

Issuer: OKH Global Ltd.

Security: OKH Global Ltd.

Meeting details:

Date: 30 October 2017

Time: 2.30 p.m.

Venue: 58 Kim Yam Road, The Herencia, #02-01, Singapore 239359

Company Description

OKH Global Ltd., an investment holding company, engages in integrated construction and property development activities in Singapore. It operates through Construction Contractor, Property Development, and Property Investment segments. The company operates as a general builders and construction contractors; sells construction materials; develops industrial properties; and leases investment properties. It also offers general engineering and treasury management services, as well as engages in advertising and related activities. The company was formerly known as Sinobest Technology Holdings Ltd. and changed its name to OKH Global Ltd. in April 2013. OKH Global Ltd. was founded in 1998 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=S3N)

Q1. Several of the group’s projects were completed in the financial year, namely:

- Ace@Buroh obtained its temporary occupancy permit (“TOP”) in March 2017
- Loyang Enterprise obtained its Certificate of Statutory Completion (“CSC”) in October 2016
- 12 Tai Seng Link obtained its CSC in May 2017

DEVELOPMENT PROPERTIES

NAME OF PROPERTY	LOCATION	DESCRIPTION	TENURE	LAND AREA (SQ.FT.)	ESTIMATED GROSS FLOOR AREA (SQ.FT.)	GROUP'S EFFECTIVE EQUITY INTEREST (%)
COMPLETED						
Ace @ Buroh	2 Buroh Crescent, Singapore 627546	A 9-storey B2 ramp-up industrial building for strata sale/lease	30 years leasehold from 2013	190,317	475,780	100
Loyang Enterprise	56 Loyang Way, Singapore 508775	A 6-storey B2 ramp-up industrial building for strata sale/lease	30 years leasehold from 2013	222,092	555,000	100

INVESTMENT PROPERTIES

NAME OF PROPERTY	LOCATION	DESCRIPTION	TENURE	ESTIMATED GROSS FLOOR AREA (SQ.FT.)	GROUP'S EFFECTIVE EQUITY INTEREST (%)
COMPLETED					
12 Tai Seng Link	12 Tai Seng Link, Singapore 534233	A 10-storey B2 industrial building for lease	30 years leasehold from 2012	116,681	100
The Herencia	46 & 58 Kim Yam Road, Singapore 239351	A two-part commercial building for offices and education institution for lease	3+3+3 years leasehold from 2013	220,186	100
Seatown Industrial Centre	69H, Tuas South Avenue 1, Singapore 637509	A 3-storey ancillary dormitory, within the industrial estate of 23 units of terrace factories and one canteen, for lease	60 years leasehold from 2000	274,352	100

(Source: Company annual report)

- a) As at 30 June 2017, Ace@Buroh registered cumulative sales of 83.2%. **What are the company’s plans to maximise the value of the balance of the units at Ace@Buroh? Are the unsold units being leased out to generate rental income?**
- b) **What is the sales progress of Loyang Enterprise?**
- c) **Can management disclose the occupancy rates and the average rental rate of the group’s three investment properties?**

In addition, the group recognised a total impairment loss of approximately S\$65.0 million for FY2017 due to “current downturn in the industrial property market segment” (page 2 of the annual report).

- d) Of the impairment loss of \$65.0 million, \$27.2 million was attributed to fair value loss on investment properties. **Can management provide better clarity on fair value loss of each of the three investment properties?**
- e) **To help shareholders understand the performance of the investment property portfolio, please disclose the occupancy rate, the passing rental and the portfolio rental yield.**

Q2. On 9 March 2017, the group has announced that it proposed to divest the company's entire minority interests in Pan Asia Logistics Investment Holdings Pte. Ltd. (PAL Investment) and Pan Asia Logistics Holdings Singapore Pte. Ltd. (PALH) to PALH and to Bischoff Christian Paul (BCP) respectively.

As 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, shareholders' approval was sought and obtained on 12 May 2017.

On 16 October 2017, the company announced that the each of the purchasers, PALH and BCP, has informed the company that they are each not in a position to proceed with the completion on 16 October 2017 and are thus deemed to have defaulted in their obligations under the share sale agreement dated 9 March 2017.

The group's investments into the two entities were deemed to no longer fit the group's needs, and the sale was intended to provide the group with cash flow to improve its financial position.

- a) **How will the default impact the future plans of the group?**
- b) **What is the impact of the default on the group's financial position and cash flow?**
- c) **What are management's plans with regard to the group's investment in PAL Investment and in PALH?**
- d) **Given that group did not receive the \$500,000 extension fee since May/August 2017, what were the group's follow up actions with PALH prior to the default?**

Q3. In the Statement on Corporate Governance, the nominating committee has stated that:

"The NC has given due consideration to Guideline 2.2 of the Code which states that where the Chairman of the Board is not an Independent Director, at least half of the Board should be independent at the annual general meeting ("AGM") following the end of financial year commenced on or after 1 May 2016. Whilst taking steps to comply with the aforesaid guideline, the Board has taken the position that any new Board member should have the appropriate expertise and experience to add diversity to the breadth and depth of any Board discussion. At present, whilst acknowledging the objective of this guideline, the Board and the NC are of the opinion that the process of decision making by the Board is independent despite its current Board composition. Further, in view of the ongoing challenges faced by real estate development industry and the financial position of the Company, the Board is of the view that it would need more time to consider the choice of a suitable new Board member."

- a) **Can the nominating committee (NC) let shareholders know if it is currently in the process of shortlisting and reviewing prospective board members?**

The NC has stated that it "taps on the resources of the Directors' personal contacts and recommendations of potential candidates, and proceed with the shortlisting process ... If the candidates identified from this process are not suitable, executive recruitment agencies may be appointed to assist in the search process." (page 19).

- b) **Would the NC consider using a professional executive recruitment agency at the same time it taps the pool of potential candidates based on the informal network of the directors?** This will increase the breath of the search and make the process more robust.