

## VIKING OFFSHORE AND MARINE LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199307300M)

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### PROPOSED DISPOSAL OF THE PROPERTIES LOCATED AT 21 KIAN TECK ROAD SINGAPORE 628773 AND 23 KIAN TECK ROAD SINGAPORE 628774 BY WAY OF DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF VIKING FACILITIES MANAGEMENT & OPERATIONS PTE. LTD. - ENTRY INTO SALE AND PURCHASE AGREEMENT AND COMPLETION

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#### 1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of Viking Offshore and Marine Limited ("**Company**", and together with its subsidiaries, "**Group**") refers to:

- (a) the announcement dated 18 September 2020 ("**Termsheet Announcement**") by the Company in relation to the entry into a binding term sheet with Kinghaus Engineering Pte. Ltd. ("**Purchaser**", and together with the Company, "**Parties**") in relation to the proposed disposal by the Company of the entire issued and paid-up share capital ("**Disposal Shares**") of Viking Facilities Management & Operations Pte. Ltd. ("**VFMO**") ("**Proposed Disposal**");
- (b) the circular dated 15 October 2020 ("**Circular**") issued by the Company to its shareholders ("**Shareholders**") in relation to the proposed disposal of the properties located at 21 Kian Teck Road Singapore 628773 and 23 Kian Teck Road Singapore 628774 ("**Properties**") (whether by way of disposal of the Disposal Shares or otherwise) ("**Disposal Mandate**"); and
- (c) the announcement dated 30 October 2020 by the Company in relation to Shareholders' approval for the Disposal Mandate duly obtained at the extraordinary general meeting convened by the Company on the same day.

*Unless otherwise defined herein, all capitalised terms used in this announcement shall have the meaning ascribed in the Circular.*

The Board wishes to announce that the Company has, on 30 October 2020, completed the Proposed Disposal in accordance with a sale and purchase agreement dated 29 October 2020 ("**SPA**") entered into between the Company and the Purchaser.

The Proposed Disposal under the SPA was undertaken in accordance with the terms set out in the Disposal Mandate, of which Shareholders' approval was obtained at the EGM convened on 30 October 2020. Please refer to Section 6 (*Terms of the Disposal Mandate*) of the Circular, for information on the terms of the Disposal Mandate.

Following the completion of the Proposed Disposal ("**Completion**"), (i) VFMO has ceased to be a subsidiary of the Company; and (ii) the relevant Group entity(ies) will enter into term lease(s) of certain areas of the Properties, which are currently being occupied by the Group as its principal place of business (including its main office), with VFMO (being the owner of the Properties). Such term lease will help minimise disruptions and provide continuity to the Group's operations subsequent to Completion.

Shareholders are advised to read the Circular in its entirety in conjunction with this announcement. A copy of the Circular is made available on SGXNET and the Company's website at [www.vikingom.com](http://www.vikingom.com).

## 2. INFORMATION ON VFMO, THE PROPERTIES AND THE PURCHASER

### 2.1 VFMO and the Properties

The Properties are owned by VFMO and immediately prior to Completion, were subject to mortgages granted by VFMO in favour of Maybank in respect of facilities extended by Maybank in favour of certain of the Company's wholly-owned subsidiaries. As at 30 June 2020, the aggregate outstanding amount owing by the Group to Maybank was approximately S\$16.89 million.

VFMO was a wholly-owned subsidiary of the Company and was incorporated in Singapore on 18 October 2007. Immediately prior to Completion, the Company held the entire issued and paid-up share capital of VFMO, comprising the Disposal Shares. Other than ownership and subletting of the Properties, VFMO does not have any other business.

As disclosed in Section 4 (*Information on the Properties and VFMO*) of the Circular, based on the valuation by the Independent Valuer commissioned by VFMO, as at 21 September 2020:

- (a) the market value of the Properties, free from all encumbrances, was S\$16,000,000; and
- (b) the "forced sale" value of the Properties, free from all encumbrances, was S\$12,000,000,

("Valuation")<sup>(1)</sup>. Please refer to the valuation letter from the Independent Valuer set out in the Appendix to the Circular, for more information on the Valuation.

Please refer to Section 4 (*Information on the Properties and VFMO*) of the Circular, for further information relating to VFMO, including its business and selected financial information, as well as the Properties.

### 2.2 Purchaser

The Purchaser is a private company limited by shares incorporated in Singapore on 15 September 2020 for the purposes of undertaking the acquisition of the Disposal Shares.

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 of the ordinary shares in the issued and paid-up capital of the Company; and (ii) is related to the Directors or substantial Shareholders and their respective associates.

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(1) The Valuation based on market value of the Properties was made using the "Market Value" method. Market Value is defined by the Singapore Institute of Surveyors and Valuers (SISV) as "the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In arriving at the Valuation using the "Market Value" method, the Independent Valuer had taken into consideration the recent transactions of similar properties around the vicinity and elsewhere and had made appropriate adjustments for differences between the Properties and comparables in terms of size, tenure, location, proximity to MRT stations, condition, prevailing market conditions and all other relevant factors affecting its value.

### 3. PROPOSED DISPOSAL

#### 3.1 VFMO Restructuring

Under the terms of the SPA, VFMO undertook a restructuring exercise ("**VFMO Restructuring**"), such that as at Completion, (a) it does not own or hold any other assets and liabilities (whether actual or contingent), save for (i) the Properties (which nevertheless remains subject to a mortgage granted by VFMO post-Completion (following the change of shareholder to the Purchaser)), (ii) the facilities granted by Maybank to VFMO and liabilities owed to Maybank by VFMO as third party mortgagor ("**Current Maybank Liabilities**"), and (iii) such other assets and liabilities as shall be identified in a balance sheet of VFMO (post-VFMO Restructuring) as at the date of Completion ("**Completion Date**"), and (b) the Company will remain responsible for certain agreed liabilities of VFMO (including liabilities which are incurred or being incurred by VFMO up to Completion) in accordance with the SPA.

#### 3.2 Consideration

Pursuant to the SPA, the consideration for the Disposal Shares was S\$12,100,000 ("**Consideration**"), which was satisfied in the following manner:

- (a) Maybank executing and delivering to the Company the following on Completion Date:
  - (i) the discharge documents in relation to the existing securities created by VFMO in favour of Maybank (save for certain existing securities, which would continue to subsist post-Completion, in connection with the revised facility letter entered into between Maybank and VFMO (following Completion and change of shareholder to the Purchaser) ("**Revised Maybank Loan**"));
  - (ii) the discharge documents in relation to the existing guarantees furnished by the Company to Maybank;
  - (iii) the letter executed by Maybank to VFMO to, amongst others, withdraw the legal proceedings in HC/OS 63/2020 against the Company with no order as to costs; and
  - (iv) the letter executed by Maybank to the Company and the relevant Group entities to withdraw the legal proceedings in HC/OS 63/2020 with no order as to costs, and to discharge and release the aforementioned entities from their respective undertakings, obligations, claims and/or liabilities owed to Maybank (both actual and contingent) which are outstanding as of the date of such letter, (collectively, "**Discharge Documents**")<sup>(2)</sup>; and
- (b) the Purchaser paying to the Company, or such other person as may be designated by the Company, the sum of S\$100,000 (or the remainder thereof after deductions, if any) in cash, by no later than the date falling 3 months after Completion Date, such sum to be retained for deductions against liabilities of VFMO.

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(2) As at 30 June 2020, the aggregate outstanding amount owing by the Group to Maybank was approximately S\$16.89 million. For the avoidance of doubt, following the aforesaid execution and delivery of the Discharge Documents from Maybank to the Company, the outstanding amount owing by the Group to Maybank (excluding the loan owing by VFOM which will be replaced by the Revised Maybank Loan) will be extinguished.

The Consideration was arrived at by agreement between the Purchaser and the Company after the conduct of negotiations on an arm's length basis, taking into consideration:

- (a) the current financial condition of VFMO;
- (b) the minimum Disposal Price of not less than S\$12,000,000, and the rationale for arriving at the same, as set out in Section 5 (*Rationale for the Proposed Disposal and the Disposal Mandate*) of the Circular;
- (c) the rationale and benefits for the Proposed Disposal, as set out in Section 4 (*Rationale for the Proposed Disposal and Use of Proceeds*) of this announcement; and
- (d) on the basis of the VFMO Restructuring having taken place as at Completion.

### **3.3 Provision of post-Completion security for agreed liabilities**

Under the terms of the SPA, following Completion, the Company will remain responsible for and will provide security over such crane(s) or such other asset as owned by the Company or its subsidiary as assurance for payment of certain agreed liabilities of VFMO (including liabilities which are incurred or being incurred by VFMO up to Completion) and to the extent and manner set out in the SPA, on terms acceptable to the Purchaser and the Company, and the Company (or its subsidiary) will enter into such documentation with the Purchaser in relation to the same.

## **4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF PROCEEDS**

The Company is currently undergoing a court-supervised process to reorganise its liabilities and there is currently in place statutory moratoria against enforcement actions and legal proceedings by creditors against the Company and its wholly-owned subsidiary, Viking Asset Management Pte. Ltd. ("**VAM**"), pursuant to Sections 211B and 211C respectively of the Companies Act. The statutory moratoria will continue until the hearing and determination of the present applications for the extension of the statutory moratoria which have been filed by the Company and VAM ("**Extension Applications**") or further order of the High Court of the Republic of Singapore ("**High Court**"). As at the date of this announcement, the Extension Applications are due to be heard on a date to be fixed by the High Court not earlier than 26 November 2020. Accordingly, the statutory moratoria will be in place at least until that date. The Company will make further announcements as and when there are material developments on the moratoria. Please refer to Section 5 (*Rationale for the Proposed Disposal and the Disposal Mandate*) of the Circular for further details on the rationale and benefits for the Proposed Disposal.

Following Completion, S\$12.0 million of the Consideration is applied towards the release and discharge of all existing liabilities and securities owing to Maybank by the Group (excluding certain existing securities granted by VFMO, which continue to subsist post-Completion, in connection with the Revised Maybank Loan to be provided to VFMO (after the change of shareholder to Purchaser) as well as the discontinuance of Maybank's application (HC/OS 63/2020) against the relevant Group entities. The balance of the Consideration amounting to the sum of S\$100,000 (or the remainder thereof after deductions, if any) will be applied towards the Group's working capital.

## 5. RELATIVE FIGURES COMPUTED PURSUANT TO RULE 1006 OF THE CATALIST RULES

Based on the unaudited consolidated financial statements of the Group for HY2020, the relative figures computed pursuant to Rule 1006 of Catalist Rules in respect of the Proposed Disposal under the SPA (by way of disposal of the Disposal Shares), are set out below:

<b>Bases in Rule 1006</b>	<b>Disposal of the Disposal Shares</b>
(a) Net asset value of the assets to be disposed of <sup>(1)</sup> , as compared with the Group's net asset value as at 30 June 2020 of S\$2.47 million	(146%)
(b) Net loss <sup>(2)</sup> attributable to the assets to be disposed of <sup>(3)</sup> , as compared with the Group's net loss <sup>(2)</sup> for HY2020 of S\$1.75 million	9%
(c) Aggregate consideration of S\$12.1 million, as compared with the Group's market capitalisation of S\$3.85 million <sup>(4)</sup>	315%
(d) Number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in the issue	N.A. <sup>(5)</sup>
(e) Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A. <sup>(6)</sup>

### Notes:

- (1) As at 30 June 2020, net asset value attributable to the Disposal Shares (being the net asset value of VFMO) amounted to negative S\$3.60 million.
- (2) Net loss means loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) As VFMO is in the business of ownership and subletting of the Properties, for purpose of computing the relative figure under Rule 1006(b), the net loss attributable to the assets to be disposed of will be based on the net loss of VFMO. For HY2020, net loss of VFMO amounted to S\$0.16 million.
- (4) The Company's market capitalisation is determined by multiplying the number of Shares in issue (being 1,098,719,574 Shares (excluding 7,961,500 treasury shares) by the volume weighted average price of S\$0.0035 per Share, based on the trades transacted on 6 June 2019 (being the last market day on which the Shares were traded preceding the date of the trading suspension of the Shares on 14 June 2019).
- (5) This is not applicable as the Proposed Disposal does not involve any issuance of consideration shares by the Company.
- (6) This is not applicable as the Company is not a mineral, oil and gas company.

Accordingly, the Proposed Disposal will constitute a "Major Transaction" within the meaning of Chapter 10 of the Catalist Rules and is subject to the approval of the Shareholders. Given that the Company has obtained the requisite approval of Shareholders at the EGM for the Disposal Mandate and the Proposed Disposal is conducted under the Disposal Mandate, the Proposed Disposal under the SPA would have been duly approved by Shareholders. Accordingly, no separate shareholders' approval for the Proposed Disposal under the SPA was sought.

## 6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects of the Proposed Disposal are purely for illustrative purposes and are neither indicative of the actual financial effects of the Proposed Disposal on the loss per Share ("LPS") and net tangible liabilities of the Group, nor are they indicative of the actual financial performance or the financial position of the Group for FY2019, or the future financial performance or the financial position of the Group after the completion of the Proposed Disposal.

The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for FY2019, being the most recently completed financial year, and based on the Proposed Disposal undertaken by way of sale of the Disposal Shares, and on the following key bases and assumptions:

- (a) for the purposes of illustrating the financial effects of the Proposed Disposal on the LPS of the Group, it is assumed that the Proposed Disposal had been completed on 1 January 2019;
- (b) for the purposes of illustrating the financial effects on the net tangible liabilities per Share of the Group, it is assumed that the Proposed Disposal had been completed on 31 December 2019;
- (c) all VFMO's liabilities (whether actual or contingent) and assets (save for the Properties) prior to Completion are assumed by the Group (excluding VFMO) at Completion;
- (d) S\$12.0 million of the Consideration from the Proposed Disposal is applied toward the release and discharge of all the liabilities and securities owing to Maybank by the Group as at 31 December 2019; and
- (e) the transaction costs for the Proposed Disposal are disregarded for the purposes of the computation.

### Net Tangible Liability

As at 31 December 2019	Before the Proposed Disposal	After the Proposed Disposal
Number of Shares (excluding treasury shares)	1,098,719,574	1,098,719,574
Net tangible liabilities (S\$'000)	(2,359)	(3,519)
Net tangible liabilities per Share (cents)	(0.21)	(0.32)

## LPS

<b>FY2019</b>	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Weighted number of Shares (excluding treasury Shares)	1,098,719,574	1,098,719,574
Loss attributable to Shareholders (S\$'000)	(31,978)	(34,172)
LPS (cents)	(2.91)	(3.11)

## Loss on Disposal

Based on the Consideration of S\$12.1 million (of which S\$12.0 million is applied toward the release and discharge of all the liabilities owing by the Group to Maybank, being the mortgagee of the Properties (excluding certain existing securities granted by VFMO, which continue to subsist post-Completion, in connection with the Revised Maybank Loan to be provided to VFMO (after the change of shareholder to Purchaser) as well as the discontinuance of Maybank's application (HC/OS 63/2020) against the relevant Group entities), assuming the Proposed Disposal was completed on 31 December 2019 and all securities granted by VFMO on the Properties in favour of Maybank (other than those existing securities in connection with the Revised Maybank Loan) were discharged concurrently, the net deficit of the proceeds over the net book value of the Properties and the liabilities owing to Maybank, would have been approximately S\$1.16 million. Accordingly, the loss on disposal would have been equivalent to S\$1.16 million.

## **7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors 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.

The Directors have not received any notification of interest in the Proposed Disposal from any substantial Shareholders and their respective associates, and are not aware of any substantial Shareholders and their respective associates which has any interests, direct or indirect, in the Proposed Disposal (other than through their respective shareholding interests in the Company).

## **8. SERVICE CONTRACTS**

No person is proposed to be appointed as a director of the Company in connection with Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## **9. 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 SPA as well as the valuation letter and the valuation report from the Independent Valuer is available for inspection at the Company's registered office at 21 Kian Teck Road, Singapore 628773 for a period of three months from the date of this announcement.

## 10. 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.

## 11. CAUTION

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  
30 October 2020

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*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 Catalyst.*

*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.*