

Flash Note: Kim Heng Offshore & Marine Holdings

Date: 20 June 2019

Memorandum of Understanding signed with Hung Hua Construction and Thaitan Drilling

Kim Heng Offshore & Marine Holdings Limited (the “**Company**”, “**Kim Heng**”, and together with its subsidiaries the “**Group**”) announced that its wholly-owned subsidiary, Kim Heng Marine & Oilfield Pte. Ltd. (“**KHMO**”) has signed a Memorandum of Understanding (“**MOU**”) with Hung Hua Construction Co. (“**HHC**”) and Thaitan Drilling Co. Ltd (“**Thaitan**”) to establish a long term business cooperation in a number of areas.

Kim Heng to supply OSVs for offshore windfarms in Taiwan

The MOU is in relation to the operations between KHMO, HHC and Thaitan relating to HDD projects and marine construction projects.

Pursuant to the MOU:

- i) KHMO and Thaitan will, as a consortium or joint venture, provide design, engineering, drilling equipment and project technical support to HHC’s HDD projects onshore and offshore.
- ii) KHMO and Thaitan will support HHC technically and operationally as a preferred subcontractor for its future projects in Taiwan.
- iii) HHC will tender for future HDD projects and marine construction projects in Taiwan on behalf of KHMO and Thaitan.
- iv) HHC, KHMO and Thaitan will explore forming a joint venture through a subsidiary registered in Taiwan for future HDD projects and marine construction projects.

KHMO will provide offshore support vessels, tugboats and barges to the marine construction company through charters, sale or joint ownership and operations. The vessels will be used to transport, deliver and install windfarm foundation. Taiwan has big plans to expand its offshore windfarm capacity, which stood at 703.99 megawatt (“**MW**”) in 2018, according to official government figures. The Taiwanese government aims to commission a further 500 MW of capacity in 2020 and another 5 GW between 2021 and 2026.

KHMO, HHC and Thaitan will work towards signing a formal contractual agreement and charter party agreements. The MOU will remain in force for a period of one year, and renewable as mutually agreed by the parties. The MOU is not expected to have a material financial impact on the Group’s net tangible assets per share and earnings per share for the financial year ending 31 December 2019.

About Kim Heng

With over 40 years of experience, Kim Heng Offshore 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.

About Hung Hua Construction Co.

HHC is a marine construction company participating in dredging and maritime construction projects. For more than 30 years, HHC has been engaging in dredging of waterways, navigation channels, constructing of dykes, foundation piles, breakwaters, projects of large reclamation and port construction.

Thaitan Drilling Co. Ltd

Thaitan is a company specialising in the provision of leading Horizontal Directional Drilling (“**HDD**”) services.

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