



KIM HENG LTD.

(Company Registration Number: 201311482K)

(Incorporated in the Republic of Singapore on 29 April 2013)

**1) COMPLETION OF PURCHASE OF 1250 TONNES SANY CRAWLER CRANE
2) AWARD OF CONTRACT IN RESPECT OF LIFTING & INSTALLATION WINDFARM NACELLE,
TURBINES & TRANSITION PIECES FOR WINDFARM PROJECT IN VIETNAM**

1) COMPLETION OF PURCHASE OF 1250 TONNES CRAWLER CRANE

The Board of Directors (the “**Board**”) of Kim Heng Ltd. (the “**Company**”) and its subsidiaries (collectively the “**Group**”) wishes to announce that Kim Heng Heavy Equipment Pte Ltd, a wholly-owned indirect subsidiary of the Company, has completed the purchase of a 1250 tonnes Sany Crawler Crane for a total consideration of approximately S\$10 million.

The Board also wishes to refer to the circular dated 1 April 2021 which sets out the details of the ordinary resolutions for the purpose of seeking shareholders’ approval for Company’s proposed diversification into the renewable energy support business sector, and the announcement dated 21 May 2021 in relation to the results of the extraordinary general meeting held on the same day in connection therewith.

The 1250 tonnes crawler crane is targeted to provide lifting and installation of wind turbines and to enable the Group to offer turnkey lifting and installation works for onshore and offshore renewable windfarm projects in both Taiwan and Vietnam. This acquisition allows the Group to keep up with the technical capabilities and requirements in the rapid increase in size and height of windfarm turbines installation. Of the approximate S\$10 million required for the purchase of the 1250 tonnes crawler crane, about S\$7.5 million shall be funded by a green loan granted by United Overseas Bank and the balance were funded by the Group’s internal resources.

**2) AWARD OF CONTRACT IN RESPECT OF LIFTING & INSTALLATION WINDFARM NACELLE,
TURBINES & TRANSITION PIECES FOR WINDFARM PROJECT IN VIETNAM**

In addition, the Board wishes to announce that Kim Heng Heavy Equipment Pte Ltd (the “**Contractor**”), a wholly-owned indirect subsidiary of the Company, has entered into a turnkey lifting & installation contract (the “**Contract**”) with an established windfarm contractor (the “**Client**”) to provide the Services (as defined below) on the terms and conditions of the Contract. Following the purchase of the 1250tonnes Sany Crawler Crane, it will be deployed for the purpose of the Contract.

The entry into the Contract is an additional step taken by the Company to:

- 1) Expand into the renewable offshore wind energy construction business in Vietnam.
- 2) Expand its value chain of services to provide lifting and installation of:
 - a. Wind Turbine Nacelles
 - b. Wind Turbine Blades
 - c. Wind Turbine Transition Pieces

The Client is an unrelated third party that is established in Vietnam and is a main contractor for Vietnam windfarm projects.

Pursuant to the Contract, the Contractor will provide engineering, lifting, technical and maintenance services, including assisting with and performing the first assembly of the Crane at the Worksite (as defined below) in accordance with the required configuration, and such other related services in respect of the Crane as may be agreed between the Contractor and the Client, (the “**Services**”).

The principal terms of the Installation Contract include the following:

- (a) the initial term of the Project is a firm 30 months (the “**Project Duration**”), commencing on 12 November 2021, being the date on which the Crane is assembled at the physical location where the Services are to be performed (the “**Worksite**”), which is intended to be at South Vietnam onshore windfarm;
- (b) the Project Duration may be extended by additional periods of 3 months each, provided that the Client has given the Contractor at least 1 month’s written notice and the terms, conditions and schedule of operational day rates and service rates during the extension period shall be mutually agreed between the Contractor and the Client at the time of extension;
- (c) the aggregate contract price for the Contract and provision of Services for the Project Duration is US\$7.2 million (the “**Contract Price**”), including all costs and charges relating to the Contractor’s fulfillment of its obligations under the Contract but exclusive of value added tax, with the monthly project milestone being US\$0.24 million (the “**Project Milestone**”). The Contract Price shall be fixed and not subject to any escalation or exchange rate fluctuation for any reason during the Project Duration;
- (d) the following payments shall be payable by the Client to the Contractor as follows:
 - (i) a deposit amounting to 3 months’ Operational Day rate shall be payable by the Client within 7 days of the Client’s receipt of the invoice signed by the Contractor and such deposit shall be made prior to the commencement of the Project and the mobilization of the Crane; and
 - (ii) the payment for each month shall be payable by the Client within 7 days of the Client’s receipt of the invoice signed by the Contractor and a monthly project completion certificate signed by the Client’s representative.

The Contract Price was agreed on pursuant to commercial discussions between the Contractor and the Client and was negotiated on an arm’s length basis, taking into account that this marks a significant milestone for the Group where the Group has managed to secure contracts from windfarm projects in Vietnam.

Through the entry into the Contract, the Group is one step closer to providing turnkey windfarm construction and installation services, expanding from its current capabilities of installing transmission cables for windfarms in Taiwan. The Group continues to take active steps to diversify its business into the renewable energy sector by expanding its heavy lift services to provide lifting and installation of the wind turbine nacelles housing the generator and gearbox, wind turbine blades and wind turbine transition pieces.

The provision of offshore & marine related services and heavy lift installation services is one of the main businesses of the Group. The Contract does not constitute a “transaction” for the purposes of Chapter 10 of the Listing Manual Section B: Rules of Catalist of the SGX-ST and it is in the Group’s ordinary course of business to, *inter alia*, provide lifting, installation and related services to third parties.

Barring the unforeseen circumstances, the Contract is expected to contribute positively to the Group’s earnings per share or net tangible assets per share of the Company for the financial year ending 31 December 2021.

As of the date of this announcement, save for their respective directorships and/or shareholdings in the Group, none of the Directors or controlling shareholders of the Company, has any interest, direct or indirect, in the Contract.

BY ORDER OF THE BOARD

Tan Keng Siong Thomas
Executive Chairman & CEO
15 October 2021

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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.*

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