

ORIENTAL HOLDINGS BERHAD

Registration No. 196301000446 (5286U)

Stock Name : ORIENT
Type : GENERAL ANNOUNCEMENT
Subject : DISPOSAL OF A SUBSIDIARY

The Board of Directors of Oriental Holdings Berhad (“OHB”) wishes to make the following announcement:

1. INTRODUCTION

Oriental Holdings Berhad (“OHB”) and its subsidiaries, namely Oriental International (Mauritius) Pte., Ltd. (“OIM”) and Teck See Plastic Sdn Bhd (“TSP”) (collectively “the Vendors”) disposed off their entire respective investments in Oriental Industries (Wuxi) Co., Ltd. (“OIW”) to Jiangsu Xinghuida Technology Co., Ltd. (“Jiangsu Xinghuida” or “Buyer”) for aggregate cash consideration of Renminbi One Hundred Sixteen Million Two Hundred Eighty Thousand (“Disposal Price”) Only (RMB116,280,000) (“Disposal”). The Disposal was formalized in an Equity Transfer Agreement entered into by OIM (as trustees for OHB and TSP) and Buyer on 16 September 2020.

Vendors		Equity interest held in OIW	
Name	% held by OHB	Denominated in USD	% holding
OHB (shares are held in the name of OIM)	-	8,669,879	72.25
OIM	100.0	1,830,121	15.25
TSP (shares are held in the name of OIM)	60.0	1,500,000	12.50
	Total	12,000,000	100.00

Upon completion of the Disposal, OIW shall cease to be a subsidiary of OHB.

2. INFORMATION ON JIANGSU XINGHUIDA, OIW, OIM and TSP

2.1 **JIANGSU XINGHUIDA** is a company established and existing under the laws of the People’s Republic of China (“PRC”), whose legal address is at Block A4, No. 9 Jingyi Road, Wuxi High-tech Zone, Jiangsu 214000, PRC. The total registered and issued capital of Jiangsu Xinghuida is RMB10,000,000.

The company is engaged in the development, manufacture and sale of electrical appliances and electrical components, non metallic ore products, moulds and etc.

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2.2 **OIW** is a company established and existing under the laws of the PRC, whose legal address is at Plot 88-B, Wuxi National High-Tech Industrial Development Zone, Wuxi, Jiangsu Province, PRC. OIW obtained approval certificate for foreign investment enterprise of the PRC and the business license on 15 October 2002. The total registered and issued capital of OIW is USD12,000,000.

The Company is dormant currently. Its business scope was to engage in the manufacturing of precision moulds, standard moulds, printed circuit boards and injection moulding but has not commenced operations.

The Directors of OIW are Dato' Robert Wong Lum Kong, Mr Lim How Ghee, Dato' Seri Loh Cheng Yean, Dato' Seri Lim Su Tong, Dato' Dr. Tan Chong Siang and Datuk Loh Kian Chong.

2.3 **OIM**, a private limited company, was incorporated in Mauritius on 23 July 2002. The present issued capital of OIM is USD6,682,225 comprising 6,587,500 Ordinary Shares of USD1 each and 9,472,500 Redeemable Preference Shares of USD0.01 each. OIM is 100.0% owned by OHB. The principal activity of OIM is investment holding.

The Directors are Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, Dato' Seri Loh Cheng Yean, Dato' Sri Datuk Wira Tan Hui Jing, Dato' Lim Kean Seng, Sharmil Shah, Georges Valery Magon and alternate Directors, Wong Tet Look, Dato' Seri Lim Su Tong and Navin Nagawa.

2.4 **TSP**, a private limited company, was incorporated in Malaysia under the Companies Act 1965 on 21 December 1977. OHB owns 60.0% interest with the remaining 40.0% owned by various shareholders. Its present issued capital is RM15,750,000. The principal activities of TSP are investment holding, letting of property, plant and equipment and manufacturing and distribution of plastic articles and products.

The Directors are Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, Lim How Ghee, Dato' Seri Lim Su Tong, Dato' Syed Mohamad Bin Syed Murtaza, Dato' Sri Datuk Wira Tan Hui Jing, Ngeow Zoo Gin, Chew Kian Hong and Dr Muhammad Iqbal Bin Shaharom and alternate Directors, Datin Loh Ean, Tan Kheng Hwee, Dato' Lim Kean Seng and Tan Hui Ming.

3. DISPOSAL CONSIDERATION

The aggregate Disposal Price receivable by OIM from the Buyer for all the equity interest in OIW is RMB116,280,000 (equivalent to approximately RM70.5 million), which is arrived at on a willing buyer and willing seller basis, taking into consideration the net realizable assets based on the management accounts of OIW as at 30 June 2020. The Disposal Price is distributed to the Vendors in proportion to their equity holding in OIW as follows:

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Vendors	Cash Consideration (RMB)
OHB (shares are held in the name of OIM)	84,011,128
OIM	17,733,872
TSP (shares are held in the name of OIM)	14,535,000
Total	116,280,000

The Disposal Price shall be payable in US Dollars by the Buyer to OIM within five business days of the State Administration of Foreign Exchange Registration Date in accordance with the Equity Transfer Agreement.

The gain arising from the Disposal is approximately RM27.0 million which will be applied for working capital purposes.

4. LIABILITIES TO BE ASSUMED

Save for the liabilities in the accounts, there are no liabilities to be assumed by the Buyer arising from the Disposal.

5. ORIGINAL COST OF INVESTMENT

The original cost and date of investment in OIW are as follows:

Vendors	Date of Investment	Cumulative Cost of Investment (USD)
OHB (shares are held in the name of OIM)	25 May 2007	8,669,879
OIM	16 January 2003	1,499,980
	30 July 2003	330,141
TSP (shares are held in the name of OIM)	25 May 2007	1,500,000
Total		12,000,000

6. RATIONALE FOR THE DISPOSAL

The rationale for the Disposal is to restructure and streamline operations for operational efficiency with minimum administrative costs.

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7. FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal will not have any effect on the issued and paid-up share capital of OHB and stockholdings of substantial stockholders of OHB and has no material effect on the earnings, net assets, gearing of the Group for the financial year ending 31 December 2020.

The highest percentage ratio applicable to the transaction pursuant to paragraph 10.02(g) of the Listing requirements is 1.06%.

8. APPROVAL

The Disposal is not subject to approval of OHB's stockholders. However, the Disposal is subject to the approval of Ministry of Commerce or its competent local counterpart and the Administrative Examination and Approval Bureau of Xinwu District, Wuxi City in PRC.

9. DIRECTORS AND MAJOR STOCKHOLDERS' INTEREST AND PERSONS CONNECTED TO DIRECTORS AND MAJOR STOCKHOLDERS

None of the Directors and/or major stockholders and/or persons connected with a Director or a major stockholder of OHB have any interest, direct and indirect in the Disposal.

10. SALIENT FEATURES OF AGREEMENT

The salient terms of the Disposal as extracted from the Equity Transfer Agreement, including among others the following, are set out below. All definitions in this section shall have the same meaning as in the Equity Transfer Agreement.

- (a) The Seller in the Agreement refers to OIM.
- (b) The Seller agrees to sell to the Buyer, and the Buyer agrees to acquire from the Seller, the Equity Interests and each right attaching to the Equity Interests with effect from Completion.
- (c) The aggregate purchase price payable by the Buyer to the Seller for the Equity Interests is RMB116,280,000 ("Purchase Price").
- (d) The Buyer hereby agrees and acknowledges that:
 - the Equity Interests are being transferred to the Buyer (and consequentially, the assets of the Company are being indirectly transferred to the Buyer via the Equity Interests) on an "as is" basis;
 - none of the Seller makes or has made any representation or warranty (whether written or verbal, or express or implied) with respect to any aspect of the Company (including without limitation the financial or operational status or assets (including, without limitation, real properties, machinery and equipment) or liabilities of the Company); in particular, none of the Seller makes or has made any representation or warranty (whether written or verbal, or express or implied) with respect to the

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suitableness of the Company's business scope or assets for any particular purposes;

- it has carried out the relevant due diligence of the Company and the records and documents of the Company and it is satisfied with the current status of the Company and its business, operations, assets and liabilities; and
- it shall not invoke any knowledge or information it may have or acquire about the Company (whether before or after the date of this Agreement) to refuse to proceed with the Transaction or to request any adjustment to the Purchase Price.

11. ESTIMATED TIME FRAME FOR THE COMPLETION OF THE DISPOSAL

The said Disposal is expected to be completed within three (3) months from the date of signing of Equity Transfer Agreement.

12. DOCUMENT FOR INSPECTION

The Agreement will be made available for inspection at the Registered Office of the Company at 170-09-01 Livingston Tower, Jalan Argyll, 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.

13. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors having considered all aspects of the Disposal, are of the view that the Disposal is fair, reasonable and on normal commercial terms and it is in the best interest of the Company and not detrimental to the interest of the minority shareholders.

This announcement is dated 17 September 2020.