CIRCULAR DATED 22 JUNE 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular has been prepared by Vallianz Holdings Limited (the "**Company**") and is circulated to the shareholders of the Company together with the 2017 Annual Report (as defined herein), which encloses the Notice of Annual General Meeting and Proxy Form. If you are in any doubt as to the contents herein and course of action, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company held through CDP, you need not forward this Circular, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular with the Notice of Annual General Meeting and the enclosed Proxy Form to be sent to the purchaser or the transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Annual General Meeting and the enclosed Proxy Form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has 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 ("**SGX-ST**") Listing Manual, Section B: Rules of Catalist. It has not been examined or approved by the SGX-ST, and the SGX-ST and the Sponsor take no responsibility for the contents of this Circular, including the correctness of any of the statements made, reports contained or opinions expressed 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

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

In this Circular, the following definitions apply throughout unless otherwise stated or the context otherwise requires:

"2016 AGM"	The annual general meeting of the Company held on 07 April 2016
"2017 Annual Report"	The annual report of the Company for the financial period from 1 January 2016 to 31 March 2017
"2014 EGM"	The extraordinary general meeting of the Company held on 31 December 2014
"ACRA"	The Accounting and Corporate Regulatory Authority of Singapore
"AGM"	Annual general meeting of the Company
"approved exchange"	A stock exchange that has rules which safeguard the interests of shareholders against Interested Person Transactions according to similar principles to Chapter 9 of the Catalist Rules
"Associate"	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) in relation to a substantial shareholder or controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or other companies taken together (directly or indirectly) have an interest of 30% or more
"associated company"	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group
"Audit Committee"	The audit committee of the Company, comprising Independent Directors, Mr. Bote de Vries, Mr. Yeo Jeu Nam and Mr. Wong Leong Jeam, as at the Latest Practicable Date
"Auditors"	The auditors of the Company for the time being
"Average Closing Price"	Has the meaning given to it in paragraph 2.3.4 of this Circular
"Board"	The board of directors of the Company as at the Latest Practicable Date

"Catalist"	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	The rules in Section B: Rules of Catalist of the Listing Manual, as amended, supplemented or modified from time to time
"CDP"	The Central Depository (Pte) Limited
"CEO"	The chief executive officer of the Company
"Circular"	This circular to Shareholders dated 22 June 2017
"Companies Act"	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"Company"	Vallianz Holdings Limited
"Constitution"	The constitution of the Company for the time being in force as originally framed, or as amended or modified from time to time
"Controlling Shareholder"	A person who: (a) in fact exercises control over the Company; or (b) holds, directly or indirectly, 15% or more of the nominal amount of all voting shares, excluding treasury shares, in the Company, unless the SGX-ST determines otherwise
"date of the making of the offer"	Has the meaning given to it in paragraph 2.3.4 of this Circular
"Directors"	The directors of the Company
"EGM"	Extraordinary general meeting of the Company
"EPS"	Earnings per Share
"entity at risk"	For the purpose of this Circular, any of: (a) the Company; (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the Group, or the Group and its Interested Persons, has control over such associated company
"ESOS"	The employee share option scheme of the Company known as "Vallianz Employees' Share Option Scheme"
"Financial Controller"	The financial controller of the Company
"Group"	The Company and its subsidiaries

"Independent Director"	An independent director of the Company
"Interested Person"	A director, chief executive officer, or controlling shareholder of the Company, or an Associate of any such director, chief executive officer, or controlling shareholder
"Interested Person Transaction"	Transactions between an entity at risk and an Interested Person
"Latest Practicable Date"	09 June 2017, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	The listing manual of the SGX-ST as may be amended, supplemented or modified from time to time
"Market Day"	A day on which the SGX-ST is open for trading in securities
"Market Purchase"	Has the meaning given to it in paragraph 2.3.3(a) of this Circular
"Maximum Price"	Has the meaning given to it in paragraph 2.3.4 of this Circular
"Notice of AGM"	The notice of AGM dated 22 June 2017 convening the upcoming AGM to be held on 07 July 2017
"NTA"	Net tangible assets
"Off-Market Purchase"	Has the meaning given to it in paragraph 2.3.3(b) of this Circular
"Ordinary Resolutions"	The ordinary resolutions relating to the proposed renewals of each of the Share Buyback Mandate and/or the Rawabi IPT Mandate as set out in the Notice of AGM
"Proxy Form"	The proxy form in respect of the upcoming AGM as attached to the 2017 Annual report
"public"	Has the meaning given to it in paragraph 2.9 of this Circular
"Rawabi Holding"	Rawabi Holding Company Limited
"Rawabi Group"	Rawabi Holding and its Associates
"Rawabi Interested Person Transactions"	Has the meaning given to it in the Appendix to this Circular
"Rawabi IPT Mandate"	General mandate given by Shareholders for the Rawabi Interested Person Transactions
"Relevant Period"	The period commencing from the date on which the Ordinary Resolution relating to the renewal of the Share Buyback Mandate is passed and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier
"ROE"	Return on equity

"Securities Account"	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Share Buyback Mandate"	General mandate given by Shareholders to authorise the Directors to purchase or otherwise acquire, on behalf of the Company, Shares in accordance with the terms set out in this Circular as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
"Shareholders"	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the persons named as depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
"Share Options"	Options to subscribe for Shares granted pursuant to the ESOS
"Shares"	Ordinary shares in the capital of the Company
"SIC"	Securities Industry Council
"Sponsor"	Provenance Capital Pte. Ltd.
"subsidiary"	Has the meaning given to it in section 5 of the Companies Act
"Substantial Shareholder"	A Shareholder who has an interest in five per cent or more of the voting shares of the Company
"Take-over Code"	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
"Vallianz PSP"	The performance share plan of the Company known as "Vallianz Performance Share Plan"
"S$"	Singapore dollars
"US$" and "US$ cents"	United States dollars and cents respectively
"%" or "per cent"	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, Chapter 289 of Singapore.

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 include corporations.

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 or Catalist Rules or any statutory modification thereof and used in this Circular shall have the meaning assigned to it under the Companies Act or Catalist Rules or any statutory 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 tables included herein between the amounts in the columns of the tables and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

In this Circular, the figures in United States dollars which are expressed in Singapore dollars (and *vice versa*) are expressed based on the exchange rate of US$0.723 : S$1.00. Such conversions are provided solely for convenience of the readers and should not be confused as representations that the United States dollars amounts stated in this Circular could have been or would have been converted into Singapore dollar amounts or *vice versa*, at the stated rates or at any rate or at all.

Board of Directors:

Yeo Chee Neng, *Non-Executive Vice Chairman*
Ling Yong Wah, *Executive Director and CEO*
Yeo Jeu Nam, *Non-Executive Independent Director*
Bote De Vries, *Non-Executive Independent Director*
Wong Leong Jeam, *Non-Executive Independent Director*

Registered office:

12 International Business Park
#03-02 Swiber@IBP
Singapore 609920

22 June 2017

To: The Shareholders of Vallianz Holdings Limited

Dear Sir/Madam,

(1) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE; AND

(2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE RAWABI GROUP.

1. INTRODUCTION

1.1 **AGM.** We refer to the notice of AGM dated 22 June 2017 convening the upcoming AGM to be held on 07 July 2017 and the Ordinary Resolutions.

1.2 **Circular.** The purpose of this Circular is to provide Shareholders with information relating to the following proposals set to be tabled at the upcoming AGM:

(a) the proposed renewal of the Share Buyback Mandate; and

(b) the proposed renewal of the Rawabi IPT Mandate,

as further explained in paragraphs 2 and 3 of this Circular and to seek the necessary approvals in relation thereto at the upcoming AGM.

2. THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 **The Share Buyback Mandate.** Sections 76B, 76C, 76DA and 76E of the Companies Act allow a listed company to purchase its own shares. At the EGM held on 20 April 2011, Shareholders had approved a mandate to enable the Company to purchase or acquire its issued Shares at any time during the duration and on the terms of the Share Buyback Mandate.

The Share Buyback Mandate was last renewed at the 2016 AGM and the Share Buyback Mandate will, unless renewed, expire on the date of the upcoming AGM to be held on 07 July 2017. Accordingly, Shareholders' approval is being sought for the renewal of the Share Buyback Mandate at the upcoming AGM in accordance with the terms set out below.

2.2 **Rationale.** The renewal of the Share Buyback Mandate authorising the Company to purchase or acquire its Shares would give the Company the flexibility to undertake Share purchases or acquisitions up to the ten per cent limit described in paragraph 2.3.1 below at any time during the period when the Share Buyback Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its issued Shares is as follows:

2.2.1 In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the ROE of the Group. In addition to growth and expansion of the business, Share buybacks may be considered as one of the ways through which the ROE of the Group may be enhanced.

2.2.2 The Company has at present two share-based incentive schemes for its employees, namely the Vallianz PSP and the ESOS. Shares which are purchased by the Company pursuant to the Share Buyback Mandate and held in treasury may be used to satisfy vested awards under the Vallianz PSP or Share Options exercised under the ESOS, thus giving the Company greater flexibility to select the method of providing Shares under these schemes. The use of treasury shares in lieu of issuing new Shares would also mitigate the dilution impact on existing Shareholders.

2.2.3 The Share Buyback Mandate will provide the Company with the flexibility to purchase or acquire its issued Shares if and when circumstances permit, during the period when the proposed Share Buyback Mandate is in force. It is an expedient, effective and cost-efficient way for the Company to return to its Shareholders surplus funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans. In addition, the Share Buyback Mandate allows the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.

2.2.4 The purchase or acquisition of Shares under the proposed Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of issued Shares) and off-set the effects of short-term share price speculation, supporting the fundamental value of the issued Shares and thereby bolstering Shareholders' confidence and employees' morale.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the said ten per cent limit during the duration referred to in paragraph 2.3.2 below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full ten per cent limit as authorised or at all and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate would be made only as and when the Directors consider it to be in the best interests of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading or listing status of the Shares on the SGX-ST.

2.3 **Authority and limits of the Share Buyback Mandate.** The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buyback Mandate are summarised below:

2.3.1 Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Buyback Mandate is limited to that number of Shares representing not more than ten per cent of the total number of issued Shares (ascertained as at the date of the last AGM or (if different) at the date of the general meeting at which the renewal of the Share Buyback Mandate is to be approved, whichever is higher, unless the Company has effected a reduction of the share capital of the Company by way of a special resolution in accordance with section 78 of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as so altered). Any shares of the Company which are held as treasury shares will be disregarded for the purposes of computing the ten per cent limit.

For illustrative purposes only, on the basis of 4,322,800,385 Shares in issue as at the Latest Practicable Date (excluding treasury shares) and assuming no further Shares are issued on or prior to the upcoming AGM, not more than 432,280,038 Shares (representing ten per cent of the total number of Shares as at that date, excluding treasury shares) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate during the period referred to in paragraph 2.3.2 below.

2.3.2 Duration of authority

Purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate may be made, at any time and from time to time, on and from the date of the upcoming AGM at which the renewal of the Share Buyback Mandate is to be approved up to:

(a) the date on which the following AGM is held or is required by law to be held;

(b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied (in accordance with the Companies Act) by the Shareholders in a general meeting; or

(c) the date on which the purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate are carried out to the full extent mandated,

whichever is the earliest.

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by Shareholders at the following AGM or at an EGM to be convened immediately after the conclusion or adjournment of the following AGM. When seeking the approval of Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the proposed Share Buyback Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of:

(a) on-market purchase(s) ("**Market Purchase**") transacted on the SGX-ST through the ready market, and which may be transacted through one or more duly licensed stock brokers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with section 76C of the Companies Act.

The Directors may impose such terms and conditions which are not inconsistent with the Share Buyback Mandate, the Catalist Rules and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes.

An Off-Market Purchase must, however, satisfy all the following conditions:

(a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares against the total number of issued Shares;

(b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers shall be the same except that there shall be disregarded, where applicable:

(i) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;

(ii) differences in consideration attributable to the fact that offers may relate to Shares with different amounts remaining unpaid (if applicable); and

(iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it shall issue an offer document to all Shareholders containing at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchase or acquisition of Shares;

(d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;

(f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions; and

(g) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

2.3.4 Purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate. However, the purchase price to be paid for the Shares pursuant to such purchases or acquisitions of the Shares must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme in accordance with section 76C of the Companies Act, 120% of the Average Closing Price,

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the purposes of determining the Maximum Price:

"**Average Closing Price**" means the average of the closing market prices of the Shares for the last five Market Days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs after the relevant five Market Days period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 **Status of purchased or acquired Shares.** Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition unless such Share is held by the Company as a treasury share. Upon such cancellation, all rights and privileges attached to that Share will expire. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.5 **Treasury shares.** Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

2.5.1 Maximum holdings

The number of shares held as treasury shares cannot at any time exceed ten per cent of the total number of issued Shares.

2.5.2 Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of Shares as fully-paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

2.5.3 Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:

(a) sell the treasury shares for cash;

(b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

(c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the treasury shares; or

(e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

The Directors will also consider and decide whether to purchase or acquire Shares to satisfy the Shares awarded under the Vallianz PSP or pursuant to an exercise of Share Options granted under the ESOS.

The Shares purchased or acquired under the Share Buyback Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company.

2.6 **Reporting requirements.** The Company shall notify ACRA within 30 days of a purchase or acquisition of Shares by the Company on the SGX-ST or otherwise. Such notification shall include details of the purchases or acquisitions, including the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's total issued share capital before and after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required in the prescribed form. Within 30 days of the passing of the resolution to renew the Share Buyback Mandate, the Company shall lodge a copy of such resolution with ACRA.

The Catalist Rules specify that a listed company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; and

(b) in the case of an Off-Market Purchase, on the second Market Day after the close of acceptance of the offer for the Off-Market Purchase.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stock brokers to ensure that they provide to the Company, in a timely fashion, the necessary information which will enable the Company to make the notifications to the SGX-ST.

The Company, upon undertaking any sale, transfer, cancellation and/or use of treasury shares, will comply with Rule 704(31) of the Catalist Rules, which provides that an issuer must make an immediate announcement thereof, stating the following:

(a) date of the sale, transfer, cancellation and/or use;

(b) purpose of such sale, transfer, cancellation and/or use;

(c) number of treasury shares sold, transferred, cancelled and/or used;

(d) number of Shares before and after such sale, transfer, cancellation and/or use;

(e) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.7 **Source of funds**. The Company may only apply funds legally available for the purchase or acquisition of the Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Companies Act permits the Company to purchase or acquire its own Shares out of capital, as well as from its distributable profits, so long as the Company is solvent (as defined in section 76F(4) of the Companies Act). Apart from using its internal sources of funds, the Company may obtain or incur borrowings to finance its purchase or acquisition of Shares.

The Company intends to use internal sources of funds or borrowings or a combination of both to finance any of the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will also consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors will only make purchases or acquisitions pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.8 **Financial effects.** It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the NTA and EPS of the Group and the Company as the resultant effect would depend on, *inter alia,* the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares and the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The repurchased Shares may be cancelled or held as treasury shares. If the Shares are cancelled, the Company's total issued share capital will be diminished by the total number of Shares repurchased by the Company. The NTA of the Group will also be reduced by the aggregate purchase price paid by the Company for the Shares. If the Shares are held as treasury shares, the issued share capital of the Company will not be affected.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of the Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans, of the Group and the prevailing market conditions. The proposed Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NTA value per Share of the Group.

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Group and the Company based on the audited financial statements of the Group and the Company for the financial period from 1 January 2016 to 31 March 2017 are shown in the following tables and are based on the assumptions set out below:

(a) Based on 4,322,800,385 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the upcoming AGM, not more than 432,280,038 Shares (representing ten per cent of the issued ordinary share capital of the Company (excluding treasury shares) as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate.

(b) In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 432,280,038 Shares at the Maximum Price of S$0.018 for one Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of the 432,280,038 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and related expenses) is approximately US$5,624,136.

(c) In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 432,280,038 Shares at the Maximum Price of S$0.021 for one Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase of the 432,280,038 Shares (excluding brokerage, stamp duties, commission, applicable goods and services tax and related expenses) is approximately US$6,561,492.

For illustrative purposes only, based on the assumptions set out in sub-paragraphs (a) to (c) above and further assuming that:

(i) such purchase or acquisition of Shares is financed solely by internal sources of funds available as at 31 March 2017 and external borrowings;

(ii) the Share Buyback Mandate had been effective on 1 January 2016; and

(iii) the Company had purchased or acquired 432,280,038 Shares (representing ten per cent of its issued ordinary share capital as at the Latest Practicable Date) on 31 March 2017,

the financial effects of the purchase and acquisition of such Shares by the Company pursuant to the Share Buyback Mandate:

(1) by way of purchases made entirely out of capital and held as treasury shares; and

(2) by way of purchases made entirely out of capital and cancelled,

on the audited financial statements of the Group and the Company for the financial period from 1 January 2016 to 31 March 2017 are set out below:

(1) Purchases made entirely out of capital and held as treasury shares

	Group			Company		
	Before Share Buyback (US$'000)	**After Share Buyback assuming Market Purchase (US$'000)**	**After Share Buyback assuming Off-Market Purchase (US$'000)**	**Before Share Buyback (US$'000)**	**After Share Buyback assuming Market Purchase (US$'000)**	**After Share Buyback assuming Off-Market Purchase (US$'000)**
As at 31 March 2017						
Share capital	203,918	203,918	203,918	203,918	203,918	203,918
Capital and other reserves	(23,676)	(23,676)	(23,676)	(169,355)	(169,355)	(169,355)
Minority interests	(2,636)	(2,636)	(2,636)	–	–	–
Treasury shares	–	(5,624)	(6,561)	–	(5,624)	(6,561)
Shareholders' funds	180,242	174,618	173,681	34,563	28,939	28,002
NTA	177,606	171,982	171,045	34,563	28,939	28,002
Cash and cash equivalents	45,568	39,944	39,007	4,823	(801)	(1,738)
Current assets	297,277	291,653	290,716	122,680	117,056	116,119
Current liabilities	267,111	267,111	267,111	144,320	144,320	144,320
Working capital	30,166	24,542	23,605	(21,640)	(27,264)	(28,201)
Loss after tax and minority interest	(158,247)	(158,247)	(158,247)	(274,427)	(274,427)	(274,427)
Number of issued Shares ('000)	4,322,800	4,322,800	4,322,800	4,322,800	4,322,800	4,322,800
Treasury Shares ('000)	–	432,280	432,280	–	432,280	432,280
Weighted average number of Shares ('000)	3,613,478	3,181,198	3,181,198	3,613,478	3,181,198	3,181,198
Financial ratios						
NTA/Share[(1)] (US$ cents)	4.11	4.42	4.40	0.80	0.67	0.63
EPS[(2)] (US$ cents)	(4.38)	(4.97)	(4.97)	(7.59)	(8.63)	(8.63)
Current ratio[(3)] (times)	1.11	1.09	1.09	0.85	0.81	0.80
ROE[(4)] (%)	(87.80)	(90.62)	(91.11)	(793.99)	(948.30)	(980.04)

Notes:

(1) NTA per Share is calculated based on the NTA and 4,322,800,385 and 3,890,520,347 Shares in issue as at 31 March 2017 and after the share buyback respectively.

(2) EPS is based on the weighted average number of 3,613,477,461 and 3,181,197,423 Shares in issue as at 31 March 2017 and after the share buyback respectively.

(3) Current ratio equals current assets divided by current liabilities.

(4) ROE equals loss after tax and minority interest divided by Shareholders' funds.

(2) Purchases made entirely out of capital and cancelled

	Group			Company		
	Before Share Buyback (US$'000)	After Share Buyback assuming Market Purchase (US$'000)	After Share Buyback assuming Off-Market Purchase (US$'000)	Before Share Buyback (US$'000)	After Share Buyback assuming Market Purchase (US$'000)	After Share Buyback assuming Off-Market Purchase (US$'000)
As at 31 March 2017						
Share capital	203,918	197,669	196,732	203,918	198,294	197,357
Capital and other reserves	(23,676)	(23,676)	(23,676)	(169,355)	(169,355)	(169,355)
Minority interests	(2,636)	(2,636)	(2,636)	–	–	–
Shareholders' funds	180,242	174,618	173,681	34,563	28,939	28,002
NTA	177,606	171,982	171,045	34,563	28,939	28,002
Cash and cash equivalents	45,568	39,944	39,007	4,823	(801)	(1,738)
Current assets	297,277	291,653	290,716	122,680	117,056	116,119
Current liabilities	267,111	267,111	267,111	144,320	144,320	144,320
Working capital	30,166	24,542	23,605	(21,640)	(27,264)	(28,201)
Loss after tax and minority interest	(158,247)	(158,247)	(158,247)	(274,427)	(274,427)	(274,427)
Number of issued Shares ('000)	4,322,800	3,890,520	3,890,520	4,322,800	3,890,520	3,890,520
Weighted average number of Shares ('000)	3,613,478	3,181,198	3,181,198	3,613,478	3,181,198	3,181,198
Financial ratios						
NTA/Share[1] (US$ cents)	4.11	4.42	4.40	0.80	0.74	0.72
EPS[2] (US$ cents)	(4.41)	(4.97)	(4.97)	(7.59)	(8.63)	(8.63)
Current ratio[3] (times)	1.11	1.09	1.09	0.85	0.81	0.80
ROE[4] (%)	(87.80)	(90.62)	(91.11)	(793.99)	(948.30)	(980.04)

Notes:

(1) NTA per Share is calculated based on the NTA and 4,322,800,385 and 3,890,520,347 Shares in issue as at 31 March 2017 and after the share buyback respectively.

(2) EPS is based on the weighted average number of 3,613,477,461 and 3,181,197,423 Shares in issue as at 31 March 2017 and after the share buyback respectively.

(3) Current ratio equals current assets divided by current liabilities.

(4) ROE equals loss after tax and minority interest divided by Shareholders' funds.

Shareholders should note that the financial effects set out above are purely for illustration purposes and based only on the abovementioned assumptions. In particular, it is important to note that the above financial analysis is based on the Company's and the Group's historical numbers for the financial period from 1 January 2016 to 31 March 2017 and is not necessarily representative of the future financial performance of the Company and the Group. The Company will take into account both financial and non-financial factors (for example, equity market conditions and the performance of the Shares) in assessing the relative impact of a Share purchase or acquisition before execution. Although the proposed Share Buyback Mandate would authorise the Company to purchase or acquire up to ten per cent of the total number of issued Shares (excluding treasury shares), the Company may not necessarily purchase or be able to purchase the entire ten per cent of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased in treasury.

Shareholders who have any doubt as to their tax positions or any tax implications arising from the Share Buyback Mandate in their respective jurisdictions should consult their own professional advisers.

2.9 **Catalist Rules.** While the Catalist Rules do not expressly prohibit purchase or acquisitions of shares by a Catalist company during any particular time or times, because a Catalist company would be considered an "**insider**" in relation to any proposed purchase or acquisition of its issued shares, the Company will not purchase any Shares pursuant to the Share Buyback Mandate after a development which could have a material effect on the price of the Shares has occurred or has been the subject of a consideration and/or a decision of the Board until such time as such information has been publicly announced. In particular, in line with the best practices guide on securities dealing issued by the SGX-ST, the Company will not purchase or acquire any Shares through Market Purchases during the period of:

(a) one month immediately preceding the announcement of the Company's full-year results; and

(b) two weeks immediately preceding the announcement of the Company's first three quarterly results.

The Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent of its Shares are in the hands of the public. The "**public**", as defined under the Catalist Rules, are persons other than the Directors, CEO, Substantial Shareholders or Controlling Shareholders of the Company or its subsidiaries, as well as the Associates of such persons.

Based on the interests of Directors and Substantial Shareholders as recorded in the Register of Directors' shareholdings and the Register of Substantial Shareholders as at the Latest Practicable Date, approximately 2,344,232,065 Shares representing approximately 54.23% of the issued Shares (excluding treasury shares), were in the hands of the public.

Assuming that the Company purchases its Shares up to the full ten per cent limit pursuant to the Share Buyback Mandate from the public (as defined in the Catalist Rules), the number of Shares in the hands of the public not taking into account treasury shares would be reduced to 1,911,952,028 Shares, representing approximately 44.23% of the reduced issued share capital of the Company (excluding treasury shares). Accordingly, the Company is of the view that there is a sufficient number of issued Shares held in the hands of the public which would permit the Company to undertake purchases or acquisitions of its issued Shares up to the full ten per cent limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity.

In undertaking any purchases or acquisitions of Shares through Market Purchases, the Directors will use their best efforts to ensure that, notwithstanding such purchases or acquisitions, a sufficient float in the hands of the public will be maintained so that such purchases or acquisitions of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.10 **Take-over Code implications.** Appendix 2 of the Take-over Code contains the Share Buyback Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.10.1 Obligation to make a take-over offer

Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, inter alia, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than one per cent in any period of six months.

If, as a result of any purchase or acquisition by the Company of the Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder and persons acting in concert with him obtains or consolidates effective control of the Company, such Shareholder or persons acting in concert with him could become obliged to make a mandatory take-over offer for the Company under Rule 14 of the Take-over Code.

2.10.2 Persons acting in concert

Under the Take-over Code, persons acting in concert ("**concert parties**") comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert:

(a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing companies for the purchase of voting rights;

(b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis where the shareholdings of the adviser and any of those funds in the client total ten per cent or more of the client's equity share capital;

(f) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a *bona fide* offer for their company may be imminent;

(g) partners; and

(h) an individual with his close relatives, related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Based on the interests of Directors and Substantial Shareholders as recorded in the Register of Directors' shareholdings and the Register of Substantial Shareholders as at the Latest Practicable Date, Swiber Holdings Limited and Rawabi Holdings hold 903,534,986 and 672,000,000 Shares representing 20.90% and 15.55% of the issued share capital of the Company respectively (based on 3,415,544,719 Shares in issue as at the Latest Practicable Date excluding treasury shares).

2.10.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and their concert parties will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares:

(a) the voting rights of such Directors and their concert parties would increase to 30% or more; or

(b) in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent in any period of six months.

In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

Under Appendix 2 of the Take-over Code, a Shareholder who is not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares:

(a) the voting rights of such Shareholder would increase to 30% or more; or

(b) if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent in any period of six months.

Such Shareholder need not abstain from voting in respect of the resolution authorising the renewal of the Share Buyback Mandate.

However, Shareholders will be subject to the provisions of Rule 14 of the Take-over Code if they acquire Shares after the purchase of Shares by the Company. For this purpose, an increase in the percentage of voting rights as a result of the purchase of Shares by the Company will be taken into account in determining whether a Shareholder and persons acting in concert with him have increased their voting rights by more than one per cent in any period of six months.

Shareholders (including Directors) and their concert parties who hold more than 50% of the Company's voting rights are under no obligation to make a take-over offer if the voting rights of such Shareholders and their concert parties were to increase as a result of the Company purchasing or acquiring Shares.

Based on the interests of the Substantial Shareholders as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date, in the event the Company undertakes to purchase Shares up to the maximum limit of ten per cent of the issued and paid-up share capital of the Company, none of the Substantial Shareholders and the parties acting in concert with each of them will be required to make a take-over offer for the Shares held by the other Shareholders pursuant to Rule 14 of the Take-over Code.

The statements in this Circular do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

2.11 Previous Share purchases

In the 12 months immediately preceding the Latest Practicable Date, the Company had not purchased or acquired any Shares.

3. THE PROPOSED RENEWAL OF THE RAWABI IPT MANDATE

3.1 **The Rawabi IPT Mandate.** At the 2014 EGM, the Shareholders approved the shareholders' mandate for the Group to enter into certain recurring Interested Person Transactions with the Rawabi Group which was last renewed at the 2016 AGM. The existing Rawabi IPT Mandate will, unless renewed, expire on the date of the upcoming AGM which is scheduled to be held on 07 July 2017. Accordingly, the Directors propose that the Ordinary Resolution relating to the Rawabi IPT Mandate ("**Ordinary Resolution 6**") be passed to renew the Rawabi IPT Mandate at the upcoming AGM to take effect until the following AGM. The particulars of the Interested Person Transactions in respect of which the Rawabi IPT Mandate is sought to be renewed remain unchanged.

3.2 **Audit Committee's statement.** The Audit Committee (comprising Mr. Bote de Vries, Mr Yeo Jeu Nam and Mr. Wong Leong Jeam as at the Latest Practicable Date) confirms that:

(a) the methods or procedures for determining transaction prices under the Rawabi IPT Mandate has not changed since the 2016 AGM; and

(b) the methods or procedures referred to in sub-paragraph (a) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

3.3 For the avoidance of doubt, the Company will not be renewing the general mandate given by Shareholders for Interested Person Transactions with Swiber Holdings Limited and its Associates, which was last renewed at the 2016 AGM. Accordingly, such general mandate will expire on the date of the upcoming AGM.

4. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares are as follows:

	Before Share Buyback (Number of Shares)			Before Share Buyback	After Share Buyback
Name	**Direct interest**	**Deemed interest**	**Total interest**	**(%)[1]**	**(%)[2]**
Directors					
Yeo Chee Neng	33,000,000	–	33,000,000	0.76	0.85
Ling Yong Wah	10,000,000	–	10,000,000	0.23	0.26
Yeo Jeu Nam	3,300,000	–	3,300,000	0.08	0.08
Bote de Vries	600,000	–	600,000	0.01	0.02
Wong Leong Jeam	–	–	–	–	–
Substantial Shareholders					
Rawabi Holding[3]	672,000,000	–	672,000,000	15.55	17.27
Abdul Aziz Ali Alturki[3]	–	672,000,000	672,000,000	15.55	17.27
Swiber Holdings Limited[4]	903,534,986	–	903,534,986	20.90	23.22

Notes:

(1) As a percentage of the issued share capital of the Company as at the Latest Practicable Date, comprising 4,322,800,385 Shares (excluding Treasury Shares).

(2) As a percentage of the issued share capital of the Company as at the Latest Practicable Date, comprising 3,890,520,348 Shares, excluding Treasury Shares (assuming that the Company purchases the maximum number of 432,280,038 Shares under the Share Buyback Mandate).

(3) By virtue of section 4 of the Securities and Futures Act, Cap. 289, Mr. Abdul Aziz Ali Alturki is deemed to be interested in the Shares held by Rawabi Holding Company Limited as at the Latest Practicable Date.

(4) Swiber Holdings Limited is a company incorporated in Singapore and listed on the Main Board of the SGX-ST. Swiber Holdings Limited has been placed under judicial management since 6 October 2016.

5. ANNUAL GENERAL MEETING

The upcoming AGM, notice of which is set out on pages 140 to 144 of the 2017 Annual Report, will be held at 12 International Business Park, #03-02 Swiber@IBP, Singapore 609920 on 07 July 2017 at 2.00 p.m. for the purpose of, *inter alia*, considering and if thought fit, passing with or without modifications, each of the Ordinary Resolutions.

6. ABSTENTIONS FROM VOTING

The proposed renewal of the Rawabi IPT Mandate. In accordance with the requirements of Chapter 9 of the Catalist Rules, Rawabi Holding, being a Controlling Shareholder, is regarded as an Interested Person in relation to the Rawabi IPT Mandate and will abstain, and has undertaken to ensure that its Associates and other Associates of the Rawabi Group will abstain, from voting on Ordinary Resolution 6 relating to the proposed renewal of the Rawabi IPT Mandate at the upcoming AGM.

Such persons will also decline to accept appointment as proxy to vote and attend at the upcoming AGM in respect of the said Ordinary Resolution unless such persons have been given specific instructions as to the manner in which their votes are to be cast.

7. DIRECTORS' RECOMMENDATIONS

7.1 **The proposed renewal of the Share Buyback Mandate.** All the Directors are deemed independent for the purposes of the renewal of the Share Buyback Mandate and are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 5 to be proposed at the upcoming AGM.

7.2 **The proposed renewal of the Rawabi IPT Mandate.** All the Directors are deemed independent for the purposes of the renewal of the Rawabi IPT Mandate and are of the opinion that the proposed renewal of the Rawabi IPT Mandate is in the best interests of the Company and recommend that Shareholders vote in favour of Ordinary Resolution 6 to be proposed at the upcoming AGM.

8. 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 proposed renewal of the Share Buyback Mandate and the Rawabi IPT Mandate, 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.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the upcoming AGM may appoint a proxy/proxies to attend and vote at such AGM on their behalf by completing, signing and returning the Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 12 International Business Park, #03-02 Swiber@IBP, Singapore 609920 not less than 48 hours before the time fixed for the upcoming AGM. The completion and return of a Proxy Form by a Shareholder will not preclude him from attending and voting in person at the AGM in place of his proxy if he wishes to do so.

A Depositor shall not be entitled to attend the upcoming AGM 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, not less than 72 hours before the time fixed for the AGM or any adjournment thereof.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date of this Circular up to and including the date of the upcoming AGM:

(a) the Constitution; and

(b) the 2017 Annual Report.

Yours faithfully,

Ling Yong Wah
Executive Director and CEO
For and on behalf of the Board of Directors of
VALLIANZ HOLDINGS LIMITED

1. Chapter 9 of the Catalist Rules

Under Chapter 9 of the Catalist Rules, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's Interested Persons but such mandate shall not be in respect of the purchase or sale of assets, undertakings or businesses. Due to the time-sensitive nature of commercial transactions, such a mandate will enable a listed company, in its ordinary course of business, to enter into certain categories of transactions with certain classes of Interested Persons, provided such Interested Person Transactions are made on normal commercial terms and are not prejudicial to the interests of the company and its minority shareholders.

At the 2014 EGM, the Shareholders approved the shareholders' mandate for the Group to enter into certain recurring Interested Person Transactions with the Rawabi Group which was last renewed at the 2016 AGM. The existing Rawabi IPT Mandate will, unless renewed, expire on the date of the upcoming AGM which is scheduled to be held on 07 July 2017.

Interested person transactions that do not fall within the ambit of the Rawabi IPT Mandate shall be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Catalist Rules.

2. Classes of Interested Persons

Rawabi Holding is a Controlling Shareholder holding 672,000,000 Shares as at the Latest Practicable Date, representing an interest of approximately 15.55% in the share capital of the Company. Accordingly, Rawabi is an Interested Person for the purpose of Chapter 9 of the Catalist Rules.

The Rawabi IPT Mandate will apply to the Group's transactions with the Rawabi Group.

3. Categories of Interested Person Transactions

The categories of Interested Person Transactions which will be covered by the Rawabi IPT Mandate include:

(1) the rental of premises from the Rawabi Group (the "**Rental of Premises**");

(2) the obtaining of corporate services from the Rawabi Group (the "**Rawabi Corporate Services**"); and

(3) in relation to paragraph (2) above, the obtaining of other goods and services from the Rawabi Group, including but not limited to the procurement of information technology equipment, stationery, air tickets and accommodation (the "**Other Rawabi Goods and Services**").

collectively, the "**Rawabi Interested Person Transactions**".

The Rawabi IPT Mandate will not cover any Interested Person Transaction that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Catalist Rules would not apply to such transactions.

4. Rationale for and benefits of the Rawabi IPT Mandate

Rawabi Holding is a company that has been operating in the Kingdom of Saudi Arabia and other parts of the Middle East for over 35 years as one of the leading players in the region, with activities in the construction and engineering, oil and gas, petrochemical, utilities, power and electrical, telecommunication and information technology, trading, manufacturing and offshore support services industries. Rawabi Holding comprises various subsidiaries and several associated companies.

The Directors believe that the Rental of Premises and obtaining of Rawabi Corporate Services is in the interest of the Group as it allows the Group to tap on the Rawabi Group's resources and the Rawabi Group's personnel for administrative work which would enable the Group to have a more efficient administrative set-up.

Further, in relation to the Rawabi Corporate Services, the Directors also believe that the obtaining of Other Rawabi Goods and Services is beneficial to the Group as it would enable the Group to tap on the Rawabi Group's existing network and to enjoy economies of scale in the procurement of goods and services.

Owing to the time-sensitive nature of commercial transactions, the renewal of the Rawabi IPT Mandate pursuant to Chapter 9 of the Catalist Rules, if approved by the Shareholders, will enable the Group, in the ordinary course of its business, to take advantage of the business opportunities offered by such Rawabi Interested Person Transactions without being separately subject to the obligations in Rules 905 and 906 of the Catalist Rules provided that such transactions are made at arm's length on the Group's normal commercial terms and are reviewed in accordance with the review procedures set out below.

This will eliminate the need for the Company to announce and convene separate general meetings on each occasion to seek Shareholders' approval for each separate Rawabi Interested Person Transaction and will give the Group the flexibility to conduct such recurrent Rawabi Interested Person Transactions, thereby enhancing the Group's ability to pursue business opportunities which are time-sensitive in nature. It will substantially reduce administrative time and expenses associated with the convening of general meetings on an *ad hoc* basis, improve administrative efficiency considerably, and allow resources and time to be channeled to other corporate and business opportunities.

5. Guidelines and review procedures for transactions under the Rawabi IPT Mandate

The Group has implemented the following guidelines and review procedures pursuant to the Rawabi IPT Mandate to ensure that the Rawabi Interested Persons Transactions are undertaken on normal commercial terms consistent with its usual business practice and policies and are not prejudicial to the interests of the Company and its minority Shareholders.

Methods and procedures for determining prices or values for the Rawabi Interested Person Transactions under the Rawabi IPT Mandate

(a) Rental of Premises

The rates and terms of the lease with the Rawabi Group will be reviewed before entry into the lease or at the point of renewal (as the case may be).

In ascertaining the rental for any lease with the Rawabi Group, factors such as the available facilities, tenure of the lease, the area of the leased premises and any other relevant factors that may affect the rental rates or terms of the lease would be taken into consideration.

The Group will use at least two leases between the Rawabi Group and their other unrelated third party tenants in the same building(s) as a basis for comparison to ensure that the terms of the leases entered into by the Group with the Rawabi Group are not more favourable to the Rawabi Group than those terms extended to such unrelated third parties. If there are no other unrelated third party tenants in the same building(s), the Group will obtain quotes from at least two unrelated third party lessors for similar space or buildings that are of similar or comparable standing within the same vicinity.

In the event that quotations from unrelated third parties are not available in respect of the Rental of Premises, a review committee, which shall be constituted from time to time and shall comprise a Director and the Financial Controller, and if deemed necessary by the Directors, will include another Director (each of whom should not have a, direct or indirect, interest in the Rawabi Interested Person Transaction) ("**Review Committee**") will evaluate and weigh the benefits of, and rationale for, transacting with the Rawabi Group before submitting a written recommendation to the Audit Committee. In its evaluation, the Review Committee will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the Rawabi Group compared with transacting with unrelated third parties. The Audit Committee will evaluate the recommendation of the Review Committee in respect of the Rawabi Interested Person Transaction before deciding whether to approve or reject the Rawabi Interested Person Transaction. In evaluating the terms of the Rawabi Interested Person Transaction, the Audit Committee will take into account prevailing industry norms (including the reasonableness of the terms).

In the event of any variation to the agreement with the Rawabi Group for the Rental of Premises, the Financial Controller shall provide the basis and justification for approval of such variation. The Audit Committee shall review any such variation to ensure that the Rental of Premises continues to be made on the Group's normal commercial terms.

(b) Obtaining of Rawabi Corporate Services

The fees charged by the Rawabi Group for the provision of Rawabi Corporate Services will be derived after taking into account the Group's costs as a proportion of the total actual costs incurred by the Rawabi Group on a cost-recovery basis for providing such services to its group of companies.

In assessing the fees when obtaining Rawabi Corporate Services or renewing a contract therefor, the Financial Controller, who does not have any interests, whether direct or deemed, in relation to the Rawabi Interested Person Transaction will review the cost-recovery basis and justifications to be provided by the Rawabi Group, having regard to the Group's proportionate share of the total costs to be incurred by the Rawabi Group, taking into account also the relevant factors such as the nature of the services provided, and the Group's historical and projected utilisation of the common pool of resources also shared by the other companies of the Rawabi Group.

(c) Obtaining of Other Rawabi Goods and Services

When purchasing goods from or through the Rawabi Group or engaging services not included in the Rawabi Corporate Services from the Rawabi Group, the pricing and fees for services or products will be based on a cost reimbursement basis.

Approval process for the Rental of Premises

The Group will monitor all transactions for the Rental of Premises and categorise them as follows:

(i) a Category 1 Transaction is one where the value thereof is less than US$3 million; and

(ii) a Category 2 Transaction is one where the value thereof is equal to or more than US$3 million.

All Category 1 Transactions shall be determined by the Financial Controller, in consultation with the Audit Committee, and all Category 2 Transactions shall be submitted by the Group for prior approval of the Audit Committee and any Director who has no interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Interested Person Transaction.

The threshold limits set out above have been adopted by the Group after taking into account, inter alia, the expected tenure of the transactions as the transactions and are expected to be entered into on a long term basis which is typically three years as well as the Group's day-to-day operations, administration, businesses and the Group's track record for the Rental of Premises.

Approval process for the obtaining of Rawabi Corporate Services

The Group will monitor all transactions for obtaining Rawabi Corporate Services and categorise them as follows:

(i) a Category 1 Transaction is one where the value thereof is less than US$1 million; and

(ii) a Category 2 Transaction is one where the value thereof is equal to or more than US$1 million.

All Category 1 Transactions shall be determined by the Financial Controller, in consultation with the Audit Committee, and all Category 2 Transactions shall be submitted by the Group for prior approval of the Audit Committee and any Director who has no interests, whether direct or deemed, in relation to the Rawabi Group or to the Rawabi Interested Person Transaction.

The threshold limits set out above have been adopted by the Group after taking into account, inter alia, the expected tenure of the transactions as the transactions and are expected to be entered into on a long term basis which is typically three years as well as the Group's day-to-day operations, administration, businesses and the Group's track record for obtaining Rawabi Corporate Services.

Approval process for the obtaining of Other Rawabi Goods and Services

The approval thresholds for obtaining the Other Rawabi Goods and Services are as follows:

Value of Other Rawabi Goods and Services	**Required approval**
Less than US$200,000	Approval of the Financial Controller
Greater than or equal to US$200,000	Approval of the Audit Committee

6. General administrative procedures for all interested person transactions

In addition to the guidelines and review procedures for the Rawabi IPT Mandate, the Group will also implement the following procedures for the identification of Interested Persons and the record of all Interested Person Transactions:

(a) A team from the accounting and finance department of the Group (the "**Accounting and Finance team**") will maintain a master list of the Group's directors and the Controlling Shareholders and their Associates, which is to be updated immediately if there are any changes. In addition, the Accounting and Finance team will update the list of directors and Controlling Shareholders and their Associates on a quarterly basis. The directors and Controlling Shareholders are also required to inform the Accounting and Finance team as and when there is any change in the information with respect to their Associates that they had previously disclosed to the Company. The list will be disclosed to relevant personnel, such as the Board and executive officers of the Company, to enable identification of Interested Persons. This master list of Interested Persons will be reviewed by the Audit Committee on a quarterly basis.

(b) Subsidiaries and associated companies of the Group are required to inform the Accounting and Finance team of any upcoming transactions with Interested Persons so as to obtain the prior approval from the Financial Controller, the Audit Committee, the Directors and/or Shareholders, in accordance with the Rawabi IPT Mandate or provisions of Chapter 9 of the Catalist Rules, as the case may be.

(c) All Interested Person Transactions entered into pursuant to the Rawabi IPT Mandate, including the factors that have been taken into account in arriving at the terms, as well as any other quotations or evidence obtained to support such basis, shall be recorded and maintained in a register ("**Register of Transactions**") by the Accounting and Finance team and submitted to the Audit Committee for review on a quarterly basis.

(d) The Financial Controller of the Group shall, on a monthly basis, review the Register of Transactions.

(e) The Financial Controller of the Group shall, on a quarterly basis, review the Register of Transactions and the operation of the review procedures and report to the Audit Committee on all Interested Person Transactions and the basis on which such transactions were entered into with the Interested Persons during the preceding quarter.

(f) As part of the Company's annual audit, external auditors will be appointed by the Audit Committee to review all Interested Person Transactions on an annual basis.

(g) The external auditors will review and confirm the Interested Person Transactions under the notes to the financial statements.

(h) The half-yearly internal audit plan will incorporate a review of all Interested Person Transactions entered into. The internal audit reports will be submitted to and reviewed by the Audit Committee on a half yearly basis to ascertain whether the guidelines and review procedures established to monitor Interested Person Transactions have been complied with.

(i) Generally, the Review Committee and the Audit Committee will only approve an Interested Person Transaction if the terms of the Interested Person Transaction are no more favourable than the terms extended to unrelated third parties, or are in accordance with published or prevailing rates/prices or are otherwise in accordance with prevailing industry norms. Any member of the Review Committee or the Audit Committee may, as he deems fit, request for additional information pertaining to the Interested Person Transaction under review from independent sources or advisers.

(j) For the purpose of the above review and approval process, any Director, who has an interest in the Interested Person Transaction under review and is not considered to be independent, will abstain from voting on any resolution relating to the Interested Person Transaction and abstain from participating in the Audit Committee's decision during its review of the established review procedures for the Interested Person Transaction or during its review or approval of any Interested Person Transaction.

7. Disclosure to Shareholders

The Company will announce the aggregate value of Rawabi Interested Person Transactions for each financial period on which the Company is required to report pursuant to the Catalist Rules and within the time required for the announcement of such reports in accordance with Rule 920(1)(a)(ii) of the Catalist Rules.

The Company will also disclose in the Company's annual report details of the aggregate value of all Interested Person Transactions and Rawabi Interested Person Transactions during the current financial year, and in the annual reports for the subsequent financial years during which the Rawabi IPT Mandate is in force in accordance with Rule 920(1)(a)(i) of the Catalist Rules. The name of the Interested Person(s) and the corresponding aggregate value of the Interested Person Transactions will be presented in the following format:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the Rawabi IPT Mandate) pursuant to Rule 920 of the Catalist Rules	Aggregate value of all Rawabi Interested Person Transactions (excluding transactions less than S$100,000) pursuant to Rule 920 of the Catalist Rules

8. Audit Committee

The Audit Committee shall review such guidelines and procedures from time to time to determine if they continue to be adequate and/or commercially practicable in ensuring that transactions between the Company and Interested Persons are conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Audit Committee will also carry out periodic reviews (not less than four times in a financial year) to ensure that the guidelines and review procedures for the Rawabi Interested Person Transactions have been complied with and the relevant approvals obtained. Further, if during these periodic reviews, the Audit Committee is of the view that the above guidelines and review procedures are not sufficient to ensure that the Rawabi Interested Person Transactions will be on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for the Rawabi Interested Person Transactions.

9. Interested Audit Committee member to abstain

If a member of the Audit Committee has an interest in an Interested Person Transaction to be reviewed by the Audit Committee, he will abstain from voting on any resolution relating to the Interested Person Transaction and abstain from any decision making in respect of that transaction, and the review of the established review procedures for the Interested Person Transaction and approval of that transaction will be undertaken by the remaining members of the Audit Committee.

10. Renewal of the Rawabi IPT Mandate

The renewal of the Rawabi IPT Mandate will take effect from the date of passing of the Ordinary Resolution relating thereto and will (unless revoked or varied by the Company in general meeting) continue in force until the date on which the next AGM is held or is required by law to be held.

Thereafter, approval from the Shareholders for subsequent renewals of the Rawabi IPT Mandate will be sought at each subsequent AGM. Rawabi Holding and its Associates will abstain from voting on such resolutions for the renewals of the Rawabi IPT Mandate. Furthermore, Rawabi Holding and its Associates shall not act as proxies in relation to the resolutions unless specific voting instructions have been given by the relevant Shareholder.

Pursuant to Rule 920(1)(c) of the Catalist Rules, an independent financial adviser's opinion will not be required for the renewal of the Rawabi IPT Mandate if the Audit Committee confirms that:

(a) the methods or procedures for determining the transaction prices have not changed since the last approval of the Shareholders was obtained for the Rawabi IPT Mandate; and

(b) the methods or procedures in sub-paragraph (a) above are sufficient to ensure that the transactions under the Rawabi IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

11. Guidelines and review procedures for ongoing and future Interested Person Transactions other than those covered under the Rawabi IPT Mandate

The Audit Committee will review and approve all Interested Person Transactions to ensure that they are on normal commercial terms and on arm's length basis, that is, the transactions are transacted on terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of the Group and the Shareholders in any way.

To ensure that all future Interested Person Transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Group or the Shareholders, the following procedures will be implemented by the Group:

(a) when purchasing any products or engaging any services from an Interested Person, two other quotations from non-interested persons will be obtained for comparison to ensure that the interests of the Group and Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-interested persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;

(b) in the case of renting properties from or to an Interested Person, the Board shall take appropriate steps to ensure that the rent commensurates with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;

(c) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the Interested Person Transaction will be approved by the Financial Controller, if he/she has no interest in the transaction, or failing which, the Audit Committee, in accordance with the Group's usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as but not limited to quantity, requirements and specifications will be taken into account; and

(d) in addition, the Company shall monitor all Interested Person Transactions entered into by the Group and categorise these transactions as follows:

(i) a Category 1 Interested Person Transaction is one where the value thereof is below three per cent of the NTA of the Group; and

(ii) a Category 2 Interested Person Transaction is one where the value thereof is equal to or in excess of three per cent of the NTA of the Group.

All Category 2 Interested Person Transactions must be approved by the Audit Committee prior to entry whereas Category 1 Interested Person Transactions need not be approved by the Audit Committee prior to entry but shall be reviewed on a quarterly basis by the Audit Committee.

The Audit Committee will review all Interested Person Transactions, if any, on a quarterly basis to ensure that they are carried out on an arm's length basis and in accordance with the procedures outlined above, taking into account all relevant non-quantitative factors. In the event that a member of the Audit Committee is interested in any such transaction, he will abstain from participating in the review and approval process in relation to that particular transaction.

The Company shall prepare all the relevant information to assist the Audit Committee in its review and will keep a register recording all Interested Person Transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, the Audit Committee and the Board will also ensure that all disclosure, approval and other requirements on the Interested Person Transactions, including those required by prevailing legislation, the Catalist Rules (in particular, Chapter 9) and relevant accounting standards, are complied with. The half-yearly internal audit plan shall incorporate a review of all Interested Person Transactions entered into. Such transactions will also be subject to the approval of the Shareholders if required by the Catalist Rules. The Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2012.

The internal audit reports will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor Interested Person Transactions have been complied with. The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that Interested Person Transactions are conducted on normal commercial terms, on an arm's length basis and do not prejudice the Company's interests and the interests of the Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that Interested Person Transactions will be on normal commercial terms, on an arm's length basis and not prejudicial to the Company's interests and the interests of the Shareholders, the Audit Committee will adopt such new guidelines and review procedures for future Interested Person Transactions as may be appropriate.

Disclosure will be made in the Company's annual report of the aggregate value of Interested Person Transactions during the relevant financial year under review in accordance with the Catalist Rules.