Vallianz Holdings Limited
Co Reg No. 199206945E

12 International Business Park, Swiber@IBP #03-02 Singapore 609920
Tel: +65 6505 0600 Fax: +65 6505 0601
www.vallianzholdings.comhttp://www.swiber.com/

PLACEMENT (THE "PLACEMENT") OF 550,000,000 NEW ORDINARY SHARES (THE "PLACEMENT SHARES") IN THE CAPITAL OF VALLIANZ HOLDINGS LIMITED

1. INTRODUCTION

The directors (the "**Directors**") of Vallianz Holdings Limited (the "**Company**") wish to announce that the Company has entered into a subscription agreement on 24 January 2016 (the "**Subscription Agreement**") with CSR Zhuzhou Electric Locomotive Research Institute (Hong Kong) Co., Limited ("**CRRC Investor 1**") and CRRC (Hong Kong) Co. Limited ("**CRRC Investor 2**", and together with CRRC Investor 1, the "**Subscribers**"). Subject to and upon the terms of the Subscription Agreement, the Subscribers have agreed to subscribe and pay for an aggregate of 550,000,000 Placement Shares at the price of S$0.043 for each Placement Share (the "**Placement Price**"), amounting to an aggregate subscription consideration of S$23.65 million.

The details of the allotment of each of the Subscribers are as follows:

Subscriber	Number of Placement Shares Subscribed for	Aggregate Consideration (S$)
CRRC Investor 1	431,172,840	18,540,432
CRRC Investor 2	118, 827,160	5,109,568

The Placement Shares shall be issued to the Subscribers or their respective designated nominees (which nominee shall be a related corporation of the relevant Subscriber) as fully paid and shall be free from all claims, charges, liens and other encumbrances whatsoever and will rank *pari passu* in all respects with the existing ordinary shares of the Company ("**Shares**") provided that, subject to completion of the Placement, the Placement Shares shall rank for, including without limitation, any entitlements, distributions, dividends or rights, the record date of which falls on or after the date (the "**Completion Date**") of completion of the Placement ("**Completion**").

The Placement Shares, when allotted and issued, will represent approximately (i) 16.1% of the existing issued share capital of the Company of 3,415,544,719 Shares and (ii) 13.9% of the enlarged issued share capital of the Company of 3,965,544,719 Shares.

The Placement Price of S$0.043 for each Placement Share represents a premium of approximately 4.6% above the weighted average price of S$0.0411 (the "**Relevant WAP**") for trades done on the Shares on the sponsor-supervised platform ("**Catalist**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 14 January 2016, being the last full trading day prior to trading halt and signing of the Subscription Agreement.

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In the event that the price of the Shares at close of trading for any three consecutive trading days prior to the Completion Date is less than S$0.031, the Placement Price will be adjusted to an adjusted placement price which shall be the weighted average price for the Shares traded on the SGX-ST on 14 January 2016 of S$0.0411 (the "**Adjusted Placement Price**"). In the event the price of the Shares at close of trading is less than S$0.022 for three consecutive trading days prior to Completion Date, the Subscription Agreement can be terminated.

Pursuant to the terms of the Subscription Agreement, CRRC Investor 1 shall be entitled to nominate one person for appointment to the board of Directors as a non-executive Director with effect from Completion Date, subject to the Company's receipt of his/her duly completed and signed consent to act as a Director.

An application (the "**Additional Listing Application**") will be made to Provenance Capital Pte. Ltd. (the "**Sponsor**") and the SGX-ST for the dealing in, listing of, and quotation for, the Placement Shares. The completion of the Placement is conditional upon, amongst others, the approval of the listing and quotation of the Placement Shares on Catalist of the SGX-ST. An announcement will be made by the Company to notify its shareholders of the receipt of the listing and quotation notice in due course.

The Placement will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289 of Singapore) accordingly, no offer information statement will be lodged with the Monetary Authority of Singapore in connection with the Placement.

2. AUTHORITY TO ISSUE SHARES

The Placement Shares will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 15 April 2015 to the Directors for the issuance of shares and convertible securities of the Company.

The Placement Shares to be issued pursuant to the Placement represent approximately 16.4% of the issued share capital of the Company of 3,343,512,122 Shares at the time the resolution was passed.

3. CONDITIONS PRECEDENT TO THE COMPLETION

Pursuant to the terms of the Subscription Agreement, completion of the Placement is conditional upon, amongst others:

(a) the Subscribers having completed satisfactory due diligence on the Company and its subsidiaries;

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(b) the execution of a lock-up agreement by each of Swiber Holdings Limited ("**Swiber**") and Rawabi Holdings Company Ltd ("**Rawabi**"), pursuant to which each of Swiber and Rawabi shall agree not to, for a period of one year from the Completion Date, offer, sell, contract to sell, permit any security in their interest in or otherwise dispose of the Shares held or controlled by Swiber or Rawabi on the Completion Date;

(c) each of the Subscribers having completed the outbound investment filing and registration procedure with the relevant People's Republic of China ("**PRC**") authorities;

(d) the finalisation and execution of the Commercial Cooperation Agreement (as defined below);

(e) the delivery to the Subscribers and publication by the Company of the unaudited accounts of the Company for the period ended 31 December 2015;

(f) receipt of notice in respect of the Additional Listing Application, the listing and quotation of the Placement Shares from the SGX-ST and such notice not having been revoked or amended on or before Completion Date; and

(g) the allotment, issue and subscription of the Placement Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore.

4. LOCK-UP UNDERTAKING

Each of the Subscribers shall not, for a period of one year from the Completion Date, offer, sell, contract to sell, permit any security in their interest in or otherwise dispose of the Placement Shares allotted and issued to it.

5. MEMORANDUM OF UNDERSTANDING

As part of the terms of the Subscription Agreement, the Company together with CRRC Investor 1 have also documented the mutual understanding between them in relation to a proposed commercial cooperation arrangement to be entered into between the Company and/or its related corporations and CRRC Investor 1 and/or its nominee (the "**Commercial Cooperation Agreement**").

Subject to Completion taking place, the Company undertakes that it and/or its related corporations will acquire a minimum of US$80 million worth of technology and/or equipment from the CRRC Investor 1 and/or its nominee within 4 years after the Completion Date. The purchase of such technology and/or equipment shall be at market value on an arm's length basis and be on normal commercial terms.

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6. ABOUT THE SUBSCRIBERS

As at the date of the Subscription Agreement, none of the Subscribers are existing shareholders of the Company. The Subscribers were independently procured by the Company to take part in the Placement. Accordingly, no introducer was involved in identifying the Subscribers and no commission is payable in connection with Subscribers' subscription of the Placement Shares.

The Subscribers are subsidiaries of CRRC Corporation Limited, which manufactures transportation equipment. CRRC Corporation Limited provides a wide range of rolling stock products and services, including high-speed electric multiple unit (EMU), high-power locomotives, subway vehicles, passenger coaches, freight wagons and related equipment, and it also provides diesel-electric and control equipment for vessels for the shipbuilding industry.

The Subscribers are willing investors who have entered into the Subscription Agreement purely for financial investment purposes. As at the date of this Announcement, the Subscribers do not hold, directly or indirectly, any shares in the capital of the Company and the Subscribers do not have any connection with any director or substantial shareholder of the Company.

7. RATIONALE AND USE OF PROCEEDS

The board of the Company is of the view that the Placement is beneficial to the Company and its subsidiaries (the "**Group**") as it will support future growth of the Group and augment its working capital.

The aggregate net proceed of approximately S$22.90 from the Placement (after deducting estimated expenses of approximately US$500,000) (the "**Net Proceeds**"), which is equivalent to approximately 97.0% of the aggregate gross proceeds from the Placement, will be utilised for general working capital purposes of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the Net Proceeds are materially disbursed, including whether the use was in accordance with the intended use as announced, and will provide a status report on the use of the Net Proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Listing Manual Section B: Catalist Rules of the SGX-ST and the Company's annual report. The Company will also disclose a breakdown with specific details on the use of proceeds for working capital in announcements and annual reports.

8. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that after taking into consideration the Group's present internal resources, operating cash flows and present bank facilities available to the Group, the Group has sufficient working capital to meet its present requirements. Notwithstanding the above, the

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purpose of the Placement is to raise funds to support future growth of the Group and augment its working capital as described in paragraph 6 of this Announcement.

The Directors are of the opinion that after taking into consideration the Group's present internal resources, operating cash flows, present bank facilities available to the Group and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

9. FINANCIAL EFFECTS OF THE PLACEMENT

The financial effects of the Placement set out below were prepared based on the unaudited consolidated financial statements of the Group for the 9 months period ended 30 September 2015. The financial effects are strictly for illustrative purposes and do not necessarily reflect the actual future financial position and results of the Group following the completion of the Placement.

For the purpose of illustrating the financial effects of the Placement, the financial effects of the Placement are computed based on, inter alia, the following assumptions:

(a) the financial effects on the Group's net tangible asset ("**NTA**") attributable to the equity holders of the Company and the NTA per Share are computed assuming that Placement was completed on 30 September 2015;

(b) the financial effects on the Group's earnings attributable to the equity holders of the Company and EPS are computed assuming that Placement was completed on 1 January 2015;

(c) the expenses incurred by the Company in connection with the Placement are approximately US$500,000; and

(d) the exchange rate of US$1 : S$1.4384.

NTA

	Before the Placement	After the Placement
NTA attributable to the equity holders of the Company (US$'000)	221,098	237,540
Number of Shares ('000)	3,345,012	3,895,012
Consolidated NTA per Share (US$ cents)	6.61	6.10

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EPS

	Before the Placement	After the Placement
Profit attributable to the equity holders of the Company (US$'000)	13,334	14,193
Number of Shares ('000)	3,344,281	3,894,281
EPS (US$ cents)	0.40	0.36

10. GENERAL

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement (other than through their shareholdings in the Company).

None of the Placement Shares will be placed with any of the persons disallowed under Rule 812 of Section B: Rules of Catalist of the SGX-ST Listing Manual.

11. FURTHER ANNOUNCEMENTS

Further announcements on the Proposed Transactions, including the terms, financial effects and other information as may be required by the Catalist Rules, will be made in due course when the Definitive Agreements are signed, or as and when appropriate.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Subscription Agreement are available for inspection during normal business hours at the Company's registered office at 12 International Business Park, #03-02 Swiber@IBP, Singapore 609920, for a period of three (3) months from the date of this announcement.

13. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in trading the shares of the Company as there is no certainty or assurance as at the date of this announcement that (i) the completion of the Placement, will occur, (ii) the Commercial Cooperation Agreement will be entered into, (iii) the terms and conditions of the Commercial Cooperation Agreement will not differ from that set out in the memorandum of understanding or (iv) the transaction contemplated pursuant to the Commercial Cooperation Agreement will be

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undertaken at all. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
25 January 2016

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*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 Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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

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