

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

**INDEPENDENT AUDITOR'S COMMENTS ON FINANCIAL STATEMENTS FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2020**

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the board of directors (the "**Board**") of Viking Offshore and Marine Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company's independent auditor, Ernst & Young LLP, has issued a disclaimer of opinion in the Independent Auditor's Report ("**IAR**") in relation to the Group's audited financial statements ("**Audited Financial Statements**") for the financial year ended 31 December 2020 ("**FY2020**").

Relevant extracts of the following are annexed to this announcement as "Appendix 1":

- (i) the disclaimer of opinion and basis for the disclaimer of opinion in the IAR for FY2020;
- (ii) Note 2.1 to the Audited Financial Statements for FY2020 titled "Summary of significant accounting policies - Basis of preparation - Going concern"; and
- (iii) Note 38 to the Audited Financial Statements for FY2020 titled "Events occurring after the reporting period".

The Board believes that the use of the going concern assumption in the preparation of the Audited Financial Statements for FY2020 is still appropriate after taking into consideration the assumptions and measures set out in Note 2.1 of the Audited Financial Statements for FY2020.

The Annual Report of the Company for FY2020 containing, *inter alia*, the IAR and the Audited Financial Statements for FY2020 will be released via a separate announcement on SGXNet and published in the Company's website (www.vikingom.com) in due course. Shareholders are advised to read this announcement in conjunction with the Audited Financial Statements for FY2020 set out in the Annual Report of the Company for FY2020.

BY ORDER OF THE BOARD

Viking Offshore and Marine Limited

Ng Yeau Chong
Executive Director and Chief Executive Officer

11 June 2021

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**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.

Appendix 1

(i) EXTRACT OF THE DISCLAIMER OF OPINION FROM THE INDEPENDENT AUDITOR'S REPORT

Disclaimer of Opinion

We were engaged to audit the financial statements of Viking Offshore and Marine Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

The Group incurred a net loss of \$26,088,085 during the financial year ended 31 December 2020 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by \$21,659,153 and \$20,645,958 respectively. As at 31 December 2020, the Group's total borrowings amounting to \$15,817,296 were in default and were classified as current liabilities, and exceeded its cash and bank balances of \$2,558,604 as at 31 December 2020. Additionally, as disclosed in Note 2.1 to the financial statements, the finalization of the proposed scheme of arrangement, which have been approved by the High Court, and the conditional share placement of \$2,000,000 in new ordinary shares and loan agreement for an interest-free loan of \$1,000,000 with two potential investors to the Company are subject to various conditions, amongst others, the approval of shareholders at an extraordinary general meeting and the receipt of the said funding. These conditions and events indicate the existence of material uncertainties which may cast significant doubt on the abilities of the Group and the Company to continue as going concerns.

The directors have prepared the financial statements on a going concern basis based on the assumptions as disclosed in Note 2.1 to the financial statements. However, based on the information available to us, we have not been able to obtain sufficient audit evidence to satisfy ourselves as to the appropriateness of the use of the going concern assumption in the preparation of the financial statements as the outcome of the proposed Scheme and other mitigation plans are yet to be concluded satisfactorily as at the date of these financial statements and is inherently uncertain.

The carrying values of the assets as recorded on the balance sheets of the Group and the Company as at 31 December 2020 have been determined based on their continuation as going concern and recovery in the normal course of business. If the going concern assumption is not appropriate and the financial statements were prepared on a realisation basis, the carrying values of assets and liabilities may be materially different from that currently recorded in the balance sheets. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets.

Appendix 1

(ii) EXTRACT OF NOTE 2.1 TO THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Going concern

The Group incurred a net loss of \$26,088,085 (2019: \$31,988,976) during the financial year ended 31 December 2020 and as at that date, the Group's and the Company's current liabilities exceeded its current assets by \$21,659,153 and \$20,645,958 respectively (2019: \$20,907,749 and 28,187,195). As at 31 December 2020, the Group's total borrowings (made up of loans and borrowings and redeemable exchangeable bonds) amounting to \$15,817,296 (2019: \$33,077,822) were classified as current liabilities. The Group's total borrowings that are due for repayment in the next 12 months exceeded its cash and bank balances of \$2,558,604 (2019: \$2,364,347) as at 31 December 2020.

Further, in June 2019, the High Court of Singapore had granted a moratorium against enforcement actions and legal proceedings by creditors against the Company and a wholly-owned subsidiary of the Company, Viking Asset Management Pte. Ltd. pursuant to section 211B and section 211C respectively of the Companies Act, Chapter 50.. Since then, the Company and the subsidiary have been undergoing a court-supervised process to reorganise their liabilities. In February 2021, the Company proposed a scheme of arrangement (the "Scheme") involving the settlement of the amounts owing which was accepted by its creditors and for which the High Court has approved. In addition, the Company entered into a conditional share placement and loan agreement with two potential investors for a placement of \$2,000,000 in new shares and an additional interest-free loan of \$1,000,000 to the Company. Both the finalisation of the proposed Scheme and the proposed placement of shares and loan agreement are subject to various conditions, amongst others, the approval of shareholders at an extraordinary general meeting and the receipt of the said funding.

The above conditions and events indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the Board of Directors believes that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2020 is still appropriate after taking into consideration the following assumptions and measures:

- a. The Company had, on 22 February 2021, proposed a scheme of arrangement to its creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018. Voting on the Scheme concluded on 13 April 2021 and the Scheme was approved by the requisite majorities of creditors. The High Court had on 28 May 2021 sanctioned and approved the Scheme. The Order of the Court sanctioning the Scheme was lodged to the Accounting and Corporate Regulatory Authority on 10 June 2021. Accordingly, the Scheme has commenced on 10 June 2021 and the moratorium provided for in the Scheme on the commencement, continuation or enforcement of proceedings against (i) the Company, and/or (ii) any current direct or indirect subsidiary or subsidiary undertaking of the Company, has come into effect and will continue for the duration of the Scheme in respect of the liabilities contemplated to be resolved under the terms of the Scheme. The finalisation of the Scheme is subjected to shareholder approval at an extraordinary general meeting and the completion of share placement agreement;
- b. The Company had on 1 February 2021 entered into a conditional placement and loan agreement with Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the "Investors") in relation to a proposed placement of shares in the Company for an aggregate consideration of \$2,000,000 ("Proposed Placement") and subject to the completion of the Proposed Placement occurring, the grant by the Investors to the Company of secured interest-free shareholders' loan of total \$1,000,000 repayable 12 months from the loan drawdown (the "Loan").

The Proposed Placement and the Loans will provide funds to the Company to facilitate the restructuring of its debts and liabilities as part of the Scheme. The Proposed Placement is subject to, amongst others, approval from the shareholders at an extraordinary general meeting as well as the finalisation of the Scheme;

Appendix 1

- c. The Group is taking active steps in containing costs and continue to explore its assets divestment plan to pare down its liabilities; and
- d. The Group expects that it will generate adequate cash flows from operations and secure sufficient financing from potential investors to meet its obligations as and when they fall due.

The Board of Directors are of the view that the Group and the Company will be able to successfully complete the financial restructuring exercise and accordingly, the Board of Directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

Appendix 1

(iii) EXTRACT OF NOTE 38 TO THE AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Events occurring after the reporting period

- (a) The Company had, on 22 February 2021, proposed a scheme of arrangement to its creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018. Voting on the Scheme concluded on 13 April 2021 and the Scheme was approved by the requisite majorities of creditors. The High Court had on 28 May 2021 sanctioned and approved the Scheme. The Order of the Court sanctioning the Scheme was lodged to the Accounting and Corporate Regulatory Authority on 10 June 2021. Accordingly, the Scheme has commenced on 10 June 2021 and the moratorium provided for in the Scheme on the commencement, continuation or enforcement of proceedings against (i) the Company, and/or (ii) any current direct or indirect subsidiary or subsidiary undertaking of the Company, has come into effect and will continue for the duration of the Scheme in respect of the liabilities contemplated to be resolved under the terms of the Scheme.
- (b) Company had on 1 February 2021 entered into a conditional placement and loan agreement with Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the "Investors") in relation to a proposed placement of shares in the Company for an aggregate consideration of \$2,000,000 ("Proposed Placement") and subject to the completion of the Proposed Placement occurring, the grant by the Investors to the Company of secured interest-free shareholders' loan of total \$1,000,000 repayable 12 months from the loan drawdown (the "Loans"). The Proposed Placement and the Loans will provide funds to the Company to facilitate the restructuring of its debts and liabilities as part of the Scheme. The Proposed Placement is subject to, amongst others, approval from the shareholders at an extraordinary general meeting as well as the finalisation of the Scheme.