
DISPOSAL OF SHARES IN RAWABI VALLIANZ OFFSHORE SERVICES COMPANY LIMITED

1. INTRODUCTION

- 1.1 The board of directors ("**Board**" or "**Directors**") of Vallianz Holdings Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that it had, on 17 November 2021, entered into a sale and purchase agreement ("**SPA**") with its wholly-owned subsidiary, Vallianz Investment Capital Pte Ltd ("**VIC**") as the seller, Rawabi Energy Company ("**REC**" or "**Buyer**") as the buyer and Rawabi Holding Company Limited ("**RHCL**") as the parent company of REC, for the disposal by VIC of 90,000 ordinary shares in Rawabi Vallianz Offshore Services Company Limited ("**RVOS**") ("**Sale Shares**"), constituting 20.93% of the total paid-up issued share capital of RVOS ("**Proposed Disposal**"), for a consideration of US\$80.00 million ("**Consideration**").
- 1.2 RVOS is currently held 40.70% by VIC, and 59.30% by REC. After the completion of the Proposed Disposal, VIC and REC will hold 19.77% and 80.23% respectively of the total share capital of RVOS. RVOS will cease to be an associated company of the Group.
- 1.3 Further details on the terms and conditions of the Proposed Disposal are set out in Section 5 (*MATERIAL TERMS OF THE PROPOSED DISPOSAL*) below.

2. INFORMATION ON RVOS, REC AND RHCL

- 2.1 RVOS is a company incorporated in the Kingdom of Saudi Arabia with a focus on the provision of offshore marine support services.
- 2.2 As at the date of this announcement, RVOS has a paid-up capital of SAR430,000,000, comprising 430,000 shares ("**RVOS Shares**") which are held 255,000 by REC (59.30%) and 175,000 by VIC (40.70%). The paid-up capital of SAR430 million is equivalent to approximately US\$114.64 million based on the foreign exchange rate of US\$1:SAR3.751 on 16 November 2021.
- 2.3 REC is a wholly-owned subsidiary of RHCL and VIC is a wholly-owned subsidiary of the Company.

RHCL is the major shareholder of the Company, with a shareholding interest of 59.68% as at the date of this announcement.

Please refer to Section 9 (*PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION*) below for further information on the Proposed Disposal as an interested person transaction ("**IPT**").

3. RATIONALE FOR THE PROPOSED DISPOSAL

- 3.1 There is continuous rigorous implementation of measures by the Saudi Government to reinforce local content as a requirement for companies to do business in the Kingdom of Saudi Arabia. In addition, as previously disclosed by the Company, Saudi Aramco had launched the In-Kingdom Total Value Add program ("**IKTVA**"), which assigns high priority to local value creation and maximises long term economic growth in Saudi Arabia. The IKTVA program has

become one of the components used in the evaluation of all contracts to be awarded by Saudi Aramco.

- 3.2 The Board believes that the Proposed Disposal will allow the Group to reduce its interest in RVOS through the partial disposal at a profit whilst retaining an investment interest of 19.77% in RVOS.

The entire amount of the Consideration for the Proposed Disposal will be used to partially set-off against shareholder's advances from RHCL to the Group ("**Shareholder's Advances**"). These Shareholder's Advances bear an interest rate of 5% per annum pursuant to the RHC Loan Agreement as set out in the Circular to shareholders of the Company ("**Shareholders**") dated 12 April 2021. The use of the proceeds from the Proposed Disposal to set-off the Shareholder's Advances will result in interest savings for the Company.

- 3.3 Therefore, the Board is of the opinion that the Proposed Disposal is in the best interests of the Group.

4. FINANCIAL INFORMATION RELATING TO THE SALE SHARES

4.1 Key financial information on the Sale Shares

The financial year end of RVOS is 31 December whereas the financial year end of the Company is 31 March. The Company's latest results announcement is for the half year ended 30 September 2021.

Based on RVOS management's unaudited financial information of RVOS for the six (6) months period from 1 April 2021 to 30 September 2021, the net tangible assets ("**NTA**") attributable to the Sale Shares is US\$20.95 million as at 30 September 2021 and the net loss attributable to the Sale Shares is US\$2.05 million for the half year ended 30 September 2021.

The Company's carrying value of the Sale Shares is US\$63.40 million as at 30 September 2021 and the gain arising from the Proposed Disposal (Consideration over the carrying value of the Sale Shares) is US\$16.60 million.

4.2 Valuation report

For the purposes of the Proposed Disposal, the Company has commissioned Cushman & Wakefield (VHS) Pte. Ltd. as the independent valuer ("**Valuer**") to carry out an independent valuation of RVOS as at 30 September 2021.

Further details on the valuation will be set out in the Circular to be despatched to Shareholders in due course.

5. MATERIAL TERMS OF THE PROPOSED DISPOSAL

A summary of the material terms and conditions of the Proposed Disposal as set out in the SPA is as follows:

5.1 Consideration

The Consideration for the Sale Shares is US\$80.00 million, which shall be satisfied in full by the Buyer to partially set-off against the outstanding Shareholder's Advances which amounted to US\$125.2 million as at 30 September 2021.

The Shareholder's Advances have been classified as equity in the Company's and Group's statement of financial position, as the Company is of the view that the Group does not have the obligation to deliver cash or other financial assets or exchange financial assets or financial liabilities under conditions potentially unfavourable to the Group to settle these amounts due to RHCL.

The above set-off arrangement arising from the Proposed Disposal will reduce Shareholder's Advances to US\$45.2 million and such remaining outstanding Shareholder's Advances will continue to be classified as equity in the Company's and Group's statement of financial position.

The Consideration was arrived at after arm's length negotiations and on a willing-buyer-willing seller basis, taking into account the operational and financial performance of RVOS, prevailing market conditions and to be supported by the independent valuation of RVOS by the Valuer.

5.2 Conditions

Completion of the Proposed Disposal shall be conditional upon the following conditions precedent being satisfied (or waived in accordance with the SPA, to the extent legally permissible) on or prior to the Long Stop Date (as defined below):

- (a) the approval of Shareholders having been obtained at an extraordinary general meeting ("**EGM**") to be convened in respect of, amongst others: (a) the entry into the SPA; (b) all transactions contemplated in the SPA (and in connection herewith) on the terms set out in the SPA; and (c) the requirements under Chapters 9 and 10 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in connection with the transactions contemplated in the SPA;
- (b) the Consideration is not less than 90% of the lower range of the valuation of the Sale Shares as derived from the independent valuation of RVOS by the Valuer;
- (c) the opinion of an independent financial adviser ("**IFA**") that the Proposed Disposal, including the set-off of the Shareholder's Advances, are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders;
- (d) the approval of the board of directors of VIC and the Company (as the case may be) having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection herewith);
- (e) the approvals of the board of directors and the shareholders of the Buyer and RHCL (as the case may be) having been obtained for the entry into the SPA and all transactions contemplated in the SPA (and in connection herewith); and
- (f) each of the Warranties remaining true and accurate in all respects as at completion of the Proposed Disposal,

(each, a "**Condition**").

5.3 Long Stop Date

If any Condition has not been satisfied (or waived in accordance with the SPA, to the extent legally permissible) by the date which is six (6) months after the date of the SPA ("**Long Stop Date**"), each Party may agree or disagree to the extension of the Long Stop Date in its sole discretion. If the parties to the SPA ("**Parties**") do not agree to an extension of the Long Stop Date, and any Condition has not been satisfied on or before the Long Stop Date, then the SPA shall terminate with immediate effect (other than the Surviving Provisions (as defined in the SPA), which shall remain in full force and effect) and no Party (or any of their respective Representatives (as defined in the SPA)) shall have any liability or further obligation to any other Party, except in respect of rights and liabilities which have accrued before termination of the SPA.

5.4 Completion

Completion shall take place remotely (or at such other place as the Parties may mutually agree) on the date which is five (5) business days after the date on which all of the Conditions are satisfied (or waived in accordance with the SPA, to the extent legally permissible) ("**Completion Date**").

5.5 Termination

If it comes to the notice of a Party(ies) of any breach of the Warranties (as defined in the SPA) by the relevant Party(ies) which is not remedied (to the reasonable satisfaction of the non-defaulting Party(ies)) within ten (10) business days of the receipt of a written notice by the defaulting Party(ies) from the non-defaulting Party(ies) notifying of such breach, the non-defaulting Party(ies) may thereafter at any time prior to the Completion Date by notice in writing to the defaulting Party(ies) terminate the SPA.

The SPA shall then terminate with immediate effect (other than the Surviving Provisions, which shall remain in full force and effect) and no Party (or any of their respective Representatives) shall have any liability or further obligation to any other Party, except in respect of rights and liabilities which have accrued before termination of the SPA.

6. USE OF PROCEEDS

As stated in Section 5.1 (*Consideration*) above, no cash proceeds will be received by the Group from the Proposed Disposal as the Consideration in full shall be set-off against Shareholder's Advances.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal on the Group's NTA per ordinary share in the capital of the Company ("**Share**") and earnings/(loss) per Share as set out below are strictly for illustrative purposes and are not indicative of the actual financial position and results of the Group following the Proposed Disposal. The objective of presenting the *pro forma* financial effects of the Proposed Disposal as shown below is to illustrate what the historical financial information might have been had the Proposed Disposal been completed at an earlier date. However, such financial information is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Proposed Disposal been completed at the earlier date.

For the purposes of this announcement, the *pro forma* financial effects of the Proposed Disposal are prepared based on (i) the audited financial results of the Group for the financial year ended 31 March 2021 (“**FY2021**”) as set out in Section 7.1 below; and (ii) the unaudited results of the Group for the half year ended 30 September 2021 (“**1HFY2022**”) as set out in Section 7.2 below.

7.1 **Pro forma financial effects based on FY2021**

The *pro forma* financial effects prepared based on the audited financial results of the Group for FY2021, and the unaudited financial results of RVOS for the 12 months ended 31 March 2021 (as the financial year end of RVOS is 31 December), are based on the following bases and assumptions:

- (a) NTA/(net tangible liability (“**NTL**”)) per Share is computed based on the assumption that the Proposed Disposal had been completed on 31 March 2021, being the end of the most recently completed financial year; and
- (b) earnings/(loss) per Share is computed based on the assumption that the Proposed Disposal had been completed on 1 April 2020, being the beginning of the most recently completed financial year.

(a) **NTA/(NTL) per Share**

NTA (including perpetual capital securities)

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) ⁽¹⁾
NTA attributable to owners of the Company (US\$'000)	68,073	8,673 ⁽²⁾	8,673 ⁽¹⁾
Number of Shares	559,354,434	559,354,434	1,211,620,433 ⁽¹⁾
NTA per Share (US cents)	12.17	1.55	0.72

NTA/(NTL) (excluding perpetual capital securities)

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) ⁽¹⁾
NTA/(NTL) attributable to owners of the Company, excluding perpetual capital securities (US\$'000)	45,573 ⁽³⁾	(13,827) ⁽²⁾	(13,827) ⁽¹⁾
Number of Shares	559,354,434	559,354,434	1,211,620,433 ⁽¹⁾
NTA/(NTL) per Share (US cents)	8.15	(2.47)	(1.14)

Notes:

- (1) As announced by the Company on 4 October 2021, the Company had, on 4 October 2021, issued 405,546,000, 238,337,379 and 8,382,620 new Shares to RHCL, Swiber Holdings Ltd (“**SHL**”) and Swiber Corporate Services Pte Ltd respectively, pursuant to the completion of the 2020 SOSA Arrangement. Consequently, the Company's issued Shares had increased from 559,354,434 to 1,211,620,433 Shares. The new Shares issued to the respective parties pursuant to the 2020 SOSA Arrangement were set-off against amounts owing to them which were classified as equity in the Company's and Group's statement of financial position, and hence there was no material change to the Group's NTA arising from the 2020 SOSA Arrangement.

- (2) NTA decreased by US\$59.4 million after the Proposed Disposal due to net effect of (i) decrease in NTA by US\$80.00 million due to the set-off of the Consideration against Shareholder's Advances; (ii) increase in NTA by US\$16.60 million being the gain on the Proposed Disposal; and (iii) interest savings of US\$4 million from the reduction of Shareholder's Advances.
- (3) Excluding perpetual capital securities of US\$22.5 million which are held by SHL and are recorded as equity in the Company's and Group's statement of financial position.

(b) (Loss) per Share

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) ⁽¹⁾
(Loss) after income tax attributable to owners of the Company (US\$'000)	(23,011)	(2,411) ⁽⁵⁾	(2,411)
Number of Shares	559,354,434	559,354,434	1,211,620,433 ⁽¹⁾
(Loss) per Share (US cents)	(4.11)	(0.43)	(0.20)

Note:

- (4) Due to the gain on the Proposed Disposal of US\$16.60 million and interest savings of US\$4 million from the reduction of Shareholder's Advances, the loss after income tax of US\$23.01 million will be reduced to a loss after income tax of US\$2.41 million after the Proposed Disposal.

7.2 Pro forma financial effects based on 1HFY2022

The *pro forma* financial effects prepared based on the Group's unaudited financial results for 1HFY2022, and the unaudited financial results of RVOS for the 6 months ended 30 September 2021, are on the following bases and assumptions:

- (a) NTA per Share is computed based on the assumption that the Proposed Disposal had been completed on 30 September 2021; and
- (b) earnings/(loss) per Share is computed based on the assumption that the Proposed Disposal had been completed on 1 April 2021.

(a) NTA per Share

NTA (including perpetual capital securities)

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) ⁽¹⁾
NTA attributable to owners of the Company (US\$'000)	82,774	23,374 ⁽²⁾	23,374 ⁽¹⁾
Number of Shares	559,354,434	559,354,434	1,211,620,433 ⁽¹⁾
NTA per Share (US cents)	14.80	4.18	1.93

NTA (excluding perpetual capital securities)

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) ⁽¹⁾
NTA attributable to owners of the Company, excluding perpetual capital securities (US\$'000)	60,274 ⁽³⁾	874 ⁽²⁾	874 ⁽¹⁾
Number of Shares	559,354,434	559,354,434	1,211,620,433 ⁽¹⁾
NTA per Share (US cents)	10.78	0.16	0.07

Notes:

- (1) As announced by the Company on 4 October 2021, the Company had, on 4 October 2021, issued 405,546,000, 238,337,379 and 8,382,620 new Shares to RHCL, SHL and Swiber Corporate Services Pte Ltd respectively, pursuant to the completion of the 2020 SOSA Arrangement. Consequently, the Company's issued Shares had increased from 559,354,434 to 1,211,620,433 Shares. The new Shares issued to the respective parties pursuant to the 2020 SOSA Arrangement were set-off against amounts owing to them which were classified as equity in the Company's and Group's statement of financial position, and hence there was no material change to the Group's NTA arising from the 2020 SOSA Arrangement.
- (2) NTA decreased by US\$59.4 million after the Proposed Disposal due to net effect of (i) decrease in NTA by US\$80.00 million due to the set-off of the Consideration against Shareholder's Advances; (ii) increase in NTA by US\$16.60 million being the gain on the Proposed Disposal; (iii) increase in NTA by US\$2.00 million due to interest savings from the reduction of Shareholder's Advances for the half year period; and (iv) increase in NTA by US\$2.00 million due to reduction in share of losses incurred by RVOS during the half year period.
- (3) Excluding perpetual capital securities of US\$22.5 million which are held by SHL and are recorded as equity in the Company's and Group's statement of financial position.

(b) Earnings/(Loss) per Share

	Before the Proposed Disposal	After the Proposed Disposal	After the Proposed Disposal (After SOSA) ⁽¹⁾
Earnings/(Loss) after income tax attributable to owners of the Company (US\$'000)	(8,925)	11,675 ⁽⁴⁾	11,675
Number of Shares	559,354,434	559,354,434	1,211,620,433 ⁽¹⁾
Earnings/(Loss) per Share (US cents)	(1.60)	2.09	0.96

Note:

- (4) Due to the gain on the Proposed Disposal of US\$16.60 million, interest savings of US\$2.00 million from the reduction in Shareholder's Advances for the half year period and reduction in the share of losses incurred by RVOS of US\$2.00 million during the half year period, the loss after income tax of US\$8.93 million will become a profit after tax of US\$11.68 million after the Proposed Disposal.

8. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN CATALIST RULE 1006

8.1 The relative figures for the Proposed Disposal computed on the bases set out in Catalist Rule 1006 are as follows:

Rule 1006	Bases of calculation	Relative figure for the Proposed Disposal
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	77% ⁽¹⁾
(b)	Net profits/losses attributable to the assets disposed of, compared with the Group's net profits/losses.	21%
(c)	Aggregate value of the consideration received, compared with the Company's market capitalization ⁽²⁾ based on the total number of issued Shares excluding treasury shares.	153% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	N.A. ⁽⁶⁾

Notes:

- (1) Computed based on the carrying value of the Sale Shares of approximately US\$63.40 million and the net asset value of the Group of approximately US\$82.77 million, as at 30 September 2021;
- (2) Based on the market capitalization of the Company of S\$71.00 million, which is computed based on 1,211,620,433 Shares in issue and the volume weighted average share price of S\$0.0586 on 10 November 2021, being the latest market day preceding the date of the SPA when the Shares were last traded;
- (3) Computed based on the Consideration of US\$80,000,000 (approximately S\$108.56 million based on the foreign exchange rate of US\$1:S\$1.357 on 16 November 2021);
- (4) Not applicable as no equity securities will be issued by the Company; and
- (5) Not applicable as the Proposed Disposal is not of mineral, oil or gas assets by a mineral, oil and gas company.

8.2 Based on the above relative figures, the Proposed Disposal is considered a "major transaction" as defined under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Disposal is subject to, amongst others, the approval of the Shareholders at an EGM to be convened in due course.

9. PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION

9.1 As the Buyer, REC, is a wholly-owned subsidiary of RHCL, which in turn is a controlling Shareholder of the Company, both REC and RHCL are deemed as "interested persons" under Chapter 9 of the Catalist Rules. Accordingly, the Proposed Disposal constitutes an IPT within the meaning of Chapter 9 of the Catalist Rules.

9.2 As the value at risk of the Proposed Disposal, being the Consideration, represents 117.5% of the Group's latest audited consolidated NTA as at 31 March 2021, the Company will seek

Shareholders' approval for the Proposed Disposal as an IPT at the EGM to be convened, and the opinion of an IFA.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

10.1 The interests of the Directors and the substantial Shareholders in the Shares as at the date of this announcement are as follows:

	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Sheikh Abdulaziz Ali AlTurki ⁽²⁾	-	-	723,106,389	59.68
Darren Yeo ⁽³⁾	2,000,000	0.17	297,493	0.02
Ling Yong Wah	1,526,146	0.13	-	-
Bote De Vries	136,666	0.01	-	-
Poon Siew Loong	-	-	-	-
Chong Chee Keong Chris	-	-	-	-
Substantial Shareholders				
RHCL	723,106,389	59.68	-	-
SHL	353,439,723	29.17	8,382,620	0.69

Notes:

- (1) Based on 1,211,620,433 Shares (excluding treasury shares) as at the date of this announcement. The Company has no outstanding treasury shares;
- (2) By virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore), Sheikh Abdulaziz Ali AlTurki is deemed to be interested in 723,106,389 Shares held by RHCL; and
- (3) By virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore), Darren Yeo is deemed to be interested in 297,493 Shares held by his wife.

10.2 Save for Sheikh Abdulaziz Ali AlTurki, RHCL, and their respective interests arising by way of their directorships and/or shareholdings in the Company and RVOS as stated above (as may be applicable), none of the Directors, substantial Shareholders or their associates have any interest, direct or indirect, in the Proposed Disposal.

11. CIRCULAR TO SHAREHOLDERS

In compliance with the Catalist Rules, a circular to Shareholders ("**Circular**") containing, *inter alia*, further details on the Proposed Disposal as a major transaction and an IPT, an opinion from the IFA to be appointed, the independent valuation by the Valuer and together with a notice of EGM to be held, will be issued to the Shareholders in due course to seek approval for the Proposed Disposal.

12. AUDIT COMMITTEE STATEMENT

The Audit Committee of the Company will obtain an opinion from the IFA before forming its view in relation to the IPT, which will be included in the Circular.

13. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal and accordingly, no service contracts in relation thereto will be entered into by the Company.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

15. DOCUMENTS FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours for a period of three (3) months commencing from the date of this announcement at the registered office of the Company at 1 Harbourfront Avenue, #06-08, Keppel Bay Tower, Singapore 098632.

16. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Disposal.

17. TRADING CAUTION

Shareholders should note that the Proposed Disposal remain subject to, amongst others, the fulfilment of the Conditions under the SPA. There is no certainty or assurance that the conditions precedent for the Proposed Disposal can be fulfilled or that the Proposed Disposal will be undertaken at all. Shareholders, securityholders and investors are advised to read this announcement and any past and future announcements by the Company carefully when dealing with the Shares and securities of the Company. Shareholders, securityholders, and investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take or when dealing with their Shares or securities of the Company.

BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
17 November 2021

This document has been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("Sponsor"), for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst. It has not been examined or approved

by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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