



**KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED**  
(Company Registration Number: 201311482K)  
(Incorporated in the Republic of Singapore on 29 April 2013)

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## REALLOCATION OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

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The Board of Directors (the “**Board**”) of Kim Heng Offshore & Marine Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Company’s offer document in connection with its initial public offering (“**IPO**”) and to its 2015 annual report, and wishes to provide an update on the use of proceeds raised from the IPO (the “**IPO Proceeds**”).

Due to currently weak market sentiment in the oil and gas industry and challenging economic conditions, the Board has reviewed and carefully deliberated on the allocation of the IPO Proceeds. The Board has concluded that it is to reallocate: i) S\$5 million initially allocated to capital expenditure for enhancement of yard facilities and fleet expansion; and ii) S\$0.11 million initially allocated to IPO expenses, to fund the general working capital requirements of the Company including the purchase of materials for trading purposes and operating expenses. The following table summarises the reallocation of IPO Proceeds:

	<b>Amount allocated in the Offer Document (S\$'000)</b>	<b>Amount utilised as at 19 October 2016 (S\$'000)</b>	<b>Amount re- allocated on 19 October 2016 (S\$'000)</b>	<b>Amount unutilised as at 19 October 2016 (S\$'000)</b>
Capital expenditure for enhancement of yard facilities and fleet expansion	20,000	(4,918) <sup>(1)</sup>	(5,000)	10,082
Expansion of business scope via investments, acquisitions and strategic alliances	7,000	-	-	7,000
General working capital	9,400	(8,548) <sup>(2)</sup>	5,110	5,962
IPO expenses	3,600	(3,490)	(110)	-
	<b>40,000</b>	<b>(16,956)</b>	<b>-</b>	<b>23,044</b>

Notes:

- (1) Amount used to partially fund the building construction cost and renovation cost for the plot of land located at 48 Penjuru Road, and used for the down payment for the purchase of two vessels
- (2) Amount mainly used for the purchase of materials for trading purposes and operating expenses, including but not limited to office overhead expenses and general administration expenses

The Board is of the view that the reallocation of the IPO Proceeds is in the best interests of the Company and its shareholders as: (i) there will be no major capital expenditure for the enhancement of yard facilities and fleet expansion in the near-term due to the current downturn in the oil and gas industry and challenging economic conditions, and (ii) no further IPO expenses will be incurred since the IPO has been completed.

The Company will make periodic announcements via SGXNET on the utilisation of the reallocated IPO Proceeds as and when they are materially disbursed.

#### **BY ORDER OF THE BOARD**

Tan Keng Siong Thomas  
Executive Chairman and CEO  
Kim Heng Offshore & Marine Holdings Limited  
20 October 2016

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*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Advisors Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").*

*The Sponsor has not independently verified the contents of this announcement. 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 Mr Sebastian Jones, Director, SAC Advisors Private Limited at 1 Robinson Road #21-02 AIA Tower Singapore 048542, telephone (65) 6532 3829.*

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