

PRESS RELEASE

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TH HEAVY ENGINEERING AND DESTINI SIGN JOINT VENTURE TO BUILD OFFSHORE PATROL VESSELS

KUALA LUMPUR, 27 October 2016 – TH Heavy Engineering Berhad (“THHE”) and Destini Berhad announced today that both parties have signed a Joint Venture Agreement to undertake a shipbuilding project to construct and supply three units of Offshore Patrol Vessels for the Malaysian Maritime Enforcement Agency (“MMEA”).

The Joint Venture Agreement follows a Letter of Intent received on 27 July 2016 by THHE for the supply, delivery, testing and commissioning of the Offshore Patrol Vessels for MMEA.

THHE is mainly involved in the major fabrication of offshore oil and gas facilities and offshore cranes while Destini is an integrated engineering solutions provider with diverse business interests in aviation, marine and oil and gas and constructs vessels of various sizes ranging from lifeboats to large paramilitary vessels.

Under the Joint Venture Agreement, a consortium shall be formed between THHE Fabricators Sdn Bhd and Destini Shipbuilding and Engineering Sdn Bhd to combine their respective expertise and resources to undertake the next stage of negotiations to secure the contract award from MMEA.

The construction of the three units of Offshore Patrol Vessels is estimated to take three and a half years to be completed. The Offshore Patrol Vessels are 80-metres long and will be the largest vessels amongst the MMEA fleet.

Chief Executive Officer of THHE, Encik Suhaimi Badrul Jamil said, “We see this as a strategic step in making THHE a Group with a balanced portfolio of oil and gas and non-oil and gas businesses. There are strong synergies for both THHE and Destini to be working together on this Offshore Patrol Vessels Project as it combines THHE’s capabilities and facilities in handling large scale offshore structure and Destini’s shipbuilding expertise.”

Group Managing Director of Destini, Dato’ Rozabil Abdul Rahman said, “We are pleased to have been selected as THHE’s partner in this project. Our participation in this project would be a significant feather in our cap as this would be the largest vessels ever built by Destini, positioning us in the league with the other large shipbuilders in the country.”

Destini is currently building another type of patrol vessels for MMEA, in particular 6 units of the 44-metres long New Generation Patrol Craft vessels worth RM381 million. Leveraging on this, the consortium would be able to enjoy cost savings from bulk procurement of common materials and equipment used on both the New Generation Patrol Craft vessels and Offshore Patrol Vessels.

The consortium aims to secure the contract award before the end of the year and this will contribute positively to the financial performance of THHE and Destini over the next few years.

ABOUT TH HEAVY ENGINEERING BERHAD

TH Heavy Engineering Berhad (THHE) was listed on the Main Market of Bursa Malaysia in January 2005 after having placed itself in the oil and gas industry since 2002. The main activities of TH Heavy Group are centralised around the heavy engineering industry principally in the fabrication of offshore steel structures and the provision of other related offshore oil and gas engineering services in Malaysia. Through its wholly owned subsidiary, THHE Fabricators Sdn. Bhd. (THF), TH Heavy is one of the few PETRONAS licensed major fabricators in Malaysia.

In short, TH Heavy provides a comprehensive list of services based on these principal activities:

- Fabrication, construction and maintenance of offshore structures
- Construction and maintenance of onshore plants
- Offshore and onshore crane manufacturing and servicing
- Marine operations and support services
- Hook-up & commissioning (HUC)

- Engineered packages

To learn more, please visit <http://www.thhe.com.my>

ABOUT DESTINI BERHAD

DESTINI BERHAD (“Destini” or the “Group”) is an integrated engineering solutions provider with diverse interests in the aviation, marine, land transport as well as oil and gas industries. With a core business in ensuring safety and survival equipment efficiency in these industries, the Group excels in being one of the leading maintenance, repair and overhaul (MRO) service provider in the regions it has exposure in.

The Group started off as an aviation tool and spare parts trading company supplying for the defence industry. Two decades later, Destini has evolved to provide a diversified range of products and services for the aviation, marine and automotive industries for both defence and commercial sectors. With a wider portfolio and coupled with Destini’s foray into oil and gas, the Group has expanded its geographical footprint over the Asian, Australian, Middle East and European regions.

The Group’s core values of perseverance, foresight, rational thinking and determination to succeed have helped nurture a strong working relationship with global customers from both the public and private sectors.

For more information, please log on to <http://www.destinigroup.com>

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Forward-Looking Statements

This press release contains forward-looking statements with regards to TH Heavy Engineering Berhad and Destini Berhad and represents our expectations and beliefs concerning future events. Forward-looking statements involve known and unknown risks and uncertainties. When considering any statements that are predictive in nature, depend upon or refer to future events or conditions, or use or contain words, terms, phrases or expressions such as "achieve," "forecast," "plan," "propose," "strategy," "envision," "hope," "will," "continue," "potential," "expect," "believe," "anticipate," "project," "estimate," "predict," "intend," "should," "could," "may," "might" or similar forward-looking statements.