

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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE REGULATION REGARDING 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

Unless otherwise defined, all capitalised terms shall bear the same meaning as set out in the Announcement (as defined herein).

The board of directors ("**Board**") of Viking Offshore and Marine Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement on 18 September 2020 in relation to the Company's entry into the Term Sheet in relation to the Proposed Disposal (the "**Announcement**"). The Board wishes to inform that the Singapore Exchange Regulation Pte Ltd ("**SGX RegCo**") had, on 21 September 2020, raised queries on the Announcement, and the Company would like to provide its responses as follows:

SGX RegCo Query 1

Please clarify why does the Company intend to enter into a term lease of the Properties for its operations following the completion of the Proposed Disposal? What are the Properties used for currently?

Company's Response

As at the date of this announcement, the Properties are currently used by the Group as its principal place of business (including its main office), and certain areas of the Properties which are not utilised by the Group have been sublet to third parties. Following Completion, the Company intends to enter into a term lease of certain areas of the Properties, which are currently being occupied by the Group, with the Purchaser. Such term lease will help minimise disruptions and provide continuity to the Group's operations subsequent to Completion.

SGX RegCo Query 2

How is the consideration of S\$12.1 million derived? Is this consideration confirmed for the S&P?

Company's Response

The Consideration of S\$12.1 million 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:

- (i) the financial condition of the Group and its inability to meet the debt repayment obligation to Maybank Singapore Limited ("**Maybank**"), being the mortgagee of the Properties;
- (ii) that, as at the date of Completion, VFMO will not hold any assets (other than the Properties) and liabilities (other than those liabilities agreed to be borne by VFMO following Completion, payment for which would have been provided for in the form of cash in VFMO's bank account);
- (iii) the prevailing economic conditions affecting the property market and the Company's previous futile efforts in sourcing for potential buyers in the open market at a higher price prior to the entry into the Term Sheet; and
- (iv) the rationale and benefits of the Proposed Disposal as set out in the Announcement.

The Properties are subject to a mortgage granted by VFMO in favour of Maybank in respect of facilities extended by Maybank in favour of VFMO and two of the Company's wholly-owned subsidiaries, namely Viking Airtech Pte Ltd and Marshal Systems Pte Ltd. As part of the Company's debt reorganisation efforts, the Company intends to use the Consideration towards the repayment of the facilities extended by Maybank and procure the release and/or discharge of the Properties by Maybank from the mortgage.

The Term Sheet constitutes a binding agreement of the Parties and sets out the key terms and conditions in respect of the Proposed Disposal for the Parties' further discussion. Accordingly, the Consideration for the Proposed Disposal is not confirmed for the Definitive Agreement, and may or may not be subject to changes at the point of entry of the Definitive Agreement.

SGX RegCo Query 3

Will the Company conduct a valuation on the 2 Properties prior to entering into a formal S&P Agreement?

Company's Response

Yes, the Company will commission a valuation to be conducted on the Properties in connection with the Proposed Disposal and prior to entry into the Definitive Agreement. Further information on such valuation will be provided in the Company's update announcement in compliance with the Catalist Rules when the Company enters into the Definitive Agreement with the Purchaser in respect of the Proposed Disposal.

SGX RegCo Query 4

Using the consideration of S\$12.1 million, please provide the information on Catalist Rule 1006, which thus requires shareholders' approval for the Proposed Disposal.

Company's Response

On the basis of the Term Sheet, the relative figures computed pursuant to Rule 1006 of Catalist Rules in respect of the Proposed Disposal are set out below:

Bases in Rule 1006	Relative Figure
(a) Net asset value of negative S\$3.60 million attributable to the Sale Shares, as compared with the Group's unaudited net asset value as at 30 June 2020 of S\$2.47 million	-146%
(b) Net loss ⁽¹⁾ of S\$0.17 million attributable to the Sale Shares, as compared with the Group's unaudited net loss ⁽¹⁾ for the six months period ended 30 June 2020 of S\$1.80 million	9%
(c) Aggregate consideration of S\$12.10 million, as compared with the Group's market capitalisation of S\$3.85 million ⁽²⁾	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. ⁽³⁾
(e) Aggregate volume of proved and probable reserves to be disposed of compared with the Group's proved and probable reserves	N.A. ⁽⁴⁾

Notes:

- (1) Net loss means loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

- (2) 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).
- (3) This is not applicable as the Proposed Disposal does not involve any issuance of consideration shares by the Company.
- (4) This is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures under Rules 1006(a) and 1006(c) of the Catalist Rules exceed 50%, and assuming the Consideration for the Proposed Disposal remains unchanged at S\$12.10 million at the point of entry of the Definitive Agreement, the Proposed Disposal constitutes a "major transaction" under Rule 1014 of the Catalist Rules and will be subject to the approval of Shareholders in a general meeting to be convened in due course. The Company wishes to highlight that, as set out in paragraph 3.2 of the Announcement, the Proposed Disposal will be conditional on, *inter alia*, the Company having obtained the approval of Shareholders for the Proposed Disposal.

By Order of the Board

Viking Offshore and Marine Limited

Ng Yeau Chong
Executive Director and Chief Executive Officer
22 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.