

OKH GLOBAL LTD. TO ACQUIRE CHIP ENG SENG CONSTRUCTION PTE. LTD.

Acquisition provides OKH Global Ltd. with a new growth engine and an opportunity to participate in the robust building and construction industry

Singapore, 4 December 2024 – OKH Global Ltd. announced that it has on 4 December 2024 entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of Chip Eng Seng Construction Pte. Ltd. (the “**Target Group**”), the construction business of Acrophyte Pte. Ltd. (“**APL**”) (formerly known as Chip Eng Seng Corporation Ltd.).

The acquisition price of up to approximately S\$118.5 million will be satisfied solely by the issuance of new shares in OKH Global Ltd. at an issue price of S\$0.05252 per share, which represents a premium of approximately 212.43% over the volume weighted average price of S\$0.01681 per share for the preceding market day. The consideration was arrived at on a willing-buyer willing-seller basis, taking into account, *inter alia*, the net asset value of OKH Global Ltd. and its subsidiaries as at 30 June 2024 and the independent valuation of the Target Group.

The acquisition is expected to revitalise OKH Global Ltd. and to allow it to emerge as one of the foremost leading players in the building and construction industry. Upon completion, APL will hold more than 50% of the enlarged issued and paid-up share capital of OKH Global Ltd. APL will thus be a controlling shareholder of OKH Global Ltd.

Mr Lock Wai Han, Executive Director and Chief Executive Officer of OKH Global Ltd. remarked: “OKH is facing a pivotal moment for the continuity of the business. While our divestment and gearing reduction strategy has been critical for the successful turnaround of OKH Global Ltd., the acquisition will revitalise the business and provide a strong financial footing for us to pursue future growth opportunities. We see robust demand in the building and construction sector and the acquisition will allow OKH to gain access to the Target Group’s suite of credentials and certifications, participate in a wider range of tenders, and be well-positioned to capitalise in the strong momentum of the sector.”

Rationale for the Transaction

Sinobest Technology Holdings Ltd. acquired OKH Holdings Pte. Ltd. in a reverse takeover exercise in 2013 and it was renamed as OKH Global Ltd. It started as a local contractor, subsequently ventured into building construction and large-scale alteration & addition works projects, and eventually diversified its business by venturing into property development in Singapore and found a niche in developing industrial properties for strata sales.

In 2015, OKH Global Ltd. found itself in a major downturn of the industrial real estate market and became heavily financially leveraged. In 2016, Haiyi Holdings Pte. Ltd. injected fresh capital to rescue OKH Global Ltd. and the new management successfully focused on a strategy of divesting assets to reduce gearing and strengthen its financial position.

OKH Global Ltd.'s remaining investment properties have lease terms of under 20 years and are expected to continue to depreciate and decline in valuation in the medium to long term. Furthermore, it faces a challenging outlook due to a tough macro environment with a large supply of multiple-user factory spaces, which are expected to have an impact on rentals in the medium term.

A. New Growth Engine

The Board and management team of OKH Global Ltd. are of the view that this transaction is synergistic and presents an opportunity to revitalise OKH Global Ltd. with a new growth engine. The acquisition of the Target Group will allow OKH Global Ltd. to benefit from the integration of both parties' construction capabilities and track record of successfully executing projects and leverage a broader spectrum of in-house technical knowledge.

The transaction would allow OKH Global Ltd. to emerge as one of the foremost leading players in the building and construction industry.

B. Robust Building and Construction Industry

According to the Ministry of Trade and Industry, the construction sector grew 3.7% year-on-year in the third quarter of 2024, following the 4.8% expansion in the previous quarter¹. The increase in certified progress payments was largely driven by higher outturns in public civil engineering and residential building works. Looking ahead, the Building and Construction Authority expects total construction demand to range between S\$32 billion and S\$38 billion for 2024 and between S\$31 billion and S\$38 billion per annum from 2025 to 2028².

The Target Group is well-positioned to leverage its leading position and credentials to capitalise on the robust demand in the construction sector.

C. All-shares Consideration Beneficial to Shareholders

The all-shares consideration will help to strengthen OKH Global Ltd.'s capital base and ensure alignment of interest between the vendors of the Target Group and the minority shareholders of OKH Global Ltd. The issuance of new shares will preserve cashflow as no new debt or equity is required to be raised. The initial consideration of S\$118.5 million falls within the lower end of the Target Group's market value range of S\$115.3 million and S\$128.4 million, as assessed by the independent valuer in relation to the transaction.

¹ <https://www.mti.gov.sg/Resources/Economic-Survey-of-Singapore..>

² <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2024/01/15/steady-demand-for-the-construction-sector-projected-for-2024>

About the Target Group

The Target Group is primarily engaged in six (6) core business segments: (A) building construction; (B) building construction in Australia; (C) civil infrastructure; (D) environmental & sustainability; (E) prefabrication technology; and (F) procurement.

The Target Group has attained a suite of credentials and certifications, including (1) A1 Classifications for General Building (CW01) and Civil Engineering (CW02) Contractors, allowing it to tender for public sector projects with unlimited contract value; (2) A1 Classifications for General Building Contractors, permitting it to tender for public sector projects with unlimited contract value; (3) L6 Mechanical Engineering (ME11) Workhead, qualifying it to tender for public sector contracts in Singapore with unlimited tender sums; (4) CR10B "Precast Concrete Works" and Financial Category L6, enabling it to bid for public sector prefabrication contracts of unlimited tender sums; and (5) being an approved materials supplier for the Housing & Development Board projects.

As at 30 June 2024, the Target Group's outstanding order book stands in excess of S\$2 billion, which significantly exceeds the order books of other Singapore listed construction companies.

Approvals Required

Among other conditions, the transaction is subject to the approval of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the approval of the shareholders of OKH Global Ltd. at a special general meeting ("**SGM**") to be convened.

The SGM is expected to be held in the first calendar quarter of 2025. A circular containing further details of the transaction and enclosing the notice of SGM and proxy form(s) in connection therewith will be despatched to the shareholders of OKH Global Ltd. in due course.

Subject to the approval of the shareholders of OKH Global Ltd. at the SGM, its name will be changed to GRC Limited upon the completion of the transaction.

Advisers

OKH Global Ltd. has appointed United Overseas Bank Limited as its financial adviser, Stirling Coleman Capital Limited as the independent financial adviser, WongPartnership LLP as its legal adviser and RSM SG Corporate Advisory Pte. Ltd. as the independent valuer in relation to the transaction.

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This press release should be read in conjunction with the full text of the Acquisition Announcement released on SGXNet on the same date.

Any inquiries relating to this press release or the transaction should be directed during office hours to the UOB helpline at (65) 6539 7066.

About OKH Global Ltd.

OKH Global Ltd. is a property developer with a track record in developing visually-appealing and functional industrial property projects in Singapore. It was incorporated in Bermuda on 17 June 2004 and has been listed on the Mainboard of the SGX-ST since 18 November 2004.

For more information, please visit <https://www.okh.com.sg>