
DISPOSAL OF PT VALLIANZ OFFSHORE MARITIM

1. Introduction

The Board of Directors ("**Board**") of Vallianz Holdings Limited ("**Company**") and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, PT SB Holding Pte Ltd ("**PTSB**"), had on 31 December 2021, entered into a Sale and Purchase Agreement ("**SPA**") to dispose its entire 49% stake in its associated company, PT Vallianz Offshore Maritim ("**PT VOM**"), to Rawabi Energy Company ("**REC**"), for a purchase consideration of US\$2.85 million ("**Consideration**"), subject to the terms and conditions of the SPA ("**Disposal**").

PT VOM, a company incorporated in Indonesia, is in the business of providing offshore marine support services.

REC is a wholly-owned subsidiary of Rawabi Holding Company Limited ("**RHCL**"), a controlling shareholder of the Company.

Following the completion of the Disposal, the Group will no longer have any interest in PT VOM and PT VOM will cease to be an associated company of the Group.

2. Key Terms of the SPA

Under the SPA, PTSB will sell, and REC will acquire, free from any encumbrances, the entire 294,000,000 ordinary shares in PT VOM held by PTSB ("**Sale Shares**"), which represents 49% of the issued and paid-up share capital of PT VOM, together with all rights and benefits attached or accruing to the Sale Shares as at completion.

The Consideration of US\$2.85 million was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the weak financial condition of PT VOM and the lack of alternative offers or proposals for the Sale Shares.

The completion of the Disposal ("**Completion**") is envisaged to take place on or before 31 January 2022 and the Consideration of US\$2.85 million will be paid in cash by REC to the Group by Completion.

3. Rationale for and benefit of the Disposal

PT VOM's main business is in the owning and chartering of marine assets for the oil and gas industry within Indonesia. Since the oil plunge, the industry has observed a declining trend in budget approvals for offshore projects due to the depressed oil prices which had resulted in the lowered activities in the industry. In addition, the current economic situation and worsening COVID situation affected the oil and gas industry further.

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PT VOM has been making losses since 2017 and has a negative net tangible assets of approximately US\$5.78 million as at 30 September 2021.

The Group's cost of investment in PT VOM has been fully written off. Accordingly, the Disposal is beneficial to the Group as the Group is expected to record a gain on disposal of approximately US\$2.85 million and moving forward, the Group can focus its resources on other parts of the business that have more growth potential. The cash proceeds from the Disposal will be applied towards general working purposes of the Group.

As at the date of the SPA, there is a deemed equity loan of US\$82.2 million due from PT VOM to the Group. The Group has written down the deemed equity loan to US\$14.8 million since FY2019 and the deemed equity loan will continue to be outstanding and owing by PT VOM. With REC's participation as a financially strong shareholder, PT VOM will be on a stronger footing for potential future recovery. REC is also keen to invest in companies in Indonesia that provides offshore marine support services to complement its expanding international footprint.

As at the date of the SPA, there is no other formal offer or proposal from any party to acquire the Sale Shares from the Group.

As PT VOM is not a listed company, there is no latest available open market value for the Sale Shares.

4. Disclosable Transaction

The relative figures as computed on the basis set out in Rule 1006 of the Catalist Rule in respect of the Disposal and based on the latest unaudited financial statements of the Group for the half year ended 30 September 2021 are as follows:

Rule 1006(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	- ⁽¹⁾
Rule 1006(b)	Net profit attributable to the assets acquired or disposed of, compared with the Group's net profits	- ⁽²⁾
Rule 1006(c)	Aggregate value of the Consideration given or received, compared with the Company's market capitalization based on the number of issued Shares excluding treasury shares	6.0% ⁽³⁾
Rule 1006(d)	Number of equity securities to be issued, compared with the number of equity securities	Not applicable
Rule 1006(e)	Aggregate volume or amount of proven or probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Notes:

(1) As the Group had fully written off its investment in PT VOM, the carrying value of the Sale Shares is nil;

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- (2) The Group has stopped sharing the losses of PT VOM as its share of losses is limited to its investment in PT VOM, which had been fully written off; and
- (3) The percentage is calculated using the Consideration of US\$2.85 million divided by the market capitalization of the Company, based on the exchange rate of US\$1:S\$1.3545 on 30 December 2021 (being the market day preceding the date of the SPA). The market capitalization of the Company is calculated based on 1,211,620,433 outstanding ordinary shares of the Company (“Shares”) and the last traded price of the Shares of S\$0.053 on the Catalyst Board of the SGX-ST on 30 December 2021 (being the market day preceding the date of the SPA on which the Shares were traded).

Pursuant to Chapter 10 of the Catalyst Rules, read together with Practice Note 10A, as the absolute relative figure computed on the basis of Rule 1006(c) exceeds 5% but does not exceed 50%, the Disposal constitutes a “disclosable transaction” under Chapter 10 of the Catalyst Rules.

5. Financial Effects Of The Disposal

The financial effects of the Disposal on the Group’s net tangible assets (“NTA”) per Share and loss per Share (“LPS”) 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 Disposal.

The financial effects of the Disposal on the NTA per Share and LPS have been prepared based on the Group’s audited financial results for the financial year ended 31 March 2021 (“FY2021”) and PT VOM’s unaudited financial results for FY2021, assuming the Disposal was completed on (i) 31 March 2021 for the computation of NTA per share; and (ii) 1 April 2020 for the computation of LPS.

NTA per Share (including perpetual capital securities)

	Before the Disposal	After the Disposal	After the Disposal (After SOSA) ⁽¹⁾
NTA of the Group (US\$'000)	68,073	70,923 ⁽²⁾	70,923 ⁽²⁾
Number of Shares	559,353,434	559,353,434	1,211,620,433 ⁽¹⁾
NTA per Share (US\$)	0.12	0.13	0.06

NTA per Share (excluding perpetual capital securities)

	Before the Disposal	After the Disposal	After the Disposal (After SOSA) ⁽¹⁾
NTA of the Group (US\$'000)	45,573 ⁽³⁾	48,423 ⁽²⁾	48,423 ⁽²⁾
Number of Shares	559,353,434	559,353,434	1,211,620,433 ⁽¹⁾
NTA per Share (US\$)	0.08	0.09	0.04

LPS

	Before the Disposal	After the Disposal	After the Disposal (After SOSA) ⁽¹⁾
Loss after income tax (US\$'000)	(24,962)	(22,112) ⁽⁴⁾	(22,112) ⁽⁴⁾
Number of Shares	559,353,434	559,353,434	1,211,620,433 ⁽¹⁾
Loss per Share (US\$)	(0.04)	(0.04)	(0.02)

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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\$2.85 million as a result of the gain on disposal;
- (3) NTA of the Group 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; and
- (4) Loss after tax decreased by US\$2.85 million as a result of the gain on disposal.

6. Interested Person Transaction

REC is a wholly-owned subsidiary of RHCL, a controlling shareholder of the Company. Accordingly, RHCL is deemed an “Interested Person” within the meaning of Chapter 9 of the Catalist Rules and the Disposal is deemed to be an interested person transaction.

The purchase consideration of US\$2.85 million represents approximately 4.2% of the Group’s latest audited NTA of US\$68.07 million.

As announced by the Company on 23 December 2021, REC had subscribed for 500 ordinary shares in PT United Sindo Perkasa, a wholly-owned subsidiary of the Group, for a cash consideration of US\$0.50 million. The consideration represents approximately 0.7% of the latest audited NTA of the Group.

The aggregate of the above two transactions represents approximately 4.9% of the Group’s latest audited NTA. Accordingly, the Disposal as an interested person transaction, is not subject to shareholders’ approval pursuant to Chapter 9 of the Listing Manual.

7. Statement of the Audit Committee

Having considered the terms of the SPA, financial effects and rationale of the Disposal, the Audit Committee is of the view that the Disposal is on normal commercial terms and is not prejudicial to the interest of the Company and its independent shareholders.

8. Interest Of The Directors And Controlling Shareholders

Save as disclosed above, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal other than in their respective capacities as directors and/or shareholders of the Company, PTSB and/or PT VOM (as the case may be).

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BY ORDER OF THE BOARD

Ling Yong Wah
Chief Executive Officer
31 December 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 Catalist. 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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