



**Shareholders' Agreement and Pricing Agreement between Kim Heng Marine & Oilfield Pte Ltd,
Mazu Land & Marine Works Pte Ltd and Thaitan Drilling Company Limited**

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 announcement dated 27 March 2020 and wishes to announce that its two wholly-owned subsidiaries, Kim Heng Marine & Oilfield Pte Ltd (“**KHMO**”) and Mazu Land & Marine Works Pte. Ltd. (“**MLMW**”) have on 23 October 2020 signed a share subscription and shareholders’ agreement (“**Shareholders’ Agreement**”) and its related pricing agreement (“**Pricing Agreement**”, collectively, the “**Agreements**”) with Thaitan Drilling Company Ltd (“**Thaitan**”) to establish a long term business cooperation to seek more Horizontal Directional Drilling (“**HDD**”) projects in the Offshore Wind Farm renewable energy sector and maximise usage of its offshore assets and technical knowledge in the offshore and marine sector.

The entry into the Agreements marks a new milestone for the Group’s foray and expansion into the renewable energy domain. The move signals a shift from the oil & gas business. The Company continues to explore more power generation projects and intends to expand in the clean energy ecosystem so as to attract new segment of investors that are interested in the ESG (Environmental, Social & Corporate Governance) investing.

Under the Shareholders’ Agreement signed between KHMO and Thaitan, the salient terms of the Shareholders’ Agreement are as follows:

- 1) The paid-up capital of MLMW will be increased from the existing S\$1 comprising 1 ordinary share owned by KHMO to S\$200,000 comprising 200,000 ordinary shares. KHMO will be subscribing to 99,999 ordinary shares and Thaitan will be subscribing to 100,000 ordinary shares. Upon issuance of the new shares, MLMW will be 50% owned by KHMO and 50% owned by Thaitan. The subscription by KHMO of S\$99,999 will be settled against the initial shareholder loan of approximately S\$808,000 granted to MLMW by KHMO while the subscription by Thaitan will be funded by cash;
- 2) There is a non-trade amount of approximately S\$360,000 owing by MLMW to Thaitan. The parties agree to convert the outstanding amount to shareholders’ loan owing by MLMW to Thaitan upon completion of subscription of shares (“**Post-Completion**”);

- 3) KHMO will provide offshore vessels, tugboats and barges by way of charter, which will be used for purpose of transportation, delivery and installation of marine construction projects, including the ongoing windfarm project in Taiwan;
- 4) Thaitan is a company specialising in the provision of leading HDD services and will provide HDD support for the marine construction projects;
- 5) Post-completion, the company name of MLMW will be changed to Thaitan International Pte. Ltd and the MLMW Taiwan branch's name will be changed from Mazu Land & Marine Works Pte Ltd (Taiwan Branch) to Thaitan International Pte. Ltd (Taiwan Branch);
- 6) Post-completion, the board of directors of MLMW shall comprise five (5) directors, of which KHMO shall have the right to appoint three (3) directors and Thaitan shall have the right to appoint two (2) directors.

As the relative figures of the equity participation by Thaitan computed on the bases set out under Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) does not exceed 5%, the transaction is considered a non-discloseable transaction under Rule 1008 of the Catalist Rules.

Under the Pricing Agreement signed between KHMO, MLMW and Thaitan (the “**Parties**”), the salient terms of the said agreement are as follows:

- 1) The Parties agree that MLMW appoints KHMO as a contractor to provide marine equipment and support services and appoint Thaitan as a contractor to provide design, engineering, and drilling equipment for the HDD construction works;
- 2) The Parties agree on the pricing rates to be charged to MLMW, such pricing rates to be reviewed on a yearly basis.

The Shareholders' Agreement and the Pricing Agreement is not expected to have any material impact on the earnings per share or net tangible assets of the Company for the current financial year ending 31 December 2020.

Mr Tan Keng Siong, Thomas (“**Mr Thomas Tan**”), Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, Mr Tan Wen Hao, Justin Anderson, who is the son of Mr Thomas Tan and Mr Tan Keng Hoe Melvin, who is the brother of Mr Thomas Tan, are the existing directors of MLMW. The reconstitution of the board of MLMW will occur Post-Completion.

Save as mentioned and their respective directorships and/or shareholders in the Company (if any), none of the Directors or controlling shareholders of the Company or any of their respective associates, has any interest, direct or indirect, in the aforementioned agreements.

By Order of the Board

Tan Keng Siong Thomas
Executive Chairman & CEO
Kim Heng Offshore & Marine Holdings Limited
23 October 2020

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.

The contact person for the Sponsor is Ms. Tay Sim Yee, SAC Capital Private Limited at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.