



Company Registration No. 201311482K

KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2020

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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.*

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1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 Months		+/-
	1 Jan 2020 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019	
	S\$'000	S\$'000	%
Revenue	17,684	32,695	(46)
Cost of sales	(13,011)	(25,958)	(50)
Gross profit	4,673	6,737	(31)
Gross profit margin	26%	21%	
Other income	1,676	321	>100
Distribution expenses	(358)	(480)	(25)
Administrative expenses	(5,401)	(6,054)	(11)
Other operating expenses	(1,371)	(2,176)	(37)
Finance costs	(873)	(918)	(5)
Loss before tax	(1,654)	(2,570)	(36)
Tax expenses	(31)	646	N.M.
Loss for the period	(1,685)	(1,924)	(12)
Other comprehensive income, net of tax			
Translation differences relating to financial statements of foreign operations	210	(26)	N.M.
Total comprehensive loss for the period	(1,475)	(1,950)	(24)
Net (loss)/profit attributable to:			
Owners of the Company	(1,205)	(1,974)	(39)
Non-Controlling Interests	(480)	50	N.M.
	(1,685)	(1,924)	
EBITDA gain	2,937	2,906	1

N.M. – not meaningful

1 (a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

(i) Loss for the period is arrived at after charging/ (crediting) the following:

	6 Months		+/-
	1 Jan 2020 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019	
	S\$'000	S\$,000	
Interest income from bank deposits	(7)	(7)	-
Miscellaneous income	(1,471)	(314)	>100
(Gain)/Loss on disposal of property, plant and equipment	(198)	203	N.M.
Currency translations losses - net	347	193	80
Interest on loans and borrowings	873	918	(5)
Depreciation of property, plant and equipment & right-of-use assets	3,718	4,558	(18)
Adjustment for over provision of tax in respect of prior years	-	(646)	N.M.
Over provision for inventories obsolescence	-	(2)	N.M.

N.M. – not meaningful

1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	As at 30 Jun 2020	As at 31 Dec 2019	As at 30 Jun 2020	As at 31 Dec 2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	68,128	62,386	–	–
Right-of-use assets	9,082	8,421	–	–
Club memberships	57	57	–	–
Investment in subsidiaries	–	–	80,127	80,127
	<u>77,267</u>	<u>70,864</u>	<u>80,127</u>	<u>80,127</u>
Current assets				
Inventories	387	242	–	–
Trade and other receivables	10,681	13,856	1,187	1,823
Cash and cash equivalents	2,964	3,063	84	124
Assets held-for-sale	26,557	27,807	–	–
	<u>40,589</u>	<u>44,968</u>	<u>1,271</u>	<u>1,947</u>
Total assets	<u>117,856</u>	<u>115,832</u>	<u>81,398</u>	<u>82,074</u>
EQUITY				
Share capital	74,409	74,409	74,409	74,409
Treasury shares	(130)	(120)	(130)	(120)
Reserves	(32,687)	(32,957)	–	–
Accumulated profits	18,513	19,718	3,341	3,657
Equity attributable to owners of the Company	<u>60,105</u>	<u>61,050</u>	<u>77,620</u>	<u>77,946</u>
Non-Controlling interests	2,845	830	–	–
Total Equity	<u>62,950</u>	<u>61,880</u>	<u>77,620</u>	<u>77,946</u>
LIABILITIES				
Non-current liabilities				
Loans and borrowings	16,512	10,707	2,757	3,038
Lease liabilities	2,847	2,845	–	–
Deferred tax liabilities	3,391	3,397	–	–
	<u>22,750</u>	<u>16,949</u>	<u>2,757</u>	<u>3,038</u>
Current liabilities				
Loans and borrowings	17,235	17,983	808	784
Lease liabilities	6,830	6,736	–	–
Trade and other payables	7,926	12,127	213	306
Current tax payable	165	157	–	–
	<u>32,156</u>	<u>37,003</u>	<u>1,021</u>	<u>1,090</u>
Total liabilities	<u>54,906</u>	<u>53,952</u>	<u>3,778</u>	<u>4,128</u>
Total equity and liabilities	<u>117,856</u>	<u>115,832</u>	<u>81,398</u>	<u>82,074</u>

1 (b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one (1) year or less, or on demand

	As at 30 June 2020	As at 31 December 2019
	Secured	Secured
	S\$'000	S\$'000
Loans and borrowings	17,235	17,983
Lease liabilities	6,830	6,736

Amount repayable after one (1) year

	As at 30 June 2020	As at 31 December 2019
	Secured	Secured
	S\$'000	S\$'000
Loans and borrowings	16,512	10,707
Lease liabilities	2,847	2,845

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$31.9 million are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of approximately S\$0.36 million are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$71.5 million to secure outstanding term loan and finance lease liabilities of S\$39.6 million.

1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	6 months ended	
	30 June 2020	30 June 2019
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before income tax	(1,654)	(2,570)
Adjustments for:		
Depreciation of property, plant and equipment and right-of-use assets	3,718	4,558
(Gain)/Loss on disposal of property, plant and equipment	(198)	203
Interest income	(7)	(7)
Interest expense	873	918
	<u>2,732</u>	<u>3,102</u>
Changes in working capital:		
Inventories	(145)	(60)
Trade and other receivables	5,015	(9,375)
Trade and other payables	(5,246)	5,026
Cash used in operations	<u>2,356</u>	<u>(1,307)</u>
Income tax paid	(23)	-
Net cash generated from/(used) in operating activities	<u>2,333</u>	<u>(1,307)</u>
Cash flows from investing activities		
Deposits pertaining to purchase of property, plant and equipment	(530)	(20)
Purchase of property, plant and equipment	(4,651)	(312)
Proceeds from disposal of property, plant and equipment	2,211	6,093
Interest received	7	7
Net cash (used) in/ generated from investing activities	<u>(2,963)</u>	<u>5,768</u>
Cash flows from financing activities		
Interest paid	(873)	(918)
Repayment of finance lease liabilities	(1,183)	(1,429)
Repayment of term loans	(1,851)	(3,120)
Repayment of trust receipts, net	(764)	(12)
Proceeds from term loan drawn down	2,600	1,500
Payment of treasury shares	(10)	(10)
Proceeds from issuance of shares to non-controlling interests	2,555	-
Deposits pledged	(65)	(12)
Net cash generated from/(used) in financing activities	<u>409</u>	<u>(4,001)</u>
Net (decrease)/increase in cash and cash equivalents	(221)	460
Cash and cash equivalents at beginning of the period	2,771	1,685
Effect of exchange rate fluctuations on cash and cash equivalents	57	(30)
Cash and cash equivalents at end of the period~	<u>2,607</u>	<u>2,115</u>
Significant non-cash transactions during the period:		
Acquisition of vessels	5,071	
Acquisition of other plant and equipment	1,279	
	<u>6,350</u>	
~Cash and cash equivalents consist of the following:	6 months ended	6 months ended
	30 Jun 2020	30 Jun 2019
	S\$'000	S\$'000
Cash at bank and in hand	2,607	2,115
Fixed deposits	357	294
Cash and cash equivalents	<u>2,964</u>	<u>2,409</u>
Deposits pledged	(357)	(294)
Cash and cash equivalents in the statements of cash flows	<u>2,607</u>	<u>2,115</u>

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group 2019	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
As at 1 January 2019	74,409	(110)	(32,763)	(76)	27,474	68,934	20	68,954
Total comprehensive income for the financial period								
Loss for the financial period	–	–	–	–	(1,974)	(1,974)	50	(1,924)
Other comprehensive income/Total other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	(26)	–	(26)	–	(26)
Total other comprehensive income for the financial period	–	–	–	(26)	–	(26)	–	(26)
Total comprehensive loss for the financial period	–	–	–	(26)	(1,974)	(2,000)	50	(1,950)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(10)	–	–	–	(10)	–	(10)
Total transactions with owners	–	(10)	–	–	–	(10)	–	(10)
As at 30 June 2019	74,409	(120)	(32,763)	(102)	25,500	66,924	70	66,994

Group	Share capital	Treasury shares	Merger deficit	Currency translation reserve	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2020								
As at 1 January 2020	74,409	(120)	(32,763)	(194)	19,718	61,050	830	61,880
Total comprehensive income for the period								
Loss for the financial period	–	–	–	–	(1,205)	(1,205)	(480)	(1,685)
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	270	–	270	(60)	210
Total comprehensive loss for the period	–	–	–	270	(1,205)	(935)	(540)	(1,475)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(10)	–	–	–	(10)	–	(10)
Issuance of shares	–	–	–	–	–	–	2,555	2,555
Total transactions with owners	–	(10)	–	–	–	(10)	2,555	2,545
As at 30 June 2020	74,409	(130)	(32,763)	76	18,513	60,105	2,845	62,950

Company	Share capital	Treasury shares	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2019	74,409	(110)	3,448	77,747
Total comprehensive loss for the financial period	–	–	(357)	(357)
Transactions with owners, recognised directly in equity				
Purchase of treasury shares	–	(10)	–	(10)
As at 30 June 2019	74,409	(120)	3,091	77,380
2019				
As at 1 January 2020	74,409	(120)	3,657	77,946
Total comprehensive loss for the financial period	–	–	(316)	(316)
Transactions with owners, recognised directly in equity				
Purchase of treasury shares	–	(10)	–	(10)
As at 30 June 2020	74,409	(130)	3,341	77,620

1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, , subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	Issued and paid-up share capital (\$\$)
Issued and fully paid ordinary shares		
Balance at 31 December 2019	710,000,000	76,133,121
Balance as at 30 June 2020	710,000,000	76,133,121

During the half year ended 30 June 2020 ("1H2020"), there was a share buyback by the Company of 475,000 shares by way of market acquisition and held as treasury shares.

Treasury shares

The number of treasury shares held by the Company as at 30 June 2020 is 1,792,700 representing 0.25% of the total number of issued shares outstanding as at 30 June 2020 (30 June 2019: 1,317,700 representing 0.19% of the total number of issued shares outstanding as at 30 June 2019).

There were no outstanding options, convertibles held by the Company as at 30 June 2019 and 30 June 2018.

1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 30 June 2020	As at 31 December 2019
Total issued shares (excluding treasury shares)	708,207,300	708,682,300

1 (d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During 1H2020, there were no sale, cancellation and/or use of treasury shares.

1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the 6-months financial period ended 30 June 2020 ("1H2020") as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to paragraph 4 above.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

Loss per share based on the weighted average number of ordinary shares on issue:

Loss per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

	1H - 6 Months	
	1 Jan 2020 to 30 Jun 2020	1 Jan 2019 to 30 Jun 2019
Net loss attributable to equity holders of the Company (S\$'000)	(1,205)	(1,974)
Weighted average number of ordinary shares outstanding	708,408,976	708,780,377
Basic and fully diluted loss per share (cents per share)	(0.2)	(0.3)

The diluted and basic loss per share are the same for each of 1H2020 and 1H2019 as the Company has no dilutive equity instruments as at 30 June 2020 and 30 June 2019.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year:

	Group		Company	
	As at 30 June 2020	As at 31 December 2019	As at 30 June 2020	As at 31 December 2019
Net asset value per ordinary share (cents)	8.9	8.7	11.0	11.0
Number of ordinary shares used in calculating net asset value per ordinary share	708,207,300	708,682,300	708,207,300	708,682,300

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

Revenue

Revenue for 1H2020 decreased by S\$15.0 million or 45.9%, from S\$32.7 million in 1H2019 to S\$17.7 million in 1H2020 as the Group recorded decrease in revenue in all segments during the 1st half of year 2020 due to COVID-19 circuit breaker.

Cost of sales, gross profit and gross profit margin

Cost of sales decreased by S\$13.0 million or 49.9%, from S\$26.0 million in 1H2019 to S\$13.0 million in 1H2020, in line with the decrease in revenue.

Gross profit decreased by S\$2.0 million or 30.6%, from S\$6.7 million in 1H2019 to S\$4.7 million in 1H2020, in line with the decrease in revenue.

Gross profit margin increased to 26% in 1H2020 as compared to 21% in the last corresponding period, as the Group managed to secure certain higher margin contracts during the half year.

Other income

Other income increased by S\$1.36 million, from S\$0.32 million in 1H2019 to S\$1.68 million in 1H2020, mainly due to the government grants and incentives under the Jobs Support Scheme and foreign worker levy rebates.

Distribution expenses

Distribution expenses decreased by S\$0.12 million or 25.4%, from S\$0.48 million in 1H2019 to S\$0.36 million in 1H2020 mainly due to lower brokerage fees and travelling expenses.

Administrative expenses

Administrative expenses decreased by S\$0.65 million or 10.8%, from S\$6.05 million in 1H2019 to S\$5.4 million in 1H2020 mainly due to lower staff costs.

Other operating expenses

Other operating expenses decreased by S\$0.81 million or 37.0%, from S\$2.18 million in 1H2019 to S\$1.37 million in 1H2020 mainly due to the lower depreciation as 48 Penjuru Road property has been reclassified as assets held-for-sale as at 31 December 2019.

Finance costs

Finance costs decreased by S\$45,000 or 4.9%, from S\$918,000 in 1H2019 to S\$873,000 in 1H2020 mainly due to lower interest expenses incurred for trust receipts, bank overdraft and finance leases partially offset by the increase in interest expenses incurred for term loans.

Net loss after tax

As a result of the above, the Group incurred a loss of S\$1.7 million in 1H2020 as compared to a loss of S\$1.9 million in 1H2019.

EBITDA

The group achieved an EBITDA gain of S\$2.94 million in 1H2020 as compared to S\$2.91 million in 1H2019.

Statement of Financial Position

Non-current assets

Non-current assets increased by S\$6.4 million from S\$70.9 million as at 31 December 2019 to S\$77.3 million as at 30 June 2020. The increase was mainly due to purchase of vessels and plant & equipment in 1H2020.

Current assets

Current assets decreased by S\$4.4 million from S\$45.0 million as at 31 December 2019 to S\$40.6 million as at 30 June 2020. This was mainly due to a decrease in trade and other receivables, assets held-for sale and cash and cash equivalents, partially offset by increase in inventories.

Cash and cash equivalents decreased from S\$3.06 million as at 31 December 2019 to S\$2.96 million as at 30 June 2020 mainly due to cash used in repayment of term loans and finance lease liabilities and cash used in investing activities.

Inventories increased from S\$0.24 million as at 31 December 2019 to S\$0.39 million as at 30 June 2020 due to purchase of materials for projects to be undertaken in 2H2020.

Trade and other receivables decreased from S\$13.9 million as at 31 December 2019 to S\$10.7 million as at 30 June 2020 which is line with lower Group revenue for 1H2020.

Receivable turnover increased from 66 days as at 31 December 2019 to 109 days as at 30 June 2020 due to slower collection caused by COVID-19 circuit breaker imposed from April 2020 to June 2020.

Non-Controlling interests

Non-controlling interests increased by S\$2.0 million from S\$0.8 million to S\$2.8 million mainly due to issuance of shares to the non-controlling interest of Bridgewater Offshore Pte. Ltd. and Bridgewater Marine (Taiwan) Limited, which were incorporated during the current financial period, partially offset by non-controlling interests share of losses for the current financial period.

Non-current liabilities

Non-current liabilities increased by S\$5.8 million, from S\$17.0 million as at 31 December 2019 to S\$22.8 million as at 30 June 2020, mainly due to new loans drawn down for the purchase of vessels and equipment.

Current liabilities

Current liabilities decreased by S\$4.8 million, from S\$37.0 million as at 31 December 2019 to S\$32.2 million as at 30 June 2020 mainly due to decrease in trade & other payables.

Payable turnover day increased from 87 days as at 31 December 2019 to 128 days as at 30 June 2020 mainly due to slower payment caused by COVID-19 circuit breaker imposed from April 2020 to June 2020.

Consolidated Statement of Cash flows

In 1H2020, net cash generated from operating activities before changes in working capital amounted to S\$2.7 million due to a loss before income tax of S\$1.65 million, and adjustments for mainly depreciation of property, plant and equipment and right-of-use assets of S\$3.7 million, interest expense of S\$0.9 million and gain on disposal of plant and equipment of S\$0.2 million. The overall net cash generated from operating activities amounted to S\$2.3 million was due to net working capital outflows of S\$0.37 million and income tax paid of S\$23,000.

Net cash used in investing activities of S\$3.0 million in 1H2020 was mainly due to purchase of property, plant & equipment partially offset by the proceeds from disposal of equipment and interest received.

Net cash generated from financing activities of S\$0.4 million in 1H2020 were mainly due to proceeds from term loans and issuance of shares to non-controlling interest of the newly incorporated subsidiaries, partially offset by interest payment and the repayment of obligations under trust receipt, lease liabilities and term loans.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$0.2 million in cash and cash equivalents (as adjusted for deposits pledged) in 1H2020.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been made.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

For the six months ended 30 June 2020, the revenue decreased by 46% from S\$32.6 million in 1H2019 to S\$17.6 million in 1H2020, owing to the impact of Covid-19. The imposition of circuit breaker measures by the Singapore Government in April 2020 has severely impacted the Group's businesses.

Although the circuit breaker measures have been gradually lifted, these measures will not be sufficient to restore business activities to pre-Covid-19 levels in the near term. The Group's revenue from all segments have been hit, especially the marine and offshore construction segment and the equipment rental segment as the spike in Covid-19 infections among foreign workers living in dormitories has led to the stoppage of most of the Group's construction projects, causing delays to project schedules, increased project costs and disruption in project management.

The extent of the delays remains uncertain as the equipment rental and the shipyard fabrication works did not resume to their normal level of operations even after the circuit breaker was lifted on 1 June 2020. The Group has to meet additional safety and controlled restart measures required by the authorities and will continue to face a challenging landscape in the near-term.

Despite the challenges, the Group made an EBITDA gain of S\$2.94 million in 1H2020 as compared to an EBITDA gain of S\$2.91 million in 1H2019 as the Group managed to secure and complete certain higher margin contracts in the first quarter of FY2020.

From 3Q 2020 onwards, fabrication work in our shipyards has resumed to pre-circuit breaker levels with the return of our workers from the dormitories. We therefore expect revenue to improve in 2H 2020.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No dividend has been declared or recommended for 1H2020.

(b) Previous corresponding period

No dividend was declared or recommended for 1H2019.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) Date Payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend was declared or recommended for 1H2020 as the Group has been incurring losses for 1H2020. It is the Group's intention to conserve cash for working capital and business expansion purposes.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for interested person transactions.

14. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Listing Manual.

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the interim financial results for the half year ended 30 June 2020 to be false or misleading in any material aspect.

15. Issuer to confirm that it has procured undertaking from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

The Board of Directors confirms that they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

16. Disclosure on Acquisition and Realisation of Shares pursuant to Rule 706A of the Catalyst Rules

During 1H2020,

- (i) the Company's wholly-owned subsidiary, Kim Heng Marine & Oilfield Pte Ltd ("**KHMO**") incorporated the following joint venture company:

Name of company	:	Bridgewater Marine (Taiwan) Limited
Incorporation date	:	27 February 2020
Issued and paid-up shares capital	:	NTD1,000,000
Percentage of issued and paid-up share capital held by KHMO	:	49%
Principal activity	:	Charter vessels to customers in Taiwan

- (ii) the Company's indirect wholly-owned subsidiary, Mazu Land & Marine Works Pte Ltd ("**MLMW**") incorporated the following branch in Taiwan:

Name of company	:	Mazu Land & Marine Works Pte Ltd (Taiwan Branch)
Incorporation date	:	17 March 2020
Issued and paid-up shares capital	:	NTD5,000,000
Percentage of issued and paid-up share capital held MLMW	:	100%
Principal activity	:	Charter vessels to customers in Taiwan

- (iii) the Company's wholly-owned subsidiary, Alpine Progress Shipping Pte Ltd ("**APS**") incorporated the following 80%-owned subsidiary:

Name of company	:	Khan Hin Engineering Pte Ltd
Incorporation date	:	8 April 2020
Issued and paid-up shares capital	:	S\$1,000 comprising of 1,000 ordinary shares
Percentage of issued and paid-up share capital held by APS	:	80%
Principal activity	:	Ship building, repairs and maintenance, fabrication, assembly and installation

- (iv) the Company's wholly-owned subsidiary, Kim Heng Offshore & Marine Pte Ltd ("**KHOMPL**") increasing its shareholding interest in the following joint venture company:

Name of company	:	Bridgewater Offshore Pte Ltd
Effective date of change in interest	:	30 April 2020
Issued and paid-up shares capital	:	US\$5,367,454
Percentage of issued and paid-up share capital held by KHOMPL	:	51%
Principal activity	:	Undertake ownership, management and operation of vessels

- (v) the Company's joint venture company, Bridgewater Offshore Pte Ltd ("**BWO**") incorporated the following 100% owned companies:

Name of company	:	Bridgewater 163 Pte Ltd
Incorporation date	:	22 April 2020
Issued and paid-up shares capital	:	US\$40,000
Percentage of issued and paid-up share capital held by BWO	:	100%
Principal activity	:	Undertake ownership, management and operation of vessels

Name of company	:	Bridgewater 168 Pte Ltd
Effective date of change in interest	:	22 April 2020
Issued and paid-up shares capital	:	US\$40,000
Percentage of issued and paid-up share capital held by BWO	:	100%
Principal activity	:	Undertake ownership, management and operation of vessels

Name of company	:	Bridgewater 80 Pte Ltd
Effective date of change in interest	:	22 April 2020
Issued and paid-up shares capital	:	US\$40,000
Percentage of issued and paid-up share capital held by BWO	:	100%
Principal activity	:	Undertake ownership, management and operation of vessels

Name of company	:	Bridgewater 160 Pte Ltd
Effective date of change in interest	:	7 July 2020
Issued and paid-up shares capital	:	US\$40,000
Percentage of issued and paid-up share capital held by BWO	:	100%
Principal activity	:	Undertake ownership, management and operation of vessels

Name of company	:	Bridgewater 161 Pte Ltd
Effective date of change in interest	:	7 July 2020
Issued and paid-up shares capital	:	US\$40,000
Percentage of issued and paid-up share capital held by BWO	:	100%
Principal activity	:	Undertake ownership, management and operation of vessels

For more details, please refer to the announcements dated 27 March 2020, 9 April 2020, 21 May 2020 and 24 July 2020.

BY ORDER OF THE BOARD

Thomas Tan Keng Siong
 Executive Chairman and CEO
 11 August 2020