



KIM HENG LTD.

(Company Registration Number: 201311482K)

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

PROPOSED SALE OF PROPERTY AT 48 PENJURU ROAD SINGAPORE 609152 TO GREENTEC ENERGY PTE. LTD.

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Kim Heng Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary, Kim Heng Marine & Oilfield Pte. Ltd. (the “**Vendor**” or “**KHMOPL**”) has on 31 March 2025 received and accepted a conditional letter of intent (the “**LOI**”) from Greentec Energy Pte. Ltd. (the “**Purchaser**” and together with the Vendor, the “**Parties**”) in relation to the proposed sale of the property at 48 Penjuru Road, Singapore 609152 (the “**Property**”) for an aggregate sale consideration of S\$13,500,000.00 (the “**Sale Price**”) (the “**Proposed Sale**”).

2. INFORMATION ON THE PURCHASER AND THE PROPERTY

2.1. The Purchaser

The Purchaser was incorporated on 13 April 2009 and is principally engaged in the waste recycling business and marine related services. The Purchaser is not related to the Company, the Board and the Company’s controlling shareholders and substantial shareholders.

2.2. The Property

The Property is located at 48 Penjuru Road, Singapore 609152. As at the date of this announcement, the Vendor is the licensee of the Property under a building agreement dated 26 October 2007 entered into with the owner, Jurong Town Corporation (“**JTC**”) (the “**Building Agreement**”). Under the Building Agreement, JTC had granted to the Vendor a license for a term of 3 years from 22 November 2006 (“**License Commencement Date**”) or for such extended periods under the terms of the Building Agreement, with the intention of granting to the Vendor a lease of the Property under an agreement (“**Agreement for Lease**”) for a term of 30 years from the License Commencement Date on the terms and conditions to be contained in the Agreement for Lease.

The term of the license will be extended and the Agreement for Lease will be entered into by JTC, subject to (i) the Company having completed certain reinstatement works at the Property, and (ii) the investment criteria set out in the Building Agreement. As at the date of this announcement, the Vendor has fulfilled JTC’s investment criteria for the purposes of the entering into the Agreement for Lease and is waiting for JTC to issue the Agreement for Lease to the Vendor. The Vendor is still in the midst of completing the reinstatement work and further details can be found under paragraph 3.1 of this announcement.

The Property comprises a purpose-built 4-storey single-user warehouse with ancillary offices (with ramp-up access to the 2nd storey), an open waterfront fabrication, and a storage yard. The approximate site area and floor area are 19,512 square metres (“**sqm**”) and 13,340.4 sqm respectively. The Property was for the Group’s internal use as office premises and for its operations.

Following the sale of the Property, the Group intends to consolidate its operations at its registered office at No. 9 Pandan Crescent, Singapore 128465, where the Group’s yard is located.

2.3. Value of the Property and the Loss on the Proposed Sale

The Property has a net book value of S\$15.1 million as at 31 December 2024. Assuming that the Proposed Sale was completed on 31 December 2024, the loss on the Proposed Sale or the deficit of the gross proceeds over the book value of the Property as at 31 December 2024 would be approximately S\$1.6 million.

Based on the valuation report conducted by Collier International Consultancy and Valuation (Singapore) Pte Ltd dated 31 December 2024 (the “**Valuation Report**”) which was commissioned by the Company, the market value of the Property was S\$16 million based on the comparison method.

3. PRINCIPAL TERMS OF THE PROPOSED SALE

3.1. Sale and Purchase

Apart from the Vendor taking the necessary steps to complete certain reinstatement works at the waterfront (which both parties understand and acknowledge the extent of the reinstatement works required) in a satisfactory and reasonable manner, the Property is sold in its present state and condition on an “as is” basis and the Purchaser shall be deemed to be satisfied with the same. As at the date of this announcement, the Vendor had already engaged a third party for the reinstatement works at the waterfront, and it is estimated that these works will take another 2 to 3 months from the date of the grant of LOI to complete.

The Property is sold with vacant possession and on as-is basis condition.

3.2. Sale Price

The Sale Price for the Proposed Sale, excluding GST, is S\$13,500,000.00. The Sale Price was arrived at based on arm’s length negotiations and on a willing-buyer and willing-seller basis, after taking into account, *inter alia*, the Valuation Report, the prevailing market conditions, and the business prospects of the Group.

The Sale Price will be fully satisfied in cash and will be paid by the Purchaser to the Company in the following manner:

- (a) a good faith deposit of S\$675,000.00 (the “**Deposit**”), together with the GST payable thereon, equivalent to 5% of the Sale Price, was paid by the Purchaser to the Vendor on 31 March 2025;
- (b) a balance option fee of S\$270,000.00 (the “**Balance Option Fee**”, together with the Deposit, the “**Option Fee**”), together with GST payable thereon, equivalent to 2% of the Sale Price,

which will be paid by the Purchaser to the Vendor in exchange for the issuance of the Option to Purchase (“**OTP**”); and

- (c) the balance of the Sale Price of S\$12,555,000.00, together with GST payable thereon, equivalent to 93% of the Sale Price, will be paid by the Purchase to the Vendor upon completion of the Proposed Sale.

3.3 Option Period

The Purchaser shall have 14 working days from the date of notification by the Vendor of JTC’s In-principle Approval to exercise the OTP, by forwarding the original acceptance page of the OTP, with the payment of the Balance Option Fee defined in paragraph 3.2(b) above.

3.4 Corporate Guarantee

The Vendor agrees to execute a deed of corporate guarantee in favour of the Purchaser (the “**Corporate Guarantee**”), in exchange for the Purchaser’s payment of the Deposit & Balance Option Fee, to guarantee the return of all sums paid by the Purchaser to the Vendor, if the Proposed Sale is terminated. The Corporate Guarantee shall be released on either of the following applicable dates:

- (a) on the date the Purchaser exercises the OTP; or
- (b) if the Proposed Transaction is terminated, on the date the Purchaser receives the return of all the sums it has paid to the Vendor pursuant to the Proposed Transaction.

4. RATIONALE FOR THE PROPOSED SALE

Notwithstanding the Proposed Sale shall result in a loss of S\$1.65 million, the Company is of the view that the Proposed Sale is in the best interest of the Group given the following:

- (a) The Proposed Sale will strengthen the Group’s cash position and improve its net gearing due to the cash settlement upon completion of the Proposed Sale.
- (b) The Proposed Sale will also allow the Group to consolidate and streamline its business operations at its remaining yard located at No. 9 Pandan Crescent, thereby realising cost savings; and
- (c) The Company confirms that the Sale Price is the best price offered for the Property as at the date of the announcement in view of JTC’s investment criteria for the Property, which limits the sale to a company engaged in a business involving the use of the waterfront, narrowing the pool of potential buyers.

5. USE OF PROCEEDS

The net proceeds from the Proposed Sale is approximately S\$13.4 million (the “**Net Proceeds**”), after deducting related professional fees and expenses of S\$100,000 which will be used by the Company for expansion plan, purchase of distressed assets, repayment of bank loans and working capital.

6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES IN RELATION TO THE PROPOSED SALE

Based on the latest unaudited consolidated financial statements of the Group for the six months and full year ended 31 December 2024 (“**FY2024**”), the relative figures of the Proposed Sale computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”) are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. Not applicable to an acquisition of assets.	29.88 ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.	25.53% ⁽³⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable ⁽⁴⁾
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves.	Not applicable ⁽⁵⁾

Notes:

- (1) Based on the net asset value of the Property as at 31 December 2024 and the net asset value of the Group as at 31 December 2024 of S\$15.1 million and S\$50.7 million respectively.
- (2) There were no net profits attributable to the Property, as the Property was for the Group's internal use as office premises.
- (3) The market capitalisation of the Company of approximately S\$52.8 million was computed based on a total number of 704,932,400 shares of the Company in issue (excluding treasury shares and subsidiary holdings) multiply by the volume weighted average price of S\$0.075 per share transacted on 28 March 2025, being the last full market day on which shares of the Company were traded on the SGX-ST preceding the signing of the LOI.
- (4) Rule 1006(d) of the Catalist Rules is not applicable as the Proposed Sale does not involve an issue of equity securities.
- (5) Rule 1006(e) of the Catalist Rules is not applicable as the Company is not a mineral, oil and gas company.

As none of the relative figures for the Proposed Sale computed pursuant to Rule 1006 of the Catalist Rules exceeds 50%, the Proposed Sale constitute a “disclosable transaction” under Rule 1010 of the Catalist Rules and is not subject to shareholders' approval.

7. FINANCIAL EFFECTS OF THE PROPOSED SALE

The financial effects of the Proposed Sale 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 the Proposed Sale. For purposes of the financial effects of the Proposed Sale, expenses in connection with the Proposed Sale have been disregarded.

The financial effects of the Proposed Sale are based on the Company's unaudited financial statements for the financial year ended 31 December 2024 ("FY2024").

7.1. Net Tangible Assets ("NTA") per Share

The financial effect of the Proposed Sale on the NTA per share of the Group as at 31 December 2024, assuming that the Proposed Sale has been effected as at 31 December 2024 is as follows:

	Before the Proposed Sale	After the Proposed Sale
NTA (S\$'000)	50,708	49,055
Number of shares	704,932,400	704,932,400
NTA per Share (Singapore cents)	7.19	6.96

7.2. Earnings per Share ("EPS")

The financial effect of the Proposed Sale on the EPS of the Group for FY2024, assuming that the Proposed Sale has been effected on 1 January 2024 is as follows:

	Before the Proposed Sale	After the Proposed Sale
Net earnings attributable to shareholders after tax (S\$'000)	1,565	(88)
Number of weighted average shares	704,932,400	704,932,400
Earnings per Share (Singapore cents)	0.22	(0.01)

7.3. Share Capital

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

7.4. Net Gearing Ratio

The financial effect of the Proposed Sale on the net gearing ratio of the Group as at 31 December 2024, assuming that would be as follows:

	Before the Proposed Sale	After the Proposed Sale
Total borrowings (S\$'000)	72,710	69,628
Cash and cash equivalents (S\$'000)	3,360	13,778

Equity attributable to owners of the Company (S\$'000)	50,708	49,055
Net gearing ratio (times)	1.37	1.14

8. DIRECTORS' SERVICE CONTRACTS

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

9. DISCLOSURE OF INTERESTS

None of the Directors, controlling shareholders or substantial shareholders of the Company, or their respective associates, have any interest, direct or indirect, in the Proposed Sale, save for their shareholdings in the Company (if any).

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 Sale, the LOI, 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.

11. FURTHER ANNOUNCEMENTS

The Company will make further announcement(s) as appropriate when there are material developments to the Proposed Sale.

12. CAUTIONARY STATEMENT

Shareholders should note that the Proposed Sale is subject to the fulfilment of the conditions precedent set out above and there is no certainty or assurance as at the date of this announcement that all of the conditions precedent will be satisfied (or waived, as the case may be) or that the Proposed Sale will be completed, 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.

13. DOCUMENTS FOR INSPECTION

A copy of the LOI and the Valuation Report will be made 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
Kim Heng Ltd.
1 April 2025

*This announcement has been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited. This announcement 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 Ms. Tay Sim Yee, SAC Capital Private Limited at 1 Robinson Road, #21-01 AIA Tower, Singapore 048542, telephone (65) 6232 3210.