

VIKING OFFSHORE AND MARINE LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199307300M)

ENTRY INTO A BINDING TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF THE ENTIRE SHARE CAPITAL OF VIKING FACILITIES MANAGEMENT & OPERATIONS PTE. LTD., WHICH HOLDS THE PROPERTIES SITUATED AT 21 KIAN TECK ROAD SINGAPORE 628773 AND 23 KIAN TECK ROAD SINGAPORE 628774

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Viking Offshore and Marine Limited ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce that the Company had, on 18 September 2020, entered into a binding term sheet ("**Term Sheet**") with Kinghaus Engineering Pte. Ltd. ("**Purchaser**", and together with the Company, "**Parties**") whereby the Company shall sell, and the Purchaser shall acquire, the entire issued and paid-up share capital ("**Sale Shares**") of Viking Facilities Management & Operations Pte. Ltd. ("**VFMO**") ("**Proposed Disposal**").

The Term Sheet sets out broadly the key terms and conditions in respect of the Proposed Disposal which will form the basis for discussion between the Parties for a definitive sale and purchase agreement to be signed between them in relation to the Proposed Disposal by no later than 2 October 2020 ("**Definitive Agreement**"). The Company will provide further details of the Proposed Disposal upon the execution of the Definitive Agreement, and furnish necessary information in compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst ("**Catalist Rules**").

The Term Sheet provides for an exclusivity period of two (2) weeks commencing from the date of the Term Sheet or the date on which the Company notifies the Purchaser that it will grant the Purchaser access to documents and information for the purposes of its due diligence exercise ("**Exclusivity Period**") to allow the Purchaser and its representatives and advisors to conduct due diligence on VFMO and the Properties (as defined herein), and for the Parties to negotiate and finalise the terms of the Definitive Agreement.

2. INFORMATION ON VFMO AND THE PURCHASER

2.1 VFMO

VFMO is a wholly-owned subsidiary of the Company and was incorporated in Singapore on 18 October 2007. VFMO currently owns two (2) properties situated at 21 Kian Teck Road Singapore 628773 and 23 Kian Teck Road Singapore 628774 (collectively, "**Properties**"). Other than ownership and subletting of the Properties, VFMO does not have any other business currently.

Following completion of the Proposed Disposal ("**Completion**"), (i) VFMO will cease to be a subsidiary of the Company; and (ii) the Company intends to enter into a term lease of certain areas of the Properties from the Purchaser for the Group's operations in Singapore. The Parties are still in the midst of discussion regarding the details of such a lease.

2.2 The Purchaser

The Purchaser is a private company limited by shares incorporated in Singapore on 15 September 2020 for the purposes of undertaking the Proposed Disposal. As at the date of this announcement, based on enquiries made by the Company to the Purchaser, none of the directors and shareholders of the Purchaser (i) holds, directly or indirectly, any ordinary shares in the issued and paid-up share capital of the Company; and (ii) is related to the Directors or controlling shareholders of the Company and their respective associates.

3. PROPOSED DISPOSAL

3.1 Consideration

The Company will dispose of the Sale Shares to the Purchaser for a consideration of S\$12,100,000 in cash ("**Consideration**"), minus all assets (other than the Properties) and all liabilities of VFMO whether actual or contingent as at the date of Completion other than those agreed liabilities to be borne by VFMO after the date of Completion. The Consideration shall be paid by the Purchaser to the Company as follows:

- (a) upon the Company's acceptance of the Term Sheet, the Purchaser will pay a sum equivalent to 3% of the Consideration (the "**Initial Deposit**") (which will form part of the Consideration) to the Company;
- (b) upon execution of the Definitive Agreement, the Purchaser will pay a sum equivalent to 2% of the Consideration (the "**Second Deposit**" and together with the Initial Deposit, the "**Deposits**") (which will form part of the Consideration) to the Company;
- (c) the balance of the Consideration minus the sum of S\$100,000 (referred to in subparagraph (d) below) will be paid by the Purchaser to the Company on Completion; and
- (d) the sum of S\$100,000 (or the remainder thereof after deductions, if any) will be payable by the Purchaser to the Company no later than three (3) months after the date of Completion.

The Company will return the respective Deposit(s) to the Purchaser in the event that the Definitive Agreement is not entered into between the Parties by the expiry of the Exclusivity Period or the Definitive Agreement is entered into but is terminated without the fault of the Purchaser.

3.2 Conditions Precedent

The Proposed Disposal will be conditional on *inter alia* (a) the Company having obtained the approval of its shareholders ("**Shareholders**") for the Proposed Disposal; (b) financing on terms acceptable to the Purchaser in its sole and absolute discretion being obtained by the Purchaser in connection with the Proposed Disposal; (c) the total, full and complete release, discharge and/or satisfaction of any mortgage(s), charge(s) and/or encumbrance(s) over the Properties; and (d) the lease of the Properties to the Company by the Purchaser.

3.3 Termination

The Term Sheet will terminate on (a) the entry into the Definitive Agreement or (b) the expiry of the Exclusivity Period, whichever is the earlier, unless otherwise agreed in writing between the Parties.

3.4 Rationale for the Proposed Disposal and Use of Proceeds

The Company is currently undergoing a court-supervised process to reorganise its liabilities and has been granted moratorium against enforcement actions and legal proceedings by creditors against the Company pursuant to section 211B of the Companies Act (Chapter 50) of Singapore. The Proposed Disposal will help provide funds to the Company to, amongst others, facilitate the restructuring of its debts and liabilities.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company and their respective associates has any interest, whether direct or indirect, in the Proposed Disposal save for their direct or indirect interests (if any) arising by way of their shareholdings and/or directorships, as the case may be, in the Company.

5. DOCUMENTS FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the Term Sheet is available for inspection at the Company's registered office at 121 Kian Teck Rd, Singapore 628773 for a period of three (3) months from the date of this announcement.

6. 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 Group, 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.

7. FURTHER ANNOUNCEMENTS

The Company will make the relevant update announcement in compliance with the Catalist Rules when it enters into the Definitive Agreement with the Purchaser in respect of the Proposed Disposal. The Company will also make such further announcement(s) to keep Shareholders informed, as and when there are material updates or developments in connection with the Proposed Disposal.

8. CAUTIONARY STATEMENT

The Board would like to emphasise that there is no certainty or assurance that the Proposed Disposal will be consummated or completed.

The shares in the Company have been suspended from trading on the SGX-ST since 14 June 2019. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

Viking Offshore and Marine Limited

Ng Yeau Chong
Executive Director and Chief Executive Officer
18 September 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.