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

THE PROPOSED DISPOSAL OF VESSELS "KIM HENG 186", "KIM HENG 1860", AND "KIM HENG 85" TO BRIDGEWATER MARINE (TAIWAN) LIMITED

1. INTRODUCTION

The Board of Directors (the "**Board**" or "**Directors**") 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 relating to its wholly-owned subsidiary, Kim Heng Marine & Oilfield Pte. Ltd. ("**KHMO**") incorporating a joint venture in Taiwan called Bridgewater Marine (Taiwan) Limited 成功海業台灣有限公司 ("**BWMT**") ("**Announcement**"). The initial paid up capital of BWMT is NTD1,000,000 which is 51% owned by 蓮豪有限公司 ("**Taiwan Partner**") and 49% owned by KHMO. The principal activity of BWMT is to undertake ownership, management and operation of vessels.

The Board wishes to announce that the Company has procured KHMO to dispose three of its vessels namely Kim Heng 186, Kim Heng 1860, and Kim Heng 85 (the "**Vessels**") to BWMT (the "**Proposed Disposal**").

2. THE PROPOSED DISPOSAL OF VESSELS

KHMO will dispose the Vessels to BWMT for a consideration of S$3,000,000 ("**Consideration**"). In connection with the Proposed Disposal and to regulate the relationship between KHMO and the Taiwan Partner. KHMO and the Taiwan Partner had entered into an amended and restated joint venture agreement on 16 February 2021 (the "**Restated JV Agreement**") to reflect the Proposed Disposal.

2.1. The Vessels

Kim Heng 186 and Kim Heng 1860 are four point mooring steel barges with spuds and Kim Heng 85 is a steel flat top deck cargo barge. All of the Vessels are operated and owned by KHMO, a wholly-owned subsidiary of the Group.

2.2. Value of the Vessels and the Gain on the Proposed Disposal

The Vessels has an aggregate net book value of S$1,323,000 ("**Net Book Values**"). Kim Heng 186's, Kim Heng 1860's, and Kim Heng 85's Net Book Values are S$ 475,000, S$ 748,000, and S$100,000 respectively as at 31 December 2019. Assuming that the Proposed Disposal was completed on 31 December 2019, the gain on the Proposed Disposal or the excess of the gross proceeds over the book value of the Vessel, as at 31 December 2019 would be approximately S$1.67 million. No valuation report on the Vessel was prepared for purposes of the Proposed Disposal.

2.3. Consideration and Intended Use of Sale Proceeds

The aggregate Consideration for the Proposed Disposal is S$3 million. The Consideration was arrived at based on arm's length negotiations and on a willing-buyer and willing-seller basis, after taking into account the prevailing market conditions, and the business prospects of the Group. The Consideration will be satisfied via a loan extended by KHMO to BWMT.

Accordingly, BWMT will record a debt of S$3 million owing to KHMO. As the Consideration for the Proposed Disposal will be satisfied via loan to BWMT, the disclosure on the intended use of proceeds is not meaningful.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The rationale for the Proposed Disposal, is to allow BWMT to operate and manage the vessels in Taiwan. As disclosed in the Announcement, the principal activity of BWMT is to expand our offshore and marine business into Taiwan to support the Offshore Wind Farm ("**OWF**") project by chartering vessels to customers within the Taiwan territory. The Vessels will provide support for the installation of horizontal directional drilling conduits by Hung Hua Construction Co. Ltd. related to the submarine cable installation works for the OWF project in Taiwan. The Board is also of the view that BWMT will be able to utilize the Vessels to capture other offshore and marine business in Taiwan, as and when the opportunities arise.

4. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 IN RELATION TO THE PROPOSED DISPOSAL

Based on the latest unaudited consolidated financial statements of the Group for the half year ended 30 June 2020 ("**HY2020**"), the relative figures of the Proposed Disposal 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.	1.12(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.	10.59%(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) Based on the net asset value of the Vessels to be disposed of as at 31 December 2019 (representing 51% effective interest to be disposed to the Taiwan Partner) of S$674,730 and the net asset value of the Group for HY2020 of S$60,105,000.

(2) The Vessels 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 their 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 received by the Company of S$3,000,000 and the market capitalisation of the Company of approximately S$28,316,292, 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$0.04 per share transacted on 15 February 2021, being the last full market day on which shares of the Company were traded on the SGX-ST preceding the date of the Restated JV Agreement.

(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 Proposed Disposal is a disposal of an asset in which the consideration is more than 5% of the market capitalisation of the Company, in accordance with Rule 1010 read with Rule 1006(c) of the Catalist Rules, it is considered to be a "Discloseable Transaction" as defined under Rule 1010 of the Catalist Rules.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The financial effects of the Proposed Disposal 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 Proposed Disposal. The financial effects of the Proposed Disposal are based on the Company's audited financial statements for the financial year ended 31 December 2019 ("**FY2019**"):

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

Assuming that the Proposed Disposal had been completed on 31 December 2019, the NTA per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S$'000)	61,880	61,880
Number of issued shares	708,682,300	708,682,300

NTA per share (Singapore cents)	8.7	8.7

5.2. Loss Per Share ("LPS")

Assuming that the Proposed Disposal had been completed on 1 January 2019, the LPS of the Group would be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Net loss attributable to shareholders (S$'000)	7,756	7,656
Weighted average number of shares	708,832,300	708,832,300
LPS (Singapore cents)	(1.09)	(1.09)

5.3. Share Capital

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

5.4. Net Gearing Ratio

Assuming that the Proposed Disposal had been completed on 31 December 2019, the net gearing ratio of the Group would be as follows:

	Before the Proposed Disposal	**After the Proposed Disposal**
Equity (S$'000)	61,880	61,880
Total borrowing (S$'000)	28,690	28,690
Total cash (S$'000)	3,063	3,063
Net gearing ratio	0.41	0.41

6. DIRECTORS' SERVICE CONTRACTS

Mr Tan Wen Hao, Justin Anderson, who is the son of the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company was appointed as a director of BWMT.

7. 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.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. DOCUMENT AVAILABLE FOR INSPECTION

The Restated JV Agreement is available for inspection during normal business hours from 9.00 am to 5.00 pm at the registered office of the Company at 48 Penjuru Road, Singapore 609152 for a period of three (3) months from the date of this announcement.

By Order of the Board

Tan Keng Siong Thomas
Executive Chairman & CEO
Kim Heng Offshore & Marine Holdings Limited
16 February 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.*

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.