
PROPOSED CONSOLIDATION OF EVERY THIRTY EXISTING ISSUED ORDINARY SHARES INTO ONE CONSOLIDATED SHARE

1. THE PROPOSED SHARE CONSOLIDATION

The Board of Directors (the “**Board**”) of Vallianz Holdings Limited (the “**Company**”) wishes to announce that the Company is proposing to consolidate every thirty (30) existing ordinary shares (collectively, referred to as “**Shares**” and each, a “**Share**”) in the capital of the Company into one (1) ordinary share (collectively, referred to as the “**Consolidated Shares**” and each, a “**Consolidated Share**”) (the “**Proposed Share Consolidation**”). Accordingly, under the Proposed Share Consolidation, every thirty (30) Shares registered in the name of each shareholder of the Company (“**Shareholder**”) as at a books closure date to be determined (the “**Books Closure Date**”) will be consolidated to constitute one (1) Consolidated Share.

1.1. Details of the Proposed Share Consolidation

The Proposed Share Consolidation is subject to Shareholders’ approval being obtained at the 2018 annual general meeting (“**2018 AGM**”). Under the Proposed Share Consolidation, every thirty (30) Shares registered in the name of each Shareholder at the Books Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded. Each Consolidated Share will rank *pari passu* in all respects with each other and will be traded in board lots of one hundred (100) Consolidated Shares.

Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidation Share arising from the Proposed Share Consolidation will be disregarded. Fractions of a Consolidation Share arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Board may, in their absolute discretion, deem appropriate in the interests of the Company, including (i) disregarding fractional entitlements, or (ii) aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of a Consolidated Share which are disregarded.

As at the date of this announcement the Company has an issued share capital of S\$491,539,791.43 consisting of 16,551,944,251 existing Shares. Based on the above, the Proposed Share Consolidation will result in approximately 551,731,475 Consolidated Shares. Based on the last trading price of S\$0.010 for trades done on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 3 July 2018, the theoretical trading price of each Consolidated Share after the Proposed Share Consolidation will be S\$0.300.

The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders’ funds of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any material changes to the percentage shareholding of each Shareholder, other than non-material changes due to rounding and the disregard of the fractional entitlement.

1.2. Rationale of the Proposed Share Consolidation

The Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders for the following reasons:

(i) Reduction in volatility of the Share price

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price, for each board lot of Shares. In addition, lowly-priced shares may be more prone to speculation and market manipulation, and therefore are generally more volatile as compared to higher-priced shares. The Board believes that the Proposed Share Consolidation will help to reduce short-term Share price volatility and off-set the effects of short-term Share price speculation, reduce fluctuations in the Company's market capitalisation and reduce the percentage transaction cost for trading in each board lot of Shares.

(ii) Increase in the market interest and attractiveness of the Company and its Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares issued and outstanding. It is expected that, all other things being equal, the theoretical trading price and net tangible assets ("NTA") of each Consolidated Share following the decrease in the number of Shares in issue after the Proposed Share Consolidation would be higher than the current trading price and NTA of each existing Share. In addition, the Proposed Share Consolidation may facilitate corporate actions and also increase market interest and activity in the Shares from investors, including institutional investors, thus providing a more diverse Shareholder base.

Nevertheless, Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the above desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2. APPROVALS AND CONDITIONS

The Proposed Share Consolidation is subject to, *inter alia*:

- (i) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation of the Consolidated Shares on the Catalist of the SGX-ST;
- (ii) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation of the adjusted warrants on the Catalist of the SGX-ST; and
- (iii) the approval of Shareholders by ordinary resolution of the Proposed Share Consolidation at the 2018 AGM of the Company.

3. ADJUSTMENTS TO WARRANTS

As at the date of this announcement, the Company has 1,501,801,298 outstanding unexercised warrants which are exercisable into new Shares at the exercise price of S\$0.016 each. Based on the above, the Proposed Share Consolidation will result in 50,060,043 unexercised adjusted warrants with an adjusted exercise price of S\$0.48 each.

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4. ADJUSTMENTS TO SHARE AWARDS

The Company may make adjustments to the award of Shares previously granted under the Vallianz Performance Share Plan so that the participants will not be adversely affected by the Proposed Share Consolidation. Details of such adjustments will be provided in a circular to Shareholders.

5. CIRCULAR

Further details of the Proposed Share Consolidation will be provided in the circular to Shareholders to be despatched to Shareholders in due course.

By Order of the Board

Ling Yong Wah
Chief Executive Officer
4 July 2018

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

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

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