

KIM HENG INTRODUCES STRATEGIC COST CONTROL INITIATIVES

- ✓ **Reduction of CEO and top management salaries by up to 20%**
- ✓ **Reduction in number of foreign workers, with provision of voluntary compassionate compensation**
- ✓ **Group to continue reviewing cost cutting measures and capex spending**

Singapore, 09 May 2016

Kim Heng Offshore & Marine Holdings Limited (“**Kim Heng**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), an established integrated offshore and marine value chain services provider, wishes to announce that it has implemented cost control initiatives to better prepare for the challenging oil & gas downturn.

The initiatives include the reduction of overall compensation across the Group which will include senior management and the board of directors (the “**Board**”). Compensation reductions will range from 5 – 20% with the higher reductions applied to senior management and the Board. The Company is also reducing its foreign worker workforce and providing compassionate compensation to departing foreign workers who have performed with skill and dedication.

“The current low oil price environment warrants conservative management of our cost structure so that we can remain resilient as a Group and able to ride through this downturn. We will continue to review our cost cutting measures as well as our capex spending on an ongoing basis,” said Group CEO and Chairman Thomas Tan. “Nevertheless, Kim Heng highly values the contributions of our employees and recognises that our people are our most important asset. As such, we have designed our cost rationalisation strategy to minimise the number of workforce reductions and share our cost reductions across the organisation, including significant salary reductions for both senior management and the Board. We hope to balance business necessity with compassion, and are thus providing voluntary additional compensation to departing foreign workers who have served us with excellence.”

As per the Company’s recent announcement regarding the results of its Annual General Meeting, shareholders have approved the payment of a final dividend of 0.3 Singapore cents per ordinary share for the financial year ending December 31st, 2015. “We hope to reward our shareholders for their continued support through the current downturn and for remaining confident in our Group’s long-term prospects,” said Mr. Tan. “Through prudent cost management, close partnership with our

shareholders, and strategic diversification of our business, we will emerge from this down cycle as a stronger, more resilient Kim Heng."

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About Kim Heng Offshore & Marine Holdings Limited (Bloomberg Ticker: KHOM SP)

www.kimheng.com.sg

With over 40 years of experience and listed on the Catalist Board of the Singapore Exchange Securities on the 22nd of January 2014, Kim Heng is an established integrated offshore and marine value chain services provider. Strategically located in Singapore, the Group offers a one-stop comprehensive range of products and services that caters to different stages of offshore oil and gas projects from oil exploration to field development and oil production.

Kim Heng has built its brand over the years and currently caters to world renowned customers from over 25 countries in the regions of Southeast Asia, USA, Latin America, Australasia, Middle East and Europe.

The Group's operations are primarily located in Singapore, with two shipyards strategically located at 9 Pandan Crescent and 48 Penjuru Road. The shipyards, with a combined waterfront of 205 metres, enable the Group to carry out afloat repairs, fabrication, newbuild, painting and blasting works.

Via its two waterfront facilities, Kim Heng is able to carry out a multitude of services, which are split into three main business segments.

Offshore Rig Services & Supply Chain Management

Offshore Rig Services

- Construction and fabrication works of sections or components of drilling rigs & drillships
- Installation of offshore production modules and systems
- Afloat repairs, maintenance and refurbishment of offshore rigs, platforms & vessels
- Supply of offshore drilling and production equipment
- 24/7 Oil spill response and salvage operations

Supply Chain Management

- Provision of offshore supply vessels and heavy-lift equipment
- Provision of logistics, general shipping and crew management

Heavy-lift Equipment

- Provision of heavy equipment both for sale and rent
- Import and export of heavy equipment
- These include crawler cranes, lorry cranes and mobile cranes



KIM HENG OFFSHORE & MARINE HOLDINGS LIMITED

Incorporated in the Republic of Singapore on 29 April 2013
Company Registration Number: 201311482K

Vessel Sales & Newbuild

- Purchase and refurbishment of vessels for onselling
- Newbuilding of vessels

Issued for and on behalf of Kim Heng Offshore & Marine Holdings Limited

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