

9R LIMITED

(Formerly known as Viking Offshore and Marine Limited)
(Company Registration No. 199307300M)
(Incorporated in Singapore)

PROPOSED DISPOSAL OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF PROMOTER HYDRAULICS PTE. LTD. AND MARSHAL SYSTEMS PRIVATE LIMITED

1. INTRODUCTION

The board of directors ("**Board**" or "**Directors**") of 9R Limited (formerly known as Viking Offshore and Marine Limited) ("**Company**", and together with its subsidiaries, "**Group**") wishes to announce the proposed disposal of the entire shareholding interest of the Company in its wholly-owned subsidiaries of the Company, namely, Promoter Hydraulics Pte. Ltd. ("**Promoter**") and Marshal Systems Private Limited ("**Marshal**") (Promoter and Marshal are collectively, the "**Disposal Group**"), to Transvictory Holdings Pte. Ltd. ("**Purchaser**") (the "**Proposed Disposal**"), pursuant to a sale and purchase agreement dated 29 July 2022 ("**SPA**") entered into by the Company and the Purchaser.

2. PROPOSED DISPOSAL

2.1 Information on the Purchaser

The Purchaser was incorporated in Singapore on 26 June 1995 and has an issued and paid-up share capital of S\$4,000,000 comprising 4,000,000 shares, held by Union Steel Holdings Limited, a company listed in the Singapore Exchange. The directors of the Purchaser are Mr. Ang Yu Seng and Mr. Ang Yew Chye. The Purchaser is an independent third party who is not related to the Directors or controlling shareholders of the Company ("**Shareholders**") and their respective associates.

2.2 Information on the Disposal Group

Promoter and Marshal are wholly-owned subsidiaries of the Company.

Promoter was incorporated in Singapore on 19 September 2005 and Marshal was incorporated in Singapore on 14 December 1993. Marshal has a direct interest in 100% of the entire issued and paid-up share capital of Marshal Offshore & Marine Engineering Co., Ltd ("**Marshal's Subsidiary**"), which was incorporated in the People's Republic of China on 24 November 2009.

The principal activities of Promoter are those of manufacture and repair of marine engines and ship parts, retail and rental of marine equipment, marine accessories and parts. The principal activities of Marshal are those of contractors for electronic and electrical engineering works.

Mr. Ng Yeau Chong and Mr. Law Ren Kai Kenneth are the directors of Promoter and Marshal.

2.3 Financial Information on the Disposal Group

Based on the latest unaudited consolidated financial statements of the Group for the financial period ended 31 March 2022 ("**3M2022**"), the net tangible assets for the Disposal Group was S\$90,869. The loss for the period is S\$324,311.

2.4 Independent Valuation of the Disposal Group

For the purposes of the Proposed Disposal, the Company had commissioned Cushman & Wakefield VHS Pte Ltd as an independent valuer (the "**Independent Valuer**") to assess and determine the market value of 100.00% equity interests in the capital of the Disposal Group.

Based on the valuation conducted on the Disposal Group by the Independent Valuer dated 15 July 2022 ("**Valuation Report**"), the value of the Disposal Group as at 31 March 2022 based on a cost/asset approach valuation basis is between S\$96,000 to S\$139,000 (for Marshal and Marshal's Subsidiary) and nil for Promoter.

In relation to the valuation of the Disposal Group, the Board has taken into consideration and is satisfied with the following:

- (a) examined if the key assumptions and estimates for the valuation are reasonable;
- (b) ensured that the underlying material uncertainties of the valuation are fully disclosed;
- (c) assessed whether the valuation conclusion and limitations as disclosed in the Valuation Report are acceptable;
- (d) examined if the valuation was independently performed by qualified and competent valuation professionals, considering the valuers' track record and credentials; and
- (e) assessed if the valuation is done according to recognised valuation standards, for instance the International Valuation Standards.

2.5 Principal Terms of the Proposed Disposal

Consideration

The consideration ("**Consideration**") for the Proposed Disposal is S\$505,000 payable fully in cash on completion of the Proposed Disposal. The Consideration was arrived at on a willing buyer and willing seller basis after arm's length negotiations between the management team of the Company and the Purchaser, taking into account, *inter alia*, (a) the existing financial condition of the Disposal Group, (b) the independent business valuation on the Disposal Group provided via the Valuation Report, and (c) applicable market and/or industry conditions of the businesses of the Disposal Group.

Completion

Completion of the Proposed Disposal shall take place on the date of the SPA in accordance with the SPA (or such other date as may be agreed in writing) ("**Completion Date**"). In this regard, as there are no conditions precedent, the Proposed Disposal is completed on 29 July 2022, and the Purchaser has paid the Consideration to the Company. Pursuant to the completion of the Proposed Disposal, Promoter and Marshal will no longer be subsidiaries of the Company.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal, computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") and the latest unaudited consolidated financial results of the Group for 3M2022, are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, as compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	(3.07)% ⁽¹⁾
(b)	The net loss attributable to the assets disposed of, as compared with the Group's net loss	37.60% ⁽²⁾

Rule 1006	Bases	Relative Figures (%)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	1.09% ⁽³⁾
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
(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. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable ⁽⁵⁾

Notes:

- (1) Based on the unaudited net asset value of the Disposal Group as at 31 March 2022 of approximately S\$90,869 and the unaudited net liability value of the Group as at 31 March 2022 of approximately S\$2,955,881.
- (2) Net profits is defined to be profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests. The relative figure under Rule 1006(b) of the Catalist Rules has been computed based on (i) the Disposal Group's loss before income tax of approximately S\$324,311 for 3M2022; and (ii) the Group's loss before income tax of approximately S\$862,566 for 3M2022.
- (3) The relative figure under Rule 1006(c) of the Catalist Rules is based on (i) the Consideration of S\$505,000; and (ii) the Company's market capitalisation of approximately S\$46.2 million. The market capitalisation of the Company was computed based on the issued Shares of 703,420,401 Shares (excluding treasury shares) and the volume weighted average price of S\$0.0657 per Share on 28 July 2022 (being the last day on which the Shares were traded prior to the date of this announcement).
- (4) Rule 1006(d) of the Catalist Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

Pursuant to Practice Note 10A of the Catalist Rules, in view of paragraphs 4.4(c) and 4.4(e) read with paragraph 4.6, as (i) the absolute relative figures computed on the basis of each of Rules 1006(a), (b) and (c) does not exceed 50%; and (ii) the Proposed Disposal will result in a gain on disposal of approximately S\$0.4 million, the Proposed Disposal therefore constitutes a "discloseable transaction", and the Company shall immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules, where applicable, in relation to the Proposed Disposal.

4. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal allows the Group to exit from a loss-making business segment. The Disposal Group have posted a loss before income tax of approximately S\$0.3 million for 3M2022, and recorded net assets of approximately S\$0.09 million as at 31 March 2022.

The Proposed Disposal is also expected to free up the cash flows of the Group as the Disposal Group continues to and is expected to be loss making. The Company will record a gain of approximately S\$0.4 million arising from the Proposed Disposal, which proceeds will be applied towards the working capital of the Group.

Over the years, in particular during the period when the Group was in the midst of restructuring its debts, the Company had considered disposing of one of more of its subsidiaries, with the Disposal Group being one of them. However, there were no meaningful offers received by the Company. As the years passed and with the offshore and marine industry continuing to face a challenging outlook, where the Disposal Group continues to face challenges in trying to breakeven, the Company considered that there are only three (3) options for the Disposal Group, being (i) liquidation, (ii) disposal, and (iii) continue to receive support from parent/related companies, which would invariably drain the resources of the Group taking into account its financial position. The prospect of the Proposed Disposal without needing to incur major costs and the gain of approximately S\$0.4 million was therefore appealing to the Group. In addition, when the Purchaser takes over the Disposal Group, it may be able to retain the majority of the manpower of the Disposal Group, thereby avoiding unnecessary retrenchment of staff and expenses to be incurred by the Group.

Further, the Proposed Disposal is in line with the corporate strategy of the Group to divest out of the Group's existing businesses and the monetisation of assets, in order to focus on the new businesses of supply chain management business and the lifestyle retail business moving forward.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The *pro forma* financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after completion of the Proposed Disposal.

The *pro forma* financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2021 ("FY2021") subject to the following assumptions:-

- (a) the financial effect on the consolidated net tangible assets per Share is computed based on the assumption that the Proposed Disposal was completed on 31 December 2021;
- (b) the financial effect on the earnings per Share ("EPS") is computed based on the assumption that the Proposed Disposal was completed on 1 January 2021; and
- (c) expenses to be incurred in respect of the Proposed Disposal is negligible.

Net Tangible Liabilities ("NTL")

As at 31 December 2021	Before the Proposed Disposal	After completion of the Proposed Disposal
NTL (S\$'000)	2,388	2,300
Number of issued shares	549,359,674	549,359,674
NTL per Share (cents)	(0.43)	(0.42)

EPS

FY2021	Before the Proposed Disposal	After completion of the Proposed Disposal
Profit attributable to the owners of the Company (S\$'000)	15,493	21,260
Weighted average number of issued shares	217,034,635	217,034,635
EPS – Basic (cents)	7.14	9.80

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or the controlling Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective directorships and/or shareholdings in the Company.

7. DIRECTORS' SERVICE CONTRACTS

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

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA and the Valuation Report are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 105 Cecil Street #12-02, The Octagon, Singapore 069534 for a period of three (3) months from the date of this announcement.

9. 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.

10. CAUTIONARY STATEMENT

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders of the Company are advised to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders of the Company should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisors.

BY ORDER OF THE BOARD OF
9R Limited (formerly known as Viking Offshore and Marine Limited)

Datuk Low Kim Leng
Chairman and Independent Non-Executive Director

30 July 2022

*This announcement has been prepared by 9R Limited (formerly known as Viking Offshore and Marine Limited) (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited (the “**Sponsor**”) for compliance with the relevant rules 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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