



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

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## **RESPONSES TO QUESTIONS RECEIVED FOR ANNUAL GENERAL MEETING FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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The Board of Directors (the “**Board**” or “**Directors**”) of Kim Heng Offshore & Marine Holdings Limited (the “**Company**” or “and together with its subsidiaries, collectively the “**Group**”) refers to the Company’s annual report for the financial year ended 31 December 2019 (“**FY2019**”) and the notice of annual general meeting dated 1 June 2020. The Company has received several queries from shareholders which substantively relate to the following, and to which the Company wishes to provide its responses:

**1. The Group’s wholly-owned subsidiary Kim Heng Marine & Oilfield Pte Ltd (“KHMO”) has been appointed to manage vessels owned by the Bridgewater Offshore Pte. Ltd. (“BOPL”) joint venture. This bears some similarities to some property companies’ that spin off assets into REITs and earn management fees as the manager of the assets. This model has proved to be effective in managing gearing and improving recurring cash flow. Are there plans for Kim Heng to adopt a similar strategy?**

**Company’s response:**

Although there are similarities, the intentions and the business model is different. Apart from being an operator, the Group also adopts the strategy of being a vessel owner.

The BOPL Joint Venture (“**JV**”) was set-up for the following reasons:

- 1) The JV partner believes in our business strategy and was interested in co-owning vessels with the Group.
- 2) Since the oil & gas industry declined in 2014, it had been difficult to obtain funding for fleet expansion through traditional sources such as banks and financial institutions.

The difference between BOPL and a REIT is that the Group is a majority shareholder of the JV whilst the vessels are being operated and maintained by the Group.

**2. What is the estimated contribution of wind energy and HDD work to the group’s revenue and asset utilisation?**

**Management response:**

Based on the wind energy and HDD work and projects that the Group has currently secured and/or working on, the estimated contribution of wind energy and HDD work to the Group’s revenue for FY2020 is 18% and asset utilisation ratio is 9% (Based on the estimated contribution of wind energy and HDD works divided by the estimated average total assets of FY2019 and FY2020).

**3. Has there been an update on the sale of the Penjuru Shipyard since the exercise of option in January 2020?**

**Company's response:**

We have submitted the application to JTC for the sale of the property at 48 Penjuru Road in early June 2020 and is pending for its approval. We will make further announcement(s) as and when there are material developments.

**BY ORDER OF THE BOARD**

Lotus Isabella Lim Mei Hua  
Company Secretary  
19 June 2020

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

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("the "Exchange") and the Exchange assumes no responsibility for its content, including the correctness of any of the statements or opinions made, or reports contained in this online Q&A.*

*The contact person for the Sponsor is Ms Tay Sim Yee (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*