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

COMPLETION OF THE PROPOSED SALE OF 2 UNITS OF 250 FEET CRANE BARGES

*Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to it in the announcement of the Company dated 15 January 2021(the "**Announcement**").*

1. INTRODUCTION

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 Announcement in relation to the Proposed Sale of the Group's two units of 250 feet crane barges with four-point mooring (the "**Barges**") to Hung Hua Construction Co. Limited, Taiwan ("**Hunghua**") and is pleased to announce that the Proposed Sale is completed on 28 April 2021 ("**Sale**").

2. SALE OF THE BARGES

In the Announcement, it was stated that the Group's wholly-owned subsidiary, Kim Heng Marine & Oilfield Pte Ltd had entered into a non-binding memorandum of understanding ("**MOU**") with Hunghua to dispose the Barges to Hunghua. Further to the MOU, the Company had entered into a memorandum of agreement in relation to the Proposed Sale to dispose the Barges to Hunghua at a consideration of US$5.2 million (including modification and towage costs). Accordingly, the Company has received confirmation from Hunghua that the Barges have been delivered and Hunghua is carrying out inspection of the Barges. Upon acceptance of the delivery of the Barges, Hunghua will disburse the remaining 20% of the sale proceeds to the Company.

3. VALUE OF THE BARGES AND THE LOSS ON THE DISPOSAL

The Barges has an aggregate net book value of S$5.27 million as at 31 December 2020. Assuming that the Sale was completed on 31 December 2020, the loss on the disposal over the book value of the Barges, as at 31 December 2020 would be approximately S$0.1 million. No valuation report on the Barges was prepared for purposes of the Sale.

4. CONSIDERATION AND INTENDED USE OF SALES PROCEEDS

The aggregate Consideration for the Sale is US$5.2 million. The Consideration was arrived at based on arm's length negotiation and on a willing-buyer and willing-seller basis, after taking into account the prevailing market conditions, towage and the modification costs of the Barges. The Consideration will be satisfied via cash by Hunghua to the Company.

As the Sale results in a loss on disposal, the disclosure on the intended use of the proceeds is not meaningful.

5. RATIONALE FOR THE PROPOSED SALE

Despite the fact that the Company recorded a loss on the Proposed Sale, the Company recorded revenue of US$1.3 million by providing modifying and towage services to the Barges.

The Board refers to the Announcement which indicated that Hunghua has also invited the Group to participate in the full-swing construction of offshore wind energy project and harbour construction in Taiwan where both parties are to maintain a high level of collaboration and cooperation between the parties.

In line with the above, the Board considers that the Proposed Sale is in the best interest of the Company to sell the barges to support the Company's diversification into the offshore renewables market.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 IN RELATION TO THE PROPOSED SALE

Based on the latest audited consolidated financial statements of the Group for the full year ended 31 December 2020 ("**FY2020**"), the relative figures of the Proposed Sale computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**") are as follows:

Rule 1006	**Bases**	**Size of Relative Figures (%)**
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets.	8.88(1)
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable(2)
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.	24.8(3)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable(4)

Rule 1006	Bases	Size of Relative Figures (%)
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable[(5)]

Notes:

(1) The Group's net assets as at 31 December 2020 is S$59.4 million and the net asset value of the Barges at as 31 December 2020 is S$5.27 million.

(2) The Barges have historically been utilised for generating chartering revenue under our Offshore Rig Services and Supply Chain Management Segment and are among other vessels and equipment used by the Group to generate profit under this segment. For the review and analysis of the segmental financials, the Group calculates profitability on an overall segmental basis and it would not be feasible to assign a profit value to any particular assets, including vessels, of the Group. In view of the foregoing, it would not be possible to calculate the relative figure for Rule 1006(b).

(3) Based on the Consideration of US$$5,200,000 (being approximately S$6,916,000 based on an exchange rate of US$1: S$1.33) and the market capitalisation of the Company of approximately S$27,891,548, computed based on a total number of 707,907,300 shares of the Company in issue (excluding treasury shares and subsidiary holdings) at the volume weighted average price of S$0.0394 per share transacted on 26 April 2021, being the weighted average price of the Company's shares transacted on the market day preceding the date of the Sale.

(4) This basis is applicable only to an acquisition.

(5) This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company. The Company is not a mineral, oil and gas company.

As the relative figures under Rule 1006(a) and (c) of the Catalist Rules is more than 5% but do not exceed 50%, the Sale is considered to be a "Discloseable Transaction" as defined under Rule 1010 of the Catalist Rules.

7. FINANCIAL EFFECTS OF THE SALE

The financial effects of the Sale set out below are for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of the Company and the Group after completion of the Sale. The financial effects of the Sale are based on the Company's audited financial statements for FY2020:

7.1. Net tangible asset ("NTA") per share

Assuming that the Sale had been completed on 31 December 2020, the NTA per share of the Group would be as follows:

	Before the Sale	After the Sale
NTA (S$'000)	59,398	59,292
Number of issued shares	707,907,300	707,907,300
NTA per share (Singapore cents)	8.4	8.4

7.2. Loss Per Share ("LPS")

Assuming that the Sale had been completed on 1 January 2020, the LPS of the Group would be as follows:

	Before the Sale	After the Sale
Net loss attributable to shareholders (S$'000)	5,264	5,363
Weighted average number of shares	708,216,300	708,216,300
LPS (Singapore cents)	(0.7)	(0.8)

7.3. Share Capital

The Proposed Sale will not have any effect on the share capital and shareholding structure of the Company.

7.4. Net Gearing Ratio

Assuming that the Proposed Sale had been completed on 31 December 2020, the net gearing ratio of the Group would be as follows:

	Before the Sale	After the Sale
Equity (S$'000)	59,398	59,292
Total borrowing (S$'000)	44,735	44,668
Total cash (S$'000)	6,226	11,325
Net gearing ratio	0.65	0.56

8. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Sale. Accordingly, no service contract is proposed to be entered into between the Company and any person.

9. DISCLOSURE OF INTERESTS

Save as mentioned and their shareholdings in the Company, none of the Directors, controlling shareholders or substantial shareholders of the Company, or their respective associates, has any interest, direct or indirect, in the abovementioned transaction.

By Order of the Board

Tan Keng Siong Thomas
Executive Chairman & CEO
Kim Heng Offshore & Marine Holdings Limited
29 April 2021

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*This announcement has been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited. This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.*

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