

OKH GLOBAL LTD.
(Company Registration Number: 35479)
(Incorporated in Bermuda)

RESPONSE TO SGX QUERIES

The Board of Directors of OKH Global Ltd would like to respond to the queries below raised by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") dated 6 October 2020 as follows:

SGX-ST's Query 1:

On page 1 of the Company's FY2020 results for period ended 30 June 2020, the Company disclosed that Cost of sales decreased by 78.6%. Please disclose the reasons for the significant 78.6% decrease in cost of sales in FY2020 from \$6.4million to \$1.4million when revenue decreased by only 7.2% to \$15.3million in FY2020.

Company's Response 1:

One of the Group's investment properties is held under an operating lease. Prior to the adoption of IFRS 16, the annual rental expense for the investment property (approximately S\$4.9 million) is classified as "cost of sales". Upon the adoption of IFRS 16, the Group recognises a right-of-use asset and a corresponding lease liability for the investment property. As the right-of-use asset meets the definition of an investment property, it is measured at fair value at initial application and is subsequently measured at fair value at the end of each reporting period. Any revaluation change is recognised in "other expenses".

SGX-ST's Query 2:

On page 8 of the Company's FY2020 results, the Company disclosed that Loss on revaluation of investment properties amounted to \$23.2 million. Please provide breakdown of the respective properties/projects for the significant loss on revaluation of \$23.2 million. Please also disclose who did the valuation. For the significant loss on revaluation, please provide details on the projects and how the fair value was arrived at.

Company's Response 2:

Property	Revaluation loss	Method of valuation	Valuer
12 Tai Seng Link	\$5mil	Direct comparison	United Valuers Pte Ltd
Herencia	\$6.8mil	Income capitalization	United Valuers Pte Ltd
ACE@Buroh	\$3.2mil	Direct comparison	United Valuers Pte Ltd
Loyang Enterprise	\$8.2mil	Direct comparison	United Valuers Pte Ltd
Total	\$32.2mil		

SGX-ST's Query 3:

On page 15 of the Company's FY2020 results, the Company disclosed that "The decrease in the reported revenue for FY2020 was attributed largely to the Group's property investment segment due to the sale of an investment property, Seatown Dormitory, during the year which resulted in less rental income for the Group. The decrease was also due to rental rebates given to eligible tenants as mandated by the COVID-19 (Temporary Measures) (Amendment) Act ("Act")."

The Company also disclosed that "General and administrative expenses increased by 12.1% from approximately S\$5.91 million in FY2019 to S\$6.62 million in FY2020. The increase was largely due to grant expenses for rental rebates provided to eligible tenants amounting to S\$1.18 million in FY2020 (FY2019: S\$Nil) and higher staff and related costs."

Please explain why the rental rebates were recorded both as a reduction in revenue as well as an increase in G&A expense. Please clarify if it is double counting.

Company's Response 3:

Under the Rental Relief Framework, there are two types of rental relief: (1) rental relief supported by government assistance; and (2) additional rental relief (supported by landlords/property owners). For the former, the Group recognised a grant income in accordance with IAS 20 and grant expense and for the latter, it is accounted as a reduction to revenue. Hence there is no double counting.

SGX-ST's Query 4:

The Company also disclosed that "Impairment loss on trade and other receivables increased to approximately S\$1.36 million in FY2020 as compared to S\$0.33 million in FY2019 mainly due to impairment loss on amount due from a joint venture made in FY2020 in light of the current economic climate." Please provide details of the JV and disclose what project this is and how this JV is performing. Please also elaborate why the Company is unable to collect the trade or other receivables from this JV.

Company's Response 4:

It is a joint venture for the generation, transmission, distribution and sale of energy at Pulau Ubin. Currently the revenue generated by the JV is only sufficient to cover its operating expenses, as such it is not expected that the amount due from the JV is recoverable in the near future, hence the amount is written off.

SGX-ST's Query 5:

On page 17 of the Company's FY2020 results, the Company disclosed that "The Group owns a diverse portfolio of development and investment properties." Please disclose what the existing projects are and the status of the projects, how are these projects operating and what are the known factors or events of these projects that will affect the group in the next reporting period and the next 12 months.

Company's Response 5:

Please refer to the table below for the existing projects and their status. As the COVID-19 is a global pandemic and it has impacted the global economy, many SMEs had being badly affected, as our tenants are mainly SMEs, the group expects leasing activities to slowdown.

The Group will expect revenue to drop in the next reporting period due to the sale of the Seatown Dormitory.

Property	Status	Activity
12 Tai Seng Link	Completed	Sales and Leasing
Herencia	Completed	Leasing
ACE@Buroh	Completed	Sales and Leasing
Loyang Enterprise	Completed	Sales and Leasing

BY ORDER OF THE BOARD

LOCK WAI HAN
Executive Director and Chief Executive Officer
8 October 2020