

VIKING OFFSHORE AND MARINE LIMITED

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

PROPOSED RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of Viking Offshore and Marine Limited (the “**Company**”) wishes to announce that the Company is proposing a renounceable and non-underwritten rights issue of up to 414,411,954 new ordinary shares of the Company (the “**Rights Shares**”), at an issue price of S\$0.018 per Rights Share (the “**Issue Price**”), and up to 207,205,977 free detachable warrants (the “**Warrants**”), with each Warrant carrying the right to subscribe for one (1) new ordinary share of the Company (the “**New Share**”), at the exercise price of S\$0.025 per New Share (the “**Exercise Price**”), on the basis of two (2) Rights Shares for every five (5) existing ordinary shares of the Company (the “**Shares**”) held by Entitled Shareholders (as defined below) as at a books closure date to be determined (the “**Books Closure Date**”), and one (1) Warrant for every two (2) Right Shares subscribed, fractional entitlements to be disregarded (the “**Rights cum Warrants Issue**”).

The Company has appointed CIMB Bank Berhad, Singapore branch (the “**Manager**”) as the manager of the Rights cum Warrants Issue.

The Rights cum Warrants Issue will be undertaken pursuant to the general share issue mandate granted by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 27 April 2017, pursuant to section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (Section B: Rules of Catalist) (the “**Listing Manual**”).

2. DETAILS OF RIGHTS CUM WARRANTS ISSUE

2.1 Provisional Allotments

The Rights cum Warrants Issue is made on a renounceable non-underwritten basis to Entitled Shareholders, on the basis of two (2) Rights Shares for every five (5) existing Shares held by Entitled Shareholders as at the Books Closure Date, and one (1) Warrant for every two (2) Right Shares subscribed, with each Warrant carrying the right to subscribe for one (1) New Share, fractional entitlements to be disregarded.

Entitled Shareholders will be provisionally allotted Rights Shares with Warrants under the Rights cum Warrants Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or, in the case of Entitled Depositors (as defined below), trade (during the provisional allotment trading period prescribed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) their provisional allotment of Rights Shares with Warrants, and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. The Rights Shares with Warrants are payable in full upon acceptance and application by Entitled Shareholders.

Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholder’s provisional allotments of Rights Shares with Warrants and will, together with the provisional allotment of Rights Shares with Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares with Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of excess Rights Shares with Warrants, preference will be given to the

rounding of odd lots, and the Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the board of the Company, will rank last in priority for rounding of odd lots and allotment of excess Rights Shares with Warrants. The Company will also not make any allotment and issue of any excess Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless approved by Shareholders at a general meeting.

2.2 Irrevocable Undertaking

As at the date of this announcement, Mr Andy Lim has an interest in 174,030,800 Shares (the “**Relevant Shares**”), representing approximately 19.26% of the Existing Share Capital (as defined below) (excluding the 21,000,000 Shares held by Associated Leisure International Pte Ltd in which he has a 99% shareholding interest).

To demonstrate his support for the Rights cum Warrants Issue and his commitment to and confidence in the Company, Mr Andy Lim has provided an irrevocable undertaking dated 15 May 2017 (the “**Irrevocable Undertaking**”) to the Company and the Manager that he will, *inter alia*, subscribe and pay, and will procure that the registered owner holding any of the Relevant Shares on his behalf will subscribe and pay, in full for 69,612,320 Rights Shares with 34,806,160 Warrants, being his *pro rata* entitlement of Rights Shares with Warrants. In connection with the Irrevocable Undertaking, and in lieu of providing confirmation of financial resources, Mr Andy Lim has on the date of this announcement advanced to the Company an amount of S\$1,253,021.76 (the “**Subscription Amount**”), being the subscription monies for his *pro rata* entitlement of Rights Shares with Warrants.

2.3 Size of Rights cum Warrants Issue

As at the date of this announcement, the issued share capital of the Company (excluding treasury shares) comprises 903,737,355 Shares (the “**Existing Share Capital**”), and there is an aggregate of 119,113,066 outstanding warrants (the “**Existing Warrants**”) and 13,179,464 outstanding share options (the “**Share Options**”) issued by the Company which may be exercised on or prior to the Books Closure Date. In the event that all of the Existing Warrants and Share Options are exercised, the issued share capital of the Company (excluding treasury shares) will increase to 1,036,029,885 Shares.

Based on the Existing Share Capital and assuming that (i) all of the Existing Warrants and Share Options are exercised on or prior to the Books Closure Date and (ii) all of the Entitled Shareholders subscribe and pay for their *pro rata* entitlements of Rights Shares with Warrants (the “**Maximum Subscription Scenario**”), the Company will issue 414,411,954 Rights Shares with 207,205,977 Warrants to raise gross proceeds of approximately S\$7.46 million under the Rights cum Warrants Issue (and an additional S\$5.18 million upon the exercise of the Warrants).

Based on the Existing Share Capital and assuming that (i) none of the Existing Warrants and Share Options are exercised on or prior to the Books Closure Date and (ii) none of the Entitled Shareholders, other than Mr Andy Lim, subscribe and pay for their *pro rata* entitlements of Rights Shares with Warrants (the “**Minimum Subscription Scenario**”), the Company will issue 69,612,320 Rights Shares with 34,806,160 Warrants to raise gross proceeds of approximately S\$1.25 million under the Rights cum Warrants Issue (and an additional S\$0.87 million upon the exercise of the Warrants).

As at the date of this announcement, there are (i) outstanding redeemable exchangeable bonds in the principal amount of S\$2,000,000 (the “**LPF1 Bonds**”) issued by Viking LR1 Pte. Ltd. (“**Viking LR1**”), an indirect wholly-owned subsidiary of the Company, to Luminor Pacific Fund 1 Ltd. (the “**LPF1 Investor**”), and (ii) outstanding redeemable exchangeable bonds in the principal amount of S\$3,000,000 (the “**LPF2 Bonds**”) issued by Viking LR1 to Luminor Pacific Fund 2 Ltd. (the “**LPF2 Investor**”).

The Company has obtained an undertaking from the LPF1 Investor that it will not exercise its

right or entitlement to exchange all or part of the LPF1 Bonds for new Shares on or prior to the Books Closure Date, while the exercise period during which the LPF2 Investor may exchange all or part of the LPF2 Bonds for new Shares does not fall on or prior to the Books Closure Date. Accordingly, the new Shares which may arise from the exchange of the LPF1 Bonds and the LPF2 Bonds have not been taken into account for the purposes of the Maximum Subscription Scenario.

2.4 Scaling Down of Subscription

Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription for the Rights Shares with Warrants by any Shareholder to avoid placing the relevant Shareholder in the position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers (the **"Takeover Code"**) as a result of other Shareholders not taking up their entitlements of Rights Shares with Warrants fully.

Based on the Minimum Subscription Scenario, and assuming that Mr Andy Lim exercises all of his 34,806,160 Warrants upon the completion of the Rights cum Warrants Issue, Mr Andy Lim, Mr Daniel Lin and Associated Leisure International Pte Ltd, being persons who are presumed to be acting in concert under the Takeover Code, will collectively have an interest in 300,049,280 Shares, representing approximately 29.76% of the enlarged issued share capital of the Company (excluding treasury shares).

2.5 Terms of Warrants

The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form. The Warrants will be listed and traded separately on the Catalist board of the SGX-ST (**"Catalist"**) under the book-entry (scripless) settlement system, subject to, *inter alia*, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other board lot size which the SGX-ST may require.

Subject to the terms and conditions to be set out in a deed poll constituting the Warrants (the **"Deed Poll"**), each Warrant will carry the right to subscribe for one (1) New Share at the Exercise Price, at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. (Singapore time) on the date immediately preceding the fifth anniversary of the date of issue of the Warrants, unless such date is a date on which the register of members and/or the register of warrant holders of the Company is closed or is not a market day, in which event the Warrants shall expire on the date prior to the closure of the register of members and/or the register of warrant holders of the Company or the immediately preceding market day (as the case may be), but excluding such period(s) during which the register of members and/or the register of warrant holders of the Company may be closed) (the **"Exercise Period"**). The Warrants that remain unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose. The Company will make an announcement of the expiry of the Exercise Period, and send a notice of expiry to all holders of the Warrants, at least one (1) month before the expiry date.

The Exercise Price and the number of Warrants to be held by each holder of Warrants will be subject to adjustments under certain circumstances as provided for in the Deed Poll, and the appropriate announcements on the adjustments will be made by the Company.

2.6 Issue Price and Exercise Price

The Issue Price of S\$0.018 per Rights Share represents a discount of approximately 33.33% to the last traded price of S\$0.027 for Shares traded on Catalist on 17 May 2017, being the market day immediately preceding this announcement on which Shares were traded.

The Exercise Price of S\$0.025 per New Share represents a discount of approximately 7.41% to the last traded price of S\$0.027 for Shares traded on Catalist on 17 May 2017, being the market day immediately preceding this announcement on which Shares were traded.

2.7 Ranking of Rights Shares and New Shares

The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares.

The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the New Shares.

For this purpose, a “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or The Central Depository (Pte) Limited (“**CDP**”), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.8 No Underwriting Arrangement

In view of the Irrevocable Undertaking provided by Mr Andy Lim, and the savings in cost enjoyed by the Company as a result of not having to pay underwriting fees, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

2.9 Further Information

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights cum Warrants Issue will be set out in the offer information statement (the “**Offer Information Statement**”) to be lodged with the SGX-ST (acting as an agent of the Monetary Authority of Singapore) and despatched by the Company to Entitled Shareholders in due course.

3. RATIONALE AND USE OF PROCEEDS

The Company is undertaking the Rights cum Warrants Issue to raise cash from the Shareholders for (i) the partial repayment of the loan granted by Tembusu Growth Fund II Ltd. (“**Tembusu**”) to Viking LR2 Pte. Ltd. (“**Viking LR2**”), an indirect wholly-owned subsidiary of the Company, and (ii) working capital purposes of the Company and its subsidiaries (the “**Group**”). Due to the current challenging conditions of the offshore and marine industry, it may be difficult for the Group to obtain borrowings from banks and other external sources. The Rights cum Warrants Issue will allow the Group to strengthen its financial position and capital base, be less reliant on external sources of funding, and also provide the Shareholders with an opportunity to further participate in the equity of the Company.

After deducting the estimated costs and expenses of S\$0.1 million, the net proceeds arising from the Rights cum Warrants Issue (before the exercise of the Warrants) are (i) approximately S\$7.36 million under the Maximum Subscription Scenario and (ii) approximately S\$1.15 million under the Minimum Subscription Scenario (the “**Net Proceeds**”).

The intended uses of the Net Proceeds are set out below:

| Use of Net Proceeds | Maximum Subscription Scenario | Minimum Subscription Scenario |
|---|-------------------------------|-------------------------------|
| Partial repayment of the loan granted by Tembusu to Viking LR2 ⁽¹⁾ | S\$1.50 million | S\$1.15million ⁽²⁾ |
| Working capital purposes ⁽³⁾ | S\$5.86 million | Nil |

Notes:

- (1) Tembusu has granted a term loan of a principal amount of S\$6.0 million to Viking LR2, which is due in June 2017. The Company intends to use the net proceeds from the Rights cum Warrants Issue to make a partial repayment of S\$1.5 million to Tembusu, and the parties have agreed in principle that the maturity date for the repayment of the balance of S\$4.5 million shall be extended to April 2018. The Company will make an announcement when the parties have entered into a definitive agreement for the extension of the loan.

Mr Andy Lim is a director and shareholder of Tembusu Partners Pte Ltd, which is the investment vehicle and fund manager of Tembusu.

- (2) Under the Minimum Subscription Scenario, any additional financing required for the partial repayment of the loan granted by Tembusu will be funded using internal funds and/or external financing as the Directors may deem necessary.
- (3) Including but not limited to the repayment, in part or in full, of any outstanding bank borrowings or shareholder loans owing by the Group, as the Directors may deem fit.

As and when the Warrants are exercised, the proceeds arising therefrom may, at the discretion from the Directors, be applied towards working capital purposes, expanding the business of the Group, financing new business ventures through acquisitions or strategic investments, and/or such other purposes as the Directors may deem fit.

Pending the deployment of the net proceeds raised from the Rights cum Warrants Issue, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities, as the Directors may deem appropriate in the interests of the Company.

The Company will make periodic announcements on the use of the proceeds from the Rights cum Warrants Issue as and when such proceeds are materially disbursed, and will provide a status report on the use of proceeds raised from the Rights cum Warrants Issue in its annual report(s), until such time the proceeds have been fully utilised. Where the proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and the annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

4. WORKING CAPITAL

For the purposes of Rule 814(1)(e) of the Listing Manual, the Directors are of the opinion that:

- (a) after taking into consideration the present bank facilities, the working capital available to the Group may not be sufficient to meet its present requirements; and
- (b) after taking into consideration the present bank facilities and the net proceeds of the Rights cum Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

In respect of paragraph 4(b) above, the Directors are of the opinion that the working capital available to the Group is sufficient to meet its present requirements after taking into account the Subscription Amount that Mr Andy Lim has advanced to the Company in connection with the Irrevocable Undertaking.

5. ELIGIBILITY TO PARTICIPATE

The Rights Shares with Warrants will be provisionally allotted to all Shareholders who are eligible to participate in the Rights cum Warrants Issue, being the Entitled Depositors and the Entitled Scripholders (both as defined below) (collectively, the **"Entitled Shareholders"**).

5.1 Entitled Depositors

"Entitled Depositors" are Shareholders with Shares standing to the credit of their securities accounts with CDP (the **"Securities Accounts"**) and whose registered addresses with CDP

are in Singapore as at the Books Closure Date or if they have registered addresses outside Singapore, have provided CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, with addresses in Singapore for the service of notices and documents no later than 5.00 p.m. (Singapore time) on the date being at least three (3) market days prior to the Books Closure Date.

Entitled Depositors will be provisionally allotted Rights Shares with Warrants on the basis of the Shares standing to the credit of their Securities Account as at 5.00 p.m. (Singapore time) on the Books Closure Date.

5.2 Entitled Scripholders

“Entitled Scripholders” are Shareholders whose share certificates are not deposited with CDP, whose Shares are registered in their own names, and whose registered addresses with the Company’s share registrar, M & C Services Private Limited (**“Share Registrar”**), are in Singapore as at the Books Closure Date or if they have registered addresses outside Singapore, have provided the Share Registrar at 112 Robinson Road, #05-01, Singapore 068902, with addresses in Singapore for the service of notices and documents no later than 5.00 p.m. (Singapore time) on the date being at least three (3) market days prior to the Books Closure Date.

Entitled Scripholders will have to submit duly completed and stamped transfers in respect of Shares not registered in the name of CDP, together with all relevant documents of title, so as to be received by the Share Registrar at 112 Robinson Road, #05-01, Singapore 068902 up to 5.00 p.m. (Singapore time) on the Books Closure Date, in order to be registered to determine provisional allotments of Rights Shares with Warrants.

5.3 CPF Investment Scheme

Shareholders who have subscribed for or purchased Shares under the Central Provident Fund Investment Scheme (**“CPFIS Shareholders”**) may use, subject to the applicable Central Provident Fund (**“CPF”**) rules and regulations, monies standing to the credit of their respective CPF Investment Accounts (**“CPF Funds”**) for the payment of the Issue Price to subscribe for the Rights Shares with Warrants. CPFIS Shareholders who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants using CPF Funds will need to instruct the respective approved CPF agent banks, where such CPFIS Shareholders hold their CPF Investment Accounts, to accept the Rights Shares with Warrants and (if applicable) apply for the excess Rights Shares with Warrants on their behalf in accordance with this Offer Information Statement. CPF Funds may not, however, be used for the purchase of provisional allotments of the Rights Shares with Warrants directly from the market.

5.4 Foreign Shareholders

For practicable reasons and to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares with Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior to the Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the **“Foreign Shareholders”**). The Offer Information Statement and its accompanying documents will not be despatched by the Company to Foreign Shareholders. As such, no provisional allotments of the Rights Shares with Warrants will be made to, and no purported acceptance thereof or application therefor by, Foreign Shareholders will be valid.

If it is practicable to do so and at the absolute discretion of the Company, arrangements may be made for provisional allotments of Rights Shares with Warrants which would otherwise be provisionally allotted to Foreign Shareholders to be sold “nil-paid” on Catalist, as soon as practicable after dealings in the provisional allotments of Rights Shares with Warrants commence.

Where such provisional allotments of Rights Shares with Warrants are sold “nil-paid” on Catalist, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Manager, the Sponsor, the Share Registrar or CDP in respect of such sales or proceeds thereof, such provisional allotments of Rights Shares with Warrants, or the Rights Shares with Warrants represented by such provisional allotments.

6. APPROVALS

The Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (a) the receipt of the listing and quotation notice from the SGX-ST for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist;
- (b) the lodgment of the Offer Information Statement and its accompanying documents with the SGX-ST (acting as agent of the Monetary Authority of Singapore); and
- (c) all other necessary consents, approvals and waivers, if required, from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the completion of the Rights cum Warrants Issue.

The Company will be making an application to the SGX-ST, through the Sponsor, for the listing and quotation of the Rights Shares, the Warrants and the New Shares on Catalist. The Company will make the relevant announcement upon receipt of the outcome of the application.

7. ADJUSTMENTS TO OUTSTANDING SECURITIES

As a result of the Rights cum Warrants Issue, adjustments may have to be made to the number and/or exercise price of the Existing Warrants and the Share Options. The Company will in due course make the appropriate announcement and notify holders of the Existing Warrants and the Share Options of such adjustments.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in paragraph 3 of this announcement, none of the Directors and substantial Shareholders has any interests, direct or indirect, in the Rights cum Warrants Issue, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

9. 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 Rights cum Warrants Issue, the Company and its subsidiaries, 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 are advised to exercise caution when dealing or trading in the Shares, as there is no certainty or assurance that the Rights cum Warrants Issue will be completed or that no changes will be made to the terms thereof. Shareholders and potential

investors are also advised to read this announcement and any further announcements by the Company carefully, and should consult their stock brokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Low Jooi Kok
Executive Director and Chief Executive Officer

18 May 2017

*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 Catalyst. 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.

The contact person for the Sponsor is Mr Ken Lee, Associate Director, Investment Banking. The contact particulars are 50 Raffles Place #09-01 Singapore Land Tower Singapore 048623, Telephone: +65 6337 5115.