KIM HENG LTD.
(Company Registration Number: 201311482K)
(Incorporated in the Republic of Singapore on 29 April 2013)

THE PROPOSED ACQUISITION OF A 35% EQUITY INTEREST IN SOILTECH ADIRA KOREA CO., LTD. CONSTITUTING A DISCLOSEABLE TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES

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1. INTRODUCTION

1.1 The board of directors (the "**Board**" or the "**Directors**") of Kim Heng Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement on 13 December 2024 (the "**JV Announcement**") in relation to the entry into a joint venture agreement by a wholly-owned subsidiary of the Company, Adira Renewables Pte. Ltd. ("**ARPL**"), with Soiltech Engineering Co., Ltd. ("**STK**") and Moon International Co., Ltd. ("**MI**") in relation to the establishment of Soiltech Adira Korea Co., Ltd. (the "**Target**" or "**SAK**"), a joint venture company incorporated in the Republic of Korea (the "**JV Agreement**").

2. PROPOSED ACQUISITION BY ARPL OF STK'S 35% EQUITY INTEREST IN SAK

2.1 As at the date of this announcement, ARPL currently holds a 49% equity interest in SAK.

2.2 The Board wishes to announce that ARPL will acquire a further 35,000 ordinary shares in the capital of the Target from STK, representing 35% of the issued and paid-up share capital of the Target (the "**Sale Shares**"), for an aggregate consideration of USD 680,000 or approximately S$865,572[1] (the "**Consideration**") (the "**Proposed Acquisition**").

2.3 ARPL had on 1 September 2026 entered into settlement documents comprising the following ("**Settlement Documents**"):

(a) a deed of settlement (the "**Settlement Deed**") with STK (in such capacity, the "**Vendor**") and MI;

(b) a share transfer and exit deed (the "**Share Transfer Deed**") with the Vendor; and

(c) a secondment agreement (the "**Secondment Agreement**") with the Vendor.

2.4 The shareholders of the Target and their respective shareholding proportions immediately before and after Completion of the Proposed Acquisition are as follows:

Shareholder	Shareholding before the Proposed Acquisition (%)	Shareholding after the Proposed Acquisition (%)
ARPL	49	84
MI	16	16
STK	35	-
Total	**100**	**100**

[1] Based on the exchange rate of USD 1.0000 : S$1.2729, on 31 August 2026, being the full market day preceding the date of signing of the Settlement Documents, extracted from the Monetary Authority of Singapore.

Upon completion of the Proposed Acquisition ("**Completion**"), the Target will become an 84%-owned subsidiary of the Group.

2.5 In the financial year ended 31 December 2025 (“**FY2025**”), the Target undertook its first project (the "**Project**"), pursuant to a vessel framework agreement entered into amongst ARPL, STK and an offshore windfarm developer ("**KNS**") (the "**VFA**") on 2 July 2024. Pursuant to the VFA, ARPL and STK are responsible for performing geotechnical survey works for KNS. Due to operational inefficiencies and vessel-related breakdowns encountered during the execution of the Project, the Target incurred a net loss.

2.6 Based on the latest draft unaudited financial statements of the Target for the half year ended 30 June 2026 (“**HY2026**”), the Target recorded (a) a net loss of approximately KRW 671 million (or equivalent to approximately S$0.6 million[2]), and (b) a net liabilities value of approximately KRW 7,440 million (or equivalent to approximately S$6.2 million[3]).

2.7 The shares of the Target are not listed or publicly traded and, accordingly, no open market price is available. For the purposes of the Proposed Acquisition, the Company commissioned an independent valuation to assess the market value of the Sale Shares. Based on the cost approach (using the revalued net asset value method) as the primary basis of valuation, the independent valuer assessed the market value of the Sale Shares as at 30 April 2026 (the "**Valuation Date**") to be in the range of approximately USD 62,755 to USD 73,829. Further details on the basis of determination of the Consideration and the premium are set out in paragraph 5.2 of this announcement.

3. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition is in the interests of the Company and the Group, having regard to, *inter alia*, the following: (a) the Proposed Acquisition consolidates control of the Target within the Group, thereby permitting the Group to fully consolidate the Target's operations, results and cash flows, and providing the Group with a single, coherent operating platform for the Target’s existing business; and (b) the Proposed Acquisition is consistent with, and operationalises, the Group's strategic transition into the offshore wind farm and renewables sectors in Asia, as first announced by the Company in the JV Announcement.

Barring any unforeseen circumstances, the Directors are of the view that the Proposed Acquisition, if completed, is in the interests of the Group. Shareholders should note, however, that there is no assurance that the Proposed Acquisition will achieve the desired results, nor is there any assurance that such results (if achieved) can be sustained in the longer term.

4. INFORMATION ON THE VENDOR AND MI

4.1 The information relating to the Vendor and MI set out in this announcement was provided by, or derived from information provided by, the Vendor and/or MI. The Company and the Directors have not independently verified the accuracy and correctness of such information, and the sole responsibility of the Directors has been to ensure that such information has been accurately extracted and reproduced in this announcement in its proper form and context.

4.2 The Vendor is a company incorporated in the Republic of Korea specialising in geotechnical and environmental engineering for the transportation infrastructure and construction industry.

4.3 MI is wholly owned by a Korean citizen who is the Korean Country Manager of ARPL.

4.4 None of the Vendor, MI, or their respective directors and shareholders is related to any of the Directors, the chief executive officer, the substantial shareholders of the Company and/or their respective associates. As at the date of this announcement, none of the Vendor, MI, or their respective directors and shareholders holds, directly or indirectly, any shares in the Company.

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[2] Based on the exchange rate of KRW 100.00 : S$0.0859, as extracted from the Monetary Authority of Singapore, being the average exchange rate for HY2026.
[3] Based on the exchange rate of KRW 100.00 : S$0.0836, as extracted from the Monetary Authority of Singapore, being the exchange rate as at 30 June 2026.

5. PRINCIPAL TERMS OF THE SETTLEMENT DOCUMENTS

5.1 Background

In the course of the execution of the Project, differences had emerged between the Vendor and ARPL in respect of, *inter alia*, vessel performance, breakdown, delay, standby costs, the allocation of joint venture costs and the strategic direction of the Target. Following extensive discussions, ARPL, MI and the Vendor concluded that it would be in the mutual best interests of the parties for the Vendor to exit the Target. Accordingly, the Settlement Deed, Share Transfer Deed, and Secondment Agreement form part of a single overall settlement and exit arrangement among ARPL, MI and the Vendor.

5.2 Consideration

5.2.1 The amount of the Consideration of USD 680,000 comprises the following:

(a) USD 420,000, being the agreed purchase price of the Sale Shares; and

(b) USD 260,000, being agreed compensation payable by ARPL to the Vendor in respect of vessel-related and other services rendered by the Vendor during the Project.

5.2.2 The Consideration was arrived at on a willing-buyer, willing-seller basis, following arm's length negotiations between ARPL and the Vendor, taking into account, *inter alia*,

(a) the outcome and commercial performance of the Project;

(b) the amounts commercially claimed by the Vendor in respect of vessel-related and other services rendered in the course of the Project;

(c) the estimated cost, time and uncertainty of contentious dispute resolution proceedings; and

(d) the release of ARPL, MI and the Target from all claims and demands of the Vendor arising out of or in connection with the JV Agreement, the Project and related matters, on a full and final settlement basis.

5.2.3 As described in paragraph 2.6, the independent valuer assessed the market value of the Sale Shares as at the Valuation Date to be in the range of approximately USD 62,755 to USD 73,829. The purchase price attributable to the Sale Shares under the Settlement Documents is USD 420,000, which exceeds the assessed market value of the Sale Shares. The Board notes, however, that the valuation was prepared using a cost approach based on the revalued net asset value methodology and reflects the value of the Sale Shares on a standalone basis. Such valuation does not take into account the strategic and commercial benefits arising from the Proposed Acquisition and the broader settlement arrangements contemplated under the Settlement Documents.

5.2.4 Notwithstanding the premium, the Board is of the view that the Consideration is fair and reasonable, having regard to, *inter alia*, the following:

(a) the Proposed Acquisition will increase the Group's equity interest in the Target from 49% to 84%, thereby conferring control of the Target on the Group. This will enable the Group to consolidate the Target as a subsidiary, direct its strategic and operational affairs, consolidate its financial results and cash flows, and provide the Group with a single operating platform from which to develop the Target's existing business;

(b) the valuation of the Sale Shares was undertaken on a standalone basis and does not ascribe value to the acquisition of control, the removal of shareholder deadlock and alignment issues, or the ability of the Group to independently pursue the business and growth plans of the Target following Completion;

(c) the Settlement Documents provide for a full and final resolution of all disputes and claims arising out of or in connection with the JV Agreement, the Project and related arrangements. The Board believes that the Consideration represents a commercially reasonable resolution having regard to the costs, management time, business disruption and uncertainty that may otherwise arise from protracted dispute resolution or arbitration proceedings;

(d) the Proposed Acquisition secures the orderly exit of the Vendor while preserving access to the Vendor's personnel and technical know-how under the Secondment Agreement, thereby facilitating continuity of operations, know-how transfer and ongoing customer engagement under the VFA; and

(e) when considered as a whole, including the acquisition of control, the elimination of potential dispute exposure, the preservation of technical capabilities and the strategic benefits of establishing a platform for the Target's existing business, the Board considers the premium over the assessed market value of the Sale Shares to be commercially justifiable and reasonable in the circumstances.

5.2.5 The Consideration will be borne solely by ARPL and will be funded by internal cash resources of the Group.

5.2.6 The Consideration shall be paid by ARPL within 14 days from Completion. Within five business days after the execution of the Settlement Deed, ARPL shall procure and deliver to the Vendor an irrevocable bank guarantee, in a form reasonably acceptable to the Vendor, securing payment of the Consideration.

5.3 Conditions Precedent

5.3.1 Completion is conditional upon, amongst other things, the following conditions being fulfilled (or, where applicable, waived):

(a) the receipt of the written consent of KNS in respect of the change in the shareholding structure of the Target as contemplated by the Proposed Acquisition;

(b) there being no order, injunction or restraint issued by any court of competent jurisdiction restraining or prohibiting the Proposed Acquisition; and

(c) the delivery of a duly executed letter of resignation of the Vendor's nominee director from the board of the Target.

As at the date of this announcement, the Conditions Precedent have not been satisfied.

5.4 Other salient terms

5.4.1 The Settlement Deed also provides, *inter alia*, for:

(a) a full and final settlement of all disputes and claims as amongst ARPL, MI and the Vendor arising out of or in connection with the JV Agreement, the Project, the VFA and related matters;

(b) the exit of the Vendor from the Target by way of the transfer of the Sale Shares to ARPL;

(c) the termination of the JV Agreement upon Completion; and

(d) mutual releases in respect of all claims arising out of or in connection with the JV Agreement, the Project, the VFA and related matters.

5.4.2 The Share Transfer Deed provides, *inter alia*, for: (a) the sale by the Vendor, and the purchase by ARPL, of the Sale Shares, free from all encumbrances and together with all rights attaching thereto as at Completion; (b) customary warranties given by the Vendor in relation to its title to, and the free transferability of, the Sale Shares; and (c) the resignation of the Vendor's nominee director on the board of the Target upon Completion.

5.4.3 Pursuant to the Secondment Agreement, the Vendor will second such of its personnel to ARPL for such period and on such terms as are set out therein, with a view to ensuring continuity of technical support and know-how transfer following the exit of the Vendor from the Target.

6. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures for the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Catalist Rules and based on the latest announced unaudited consolidated financial statements of the Group and SAK for the half year ended 30 June 2026 ("**HY2026**"), are as follows:

Rule	Bases of computation	Relative figure (%)
1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable(1)
1006(b)	The net profits attributable to the assets acquired, compared with the Group's net profits.	4.21%(2)
1006(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	6.08%(3)
1006(d)	The number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities of the Company previously in issue.	Not applicable(4)
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable(5)

Notes:

(1) Not applicable as this relates to an acquisition.

(2) Based on the net loss attributable to 35% equity interest in the Target for HY2026 of approximately KRW 235 million (or S$0.2 million[2]) and the Group's net loss for HY2026 of approximately S$4.8 million.

(3) Pursuant to paragraph 3.2(b)(iv) of Practice Note 10A, where a business to be acquired has a negative net asset value, the absolute value of the negative net asset value shall be taken into account in computing the aggregate value of the consideration for the purposes of Rule 1006(c). Accordingly, the aggregate value of the consideration for the purposes of Rule 1006(c) comprises the Consideration and the absolute value of the net liabilities attributable to the 35% equity interest in the Target's of approximately KRW 2,604 million (or S$2.2 million[3]) as at 30 June 2026, giving an aggregate value of approximately S$3.0 million. This has been compared against the Company's market capitalisation of approximately S$50.1 million, computed by multiplying 704,932,400 Shares (excluding treasury shares) and the volume-weighted average price ("**VWAP**") of S$0.071 per Share on 31 August 2026, being the last full market day immediately preceding the date of the Settlement Documents.

(4) Not applicable as no equity securities of the Company are being issued as consideration for the Proposed Acquisition.

(5) The Company is not a mineral, oil or gas company.

Rule 1007(1) of the Catalist Rules states, *inter alia*, that if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances set out in Practice Note 10A of the Catalist Rules. As the Target and the Group were both loss-making for HY2026, Rule 1007(1), read with Practice Note 10A of the Catalist Rules, applies to the computation under Rule 1006(b).

As the net loss attributable to 35% equity interest in the Target represents approximately 4.21% of the Group's consolidated net loss for HY2026, the threshold in paragraph 4.3(a) of Practice Note 10A is satisfied. However, as the relative figure computed under Rule 1006(c) exceeds 5% but does not exceed 75%, the Proposed Acquisition falls within paragraph 4.4(a) of Practice Note 10A. Accordingly, the Proposed Acquisition constitutes a discloseable transaction and no shareholders' approval is required.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1 Bases and assumptions

The pro forma financial effects of the Proposed Acquisition set out below are for illustrative purposes only and do not reflect the actual future financial performance or financial position of the Group following Completion. They have been prepared based on the latest audited consolidated financial statements of the Group for FY2025 and the latest draft unaudited financial statements of the Target for FY2025 and on the following bases and assumptions:

(a) the financial effect on the net tangible assets ("**NTA**") per Share is computed based on the assumption that the Proposed Acquisition was completed on 31 December 2025;

(b) the financial effect on the loss per Share ("**LPS**") is computed based on the assumption that the Proposed Acquisition was completed on 1 January 2025; and

(c) the expenses incurred in connection with the Proposed Acquisition have not been included in the computation of the financial effects.

7.2 NTA per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to the owners of the Company (S$'000)	41,577	38,568
Number of issued Shares (excluding treasury shares)	704,932,400	704,932,400
NTA per Share (Singapore cents)	5.90	5.47

7.3 LPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net loss attributable to the owners of the Company (S$'000)	(8,823)	(11,033)
Weighted average number of Shares (excluding treasury shares)	704,932,400	704,932,400
LPS (Singapore cents)	(1.25)	(1.57)

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholdings (if any) in the Company, none of the Directors and, to the best of the Directors' knowledge, none of the substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition.

9. DIRECTORS’ SERVICE CONTRACTS

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

10. 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 Acquisition, 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 (including the Vendor and MI), 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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

11.1 Copies of the following documents are available for inspection at the registered office of the Company at 9 Pandan Crescent, Singapore 128465, during normal business hours for a period of three (3) months from the date of this announcement:

(a) the Settlement Deed;

(b) the Share Transfer Deed;

(c) the Secondment Agreement; and

(d) the valuation report of the independent valuer in respect of the Sale Shares.

11.2 Any Shareholder who wishes to inspect the documents should contact the Company via email at nick.lim@kimheng.com.sg or telephone at 6777 9990 at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents. Shareholders will need to identify themselves by stating his/her/its full name as it appears on his/her/its CDP share records, contact number and NRIC/passport/company registration number, and state the manner in which he/she/it holds his/her/its Shares in the Company.

12. FURTHER ANNOUNCEMENTS

The Company will make the appropriate announcements as and when there are material developments on the Proposed Acquisition.

13. CAUTION IN TRADING

The Proposed Acquisition is subject to, inter alia, the fulfilment of the conditions precedent set out in the Settlement Documents. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed or will proceed as contemplated.

Shareholders are advised to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By order of the Board

Tan Keng Siong Thomas
Executive Chairman & CEO
1 September 2026

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*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). It 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 Mr Bernard Lim (Tel: (65) 6232 3232) at 1 Robinson Road, #21-01 AIA Tower, Singapore 048542.