



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

SIGNING OF MEMORANDUM OF UNDERSTANDING WITH IRAN MARINE FUND

The Board of Directors (the “**Board**”) of Kim Heng Offshore & Marine Holdings Limited (the “**Company**”) wishes to announce that the Company’s wholly owned subsidiary, Kim Heng Marine & Oilfield Pte Ltd (“**KHMO**”) has entered into a non-binding memorandum of understanding (the “**MOU**”) with the Iran Marine Fund (“**IMF**”) on 9 May 2016 to explore the opportunity to set up a strategic partnership whereby KHMO would provide technical expertise and financing to Iranian offshore marine and oil & gas projects relating to the following:

- i. Shipbuilding
- ii. Chartering of KHMO’s fleet and marine facilities
- iii. Purchasing of offshore vessels
- iv. Procurement & Supply Chain Management
- v. Rig Management Services; and
- vi. Maintenance & Refurbishment of structures, facilities & rigs

The IMF is a state-owned enterprise of the Ministry of Industry, Mining and Trade of the Islamic Republic of Iran. The IMF has been established with the aim of achieving sustainable development and acts as the interface between the government and the private sector, through the provision of finance and technology.

The Board believes that the strategic partnership represents a good opportunity for the Company to widen its global client network and better position the Company to secure projects in Iran and its surrounding areas.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the abovementioned transaction (other than through their respective interests in the shares of the Company).

The Board also refers to a news article published in the Tehran Times on 11 May 2016 entitled “Singapore to finance Iran’s maritime projects up to €400 million”. The news article stated that “*Based on the MOU, which was signed by Mehrdad Mozaffari, the IMF managing director, and Tan Keng Hoe Melvin, the general manager for supply chain management in Kim Heng, on Monday, the Singaporean company agreed to provide a €400 million finance to develop Iran’s marine industries in several phases.*”

The Board wishes to clarify that under the MOU, the total value of the projects to be entered into under the strategic partnership shall be up to €400 million over a period of 10 years. This represents only an estimated value of the intended projects under collaboration with IMF. The commercial terms and form of financing for each project under the strategic partnership will be negotiated on a project by project basis and documented in definitive agreements. As such, there is no certainty that any of the projects will materialise or that any definitive agreements could be entered into.

The Company will keep shareholders updated of any material developments by way of announcements as and when appropriate.

Because the MOU is non-binding and may or may not lead to the entry into any formalised agreements, shareholders and other investors are reminded to exercise caution while dealing in the shares of the Company. In the event that shareholders and other investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Tan Keng Siong Thomas
Executive Chairman & CEO
Kim Heng Offshore & Marine Holdings Limited
13 May 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Canaccord Genuity Singapore Pte. Ltd., 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, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.