

Kim Heng Positions for the Upturn, Purchases Three 130-ton Bollard Pull AHTS Vessels at US\$9.6 million

- ✓ **Group executes plan to capitalise on the attractive valuations of prospective targets**
- ✓ **Utilises IPO proceeds of S\$8.5 million to purchase these three AHTS Vessels**
- ✓ **Purchase comes at an opportune time when asset prices remain depressed and the Group positions itself for the eventual expected industry upturn**
- ✓ **Group's balance sheet remains healthy and modest gearing level enables it to assess further potential opportunities**

Singapore, 12 June 2017

Kim Heng Offshore & Marine Holdings Limited ("Kim Heng" or the "Group"), an established integrated offshore and marine value chain services provider, is pleased to announce that it has completed the purchase of three 10,800 bhp Anchor Handling Tug / Supply ("AHTS") Vessels namely the SWIBER ANNE-CHRISTINE, SWIBER ELSE-MARIE and SWIBER MARY-ANN (collectively, the "Vessels") for a total consideration of US\$9.6 million.

The ABS Class 130 ton Bollard Pull Vessels, each measuring 70.0 metres by 16.8 metres by 7.5 metres with a gross weight of approximately 812 tons, are targeted to be used to perform tow services for the Group's clients' jack-up rigs and salvage operations. The Group also aims to deploy the Vessels for long term charters as and when opportunities arise. The maintenance and upkeep of the Vessels will be kept at a minimum as the Vessels can be held at the Group's own yard.

Previously valued at approximately US\$33.0 million per vessel, the downturn of the oil and gas industry has enabled the Group to acquire these assets at extremely low valuations. As

part of the Group's effort to prepare for the eventual expected industry upturn, it is pursuing strategic transactions that complement its existing business.

This improvement in capabilities is in line with the Group's plans for its IPO proceeds pursuant to which S\$20.0 million was allocated for capital expenditure for enhancement of yard facilities and fleet expansion and S\$7.0 million was allocated for expansion of business scope via investments, acquisitions and strategic alliances. Of the US\$9.6 million (S\$13.5 million) which is required for the purchase of the Vessels, S\$8.5 million of IPO proceeds will be utilised and S\$5.0 million will be drawn down from the Group's existing bank loans.

On the purchase, Executive Chairman & CEO of the Group, Mr. Thomas Tan commented, *"We have good knowledge of the industry and the financial strength to take advantage of the opportunities that present during challenging industry conditions. Against a backdrop of uncertainty, it presents an opportunity for us to capitalise and we are pleased that Kim Heng has been able to successfully purchase these Vessels to strengthen our long-term position at a fraction of the cost."*

We have always been cautious in the deployment of our IPO proceeds in order to ensure that we enhance our shareholders' long term value. We are mindful to remain prudent and incremental in our strategy, guided by evolving market opportunities.

The Vessels will enhance our service capabilities in these challenging market conditions and we target to use them in the course of our normal business operations as well as aim for long term charters for these Vessels."

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About Kim Heng Offshore & Marine Holdings Limited (Bloomberg Ticker: KHOM SP)

www.kimheng.com.sg

With over 40 years of experience and listed on the Catalist Board of the Singapore Exchange Securities on the 22nd of January 2014, Kim Heng Offshore & Marine Holdings Limited (“**Kim Heng**” or the “**Group**”) is an established integrated offshore and marine value chain services provider, engages in different stages of offshore oil and gas projects from oil exploration to field development and oil production.

Kim Heng has built its brand over the years and currently caters to world renowned customers from over 25 countries in the regions of Southeast Asia, USA, Latin America, Australasia, Middle East and Europe.

The Group’s operations are strategically located in Singapore, with two shipyards at 9 Pandan Crescent and 48 Penjuru Road. The shipyards, consists of a combined waterfront of 205 metres, enable the Group to carry out afloat repairs, fabrication, newbuild, painting and blasting works.

Kim Heng’s three main business segments.

Offshore Rig Services & Supply Chain Management

Offshore Rig Services

- Construction and fabrication works of sections or components of drilling rigs & drillships
- Installation of offshore production modules and systems
- Afloat repairs, maintenance and refurbishment of offshore rigs, platforms & vessels
- Supply of offshore drilling and production equipment
- 24/7 Oil spill response and salvage operations

Supply Chain Management

- Provision of offshore supply vessels and heavy-lift equipment
- Provision of logistics, general shipping and crew management

Heavy-lift Equipment

- Provision of heavy equipment both for sale and rent
- Import and export of heavy equipment
- These include crawler cranes, lorry cranes and mobile cranes

Vessel Sales & Newbuild

- Purchase and refurbishment of vessels for onselling
- Newbuilding of vessels



KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

Incorporated in the Republic of Singapore on 29 April 2013
Company Registration Number: 201311482K

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