

Company : ORIENTAL HOLDINGS BERHAD (5286-U)  
Stock Name : ORIENT  
Type : TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)  
RELATED PARTY TRANSACTIONS  
Subject : ACQUISITION OF THE ENTIRE 12.858% INTEREST FROM AN  
EXISTING SHAREHOLDER IN ARMSTRONG CYCLE PARTS (SDN)  
BHD

## **1. INTRODUCTION**

The Board of Directors of Oriental Holdings Berhad (“OHB” or “the Company” or “Purchaser”) wishes to announce that OHB (“Purchaser”) had, on 24 November 2017, entered into a Sale & Purchase Agreement (“Agreement”) to acquire from Dato’ Syed Mohamad Bin Syed Murtaza (“Dato’ Aidid”) his entire 12.858% equity interest in Armstrong Cycle Parts (Sdn) Bhd (“ACP”) for total cash consideration of RM1,490,756.52 (“Acquisition Price”) (“hereinafter, referred to as “Acquisition”).

Upon completion of the Acquisition, OHB shall hold 95% stake in ACP.

## **2. BACKGROUND INFORMATION**

### **2.1 INFORMATION ON OHB**

OHB was incorporated in Malaysia under the Companies Ordinances 1940-1946 on 24 December 1963 as a limited company known as Oriental Holdings Limited. On 15 April 1966, OHB assumed its present name as a company limited by stock.

The Company is principally engaged in investment holding and provision of management services. Its issued share capital and consolidated net assets as extracted from the audited financial statements as at 31 December 2016 (“AFS FY2016”) is RM620,393,638 comprising of 620,393,638 ordinary stocks inclusive of 31,808 treasury stocks and RM5,867,864,000 respectively.

### **2.2 INFORMATION ON ACP**

ACP was incorporated in Malaysia under the Companies Act 1965 on 19 November 1970 and is currently a property investment holding company. Its issued and fully paid up capital and net assets as extracted from AFS FY2016 are RM10,000,000 comprising 100,000 ordinary shares and RM8,637,746 respectively.

### **2.3 INFORMATION ON DATO’ AIDID**

Dato’ Aidid is currently a Director of ACP and is the beneficiary owner of 12,858 ordinary shares representing 12.858% in ACP.

## **3. BASIS OF ARRIVING AT ACQUISITION PRICE**

The Acquisition Price of ACP of RM1,490,756.52 was arrived at after taking into consideration the following:

- (a) Audited Financial Statements for the financial years ended 31 December 2013, 2014 and 2015;

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(b) ACP's adjusted net assets as at 30 September 2016 of RM11,593,510 based on a valuation analysis report dated 14 December 2016 for management's analysis. The Fair Market Value approach was the method of valuation used for the computation of the equity interest in ACP with the pricing was based on adjusted net assets as at 30 September 2016 as the audited figures as at 31 December 2016 were not available until April 2017; and

(c) The estimated potential market value of investment properties in the vicinity. ACP's adjusted net assets as at 30 September 2016 of RM11,593,510 had taken into consideration various adjustment of RM2,797,969 in relation to the following items:

Description	RM
Property, plant & equipment (comprising motor vehicle and office equipment which had been fully depreciated)	(25,171)
Investment properties (*comprising 3 leasehold land & buildings)	5,607,176
Amount owing by related company	(1,900,467)
Deferred tax liabilities	883,569

Note:

\* The investment properties comprised of 3 pieces of leasehold land with factory complexes in Prai Industrial Estate, Penang with a combined land area of approximately 19,640 square meters. The adjustment provided approximation of implied fair value of the investment properties in the absence of an updated property valuation report. The adjustment was based on the compound annual growth rate of Penang's House Price Index (from 2011 to 2015) of about 12% applied to the market value of the investment properties from the previous property valuation report. The implied fair value of the investment properties of RM13 million is well within range of prices observed in recent market transactions of similar land and properties within the same geographical area.

#### 4. RATIONALE FOR THE ACQUISITION

OHB's decision to buy from Dato' Aidid allows OHB to deliver on its duty as corporate shareholder.

#### 5. LIABILITIES TO BE ASSUMED BY THE PURCHASER

Save for the liabilities as illustrated in the financial statements of ACP, there are no liabilities including contingent liabilities and guarantees to be assumed by the Purchaser arising from the Acquisition.

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## **6. FINANCIAL EFFECTS OF THE ACQUISITION**

### **6.1 Share Capital and Substantial Stockholders' Holdings**

The said transaction will not have any effect on the issued and paid-up capital or the stockholding of substantial stockholders of OHB as no new ordinary stocks will be issued pursuant to the Acquisition.

### **6.2 Earnings**

The Acquisition is not expected to have any material impact on OHB Group's earnings for the financial year ending 31 December 2017.

### **6.3 Net Assets and Gearing**

The Proposed Acquisition is for long term investment and will not have material effect on the Net Assets and Gearing of the Group.

### **6.4 Highest Applicable Percentage Ratio**

The highest percentage ratio applicable to the Acquisition as per Paragraph 10.02(g) Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.03%.

## **7. RISK FACTOR(S)**

The Board does not expect any material risk arising from the Acquisition other than normal business risk associated with any commercial contract which would include breaches and non-performance of obligations under the Agreement. The Group would take the appropriate measures to minimise these risks.

## **8. APPROVAL**

The Acquisition is not subject to approval from any relevant authorities.

## **9. DIRECTORS AND MAJOR SHAREHOLDERS' INTEREST AND PERSONS CONNECTED TO DIRECTORS AND MAJOR SHAREHOLDERS**

Puan Sharifah Intan Binti S M Aidid is interested in the above Acquisition by virtue of her being the sister of Dato' Aidid. Puan Sharifah and Dato' Aidid are also stockholders of OHB holding 0.003% and 0.005% respectively.

Save and except as disclosed, none of the other Directors and/or major stockholders and/or persons connected with a Director or major stockholders of OHB has any interest, direct and indirect in the Acquisition.

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## **10. SALIENT FEATURES OF THE AGREEMENT**

The salient terms of the Agreement, as extracted from the Agreement, include, among others, are as set out below. All definitions in this section shall have the same meaning as in the respective Agreement.

### **6. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

Subject always to the accounts:-

- 6.1 VENDOR hereby represents and warrants to and undertakes with PURCHASER that the Warranties are full, complete and accurate in all material respects and will be materially fulfilled at all times from the date hereof, and will be true and correct in all material respects as though repeated on the Completion Date. Such representations, warranties and undertakings shall each be separate and independent and shall not in any way be impaired, affected, diminished or limited by reference to any other representation, warranty or undertaking or any term of this Agreement.
- 6.2 VENDOR warrants that as at Completion VENDOR shall be entitled and able to transfer legal and beneficial title to the Sale Shares free from all encumbrances to PURCHASER and/or its nominees, as the case may be, in accordance with the terms of this Agreement.
- 6.3 VENDOR shall not and shall cause the Company not to do or permit or procure any act or omission on or before Completion which would constitute a breach of any of the Warranties if they were given at any and all times from the date hereof down to Completion or which would make any of such Warranties inaccurate or misleading in any respect if they were so given.
- 6.4 Without prejudice to all other rights and remedies available at any time to PURCHASER (including but not limited to the right to damages for any loss suffered by PURCHASER), PURCHASER shall be entitled by notice in writing to VENDOR prior to Completion to rescind and to treat VENDOR as having repudiated this Agreement in the event of any falsehood or breach of any of the Warranties on the part of VENDOR under this Agreement.

## **11. ESTIMATED TIME FRAME FOR THE COMPLETION OF THE ACQUISITION**

The Acquisition is expected to be completed by 1<sup>st</sup> quarter of 2018 upon fulfilment of the obligations by the Vendor and the Purchaser as stated in the Agreement.

## **12. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING TWELVE (12) MONTHS**

There is no transaction with the same related party for the preceding 12 months.

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### **13. STATEMENT BY THE AUDIT COMMITTEE AND BOARD OF DIRECTORS**

The Audit Committee and the Board of Directors of OHB (save and except for Puan Sharifah Intan Binti S M Aidid), having considered all relevant aspects of the Acquisition, including the basis to arrive at the Acquisition Price and rationale for the Acquisition, are of the view that the Acquisition is fair, reasonable, in the best interests of the Group, on normal commercial terms and not detrimental to the interest of the minority shareholders.

### **14. DOCUMENT FOR INSPECTION**

The Agreement will be made available for inspection at the Registered Office of the Company at Suite 16-1 (Penthouse Upper), Menara Penang Garden, 42A Jalan Sultan Ahmad Shah 10050 George Town, Penang during normal working hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 24 November 2017.