

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

PROPOSED DIVESTMENT OF ENTIRE MINORITY INTERESTS IN:

- A. EQUALBASE PTE. LTD. (FORMERLY KNOWN AS PAN ASIA LOGISTICS INVESTMENTS HOLDINGS PTE. LTD.); and**
 - B. DELTANVIL PTE. LTD. (FORMERLY KNOWN AS PAN ASIA LOGISTICS HOLDINGS SINGAPORE PTE. LTD.)**
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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 the following conditional share sale agreements for the disposal of the Group’s entire minority interests in Equalbase Pte. Ltd. (“**Equalbase**”, formerly known as Pan Asia Logistics Investments Holdings Pte. Ltd.) and Deltanvil Pte. Ltd. (“**Deltanvil**”, formerly known as Pan Asia Logistics Holdings Singapore Pte. Ltd.) (collectively, the “**Proposed Divestment**”):

- (a) a share sale agreement dated 2 March 2022 between OKH Transhub, as seller, and Deltanvil, as buyer, for the sale of 30,000,000 ordinary shares in Equalbase (“**Equalbase SPA**”), representing a 40% equity interest therein; and
- (b) a share sale agreement dated 2 March 2022 between Chronoz, as seller, and Bischoff Christian Paul (“**BCP**”), as buyer, for the sale of 2,584,923 ordinary shares in Deltanvil (“**Deltanvil SPA**”), representing a 15% equity interest therein.

Deltanvil is the immediate holding company of Equalbase with a 60% equity interest therein. Under the Equalbase SPA, the Group will divest its 40% direct interest in Equalbase. Under the Deltanvil SPA, the Group will divest its 15% direct interest in Deltanvil and its indirect interest in Equalbase.

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 the Deltanvil SPA is also subject to and conditional upon completion of the Equalbase SPA. This means that if completion under the Equalbase SPA does not take place for any reason, neither Chronoz nor BCP will be required to proceed with completion under the Deltanvil SPA.

However, completion of the Equalbase SPA is not conditional upon completion of the Deltanvil SPA. This means that completion under Equalbase SPA shall proceed notwithstanding the non-completion of the Deltanvil SPA. 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 interest in Equalbase. The balance 60% equity interest in Equalbase is held by Deltanvil, the other shareholder.

Equalbase is a logistics warehouse owner cum developer. It currently owns and/or manages three logistics properties in Singapore and Malaysia. The warehouse facilities are currently leased out on long term lease tenures. Although a development project undertaken by Equalbase comes with a long-term lease upon completion, the capital expenditure required for such project has been a strain on the cashflow for Equalbase as Equalbase relies on borrowings to finance such project.

In August 2014, Chronoz acquired a 15% minority equity interest in Deltanvil. As part of the transaction, BCP, the majority shareholder of Deltanvil, granted Chronoz a put option (the “**Put Option**”) whereby Chronoz, upon the exercise of the put option, shall require BCP to purchase from Chronoz, shares representing a 3% equity stake in Deltanvil (“**Option Shares**”) at an agreed price higher than Chronoz’s cost of investment for such shares in Deltanvil.

At the time of its acquisition, Deltanvil provides integrated global transportation and logistics solutions, with several offices and operations in multiple countries. In January 2018, Deltanvil disposed of its logistic business. Currently, Deltanvil provides freight forwarding and time critical services.

Under the Proposed Divestment, the Group will dispose of its entire minority equity interests in Equalbase and Deltanvil to the other shareholders in these companies.

2.2 Consideration for the Proposed Divestment

The aggregate purchase consideration payable under the Equalbase SPA and the Deltanvil SPA is S\$51.40 million (the “**Consideration**”), payable in cash, as follows:

- (a) S\$43.40 million payable to OKH Transhub by Deltanvil on completion of the Equalbase SPA; and

- (b) S\$8.00 million payable to Chronoz by BCP on completion of the Deltanvil SPA (“**Deltanvil Purchase Price**”).

Based on the Group’s latest audited financial statements ended 30 June 2021:

- (i) the book value for the Group’s 40% equity stake in Equalbase was S\$59.01 million; and
- (ii) the book value of the Group’s 15% equity stake in Deltanvil was S\$9.00 million.

The Group is therefore expected to record a net loss of about S\$16.61 million (before transaction costs) arising from the Proposed Divestment. This translates to a loss of 24% below the book value of the Group’s equity interests in Equalbase and Deltanvil.

In agreeing to the Consideration, the financial position and business prospects of Equalbase and Deltanvil were taken into consideration together with the following:

- (a) the Group paid S\$30.00 million for its 40% equity interest in Equalbase in October 2013 and paid S\$21.50 million for its 15% equity interest in Deltanvil in August 2014 (an aggregate of S\$51.5 million for the Group’s equity interests in Equalbase and Deltanvil); and
- (b) the Group’s aggregate receipts from its equity interests in Equalbase and Deltanvil amounted to S\$5.56 million comprising the following:
 - (i) payment of S\$3.72 million received in June 2016 arising from a share buy-back exercise carried out by Deltanvil;
 - (ii) dividend payment of \$0.24 million in December 2019 from Deltanvil; and
 - (iii) dividend payment of S\$1.60 million in December 2019 from Equalbase; and

Based on the above, the aggregate net investment value (cost of investment less receipts) of the Group for its investments in Deltanvil and Equalbase is S\$45.94 million.

- (b) AVA Associates Limited (“**AVA**”), an independent valuer commissioned by the Company, in its valuation report dated 25 February 2022 (the “**Valuation Report**”), has valued the Group’s minority equity interests in Equalbase and Deltanvil at an aggregate value of S\$48.80 million as at 31 December 2021 (with the Group’s interest in Equalbase at \$42.10 million and the Group’s interest in Deltanvil at S\$6.70 million).

The valuation of the Group’s minority equity interests in Equalbase and Deltanvil were based on a combination of market, income and cost approaches, as selected

and applied by the business and property valuers, with adherence to the relevant valuation standards. The investment properties were valued by the property valuers using a combination of market approach, via the direct comparison method, and cost approach, using the depreciated replacement costs. The value of the the Group's minority equity interests in Equalbase and Deltanvil is derived by combining the value of the revalued net asset of the companies, taking into account the market value of the investment properties, and the value of the businesses. The value of each of the businesses is determined using the market approach, publicly-traded guideline company methodology, where a valuation multiple is calculated from those of selected comparable listed companies and applied to the company. Adjustments for lack of control and lack of marketability are then applied to arrive at the market values of the Group's minority equity interests in Equalbase and Deltanvil. The Consideration is at a 5.3% premium to the valuation.

The proceeds from the Proposed Divestment will be used to repay the two secured loans for an aggregate principal sum of S\$40.54 million as at 31 December 2021 and its accrued interest as at the date of the repayment, (the "**Shareholders' Loans**") extended by Haiyi Holdings Pte. Ltd. ("**Undertaking Shareholder**"), a controlling shareholder with an equity interest of 44.3% in the share capital of the Company. Please refer to paragraph [5] below.

2.3 Material Conditions to the Proposed Divestment

The Deltanvil SPA and the Equalbase SPA shall be referred to as the "**SPAs**" and each an "**SPA**"). The material terms of the Proposed Divestment are as follows:

2.3.1 Shareholders' approval as condition precedent to the SPAs:

The Proposed Divestment is conditional upon the Shareholders passing resolutions to approve the Equalbase SPA and the Deltanvil SPA and the transactions contemplated thereunder ("**Resolutions**"). As at the date hereof, the Undertaking Shareholder has given its irrevocable undertaking to vote in favour of the Resolutions.

2.3.2 Completion:

Under the SPAs, completion shall take place on the 30th day after the date of the adoption of the Resolutions by the Company (the "**Completion Date**").

The purchaser in each SPA may defer completion to a date (the "**Deferred Completion Date**") no later than 180 days after the Completion Date, in which case, the purchaser will have to pay interest at the rate of 12.5% per annum on the purchase consideration stipulated in the relevant SPA; and

- (a) in respect of the Equalbase SPA, from the Completion Date to the date of completion under that SPA; and
- (b) in respect of the Deltanvil SPA, from the Completion Date to the earlier of (i) the date of completion; or (ii) the Deferred Completion Date; or (iii) the date of completion of the Corporate Exercise (each, a “**Closing Date**”) under that SPA.

2.3.3 Completion of Deltanvil SPA is conditional upon completion of Equalbase SPA:

Completion of the Deltanvil SPA is conditional upon the completion of Equalbase SPA. If completion under Equalbase SPA does not take place for any reason, neither Chronoz nor BCP is obliged to proceed with completion under the Deltanvil SPA.

2.3.4 Completion of Equalbase SPA is not conditional upon completion of Deltanvil SPA:

The completion of Equalbase SPA is not conditional upon completion of Deltanvil SPA. Once the Resolutions are adopted, the Equalbase SPA becomes unconditional.

2.3.5 Selective share buy-back or capital reduction of the Sale Shares under the Deltanvil SPA

Notwithstanding the deferment of completion under the Deltanvil SPA to the Deferred Completion Date but subject to completion under the Equalbase SPA having occurred, BCP may procure Deltanvil SPA to undertake a selective share buy-back or capital reduction exercise to respectively acquire or cancel all the sale shares referred to under the Deltanvil SPA for the Deltanvil Purchase Price (“**Corporate Exercise**”) and with such Corporate Exercise to be completed on or prior to the Deferred Completion Date. On the completion of the Corporate Exercise, BCP shall pay Chronoz all accrued and unpaid interest referred to in paragraph 2.3.2 above and thereafter neither Chronoz nor BCP shall have any right against the other party under the Deltanvil SPA for the sale and purchase of the sale shares referred thereto.

2.3.5 Liquidated Damages under Equalbase SPA:

If completion of Equalbase SPA does not take place due to the breach by Deltanvil of its obligations thereunder, Deltanvil shall be required to pay to OKH Transhub, as liquidated damages, the sum of S\$1.085 million, being equivalent to 2.5% of the consideration payable under the Equalbase SPA.

The aggregate amount of all interest payments payable by the Deltanvil under the Equalbase SPA (including interest payments referred to in paragraph 2.3.2 above)

and the liquidated damages referred to in the preceding paragraph shall not exceed the aggregate sum of S\$3,797,500, being equivalent to 8.75% of the consideration payable under the Equalbase SPA.

2.3.6 Liquidated Damages under the Deltanvil SPA:

If completion of Deltanvil SPA does not take place due to the breach by BCP of his obligations thereunder, BCP shall be required to pay to Chronoz, as liquidated damages, the sum of S\$0.20 million, being equivalent to 2.5% of the consideration payable under that agreement.

The aggregate amount of all interest payments payable by BCP under the Deltanvil SPA (including interest payments referred to in paragraph 2.3.2 above) and the liquidated damages preferred to in the preceding paragraph shall not exceed the aggregate sum of S\$700,000, being equivalent to 8.75% of the consideration payable under the Deltanvil SPA.

2.3.7 Non-completion of Deltanvil SPA:

As mentioned above, completion of the Deltanvil SPA is conditional upon the completion of Equalbase SPA. If completion under Equalbase SPA does not take place for any reason, neither Chronoz nor BCP is obliged to proceed with completion under the Deltanvil SPA.

If completion of Deltanvil SPA does not take place due to BCP's breach of his obligations thereunder, BCP shall pay Chronoz liquidated damages referred to in paragraph 2.3.6 above. In addition, Chronoz may by written notice require BCP to complete the purchase of the Option Shares (referred to in paragraph 2.1) for the sum of S\$5.332 million to be completed within 30 days after the date of such written notice.

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 2021.

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 2021, 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 (excluding non-controlling interests) as at 30 June 2021 (S\$'000)	71,658	55,044
Number of issued and paid-up shares ('000)	1,128,657	1,128,657
NTA per Share (cents)	6.32	4.85

3.3 Earnings per Share ("EPA")

Assuming that the Proposed Divestment had been completed on 1 July 2020, the impact of the Proposed Divestment on the EPS of the Group would be as follows:

	Before the Proposed Divestment	After the Proposed Divestment
Profit (Loss) after income tax and minority interests for FY2021 (S\$'000)	3,630	(10,303)
Weighted average number of issued and paid-up shares ('000)	1,128,657	1,128,657
EPS for FY2021 (cents)	0.32	(0.91)

4. RATIONALE OF THE PROPOSED DIVESTMENT

When the Group first acquired an equity stake in Equalbase in 2013, the Group's intention then was to diversify its earning bases. At the material time, the Group was relying on property development for its revenue which was very cyclical in nature and hence having recurring income from our stake in Equalbase helps to complement the property development segment of the Group. The Group had since built up on our own recurring incoming portfolio through our investment properties.

Although the investments in Equalbase did generate profit for the Group, this was not translated into cash flow into the Group as cash flow generated by Equalbase was generally ploughed back or retained to fund its expansion into new development projects.

As for Deltanvil, the prospects are tough and very challenging given that its logistic business has been trending downwards with huge volatility in the past few years and the Group is not optimistic about the prospect of the sector in the long term.

Given its overall cash flow position, the Group will not be able to meet the needs of Equalbase for its capital expenditure. The Group also needs to improve its overall cash flow position, which would be facilitated with the sale proceeds from the Proposed Divestment.

For the reasons set out above, the Company is of the view that Group's investments in Equalbase and Deltanvil no longer fits the Group's needs.

Following further discussion between the parties, in the first half of 2017, the Group had entered into agreements with Deltanvil and BCP for the sale and disposal of the Group's entire minority equity interests in Equalbase and Deltanvil ("**2017 Transactions**"). The agreed consideration payable under the 2017 Transactions was S\$49.00 million. However, Deltanvil and BCP failed to complete the 2017 Transactions. After several extensions of time for completion, the parties agreed in 2018 on the termination of the agreements entered into for the 2017 Transactions and the Group received a settlement sum of S\$1.62 million for such failure to complete by Deltanvil and BC.

Since 2018, the Group had continued to engage with Deltanvil and BCP from time to time on the Group's exit. The Group had also looked for third party buyers but there were no interested parties.

For the reasons set out above, the Company continues to be of the view that Group's investments in Equalbase and Deltanvil no longer fits the Group's needs and the proceeds can be used to reduce the Group's overall gearing and reduce the Group's finance cost, accordingly the Group is proceeding with the Proposed Divestment.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date hereof:

- (a) 1,938,692 ordinary shares in Detlanvil held by Chronoz (being part of the sale shares under the Deltanvil SPA) are charged to the Undertaking Shareholder to secure the repayment of the Shareholders' Loans; and
- (b) 30,000,000 ordinary shares in Equalbase held by OKH Transhub (being all the sale shares under the Equalbase SPA) are charged to the Undertaking Shareholder to secure the repayment of the Shareholders' Loans.

The proceeds from the Proposed Divestment will be used to for the repayment of the Shareholders' Loans. Save as expressly set out in this announcement, none of the Directors or controlling shareholder 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 2021 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.	83.2
1006(b)	The net profits attributable to the assets disposed of, compared with the Group's net profits.	51.9
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 ⁽²⁾	182.2
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) The net asset value of the assets to be disposed is based on the management accounts of Equalbase Pte Ltd and its subsidiaries and the management accounts of Deltanvil Pte Ltd as at 31 December 2021.
- (2) 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 S\$0.025 on 1 March 2022, which is the market day preceding the date of the Equalbase SPA and Deltanvil SPA.

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 the Equalbase SPA, Deltanvil SPA and the Valuation Report 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

2 March 2022