



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

**SUPPLEMENTAL AGREEMENT TO THE SALE AND PURCHASE AGREEMENT IN RELATION
TO THE PROPOSED SALE OF ASSETS TO HUP HIN HEAVY EQUIPMENT PTE. LTD.**

1. INTRODUCTION

1.1. 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 November 2018 (the “**SPA Announcement**”) in relation to the proposed sale of twenty-four (24) cranes and two (2) luffing jibs (as listed in Appendix A to the SPA Announcement) (the “**Original Assets**”) by the Company’s wholly-owned subsidiary, Kim Heng Heavy Equipment Pte. Ltd. (the “**Vendor**” or “**KHHE**”), to Hup Hin Heavy Equipment Pte. Ltd. (the “**Purchaser**” and together with the Vendor, the “**Parties**”) pursuant to, and on the terms and conditions of, the sale and purchase agreement entered between the Parties dated 26 November 2018 (the “**SPA**”).

1.2. Unless otherwise defined, capitalised terms used herein shall bear the same meaning as ascribed to them in the Announcement.

Further to the SPA Announcement, the Board wishes to announce that KHHE has on 19 February 2019 entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Purchaser to supplement and vary the SPA in the manner as set out in the Supplemental Agreement. The Supplemental Agreement was negotiated and entered into by the Parties at the Purchaser’s request.

1.3. Save as supplemented and varied by the Supplemental Agreement, the SPA shall continue in full force and effect in all other respects.

2. PRINCIPAL AMENDMENTS TO THE SPA

2.1. Amendment to Schedule I of the SPA

Pursuant to the SPA, the Vendor was to sell, and the Purchaser was to purchase, the Original Assets-

Subsequent to the SPA Announcement and pursuant to further discussions amongst the Parties, the Vendor has agreed to sell, and the Purchaser has agreed to purchase, only ten (10) cranes out of the Original Assets (the “**Revised Assets**”).

2.2. Amendment to the Consideration and Payment Terms

Under the SPA, the aggregate consideration payable by the Purchaser to the Vendor for the Original Assets was S\$12,500,000 (the “**Original Consideration**”). The Original Consideration was to be fully paid to the Vendor in cash in the following manner:

- (a) S\$625,000 shall be payable by 29 November 2018 as a down payment of 5% of the Original Consideration; and
- (b) the remaining S\$11,875,000 shall be payable on completion.

In view of the Revised Assets, the aggregate consideration payable by the Purchaser to the Vendor for the Revised Assets was revised to S\$4,200,000 (the “**Revised Consideration**”). The Revised Consideration shall be fully paid to the Vendor in cash in the following manner:

- (a) S\$625,000 shall be payable by 29 November 2018 as a down payment of the Revised Consideration; and
- (b) the remaining S\$3,575,000 shall be payable on completion.

The Revised Consideration was arrived at following arm’s length negotiations on a willing buyer willing seller basis, taking into account the prevailing market value of the Revised Assets and the rationale for the Proposed Disposal.

2.3. **Amendment to the Long-Stop Date**

In view of the above, the Long-Stop Date has been revised from 3 January 2019 to 15 March 2019.

2.4. **Deletion of all references to “Mortgages” and “Mortgagees”**

As none of the Revised Assets are mortgaged, all references to “Mortgages” and “Mortgagees” in the SPA have been deleted.

3. **THE REVISED ASSETS**

The Revised Assets comprise ten (10) crawler cranes.

As at the date of this announcement, the aggregate net book value of the Revised Assets is S\$3,843,000. The gross proceeds of S\$4,200,000 therefore represent a surplus of S\$357,000 over the net book value of the Revised Assets.

The net profits attributable to the Revised Assets is S\$165,000. The Revised Consideration will result in a gain on disposal of approximately S\$357,000.

No valuation has been conducted in respect of the Revised Assets.

4. **REVISED USE OF PROCEEDS**

As a result of the Revised Consideration, the net proceeds from the proposed sale of the Revised Assets (the “**Revised Disposal**”) (after deducting professional fees and expenses of S\$20,000) of approximately S\$4.18 million (the “**Net Proceeds**”) will be used by the Company in the following estimated proportions:

Use of Proceeds	Amount (S\$'000)
i. Working capital	1,540
ii. Repayment of loans and borrowings	2,640
Total	4,180

Pending the use of the Net Proceeds as outlined above, the Net Proceeds may be deposited in financial institutions or be used for working capital or any other purpose on a short-term basis.

5. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 IN RELATION TO THE REVISED DISPOSAL

As the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules in respect of the Revised Assets are smaller than that disclosed in the SPA Announcement and there is no change in the classification of the Revised Disposal for the purposes of Chapter 10 of the Catalist Rules (i.e. the Revised Disposal remains a discloseable transaction), accordingly the computation table in respect of Rule 1006 has not been re-disclosed in this announcement.

6. FINANCIAL EFFECTS OF THE REVISED DISPOSAL

The financial effects of the Revised 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 Revised Disposal.

The financial effects of the Revised Disposal are based on the Company's audited financial statements for the financial year ended 31 December 2017 ("FY2017"):

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

Assuming that the Revised Disposal had been completed on 31 December 2017, the NTA per share of the Group would be as follows:

	Before the Revised Disposal	After the Revised Disposal
NTA (S\$'000)	76,245	76,602
Number of issued shares	709,050,800	709,050,800
NTA per share (Singapore cents)	10.8	10.8

6.2. Loss per share ("LPS")

Assuming that the Revised Disposal had been completed on 1 January 2017, the LPS of the Group would be as follows:

	Before the Revised Disposal	After the Revised Disposal
Net loss attributable to shareholders (S\$'000)	15,312	14,524
Weighted average number of shares	709,880,291	709,880,291
LPS (Singapore cents)	2.2	2.0

6.3. Share capital

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

6.4. Net gearing ratio

Assuming that the Revised Disposal had been completed on 31 December 2017, the net gearing ratio of the Group would be as follows:

	Before the Revised Disposal	After the Revised Disposal
Total borrowings (S\$'000)	29,403	27,595
Cash and cash equivalents (S\$'000)	4,405	6,797
Equity attributable to owners of the Company (S\$'000)	76,245	76,602
Net gearing ratio (times)	0.328	0.272

7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Revised Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8. DISCLOSURE OF INTERESTS

- 8.1. None of the Directors, controlling shareholders or substantial shareholders of the Company have any interest, direct or indirect, in the Revised Disposal, save for their shareholdings in the Company.
- 8.2. The Purchaser is an unrelated third party in relation to the Company, the Board and the Company's controlling shareholders and substantial shareholders.

9. 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 Revised Disposal, the SPA, the Supplemental Agreement, 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. CAUTIONARY STATEMENT

Shareholders should note that the Revised Disposal is subject to the fulfilment of the conditions precedent as set out in paragraph 4.3 of the SPA Announcement, and in the meantime 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.

11. DOCUMENTS FOR INSPECTION

A copy of the SPA, the Supplemental Agreement and the Company's annual report for FY2017 are available for inspection during normal business hours at the registered office of the Company at 9 Pandan Crescent, Singapore 128465 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
19 February 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**"), 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 Ms. Tay Sim Yee, SAC Capital Private Limited at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.