

AWARD OF PUBLIC TENDER FOR THE PROPOSED SALE OF THE GROUP'S TEN-STOREY INDUSTRIAL BUILDING LOCATED AT 12 TAI SENG LINK, SINGAPORE 534233

Unless otherwise defined, all capitalised terms used herein shall bear the same meaning as in the Company's announcements dated 25 July 2022 and 5 September 2022.

1. INTRODUCTION

- 1.1 The Board of Directors (the "**Board**" or "**Directors**") of OKH Global Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 25 July 2022 and 5 September 2022 in relation to the Public Tender of a property located at 12 Tai Seng Link Singapore 534233 together with the plant and equipment thereon (the "**Property**").
- 1.2 The Board wishes to inform the shareholders that the Company has identified the successful bidder as CES Properties (Tai Seng) Pte. Ltd. (the "**Purchaser**"). A letter of acceptance ("**Acceptance Letter**") in relation to the proposed sale of the Property for a consideration of S\$35,000,000 ("**Consideration**") (the "**Proposed Disposal**") via the Public Tender was issued to the Purchaser on 8 November 2022 ("**Date of Acceptance**"). The tender by the Purchaser and the issuance of the Acceptance Letter by the Vendor are hereinafter referred to as the "**Contract**".

2. INFORMATION ON THE PROPERTY AND THE VENDOR

- 2.1 The Property is a ten-storey industrial building with a basement carpark located within the Paya Lebar iPark and has a gross floor area of approximately 10,839.93 square meters and a land area of approximately 4,335.9 square meters. It is a leasehold estate with a leasehold term of 30 years commencing from 9 October 2012 and has a remaining lease of about 20 years. The Property will be sold with existing tenancies as at the date of completion of the Proposed Disposal.
- 2.2 The Property is owned by OKH (Woodlands) Pte. Ltd. (the "**Vendor**"). It is principally engaged in the business of industrial property development. It is incorporated in Singapore and is a wholly-owned subsidiary of the Company. The sole director of the Vendor is Lock Wai Han.
- 2.3 The book value of the Property as at 30 June 2022 based on the latest audited financial statements of the Group for the financial year ended 30 June 2022 ("**FY2022**") is approximately S\$38,000,000.
- 2.4 The Group had commissioned United Valuers Pte Ltd ("**United Valuers**"), an independent valuer, to advise on the fair value of the Property as at 30 June 2022.
- 2.5 Based on the valuation report (the "**Valuation Report**") issued by United Valuers on 15 July 2022, the fair value as at 30 June 2022 is S\$38,000,000 ("**Valuation**"). "**Fair value**" is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as at the measurement date. The Valuation takes into account the value of the Property at its highest and best use that is physically possible, legally permissible and financially feasible, with vacant possession and free from all encumbrances. It is also a market-based measurement which reflects the current market conditions assuming, amongst others, a transaction between a willing buyer and a willing seller.

Based on the Group's latest audited financial statements for FY2022, the net loss attributable to the Property is approximately S\$2,812,000.

3. INFORMATION ON THE PURCHASER AND ITS HOLDING COMPANY

- 3.1 The Purchaser is a company incorporated in Singapore as an investment holding company. The Purchaser is a wholly owned subsidiary of Chip Eng Seng Corporation Ltd ("**Chip Eng Seng**"). Chia Lee Meng Raymond is the sole director of the Purchaser.

Chip Eng Seng is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The names of its directors are set out in paragraph 5.5(b) of this Announcement. Celine Tang and her spouse, Gordon Tang collectively hold approximately 38.23% of the total number of issued shares in Chip Eng Seng.

4. PROPOSED DISPOSAL

Public Tender

- 4.1 As disclosed by the Company, the Group launched a Public Tender on 25 July 2022 for the proposed sale of the Property through various advertisements in the Straits Times and Lianhe Zaobao, inviting interested purchaser(s) to submit their offer(s) to purchase the Property, and the Public Tender closed at 3.00 p.m. on 5 September 2022.
- 4.2 As a result of the public advertisements and marketing efforts, the Vendor received multiple enquiries from potential interested purchasers. However, the Vendor only received one bid from the Purchaser at S\$35,000,000.

Basis for selection of the successful bidder

- 4.3 Following the close of the Public Tender, the Group intends to award the Public Tender to the Purchaser. The selection of the Purchaser as the successful bidder is on the basis that:
- (a) only one bid was received during the Public Tender for the Property, despite the public advertisements, marketing efforts and having received multiple enquiries from potential interested purchasers. The close of the Public Tender was at the office of Rajah & Tann Singapore LLP who is the solicitor acting for the Vendor in the sale of the Property. Rajah & Tann Singapore confirmed that there was only one bid received at the close of the Public Tender and the bid received was the Purchaser's bid;
 - (b) taking into consideration the Valuation and book value of the Property of S\$38,000,000 and the prevailing market conditions in the industrial real estate market, the Company has set the minimum acceptable price for the Proposed Disposal at S\$35,000,000 and the Consideration has met the minimum acceptable price set by the Company; and
 - (c) the Audit Committee of the Company, having reviewed the terms of the Proposed Disposal, is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

Salient terms of the Proposed Disposal

- 4.4 The salient terms of the Proposed Disposal under the Contract are as follows:
- (a) **Consideration.** As mentioned, the Consideration payable for the Proposed Disposal is S\$35,000,000, which comprises the following payments:

- (i) a tender fee of S\$400,000 paid at the time of submission of the tender by the Purchaser (the "**Tender Fee**");
- (ii) a deposit of 10% of the Consideration (less the Tender Fee) (together with the Tender Fee, the "**Deposit**") which will be paid in full by the Purchaser within 14 days from the Date of Acceptance; and
- (iii) the balance of the Consideration which will be paid on Completion.

The Consideration was arrived at on a willing buyer, willing seller basis, taking into consideration the factors set out in paragraph 4.3(b) of this Announcement.

- (b) **Conditions Precedent.** The Proposed Disposal is subject to, *inter alia*, the Vendor obtaining:
 - (i) the written in-principle approval ("**In-principle Approval**") from Jurong Town Corporation ("**JTC**") for the Vendor to sell and the Purchaser to purchase the Property on terms acceptable to the Purchaser; and
 - (ii) the written confirmation from JTC that JTC has no objection to the execution of the instrument of transfer or such other confirmation of similar nature ("**JTC Confirmation**").

Subject to the Purchaser and the Vendor having complied with all the other relevant terms and conditions in the Contract, in the event that the JTC Confirmation is not obtained by the expiry of nine (9) months from the Date of Acceptance (or such other extended time as the parties may mutually agree) or if the In-principle Approval from JTC is refused, if the inability to obtain the In-principle Approval or JTC Confirmation is attributable solely to the Vendor's default in, *inter alia*, not completing and/or submitting the requisite forms/documents required by JTC and/or relevant authority or any default on the Vendor's part, the Contract may be rescinded at the option of the Purchaser and upon such rescission, the Deposit and all monies paid by the Purchaser to the Vendor will be refunded to the Purchaser without any interest or deduction.

5. INTERESTED PERSON TRANSACTION

5.1 For the purpose of Chapter 9 of the Listing Manual of the SGX-ST ("**Listing Manual**"), taking into consideration that:

- (a) Celine Tang is a Director and the non-executive chairman of the Company. Further, she is a controlling shareholder of the Company and is deemed to be interested in 500,000,000 shares in the capital of the Company, representing 44.3% of the total number of issued shares.
- (b) Celine Tang and her spouse, Gordon Tang collectively hold an aggregate of approximately 38.23% of the total number of issued shares in Chip Eng Seng, the holding company of the Purchaser. The Purchaser is therefore an associate of Celine Tang,

the Purchaser is considered an "interested person".

The Proposed Disposal by the Vendor (being a wholly-owned subsidiary of the Company and an "entity at risk") to the Purchaser therefore constitutes an "interested person transaction" under Chapter 9 of the Listing Manual.

- 5.2 Based on the latest audited financial statements of the Group for the financial year ended 30 June 2022, the net tangible assets ("**NTA**") of the Group were approximately S\$53,137,000. The value at risk for the interested person transaction is the Consideration for the Proposed Disposal, being S\$35,000,000, which represents approximately 65.9% of the NTA of the Group as at 30 June 2022, and exceeds 5% of the Group's latest audited NTA. Unless otherwise exempted under Chapter 9 of the Listing Manual, the Proposed Disposal would have been subject to the approval of the shareholders at an extraordinary general meeting of the Company pursuant to Rule 906(1)(a) of the Listing Manual.
- 5.3 As at the date of this announcement, there are no other "interested person transactions" entered into with the Purchaser for the financial year ending 30 June 2023.
- 5.4 Rule 916(4) of the Listing Manual provides that the award of a contract by way of public tender to an interested person is not required to comply with Rule 906 of the Listing Manual (i.e. the requirement to obtain shareholders' approval) if:
- (a) the awarder entity at risk announces the following information: (i) prices of all bid(s) submitted; and (ii) an explanation of the basis for selection of the winning bid; and
- (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.
- 5.5 In this regard:
- (a) the price of the sole bid received and an explanation of the basis of selection of the winning bid are disclosed in paragraphs 4.1, 4.2 and 4.3 of this Announcement; and
- (b) the board of directors and the audit committee of each of the Company and Chip Eng Seng (being the listed parent company of the bidder) are set out below (the common directors in bold for emphasis):

Company	Chip Eng Seng
<u>Board of Directors</u> Celine Tang (non-executive chairman) Lock Wai Han (executive director & chief executive officer) Ong Soon Teik (lead independent director) Lim Eng Hoe (independent director) Ng Kheng Choo (independent director)	<u>Board of directors</u> Celine Tang (non-executive chairman and non-independent and non-executive director) Chia Lee Meng Raymond (executive director and group chief executive officer) Tan Tee How (executive director) Yam Ah Mee (executive director) Abdul Jabbar Bin Karam Din (lead independent director) Lock Wai Han (independent director) Low Teck Seng (independent director) Neo Boon Siong (independent director) Yaacob Bin Ibrahim (independent director)
<u>Audit Committee</u> Ong Soon Teik (Chairman) Lim Eng Hoe Ng Kheng Choo	<u>Audit and risk committee</u> Neo Boon Siong (Chairman) Abdul Jabbar Bin Karam Din Lock Wai Han

	Low Teck Seng Yaacob Bin Ibrahim
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The Company and Chip Eng Seng have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates, and they have audit committees whose members are completely different. Celine Tang, being a common director of both the Company and Chip Eng Seng and for reasons as set out in paragraph 5.1 above, had abstained from all deliberations for the award of the Public Tender by the Company to the Purchaser on the respective boards of both companies. Lock Wai Han, being a common director of both companies and sitting on the audit and risk committee of Chip Eng Seng, had abstained from all deliberations for the award of the Public Tender by the Company to the Purchaser on the respective boards of both companies and the audit committee of Chip Eng Seng. The Company is of the view that Rule 916(4) of the Listing Manual applies to the Proposed Disposal.

- 5.6 The Audit Committee of the Company, having reviewed the terms of the Proposed Disposal, is of the view that the disposal of the Property to the Purchaser is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

6. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in the ordinary course of business of the Company, and even though the Property is being divested below its Valuation as contained in the Valuation Report, for which the Company is expected to record a loss on disposal of approximately S\$3,000,000, it is nonetheless expected to benefit the Company and its shareholders for the following reasons:

- (a) the Property only has a remaining lease of about 20 years which may impact the future value of the Property. The Group had in previous years sought to solicit interest for the sale of the Property in the market but did not receive any offer, prior to commencing the Public Tender in July 2022. The Proposed Disposal presents an opportunity for the Company to unlock the underlying value or capitalise its investment in the Property without incurring significant additional capital investment;
- (b) the Proposed Disposal will allow the Group to reallocate its resources to strengthen its financial position. In particular, the Property is currently mortgaged to a financial institution for a loan and the Group would be able to utilise the net proceeds of the Proposed Disposal to fully settle the outstanding loan, which will reduce the current borrowings and financing cost and improve the gearing ratio of the Group; and
- (c) the Proposed Disposal demonstrates the Group's commitment to recycle capital for future growth and investments. The proceeds from the Proposed Disposal will strengthen the Group's capabilities to pursue other projects and enhance returns for its shareholders. Subject to the completion of the Proposed Disposal, the Group will retain a certain amount of cash proceeds, which would benefit the Group and shareholders of the Company insofar as acquisition and/or development of properties identified by the Group as well as to pursue of other projects by the Group in its ordinary course of business.

Save for Celine Tang and Lock Wai Han who have abstained from all deliberations for the award of the Public Tender by the Company to the Purchaser, the Directors are of the view that the Proposed Disposal is in the best interests of the Company.

For completeness, the Company wishes to inform the shareholders that further to representations and submissions made by the Company to the SGX-ST, the SGX-ST had on 27 October 2020 confirmed that it had no objection to the Company's submission that the Proposed Disposal is in the Company's ordinary course of business. Accordingly, Chapter 10 of the Listing Manual will not be applicable and no shareholder approval will be required in relation to the Proposed Disposal thereunder.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above and save for their interests arising by way of their shareholdings in the Company and/or directorships in the Group, as the case may be, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

8. INSPECTION OF DOCUMENTS

Copies of the Contract and the Valuation Report are available for inspection during normal business hours at the head office of the Company at the Herencia, 46 Kim Yam Road, #01-11, Singapore 239351 for a period of 3 months from the date of this Announcement.

By Order of the Board
LOCK WAI HAN
EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER

8 November 2022