the Company of its SHL Warrants, and such confirmation remaining valid and in full force and effect and not being withdrawn or amended;
 - (v) the set-off and settlement agreement dated 24 May 2017 between VHL and Rawabi Holding Company Limited ("**Rawabi**"), a controlling shareholder of VHL which has an interest in 672,000,000 VHL Shares (representing approximately 15.5% of the total VHL Shares as at the date of this Announcement) (the "**Rawabi SOSA**") remaining in full force and effect and not being amended, and Rawabi and VHL complying with all the terms of the Rawabi SOSA which relate to (aa) Rawabi's undertaking to subscribe for its *pro-rata* entitlement of Rights Shares with Warrants and the excess Rights Shares with Warrants and (bb) the exercise of the Warrants issued to Rawabi (the "**Rawabi Subscription and Exercise**");

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- (vi) (in respect of the Proposed Warrants Exercise Arrangement, the First Warrants Exercise or any Subsequent Warrants Exercise (as the case may be) and the Warrants Exercise Set-Off and Settlement Arrangement), none of the relative figures in respect of the Proposed Subscription, the Proposed Warrants Exercise Arrangement, the Additional New Shares (defined in paragraph 3.1 below) and any other VHL Shares to be acquired which the SGX-ST may require to be aggregated pursuant to Rule 1005 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), as computed on the applicable bases set out in Rule 1006 of the Listing Manual being 100% or more, from the Company's perspective (the "**Relevant Threshold**");
- (vii) in respect only of a Subsequent Warrants Exercise, the Novation and Group Set-Off Conditions (referred to at paragraph 2.3(c) above) being satisfied; and
- (viii) in respect only of a Subsequent Warrants Exercise, the Novation and Assignment Agreements(s) remaining in full force and effect.

Subject to applicable laws and regulations and the listing rules of the SGX-ST, the Company may in its sole and absolute discretion waive (in whole or in part) any of the conditions precedent for the Proposed Subscription, the Proposed Warrants Exercise Arrangement and the Set-Off and Settlement Arrangements.

- (e) Long stop dates:
 - (i) in respect of the Proposed Subscription, in the event that any of the conditions precedent applicable thereto is not fulfilled, or waived by the Company, on or before the closing date of the VHL Rights cum Warrants Issue (or such other date as the Company and VHL may agree in writing), the Set-Off and Settlement Agreement (other than certain surviving provisions) shall lapse and terminate automatically and cease to have further effect and all obligations and liabilities of the parties under such provisions shall cease and determine and no party shall have any claim against the other party(ies) for costs, damages, compensation or otherwise; and
 - (ii) in respect of the Proposed Warrants Exercise Arrangement, in the event that any of the conditions precedent applicable thereto is not fulfilled, or waived by the Company, on or before the date of expiry of the Warrants Exercise Period (the "**Warrants Expiry Date**") (or such other date as the Company and VHL may agree in writing), the Company shall not be obliged to undertake the First Warrants Exercise or any Subsequent Warrants Exercise (as the case may be), and VHL shall have no claims against the Company and/or SOC for costs, damages, compensation or

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otherwise in relation to the First Warrants Exercise or such Subsequent Warrants Exercise (as the case may be).

- (f) Third Party Renunciation: the Company shall be entitled, at its sole and absolute discretion, to renounce all or part of its provisional allotments of Rights Shares with Warrants, to third party(ies) (the “**Third Party Subscriber(s)**”), and in connection therewith the Company shall procure the undertaking by such Third Party Subscriber(s) to, amongst others, subscribe in full for the provisional allotment(s) of Rights Shares with Warrants so renounced by the Company to such Third Party Subscriber(s), exercise the maximum number of Warrants issued to such Third Party Subscriber(s) within ten (10) business days after the commencement of the Warrants Exercise Period, insofar as such exercise will not result in the 29.9% Threshold being breached, and the aggregate issue price and exercise price payable by such Third Party Subscriber(s) to VHL shall be fully set-off and settled against such amounts being assigned by the Company to such Third Party Subscriber(s).

2.4 For illustrative purposes, certain scenarios for the Proposed Subscription and the Proposed Warrants Exercise Arrangement are as follows:

- (a) Maximum aggregate price: (assuming that the Company subscribes for all the SHL Rights Shares with Warrants and exercises all the SHL Warrants), the maximum aggregate Issue Price payable by the Company to VHL for the Proposed Subscription and the maximum aggregate Exercise Price payable by the Company to VHL pursuant to the Proposed Warrants Exercise Arrangement, would be as follows:

	No. of SHL Rights Shares / SHL Warrants	Issue Price / Exercise Price	Total Issue Price / Exercise Price Payable
Proposed Subscription	: 903,534,986	S\$0.02	S\$18,070,699.72
Proposed Warrants Exercise Arrangement	: 1,807,069,972	S\$0.02	S\$36,141,399.44
Total	:		S\$54,212,099.16

(such total amount of S\$54,212,099.16 is referred to as the “**Maximum Aggregate Price**”). The Maximum Aggregate Price is equivalent to approximately US\$39 million, based on the Agreed Exchange Rate.

- (b) Maximum Group Set-Off Scenario: for the purposes of the Set-Off and Settlement Agreement only, the Company and VHL have agreed that the total amount of net owings by the VHL Group to the SHL Group as at 31 December 2016 is an

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aggregate sum of US\$36,566,316.45 (the “**Agreed Total VHL Group Owing**”), comprising:

- (i) the VHL Holdco Owing of US\$29,393,692.12; and
- (ii) net VHL Group Owings (other than the VHL Holdco Owing) (the “**Balance VHL Group Owing**”) of US\$7,172,624.33.

Under the Proposed Subscription and Proposed Warrants Exercise Arrangements, it is expected that, following the relevant Novations and Group Set-Offs, the Agreed Total VHL Group Owing of US\$36,566,316.45 by VHL to the Company will be fully set-off and settled against the aggregate Actual Subscription Amount and the Actual Exercise Amounts payable by the Company to VHL (the “**Maximum Group Set-Off Scenario**”), based on the following assumptions:

- (1) the Company subscribes for its full pro-rata entitlements of the SHL Rights Shares with SHL Warrants at the aggregate issue price of S\$18,070,699.72 (equivalent to US\$13,021,112.35 based on the Agreed Exchange Rate), and such aggregate issue price is fully set-off and settled against the VHL Holdco Owing (resulting in a Balance VHL Holdco Owing of US\$16,372,579.77);
- (2) the Company undertakes the First Warrants Exercise by exercising such number of SHL Warrants (to the extent possible, insofar as the 29.9% Threshold is not breached) at an aggregate exercise price equivalent to US\$16,372,579.77, and such aggregate exercise price is fully set-off and settled against the Balance VHL Holdco Owing of US\$16,372,579.77,

such that the entire VHL Holdco Owing of US\$29,393,692.12 is fully set-off and settled pursuant to the Proposed Subscription and the First Warrants Exercise; and

- (3) the entire VHL Group Owings and the entire SHL Group Owings are fully novated pursuant to the Novations and such VHL Group Owings (as novated) are fully set-off against such SHL Group Owings (as novated), resulting in an aggregate amount of Novated VHL Net Owings of US\$7,172,624.33; and
- (4) the Company undertakes Subsequent Warrants Exercise(s) by exercising such number of SHL Warrants (to the extent possible, insofar as the 29.9% Threshold is not breached) at an aggregate exercise price equivalent to US\$7,172,624.33, and such aggregate exercise price is fully set-off and settled against the aggregate Novated VHL Net Owings of US\$7,172,624.33,

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such that the entire Balance VHL Group Owing of US\$7,172,624.33 is fully set-off and settled pursuant to the Subsequent Warrants Exercise(s).

- 2.5 Based on the latest annual report of VHL for the financial year ended 31 December 2016, the VHL Group is a provider of offshore support vessels and integrated offshore marine solutions to the oil and gas industry. Based on the latest announced unaudited consolidated financial statements of the VHL Group for the financial year ended 31 March 2017, the net asset value per VHL Share is 4.12 US cents as at 31 March 2017. The previous closing price of the VHL Shares on the SGX-ST on 19 May 2017, being the last full market day preceding the trading halt by VHL on 22 May 2017, immediately prior to this Announcement, is S\$0.017 per VHL Share.

3. PROPOSED ADDITIONAL DEBT TO EQUITY CONVERSION

- 3.1 Under the Set-Off and Settlement Agreement, it is further contemplated that:

- (i) following any Novation and Group Set-Off in relation thereto, in the event that the aggregate of the VHL Holdco Owing and the Novated VHL Net Owings exceed the Maximum Aggregate Price payable by the Company to VHL pursuant to the Proposed Subscription and the Proposed Warrants Exercise Arrangement (such excess amounts being referred to as the “**Excess VHL Amounts**”); and/or
- (ii) following the Warrants Expiry Date, in the event that there is any part of the VHL Holdco Owing, or Novated VHL Net Owings up to an amount equivalent to the difference between the Maximum Aggregate Price and the VHL Holdco Owing, which remains owing by VHL to the Company (the “**Unutilised VHL Owings**”),

the Company will, subject to the 29.9% Threshold not being breached, subscribe for such number of new VHL Shares (the “**Additional New Shares**”) at the applicable issue price (as described at paragraph 3.2(a) or (b) below) (the “**Additional Subscription**”), in which event the aggregate issue price payable by the Company to VHL shall be fully set-off and settled against the Excess VHL Amounts and/or the Unutilised VHL Owings (collectively, the “**Excess VHL Owings**”) (the “**Proposed Additional Debt to Equity Conversion**”).

- 3.2 The salient terms of the Proposed Additional Debt to Equity Conversion are as follows:

- (a) Undertaking to subscribe for Additional New Shares in respect of Excess VHL Amounts: in the event that there are any Excess VHL Amounts, the Company shall subscribe for, and VHL shall issue to the Company, such number of Additional New Shares at the Relevant Issue Price (as defined below) for each Additional New Share, to the extent that the aggregate issue price payable by the Company to VHL for such Additional New Shares is equivalent to or does not exceed the S\$ equivalent of the relevant Excess VHL Amount.

For the purposes of such subscription, “**Relevant Issue Price**” means (i) in respect of that portion of the Excess VHL Amounts that does not exceed US\$8.0 million,

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an issue price of S\$0.02; or (ii) in respect of that portion of the Excess VHL Amounts that exceeds US\$8.0 million, an issue price being equivalent to the volume weighted average price of the VHL Shares over the ten (10) market days immediately preceding the date on which the relevant Novation and Group Set-Off in relation thereto is effected.

In such event, the aggregate issue price payable by SHL for the subscription of such Additional Shares shall be deemed to be fully set-off and settled against the Excess VHL Amounts to the extent of the USD equivalent of such aggregate issue price, on the date of the listing and quotation of such Additional New Shares on the Catalist;

- (b) Undertaking to subscribe for Additional New Shares in respect of Unutilised VHL Owings: in the event that there are any Unutilised VHL Owings, the Company shall subscribe for, and VHL shall issue to the Company, such number of Additional New Shares at an issue price of S\$0.02 for each Additional New Share, to the extent that the aggregate issue price payable by the Company to VHL for such Additional New Shares is equivalent to or does not exceed the S\$ equivalent of the Unutilised VHL Owings.

In such event, the the aggregate issue price payable by SHL for the subscription of such Additional New Shares shall be deemed to be fully set-off and settled against the Unutilised VHL Owings to the extent of the USD equivalent of such aggregate issue price, on the date of the listing and quotation of such Additional New Shares on the Catalist;

- (c) Conditions precedent: each Additional Subscription and the Proposed Additional Debt to Equity Conversion are subject to, amongst others, the following conditions precedent:
- (i) the Company being issued all the Rights Shares with Warrants which it subscribes for pursuant to the Proposed Subscription, and all of such SHL Rights Shares and such SHL Warrants being listed and quoted on the Catalist;
 - (ii) the approval of the Shareholders for such Additional Subscription and the Proposed Additional Debt to Equity Conversion (if required) being obtained at the EGM and such Shareholders' approval remaining in full force and effect and not having been revoked or varied;
 - (iii) the approval of the VHL Shareholders for the issuance of the Additional New Shares to the Company pursuant to such Additional Subscription and the Proposed Additional Debt to Equity Conversion (if required) and (in the event that the issuance of such Additional New Shares to the Company results in the Company and persons acting in concert with it being obliged to make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "Code") for the VHL Shares) the appropriate whitewash resolution by the VHL Shareholders being obtained

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at an extraordinary general meeting to be convened by VHL, and such Shareholders' approval remaining in full force and effect and not having been revoked or varied;

- (iv) all approval, consents and/or waivers of any third parties for such Additional Subscription and the Proposed Additional Debt to Equity Conversion, which the Company in its sole and absolute discretion considers to be necessary or desirable, being obtained, and such approvals, consents and/or waivers remaining valid and in full force and effect and not being withdrawn or amended;
- (v) (in the event that the issuance of such Additional New Shares to the Company results in the Company and persons acting in concert with it being obliged to make a mandatory general offer under Rule 14 of the Code for the VHL Shares) an appropriate whitewash waiver being granted by SIC and all conditions imposed by SIC for such whitewash waiver being fulfilled, and such 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 New Shares;
- (vi) the Rawabi SOSA not being amended and remaining in full force and effect, and Rawabi and VHL complying with all the terms of the Rawabi SOSA;
- (vii) (aa) the set-off and settlement of the aggregate of the subscription amount and exercise price payable by Rawabi to VHL for the Rawabi Subscription and Exercise (as defined in paragraph 2.3(d)(v) above) (the "**Rawabi Initial Set-Off Amount**") against the aggregate amount of US\$102,087,467.21 owing by VHL to Rawabi (the "**Rawabi Advances**") having been fully effected, (bb) all new VHL Shares required to be issued to Rawabi pursuant to the Rawabi Debts Settlement (as defined below) (the "**Rawabi Settlement Shares**") having been issued to Rawabi and (cc) the settlement of the balance amount of the Rawabi Advances (after deducting the Rawabi Initial Set-Off Amount) by way of VHL issuing the Rawabi Settlement Shares to Rawabi in accordance with the terms of the Rawabi SOSA ("**Rawabi Debts Settlement**") having been fully effected such that none of the Rawabi Advances remain outstanding;
- (viii) the Relevant Threshold not being breached; and
- (ix) the receipt by the Company of a written confirmation by DBS Bank Ltd. that it has no objections to the Additional Subscription, and such confirmation remaining valid and in full force and effect and not being withdrawn or amended.

Subject to applicable laws and regulations and the listing rules of the SGX-ST, the Company may in its sole and absolute discretion waive (in whole or in part) any of the conditions precedent for the Proposed Additional Debt to Equity Conversion.

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(d) Long stop date: in the event that any of the conditions precedent applicable to any Additional Subscription and the Proposed Additional Debt to Equity Conversion is not fulfilled or waived on or before the date falling six (6) months after the Warrants Expiry Date (or such other date as the Company and VHL may agree in writing) the provisions applicable to any Additional Subscription and the Proposed Additional Debt to Equity Conversion shall cease to have further effect and all obligations and liabilities of the parties under such applicable provisions shall cease and determine and no party shall have any claim against the other party for costs, damages, compensation or otherwise.

3.3 By way of illustration only, under the Maximum Group Set-Off Scenario (as described at paragraph 2.4(b) above), as the Agreed Total VHL Group Owing is expected to be fully set-off and settled pursuant to the Proposed Subscription and the Proposed Warrants Exercise Arrangements, the Proposed Additional Debt to Equity Conversion will not be applicable.

4. RATIONALE FOR THE PROPOSED TRANSACTIONS

A key reason for the Company undertaking the Proposed Subscription and the Proposed Warrants Exercise Arrangement is to maintain its shareholding percentage in VHL (assuming all Rights Shares are subscribed for and all Warrants are exercised). If the Company is unable to undertake the Proposed Subscription and the Proposed Warrants Exercise Arrangement, the Company's shareholding percentage in VHL may consequently be diluted, which would not be in the interests of the Company.

Further, as the Company is currently placed under judicial management, the Company is of the view that the Proposed Subscription and the Proposed Warrants Exercise Arrangement are in the interests of the Company and would benefit both the shareholders and creditors of the Company. It is contemplated under the Set-off and Settlement Agreement that the aggregate issue price and exercise price payable by the Company in respect of the Proposed Subscription and the Proposed Warrants Exercise Arrangement respectively will be satisfied in full by way of a set off and settlement against outstanding amounts owing by VHL to the Company. As the SHL Rights Shares with SHL Warrants and the New VHL Shares to be issued pursuant to the exercise of the SHL Warrants will be listed and quoted on the Catalist following completion of the VHL Rights cum Warrants Issue, the Company would be provided with the opportunity to convert outstanding amounts owing by VHL to the Company (where there is no certainty that such outstanding amounts will be fully repaid, if at all) into more liquid and marketable assets in the form of the SHL Rights Shares with SHL Warrants and the New VHL Shares (as the case may be), which the Company may readily realise for the purpose of generating cash flow and alleviating financial pressures of the SHL Group. The Company believes that this would assist in achieving the purposes of the judicial management of the Company, including a

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more advantageous realization of the Company's assets than would be effected by a winding up of the Company.

Similarly, the Proposed Additional Debt to Equity Conversion would provide the Company with the opportunity to convert further outstanding amounts owing by VHL to the Company (if any) (where there is no certainty that such outstanding amounts will be fully repaid, if at all), beyond the aggregate issue price and exercise price payable by the Company under the VHL Rights cum Warrants Issue, into more liquid and marketable assets in the form of the Additional New Shares.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

5.1 Relative Figures for the Proposed Transactions

The relative figures for the Proposed Transactions computed on the applicable bases set out in Rule 1006 of the Listing Manual, based on unaudited consolidated financial statements of the SHL Group for the three (3) months ended 31 March 2016 ("1Q2016") (being the latest announced consolidated accounts of the SHL Group), and assuming the Maximum Group Set-Off Scenario, are set out below:

Rule	Bases of computation	Proposed Transactions – Maximum Group Set-Off Scenario (S\$' million)	SHL Group (S\$' million)	Relative figure
1006(a)	Net asset value of assets to be disposed of, compared with the SHL Group's net asset value	-	-	Not applicable, as this is not a disposal of assets.
1006(b)	Net profits/(loss) attributable to the assets acquired, compared with the SHL Group's net profits/(loss) ⁽¹⁾⁽²⁾⁽³⁾	0.691	11.823	5.84%
1006(c)	Aggregate value of consideration given, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares ⁽⁴⁾	50.8 ⁽⁵⁾	51.1	99.46%

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1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	-	-	Not applicable, as there is no issuance of equity securities by the Company.
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Notes:

- (1) Based on profits or loss before income tax, minority interest and extraordinary items.
- (2) Assuming that (a) all of the VHL Shareholders (including the Company and Rawabi) subscribe for their full *pro-rata* entitlements of the Rights Shares with Warrants (and Rawabi does not subscribe for any excess Rights Shares), (b) each of the Company and Rawabi exercises all of their respective Warrants at the same time, (c) no other VHL Shareholder exercises any of their Warrants and (d) save for the issuance of all the Rights Shares and the New VHL Shares arising from the exercise by each of the Company and Rawabi of all of their respective Warrants, there are no further issuance of any VHL Shares, this would result in an increase in the Company's shareholding interest in VHL by 9.02%, from approximately 20.88% to 29.9% (after taking into account the 29.9% Threshold Condition), immediately following the exercise by the Company and Rawabi of all of their respective Warrants.

In such case, the net profits attributable to the assets acquired would be the additional share of VHL's profits that the Company would be required to account in its books of account, assuming that the Proposed Subscription and the Proposed Warrants Exercise Arrangement had taken place at the beginning of 1Q2016, being US\$497,904 (equivalent to S\$690,991 based on the Agreed Exchange Rate), which is equivalent to 9.02% (being the increase in the Company's shareholding level in VHL) of VHL's profits for 1Q2016.

- (3) Based on the net profits attributable to the Proposed Subscription and Proposed Warrants Exercise Arrangement set out at note (2) above, and the SHL Group's net profit of US\$8,519,000 (equivalent to S\$11,822,668 based on the Agreed Exchange Rate).
- (4) Based on the Agreed Total VHL Group Owing of US\$36,566,316.45 (approximately S\$50.8 million, based on the Agreed Exchange Rate).
- (5) Based on the market capitalisation of the Company of approximately S\$51.1 million, which is determined by multiplying the 460,376,986 issued shares in the Company by S\$0.111, being the weighted average price of the Company's shares transacted on 26 July 2017, being the last full market day preceding the suspension of trading of the Company's shares on the SGX-ST.

5.2 Major Transaction

Under the Maximum Group Set-Off Scenario, as the relative figure in Rule 1006(c) exceeds 20%, the Proposed Transactions (taken as a whole) would constitute a major

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transaction under Chapter 10 of the Listing Manual. Accordingly, the Proposed Transactions are subject to the approval of the Shareholders at the EGM.

5.3 Consultation with the SGX-ST

Notwithstanding the Maximum Group Set-Off Scenario, in the event that any of the SHL Group Owings cannot be novated (for example, due to any of the Novation and Group Set-Off Conditions not being satisfied or waived) and the VHL Group Owings are fully novated pursuant to the Novations (a “**Restricted Novations Scenario**”), the Novated VHL Net Owings (as defined in paragraph 2.3(c)(ii) above) available for set-off and settlement would be increased beyond the amount of US\$7,172,624.33 as contemplated under the Maximum Group Set-Off Scenario (as referred to at paragraph 2.4(b) above). In such event, the Company would be obliged under the Set-Off and Settlement Agreement to undertake further Subsequent Warrants Exercises and/or Additional Subscriptions, to the extent of such increase in the amount of the Novated VHL Net Owings, in order for such increased Novated VHL Net Owings to be set-off and settled against the Actual Exercise Amount payable by the Company to VHL for such Subsequent Warrants Exercises, and/or the aggregate issue price payable by the Company to VHL for such Additional Subscriptions (as the case may be).

For the avoidance of doubt, however, in the event of a Restricted Novations Scenario, the liabilities of the SHL Group to the VHL Group, to the extent that such liabilities are not novated and set-off pursuant to the Novations and Group Set-Offs, remain outstanding and payable by the SHL Group to the VHL Group.

Under the Maximum Group Set-Off Scenario, the Proposed Transactions (taken as a whole) would constitute a major transaction under Chapter 10 of the Listing Manual. However, in the event a Restricted Novations Scenario applies, due to the increased Novated VHL Net Owings owing by VHL to the Company (and disregarding the liabilities which remain outstanding and payable by the SHL Group to the VHL Group), the relative figure under Rule 1006(c) may exceed 100%. In such event, the Proposed Transactions could technically be classified as a “very substantial acquisition” under Rule 1015(1)(a) of the Listing Manual, to which the requirements of Rule 1015 of the Listing Manual would apply in respect of the Proposed Transactions (unless waived by the SGX-ST). The Company will be consulting the SGX-ST to seek clarification in relation to the applicability of Rule 1015 of the Listing Manual to the Proposed Transactions. It should however be noted that a condition precedent applicable to the Proposed Warrants Exercise Arrangement and the Proposed Additional Debt to Equity Conversion is that the Relevant Threshold is not breached, and accordingly, the Company does not intend to proceed with the Proposed Warrants Exercise Arrangement and the Proposed Additional Debt to Equity Conversion to the extent that such transactions (or any part thereof) would result in a “very substantial acquisition” under Rule 1015 of the Listing Manual, unless a waiver from the SGX-ST is obtained.

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The Company will provide Shareholders with an update on the outcome of such consultation with the SGX-ST in due course.

The Company will in any event be seeking the approval of Shareholders for each of the Proposed Subscription, the Proposed Warrants Exercise Arrangement and the Proposed Additional Debt to Equity Conversion at the EGM.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The proforma financial effects of the Proposed Transactions set out below are for illustrative purposes only and should not be taken as an indication of the actual future financial performance or position of the SHL Group following the Proposed Transactions, nor a projection of the future financial performance or position of the SHL Group after completion of the Proposed Transactions.

The proforma financial effects of the Proposed Transactions (taken as a whole), based on the SHL Group's audited consolidated financial statements for the financial year ended 31 December 2015 ("FY2015"), and assuming the Maximum Group Set-Off Scenario, are set out below:

(a) Net tangible assets ("NTA") per share

Assuming that the Proposed Transactions (based on the Maximum Group Set-Off Scenario) had been completed on 31 December 2015, the NTA per share of the SHL Group would be as follows:

	Before the Proposed Transactions – Maximum Group Set-Off Scenario	After the Proposed Transactions – Maximum Group Set-Off Scenario⁽¹⁾
NTA (US\$)⁽²⁾	575,136,000	575,136,000
Number of issued shares⁽²⁾	459,469,490	459,469,490
NTA per share (US\$)	1.25	1.25

Notes:

- (1) Based on the Agreed Total VHL Group Owing of US\$36,566,316.45 (approximately S\$50.8 million, based on the Agreed Exchange Rate).
- (2) Based on the Company's annual report for FY2015.

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(b) Earnings per share ("EPS")

Assuming that the Proposed Transactions (based on the Maximum Group Set-Off Scenario) had been completed on 1 January 2015, the EPS for FY2015 of the SHL Group would be as follows:

	Before the Proposed Transactions – Maximum Group Set-Off Scenario	After the Proposed Transactions – Maximum Group Set-Off Scenario⁽¹⁾
Net profit/(loss) after tax (US\$)⁽²⁾	(27,375,000)	(25,561,358)
Weighted average number of issued shares⁽³⁾	453,215,000	453,215,000
EPS (US cents)	(6.04)	(5.64)

Notes:

- (1) Based on the Agreed Total VHL Group Owing of US\$36,566,316.45 (approximately S\$50.8 million, based on the Agreed Exchange Rate), and assuming an increase in the Company's shareholding interest in VHL by 9.02%, from approximately 20.88% to 29.9%.
- (2) Net profit/(loss) after tax is calculated based on the net profit/(loss) for FY2015 attributable to owners of the Company.
- (3) Based on the Company's annual report for FY2015.

7 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the directors of the Company (the "Directors") or controlling shareholders of the Company have any direct or indirect interest in the Proposed Transactions.

8. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transactions. Accordingly, no service contract for such appointment is proposed to be entered into between the Company and any such person.

9. INSPECTION OF DOCUMENTS

A copy of the Set-Off and Settlement Agreement will be made available for inspection during normal business hours at the Company's registered office at 12 International

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Business Park, #01-05 Swiber@IBP, Singapore 609920 for a period of three (3) months from the date of this Announcement.

10. RESPONSIBILITY STATEMENT

The Directors and the Judicial Managers of the Company (the “**Judicial Managers**”) (including any who may have delegated detailed supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Transactions and the SHL Group, and the Directors and the Judicial Managers are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors and the Judicial Managers has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context. The Directors and the Judicial Managers have not undertaken any independent verification of the information furnished by VHL in the VHL Circular, the VHL Announcement or any other announcements or circulars released by VHL from time to time.

By Order of the Judicial Managers
Bob Yap Cheng Ghee
Joint and Several Judicial Manager
24 May 2017

By Order of the Board
Raymond Kim Goh
Chairman
24 May 2017