

ORIENTAL HOLDINGS BERHAD (5286-U)

Stock Name : **ORIENT**
Type : **TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)**
Subject : **PROPOSED FINANCIAL ASSISTANCE**

1. INTRODUCTION

Oriental Holdings Berhad (“OHB”) wishes to announce that its subsidiary, Oriental Boon Siew (Mauritius) Pte. Ltd. (“OBSM”) and its wholly owned subsidiary, OBS Singapore Pte. Ltd. (“OBSS”) will collectively advance USD6 million (equivalent to approximately RM25,086,000) to PT Sumatra Sawit Lestari (“PTSSL”) (“Proposed Advances”).

2. INFORMATION ON OBSM, OBSS AND PTSSL

- 2.1 OBSM, a limited liability company, is duly organized and existing under the laws of Mauritius. OHB owns 50.5% interest with the remaining 49.5% owned by Boon Siew Sdn. Bhd.. Its present issued share capital is USD8 million representing 8,000,000 shares. The principal activities of OBSM are investments and granting of loans. The Directors are Datuk Loh Kian Chong, Dato’ Wong Lum Kong, Dato’ Seri Loh Cheng Yean, Dato’ Sri Datuk Wira Tan Hui Jing, Dato’ Lim Kean Seng, Deven Coopoosamy, Georges Valery Magon and alternate Director, Wong Tet Look, Dato’ Seri Lim Su Tong, Fayaz Doosamy and Navin Nagawa.
- 2.2 OBSS, a limited liability company, was incorporated in Singapore on 8 March 2007. It is a wholly owned subsidiary of OBSM. The present issued share capital of OBSS is SGD100,000 representing 100,000 shares. The principal activities of OBSS are investments holdings and granting of loans. The Directors are Datuk Loh Kian Chong, Dato’ Seri Loh Cheng Yean, Baey Cheng Song, Dato’ Robert Wong Lum Kong, Dato’ Lim Kean Seng, Dato’ Sri Datuk Wira Tan Hui Jing while the alternate Directors are Dato’ Seri Lim Su Tong, Tan Kheng Hwee and Wong Tet Look, Dato’ Seri Lim Su Tong.
- 2.3 PTSSL, a limited liability company, is duly organized and existing under the laws of the Republic of Indonesia, having its domicile in Jalan Mitro, Gang Ekor Kuning I/37, Kelurahan Air Selemba, Pangkal Balam, Pangkal Pinang, Bangka Belitung Province, Republic of Indonesia. PTSSL was incorporated on 10 February 2016. Its present issued share capital is IDR10 billion representing 10,000 shares. PTSSL is involved in the cultivation of oil palm plantation and related activities. It is owned 90% by OBSS with the remaining 10% owned by the PT Tradisi Bina Usaha. The Directors of PTSSL are Dato’ Seri Lim Su Tong, Karli Boenjamin, Dato’ Robert Wong Lum Kong, Dato’ Loh Kian Chong, Wong Tet Look, Colin Herbert Charles Morrison, Yaep Chin Yee, and while the Commissioners are Dato’ Seri Loh Cheng Yean, Dato’ Sri Datuk Wira Tan Hui Jing and Effendi Suryono.

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3. RATIONALE FOR THE PROPOSED ADVANCES

The Proposed Advances is funded from the internal reserve of OBSM and OBSS respectively. The Proposed Advances will facilitate efficient fund management within the Group and improve shareholders' wealth through minimising high cost borrowings leading to a concentrated focus on its business and operational development and future plans. Essentially, OHB Group is able to utilise its available funding to the benefits of its subsidiaries at attractive rates whilst still generating a reasonable income.

The purpose of the above transaction is also to address the inability of PTSSL to secure favourable credit rating requirements to obtain offshore borrowings owing to it still being in early stages of developing its oil palm plantation.

4. FINANCIAL EFFECTS OF PROPOSED ADVANCES

The Proposed Advances will not have any effects on the issued share capital and substantial stockholders' stockholding of OHB. The transaction is not expected to have any material impact on Group's earnings, net assets and gearing of OHB for the financial year ending 31 December 2018 and 2019.

The highest percentage ratio applicable to the transaction as per paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 0.41%.

5. SALIENT TERMS OF THE AGREEMENT

No formal agreement has been entered into. The parties, namely, OBSM, OBSS and PTSSL exchanged letters to formalize the Proposed Advances.

6. APPROVAL OF SHAREHOLDERS AND RELEVANT GOVERNMENT AUTHORITIES

The Proposed Advances is not subject to approval of any relevant regulatory authorities or the Company's stockholders.

7. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS OR MAJOR SHAREHOLDERS

None of the Directors and / or major stockholders and / or person connected with a Director or major stockholder have any interest, direct or indirect, in the Proposed Advances, save as disclosed below:

(a) BSSB is a major stockholder of OHB with a holding of 43%;

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(b) The Directors, namely, Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, Dato' Seri Lim Su Tong, Ms Tan Kheng Hwee and Dato' Sri Datuk Wira Tan Hui Jing (collectively "Interested Directors") are also indirect major stockholders of BSSB via their respective owned family companies

The Interested Directors have abstained from deliberation and voting on the Proposed Advances at Board level.

8. RISKS FACTORS

The Board does not envisage any specific risk associated with the Proposed Advances, as the Board is of the view that, barring any unforeseen circumstances, the respective subsidiaries will be able to service their obligations as and when these fall due.

9. STATEMENT BY THE AUDIT COMMITTEE AND BOARD OF DIRECTORS

The Audit Committee formed the view that the Proposed Advances is in the best interest of the Group, fair, reasonable and not detrimental to the interest of the minority shareholders.

The Board of Directors (save and except for the Interested Directors) is of the opinion that the Proposed Advances is in the best interest of the Company as the Group would be utilising its own cash resources to reduce the borrowings of OBSS and PTSSL resulting also in interest savings for the Group.

10. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING TWLEVE (12) MONTHS

There were no transactions with the same related party for the preceding last 12 months.

This announcement is dated 27 December 2018.