



KIM HENG LTD.

(Company Registration Number: 201311482K)

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

**ACQUISITION OF REMAINING 49% INTEREST IN THE COMPANY'S SUBSIDIARY,
BRIDGEWATER OFFSHORE 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 the Company’s wholly-owned subsidiary, Kim Heng Offshore & Marine Pte. Ltd. (the “**Purchaser**”) has on 23 August 2024 entered into a sale and purchase agreement (the “**SPA**”) with Phillip Enterprise Fund Limited (in voluntary liquidation) (“**PEFL**”) and Phillip Ventures Enterprise Fund 5 Ltd. (in voluntary liquidation) (“**PVEF5**”, and together with PEFL, the “**Vendors**”) for the acquisition of 4,265,026 ordinary shares (the “**Sale Shares**”) representing 49% of the total issued and paid-up share capital of Bridgewater Offshore Pte. Ltd. (“**BOPL**”) by the Purchaser from the Vendors, on the terms and subject to the conditions of the SPA (the “**Proposed Acquisition**”).

2. RATIONALE FOR THE PROPOSED ACQUISITION

The Company wishes to undertake the Proposed Acquisition to consolidate its interest in BOPL and all vessels under BOPL for its chartering segment with both PEFL and PVEF5 reaching the end of the funds’ lifecycle.

In view of the above, the Board considers the Proposed Acquisition to be in the commercial interests of the Group as it will enhance the capacity and capability of the Group’s chartering segment. Barring any unforeseen circumstances, it is expected to contribute positively to the Group’s financial performance.

3. INFORMATION ON THE VENDORS AND BOPL

3.1. Information on the Vendors

As disclosed in the Company’s announcement dated 15 November 2019, the Purchaser, the Vendors and BOPL had on an even date entered into a joint venture agreement in relation to BOPL (the “**JVA**”). The JVA was subsequently amended by an amendment and restatement agreement dated 16 April 2020. The Vendors and the Purchaser (collectively, the “**Parties**”) are therefore the joint venture partners of BOPL.

PEFL and PVEF5 are both principally engaged in private equity funds management.

3.2. Information on BOPL

BOPL was incorporated in Singapore in 2019 and it is principally engaged in the ownership, management, and operation of vessels.

As at the date of this announcement, the shareholdings of the Parties in BOPL are as follows:

Shareholders	No. of Shares Held	Shareholding Percentage
The Purchaser	4,439,112	51.0%
PEFL	2,065,026	23.7%
PVEF5	2,200,000	25.3%
Total:	8,704,138	100%

Based on the unaudited consolidated interim financial statements of the Group for the six months ended 30 June 2024 (“**HY2024**”) as announced on 12 August 2024, the book value and net tangible asset value of the Sale Shares is S\$2,126,018.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1. The Consideration

Subject to the terms and conditions of the SPA, each of the Vendors shall sell to the Purchaser, and the Purchaser shall purchase from each of the Vendors, all (and not part only of) the Vendors’ respective Sale Shares for an aggregate consideration of US\$5,118,031.20 (equivalent to SGD 6,840,248) (the “**Consideration**”). The Consideration value was arrived at after arm’s length negotiations between the Parties on a willing-buyer and willing-seller basis, and taking into account the recent valuation conducted on some of the assets.

The Consideration is to be paid by the Purchaser in cash over three (3) monthly instalments in accordance with the payment schedule set out in the Annex to this announcement (the “**Payment Schedule**”, and each scheduled date of payment as specified in the Annex shall be referred to as a “**Payment Date**”), commencing from 23 August 2024. Notwithstanding the foregoing, the Purchaser may from time to time by three (3) business days prior notice in writing to the Vendors, elect to make full payment of the balance Consideration (in whole and not in part) to the Vendors and provided that both Vendors must be paid on the same date.

Payment of the Consideration will be funded by internal funds.

4.2. Completion

Completion of each tranche of the Sale Shares (“**Completion**”) shall take place when the Purchaser makes payment of the relevant tranche of the Consideration payable on each Payment Date (as specified in the Payment Schedule) on or prior to such date, and provided that the Purchaser has made payment of the relevant tranche of the Consideration payable to each Vendor on such date in full, each Vendor shall on the Payment Date deliver to the Purchaser the following:

- (a) original share certificates issued to it for the number of Sale Shares specified against its name in the Payment Schedule to be delivered by it on that Payment Date (the “**Relevant Sale Shares**”); and
- (b) original share transfer forms for all the Relevant Sale Shares duly signed by it with the transferee stated as the Purchaser.

4.3. Termination of the JVA

On the date on which the Vendors receive the full amount of the Consideration, the Vendors and the Purchaser shall, and the Purchaser shall procure BOPL to, sign a deed of termination relating to the termination of the JVA (as amended by the amendment and restatement agreement dated 16 April 2020).

5. RELATIVE FIGURES FOR THE PROPOSED ACQUISITION UNDER CHAPTER 10 OF THE CATALIST RULES

The relative figures in relation to the Proposed Acquisition as set out below are computed on the applicable bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”) based on the latest announced unaudited consolidated interim financial statements of the Group for HY2024.

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not Applicable ⁽¹⁾
(b)	The net profits attributable to the assets to be acquired or disposed of, compared with the Group's net profits.	0.45% ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	10.78% ⁽³⁾
(d)	The number of equity securities issued as consideration for an acquisition, compared with the number of securities previously in issue.	Not Applicable ⁽⁴⁾
(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) Rule 1006(a) of the Catalist Rules is not applicable as the Proposed Acquisition does not involve a disposal of assets.
- (2) The net profits attributable to the Sale Shares is approximately S\$2,000 for HY2024, compared with the Group's net profits of S\$444,000 for HY2024.
- (3) The consideration is US\$5,118,031.20 or approximately S\$6,840,000 (based on the prevailing exchange rate of US\$1.00: S\$1.3365 as at 2 August 2024 as published by the Monetary Authority of Singapore). The market capitalisation of the Company is approximately S\$63.4 million (as determined by multiplying 704,932,400 ordinary shares of the Company in issue (“**Shares**”) as at the date of this announcement by the volume weighted average price of the Shares of approximately S\$0.09 for trades done on 22 August 2024, being the full market day immediately preceding the date of the SPA.
- (4) Rule 1006(d) of the Catalist Rules is not applicable as the Proposed Acquisition 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 the relative figure computed pursuant to Rule 1006(c) exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a “discloseable transaction” under Chapter 10 of the Catalist Rules. Accordingly, shareholders’ approval is not required for the Proposed Acquisition.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

The financial effects of the Proposed Acquisition, as set out below, are presented for illustration purposes only and are not intended to reflect the actual future financial position of the Group after completion of the Proposed Acquisition. The financial effects were prepared based on the audited consolidated financial statements of the Group for the most recently completed financial year ended 31 December 2023.

6.1. Net tangible assets (“NTA”) per Share

Assuming the Proposed Acquisition had been effected or completed on 31 December 2023 (being the end of the most recently completed financial year ended 31 December 2023), the financial effect on the NTA per Share of the Group would have been as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to shareholders (S\$'000)	55,978	51,284
Number of issued Shares (excluding treasury shares)	705,442,100	705,442,100
NTA per Share (Singapore cents)	7.9	7.3

6.2. Earnings/Loss per Share (“EPS” or “LPS”)

Assuming that the Proposed Acquisition had been effected or completed on 1 January 2023 (being the beginning of the most recently completed financial year ended 31 December 2023), the financial effect on the EPS of the Group would have been as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit/(loss) attributable to shareholders after tax (S\$'000)	1,565	(985)
Number of issued Shares (excluding treasury shares)	705,442,100	705,442,100
EPS/LPS (Singapore cents)	0.2	(0.1)

Based on the audited consolidated loss after tax attributable to the Sales Shares of approximately S\$2,550,000 for the financial year ended 31 December 2023.

6.3. Net gearing ratio

Assuming the Proposed Acquisition had been effected or completed on 31 December 2023 (being the end of the most recently completed financial year ended 31 December 2023), the financial effect on the net gearing ratio of the Group would have been as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Equity (S\$'000)	63,263	56,423
Total borrowing (S\$'000)	45,497	45,497
Cash (S\$'000)	9,920	3,080
Net Gearing Ratio	0.56	0.75

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition (other than through their respective directorships and/or shareholdings in the Company, if any).

8. DIRECTORS' SERVICE CONTRACTS

For the avoidance of doubt, 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.

9. DOCUMENT(S) FOR INSPECTION

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

10. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. There is no certainty or assurance that the Proposed Acquisition will be completed. The Company will make the necessary announcements, in compliance with the requirements of the Catalist Rules, as and when there are material developments in respect of the Proposed Acquisition, the SPA and other matters contemplated in this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Tan Keng Siong Thomas
Executive Chairman & CEO
23 August 2024

*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 "**Exchange**") and the Exchange 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 (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Annex – Payment Schedule

Consideration Tranche	Payment Date	Sale Shares	Sale Shares to be sold by each Vendor		Consideration (US\$)	Consideration (US\$) payable to each Vendor	
			PEFL	PVEF5		PEFL	PVEF5
1.	23 August 2024	1,421,675	688,342	733,333	1,706,010.40	826,010.40	880,000.00
2.	23 September 2024	1,421,675	688,342	733,333	1,706,010.40	826,010.40	880,000.00
3.	23 October 2024	1,421,676	688,342	733,334	1,706,010.40	826,010.40	880,000.00
TOTAL		4,265,026	2,065,026	2,200,000	5,118,031.20	2,478,031.20	2,640,000.00