



# Response to MSWG

# 60<sup>th</sup> Annual General Meeting

Wednesday | 15 June 2022 | 2.30 pm

## **ORIENTAL HOLDINGS BERHAD**

Registration No. 196301000446 (5286-U)



**Owner**      **Group CFO**

**Name**        **MSWG**

**Q01**            Retail operations in Singapore recorded a significant decrease in revenue and operating profit by 35.0% and 50.6% respectively. This was mainly due to the lower number of cars sold by 53.4% in line with the cut in Certificate of Entitlement (“COE”) quota by the Land Transport Authority (“LTA”) and surge in COE prices. (page 26 of AR2021)

(a) Given that the retail operations in Singapore contributes 22.6% to the Group’s total revenue in FY2021, does the Group expect the declining trend in revenue contribution from Singapore to continue, going forward?

**Response**    COE has a 10-year tenure. We had experienced similar downturn from FY2010 to FY2014. We expect the trend to continue in a downward momentum until FY2024. As COE quota and COE prices play a vital role in car sales, growth outlook of Automotive Singapore will be dependent on the Singapore Government policy.



**Owner** Group CFO

**Name** MSWG

**Q01** (b) What are the measures to be taken by the Group to improve revenue contribution from Singapore?

**Response** Management is focused on after-sales business and has consistently review and streamline operations to ensure effectiveness and efficiency.

Management will continue to work on initiatives to enhance its competitive advantages including cost leading which deliver better products and services to customers at more competitive pricing.

In January 2022, Honda Singapore has virtually launched new Honda HR-V. The Honda Civic Hybrid is expected to be launched in 2H FY2022.



**Owner**      **Group CFO**

**Name**        **MSWG**

**Q02**

The Malaysian government has further extended the 100% sales tax exemption on Complete Knocked-Down, locally assembled cars, and a 50% sales tax exemption on Completely Built-up, fully imported car models until 30 June 2022 which will give breathing room in fulfilling customer orders from backlogs due to the events in 2021 which will help to boost sales of cars for 1HFY22. (page 27 of AR2021).

(a) To-date, has the customer orders from backlogs in 2021 been delivered? How many remain outstanding?

**Response**    We have delivered all 2021 orders to our customers.



**Owner** Group CFO

**Name** MSWG

**Q02** (b) What is the Group's backlog orders for its Automotive segment, to-date?

**Response** As at to-date, backlog orders stand at 2,799 units comprising 2,599 bookings for Honda cars and 200 bookings for Mitsubishi cars.



**Owner**      **Group CFO**

**Name**        **MSWG**

**Q02**            **(c) Given that the sales tax holiday is coming to an end, what are the odds of the Group experiencing a sudden vehicle sales contraction?**

**Response**    We do expect the automotive market to experience sales contraction post Sales and Service Tax (“SST”) free period. If past experience is any indication, the market will eventually adjust itself to the new pricing structure. We are confident with the impressive line up of popular models from Honda Malaysia and remain optimistic of the outlook for the remainder of 2022.

Apart from SST, other factors such as tightening of hire purchase (“HP”) financing conditions, increase in HP rates, increase in car prices due to inflationary pressures from increasing raw materials/inputs and logistics costs, weak Ringgit exchange rate and inflation have resulted in much reduced consumer disposable income. In turn, this adversely impact demand for new vehicles.



**Owner** Group CFO

**Name** MSWG

**Q03** The oil palm industry has been experiencing rising operational costs, notable that of fuel, fertilisers and chemicals, what was the cost of production of crude palm oil for the Group in FY2021? To what extent does the Group expect operational cost to increase further in 2022?

**Response** The cost of production of crude palm oil (“CPO”) in FY2021 ranged from RM2,200 per MT to RM2,500 per MT.

For FY2022, the cost of CPO production is estimated to increase by 30% translating to RM2,900 per MT to RM3,300 per MT.



**Owner** Group CFO

**Name** MSWG

**Q04** The Hotels & Resorts segment owns 9 operating units, including one in Malaysia and eight other overseas-based units. (page 36 of AR2021)

(a) With the relaxation of COVID-19 restrictions and the re-opening of international borders around the world, is the performance of the Hotels & Resorts segment expected to at least match pre-pandemic levels for financial year ending 2022?

**Response** As the Hotels & Resorts segment make a steady and gradual comeback following the relaxation of COVID-19 restrictions, we noted significant improvement in hotel room occupancy rates in certain markets.

However, it is still unlikely for both room and occupancy rates to be able to return to pre-pandemic levels due to external factors such as mainland China's Zero-COVID-19 policy, looming recession, high inflation, labour shortage, mutating COVID-19 virus and Monkeypox virus.





**Owner** Group CFO  
**Name** MSWG

Q04 (b) What is the current average occupancy rate and average room rate of the Group's Hotels and Resorts as compared to FY2021?

Response The current average occupancy rate and average room rate of the Group's Hotels and Resorts as compared to FY2021 are as below:

	Q1 FY2022	FY2021
<b>Occupancy rate</b>	<b>42%*</b>	<b>50%</b>
<b>Average room rate</b>	<b>RM150 - RM810</b>	<b>RM150 - RM690</b>

\* In the early days of Q1 FY2022, the Omicron variant outbreak and related restrictions continued to adversely (save and except for the New Zealand and Australia markets) impact meaningful recovery of Hotels & Resorts' performance.



**Owner**      **Group CFO**

**Name**        **MSWG**

**Q05**            **Bad debts written off (net) increased to RM3.2 million (2020: RM4,000) (Note 24, page 180 of AR2021)**

**Why were there significant increases in bad debt written off? What comprises the said bad debts that have been written off? What were the measures taken to recover the bad debts prior to write-off?**

**Response**      (a) Some of the outstanding receivables succumbed to financial difficulties or were placed under winding up proceedings. On prudent basis, Management opted to write off these bad debts.

                      (b) The said bad debts written off were a combination of trade and non-trade receivables under Hotels and Resorts and Trading of Building Material Products segments.

                      (c) Management has been actively following-up on debt recovery efforts including issuance of letters of demand and presentation of winding up petition prior to the write-off.



# Queries received before meeting 60<sup>th</sup> Annual General Meeting

Wednesday | 15 June 2022 | 2.30 pm

**ORIENTAL HOLDINGS BERHAD**

Registration No. 196301000446 (5286-U)



**Owner** Group CFO

**Name** Kopernik Global Investors

**Q01** I have a quick question regarding Honda's market share in Singapore. It looks like Honda is losing market share there. Honda had 11.3% market share in April in Singapore. It's down from 14.3% for 2021 and 21% for 2020 for market share in Singapore according to disclosure in Oriental Holding's Annual Reports. Any insight regarding the change in market share in recent years in Singapore would be much appreciated!

**Response** Declining Certificate of Entitlement ("COE") quota coupled with surge in COE prices have directly impacted the cost of COE. As Honda is focussed on the mass market segment, the increase in cost of COE will dampen the demand for mass market cars. On the other hand, luxury segment marques such as Lexus, Mercedes Benz and BMW are not affected by the increase in COE prices.



**Owner**      **Group CFO**

**Name**      **Foong Hong Meng @ Foong Lai Choong**

**Q02**      **For Indonesia the total planted area was 37,550 Ha and 37,148 Ha for FY 2020 and 2021 respectively. Why was there a decline in 2021 vs 2020?**

**Response**      **Until 2020, the total hectarage (“Ha”) was computed based on the number of seedlings planted. In 2021, a surveyor was engaged to determine the actual planted area.**



**Owner** Group CFO

**Name** Foong Hong Meng @ Foong Lai Choong

**Q03** For FY 2021 what was the planted area for (1) Bangka (2) South Sumatra?

**Response** The planted area based on hectarage are as follows:

	Bangka	South Sumatra
FY2021	24,304 Ha	12,844 Ha



**Owner** Group CFO

**Name** Foong Hong Meng @ Foong Lai Choong

**Q04** What was the total production of FFB (own estates only) in (1) Bangka (2) South Sumatra in each of the two FY 2020 and 2021?

**Response** The Fresh Fruit Bunches (“FFB”) production is as follows:

	Bangka (MT)	South Sumatra (MT)
FY2021	525,540	91,598
FY2020	486,615	67,616



**Owner**      **Group CFO**

**Name**      **Foong Hong Meng @ Foong Lai Choong**

**Q05**      **When did you first commence planting of Oil Palms in South Sumatra and what is the total cost of developing the estate( exclude mill cost) there from day one up to end 2021?**

**Response**      The first planting in South Sumatra commenced in late 2012.

The planting costs for the South Sumatra plantations as at 31 December 2021 totaled about RM530 million or about RM41,264 per Ha based on the planted area of 12,844 Ha.

On average, the total planting cost (converting from secondary jungle in Indonesia) ranges between RM30,000 per Ha to RM35,000 per Ha. Much depends on the location of the development, the terrain, climatic conditions and the social conditions in the area.





**Owner** Group CFO

**Name** Foong Hong Meng @ Foong Lai Choong

**Q05** Continuation

**Response** Given the terrain and location of our South Sumatra plantations, extra costs were incurred on the infrastructure (such as roads, drains, bridges) to improve accessibility to and connectivity between all the twelve locations. The planting costs to maturity is also higher because most of the area are low lying.

The current planting cost per Ha also includes the costs of land acquisitions (Ganti rugi) which have not yet been cleared for planting because of social and other ground issues.



**Owner**     **Group CFO**

**Name**     **Foong Hong Meng @ Foong Lai Choong**

**Q06**     **In future annual reports just for Indonesia could you breakdown the hectarages and total FFB production for (1) Bangka (2) South Sumatra? Thank you, sir.**

**Response**     **The Board will consider this suggestion.**



# Queries received during meeting 60<sup>th</sup> Annual General Meeting

Wednesday | 15 June 2022 | 2.30 pm

**ORIENTAL HOLDINGS BERHAD**

Registration No. 196301000446 (5286-U)



**Name**     **Teh Kian Lang**

**Q1**             **Will Company revert to physical AGM next year?**

**Response**    The Board will consider this request.



**Name**     **Teh Kian Lang**

**Q2**             **What is the business outlook in the next 6 months?**

**Response**    Our Group CFO had addressed business outlook in his Performance Review presentation.



**Name**     **Teh Kian Lang**

**Q3**            **How to manage supply chain and labour shortage challenges?**

**Response**    Our Group CFO had addressed supply chain concern in our response to MSWG.

We look forward to more pro-business policies with regards to foreign labour recruitment to ease the labour shortages across almost all business sectors. In the meantime, we have recruited local staff to meet our labour needs.



## Name Several Stockholders

Q4 **Compliments from stockholders**

Response We thank you, the stockholders, for the compliments and support.



**Name** Joseph Lam Wai

**Q5** Looking at Oriental business, it has RM2 billion loans whereby 86% comprises of Yen loan while on the other hand Oriental does not have Yen income. Thus basically the Yen loan is secured to take advantage of low Yen interest rate. Given Oriental has already reported a huge unrealised gain on forex, does the Management view this as a big opportunity to realise forex gain and lock in return in view of the fall of Japanese Yen?

**Response** Given the long gestation period for oil palms to mature and generate cash inflow, the Plantation Management financed the development of its palm oil plantations in Indonesia with JPY denominated borrowings due to its low interest expense rates.

Management has commenced to progressively and selectively repay these JPY denominated borrowings to realise the foreign exchange (“forex”) gains without impacting progress on the ground and reduce the Group’s exposure to the volatility of forex rates.





**Name** Joseph Lam Wai

**Q6** Oriental has RM3.526 billion cash which is enough to pay off all its borrowings leaving sufficient net cash of RM1.5 billion or RM2.40 net cash per share available for expansion. What is Oriental's strategy to put this available fund to good use?

**Response** The Group has a net cash position of RM3.0 billion after taking into account all its borrowings.

The healthy cash balance will be mobilized to generate respectable returns and enable the Group to operate from a position of strength especially during these difficult and uncertain times.



**Name** Joseph Lam Wai

**Q7** Currently Oriental NTA per share is RM11.00 per share which is still undervalue compared to its share price of RM7.30. Although this a very big improvement compared to previous year, what is the Management strategy to further grow the growth and improve its Return on Equity from current 6.7% pa to say 9% to 10% pa level?

**Response** Our Group CFO had addressed Management's Strategy in his Performance Review Presentation.



**Name** Joseph Lam Wai

**Q8** Referring to Oriental car business, with removal of lockdown and low Yen, does Management view it as opportunity to take advantage of better margin and how can the Company capitalise this to improve its profit?

Also reported having many big service maintenance workshops. Could you give us an idea on the % of maintenance and repair profit relative to your car sales profit?

**Response** Our aim is to maximise market share and volume. Therefore, we always need to strike a good balance between volume and profitability.

Our profitability from maintenance and repair is on par with industry average.



**Name** Joseph Lam Wai

**Q9** Looking at palm oil plantations which has 96.5K ha whereby roughly 42K ha is planted, translating to roughly 43% of the land is planted, could you give us an idea what is the balance plantable land for Oriental and why the land planted so low?

**Response** Generally, approximately 60% of a concession can be acquired and out of which, 80% will be planted with the balance 20% for infrastructure.

The progress of the planted land is also slow, hampered by social issues, poor accessibility, bad weather and by the outbreak and spread of COVID-19 pandemic since March 2020 till to date and by Management's efforts to consolidate its plantation operations with a critical review of its current land bank in Indonesia.



**Name** Joseph Lam Wai

Q9 **Continuation**

Response With the unfolding of the pandemic and the resulting slow progress on the ground, a moratorium was issued to all our South Sumatra concessions for all land acquisitions, land clearings and plantings to be suspended for the next twelve months or longer, if required, with effect from 1 January 2021, during which assessments will be carried out to identify High Carbon Stock (HCS) and High Conservation Value (HCV) areas in the concessions in accordance with the standards set out by HCV Resource Network (HCV RN).

The moratorium will be in line with the house keeping process which is essential before any Roundtable for Sustainable Palm Oil (RSPO) membership application can be made.

We will strive to consolidate plantation operations with a critical review of its current land bank.



**Name** Joseph Lam Wai

**Q10** Could the Management give us an idea how is the Indonesia recent export ban will affect the profitability of Oriental plantation segment compared to the relative strong world CPO prices?

Going forward, does the Management foresee CPO production and profitability further grow for Oriental plantation?

**Response** Following the recent uplifting of the export ban, Indonesian Government has resumed its export of palm oil. We anticipate it will have not much impact to Group's profitability.

The plantation segment is working to improve on yield to grow profitability going forward regardless of the CPO (crude palm oil) price.



**Name** Joseph Lam Wai

**Q11** The hotel business has shown good recovery but its profit still appear relatively low. As at 1<sup>st</sup> Quarter 2022, Management have disposed off 1 hotel in Melbourne, generating a staggering profit of RM210 million to Oriental. Does the Management plan further disposal of this undervalue portfolio going forward?

**Response** Yes, we will do so whenever we see opportunity to realise shareholder value.



**Name** Joseph Lam Wai

**Q12** What is the status of the hotel business recovery? How is the performance of hotel brand performance compared to those manage by external party on our behalf?

**Response** Our Group CFO had addressed the business recovery in the responses to MSWG.

Some of our hotels managed by Bayview have exceeded pre-pandemic performance from January to May 2022 due to the strength of our operations and sales and marketing strategies and also strong domestic leisure and MICE (meetings, incentives, conferences and exhibitions) demand. We were also able to bounce back quickly because we had zero retrenchment throughout the pandemic. Hotels in cities more reliant on business travel have not recovered as strongly, namely London, Sydney and Melbourne. We expect business travel demand to remain substantially below pre-pandemic level for the rest of 2022. Australian cities were also very reliant on Chinese tourists pre-pandemic and they continue to be unable to travel in big numbers. Also, some hotels in Singapore, Australia and New Zealand are facing labour shortages and are unable to operate at full capacity.





**Name** Joseph Lam Wai

**Q13** Referring to land reclamation in Melaka, to date you have already reclaimed a massive 985 acres, what you intend to do with this land and is Oriental plan to venture into property development?

**Response** Given the lackluster economy conditions, we are keeping the land as it is for the time being.

The landbank is intended to be used for commercial, tourism and residential development.



**Name** Joseph Lam Wai

**Q14** As for share buyback, how much treasury stock has Oriental acquired? Has Management deliberated on cancelling this treasury stock and propose a bonus issue to reward its stockholders considering Oriental is still undervalue?

**Response** The total number of treasury stock is 31,808 Stocks.

The Board has no plan to cancel these treasury stock or propose bonus issue at the moment.



**Name** Joseph Lam Wai

**Q15** As for Oriental 1st medical centre in Melaka which has generated a small comfortable profit, can Management elaborate what are the plans for this hospital segment?

**Response** Healthcare segment, as a whole, remained optimistic and yet cautious, seizing opportunities when they arise.

As a start, the segment has created new business ventures in neighbouring state (Oriental Medical (Segamat) at Segamat, Johor).



**Name** Joseph Lam Wai

**Q16** For Oriental massive portfolio equity investment to the tune of RM1.8 billion, can enlighten us on its performance and whether we have done a good job on this area say over 5 to 10 years. Besides, how will this area contributed to value creation over the long run? What are the 5 largest investment here?

**Response** On the overall, the long-term investments have been providing steady stream of dividend income and interest income over the years.

Largest investments consisted of equity investments, fixed deposits and bonds (Note 9: Other investments on pages 149 and 151 of Annual Report).



**Name**     **Lau Chuan Hooi**

**Q17**         **What is the Company's future Outlook?**

**Will the Board consider giving door gifts such e-voucher or e-wallets for those participating in this AGM as a token of appreciation?**

**Response**    Our Group CFO had addressed the Group's future outlook in his Performance Review - Outlook in 2022 and Beyond.

It is not our policy to provide tokens of appreciation for meeting participants.



**Name**      **Lew Tuck Wai**

**Q18**

Oriental Group's currency risk sensitivity analysis showed that a 5% strengthening of the RM against Japanese Yen would have a positive impact of RM84.412 million to the pre-tax profit (page 209 of the Annual Report).

(1) Can the Board confirm the illustrated substantial increase in pre-tax profit should there be a 5% strengthening of RM against Japanese Yen is mainly due to the RM1.743 billion of borrowing as disclosed on page 207 of the Annual Report?

**Response**    Yes.



**Name**      **Lew Tuck Wai**

**Q19**      (2) In view of the strengthen of RM against Japanese Yen since the beginning of 2022, has the Board/Management consider whether it is in the best interest of Oriental Group to pay back some of the Japanese Yen borrowings if such option is available? This should be very positive to the Balance Sheets of the Group since the Japanese Yen total borrowings are much lower now due to the Japanese Yen depreciation.

**Response**      Our Group CFO had addressed in his response to stockholder - Joseph Lam Wai.



## Name      **Low Tuck Wai**

Q20

The 1<sup>st</sup> Quarter 2022 results announced recently disclosed that Oriental Group has sold Bayview on The Park hotel in Melbourne Australia. (1) What are the reason(s) for the disposal of this hotel and not Bayview Eden Melbourne? (2) What was the total proceeds received from the sale of this hotel? (3) The 1st Quarter announcement disclosed that the gain from the disposal was RM210 million. What was the Book Value of the hotel disposed off?

Response      Question (1):

The outbreak of COVID-19 pandemic and subsequent quarantine measures imposed by the Australian and other Governments in early 2020 had caused significant disruption to businesses and economic activity. These have had severe negative impact on the operations of hospitality properties under Kah Australia. Furthermore, these two properties are sitting on large plots of residential development land and much too valuable for operating the current hotels. The property is worth more as residential development land rather than as hotels so we see this as a good opportunity to sell these and switch to more well-located hotel properties which can deliver superior returns.





**Name**      **Lew Tuck Wai**

**Q20**            **Continuation**

**Response**    Questions (2) & (3):  
Kindly refer to Note 15: Assets classified as held for sale on page 161 of the Annual Report.



**Name**      **Lew Tuck Wai**

**Q21**      Ultra Green Sdn Bhd has to date reclaimed 985 acres of the total concession awarded by the Melaka state Government at Klebang, Melaka (page 42 of Annual Report).  
(1) Apart from the usage of the reclaimed land for the setting up of Oriental Melaka Straits Medical Centre and Nilam Nursing College, what are the usage for the balance of the 985 acres reclaimed?  
(2) Has there been any sale of the reclaimed land since 1994?

**Response**      The landbank is intended to use for commercial, tourism and residential development.

There was no further sales after the reclaimed land sale to Melaka Straits Medical Centre in December 2013.



**Name**      **Lew Tuck Wai**

**Q22**

The average CPO price for 2021 was RM4,417 per MT (page 33 of the Annual Report)

(i) The Group achieved an average CPO selling price of RM3,274 per MT for FY2021. Why is the average price achieved substantially lower than the average CPO price of RM4,417 per MT in 2021?

(ii) As at 31 March 2022, what was the average CPO price achieved by the Group?

**Response**

(i) The average selling price of CPO of RM 4,471 per MT in 2021 refers to average selling price of CPO price in Malaysia.

The Group sells CPO only in Indonesia where the average CPO selling prices are much lower than in Malaysia.

(ii) Group average CPO price for Q1'2022 was RM4,378 per MT.



**Name**      **Low Tuck Wai**

Q23

Melaka Straits Medical Sdn Bhd has incorporated a subsidiary, Oriental Medical (Segamat) Sdn Bhd in March 2021 (page 39 of the Annual Report)

- (1) Has the subsidiary commenced operation and if Yes, is the new hospital located in Segamat? Why is Segamat chosen for the expansion of the Healthcare segment? Have any other cities in Johor being considered for this purpose?
- (2) What is the total investment for this venture and when will the medical facilities expected to commence operations?

Response

- (1) The subsidiary has yet to commence operations. We are at the stage of acquiring the land. We expect to commence construction in 2024. Segamat is chosen as our 2<sup>nd</sup> hospital expansion due to lack of private healthcare facilities in that area.
- (2) Total investment is estimated at RM160 million. We have projected to commence business operations in 5 years.



**Name** Lau Ati @ Lau Chuan Teng

**Q24** What is impact of minimum wages on the company earning? Please consider giving e voucher to participating stockholders, thank you.

**Response** The implementation of minimum wages has resulted in higher operating cost and dampened our profit margin. However, the Management will practice cost effective management to minimise the impact to the Group's earnings.

Our Group does not have the policy of giving out the e-voucher to participating stockholders.



**Name** Ho Yueh Weng

**Q25** Company disposed "other investments" of RM49.8 million. What are the nature and why the need for disposals?

**Response** The disposal is derived from the withdrawal of structured deposits.



**Name** Chua Song Yun

**Q26**

The trend of Honda Market Shares and OHB Market Shares over Honda Market Shares are rather worrying (page 28 of Annual Report) :

(a) Please explain why Honda's market shares further shrink in both Singapore and Malaysia separately? Are Honda cars losing its appeal?

(b) Please explain why OHB Market Share over Honda Market Share dropped sharply from 43.8% to 26.9% in Singapore?

Thank you.

**Response** Group CFO had addressed in his response to MSWG and other stockholders.



**Name** Chua Song Yun

**Q27** The FFB Yield per Mature Hectare for our plantations has improved from 18.13 to 19.74 (page 33 of Annual Report):  
(a) Please explain how do our Group able to achieve a higher yield?  
(b) Are this yield sustainable?

**Response** (a) Higher yields are achievable with well-organized replanting program and proper fertilizer applications.  
  
(b) The yield of close to 20 MT/Ha is sustainable. With proper agricultural input, a higher yield of about 22 MT/ha is achievable as more of the replanted areas become harvestable.





**Name** Chua Song Yun | Lee Joo Huat

**Q28** Can the Board consider to continue to hold AGM/EGM via virtual meetings for future years?

**Response** The Board will consider this request.



**Name**      **Chua Song Yun**

**Q29**      For our plantation operation in Indonesia, we only planted around 41,942 ha, while there are still 51,748 ha is plantable but not planted.  
(a) Are these land plantable?  
(b) Why do Management seems to be planting these land slowly?

**Response**      Our Group CFO had addressed this in his response to stockholder - Joseph Lam Wai.



**Name** Chua Song Yun

**Q30** In replying to MSWG question on Honda cars sales in Singapore, Management mentioned that the downward trend expected to continue until FY2024 due to COE has a 10-year tenure. Can Management please further elaborate and explain how the COE affect the car sales, and why it will only reverse in FY2024?

**Response** Lower COE (Certificate of Entitlement) quota meant lower supply and hence limit the car sales while also causing a surge in COE price. There will be more cars scrapping expected from 2024 and hence, we expect a reverse from thereon.



**Name** Foong Hong Meng@Foong Lai Choong

**Q31** For Indonesia the total planted area was 37,550 hectares and 37,148 ha for FY 2020 and 2021 respectively. (1) Why the decline? (2) For FY 2021 what was the planted area in (i) Bangka (ii) South Sumatra Palembang. (3) What was the total production (own estates only) of FFB for (i) Bangka and (ii) South Sumatra in each of the FY 2020 and 2021. (4) When did you commence planting of Oil Palm in South Sumatra and what is the total cost of developing the Oil Palm in South Sumatra from day one up to end of FY 2021? (5) How much FFB was processed by South Sumatra mill in each of FY 2020 and 2021?

**Response** Questions (1) to (4) were addressed earlier by Group CFO in responses to other stockholders.

For Question (5), FFB (fresh fruit bunches) processed by South Sumatra in FY2021 was 45,977 MT (FY2020: 26,693 MT).



**Name** Foong Hong Meng@Foong Lai Choong

**Q32** Developing palm oil in the current area of South Sumatra, is it a good investment? I notice the total FFB from the 12K hectare planted (obviously not all matured) for FY2020 and FY2021 was 66K tonne and 91K tonne which is rather low. Have you considered to completely stop further development in South Sumatra irrespective of RSPO? Please bear in mind you started planting in South Sumatra about 10 years ago in FY2012 and you achieved only 66K tonne in FY2020 and 91K tonne in FY2021.

**Response** Any planter will appreciate the difficulties with the development of palm oil plantations in Indonesia.

When the decision was made to diversify OHL's plantation business into Indonesia, it was with the firm conviction and commitment that it was an investment for the long haul; that it was not going to be without its own set of problems; that it has its own peculiar set of risks but if prudently managed with patience, the palm oil business will provide a significant contribution and sustainability to the Group's performance.



**Name** Foong Hong Meng@Foong Lai Choong

Q32 **Continuation**

**Response** The palm oil plantations in South Sumatra are still in development stage. The current FFB yields are relatively low and in line with the pace of planting that was carried out under those difficult conditions. These yields will improve as more areas become harvestable.

With the recent addition of oil mill in South Sumatra, we expect contribution to the Group profitability going forward.



**Name** Koh Hai Pin

**Q33** There are many vacant lands in Penang island and elsewhere in Malaysia. Management have any plans to revalue them and develop into profit assets? The share price is very low for the past several years. I hope managed to enhance the value by corporate exercise ie to revalue the whole asset, and or list the plantation sector to unlock value.

**Response** The Board will consider the suggestion.



**Name** Koh Hai Pin

**Q34** Your Company 1st Quarterly 2022's earnings per stock was at 43 sen. Would the subsequent quarters maintain at this rates or at lesser rate? Expect earnings per share to achieve at RM1.00. Will dividend pay ration higher than last year? Will your Company proposes bonus shares as NTA is more than RM11.00 per share? The market share price does not reflect the true value.

**Response** The Management's focus is on the Group's performance and sustainability of its businesses. Fluctuations in the market price of OHB's stocks are beyond control of the Management.





**Name**      **Lee Szed Kee**

**Q35**      Appreciate if the Company can disclosed the revalued Net tangible Asset (NTA) of the Company. The current share price has been below the NTA or revalued NTA.  
What is the action/strategy taken by the investor relation to improve the share price to be in line with the value of the Company?

**Response**      The Board currently has no intention to revalue the NTA of the Company.



**Name** Lee Szed Kee

**Q36** Appreciate if the Company can table the breakdown of the fee & benefits for the resolution

**Response** The breakdown in fees and benefits is as tabulated:

	<b>Grand Total Estimation</b>		
	<b>Company level (RM)</b>	<b>Subsidiaries level (RM)</b>	<b>Total (RM)</b>
<b>Director fees</b>	1,050,000	600,000	1,650,000
<b>Chairman fee - OHB Company Level</b>	200,000	-	200,000
<b>Other fees - OHB Company Level</b>	440,000	-	440,000
<b>Other fees - Subsidiaries Level</b>		4,000	4,000
<b>Other allowance - Subsidiaries Level</b>	-	76,000	76,000
<b>Total</b>	<b>1,690,000</b>	<b>680,000</b>	<b>2,370,000</b>



**Name**      **Lee Szed Kee**

**Q36**            **Continuation**

**Response**    At the meeting held on 24 February 2022, the Remuneration Committee had recommended a higher amount of RM2.6 million to cater for additional meetings.

Other fees included meeting attendance and Board Committees fees.

Other allowance included entertainment.



**Name** Lee Szed Kee

**Q37** Referring to healthcare business, the Company has only one hospital with 139 beds and intend to increase to 300 beds. What is the Company strategy of expanding the healthcare business since the current beds too small in size to achieve economy of scale?

**Response** The Hospital segment will:

- identify and bring in new consultants from different disciplines according to the hospital's direction to expand the ranges of services that the hospital can offer to customers;
- continue to manage overall operations with the view to attain business growth whilst observing safety and regulatory guidelines; and
- maintain a keen lookout for e-commerce opportunities in healthcare and use of social media to promote and provide services.



**Name** Lee Szed Kee | Lim Beng Chye

**Q38** The current cash & cash equivalent is RM3.5 billion with Fixed Deposit of RM1.7 billion and cash & banks balance of RM1.7 billion. Please explain why the Company putting so much monies in cash & bank balance while earning no or little interest. If the Company has no place to invest, please return the monies to stockholders as dividend.

**Response** Any proposal for dividend will be reviewed based on the Group's performance. The Board and Management will do our best to navigate the challenges ahead.

The Group will endeavor to maintain a fair and equitable dividend payout annually on a sustainable basis taking into consideration prevailing economic environment, group performance and our plans for business development.



**Name**     **Lee Szed Kee**

**Q39**     The Company has borrowings of RM1.8 billion and cash & cash equivalent of RM3.5 billion. This would be viewed negatively on the treasury management and appreciate if you could quantify the amount and the reason for not paying the borrowings with the surplus cash.

**Response**     Group CFO had addressed this in his response to stockholder - Joseph Lam Wai.



**Name** Lee Szed Kee

**Q40** The Audit Committee statement stated it had obtained clarification on the result of audit and area of concern from the external auditor in page 62 of the Annual Report. Please elaborate on the details of the result and the area of concern.

**Response** Areas of concern included valuation of bearer plants and valuation of investment in subsidiaries as summarised in key audit matters section in the auditors' report. The result of the audit is expressed in the auditors' report where an unmodified opinion is rendered.



**Name**     **Lee Szed Kee**

**Q41**        **Please explain the Company succession plan especially for those Executive Directors /Senior Management above 60 years of age.**

**Response**    The Board is looking into succession planning.





**Name** Ng Kah Hoe

**Q42**

Based on the most current quarterly report, Oriental is holding on to cash & cash equivalent and other investments totaling RM5.1 billion. After deducting borrowing (short and long term) totaling RM1.8 billion, the amount is close to RM3.2 billion.

What's the Board's plan to utilize this fund and any significant expansion to be expected? If not, any likelihood of any significant special dividend, given that this cash & cash equivalent and other investments have been growing over the past few years, from RM3 per share to current RM5 per share. Thank you.

**Response** Group CFO had addressed this in his response to stockholder - Joseph Lam Wai.