VIKING OFFSHORE AND MARINE LIMITED

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

PROPOSED TERM LOAN FACILITY OF UP TO S$6,000,000

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Viking Offshore and Marine Limited (the "**Company**" and with its subsidiaries, the "**Group**") wishes to announce that Viking LR2 Pte. Ltd. (the "**SPV**") and Tembusu Growth Fund II Ltd. (the "**Lender**") have entered into a loan agreement dated 1 December 2014 (the "**Agreement**"), pursuant to which the Lender has agreed to grant the SPV a term loan facility of an aggregate principal amount of up to S$6,000,000 (the "**Facility**"). The SPV is a wholly-owned subsidiary of Viking Asset Management Pte. Ltd., which in turn is a wholly-owned subsidiary of the Company.

2. THE LENDER

Tembusu Growth Fund II is a Pan-Asian private equity fund that is managed by Tembusu Partners Pte Ltd ("**Tembusu**"). Tembusu is one of the leading Singapore-based private equity investment firms, and it currently manages four (4) private equity funds. With assets under management of S$270 million, it has a portfolio in various sectors including education, healthcare, technology and resources. Tembusu has been awarded a "Preferred Provider" rating by Mercer, an independent fund rating agency, for Contact Singapore's Global Investor Programme.

3. RATIONALE AND BENEFIT

The SPV is obtaining the Facility such that it may utilise the proceeds (i) for the acquisition of a land rig or other offshore and marine, oil and gas related asset (the "**Asset**") and (ii) as working capital and/or retirement of outstanding borrowings of the SPV and/or its related unlisted corporations.

4. TERMS AND CONDITIONS

The terms and conditions of the Facility were negotiated and agreed upon by the parties on an arm's length basis, taking into account customary provisions for transactions of a similar nature. The salient terms and conditions of the Facility are set out below:

Principal Amount: Up to S$6,000,000

Use of Proceeds: The proceeds from the Facility shall be used (i) for the acquisition of the Asset and (ii) as working capital and/or retirement of outstanding borrowings of the SPV and/or its related unlisted corporations.

Drawdown of Loan: The SPV may draw down the Facility in two tranches as follows:

(a) the first tranche in the principal amount of up to S$1,500,000 during the 30-day period commencing from the date of the Agreement; and

(b) the second tranche in the principal amount of up to S$4,500,000 during the six-month period commencing from the date on which the first tranche is drawn down (the "**First Drawdown Date**").

Conditions Precedent:	The obligations of the Lender to make available the Facility are subject to the satisfaction of, *inter alia*, the following conditions: (a) the Lender having completed its due diligence exercise on the SPV and the Company, and the results thereof being satisfactory to the Lender; (b) the Lender's investment committee having approved the Facility; and (c) the Company having provided a corporate guarantee in favour of the Lender to secure the repayment of the loan, payment of the interest, and performance of all obligations of the SPV under the Agreement. The obligations of the Lender to make available the second tranche of the Facility is further subject to the execution of definitive agreements for the acquisition of the Asset.
Interest:	The SPV shall pay to the Lender, on a six-month basis, interest in arrears on the loan at the rate of 5% per annum.
Repayment of Loan:	The SPV shall repay the loan in full on the date falling 24 months from the First Drawdown Date (the "**Maturity Date**") by way of paying to the Lender such amount representing an internal rate of return of 15% per annum on the loan (less all interest which have been paid prior to the Maturity Date).
Early payment of Loan:	The SPV shall be entitled, at its own discretion, to repay the loan in full on the date falling 18 months from the First Drawdown Date (the "**Early Payment Date**") by way of paying to the Lender such amount representing an internal rate of return of 17% per annum on the loan (less all interest which have been paid prior to the Early Payment Date).
Grant of Option:	The Lender has granted an option to the SPV for an additional term loan facility of up to S$6,500,000 (the "**Option**"), provided that: (a) the SPV may only exercise the Option no later than the date falling 12 months from the First Drawdown Date; (b) the grant of the additional facility shall be subject to such terms and conditions to be agreed between the parties prior to the exercise of the Option and set out in definitive agreements; and (c) for the avoidance of doubt, there shall be no binding obligations on the SPV or the Lender to enter into the additional facility. Accordingly, the Option is non-binding.

5. INTERESTED PERSON TRANSACTION

Mr Andy Lim is the Chairman and Executive Director of the Company, and has a direct and deemed interest in 24.3% of the issued and paid-up share capital of the Company. He is also a director and shareholder of both the Lender and Tembusu (being the investment vehicle and fund manager of Tembusu Growth Fund II respectively). Accordingly, the Company is of the view that the Lender should be deemed an associate of Mr Andy Lim and thus an "interested person" for the purposes of Chapter 9 of the Listing Manual.

The interested person transaction value (representing the amount at risk to the Group) in relation to the Facility is S$1,620,000. This is the additional amount which the SPV will have to pay to the Lender (including interest) under the Facility over and above the principal amount of S$6,000,000, assuming the first tranche was drawn down 30 days from the date of the Agreement and the second tranche was drawn down three (3) months after the first tranche.

Such interested person transaction value in relation of the Facility, when aggregated with the value of other transactions entered into by the Group with Mr Andy Lim and his associates during the current financial year ended 31 December 2014 (up to the date of this announcement), amount to a total of S$1,770,000, representing approximately 3.0% of the Group's latest audited net tangible asset value as at 31 December 2013. Save as disclosed above, there are no other interested person transactions entered into by the Group for the financial year ended 31 December 2014 (up to the date of this announcement).

The Audit Committee of the Company is of the view that the Facility has been entered into on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

BY ORDER OF THE BOARD

Ong Choo Guan
Executive Director and Chief Executive Officer
1 December 2014

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore branch (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

The announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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.

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