OKH GLOBAL LTD.
(Company Registration No.: 35479)
(Incorporated in Bermuda)

PROPOSED DIVESTMENT OF ENTIRE MINORITY INTERESTS IN PAL INVESTMENT HOLDINGS PTE. LTD. AND PAL HOLDINGS SINGAPORE PTE. LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**") of OKH Global Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its two wholly owned subsidiaries, OKH Transhub Pte. Ltd. ("**OKH Transhub**") and Chronoz Investment Pte Ltd ("**Chronoz**"), have entered into two conditional share sale agreements to dispose of the Group's entire minority interests in PAL Investment Holdings Pte. Ltd. ("**PAL Investment**") and PAL Holdings Singapore Pte. Ltd. ("**PALH**") (collectively, the "**Proposed Divestment**"):

(a) a share sale agreement dated 9 March 2017 for the sale by OKH Transhub to PALH of 30,000,000 ordinary shares in PAL Investment ("**SPA 1**"); and

(b) a share sale agreement dated 9 March 2017 for the sale by Chronoz to Bischoff Christian Paul ("**BCP**") of 2,584,923 ordinary shares in PALH ("**SPA 2**").

Under SPA 1, the Group will divest of its direct interest in PAL Investment. Under SPA 2, the Group will divest of its indirect interest in PAL Investment. PAL Investment is a subsidiary of PALH. The Proposed Divestment is a major transaction for the purposes of Chapter 10 of the Listing Manual of the Singapore Exchange Securities and Trading Limited "**SGX-ST**") and is subject to the approval of the shareholders of the Company ("**Shareholders**"). Please refer to paragraph 7 below.

Please note that completion of SPA 1 and the completion of SPA 2 are inter-conditional. This means that if there is no completion of either SPA 1 or SPA 2, there will be no completion under the other agreement. Further details of the Proposed Divestment are set out in paragraph 2 of this announcement.

2. OVERVIEW OF THE PROPOSED TRANSACTION

2.1 Background Information

In October 2013, OKH Transhub acquired a 40% minority equity stake in PAL Investment. The balance 60% equity stake in PAL Investment is held by PALH, the other shareholder.

PAL Investment is a logistics warehouse owner cum developer. It currently owns and manages three logistics properties in Singapore, Malaysia and Korea. The warehouse facilities are currently leased out on long term lease tenures. It also has a few development projects.

In September 2014, Chronoz acquired a 15% minority equity stake in PALH. There are two other shareholders in PALH. BCP is one of them, with a majority equity stake in PALH.

PALH provides integrated global transportation and logistics solutions. It currently has several offices and operates in multiple countries worldwide, with its headquarters in Singapore.

Under the Proposed Divestment, the Group will dispose of its entire equity stakes in PAL Investment and PALH back to the other shareholders in these companies.

2.2 Consideration for the Proposed Divestment

The aggregate purchase consideration payable in cash by PALH and BCP under SPA 1 and SPA 2 is S$49.00 million (the "**Consideration**").

The Consideration will be payable in the following manner:

(a) S$40.00 million to be paid in full on completion of SPA 1 by PALH to OKH Transhub; and

(b) S$9.00 million to be paid in full on completion of SPA 2 by BCP to Chronoz.

Based on the Group's latest audited financial statements ended 30 June 2016:

(i) the book value for the Group's 40% equity stake in PAL Investment was S$38.70 million; and

(ii) the book value of the Group's 15% equity stake in PALH was S$17.53 million.

Therefore, the Group is expected to record a net loss of about S$7.22 million for the Proposed Divestment before transaction costs. However, based on the net asset values of PAL Investment and PALH (as determined under the consolidated management accounts of these companies as at 31 August 2016), the Group's 40% equity stake in PAL Investment is S$34 million and the Group's 15% equity stake in PALH's is S$6.15 million, or an aggregate of S$40.15 million. In agreeing to the Consideration, the financial position and business prospects of PALH and PAL Investment were taken into consideration together with the following:

(a) the Group had paid S$30 million for its 40% equity stake in PAL Investment and paid S$21.5 million for its 15% equity stake in PALH; and

(b) the Group received approximately S$3.722 million from a share buy-back exercise carried out by PALH.

The proceeds from the Proposed Divestment will be used for working capital purposes of the Group.

2.3 Material Conditions to the Proposed Divestment

Completion of SPA 1 is conditional on the fulfilment of, *inter alia*, the following conditions:

(a) the Group receiving the relevant consents, approvals and authorisations from any third parties or governmental bodies that are necessary for the entry into and performance of SPA 1 and the transactions contemplated therein, and such consents, approvals and authorisation remaining in full force and effect and not being revoked prior to and on the completion of SPA 1;

(b) the Company's Shareholders passing resolutions necessary for the Seller to sell and transfer the relevant sale shares as envisioned by SPA 1 to the Purchaser and to perform its obligations under SPA 1 and the transactions contemplated in SPA 1, such approvals remaining in full force and effect and not being revoked prior to and on Completion ("**Resolutions**");

(c) each party to SPA 1 having performed and complied with all agreements, obligations and conditions contained in SPA 1 that are required or contemplated to be performed or complied with by it on or before Completion; and

(d) the completion of SPA 2.

The completion of SPA 2 is conditional on the fulfilment of, *inter alia*, the following conditions:

(a) similar conditions to SPA 1 as detailed above; and

(b) the completion of SPA 1.

Both SPAs contain a term stating that the Company shall procure Haiyi Holdings Pte. Ltd., a controlling shareholder of the Company (the "**Controlling Shareholder**"), to execute an irrevocable letter of undertaking to the Company undertaking that it shall vote in favour of the Resolutions (the "**Letter of Undertaking**").

If completion of SPA 1 or SPA 2 does not take place due to the breach by either the purchaser or seller in the respective agreement of its/his obligations under the agreement, it/he shall then be liable to pay the non-defaulting seller or purchaser to the agreement a sum equivalent to three point three per cent (3.3%) of the purchase consideration stipulated in that agreement.

3. FINANCIAL EFFECTS

The financial effects of the Proposed Divestment on the Group as set out below are for illustrative purposes only and are not intended to reflect the actual future financial performance or position of the Group immediately after the completion of the Proposed Divestment. The financial effects of the Proposed Divestment set out below have been prepared based on the Group's latest audited consolidated financial statements of the Group for the financial year ended 30 June 2016.

3.1 Share Capital

The Proposed Divestment will have no impact on the Company's issued share capital.

3.2 Net Tangible Assets ("**NTA**")

Assuming that the Proposed Divestment was completed on 30 June 2016, the pro forma financial effects of the Proposed Divestment on the consolidated NTA of the Group are as follows:

	Before the Proposed Divestment	After the Proposed Divestment
NTA of the Group as at 30 June 2016 (S$'000)	107,971	100,747
Number of issued and paid-up shares ('000)	628,657	628,657
NTA per Share (cents)	17.17	16.03

3.3 Earnings per Share ("**EPA**")

Assuming that the Proposed Divestment had been completed on 1 July 2015, the impact of the Proposed Divestment on the EPS of the Group would be as follows:

	Before the Proposed Divestment	After the Proposed Divestment
(Loss) after income tax and minority interests for FY2016 (S$'000)	(16,892)	(24,115)
Weighted average number of issued and paid-up shares ('000)	628,657	628,657
EPS for FY2016 (cents)	(2.69)	(3.84)

4. RATIONALE OF THE PROPOSED DIVESTMENT

When the Group first acquired an equity stake in PAL Investment in 2013, the intention was to diversify the Group's earning bases. This was because the Group was then relying on property development for its revenue. Prior to the issue of temporary occupation permit for its development projects, the Group would not be able to recognise any revenue for the units sold for the development projects. Although the investments in PAL Investment did generate profit for the Group, this was not translated into cash flow into the Group. Cash flow generated by PAL Investment was generally ploughed back to fund its expansion into new development projects. Given its overall cash flow position, the Group will not be able to meet up with the needs of PAL Investment for its capital expenditure.

As for PALH, the prospects are tough and very challenging given that its logistic business has been trending downwards with huge volatility in the past two years and more time is needed before we can see recovery. In the Group's latest audited financial statements ended 30 June 2016, the Group took an impairment of S$1.52 million for its investment in PALH.

For the reasons set out above, the Company is of the view that Group's investments in PAL Investment and PALH no longer fits the Group's needs. Furthermore, the Group also need to improve its overall cash flow position. The sale proceeds from the Proposed Divestment will provide the Group with additional cash to improve the Group's overall cash flow position.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, directly or indirectly, in the Proposed Divestment.

6. SERVICE AGREEMENT

No person is proposed to be appointed as a Director in connection with the Proposed Divestment. Accordingly, no service agreement is proposed to be entered into between the Company and any such person.

7. RULE 1006 OF THE LISTING MANUAL

For the purposes of Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the relative figures for the Proposed Divestment computed on the bases set out in Rule 1006 and based on the latest announced audited financial results of the Group as at 30 June 2016 are as follows:

Rule	Bases	Relative Figure (%)
1006(a)	The net asset value of the assets to be disposed of [(1)], compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	37.22
1006(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits.	N.A.[(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 [(3)]	62.1
1006(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
Rule	Bases	Relative Figure
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

Notes:

(1) This is computed based on an aggregate of 40% of the net asset value of PAL Investment and 15% of the net asset value of PALH, based on the un-audited management accounts of the 2 companies as at 31 August 2016.

(2) Based on the latest announced audited financial statements of the Company for the period ended 30 June 2016, the Group suffered net losses of S$16.89 million.

(3) The market capitalisation of the Company, determined by multiplying the 1,128,657,445 Shares in issue as at the date of this Announcement by the weighted average price of the Company's shares of approximately $0.0699 on 8 March 2017, which is the market day preceding the date of the SPA 1 and SPA 2.

As some of the relative figures for the Proposed Divestment computed on the bases set out in Rule 1006 have exceeded the 20% threshold, the Proposed Divestment is a major transaction for the purposes of Chapter 10 of the Listing Rules of the Exchange and therefore the approval of the Shareholders at a special general meeting is required. In due course, the Board will convene a special general meeting of the Company to seek Shareholders' approval for the Proposed Divestment.

8. DOCUMENT AVAILABLE FOR INSPECTION

Copies of SPA 1 and SPA 2 are available for inspection at the head office of the Company at 701 Sims Drive, #02-06, LHK Building, Singapore 387383 during normal business hours for a period of three (3) months from the date of this announcement.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept 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 Divestment, 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.

BY ORDER OF THE BOARD

LOCK WAI HAN
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

9 MARCH 2017