

ORIENTAL HOLDINGS BERHAD (“OH B” OR THE “COMPANY”)

- (I) **PROPOSED ACQUISITION BY OH B OF THE REMAINING EQUITY INTERESTS IT DOES NOT ALREADY OWN IN 3 PLANTATION COMPANIES, NAMELY SELASIH PERMATA SDN BHD, ORIENTAL BOON SIEW (MAURITIUS) PTE LTD AND SOUTHERN PERAK PLANTATIONS SDN BHD; AND**
- (II) **PROPOSED ACQUISITION BY OH B OF PLANTATION ESTATES LOCATED IN PENINSULAR MALAYSIA,**

FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM1.20 BILLION

Unless otherwise stated, the following foreign exchange rate (as extracted from Bank Negara Malaysia (“BNM”) as at 29 July 2022) which was mutually adopted and agreed by OH B and the vendors in respect of the Proposed Share Acquisitions (as defined below) has been used throughout this announcement:-

Indonesian Rupiah (“IDR”) 1.00 : Malaysian Ringgit (“RM”) 0.0003

1. INTRODUCTION

On behalf of the Board of Directors of OH B (“**Board**”), UOB Kay Hian Securities (M) Sdn Bhd (“**UOBKH**”) wishes to announce that OH B had on 13 October 2022, entered into the following:-

- (i) conditional share sale agreement to acquire from Boon Siew Sdn Bhd (“**BSSB**”) 34,984,125 ordinary shares in OH B’s existing 50.50% owned subsidiary, Selasih Permata Sdn Bhd (“**SPSB**”) (“**SPSB Shares(s)**”), representing the balance 49.50% equity interest in SPSB, for a cash consideration of RM646,931,000 (“**SPSB SSA**”) (“**Proposed SPSB Acquisition**”);
- (ii) conditional share sale agreement to acquire from BSSB 3,960,000 ordinary shares in OH B’s existing 50.50% owned subsidiary, Oriental Boon Siew (Mauritius) Pte Ltd (“**OBS(M)**”) (“**OBS(M) Shares(s)**”), representing the balance 49.50% equity interest in OBS(M), for a cash consideration of RM1 (“**OBS(M) SSA**”) (“**Proposed OBS(M) Acquisition**”); and
- (iii) conditional share sale agreement to acquire from BSSB, Boon Siew Development Sdn Bhd (“**BSD**”) and Loh Boon Siew Holdings Sdn Bhd (“**LBS**”) collectively 12,100,000 ordinary shares in OH B’s existing 39.50% owned associate company, Southern Perak Plantations Sdn Bhd (“**SPP**”) (“**SPP Share(s)**”), representing the balance 60.50% equity interest in SPP, for a cash consideration of RM155,327,000 (“**SPP SSA**”) (“**Proposed SPP Acquisition**”).

(The SPSB SSA, OBS(M) SSA and SPP SSA are collectively referred to as the “SSAs” and the Proposed SPSB Acquisition, Proposed OBS(M) Acquisition and Proposed SPP Acquisition are collectively referred to as the “Proposed Share Acquisitions”).

Simultaneously with the Proposed Share Acquisitions, OH B had entered into the following conditional sale and purchase agreements (collectively, the “**SPAs**”) with Boontong Estates Sdn Bhd (“**BESB**”) to acquire the following plantation estates, which are to be held through SPP (subject to the completion of the Proposed SPP Acquisition):-

- (i) oil palm plantation land held under 17 land titles measuring a total of 77.51 hectares (“**Ha**”) located along Jalan Ara Kuda, Mukim 19, District of Seberang Perai Tengah, Pulau Pinang, Malaysia (“**Bukit Langkap Estate**”) for a cash consideration of RM41,000,000 (“**Bukit Langkap Estate SPA**”) (“**Proposed Bukit Langkap Estate Acquisition**”);

- (ii) oil palm plantation land held under 30 land titles measuring a total of 1,704.24 Ha located within Mukim and District of Bentong, Pahang, Malaysia (“**Bentong Estate**”) for a cash consideration of RM132,000,000 (“**Bentong Estate SPA**”) (“**Proposed Bentong Estate Acquisition**”); and
- (iii) oil palm plantation land held under 22 land titles measuring a total of 1,668.60 Ha located within the district of Kuala Muda, Kedah Darul Aman (“**Thye Group Estate**”) for a cash consideration of RM224,100,000 (“**Thye Group Estate SPA**”) (“**Proposed Thye Group Estate Acquisition**”).

(The Bukit Langkap Estate SPA, Bentong Estate SPA and Thye Group Estate SPA are collectively referred to as the “SPAs”. The Proposed Bukit Langkap Estate Acquisition, Proposed Bentong Estate Acquisition and Proposed Thye Group Estate Acquisition are collectively referred to as the “Proposed Land Acquisitions”, and the Proposed Share Acquisitions and Proposed Land Acquisitions are collectively referred to as the “Proposals”. BSSB, BSD, LBS and BESB are collectively referred to as the “Vendors”).

In view of the interests of certain directors and major stockholders of OHB in the Proposals as disclosed in **Section 12** of this announcement, the Proposals are deemed to be related party transactions under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”). Accordingly, Mercury Securities Sdn Bhd (“**Mercury Securities**” or the “**Independent Adviser**”) has been appointed as the independent adviser to advise the non-interested Directors and non-interested stockholders of OHB on the Proposals.

Further details on the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSALS

The Proposals will be undertaken in two (2) phases, the Proposed Share Acquisitions and the Proposed Land Acquisitions. The Proposed Share Acquisitions are inter-conditional upon each other. The Proposed Land Acquisitions are not inter-conditional upon each other. However, the Proposed Land Acquisitions are conditional upon the completion of the Proposed SPP Acquisition.. Pursuant to the Proposed Land Acquisitions, OHB is the payor for the acquisitions, whilst SPP is the purchaser for the plantation properties. For the avoidance of doubt, the Proposed Share Acquisitions once completed pursuant to the terms of their respective SSAs will not be terminated or rescinded solely as a result of the non-completion of any of the Proposed Land Acquisitions under the terms of their respective SPAs. The total aggregate purchase consideration for the Proposals is approximately RM1.20 billion (“**Total Purchase Consideration**”).

A snapshot of the Proposals is set out as follows:-

	PROPOSED SHARE ACQUISITIONS			PROPOSED LAND ACQUISITIONS		
	Acquiring equity interest not currently held in existing subsidiaries of OHB		Acquiring equity interest not currently held in existing associate company of OHB	Acquiring plantation properties*		
Target companies/ assets	SPSB (49.50%)	OBS(M) (49.50%)	SPP (60.50%)	Pulau Pinang, Malaysia - Bukit Langkap Estate ⁽⁴⁾	Pahang, Malaysia - Bentong Estate ⁽⁴⁾	Kedah, Malaysia - Thye Group Estate ⁽⁴⁾

	PROPOSED SHARE ACQUISITIONS			PROPOSED LAND ACQUISITIONS		
	Acquiring equity interest not currently held in existing subsidiaries of OHB		Acquiring equity interest not currently held in existing associate company of OHB	Acquiring plantation properties*		
Plantation properties and commercial properties owned by the target companies/ group of target companies	Bangka Belitung Islands Province, Republic of Indonesia ("Indonesia")	Bangka Belitung Islands Province, Indonesia	Perak, Malaysia	-	-	-
	- GML Estate (with palm oil mill) ⁽¹⁾⁽⁴⁾	- BSSP Estate (with palm oil mill) ⁽²⁾⁽⁴⁾	- SPP Estate (with palm oil mill) ⁽³⁾⁽⁴⁾			
	- GSBL Estate (with palm oil mill) ⁽¹⁾⁽⁴⁾	South Sumatera Province, Indonesia				
		- SAP Estate ⁽²⁾⁽⁴⁾				
	Victoria, Australia	- GSSL Estate ⁽²⁾⁽⁴⁾				
	- OAA Property ⁽⁵⁾	- PPA Estate (with palm oil mill) ⁽²⁾⁽⁴⁾				
		- DAM Estate ⁽²⁾⁽⁴⁾				
		- SSL Estate ⁽²⁾⁽⁴⁾				
		Victoria, Australia				
		- OAM(A) Property ⁽⁵⁾				
Purchase consideration	RM646.93 million	RM1.00	RM155.33 million	RM41.00 million	RM132.00 million	RM224.10 million
	RM802.26 million			RM397.10 million		
Total Purchase Consideration	RM1,199.36 million					

Notes:-

* Pursuant to the SPAs, SPP will acquire the said plantation properties (after the completion of the Proposed Share Acquisitions).

(1) Plantation properties, further details of which are set out in **Section 3.1.8** of this announcement.

(2) Plantation properties, further details of which are set out in **Section 3.2.8** of this announcement.

(3) Plantation property, further details of which are set out in **Section 3.3.8** of this announcement.

(4) The market value of the plantation properties, which form part of the basis of determining the Total Purchase Consideration of approximately RM1.20 billion, have been appraised by independent valuers, KJPP Rengganis, Hamid & Rekan ("KJPP RHR") (in respect of the plantation properties located in Indonesia) and Knight Frank Malaysia Sdn Bhd ("Knight Frank") (in respect of the plantation properties located in Malaysia) and as set out in the valuation letters dated 30 September 2022 to the Board ("Independent Valuation Letter I" and "Independent Valuation Letter II", respectively).

- (5) *Commercial properties, further details of which are set out in **Section 3.1.9** and **Section 3.2.9** of this announcement. For avoidance of doubt, no independent property valuations were undertaken as the carrying value of the commercial properties are assessed annually for impairment at the end of each audited financial year to reflect prevailing market conditions.*

2.1 Basis and justification of determining the Total Purchase Consideration

The Total Purchase Consideration was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:-

- (i) the aggregate audited net assets (“**NA**”) of SPSB and its subsidiaries (collectively, “**SPSB Group**”) of approximately RM1.51 billion as at 31 December 2021 (after adjusting for inter-company balances between the entities and OHB and its subsidiaries (collectively, “**OHB Group**” or the “**Group**”), and the market value of the plantation properties held under SPSB Group (which are located in Bangka Belitung Islands Province, Indonesia) of approximately IDR2,528.23 billion (equivalent to approximately RM758.47 million) as appraised by KJPP RHR as set out in the Independent Valuation Letter I⁽¹⁾;
- (ii) the aggregate audited net liabilities of OBS(M) and its subsidiaries (“**OBS(M) Group**”) of approximately RM637.97 million as at 31 December 2021 (after adjusting for inter-company balances between the entities and OHB Group), and the market value of the plantation properties held under OBS(M) Group (which are located in Bangka Belitung Islands Province and South Sumatera Province, Indonesia) of approximately IDR3,472.00 billion (equivalent to approximately RM1.04 billion) as appraised by KJPP RHR as set out in the Independent Valuation Letter I⁽¹⁾;
- (iii) the audited NA of SPP of approximately RM83.45 million as at 31 December 2021 (after adjusting for dividend payment of RM104.13 million in value, which was completed on 23 September 2022), and the market value of the plantation property held under SPP (which is located in Peninsular Malaysia) of RM478.00 million as appraised by Knight Frank as set out in the Independent Valuation Letter II⁽²⁾;
- (iv) the market value of the plantation properties to be acquired under the Proposed Land Acquisitions (all of which are located in Peninsular Malaysia) of RM397.10 million as appraised by Knight Frank as set out in the Independent Valuation Letter II⁽²⁾;
- (v) the successful negotiations between the management of OHB and the Vendors to acquire the assets under the Proposals for a total cash consideration of approximately RM1.20 billion, notwithstanding that the aggregate revalued NA value of SPSB Group, OBS(M) Group and SPP, and the market value of the identified plantation properties under the Proposed Land Acquisitions amount to approximately RM1.45 billion (“**Total RNAV**”). The discount of approximately 17.13% over the Total RNAV was obtained during the course of negotiation after taking into consideration, amongst others, the following:-
 - (a) the suitability and capability of OHB Group to acquire the assets en-bloc and complete the transaction expeditiously given its strong financial position; and
 - (b) the familiarity of OHB Group with the plantation assets held under its existing 50.50% owned subsidiaries (i.e. SPSB Group and OBS(M) Group) and 39.5% owned associate company, SPP;
- (vi) the Proposed SPP Acquisition and Proposed Land Acquisitions provide an immediate avenue for the Group to increase its land bank in Malaysia from the current 4,958 Ha to approximately 12,054 Ha (an increase of approximately 7,096 Ha) wherein the new plantation includes a palm oil mill and comprises mostly planted and yielding oil palm trees. Please refer to **Section 3** and **Section 4** of this announcement for the plantation profile and other details of the plantation estates;

- (vii) the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition provide a strategic opportunity for the Group to obtain full control over its sizeable plantation land bank (with 4 palm oil mills) in Indonesia (which is currently 50.50% owned through its subsidiaries, SPSB Group and OBS(M) Group) of approximately 96,168 Ha, of which approximately 37,214 Ha have been fully planted with oil palms (with the age profile of the trees as at the date of valuation of the plantation estates on 22 July 2022 (“**Valuation Date**”) set out in **Section 3** of this announcement) and land available for oil palm cultivation of approximately 56,288 Ha;
- (viii) the strategic value creation to be derived from the completion of the Proposals and the rationale of the Proposals as set out in **Section 5** of this announcement; and
- (ix) future prospects of the plantation assets as set out in **Section 6.3** of this announcement.

Notes:-

- (1) *In arriving at the market value of the plantation properties in Indonesia, KJPP RHR has considered the concept of ‘Highest and Best Use’ for the respective plantation properties. For the purposes of valuation of the plantation properties, KJPP RHR has adopted the income approach by discounted cash flow method (“**DCF Method**”) as the primary method of valuation (which they considered as the most appropriate valuation method as it takes into consideration the economic value of the plantation operations).*

For information purposes, the DCF Method entails the following to derive the market value of the subject plantation properties:-

- (a) *annual income based on the forecasted yields and price of the crop (i.e. fresh fruit bunches (“**FFB**”)) less the cost of production and any other expenditure to arrive at the net annual income. The net annual income is then discounted at the appropriate rate of returns for the remaining economic life of the oil palms to obtain the value of the present crops;*
- (b) *the scrub value or basic land value to which the land reverts at the end of the economic life of the cultivations (i.e. at replanting) is deferred at an appropriate rate of discount and added to the value arrived at in (a) above; and*
- (c) *where additional buildings and roads or gravelling of roads are considered to be required, such costs is deducted as capital expenditure from the capitalised income.*

KJPP RHR has also adopted the following valuation approaches in respect of the palm oil mills and tank farm:-

- (a) *cost approach; and*

*The cost approach estimates value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction (“**Cost Approach**”). It is based on the principle of substitution, i.e. that unless undue time, inconvenience, risk or other factors are involved, the price that a buyer in the market would pay for the asset being valued would not be more than the cost to construct an equivalent asset;*

- (b) *market/comparison method (“**Comparison Method**”)*

The Comparison Method entails the comparison of previous transacted properties in the locality of the subject plantation properties based on relevant market data (with adjustments for locality and other relevant parameters).

- (2) *In arriving at the market value of the plantation properties in Malaysia, Knight Frank has considered the concept of ‘Highest and Best Use’ for the respective plantation properties. For the purposes of valuation, Knight Frank has adopted the Comparison Method as the primary method of valuation (which they considered as the most appropriate valuation method after having noted sufficient comparable properties transacted in the localities of the subject plantation properties) supported by the DCF Method as a cross check method.*

Further details on the basis of the purchase consideration on the Proposed Share Acquisitions and Proposed Land Acquisitions are set out in **Section 3** and **Section 4** of this announcement respectively.

3. DETAILS OF THE PROPOSED SHARE ACQUISITIONS

3.1 Details of the Proposed SPSB Acquisition

The Proposed SPSB Acquisition entails the acquisition of 34,984,125 SPSB Shares by OHB, representing the balance 49.50% equity interest in SPSB (an existing 50.50% owned subsidiary of OHB), from BSSB (“**SPSB Vendor**”) for a total cash consideration of RM646,931,000 (“**Purchase Consideration of SPSB**”) as summarised below:-

SPSB Vendor	No. of SPSB Shares to be acquired	% of SPSB share capital	Cash consideration payable by OHB (RM)
BSSB	34,984,125	49.50	646,931,000

The Proposed SPSB Acquisition is subject to the terms and conditions of the SPSB SSA. The salient terms of the SPSB SSA are set out in **Appendix I** of this announcement.

The SPSB Shares will be acquired by OHB free from any encumbrances and together with all rights and advantages attaching thereto as at the completion of the SPSB SSA.

OHB holds 35,690,875 SPSB Shares (representing 50.50% equity interest in SPSB) as at 26 September 2022, being the latest practicable date prior to this announcement (“**LPD**”) and SPSB shall become a wholly-owned subsidiary of OHB upon completion of the Proposed SPSB Acquisition.

3.1.1 Background information on SPSB

SPSB was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 12 April 1993 and having its registered address at 170-09-01 Livingston Tower, Jalan Argyll, 10050 Georgetown, Pulau Pinang. SPSB is principally involved in investment holding. SPSB has an issued share capital of RM70,675,000 comprising 70,675,000 SPSB Shares as at the LPD.

The directors of SPSB and their respective shareholdings in SPSB as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Dato’ Seri Lim Su Tong	Malaysian	-	-	-	-
Dato’ Robert Wong Lum Kong	Malaysian	-	-	-	-
Datuk Loh Kian Chong	Malaysian	-	-	(1)70,675,000	100.0
Tan Kheng Hwee	Singaporean	-	-	-	-
Wong Tet Look	Malaysian	-	-	-	-
Dato’ Sri Datuk Wira Tan Hui Jing	Malaysian	-	-	-	-
Dato’ Seri Loh Cheng Yean (Alternate director to Tan Kheng Hwee)	Malaysian	-	-	-	-
Datin Loh Ean (Alternate director to Dato’ Robert Wong Lum Kong)	Malaysian	-	-	-	-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Lim Ee Hean (Alternate director to Dato' Seri Lim Su Tong)	Malaysian	-	-	-	-

Note:-

- (1) Deemed interested by virtue of his stockholdings/shareholdings in OHB and BSSB pursuant to the Companies Act 2016 ("Act").

The shareholders of SPSB and their respective shareholdings in SPSB as at the LPD are as follows:-

	Place of incorporation	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
OHB	Malaysia	35,690,875	50.50	-	-
BSSB	Malaysia	34,984,125	49.50	(1)35,690,875	50.50

Note:-

- (1) Deemed interested by virtue of its stockholdings in OHB pursuant to the Act.

The subsidiaries of SPSB as at the LPD are set out as follows:-

Name	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
PT Gunung Maras Lestari ("GML")	13 August 1994 (Indonesia)	IDR 6,000 million comprising 6,000 ordinary shares	92.50	Oil palm plantation
PT Gunungsawit Binalestari ("GSBL")	17 February 1995 (Indonesia)	IDR7,000 million comprising 7,000 ordinary shares	92.50	Oil palm plantation
PT Oriental Kyowa Industries	9 October 1995 (Indonesia)	IDR18,360 million comprising 800 ordinary shares	55.00	Dormant
Oriental Asia (Mauritius) Pte Ltd ("OA(M)")	24 February 2003 (Republic of Mauritius)	United States Dollar ("USD") 8,002,500 comprising 2,500 ordinary shares of par value of USD1 each issued at USD1 each and 8,000,000 redeemable preference shares of par value of USD0.01 each issued at USD1 each (consisting of par value of USD0.01 and share premium of USD0.99 each)	100.00	Investment holding, provision of consultancy and employment services and granting of loans

Name	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
Subsidiaries of OA(M)				
Oriental Asia (Aust) Pty Ltd (“OAA”)	20 March 2015 (Australia)	Australian Dollar (“AUD”) 12,383,368 comprising 12,383,368 ordinary shares and AUD16,450,648 comprising 16,450,648 redeemable preference shares	100.00	Investment property
Selasih OAM Sdn Bhd	19 April 2019 (Malaysia)	RM2.00 comprising 2 ordinary shares	100.00	Investment holding

SPSB Group owns the following property assets:-

- (i) oil palm plantation land (“**GML Estate**”)⁽¹⁾ and palm oil mill (“**GML Oil Mill**”)⁽¹⁾ held under 21 Rights to Cultivate and 4 Rights to Build measuring a total of 12,800.27 Ha located in Dalil, Mabat, Mangka, Air Duren, Sempan, Puding Besar, and Bakam Villages, Sungai Liat District, Bangka Regency, Bangka Belitung Islands Province, Indonesia, of which 11,774.97 Ha have been fully planted with oil palm, owned by GML. GML also owns a tank farm located in Kerisi Street, Lontong Pancur Subdistrict, Pangkal Balam District, Pangkal Pinang City, Bangka Belitung Islands Province, Indonesia;
- (ii) oil palm plantation land held under 1 Right to Cultivate measuring a total of 9,098.90 Ha located in Belo Laut, Air Belo, Air Limau, and Mayang Villages, Mentok and Simpang Teritip Districts, Bangka Barat Regency, Bangka Belitung Islands Province, Indonesia, of which 8,393.88 Ha have been fully planted with oil palm (“**GSBL Estate**”), owned by GSBL. GSBL also owns a palm oil mill located in Belo Laut, Air Belo, Air Limau, and Mayang Villages, Mentok and Simpang Teritip Districts, Bangka Barat Regency, Bangka Belitung Islands Province, Indonesia (“**GSBL Oil Mill**”)⁽¹⁾; and
- (iii) a 3 storey commercial property located at 319-323 Swanston Street, Melbourne, Victoria 3000 (“**OAA Property**”), owned by OAA⁽²⁾.

(The GML Estate, GML Oil Mill, GSBL Estate and GSBL Oil Mill are collectively referred to as the “**SPSB Estates**”).

Notes:-

- (1) Further details on the SPSB Estates are set out in **Section 3.1.8** of this announcement.
- (2) Further details on the OAA Property are set out in **Section 3.1.9** of this announcement.

As at the LPD, SPSB does not have any associate company.

A summary of the financial information of SPSB based on its audited financial statements for the past 3 financial years ended (“**FYE**”) 31 December 2019 (“**FYE 2019**”), FYE 31 December 2020 (“**FYE 2020**”) and FYE 31 December 2021 (“**FYE 2021**”) as well as the unaudited financial statements for the 7-month financial period ended (“**FPE**”) 31 July 2022 are as follows:-

	Audited ⁽¹⁾			Unaudited ⁽¹⁾
	FYE 2019	FYE 2020	FYE 2021	7-month FPE 31 July 2022
	RM'000	RM'000	RM'000	RM'000
Revenue ⁽²⁾	1,981	3,172	56,767	488
Profit before tax ("PBT")	1,176	2,054	59,108	8,025
Profit after tax ("PAT")	1,101	2,028	59,104	8,014
Share capital	70,675	70,675	70,675	70,675
Shareholders' funds/NA	145,806	141,834	194,938	142,952
Total borrowings	-	-	-	-
No. of SPSB Shares in issue ('000)	70,675	70,675	70,675	70,675
Earnings per SPSB Share ("EPS") (RM)	0.02	0.03	0.84	0.11
NA per SPSB Share (RM)	2.06	2.01	2.76	2.02
Current ratio (times) ⁽³⁾	1,268.18	1,303.93	2,828.57	2,578.21
Gearing ratio (times) ⁽⁴⁾	-	-	-	-

Notes:-

- (1) Excludes the financial results of the subsidiaries of SPSB.
- (2) The increase in revenue of SPSB from approximately RM1.98 million in the FYE 2019 to approximately RM56.77 million in the FYE 2021 was primarily driven by the increase in dividend declared and paid by its plantation subsidiaries (namely GML and GSBL) during the financial period under review. The increase in the declaration of dividend and payment were made in tandem with the increase in profits of the said subsidiaries during the financial year. This was mainly attributable to rising average selling price of crude palm oil ("CPO") from the FYE 2019 to FYE 2021 (FYE 2019: RM1,920 per metric tonne ("MT"); FYE 2020: RM2,326 per MT and FYE 2021: RM3,320 per MT). SPSB recorded a revenue of approximately RM0.49 million in the FPE 31 July 2022, all of which was primarily derived from interest income earned from fixed deposits and loans.
- (3) Computed based on current assets over current liabilities.
- (4) Computed based on total borrowings over shareholders' funds.

3.1.2 Background information on SPSB Vendor

(i) Background information on BSSB

BSSB was incorporated as a private limited company in Malaysia under the Companies Ordinances 1940-1946 on 10 December 1957 and having its registered address at Suite I, 2nd Floor, Wisma Lister Garden, 123 Jalan Macalister, 10400 Georgetown, Pulau Pinang. BSSB is principally involved in cultivation of rubber, investment holding and renting of premises as well as acting as an insurance agent.

BSSB has an issued share capital of RM60,000,000 comprising 60,000,000 ordinary shares in BSSB as at the LPD.

The directors of BSSB and their respective shareholdings in BSSB as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Dato' Seri Lim Su Tong	Malaysian	-	-	-	-
Dato' Robert Wong Lum Kong	Malaysian	-	-	-	-
Datuk Loh Kian Chong	Malaysian	-	-	⁽¹⁾ 22,786,740	37.98
Tan Hui Ming	Malaysian	-	-	⁽²⁾ 6,600,000	11.00
Loh Wei-Lyn	Malaysian	10,542,929	17.57	-	-
Dato' Seri Loh Cheng Yearn	Malaysian	-	-	⁽³⁾ 6,600,000	11.00
Dato' Lim Kean Seng (Alternate director to Dato' Seri Lim Su Tong)	Malaysian	-	-	⁽⁴⁾ 6,600,000	11.00
Dato' Sri Datuk Wira Tan Hui Jing (Alternate director to Tan Hui Ming)	Malaysian	-	-	⁽²⁾ 6,600,000	11.00
Datin Loh Ean (Alternate director to Dato' Robert Wong Lum Kong)	Malaysian	-	-	⁽⁵⁾ 6,600,000	11.00
Tan Kheng Hwee (Alternate director to Dato' Seri Loh Cheng Yearn)	Singaporean	-	-	⁽³⁾ 6,600,000	11.00
Shirley Kathreyn Yap (Alternate director to Loh Wei-Lyn)	Malaysian	270,331	0.45	-	-

Notes:-

- (1) Deemed interested by virtue of his shareholdings in Loh Kar Bee Holdings Sdn Bhd, BESB and Bayview Hotel Sdn Bhd pursuant to the Act.
- (2) Deemed interested by virtue of their shareholdings in Loh Gim Ean Holdings Sdn Bhd pursuant to the Act.
- (3) Deemed interested by virtue of their shareholdings in Loh Cheng Yearn Holdings Sdn Bhd pursuant to the Act.
- (4) Deemed interested by virtue of his shareholdings in Loh Phoy Yen Holdings Sdn Bhd pursuant to Act.
- (5) Deemed interested by virtue of her shareholdings in Loh Ean Holdings Sdn Bhd pursuant to the Act.

The shareholders of BSSB and their respective shareholdings in BSSB as at the LPD are as follows:-

	Nationality/ Place of incorporation	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Loh Gim Ean Holdings Sdn Bhd	Malaysia	6,600,000	11.00	-	-
Loh Cheng Yearn Holdings Sdn Bhd	Malaysia	6,600,000	11.00	-	-
Loh Ean Holdings Sdn Bhd	Malaysia	6,600,000	11.00	-	-
Loh Kar Bee Holdings Sdn Bhd	Malaysia	10,786,740	17.98	-	-
BESB	Malaysia	6,000,000	10.00	-	-
Bayview Hotel Sdn Bhd	Malaysia	6,000,000	10.00	-	-

	Nationality/ Place of incorporation	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Loh Phoy Yen Holdings Sdn Bhd	Malaysia	6,600,000	11.00	-	-
Loh Wei-Lyn	Malaysian	10,542,929	17.57	-	-
Shirley Kathreyn Yap	Malaysian	270,331	0.45	-	-

3.1.3 Basis and justification of determining the Purchase Consideration of SPSB

The Purchase Consideration of SPSB of RM646,931,000 was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:-

- (i) the aggregate audited NA of SPSB Group of approximately RM1.51 billion as at 31 December 2021 (after adjusting for inter-company balances between the entities and OHB Group); and
- (ii) the surplus arising from the revaluation of the following plantation properties:-
 - (a) the GML Estate owned by SPSB Group based on the market value of approximately IDR1,541.41 billion (equivalent to approximately RM462.42 million); and
 - (b) the GSBL Estate owned by SPSB Group based on the market value of approximately IDR986.82 billion (equivalent to approximately RM296.05 million);

as appraised by the independent valuer, KJPP RHR as set out in the Independent Valuation Letter I.

The computation of the adjusted aggregate audited NA of SPSB Group is set out below:-

	RM	RM
Aggregate audited NA of SPSB Group as at 31 December 2021		1,507,391,096
Market value of SPSB Estates as appraised by KJPP RHR	(1)758,468,700	
Less: Net book value of SPSB Estates	(66,335,343)	
Revaluation surplus	692,133,357	
Adjustment to the revaluation surplus (after taking into consideration 92.50% equity interest held by SPSB in GML and GSBL)	640,223,355	
Less: Deferred tax of 22% applicable in Indonesia	(140,849,138)	
Net revaluation surplus		499,374,217
Adjusted aggregate NA of SPSB Group		2,006,765,313
Value of 49.50% equity interest to be acquired by OHB based on the adjusted aggregate NA of SPSB Group (A)		993,348,830
Purchase Consideration of SPSB		646,931,000 (discount of 34.87% to (A))

Note:-

- (1) Computed based on the total market value of IDR2,528,229,000,000 as appraised by KJPP RHR as set out in the Independent Valuation Letter I.

3.1.4 Source of funding

The Purchase Consideration of SPSB will be satisfied through a combination of bank borrowings and/or internally generated funds, the exact proportion of which will be determined at a later date.

3.1.5 Liabilities to be assumed

It is pertinent to note that SPSB Group is an existing 50.50% owned subsidiary of OHB Group. As such, save for the obligations and liabilities of SPSB in its ordinary course of business and in and arising from, pursuant to or in connection with the SPSB SSA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by OHB Group pursuant to the Proposed SPSB Acquisition. The SPSB Shares shall be acquired free from any encumbrances and together with all rights and advantages attaching thereto as at the completion of the SPSB SSA.

3.1.6 Additional financial commitment

Being an existing 50.50% owned subsidiary of the Group, the management of OHB Group is familiar with the business operations and financial position of SPSB Group. Hence, OHB does not expect to incur any additional financial commitment to put the assets and/or businesses of SPSB on-stream (after the completion of the Proposed SPSB Acquisition) save for plantation development expenditure envisaged to be incurred as and when required for the continuing development and planting programme of SPSB Estates. However, the quantum of such expenditure to be incurred by OHB cannot be ascertained at this juncture.

3.1.7 Original cost and date of investment

The original cost and date of investment by the SPSB Vendor in SPSB are as follows:-

SPSB Vendor	Date of investment	No. of SPSB Shares	Amount (RM)
BSSB	1 August 1994	700,000	700,000
	11 October 1994	1	1
	8 November 1994	749,999	749,999
	13 December 1994	250,000	250,000
	10 April 1995	2,100,000	2,100,000
	25 May 1995	1,725,000	1,725,000
	7 June 1995	2,400,000	2,400,000
	2 August 1995	735,000	735,000
	15 September 1995	1,260,000	1,260,000
	12 December 1995	7,068,000	7,068,000
	7 March 1996	3,846,000	3,846,000
	3 May 1996	1,592,000	1,592,000
	14 November 1996	940,500	940,500
	24 December 1996	2,821,500	2,821,500
	14 March 1997	495,000	495,000
	11 August 1997	1,782,000	1,782,000
	13 February 1998	1,782,000	1,782,000
	16 November 1998	1,311,750	1,311,750
	12 August 1999	1,534,500	1,534,500
	22 September 1999	1,039,500	1,039,500
26 October 2001	851,375	851,375	

3.1.8 Key information on GML Estate and GSBL Estate

	GML Estate	GSBL Estate
Description / Existing use	Oil palm estate with a palm oil mill and a tank farm	Oil palm estate with a palm oil mill
Location	<p>The GML Oil Mill is a 90 MT per hour palm oil mill</p> <p>(i) GML Estate and GML Oil Mill are located in Dalil, Mabat, Mangka, Air Duren, Sempan, Puding Besar, and Bakam Villages, Sungai Liat District, Bangka Regency, Bangka Belitung Islands Province, Indonesia; and</p> <p>(ii) the tank farm is located in Kerisi Street, Lontong Pancur Subdistrict, Pangkal Balam District, Pangkal Pinang City, Bangka Belitung Islands Province, Indonesia</p>	<p>The GSBL Oil Mill is a 90 MT per hour palm oil mill</p> <p>GSBL Estate and GSBL Oil Mill are located in Belo Laut, Air Belo, Air Limau, and Mayang Villages, Mentok and Simpang Teritip Districts, Bangka Barat Regency, Bangka Belitung Islands Province, Indonesia</p>
Title / Permit	<p>(i) Rights to Cultivate (HGU) No(s). 02/Bangka, 03/Bangka, 39 to 51 (inclusive), 57 to 62 (inclusive); and</p> <p>(ii) Rights to Build (HGB) No(s). 78, 79, 80 and 00116</p>	Right to Cultivate (HGU) No. 07
Registered proprietor Tenure	<p>PT Gunung Maras Lestari</p> <p>(i) Rights to Cultivate (HGU) No(s). 02/Bangka and 03/Bangka expire on 6 November 2028;</p> <p>(ii) Rights to Cultivate (HGU) No(s). 39 to 51 (inclusive) expire on 30 March 2051;</p> <p>(iii) Rights to Cultivate (HGU) No(s). 57 to 62 (inclusive) expire on 9 May 2051;</p> <p>(iv) Rights to Build (HGB) No(s). 78, 79 and 80 expire on 18 July 2047; and</p> <p>(v) Right to Build (HGB) 00116 expires on 21 January 2041</p>	<p>PT Gunungsawit Binalestari</p> <p>Right to Cultivate (HGU) No. 07 expires on 30 August 2031</p>
Title land area	12,803.82 Ha	9,098.90 Ha
Planted area	11,774.97 Ha	8,393.88 Ha
Age of oil palm	Approximately 1 to 27 years	Approximately 1 to 27 years
Age of mill	Approximately 25 years	Approximately 21 years
Audited net book value (as at 31 December 2021)⁽¹⁾	IDR112,631,198,469 (equivalent to approximately RM32,888,310)	IDR114,544,632,985 (equivalent to approximately RM33,447,033)
Encumbrances	Nil	Nil
Independent valuer	KJPP RHR	KJPP RHR
Valuation Date	22 July 2022	22 July 2022

	GML Estate	GSBL Estate
Valuation approach	Market Approach, Income Approach and Cost Approach	Market Approach, Income Approach and Cost Approach
Market value ascribed	IDR1,541,412,000,000 (equivalent to approximately RM462,423,600)	IDR986,817,000,000 (equivalent to approximately RM296,045,100)

Note:-

(1) Computed based on the closing exchange rate of IDR1.00 : RM0.000292 as extracted from BNM as at 31 December 2021.

Age profile as at the Valuation Date

	GML Estate (Ha)	GSBL Estate (Ha)
<u>Mature oil palm:-</u>		
- Old Mature oil palm (>18 years old)	9,067.16	6,021.20
- Mature oil palm (7 to 18 years old)	1,499.21	-
- Young mature oil palm (4 to 6 years old)	193.55	834.36
Immature oil palm (0 to 3 years old)	1,015.05	1,538.32
Planted area	11,774.97	8,393.88
Plantable area	38.86	161.45
Unplantable area	989.99	543.57
Total	12,803.82	9,098.90

FFB Production

	GML Estate		
	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	12,194	11,728	10,775
FFB Production (MT)	277,033	247,964	272,500
Yield (MT/Ha)	22.72	21.14	25.29

	GSBL Estate		
	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	7,297	6,730	6,275
FFB Production (MT)	149,698	154,209	156,079
Yield (MT/Ha)	20.52	22.91	24.87

Extraction rate and production of GML Oil Mill and GSBL Oil Mill

	GML Oil Mill		
	FYE 2019	FYE 2020	FYE 2021
Oil extraction rate (%)	19.19	19.33	20.05
Kernel extraction rate (%)	5.27	5.00	5.27
CPO production (MT)	63,183	55,054	63,845
Palm kernel production (MT)	17,350	14,228	16,792

	GSBL Oil Mill		
	FYE 2019	FYE 2020	FYE 2021
Oil extraction rate (%)	19.21	19.30	19.20
Kernel extraction rate (%)	5.70	5.50	5.72
CPO production (MT)	35,365	33,143	37,039
Palm kernel production (MT)	10,494	9,445	11,035

Plantation profits of GML Estate and GSBL Estate

	FYE 2019		FYE 2020		FYE 2021	
	IDR'000	⁽¹⁾ RM'000	IDR'000	⁽²⁾ RM'000	IDR'000	⁽³⁾ RM'000
GML Estate	137,570,334	40,583	202,283,067	57,853	452,784,658	132,213
GSBL Estate	93,292,808	27,521	150,401,864	43,015	256,627,410	74,935

Notes:-

- (1) Computed based on the closing exchange rate of IDR1.00 : RM0.000295 as extracted from BNM as at 31 December 2019.
- (2) Computed based on the closing exchange rate of IDR1.00 : RM0.000286 as extracted from BNM as at 31 December 2020.
- (3) Computed based on the closing exchange rate of IDR1.00 : RM0.000292 as extracted from BNM as at 31 December 2021.

3.1.9 Key information on the OAA Property

A brief description of the OAA Property is set out below:-

Description / Existing use⁽¹⁾	The subject property comprises a 3 storey commercial building. The property is currently leased out to tenants operating convenience store, cafe and restaurant
Age	Approximately 171 years
Postal address	319-323 Swanston Street, Melbourne, Victoria 3000
Title / Lot No.	11538/255, 11538/256, 11538/257, 11538/258, 11538/259, 11538/260, 11538/261
Land area	317.20 square metres
Gross lettable area	646.00 square metres
Occupancy rate	100.00%
Registered proprietor	Oriental Asia (Aust) Pty Ltd
Tenure	Freehold
Encumbrances	Mortgage registered on 23 October 2015 in favour of Oversea-Chinese Banking Corporation Ltd
Audited net book value (as at 31 December 2021)⁽²⁾	AUD26,802,929 (equivalent to approximately RM81,119,065)

Notes:-

- (1) The tenancy details of OAA Property are as follows:-

	Tenancy 1	Tenancy 2	Tenancy 3	Tenancy 4	Tenancy 5
Tenant/ existing use	Rented out to a third party who is a convenience store operator	Rented out to a third party, an Australian private limited company and is a cafe operator	Rented out to a third party, an Australian private limited company and is a cafe operator	Rented out to a third party, an Australian private limited company and is a cafe operator	Rented out to a third party, an Australian private limited company and is a restaurant operator
Tenancy period	From 1 April 2014 to 31 March 2023	From 24 January 2014 to 23 January 2024	From 24 January 2014 to 23 January 2024	From 1 March 2014 to 28 February 2024	From 1 July 2014 to 30 June 2024

	Tenancy 1	Tenancy 2	Tenancy 3	Tenancy 4	Tenancy 5
Rent per annum (AUD)	230,000 with fixed rental increase of 4% per annum	220,000 with fixed rental increase of 4% per annum	275,000 with fixed rental increase of 4% per annum from Year 3 of the tenancy tenure	120,000 with fixed rental increase of 4% per annum	232,100 with fixed rental increase of 5% per annum

(2) Computed based on the closing exchange rate of AUD1.00 : RM3.0265 as extracted from BNM as at 31 December 2021.

3.2 Details of the Proposed OBS(M) Acquisition

The Proposed OBS(M) Acquisition entails the acquisition of 3,960,000 OBS(M) Shares by OHB, representing the balance 49.50% equity interest in OBS(M) (an existing 50.50% owned subsidiary of OHB), from BSSB ("**OBS(M) Vendor**") for a total cash consideration of RM1 ("**Purchase Consideration of OBS(M)**") as summarised below:-

	No. of OBS(M) Shares to be acquired	% of OBS(M) share capital	Cash consideration payable by OHB (RM)
OBS(M) Vendor			
BSSB	3,960,000	49.50	1

The Proposed OBS(M) Acquisition is subject to the terms and conditions of the OBS(M) SSA. The salient terms of the OBS(M) SSA are set out in **Appendix II** of this announcement.

The OBS(M) Shares will be acquired by OHB free from any encumbrances and together with all rights and advantages attaching thereto as at the completion of the OBS(M) SSA.

OHB holds 4,040,000 OBS(M) Shares (representing 50.50% equity interest in OBS(M)) as at the LPD and OBS(M) shall become a wholly-owned subsidiary of OHB upon completion of the Proposed OBS(M) Acquisition.

3.2.1 Background information on OBS(M)

OBS(M) was incorporated as a private limited company in Republic of Mauritius ("**Mauritius**") under Companies Act 1984 of Mauritius on 11 September 2001 and having its registered address at c/o Rogers Capital Corporate Services Limited, 3rd Floor, Rogers House, No. 5 President John Kennedy Street, Port Louis, Mauritius. OBS(M) is principally involved in investment holding and granting of loans. OBS(M) has an issued share capital of USD8,000,000 comprising 8,000,000 OBS(M) Shares as at the LPD.

The directors of OBS(M) and their respective shareholdings in OBS(M) as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Datuk Loh Kian Chong	Malaysian	-	-	(1)8,000,000	100.00
Dato' Robert Wong Lum Kong	Malaysian	-	-	-	-
Dato' Seri Loh Cheng Yean	Malaysian	-	-	-	-
Sharmil Dhanraj Shah	Mauritian	-	-	-	-
Dato' Sri Datuk Wira Tan Hui Jing	Malaysian	-	-	-	-
Dato' Lim Kean Seng	Malaysian	-	-	-	-
Georges Valery Magon	Mauritian	-	-	-	-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Wong Tet Look (Alternate director to Datuk Loh Kian Chong)	Malaysian	-	-	-	-
Dato' Seri Lim Su Tong (Alternate director to Dato' Lim Kean Seng)	Malaysian	-	-	-	-

Note:-

(1) Deemed interested by virtue of his stockholdings/shareholdings in OHB and BSSB pursuant to the Act.

The shareholders of OBS(M) and their respective shareholdings in OBS(M) as at the LPD are as follows:-

	Place of incorporation	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
OHB	Malaysia	4,040,000	50.50	-	-
BSSB	Malaysia	3,960,000	49.50	⁽¹⁾ 4,040,000	50.50

Note:-

(1) Deemed interested by virtue of its stockholdings in OHB pursuant to the Act.

The subsidiaries of OBS(M) as at the LPD are set out as follows:-

Name	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
OAM Asia (Singapore) Pte Ltd (" OAMA(S) ")	6 March 2012 (Singapore)	SGD5,284,000 comprising 100,000 ordinary shares and 5,184,000 preference shares and AUD29,589,986 comprising 29,589,986 preference shares	100.00	Investment holding
OBS (Singapore) Pte Ltd (" OBS(S) ")	8 March 2007 (Singapore)	SGD100,000 comprising 100,000 ordinary shares	100.00	Investment holding and granting of loans
Subsidiaries of OAMA(S)				
OAM (Aust) Pty Ltd (" OAM(A) ")	24 September 2014 (Australia)	AUD5,000,100 comprising 5,000,100 ordinary shares and AUD61,169,605 comprising 61,169,605 redeemable preference shares	100.00	Property investment holding
PT Surya Agro Persada (" SAP ")	23 November 2007 (Indonesia)	IDR16,375 million comprising 16,375 ordinary shares	90.00	Oil palm plantation

Name	Date and place of incorporation	Share capital	Effective equity interest (%)	Principal activities
Subsidiaries of OBS(S)				
PT Bumi Sawit Sukses Pratama (“ BSSP ”)	4 January 2007 (Indonesia)	IDR15,000 million comprising 15,000 ordinary shares	90.00	Oil palm plantation
PT Gunung Sawit Selatan (“ GSSL ”)	1 June 2010 (Indonesia)	IDR15,000 million comprising 1,250 ordinary shares	90.00	Oil palm plantation
PT Pratama Palm Abadi (“ PPA ”)	21 May 2010 (Indonesia)	IDR12,000 million comprising 12,000 ordinary shares	90.00	Oil palm plantation
PT Dapo Agro Makmur (“ DAM ”)	14 August 2008 (Indonesia)	IDR8,000 million comprising 8,000 ordinary shares	90.00	Oil palm plantation
PT Sumatera Sawit Lestari (“ SSL ”)	28 December 2012 (Indonesia)	IDR10,000 million comprising 10,000 ordinary shares	90.00	Cultivation of oil palm plantation

OBS(M) Group owns the following property assets:-

- (i) oil palm plantation land held under 7 Rights to Cultivate and 1 Location Permit measuring a total of 11,888.88 Ha located in Pauh and Tapak Bening Villages, Rawas Ilir District, North Musi Rawas Regency, South Sumatera Province, Indonesia, of which 2,725.12 Ha have been fully planted with oil palm (“**SAP Estate**”), owned by SAP⁽¹⁾;
- (ii) oil palm plantation land held under 21 Rights to Cultivate, 16 Rights to Build and 1 Location Permit measuring a total of 4,416.23 Ha located in Bangka Kota, Pangkal Buluh, Malik, and Simpang Rimba Villages, Simpang Rimba and Payung Districts, Bangka Selatan Regency, Bangka Belitung Islands Province, Indonesia, of which 4,135.46 Ha have been fully planted with oil palm (“**BSSP Estate**”), owned by BSSP. BSSP also owns a palm oil mill located in Malik and Pangkal Buluh Villages, Payung District, Bangka Selatan Regency, Bangka Belitung Islands Province, Indonesia (“**BSSP Oil Mill**”)⁽¹⁾, and workers’ quarters located alongside BSSP Estate;
- (iii) oil palm plantation land held under 2 Location Permits and 1 Letter of Panitia B measuring a total of 20,300.00 Ha located in Rantau Serik, Lubuk Besar, Muara Kati, Batu Bandung, Kebur, Sungai Rawas, Batu Raja Lama and Taba Villages, Jaya Loka, Tiang Pumpung Kepungut, Bulang Tengah Suku Ulu, Tebing Tinggi and Saling Districts, Musi Rawas and Empat Lawang Regency, South Sumatera Province, Indonesia, of which 2,907.99 Ha have been fully planted with oil palm (“**GSSL Estate**”), owned by GSSL⁽¹⁾;
- (iv) oil palm plantation land held under 3 Location Permits and 4 Rights to Build measuring a total of 22,471.68 Ha located in Prabumulih I, Bingin Jungut, Mambang, Biaro Baru, Air Balui, Panai, and Ngunang Villages, Muara Lakitan, Muara Kelingi, Karang Dapo, and Sanga Desa Districts, Musi Rawas, Musi Rawas Utara and Musi Banyuasin Regencies, South Sumatera Province, Indonesia, of which 3,943.06 Ha have been fully planted with oil palm (“**PPA Estate**”), owned by PPA. PPA also owns a palm oil mill located in Prabumulih I Village, Muara Lakitan District, Musi Rawas Regency, South Sumatera Province, Indonesia (“**PPA Oil Mill**”)⁽¹⁾;

- (v) oil palm plantation land held under 1 Location Permit measuring a total of 9,435.06 Ha located in Mulyoharjo, Pelawe and Raksabudi Villages, Bulang Tengah Suku Ulu District, Musi Rawas Regency, South Sumatera Province, Indonesia, of which 1,300.83 Ha have been fully planted with oil palm (“**DAM Estate**”), owned by DAM⁽¹⁾;
- (vi) oil palm plantation land held under 1 Location Permit measuring a total of 5,753.00 Ha located in Pauh, Pauh I and Batu Kucing Villages, Rawas Ilir District, North Musi Rawas Regency, South Sumatera Province, Indonesia, of which 2,032.24 Ha have been fully planted with oil palm (“**SSL Estate**”), owned by SSL⁽¹⁾; and
- (vii) a 6 level purpose-built hotel building⁽¹⁾ located at 315-319 Burwood Highway, Burwood East Victoria 3151 (“**OAM(A) Property**”), owned by OAM(A)⁽²⁾.

(The SAP Estate, BSSP Estate, BSSP Oil Mill, GSSL Estate, PPA Estate, PPA Oil Mill, DAM Estate and SSL Estate are collectively referred to as the “**OBS(M) Estates**”)

Notes:-

- (1) Further details on OBS(M) Estates and OAM(A) Property are set out in **Section 3.2.8** of this announcement.
- (2) Further details on OAM(A) Property are set out in **Section 3.2.9** of this announcement.

As at the LPD, OBS(M) does not have any associate company.

A summary of the financial information of OBS(M) based on its audited financial statements for the past 3 financial years up to the FYE 31 December 2021 and the unaudited financial statements for the 7-month FPE 31 July 2022 are as follows:-

	Audited ⁽¹⁾			Unaudited ⁽¹⁾
	FYE 2019	FYE 2020	FYE 2021	7-month FPE 31 July 2022
	USD'000	USD'000	USD'000	USD'000
Revenue ⁽²⁾	-	-	-	-
PBT/(Loss before tax)	(2,234)	306	2,696	2,458
PAT/(Loss after tax)	(2,234)	306	2,696	2,458
Share capital	8,000	8,000	8,000	8,000
Shareholders' funds	(27,139)	(26,834)	(24,137)	(21,680)
Total borrowings	30,107	29,646	27,221	25,822
No. of OBS(M) Shares in issue ('000)	8,000	8,000	8,000	8,000
EPS/(Loss per OBS(M) Share) (cent)	(0.28)	0.04	0.34	0.31
Net liabilities per OBS(M) Share (USD)	(3.39)	(3.35)	(3.02)	(2.71)
Current ratio (times) ⁽³⁾	0.62	0.45	0.54	0.05
Gearing ratio (times) ⁽⁴⁾	-	-	-	-

Notes:-

- (1) Excludes the financial results of the subsidiaries of OBS(M).
- (2) No revenue was recorded by OBS(M) for the past 3 financial years, FYE 2019, FYE 2020 and FYE 2021 as well as for the FPE 31 July 2022 as no dividends were declared and paid by its subsidiaries (most of which were in a net loss position throughout the financial period under review). Despite the absence of revenue, OBS(M) has recorded net profits of approximately USD0.31 million in FYE 2020, USD2.70 million in FYE 2021 as well as USD2.46 million net profits in FPE 31 July 2022. This was mainly attributable to the reversal of impairment of investment in subsidiaries, and inter-company advances.

- (3) *Computed based on current assets over current liabilities.*
- (4) *Computed based on total borrowings over shareholders' funds.*

3.2.2 Background information on OBS(M) Vendor

(i) Background information on BSSB

The information on BSSB is set out in **Section 3.1.2** of this announcement.

3.2.3 Basis and justification of determining the Purchase Consideration of OBS(M)

The Purchase Consideration of OBS(M) of RM1 was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:-

- (i) the aggregate audited net liabilities of OBS(M) Group of approximately RM637.97 million as at 31 December 2021 (after adjusting for inter-company balances between the entities and OHB Group); and
- (ii) the surplus arising from the revaluation of the following plantation properties:-
 - (a) the SAP Estate owned by OBS(M) Group based on the market value of approximately IDR475.71 billion (equivalent to approximately RM142.71 million);
 - (b) BSSP Estate (including BSSP Oil Mill) owned by OBS(M) Group based on the market value of approximately IDR858.83 billion (equivalent to approximately RM257.65 million);
 - (c) GSSL Estate owned by OBS(M) Group based on the market value of approximately IDR586.28 billion (equivalent to approximately RM175.88 million);
 - (d) PPA Estate (including PPA Oil Mill) owned by OBS(M) Group based on the market value of approximately IDR948.55 billion (equivalent to approximately RM284.56 million);
 - (e) DAM Estate owned by OBS(M) Group based on the market value of approximately IDR323.22 billion (equivalent to approximately RM96.97 million); and
 - (f) SSL Estate owned by OBS(M) Group based on the market value of approximately IDR279.40 billion (equivalent to approximately RM83.82 million),

as appraised by the independent valuer, KJPP RHR as set out in the Independent Valuation Letter I.

The computation of the adjusted aggregate audited net liabilities of OBS(M) Group is set out below:-

	RM	RM
Aggregate audited net liabilities of OBS(M) Group as at 31 December 2021		(637,965,800)
Market value of OBS(M) Estates as appraised by KJPP RHR	⁽¹⁾ 1,041,599,700	
Less: Net book value of OBS(M) Estates	(654,255,160)	
Revaluation surplus	387,344,540	
Adjustment to the revaluation surplus (after taking into consideration 90.0% equity interest held by OBS(M) in OBS(M) Estates)	348,610,086	
Less: Deferred tax of 22% applicable in Indonesia	(76,694,219)	
Net revaluation surplus		271,915,867
Adjusted aggregate net liabilities of OBS(M) Group		(366,049,933)
Value of 49.50% equity interest to be acquired by OHB based on the adjusted aggregate net liabilities of OBS(M) Group		(181,194,717)
Purchase Consideration of OBS(M)		1

Note:-

(1) Computed based on the total market value of IDR3,471,999,000,000 as appraised by KJPP RHR as set out in the Independent Valuation Letter I.

3.2.4 Source of funding

The Purchase Consideration of OBS(M) will be satisfied entirely through cash.

3.2.5 Liabilities to be assumed

It is pertinent to note that OBS(M) Group is an existing 50.50% owned subsidiary of OHB Group. As such, save for the obligations and liabilities of OBS(M) in its ordinary course of business and in and arising from, pursuant to or in connection with the OBS(M) SSA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by OHB Group pursuant to the Proposed OBS(M) Acquisition. The OBS(M) Shares shall be acquired free from any encumbrances and together with all rights and advantages attaching thereto as at the completion of the OBS(M) SSA.

3.2.6 Additional financial commitment

Being an existing 50.50% owned subsidiary of the Group, the management of OHB Group is familiar with the business operations and financial position of OBS(M) Group. Hence, OHB does not expect to incur any additional financial commitment to put the assets and/or businesses of OBS(M) on-stream (after the completion of the Proposed OBS(M) Acquisition) save for plantation development expenditure envisaged to be incurred as and when required for the continuing development and planting programme of OBS(M) Estates. However, the quantum of such expenditure to be incurred by OHB cannot be ascertained at this juncture.

3.2.7 Original cost and date of investment

The original cost and date of investment by the OBS(M) Vendor in OBS(M) are as follows:-

OBS(M) Vendor	Date of investment	No. of OBS(M) Shares	Amount (USD)
BSSB	10 October 2001	3,960,000	3,960,000

3.2.8 Key information on OBS(M) Estates

	SAP Estate	BSSP Estate	GSSL Estate
Description / Existing use	Oil palm estate	Oil palm estate with a palm oil mill	Oil palm estate
Location	SAP Estate is located in Pauh and Tapak Bening Villages, Rawas Ilir District, North Musi Rawas Regency, South Sumatera Province, Indonesia	<p>The BSSP Oil Mill is a 80 MT per hour palm oil mill</p> <p>(i) BSSP Estate is located in Bangka Kota, Pangkal Buluh, Malik, and Simpang Rimba Villages, Simpang Rimba and Payung Districts, Bangka Selatan Regency, Bangka Belitung Islands Province, Indonesia;</p> <p>(ii) BSSP Oil Mill is located in Malik and Pangkal Buluh Villages, Payung District, Bangka Selatan Regency, Bangka Belitung Islands Province, Indonesia; and</p> <p>(iii) workers' quarters are located in Pangkal Buluh, Malik and Simpang Rimba Villages, Payung and Simpang Rimba Districts, Bangka Selatan Regency, Bangka Belitung Islands Province, Indonesia</p>	GSSL Estate is located in Rantau Serik, Lubuk Besar, Muara Kati, Batu Bandung, Kebur, Sungai Rawas, Batu Raja Lama and Taba Villages, Jaya Loka, Tiang Pumpung Kepungut, Bulang Tengah Suku Ulu, Tebing Tinggi and Saling Districts, Musi Rawas and Empat Lawang Regency, South Sumatera Province, Indonesia

	SAP Estate	BSSP Estate	GSSL Estate
Title / Permit	(i) Rights to Cultivate (HGU) No(s). 00001, 00002, 00003, 00004, 00016, 00017, 00022; and (ii) Location Permit No. 507/KPTS/BPM-PTP/2013	(i) Rights to Cultivate (HGU) No(s). 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25 and 12; (ii) Rights to Build (HGB) No(s). 4, 5 and 8; and (iii) Location Permit No. 188.45/164/DPK/2009 <u>Pangkal Buluh</u> HGB No(s). 1, 2, 3, 4, 5, 6, 7 and 9 <u>Malik</u> HGB No(s). 2, 3 and 6 <u>Simpang Rimba</u> HGB No(s). 2 and 3	(i) Location Permit No. 676/KPTS/BPM-PTP/2013; (ii) Location Permit No. 503/428/KEP/BPM P2015; and (iii) Letter of Panitia B (process to HGU certificates) No. 608/300.6-16.5/VII/2019
Registered proprietor	PT Surya Agro Persada	PT Bumi Sawit Sukses Pratama	PT Gunung Sawit Selatan Lestari
Tenure	(i) Rights to Cultivate (HGU) No(s). 00001, 00002, 00003, 00004 expire on 4 February 2049; (ii) Right to Cultivate (HGU) No. 00016 expires on 17 May 2045; (iii) Right to Cultivate (HGU) No. 00017 expires on 25 November 2045; (iv) Right to Cultivate (HGU) No. 00022 expires on 2 May 2048; and (v) Location Permit No. 507/KPTS/BPM-PTP/2013 date issued 3 July 2013	(i) Rights to Cultivate (HGU) No(s). 6, 7, 8, 9, 10, 11, expire on 27 September 2051; (ii) Rights to Cultivate (HGU) No(s). 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 expire on 30 January 2052; (iii) Right to Cultivate (HGU) No. 23 expires on 2 March 2052; (iv) Rights to Cultivate (HGU) No(s) 24 and 25 expire on 13 March 2052; (v) Right to Cultivate (HGU) No. 12 expires on 13 March 2053; and (vi) Location Permit No. 188.45/164/DPK/2009 date issued 27 October 2009 <u>Pangkal Buluh</u> HGB No(s). 1, 2, 3, 4, 5, 6, 7 and 9 expire on 20 January 2036 <u>Malik</u> HGB No(s). 2, 3 and 6 expire on 20 January 2036	(i) Location Permit No. 676/KPTS/BPM-PTP/2013 date issued 30 October 2013, (ii) Location Permit No. 503/428/KEP/BPM P2015 date issued 14 September 2015; and (iii) Letter of Panitia B (process to HGU certificates) No. 608/300.6-16.5/VII/2019 date issued 26 July 2019

	SAP Estate	BSSP Estate	GSSL Estate
Title land area	11,888.88 Ha	Simpang Rimba HGB No(s). 2 and 3 expire on 20 January 2036 4,416.23 Ha	20,300.00 Ha
Planted area	2,725.12 Ha	4,135.46 Ha	2,907.99 Ha
Age of oil palm	Approximately 0 to 18 years	Approximately 4 to 18 years	Approximately 0 to 18 years
Age of mill	Not applicable	Approximately 7 years	Not applicable
Audited net book value (as at 31 December 2021)⁽¹⁾	IDR306,935,596,059 (equivalent to approximately RM89,625,194)	IDR388,166,888,477 (equivalent to approximately RM113,344,731)	IDR447,860,825,890 (equivalent to approximately RM130,775,361)
Encumbrances	Nil	Nil	Nil
Independent valuer	KJPP RHR	KJPP RHR	KJPP RHR
Valuation Date	22 July 2022	22 July 2022	22 July 2022
Valuation approach	Market Approach, Income Approach and Cost Approach	Market Approach, Income Approach and Cost Approach	Market Approach, Income Approach and Cost Approach
Market value ascribed	IDR475,711,000,000 (equivalent to approximately RM142,713,300)	IDR858,832,000,000 (equivalent to approximately RM257,649,600)	IDR586,279,000,000 (equivalent to approximately RM175,883,700)

Note:-

(1) Computed based on the closing exchange rate of IDR1.00 : RM0.000292 as extracted from BNM as at 31 December 2021.

	PPA Estate	DAM Estate	SSL Estate
Description / Existing use	Oil palm estate with a palm oil mill	Oil palm estate	Oil palm estate
Location	The PPA Oil Mill is a 60 MT per hour (extendable to 80 MT per hour) palm oil mill (i) PPA Estate is located in Prabumulih I, Bingin Jungut, Mambang, Biaro Baru, Air Balui, Panai, and Ngunang Villages, Muara Lakitan, Muara Kelingi, Karang Dapo, and Sanga Desa Districts, Musi Rawas, Musi Rawas Utara and Musi Banyuasin Regencies, South Sumatera Province, Indonesia; and (ii) PPA Oil Mill is located in Prabumulih I Village, Muara Lakitan District, Musi Rawas Regency, South Sumatera Province, Indonesia	DAM Estate is located in Mulyoharjo, Pelawe and Raksabudi Villages, Bulang Tengah Suku Ulu District, Musi Rawas Regency, South Sumatera Province, Indonesia	SSL Estate is located in Pauh, Pauh I and Batu Kucing Villages, Rawas Ilir District, North Musi Rawas Regency, South Sumatera Province, Indonesia

	PPA Estate	DAM Estate	SSL Estate
Title / Permit	(i) "SK Perpanjangan" Location Permit No. 125/KPTS/BPM-PTP/2014; (ii) "SK Perpanjangan" Location Permit No. 08/KPTS/MRU/1/2015; (iii) Location Permit No. 482/KPTS-TAPEM/2016; and (iv) Rights to Build (HGB) No(s). 00001, 00002, 00003 and 00004	Location Permit No. 294/KPTS/BPM-PTP/2014	Location Permit No. 05/01/KPTS/DPM-PTSP/2017
Registered proprietor	PT Pratama Palm Abadi	PT Dapo Agro Makmur	PT Sumatera Sawit Lestari
Tenure	(i) "SK Perpanjangan" Location Permit No. 125/KPTS/BPM-PTP/2014 date issued 5 February 2014; (ii) "SK Perpanjangan" Location Permit No. 08/KTPS/MRU/1/2015 date issued 30 June 2015; Location Permit No. 482/KPTS-TAPEM/2016 date issued 30 June 2016; and (iii) Rights to Build (HGB) No(s). 00001, 00002, 00003 and 00004 expire on 22 October 2050	Location Permit No. 294/KPTS/BPM-PTP/2014 date issued 25 March 2015	Location Permit No. 05/01/KPTS/DPM-PTSP/2017 date issued 1 August 2017
Title land area	22,471.68 Ha	9,435.06 Ha	5,753.00 Ha
Planted area	3,943.06 Ha	1,300.83 Ha	2,032.24 Ha
Age of oil palm	Approximately 0 to 18 years	Approximately 0 to 18 years	Approximately 0 to 6 years
Age of mill	Approximately 3 years	Not applicable	Not applicable
Audited net book value (as at 31 December 2021)⁽¹⁾	IDR567,013,351,484 (equivalent to approximately RM165,567,899)	IDR281,000,581,802 (equivalent to approximately RM82,052,170)	IDR249,622,620,034 (equivalent to approximately RM72,889,805)
Encumbrances	Nil	Nil	Nil
Independent valuer	KJPP RHR	KJPP RHR	KJPP RHR
Valuation Date	22 July 2022	22 July 2022	22 July 2022
Valuation approach	Market Approach, Income Approach and Cost Approach	Market Approach, Income Approach and Cost Approach	Market Approach, Income Approach and Cost Approach
Market value ascribed	IDR948,549,000,000 (equivalent to approximately RM284,564,700)	IDR323,224,000,000 (equivalent to approximately RM96,967,200)	IDR279,404,000,000 (equivalent to approximately RM83,821,200)

Note:-

(1) Computed based on the closing exchange rate of IDR1.00 : RM0.000292 as extracted from BNM as at 31 December 2021.

Age profile as at the Valuation Date

	SAP Estate (Ha)	BSSP Estate (Ha)	GSSL Estate (Ha)
<u>Mature oil palm:-</u>			
- Mature oil palm (7 to 18 years old)	1,952.90	3,927.90	1,590.35
- Young Mature oil palm (4 to 6 years)	277.70	207.56	911.07
Immature oil palm (0 to 3 years old)	494.52	-	406.57
Planted area	2,725.12	4,135.46	2,907.99
Plantable area	8,924.80	4.98	17,204.02
Unplantable area	238.96	275.79	187.99
Total	11,888.88	4,416.23	20,300.00

	PPA Estate (Ha)	DAM Estate (Ha)	SSL Estate (Ha)
<u>Mature oil palm:-</u>			
- Mature oil palm (7 to 18 years old)	2,501.03	772.31	38.65
- Young mature oil palm (4 to 6 years)	917.63	459.57	1,326.19
Immature oil palm (0 to 3 years old)	524.40	68.95	667.40
Planted area	3,943.06	1,300.83	2,032.24
Plantable area	18,268.86	8,034.49	3,650.28
Unplantable area	259.76	99.74	70.48
Total	22,471.68	9,435.06	5,753.00

FFB Production

	SAP Estate		
	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	1,501	1,645	1,735
FFB Production (MT)	15,431	13,923	12,500
Yield (MT/Ha)	10.28	8.46	7.20

	BSSP Estate		
	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	3,479	3,572	3,699
FFB Production (MT)	82,421	82,006	86,071
Yield (MT/Ha)	23.69	22.96	23.27

	GSSL Estate		
	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	1,473	1,770	1,868
FFB Production (MT)	14,070	22,009	27,663
Yield (MT/Ha)	9.55	12.43	14.81

	PPA Estate		
	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	1,642	3,056	3,481
FFB Production (MT)	14,919	22,009	24,420
Yield (MT/Ha)	9.09	7.20	7.02

	DAM Estate		
	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	1,202	1,226	1,232
FFB Production (MT)	5,831	6,554	11,082
Yield (MT/Ha)	4.85	5.35	9.00

	SSL Estate		
	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	1,027	1,027	1,027
FFB Production (MT)	662	1,919	5,498
Yield (MT/Ha)	0.64	1.87	5.35

Extraction rate and production of BSSP Oil Mill and PPA Oil Mill

	BSSP Oil Mill		
	FYE 2019	FYE 2020	FYE 2021
Oil extraction rate (%)	20.31	20.34	20.42
Kernel extraction rate (%)	4.71	4.84	4.76
CPO production (MT)	76,920	65,696	69,496
Palm kernel production (MT)	17,827	15,651	16,209

	PPA Oil Mill		
	FYE 2019	FYE 2020	FYE 2021
Oil extraction rate (%)	-	21.00	23.08
Kernel extraction rate (%)	-	3.71	4.60
CPO production (MT)	-	5,606	10,612
Palm kernel production (MT)	-	990	2,116

Plantation profits/losses of OBS(M) Estates

	FYE 2019		FYE 2020		FYE 2021	
	IDR'000	⁽¹⁾ RM'000	IDR'000	⁽²⁾ RM'000	IDR'000	⁽³⁾ RM'000
SAP Estate	2,527,407	746	(152,748,705)	(43,686)	48,649,893	14,206
BSSP Estate	92,344,159	27,242	5,217,256	1,492	167,667,338	48,959
GSSL Estate	(102,045,922)	(30,104)	(84,059,656)	(24,041)	75,335,345	21,998
PPA Estate	(96,267,406)	(28,399)	(208,530,053)	(59,640)	69,153,246	20,193
DAM Estate	(40,402,467)	(11,919)	(88,080,663)	(25,191)	28,565,242	8,341
SSL Estate	12,714	4	(74,240,649)	(21,233)	(9,048,573)	(2,642)

Notes:-

- (1) Computed based on the closing exchange rate of IDR1.00 : RM0.000295 as extracted from BNM as at 31 December 2019.
- (2) Computed based on the closing exchange rate of IDR1.00 : RM0.000286 as extracted from BNM as at 31 December 2020.
- (3) Computed based on the closing exchange rate of IDR1.00 : RM0.000292 as extracted from BNM as at 31 December 2021.

3.2.9 Key information on the OAM(A) Property

A brief description of the OAM(A) Property is set out below:-

Description / Existing use⁽¹⁾	6 storey purpose-built hotel building, comprising 55 apartments with retail shops (on the ground floor) and basement car park catering to 158 cars. The property is currently leased out to tenants operating service apartment and gym.
Age	Approximately 3 years
Postal address	315-319 Burwood Highway, Burwood East, Victoria 3151
Title / Lot No.	Volume 11067 Folio 639
Land area	6,013.00 square metres
Gross lettable area	5,656.00 square metres
Occupancy rate	89.60%
Registered proprietor	OAM (Aust) Pty Ltd
Tenure	Freehold
Encumbrances	Mortgage registered on 17 July 2018 in favour of United Overseas Bank Ltd and variation of mortgage on 26 July 2018
Audited net book value (as at 31 December 2021)⁽²⁾	AUD34,243,872 (equivalent to approximately RM103,639,079)

Notes:-

(1) The tenancy details of OAM(A) Property are as follows:-

	Tenancy 1	Tenancy 2
Tenant/existing use	Rented out to a third party, an Australian private limited company and is a service apartment operator	Rented out to a third party, an Australian private limited company and is a gym operator
Tenancy period	From 20 May 2019 to 19 May 2029	From 1 October 2019 to 30 September 2024
Rent per annum (AUD)	1,780,870 with fixed rental increase of 3% per annum from Year 1 to Year 5 of the tenancy tenure	225,388 with fixed rental increase of 4% per annum

(2) Computed based on the closing exchange rate of AUD1.00 : RM3.0265 as extracted from BNM as at 31 December 2021.

3.3 Details of the Proposed SPP Acquisition

The Proposed SPP Acquisition entails the acquisition of 12,100,000 SPP Shares by OHB, representing the balance 60.50% equity interest in SPP (an existing 39.50% owned associate company of OHB), from the following vendors (collectively, **SPP Vendor(s)**) for a total cash consideration of RM155,327,000 ("**Purchase Consideration of SPP**"):-

SPP Vendors	No. of SPP Shares to be acquired	% of SPP share capital	Cash consideration payable by OHB (RM)
BSSB	10,699,616	53.50	137,350,351.61
BSD	1,400,000	7.00	17,971,719.01
LBS	384	*	4,929.38
Total	12,100,000	60.50	155,327,000.00

Note:-

* Negligible.

The Proposed SPP Acquisition is subject to the terms and conditions of the SPP SSA. The salient terms of the SPP SSA are set out in **Appendix III** of this announcement. The SPP Shares will be acquired by OHB free from any encumbrances and together with all rights and advantages attaching thereto as at the completion of the SPP SSA.

OHB and its subsidiaries collectively hold 7,900,000 SPP Shares (representing 39.50% equity interest in SPP) as at the LPD and SPP shall become a wholly-owned subsidiary of OHB upon completion of the Proposed SPP Acquisition.

3.3.1 Background information on SPP

SPP was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 16 July 1968 and having its registered address at Suite I, 2nd floor, Wisma Lister Garden, 123 Jalan Macalister, 10400 Georgetown, Pulau Pinang. SPP is principally involved in the production and processing of oil palm fruits. The principal market for the products is Malaysia. SPP has an issued share capital of RM20,000,000 comprising 20,000,000 SPP Shares as at the LPD.

SPP owns oil palm plantation land held under 3 land titles measuring a total of 3,645.40 Ha located within Mukim Hutan Melintang, District of Bagan Datuk, Perak Darul Ridzuan, Malaysia, of which 3,508.32 Ha have been fully planted with oil palm (“**SPP Estate**”). SPP also owns a palm oil mill which is situated alongside the SPP Estate (“**SPP Oil Mill**”).

(The SPP Estate and SPP Oil Mill are collectively referred to as the “**SPP Estates**”).

Further details on the SPP Estates are set out in **Section 3.3.8** of this announcement.

The directors of SPP and their respective shareholdings in SPP as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Dato' Seri Lim Su Tong	Malaysian	-	-	-	-
Datin Loh Ean	Malaysian	-	-	-	-
Yap Lip Yeow	Malaysian	-	-	-	-
Tan Hui Ming	Malaysian	-	-	-	-
Chan Kuang	Malaysian	-	-	-	-
Loh Wei-Lyn	Malaysian	-	-	(1)384	*
Tan Kheng Hwee	Singaporean	-	-	-	-
Woke Yoke Kow (Alternate director to Datin Loh Ean)	Malaysian	-	-	-	-
Dato' Seri Loh Cheng Yean (Alternate director to Tan Kheng Hwee)	Malaysian	-	-	-	-
Lim Ee Han (Alternate director to Dato' Seri Lim Su Tong)	Malaysian	-	-	-	-
Shirley Katheryn Yap (Alternate director to Loh Wei-Lyn)	Malaysian	-	-	-	-

Notes:-

* *Negligible.*

(1) *Deemed interested by virtue of her shareholdings in LBS pursuant to the Act.*

The shareholders of SPP and their respective shareholdings in SPP as at the LPD are as follows:-

	Place of incorporation	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
BSSB	Malaysia	10,699,616	53.50	⁽¹⁾ 1,400,000	7.00
OHB	Malaysia	2,885,000	14.43	⁽²⁾ 5,015,000	25.08
Oriental Realty Sdn Bhd	Malaysia	2,715,000	13.58	-	-
Oriental Rubber & Palm Oil Sdn Bhd	Malaysia	2,300,000	11.50	-	-
BSD	Malaysia	1,400,000	7.00	-	-
LBS	Malaysia	384	*	-	-

Notes:-

* Negligible.

(1) Deemed interested by virtue of its shareholdings in BSD, which is a 76.55% subsidiary of BSSB, pursuant to the Act.

(2) Deemed interested by virtue of its shareholdings in Oriental Realty Sdn Bhd and Oriental Rubber & Palm Oil Sdn Bhd, which are OHB's wholly-owned subsidiaries, pursuant to the Act.

As at the LPD, SPP does not have any subsidiary or associate company.

A summary of the financial information of SPP based on its audited financial statements for the past 3 financial years up to the FYE 31 December 2021 and the unaudited financial statements for the 7-month FPE 31 July 2022 are as follows:-

	Audited			Unaudited
	FYE 2019	FYE 2020	FYE 2021	7-month FPE 31 July 2022
	RM'000	RM'000	RM'000	RM'000
Revenue ⁽¹⁾	31,166	36,936	61,144	49,431
PBT	12,887	2,533	31,372	46,699
PAT	11,639	204	23,875	40,076
Share capital	20,000	20,000	20,000	20,000
Shareholders' funds/NA	150,855	148,459	171,834	220,131
Total borrowings	-	-	-	-
No. of SPP Shares in issue ('000)	20,000	20,000	20,000	20,000
EPS (RM)	0.58	0.01	1.19	2.00
NA per SPP Share (RM)	7.54	7.42	8.59	11.01
Current ratio (times) ⁽²⁾	10.13	13.59	18.40	30.27
Gearing ratio (times) ⁽³⁾	-	-	-	-

Notes:-

(1) The increase in revenue of SPP from RM36.94 million in the FYE 2020 to RM RM61.14 million in the FYE 2021 was mainly due to the increase in the average selling price of CPO during the financial period under review. Average selling price of CPO increased from RM2,326 per MT in the FYE 2020 to RM3,320 per MT in the FYE 2021.

(2) Computed based on current assets over current liabilities.

(3) Computed based on total borrowings over shareholders' funds.

3.3.2 Background information on SPP Vendors

(i) Background information on BSSB

The information on BSSB is set out in **Section 3.1.2** of this announcement.

(ii) Background information on BSD

BSD was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 27 September 1975 and having its registered address at Suite I, 2nd Floor, Wisma Lister Garden, 123 Jalan Macalister, 10400 Georgetown, Pulau Pinang. BSD is principally involved in property development, extraction and sale of red earth, sand and granite as well as investment holding.

BSD has an issued share capital of RM30,000,000 comprising 30,000,000 ordinary shares in BSD as at the LPD.

The directors of BSD and their respective shareholdings in BSD as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Dato' Syed Mohamad Bin Syed Murtaza	Malaysian	-	-	-	-
Datin Loh Ean	Malaysian	-	-	⁽¹⁾ 700,000	2.33
Dato' Lim Kean Seng	Malaysian	-	-	⁽²⁾ 700,000	2.33
Datuk Loh Kian Chong	Malaysian	-	-	⁽³⁾ 25,082,500	83.61
Tan Kheng Hwee	Singaporean	-	-	⁽⁴⁾ 700,000	2.33
Tan Hui Ming	Malaysian	-	-	⁽⁵⁾ 700,000	2.33
Loh Wei-Lyn	Malaysian	1,706,250	5.69	⁽⁶⁾ 367,500	1.23
Wong Chee Choong (Alternate director to Datin Loh Ean)	Malaysian	-	-	-	-
Shirley Kathreyn Yap (Alternate director to Loh Wei-Lyn)	Malaysian	43,750	0.15	-	-
Dato' Sri Datuk Wira Tan Hui Jing (Alternate director to Tan Kheng Hwee)	Malaysian	-	-	⁽⁵⁾ 700,000	2.33
Lim Ee Hean (Alternate director to Dato' Lim Kean Seng)	Malaysian	-	-	⁽²⁾ 700,000	2.33

Notes:-

- (1) Deemed interested by virtue of her shareholdings in Loh Ean Holdings Sdn Bhd pursuant to the Act.
- (2) Deemed interested by virtue of their shareholdings in Loh Phoy Yen Holdings Sdn Bhd pursuant to the Act.
- (3) Deemed interested by virtue of his shareholdings in Loh Kar Bee Holdings Sdn Bhd, BSSB and LBS pursuant to the Act.
- (4) Deemed interested by virtue of her shareholdings in Loh Cheng Yean Holdings Sdn Bhd pursuant to the Act.
- (5) Deemed interested by virtue of their shareholdings in Loh Gim Ean Sdn Bhd pursuant to the Act.
- (6) Deemed interested by virtue of her shareholdings in LBS pursuant to the Act.

As at the LPD, the shareholders of BSD and their respective direct and indirect shareholdings in BSD are as follows:-

	Nationality/ Place of incorporation	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Loh Gim Ean Holdings Sdn Bhd	Malaysia	700,000	2.33	-	-
LBS	Malaysia	367,500	1.23	-	-
BSSB	Malaysia	22,965,000	76.55	-	-
Loh Ean Holdings Sdn Bhd	Malaysia	700,000	2.33	-	-
Loh Cheng Yean Holdings Sdn Bhd	Malaysia	700,000	2.33	-	-
Loh Kar Bee Holdings Sdn Bhd	Malaysia	1,750,000	5.83	-	-
Loh Phoy Yen Holdings Sdn Bhd	Malaysia	700,000	2.33	-	-
Loh Wei-Lyn	Malaysian	1,706,250	5.69	⁽¹⁾ 367,500	1.23
Shirley Katheryn Yap	Malaysian	43,750	0.15	-	-
Tan Sri Dato' Loh Boon Siew (deceased)	Malaysian	367,500	1.23	-	-

Note:-

(1) Deemed interested by virtue of her shareholdings in LBS pursuant to the Act.

(iii) Background information on LBS

LBS was incorporated as a private limited company in Malaysia under the Companies Act 1965 on 3 March 1980 and having its registered address at Suite I, 2nd Floor, Wisma Lister Garden, 123, Jalan Macalister, 10400 Georgetown, Pulau Pinang. LBS is principally involved in investment holding.

LBS has an issued share capital of RM6,786,010 comprising 801 ordinary shares, 9 preference shares and 150,000 preference A shares in LBS as at the LPD.

The directors of LBS and their respective shareholdings in LBS as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Datin Loh Ean	Malaysian	-	-	-	-
Dato' Lim Kean Seng	Malaysian	50	6.24	-	-
Datuk Loh Kian Chong	Malaysian	133	16.60	-	-
Loh Wei-Lyn	Malaysian	200	24.97	-	-
Dato' Sri Datuk Wira Tan Hui Jing	Malaysian	29	3.62	-	-
Tan Kheng Hwee	Singaporean	17	2.12	-	-
Wong Chee Choong (Alternate director to Datin Loh Ean)	Malaysian	-	-	-	-
Tan Hui Ming (Alternate director to Dato' Sri Datuk Wira Tan Hui Jing)	Malaysian	29	3.62	-	-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of ordinary shares	%	No. of ordinary shares	%
Shirley Kathreyn Yap (Alternate director to Loh Wei-Lyn)	Malaysian	-	-	-	-
Lim Ee Hean (Alternate director to Dato' Lim Kean Seng)	Malaysian	25	3.12	-	-
Tan Kheng Ju (Alternate director to Tan Kheng Hwee)	Singaporean	17	2.12	-	-

The shareholders of LBS and their respective shareholdings in LBS as at the LPD are as follows:-

	Nationality/ Place of incorporation	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Preference Shares					
Datin Loh Ean, Dato' Seri Loh Cheng Yean, Dato' Seri Lim Su Tong (as Executors of Estate of Tan Sri Dato' Loh Boon Siew, Deceased)	-	150,008	100.00	-	-
Loh Wei-Lyn	Malaysian	1	*	-	-
Ordinary Shares					
Datin Loh Ean, Dato' Seri Loh Cheng Yean, Dato' Seri Lim Su Tong (as Executors of Estate of Tan Sri Dato' Loh Boon Siew, Deceased)	-	1	*	-	-
Loh Wei-Lyn	Malaysian	200	24.97	-	-
Datuk Loh Kian Chong	Malaysian	133	16.60	-	-
Datin Loh Ean, Dato' Robert Wong Lum Kong (the surviving trustees)	-	100	12.49	-	-
Loh Oon Ling	Malaysian	67	8.37	-	-
Dato' Lim Kean Seng	Malaysian	50	6.24	-	-
Dato' Seri Loh Cheng Yean	Malaysian	33	4.12	⁽¹⁾ 67	8.37
Tan Ju Nguan	Singaporean	33	4.12	-	-
Tan Hui Ming	Malaysian	29	3.62	-	-
Dato' Sri Datuk Wira Tan Hui Jing	Malaysian	29	3.62	-	-
Lim Ee Ling	Malaysian	25	3.12	-	-
Lim Ee Hean	Malaysian	25	3.12	-	-
Tan Kheng Hwee	Singaporean	17	2.12	-	-
Tan Kheng Ju	Singaporean	17	2.12	-	-
Tan Hui Ching	Malaysian	14	1.75	-	-
Dr Tan Hui Ling	Malaysian	14	1.75	-	-
Tan Hui Ping	Malaysian	14	1.75	-	-

Notes:-

* Negligible.

(1) Deemed interested by virtue of interests of daughters and son pursuant to the Act.

3.3.3 Basis and justification of determining the Purchase Consideration of SPP

The Purchase Consideration of SPP of RM155,327,000 was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:-

- (i) the audited NA of SPP of approximately RM83.45 million as at 31 December 2021 (after adjusting for dividend payment of RM104.13 million in value, which was completed on 23 September 2022); and
- (ii) the surplus arising from the revaluation of the SPP Estates owned by SPP based on the market value of RM478.00 million, as appraised by the independent valuer, Knight Frank as set out in the Independent Valuation Letter II.

The computation of the adjusted audited NA of SPP is set out below:-

	RM	RM
Audited NA of SPP as at 31 December 2021		171,833,649
Less: Adjustment due to the SPP dividend declared		(88,382,231)
NA of SPP		83,451,418
Market value of SPP Estates as appraised by Knight Frank	478,000,000	
Less: Net book value of SPP Estates	(69,286,892)	
Revaluation surplus	408,713,108	
Less: Deferred tax of 24% applicable in Malaysia	(98,091,146)	
Net revaluation surplus		310,621,962
Adjusted NA of SPP		394,073,380
Value of 60.50% equity interest to be acquired by OHB based on the adjusted NA of SPP (A)		238,414,395
Purchase Consideration of SPP		155,327,000 (discount of 34.85% to (A))

3.3.4 Source of funding

The Purchase Consideration of SPP will be satisfied through a combination of bank borrowings and/or internally generated funds, the exact proportion of which will be determined at a later date.

3.3.5 Liabilities to be assumed

It is pertinent to note that SPP is an existing 39.50% owned associate company of OHB Group. Given the familiarity with its business operations and financial position, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by OHB Group pursuant to the Proposed SPP Acquisition save for the obligations and liabilities of SPP in its ordinary course of business and in and arising from, pursuant to or in connection with the SPP SSA. The SPP Shares shall be acquired free from any encumbrances and together with all rights and advantages attaching thereto as at the completion of the SPP SSA.

3.3.6 Additional financial commitment

Given OHB's familiarity of the business operations and financial position of its associate company, OHB does not expect to incur any additional financial commitment to put the assets and/or businesses of SPP on-stream after the completion of the Proposed SPP Acquisition, save for plantation development expenditure envisaged to be incurred as and when required for the continuing development and planting programme of the SPP Estate. However, the quantum of such expenditure to be incurred by OHB cannot be ascertained at this juncture.

3.3.7 Original cost and date of investment

The original cost and date of investment by the SPP Vendors in SPP are as follows:-

SPP Vendors	Date of investment	No. of SPP Shares	Amount (RM)
BSSB	7 February 1969	104,990	104,990
	17 May 1972	399,962	399,962
	26 March 1973	99,990	99,990
	26 September 1975	194,981	194,981
	21 May 1976	199,981	199,981
	11 April 1979	325,000	925,000
	28 January 1986	6,974,712	(1)-
	7 September 1979	680,000	1,700,000
	19 October 1979	320,000	800,000
	2 February 1993	350,000	525,000
	17 March 2014	1,050,000	12,000,000
BSD	28 January 1986	1,050,000	(1)-
	28 November 1979	350,000	875,000
LBS	28 January 1986	288	(1)-
	29 August 1982	96	96

Note:-

(1) Bonus issue undertaken by SPP on 28 January 1986.

3.3.8 Key information on the SPP Estate and SPP Oil Mill

A brief summary of the SPP Estate together with the SPP Oil Mill is set out below:-

	SPP Estate and SPP Oil Mill
Description / Existing use	Oil palm estate with a palm oil mill
Location	The SPP Oil Mill is a 30 MT per hour palm oil mill which is licensed to process up to 120,000 MT of FFB per annum SPP Estate and SPP Oil Mill are located within Mukim Hutan Melintang, District of Bagan Datuk, Perak Darul Ridzuan
Title / Lot No.	Lot No(s). 8365, 39349 and 38002 held under Title No(s). Pajakan Negeri 426525 to 426527 (inclusive)
Registered proprietor	Southern Perak Plantations Sdn Bhd
Tenure	Leasehold interest for a term of 99 years, expiring on 1 May 2118, in respect of all titles
Title land area	3,645.40 Ha
Planted area	3,508.32 Ha
Age of oil palm	Approximately 0 to 27 years
Age of mill	Approximately 39 years

SPP Estate and SPP Oil Mill	
Audited net book value (as at 31 December 2021)	RM69,286,892
Encumbrances	Nil
Independent valuer	Knight Frank
Valuation Date	22 July 2022
Valuation approach	Comparison Method, Income Approach and Cost Approach
Market value ascribed	RM478,000,000

Age profile as at the Valuation Date

	Ha
<u>Mature oil palm:-</u>	
- Oil palms exceeding the economic life span (i.e. more than 25 years)	1,703.98
- Mature oil palm (4 to 25 years old)	1,165.66
Immature oil palm (below 4 years old)	638.68
Planted area	3,508.32
Plantable area	-
Unplantable area ⁽¹⁾	137.08
Total land area	3,645.40

Note:-

(1) Includes SPP Oil Mill, oil palm nursery, building and roads.

FFB production

Years	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	3,075.08	3,183.35	2,959.22
FFB production (MT)	79,091.23	79,966.00	73,832.67
Yield (MT/Ha)	25.72	25.12	24.95

Extraction rate and production of SPP Oil Mill

Years	FYE 2019	FYE 2020	FYE 2021
Oil extraction rate (%)	17.79	17.41	17.91
Kernel extraction rate (%)	5.45	5.13	5.11
CPO production (MT)	12,645.67	11,489.06	11,877.80
Palm kernel production (MT)	3,874.47	3,386.40	3,389.90

Plantation profits of SPP Estate

	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)
SPP Estate	11,639	204	23,875

4. DETAILS OF THE PROPOSED LAND ACQUISITIONS

4.1 Details of the Proposed Bukit Langkap Estate Acquisition

The Proposed Bukit Langkap Estate Acquisition entails the acquisition of the Bukit Langkap Estate measuring approximately 77.51 Ha by OHB (through SPP subject to the completion of Proposed SPP Acquisition) from BESB ("**Bukit Langkap Estate Vendor**") for a cash consideration of RM41,000,000 ("**Purchase Consideration of Bukit Langkap Estate**").

The Proposed Bukit Langkap Estate Acquisition is subject to the terms and conditions of the Bukit Langkap Estate SPA. The salient terms of the Bukit Langkap Estate SPA are set out in **Appendix IV** of this announcement.

The Bukit Langkap Estate will be acquired by OHB on an “as is where is” basis, free from all encumbrances, trespassers, occupiers, squatters and encroachments.

4.1.1 Key information on the Bukit Langkap Estate

A brief summary of the Bukit Langkap Estate is set out below:-

Description / Existing use	Oil palm estate
Location	Bukit Langkap Estate is located along Jalan Ara Kuda, Mukim 19, District of Seberang Perai Tengah, Pulau Pinang, Malaysia
Title / Lot No.	Lot No(s). 101, 102, 539, 541, 556, 691, 692, 725, 784, 899 to 904 (inclusive), 1347 and 1373 held under Title No(s). Geran Mukim 249, Geran 46603, Geran Mukim 96, Geran Mukim 97, Geran 46202, Geran Mukim 504, Geran Mukim 505, Geran 43492, Geran Mukim 419, Geran Mukim 474 to 479 (inclusive), Geran 177863 and Geran 177864
Registered proprietor	<u>Lot No(s). 101, 102, 539, 541, 556, 725, 899 to 904 (inclusive), 1347 and 1373</u> Boontong Estates Sdn Bhd, in respect of the above titles <u>Lot No(s). 784, 691 and 692</u> Boon Tong Estates Sdn Bhd ⁽¹⁾ , in respect of the above titles
Tenure	Interest in perpetuity, in respect of all titles
Title land area	77.51 Ha
Planted area	45.20 Ha
Age of oil palm	Approximately 0 to 9 years
Encumbrances	Nil
Independent valuer	Knight Frank
Valuation Date	22 July 2022
Valuation Approach	Comparison Method and Income Approach
Market value ascribed	RM41,000,000

Note:-

- (1) Rectification will be made to the name of Boontong Estates Sdn Bhd prior to completion of the Proposed Bukit Langkap Estate Acquisition pursuant to the terms of the Bukit Langkap Estate SPA.

Age profile as at the Valuation Date

	Ha
Mature oil palm (9 years old)	33.50
Immature oil palm (below 3 years old)	11.70
Planted area	45.20
Plantable area	-
Unplantable area ⁽¹⁾	32.31
Total land area	77.51

Note:-

- (1) Due to hilly terrain.

FFB production

Years	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	45.20	45.20	45.20
FFB production (MT)	225.90	309.30	310.86
Yield (MT/Ha)	5.00	6.84	6.88

Plantation profits of Bukit Langkap Estate

	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)
Bukit Langkap Estate	19	81	169

4.1.2 Background information on Bukit Langkap Estate Vendor

(i) Background information on BESB

BESB was incorporated as a private limited company under Companies Ordinances 1940-1946 on 24 June 1960 as Bentong Semantan Rubber Estates Limited. On 15 April 1966, it changed its name to Bentong Semantan Rubber Estates Sdn. Berhad. On 22 August 1977, it assumed its present name. BESB's registered address is located at Suite 1, 2nd Floor, Wisma Lister Garden, 123 Jalan Macalister, 10400 Georgetown, Pulau Pinang. BESB is principally involved in the cultivation of oil palm and investment holding.

BESB has an issued share capital of RM10,000,000 comprising 10,000,000 ordinary shares in BESB as at the LPD.

The directors of BESB and their respective shareholdings in BESB as at the LPD are as follows:-

	Nationality	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Lim Ee Ling	Malaysian	-	-	⁽¹⁾ 122,100	1.22
Tan Hui Ming	Malaysian	-	-	⁽²⁾ 122,100	1.22
Tan Kheng Hwee	Singaporean	-	-	⁽³⁾ 122,100	1.22
Datin Loh Ean	Malaysian	-	-	⁽⁴⁾ 122,100	1.22
Chan Kuang	Malaysian	-	-	-	-
Loh Wei-Lyn	Malaysian	178,571	1.79	⁽⁵⁾ 549,648	5.50
Wong Chee Choong (Alternate director to Datin Loh Ean)	Malaysian	-	-	-	-
Shirley Kathreyn Yap (Alternate director to Loh Wei-Lyn)	Malaysian	4,579	0.05	-	-
Lim Ee Hean (Alternate director to Lim Ee Ling)	Malaysian	-	-	⁽¹⁾ 122,100	1.22

Notes:-

- (1) Deemed interested by virtue of her shareholdings in Loh Phoy Yen Holdings Sdn Bhd pursuant to the Act.
- (2) Deemed interested by virtue of his shareholdings in Loh Gim Ean Holdings Sdn Bhd pursuant to the Act.
- (3) Deemed interested by virtue of her shareholdings in Loh Cheng Yean Holdings Sdn Bhd pursuant to the Act.

(4) Deemed interested by virtue of her shareholdings in Loh Ean Holdings Sdn Bhd pursuant to the Act.

(5) Deemed interested by virtue of her shareholdings in LBS pursuant to the Act.

The shareholders of BESB and their respective shareholdings in BESB as at the LPD are as follows:-

	Nationality/ Place of incorporation	Shareholdings as at the LPD			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Loh Gim Ean Holdings Sdn Bhd	Malaysia	122,100	1.22	-	-
Loh Cheng Yean Holdings Sdn Bhd	Malaysia	122,100	1.22	-	-
LBS	Malaysia	549,648	5.50	-	-
BSD	Malaysia	1,999,838	20.00	-	-
Loh Ean Holdings Sdn Bhd	Malaysia	122,100	1.22	-	-
Loh Kar Bee Holdings Sdn Bhd	Malaysia	183,150	1.83	-	-
Bayview Hotel Sdn Bhd	Malaysia	6,534,764	65.35	-	-
Loh Phoy Yen Holdings Sdn Bhd	Malaysia	122,100	1.22	-	-
Loh Wei-Lyn	Malaysian	178,571	1.79	⁽¹⁾ 549,648	5.50
Shirley Katheryn Yap	Malaysian	4,579	0.05	-	-
Tan Sri Dato' Loh Boon Siew (deceased)	Malaysian	61,050	0.61	-	-

Note:-

(1) Deemed interested by virtue of her shareholdings in LBS pursuant to the Act.

4.1.3 Basis and justification of determining the Purchase Consideration of Bukit Langkap Estate

The Purchase Consideration of Bukit Langkap Estate of RM41,000,000 was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the market value of Bukit Langkap Estate of RM41,000,000 as appraised by Knight Frank as set out in the Independent Valuation Letter II.

4.1.4 Source of funding

The Purchase Consideration of Bukit Langkap Estate will be satisfied through a combination of bank borrowings and/or internally generated funds, the exact proportion of which will be determined at a later date.

4.1.5 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the Bukit Langkap Estate SPA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by OHB Group pursuant to the Proposed Bukit Langkap Estate Acquisition.

4.1.6 Additional financial commitment

OHB does not expect to incur any additional financial commitment after the completion of the Proposed Bukit Langkap Estate Acquisition, save for plantation development expenditure envisaged to be incurred as and when required for continuing development and planting programme of Bukit Langkap Estate. However, the quantum of such expenditure to be incurred by OHB cannot be ascertained at this juncture.

4.2 Details of the Proposed Bentong Estate Acquisition

The Proposed Bentong Estate Acquisition entails the acquisition of the Bentong Estate measuring approximately 1,704.24 Ha by OHB (through SPP subject to the completion of Proposed SPP Acquisition) from BESB ("**Bentong Estate Vendor**") for a total cash consideration of RM132,000,000 ("**Purchase Consideration of Bentong Estate**").

The Proposed Bentong Estate Acquisition is subject to the terms and conditions of the Bentong Estate SPA. The salient terms of the Bentong Estate SPA are set out in **Appendix V** of this announcement.

The Bentong Estate will be acquired by OHB on an "as is where is" basis and free from all encumbrances, trespassers, occupiers, squatters and encroachments.

4.2.1 Key information on the Bentong Estate

A brief summary of the Bentong Estate is set out below:-

Description / Existing use	Oil palm estate
Location	Bentong Estate is located within Mukim and District of Bentong, Pahang, Malaysia
Title / Lot No.	Lot No(s). 1788, 1792 & 1793, 2882, 3544, 3733, 4157, 4553, 4795 to 4798 (inclusive), 4913, 4914, 5175, 5607, 5608, 5908 to 5920 (inclusive) and 6032 held under Title No(s). Geran 6523, Geran 8198, Geran 7814, Geran Mukim 3017, Geran 9575, Geran Mukim 3090, Geran 8033, Geran 9297, Geran Mukim 3142, Geran Mukim 1970, Geran Mukim 1971, Geran Mukim 2560, Geran Mukim 2521, Geran Mukim 2117, Geran 3610, Geran 3611, Geran Mukim 5589 to Geran Mukim 5592 (inclusive) and Geran Mukim 6167 to Geran Mukim 6175 (inclusive)
Registered proprietor	<u>Lot No(s). 1788, 2882, 3544, 3733, 4796 to 4798 (inclusive), 4913, 4914, 5175, 5909 to 5918 (inclusive)</u> Boontong Estates Sdn Bhd, in respect of the above titles <u>Lot No(s). 5919 and 5920</u> Boontong Estates Sdn Bhd ⁽¹⁾ , in respect of the above titles <u>Lot No(s). 5607, 5608, 1792 & 1793, 4795, 4553 and 6032</u> Boontong Estates Sdn Berhad ⁽¹⁾ , in respect of the above titles <u>Lot No. 5908</u> Boontong Estate Sdn Bhd ⁽¹⁾ , in respect of the above title
Tenure	Interest in perpetuity, in respect of all titles
Title land area	1,704.24 Ha ⁽²⁾
Planted area	1,274.05 Ha
Age of oil palm	Approximately 0 to 34 years
Encumbrances	Nil
Independent valuer	Knight Frank
Valuation Date	22 July 2022

Valuation approach	Comparison Method and Income Approach
Market value ascribed	RM132,000,000

Notes:-

- (1) Rectification will be made to the name of Boontong Estates Sdn Bhd prior to completion of the Bentong Estate Acquisition pursuant to the terms of the Bentong Estate SPA.
- (2) Excluding 0.4431 Ha which was acquired under the Land Acquisition Act 1960 on 28 January 1983 and 20 January 1984.

Age Profile as at the Valuation Date

	Ha
<u>Mature oil palm:-</u>	
- Oil palms exceeding the economic life span (i.e. more than 25 years)	243.06
- Mature oil palm (4 to 25 years old)	704.56
Immature oil palm (below 4 years old)	326.43
Planted area	1,274.05
Plantable area	38.00
Unplantable area ⁽¹⁾	392.19
Total land area	1,704.24

Note:-

- (1) Includes TNB Wayleave, building and infrastructure and oil palm nursery.

FFB production

Years	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	964.73	923.78	821.82
FFB production (MT)	11,904.83	10,817.51	12,910.82
Yield (MT/Ha)	12.34	11.71	15.71

Plantation profits of Bentong Estate

	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)
Bentong Estate	(494)	(74)	5,685

4.2.2 Background information on Bentong Estate Vendor

(i) Background information on BESB

The information on BESB is set out in **Section 4.1.2** of this announcement.

4.2.3 Basis and justification of determining the Purchase Consideration of Bentong Estate

The Purchase Consideration of Bentong Estate of RM132,000,000 was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the market value of Bentong Estate of RM132,000,000 as appraised by Knight Frank as set out in the Independent Valuation Letter II.

4.2.4 Source of funding

The Purchase Consideration of Bentong Estate will be satisfied through a combination of bank borrowings and/or internally generated funds, the exact proportion of which will be determined at a later date.

4.2.5 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the Bentong Estate SPA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by OHB Group pursuant to the Proposed Bentong Estate Acquisition.

4.2.6 Additional financial commitment

OHB does not expect to incur any additional financial commitment after the completion of the Proposed Bentong Estate Acquisition, save for plantation development expenditure envisaged to be incurred as and when required for the continuing development and planting programme of Bentong. However, the quantum of such expenditure to be incurred by OHB cannot be ascertained at this juncture.

4.3 Details of the Proposed Thye Group Estate Acquisition

The Proposed Thye Group Estate Acquisition entails the acquisition of the Thye Group Estate measuring approximately 1,668.60 Ha by OHB (through SPP subject to the completion of Proposed SPP Acquisition) from BESB (“**Thye Group Estate Vendor**”) for a total cash consideration of RM224,100,000 (“**Purchase Consideration of Thye Group Estate**”).

The Proposed Thye Group Estate Acquisition is subject to the terms and conditions of the Thye Group Estate SPA. The salient terms of the Thye Group Estate SPA are set out in **Appendix VI** of this announcement.

The Thye Group Estate will be acquired by OHB, on an “as is where is” basis, free from all encumbrances, trespassers, occupiers, squatters and encroachments.

4.3.1 Key information on the Thye Group Estate

A brief summary of the Thye Group Estate is set out below:-

Description / Existing use	Oil palm estate
Location	Thye Group Estate is located within District of Kuala Muda, Kedah Darul Aman
Title / Lot No.	Lot No(s). 146, 242, 243, 254, 255, 275 to 278 (inclusive), 3240, 2811, 2812, 705, 706, 872, 974 to 978 (inclusive), 1473, 1474, 1373, 10070 and 8605 held under Title No(s). Geran 87078, 87085, 87086, 87092, 87093, 37430, 8068, 84839, 84840, Geran Mukim 5045 and 5046, Geran 34374 Geran Mukim 3968 to 3972 (inclusive), 5362, 5363 and 5562, 671 and 1378 respectively
Registered proprietor	<u>Lot No(s). 146, 242, 243, 254, 255, 275 to 278 (inclusive), 3240, 2811, 2812, 705, 706, 872, 978, 1473, 1474 and 1373</u> Boontong Estates Sdn Bhd; in respect of above titles <u>Lot No(s). 8605 and 10070</u> Boontong Estates Sdn Berhad ⁽¹⁾ ; in respect of above titles <u>Lot No(s). 974, 975 and 977</u> Boon Tong Estates Sdn Berhad ⁽¹⁾ ; in respect of above titles <u>Lot 976</u> Boon Hong Estates Sdn Berhad ⁽¹⁾
Tenure	Interest in perpetuity, in respect of all titles
Title land area (Ha)	1,668.60 Ha ⁽²⁾
Planted area (Ha)	1,628.16 Ha

Age of oil palm	Approximately 0 to 28 years
Encumbrances	Nil
Independent valuer	Knight Frank
Valuation Date	22 July 2022
Valuation approach	Comparison Method and Income Approach
Market value ascribed	RM224,100,000

Notes:-

- (1) Rectification will be made to the name of Boontong Estates Sdn Bhd prior to completion of the Proposed Thye Group Estate Acquisition pursuant to the terms of the Thye Group Estate SPA.
- (2) Excluding 12.40 Ha which was acquired under the Land Acquisition Act 1960 on 28 January 1983 and 20 January 1984.

Age profile as at the Valuation Date

	Ha
Mature oil palm:-	
- Oil palms exceeding the economic life span (i.e. more than 25 years)	222.10
- Mature oil palm (4 to 25 years old)	1,160.46
Immature oil palm (below 4 years old)	245.60
Planted area	1,628.16
Plantable area	-
Unplantable area ⁽¹⁾	40.44
Total land area	1,668.60

Note:-

- (1) Includes building and infrastructure, TNB Wayleave and oil palm nursery.

FFB production

Years	FYE 2019	FYE 2020	FYE 2021
Mature area (Ha)	1,539.17	1,539.17	1,607.85
FFB production (MT)	21,060.38	20,144.86	22,874.49
Yield (MT/Ha)	13.68	13.09	14.23

Plantation profits of Thye Group Estate

	FYE 2019 (RM'000)	FYE 2020 (RM'000)	FYE 2021 (RM'000)
Thye Group Estate	1,269	3,496	11,102

4.3.2 Background information on Thye Group Estate Vendor

(i) Background information on BESB

The information on BESB is set out in **Section 4.1.2** of this announcement.

4.3.3 Basis and justification of determining the Purchase Consideration of Thye Group Estate

The Purchase Consideration of Thye Group Estate of RM224,100,000 was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the market value of Thye Group Estate of RM224,100,000 as appraised by Knight Frank as set out in the Independent Valuation Letter II.

4.3.4 Source of funding

The Purchase Consideration of Thye Group Estate will be satisfied through a combination of bank borrowings and/or internally generated funds, the exact proportion of which will be determined at a later date.

4.3.5 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the Thye Group Estate SPA, there are no other liabilities, including contingent liabilities and guarantees, to be assumed by OHB Group pursuant to the Proposed Thye Group Estate Acquisition.

4.3.6 Additional financial commitment

OHB does not expect to incur any additional financial commitment after the completion of the Proposed Thye Group Estate Acquisition, save for plantation development expenditure envisaged to be incurred as and when required for the continuing development and planting programme of Thye Group Estate. However, the quantum of such expenditure to be incurred by OHB cannot be ascertained at this juncture.

5. RATIONALE AND BENEFITS OF THE PROPOSALS

The plantation segment of OHB will continue as a core and consistent contributor to the financial performance of the Group over the medium to long term given the Group's familiarity with the plantation business and the importance of oil palm as not only a food source but also as a key manufacturing input for detergents, cosmetics, biofuels and other products. The Proposals undertaken are hence in line with OHB's strategy of constantly seeking opportunities to acquire resilient and earnings accretive businesses or to unlock the value of its investments for the benefit of the shareholders of OHB.

The Proposals will enable the Group to:-

- (a) expand the plantation footprint of OHB via the Proposed SPP Acquisition and Proposed Land Acquisitions by approximately 7,096 Ha, which fit OHB's investment criteria for consistent growth in Malaysia. The planted hectares of the Group in Malaysia will increase from 4,794 Ha to approximately 11,250 Ha upon completion of the Proposed SPP Acquisition and Proposed Land Acquisitions as illustrated in the table below:-

	Existing OHB land bank in the FYE 31 December 2021 (Ha)	Land banks under the Proposed SPP Acquisition and Proposed Land Acquisitions (Ha)	Enlarged land bank after acquisitions (Ha)
Mature	3,369.00	5,233.32	8,602.32
Immature	1,425.00	1,222.41	2,647.41
Planted	4,794.00	6,455.73	11,249.73
Unplanted area	-	38.00	38.00
Buildings, roads, etc	164.00	602.02	766.02
Land Bank	4,958.00	7,095.75	12,053.75

- (b) the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition will enable the full consolidation of OHB's interest in its subsidiaries, SPSB Group and OBS(M) Group, which currently holds a sizeable plantation land bank (with 4 palm oil mills) in Indonesia with land available for oil palm cultivation of approximately 56,288 Ha. Details on the plantation land bank in Indonesia are set out as follows:-

	Ha
Mature	32,498.34
Immature	4,715.21
Planted	37,213.55
Plantable area	56,287.74
Buildings, roads, etc	2,666.28
Land Bank	96,167.57

Overall, the total plantation land bank consolidated and owned by the Group will increase from approximately 101,126 Ha as at the LPD to approximately 108,221 Ha upon completion of the Proposals with the total planted area increasing from approximately 42,008 Ha as at the LPD to approximately 48,463 Ha.

The Proposed Share Acquisitions will enhance the future profitability of the Group as the Group will be able to fully consolidate the earnings of SPSB and SPP, while unlocking the potential from developing the unplanted areas of the Indonesian plantation in stages. The enlarged OHB Group is also expected to achieve greater economies of scale by leveraging on its sizeable plantation operations in Indonesia.

The Proposed Share Acquisitions will also reduce the number and quantum of recurrent related party transactions with the Interested Parties (as defined in **Section 12** of this announcement) in respect of which OHB requires annual stockholders' approval.

Premised on the above, the Proposals are expected to contribute positively to OHB Group in the future given the favourable outlook and prospects of the oil palm plantation industry as set out in **Section 6** of this announcement, thus enhancing OHB's stockholders' value in the medium to long term.

6. INDUSTRY OVERVIEW AND PROSPECTS

6.1 Overview and outlook of the economy and oil palm industry in Malaysia

Overview and outlook of the economy in Malaysia

The Malaysian economy registered a strong growth of 8.9% in the second quarter of 2022 (1Q 2022: 5.0%). While growth was lifted to some extent by the low base from the Full Movement Control Order (FMCO) in June 2021, growth in April and May 2022 was particularly robust, underpinned by the continued recovery in labour market conditions and policy support. The improvement also reflected normalising economic activity as the country moved towards endemicity and reopened international borders. Exports remain supported by strong demand for electrical and electronics ("E&E") products. In terms of economic activity, the services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%).

The agriculture sector declined by 2.4% (1Q 2022: 0.1%). During the quarter, production in livestock and other agriculture subsectors were affected by rising input costs particularly for animal feed and fertiliser. Growth was also weighed down by weak oil palm output as harvesting activity was hampered by prevailing labour shortages.

During the quarter, domestic demand registered a higher growth of 13.0% (1Q 2022: 4.4%). This was mainly supported by a robust growth in private expenditure amid further normalisation of economic activity, as well as improving labour market conditions.

On the external front, demand for Malaysia's exports, particularly for E&E products, remained strong. Private consumption grew at a faster pace of 18.3% (1Q 2022: 5.5%), driven by higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. The strength in consumer expenditure was primarily driven by the recovery in the labour market. Policy support, including the implementation of minimum wage hike,¹ Bantuan Keluarga Malaysia and an Employees Provident Fund (EPF)-related measure also provided additional lift to consumer spending. Public consumption expanded at a moderate pace of 2.6% (1Q 2022: 6.7%), weighed down by lower supplies and services spending, reflecting smaller COVID-19 related expenditure.

Headline inflation, as measured by the annual percentage change in the Consumer Price Index (CPI), increased to 2.8% during the quarter (1Q 2022: 2.2%). The increase reflected higher core inflation and higher fuel and price-volatile inflation. Elevated cost pressures amid the ongoing military conflict in Ukraine, adverse weather conditions in key food-exporting countries and the stronger US dollar were all key contributing factors to this. Core inflation rose to 2.5% (1Q 2022: 1.7%) given the improvement in demand conditions amid the high-cost environment. The increase was predominantly driven by food away from home (2Q 2022: 5.3%; 1Q 2022: 3.6%) and other food items. Some discretionary items (e.g. accommodation services) have also recorded higher inflation. Correspondingly, price pressures continued to be pervasive throughout the quarter. The share of CPI items recording monthly price increases averaged higher at 63.2% (1Q 2022: 57%; 2011-2019 average: 45%).

(Source: Quarterly Bulletin in the second quarter of 2022, BNM)

Overview and outlook of the palm oil industry in Malaysia

The year 2021 was deemed challenging as the COVID-19 pandemic continues to be threatening and hampering economic recovery efforts. Although 2021 was set for economic revival, the emergence of new variants of COVID-19 had somewhat decelerated the efforts. The economic activities were operated under great uncertainty and heavy pressure. In Malaysia, apart from rolling out the vaccination programme, stringent border controls as well as strictly localised lockdowns were the critical strategies to contain the spread of the virus. These strategies, however, also affected the plantation sectors which rely heavily on foreign workers. The closures of international borders and the prolonged suspension of foreign worker intake affected oil palm harvesting activities and consequently have taken a toll on palm oil production. The significant decline in production has resulted in a much-reduced stockpile, hence limiting the capacity of Malaysia to export and ultimately pushing the price of the CPO to an all-time high, peaking several times in 2021.

The containment measures implemented to curb the spread of the COVID-19 pandemic had affected palm oil production in Malaysia. The series of local lockdowns had also slowed down replanting activities in oil palm plantations. In 2021, the total oil palm planted area had reduced by 2.2% to 5.74 million Ha from 5.87 million Ha recorded in 2020. At the regional level, planted area in Peninsular Malaysia and Sabah had declined by 4.7% and 1.3% against that of the previous year to 2.61 million Ha and 1.52 million Ha, respectively. Meanwhile in Sarawak, the oil palm planted area had increased by 1.4% to 1.61 million Ha.

A similar trend was observed for the oil palm matured area. In totality, the oil palm matured area accounted for 5.14 million Ha or 89.7% of the total oil palm planted area, which was 1.7% lower than that of the previous year. The total matured area in Peninsular Malaysia was 2.36 million Ha, followed by Sarawak at 1.45 million Ha and Sabah at 1.33 million Ha. In terms of ownership, 73.2% of the planted area was owned by private and government/state agency estates, 15.1% by the independent smallholders and 11.7% by the organised smallholders.

The average FFB yield for Malaysian oil palm estates in 2021 had declined to 15.47 MT/ha⁻¹, which was 7.5% lower compared to that of the previous year. The highest decline was recorded in Peninsular Malaysia, followed by Sarawak and Sabah, with a year-on-year percentage declines of 8.60%, 7.00% and 6.40% each.

Despite the decline in FFB yield, the oil extraction rate (OER) for CPO had increased slightly by 0.50% and increased year-on-year to 20.01% from 19.92% in 2020. However, the slight increase in the OER was still unable to offset the decline in the average FFB yield of Malaysian estates, hence had brought CPO production much lower than that in 2020.

CPO production had dropped by 5.4% year-on-year to 18.12 million tonnes, the lowest level since the occurrence of the El-Nino event in 2016. This decline was mainly attributable to the disruption in labour supply in oil palm plantations, arising from the freeze on foreign workers due to COVID-19 containment measures. The number of foreign workers that were employed in the oil palm plantation sector had reduced consecutively in 2020 and 2021 by 2.3% and 8.7%, respectively (MPOB, 2019; MPOB, 2020; MPOB, 2021). Zooming into the regional performance, the CPO production in Peninsular Malaysia, Sabah and Sarawak were at 9.85 million tonnes, 4.36 million tonnes and 3.91 million tonnes, respectively.

(Source: Oil palm economic performance in Malaysia and R&D progress in 2021, Malaysian Palm Oil Board)

The oil palm subsector is anticipated to rebound, in tandem with a higher output of CPO, following improved fresh fruit bunches (FFB) production and better oil extraction rate. The relaxation of cross-border foreign workers restrictions expected during the second half of 2022 will increase the labour supply, thus improving the subsector's output. In addition, the continuation of the national B20 biodiesel programme for the transportation segment, along with higher demand of CPO from India and China, are expected to further support the production of CPO.

(Source: Economic Outlook 2022, Ministry of Finance Malaysia)

6.2 Overview and outlook of the economy and palm oil industry in Indonesia

Overview and outlook of the economy in Indonesia

Indonesia's growth accelerated at the end of 2021 as the country stepped off from a devastating Delta wave in July-August, ending the year with 3.7% growth. The momentum carried into the first quarter of 2022 with the economy growing at 5% (yoy) and absorbing a short and sharp increase in Omicron-related COVID cases. Growth drivers since end of 2021 have rebalanced gradually from exports and public consumption towards private consumption and investment. Since February, the war in Ukraine has disrupted the global economic environment with rising commodity prices and de-risking in global financial markets. The positive terms-of-trade effect has benefited Indonesia in the near term through higher export and fiscal earnings. But the country is feeling the pressures of rising prices and tightening external finance.

Headline consumer price inflation (CPI) jumped from a 1.6% average in 2021 to 3.6% (yoy) in May 2022. This was in part driven by increased food demand in the run up to the start of Ramadan (Islamic month of fasting) as well as food distribution challenges. Private consumption tends to spike during Ramadan. This has fed into core inflation which is rising as domestic demand improves and the output gap narrows. There has also been some pass-through from global food and fuel prices to input costs. However, these effects remain limited due to energy subsidies, enabling inflation to track lower compared to peers and remain within Bank of Indonesia's (BI) inflation target of 2-4%.

The current account recorded a surplus in 2021 (0.3% of GDP) and in Q1 2022 (0.1% of GDP) owing to a trade surplus and narrowing income deficit. High commodity prices, particularly for coal and palm oil, have helped Indonesia's terms of trade with exports rising by 35% respectively in Q1-2022 (yoy). In line with recovering domestic demand and investments, imports also grew steadily, particularly imports of capital goods.

(Source: Indonesian Economic Prospects, June 2022, The World Bank)

Overview and outlook of the palm oil industry in Indonesia

The year 2021 stands as a recovery year from COVID-19 pandemic as demand for palm oil saw a rising tendency, but production was relatively stagnant due to various factors, such as weather, limited supply of fertilizer and manpower shortage. For Indonesia, the production of CPO in 2021 reached 46.888 million tons or 0.31% lower than that of 2020 at 47.034 million tons. The weather and limited fertilization in 2019 and 2020 were suspected as the factors that have caused the decrease of production in Indonesia.

The local consumption of palm oil in 2021 reached 18.422 million tons or 6% higher than that of 2020 at 17.349 million tons. The consumption for foods rose by 6%, oleo chemical rose by 25% and biodiesel increased by 2% from that of 2020. The consistency of the Indonesian government in implementing the mandatory program of biodiesel affected the supply of CPO and the export market of other vegetable oils.

In 2021, Indonesia's export of palm oil products, consisting CPO, processed CPO, palm kernel oil ("PKO"), oleo chemical and biodiesel reached 342.2 million tons or an increase of only 0.6% from the export in 2020 at 34.0 million tons. The low increase of exports was caused by limited supply, high price and the lower spread between the price of palm oil and other vegetable oils, especially soybeans. In terms of monthly, Indonesia's export in 2021 was very fluctuating. The COVID-19 pandemic had heavily impacted the demand for palm oil from the importing countries, due to the decrease of consumption and restrictive import regulations in several countries.

The production of palm oil in 2021 showed an anomaly. The production in second semester, which usually saw higher production than that of the first semester, was lower than expected. As a result, the production in first semester 2022 will stand as an indicator whether the production decrease will continue or it will increase. The limited fertilization in 2021 due to a shortage and price increase will affect productivity and production in 2022. Extreme wet weather, which occurred early in 2022, will not only affect production during the first semester, but also during the second semester of 2022. The CPO production in 2022 is projected to reach 49 million tons, while PKO production will reach 4.8 million tons, so that total production of CPO+PKO will reach 53.8 million tons, or an increase of 4.87% compared to the production in 2021 at 51.3 million tons.

(Source: Palm oil performance in 2021 and prospect in 2022, Indonesian Palm Oil Association)

6.3 Prospects of the enlarged OHB Group

The Group has multiple core businesses which include automotive, plantation and property investment, of which plantation contributes approximately 9.82%, 16.04% and 25.38% to the Group's total revenue for the FYEs 31 December 2019, 2020 and 2021 respectively.

The Proposals will complement OHB Group's existing land bank which currently stands at approximately 101,126 Ha of which approximately 42,008 Ha have been planted with oil palms (with the age profile of the trees set out in **Section 3 and Section 4** of this announcement) and land area of approximately 56,288 Ha identified as available land for oil palm cultivation. The increase in OHB Group's plantation hectarage pursuant to the Proposals will increase the Group's presence in the oil palm cultivation business in Malaysia and Indonesia. The maturity of the plantation on the estates to be acquired is expected to contribute positively to the profitability of OHB Group over the medium to long term.

The Proposed Share Acquisitions will result in OHB holding directly 100% equity interest in SPSB and OBS(M) (currently 50.50% owned subsidiaries of OHB Group) as well as SPP (currently a 39.50% owned associate company of OHB Group), enabling the Group to fully recognize and consolidate the financial results of these entities upon completion of the Proposed Share Acquisitions. Moving forward, the prospects of the enlarged OHB Group will largely depend on the prospects of the oil palm industry and OHB Group's ability to manage, sustain and improve its plantation operations and FFB yield.

In addition, OHB Group will continue developing the unplanted land area in both the Indonesian and Malaysian estates in a sustainable and orderly manner to optimise the Group's financial performance and achieve economies of scale.

As Malaysia and Indonesia are expected to continue being the two largest global exporters of CPO and palm oil products globally, the Board is of the view that the Proposals bode well for the Group and serve to strengthen OHB's plantation footprint in the region.

(Source: Management)

7. POLICIES ON FOREIGN INVESTMENT AND REPATRIATION OF PROFITS

7.1 INDONESIA

The summary of the policies in relation to foreign investment and repatriation of profits of Indonesia is as follows:-

(i) Policies on foreign investment

Currently, there is no foreign ownership restriction applicable to the Indonesian subsidiaries.

Foreign investment in Indonesia are regulated by:-

- (a) Law No. 25 of 2007 on Capital Investment, as amended by Law No. 11 of 2020 on Job Creation; and
- (b) Presidential Regulation No. 10 of 2021 on Investment Business Activities, as partially amended by Presidential Regulation No. 49 of 2021,

in which these regulations do not restrict any foreign investment in the business activities of Indonesian subsidiaries engaging in one or more of the following business activities:-

- (a) Oil Palm Fruit Plantation, under Indonesian Standard Business Field Classifications (Klasifikasi Baku Lapangan Usaha Indonesia 2020 or "KBLI") Code 01262;
- (b) Palm Crude Oil Industry, under KBLI Code 10431;
- (c) Palm Crude Kernel Oil Industry, under KBLI Code 10432;
- (d) Wholesale Trade of Fruits Containing Oil, under KBLI Code 46202; and
- (e) Real Estate that is Privately Owned or Rented, under KBLI Code 68111.

(ii) Policies on repatriation of profits

In addition, in general and based on the prevailing laws and regulations, there are no exchange control restrictions in Indonesia that would restrict Indonesian limited liability companies from making any payments of dividends, or other distributions due or made in respect of their issued shares.

7.2 AUSTRALIA

The summary of the policies in relation to foreign investment and repatriation of profits of Australia is as follows:-

(i) Policies on foreign investment

Foreign investment in Australia is regulated by the Foreign Acquisitions and Takeovers Act 1975 (Cth) ("**FATA**") and the Foreign Acquisitions and Takeovers Fees Impositions Act 2015 ("**Fees Imposition Act**"), along with their associated regulations, and the Australian Government's foreign investment policy.

The Foreign Investment Review Board ("**FIRB**") is the relevant Federal Government body responsible for the administration of FATA and Australia's foreign investment policy. FIRB reports to the Federal Treasurer of Australia and the Treasurer makes decisions under the FATA and Australia's foreign investment policy based on recommendations made by FIRB.

OHB is subject to FATA and Australia's foreign investment policy because it is a 'foreign person' under FATA .

(ii) Foreign exchange control

Australia does not have a regime of foreign currency controls, which means that there are no general restrictions on the import and export of funds into or out of Australia, in either Australian or foreign currency. This means that even where an Australian company is considered to be a foreign person under FATA, it will not be subject to foreign currency controls (although in some circumstances the movement of funds may give rise to tax implications).

Whilst outward exchange flows are not restricted, these are subject to cash transaction reporting guidelines. In this respect, certain reporting entities, which are generally entities that provide financial, gambling, bullion or digital currency exchange services, are required to meet obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth).

(iii) Policies on repatriation of profits

Australia's foreign investment rules do not extend to the repatriation of profits by Australian companies. Accordingly, requirements under the FATA do not restrict the ability of OAA or OAMA ("**Australian Subsidiaries**") to repatriate profits to OHB.

The Australian Subsidiaries will not require any specific approval from any Federal or State government body to repatriate profits to OHB. However, the Corporations Act 2001 (Cth) will apply to the Australian Subsidiaries as it would to any Australian company, including, for example, in respect of circumstances in which a dividend may be paid and in relation to any uncommercial transactions.

7.3 SINGAPORE

The summary of the policies in relation to foreign investment and repatriation of profits of Singapore is as follows:-

(i) Policies on foreign investment

There are no restrictions under Singapore laws against foreign investment in the industries in which the Singaporean subsidiaries operate their businesses.

(ii) Policies on repatriation of profits

There are no foreign exchange control restrictions imposed under Singapore laws and there are no exchange control formalities or approvals required for all forms of payments or capital transfers into or out of Singapore, so long as there is no breach of any rule for domestic or international monitoring for countering money-laundering and terrorism and subject to payment of withholding tax (if applicable).

Pursuant to Section 403 of the Companies Act of Singapore, no dividend shall be payable to shareholders of a Singapore company except out of profits. Subject to compliance with the Companies Act of Singapore and the payment of corporate income tax on the profits by the Singapore company, there are, however, no restrictions on the payment of dividends by a Singapore company to a foreign shareholder.

A Singapore company is subject to restrictions on the modes and methods of returning capital to its shareholders. A Singapore company may buy back its own ordinary shares subject to the limits prescribed under the Companies Act of Singapore and may only be undertaken if the company is expressly permitted to do so by its constitution. Payment for such buybacks may be made out of distributable profits or capital so long as the company is solvent. A Singapore company can otherwise without any buyback of its own ordinary shares return capital to its shareholders if it carries out a valid capital reduction exercise in accordance with the Companies Act of Singapore unless its constitution excludes or restricts such power to reduce its share capital.

7.4 MAURITIUS

The summary of the policies in relation to foreign investment and repatriation of profits of Mauritius is as follows:-

(i) Policies on foreign investment

Foreign investment by OHB, as a Malaysian holding company, in Mauritius corporations conducting business principally outside Mauritius and holding Global Business Licence (GBL) issued by the Mauritius Financial Services Commission (FSC) such as the Mauritian Subsidiaries is permitted.

(ii) Policies on repatriation of profits

With the suspension of the Foreign Exchange Control Act 1951 of Mauritius in 1994, there are no foreign exchange control restrictions in Mauritius. No exchange control formalities or approvals is required for the repatriation of profits, dividends, and capital gains or all other forms of payments or transfers into or out of Mauritius. Save that any such transfer or transaction shall comply with all applicable anti-money laundering regulations in Mauritius and subject to payment of withholding tax (if applicable).

Pursuant to Section 63 of the Companies Act 2001 of Mauritius, no dividend shall be payable to shareholders of a Mauritius company except it is paid out of retained earnings, after having made good any accumulated losses at the beginning of the accounting period and subject to satisfaction of solvency test. Subject to this and the payment of corporate income tax on the profits by the Mauritius company, there are, however, no withholding tax and no restrictions on the payment of dividends by a Mauritius company to a foreign shareholder.

A Mauritius company is subject to restrictions on the modes and methods of making distribution and returning capital to its shareholders. A Mauritius company may acquire its own shares with the approval of the Board and if the company is expressly authorising it to do so under its constitution. The Board must be satisfied, inter alia, that the acquisition is in the best interest of the company, the term of offer and the consideration to be paid for the shares are fair and reasonable to the company and the company shall immediately after the acquisition satisfy the solvency test. Payment for such acquisition of shares may be made out of distributable profits or capital. A Mauritius company can also make distribution to its shareholders by reduction of stated capital by shareholder special resolution in accordance with section 62 of the Companies Act 2001 of Mauritius. However, a special resolution to reduce the stated capital will be valid and effective only if it is not in breach of any agreement with a creditor of the company. A Mauritius company may reduce its stated capital if the Directors determine that immediately after the taking of such action, the company will be able to satisfy the solvency test.

OHB will enclose the expert opinion on the foreign investment and repatriation of profits of Indonesia, Australia, Singapore and Mauritius in the circular to shareholders in relation to the Proposals.

8. RISK FACTORS

The Board does not anticipate that the Proposals will result in a material change to the risk profile of OHB Group save for the inherent risk factors associated with the plantation industry, of which OHB Group is already involved in, and will be addressed as part of OHB Group's ordinary course of business.

8.1 Completion risk in relation to the Proposals

The completion of the Proposals is subject to, amongst other, the approval of the relevant authorities, non-interested stockholders of OHB as well as the fulfilment of the conditions precedent set out in the SSAs and SPAs as disclosed in **Appendices I, II, III, IV, V and VI** of this announcement. In the event any of the conditions precedent are not fulfilled and/or in the event an extension of time is not agreed between the relevant parties, the Proposals may not be completed, which may result in the failure of OHB Group to achieve the objective and benefits of the Proposals as disclosed in **Section 5** of this announcement. Any delay in the fulfilment of the conditions precedent and/or obtaining the approvals required for the Proposals may lead to a delay in the completion and/or termination of the Proposals.

In addition, the Proposals may be aborted in the event that the SSAs and/or SPAs are terminated as a result of any breach or default attributable to any of the parties. However, OHB Group will take reasonable steps that are within its control to ensure that the conditions precedent relating to the SSAs and SPAs are fulfilled within the prescribed timeframe.

8.2 Business and operational risks

OHB is subject to inherent risk in the oil palm industry which include, but are not limited to, outbreaks of oil palm plantation diseases, damage from pests, fire or other natural disasters, adverse climate conditions, fluctuations in demand and commodity prices, changes in law and tax regulations affecting oil palm, increases in labour and/or other production costs, claims and disputes involving local natives on the land in which OHB operate and changes in business and credit conditions.

Any adverse changes in these conditions may have an adverse material effect on the oil palm industry as well as OHB Group. OHB Group will adopt prudent management and efficient operating procedures to adapt to any negative changes in the oil palm industry. However, no assurance can be given that any changes in these factors will not have any material adverse effect on OHB Group's business and financial performance.

8.3 Economic and political considerations

The future growth and profitability of the oil palm plantation segment of OHB Group depends largely on the economic and political conditions in Malaysia and other countries where the palm oil is exported to. Factors that could be detrimental to the financial performance of the plantation segment of OHB Group include but are not limited to, changes in interest rates, inflation, economic growth, taxation, accounting policies, regulations, government policies and political stability. Any adverse changes to these conditions could materially affect all players within the plantation industry which are beyond their control and could in turn affect the financial performance of OHB Group.

The Board shall continuously monitor and adapt to any change in the economic and political conditions accordingly, as and when they arise in the future.

8.4 Financing and interest rate risk

The Proposals will be financed by a combination of internally generated funds and/or bank borrowings. Therefore, the Group may be exposed to fluctuations in interest rate and repayment commitments. Any adverse movement in the interest rates may lead to higher borrowing costs which consequently may adversely affect the cash flows of the Group and the Group's financial performance in the future and ability to service its financial obligations.

Nevertheless, the Group will continue to monitor and review its debt portfolio, which takes into consideration the Group's gearing level, financing currency, interest costs as well as cash flows to ensure that its financial position and credit profile remains strong and sustainable.

8.5 Foreign exchange and translation risk

OHB Group is exposed to foreign exchange risk on the revenue and bank borrowings that is denominated in foreign currencies. The currencies giving rise to this risk are primarily Japanese Yen (JPY), IDR, SGD or AUD. However, this risk may be mitigated by the Group's internal hedging policies.

Further, OHB Group is also subject to translation risk as the consolidated financial statements are denominated in RM while the financial statements of all the companies within OHB Group are prepared in their respective functional currencies, namely USD, IDR, SGD or AUD. In the preparation of the consolidated financial statements of OHB Group, the financial statements of these companies are translated from their respective functional currencies based on the prevailing exchange rates on the balance sheet date. Any significant appreciation of the RM against the respective foreign currencies would adversely affect OHB Group's operating results.

8.6 Regulations on foreign investment and repatriation of profits

OHB Group is exposed to foreign investment policies of the Government of Indonesia, Australia, Singapore and Mauritius through its existing subsidiaries, SPSB Group and OBS(M) Group. Any breach or non-compliance to such policies in these countries may adversely affect the Group's investments. Changes in policies on foreign ownership such as an introduction of limits on foreign shareholding may also adversely affect the Group as OHB Group may be required to reduce its effective shareholdings in SPSB, OBS(M) and its subsidiaries. In addition, the ability of the Group to repatriate the profits from the said subsidiaries will depend largely on the relevant legislation of the countries relating to the repatriation of profits prevailing at the point of repatriation. Details of the current policies on the foreign investment and repatriation of profits of the respective countries are set out in **Section 7** of this announcement.

OHB Group will continue to keep abreast with the relevant regulations and policies on foreign investment and repatriation of profits in the above mentioned countries.

9. EFFECTS OF THE PROPOSALS

The proforma effects of the Proposals on the issued share capital, substantial stockholders' stockholdings, consolidated NA and gearing and consolidated earnings and EPS are set out below:-

9.1 Share capital and substantial stockholders' stockholdings

The Proposals will not have any effect on the issued share capital of OHB and the substantial stockholders' stockholdings in OHB as the Proposals do not involve any issuance of new ordinary stock in OHB.

9.2 NA per share and gearing

For illustration purposes only, the proforma effects of the Proposals on the NA per stock and the gearing of OHB based on its latest audited consolidated financial statements as at 31 December 2021 are set out below:-

	Audited as at 31 December 2021 (RM'000)	Pro forma I After the Proposals (RM'000)
Share capital	620,462	620,462
Foreign currency translation reserve	915,086	915,086
Fair value reserve	320,462	320,462
Treasury stocks	(249)	(249)
Retained earnings	4,881,515	⁽²⁾⁽³⁾ 5,153,714
Capital reserve	40,248	40,248
Stockholders' equity/NA	6,777,524	7,049,723
Non-controlling interests	980,160	⁽²⁾ 168,365
Total equity	7,757,684	7,218,088
No. of stocks in issued ('000) ⁽¹⁾	620,361	620,361
NA per stock (RM)	10.93	11.36
Total borrowings (RM'000)	2,014,779	⁽⁴⁾ 3,049,779
Cash and cash equivalents (RM'000)	3,526,066	3,340,479
Net cash position (RM'000)	1,511,287	290,700
Net gearing (times)	-	-

Notes:-

- (1) Excluding 31,808, treasury stocks.
- (2) Assuming the financial results of SPSB Group, OBS(M) Group and SPP for the FYE 2021 are fully consolidated as the said companies will be wholly-owned subsidiaries of OHB Group after the completion of the Proposed Share Acquisitions.
- (3) After deducting estimated expenses in relation to the Proposals (which includes professional fees, fees payable to the relevant authorities and stamp duties) to be incurred totaling approximately RM30.00 million.
- (4) Assuming that the Total Purchase Consideration are partly funded via bank borrowings of RM1.00 billion.

9.3 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

9.4 Earnings and EPS

As the Proposed Share Acquisitions are expected to be completed by 1st quarter of 2023 and the Proposed Land Acquisitions are expected to be completed in the first half of 2023, the Proposals are not expected to have any material effect on the earnings of OHB for the FYE 31 December 2022. However, in respect of FYE 31 December 2022 and beyond, the earnings and EPS of the Group is expected to improve and benefit from the full contribution and consolidation of the revenue and earnings streams from the plantation assets being acquired.

10. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposals pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 51.36%, calculated based on the latest audited financial statements of OHB for the FYE 31 December 2021.

11. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:-

- (a) the non-interested stockholders of OHB at an extraordinary general meeting (“EGM”) to be convened;
- (b) the approval from the Estate Land Board in relation to the transfer of the plantation properties under the Proposed Land Acquisitions being obtained by BESB; and
- (c) any other relevant authorities/parties, if required.

The Proposed Share Acquisitions are inter-conditional upon each other. The Proposed Land Acquisitions are not inter-conditional upon each other. However, the Proposed Land Acquisitions are conditional upon the completion of the Proposed SPP Acquisition.

The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

12. INTEREST OF DIRECTORS, MAJOR STOCKHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the directors, major stockholders and/or chief executives of OHB and/or any person connected to them have any interest, whether direct or indirect, in the Proposals:-

- (i) Datuk Loh Kian Chong, the Executive Chairman and a substantial stockholder of OHB, is a Director of BSSB, BSD, LBS, SPSB and OBS(M). He is also a shareholder of LBS. He is the nephew of Dato’ Robert Wong Lum Kong, Datin Loh Ean, Dato’ Seri Lim Su Tong and the cousin of Dato’ Sri Datuk Wira Tan Hui Jing and Tan Kheng Hwee;
- (ii) Dato’ Robert Wong Lum Kong, the Group Managing Director of OHB and a stockholder of OHB, is a director of BSSB, SPSB and OBS(M). He is also a shareholder of LBS. He is the spouse of Datin Loh Ean and the eldest brother-in-law of Dato’ Seri Lim Su Tong and the uncle of Datuk Loh Kian Chong, Dato’ Sri Datuk Wira Tan Hui Jing and Tan Kheng Hwee;

- (iii) Dato' Seri Lim Su Tong, the Group Managing Director of OHB and a stockholder of OHB, is a director of SPP, BSSB, SPSB and alternate director of OBS(M) (alternate to Dato' Lim Kean Seng). He is also a shareholder of LBS. He is a brother-in-law of Dato' Robert Wong Lum Kong, Datin Loh Ean and the uncle of Datuk Loh Kian Chong, Dato' Sri Datuk Wira Tan Hui Jing and Tan Kheng Hwee;
- (iv) Tan Kheng Hwee, the Executive Director and a stockholder of OHB, is a director of SPP, SPSB, BSD, LBS and BESB and alternate director of BSSB (alternate to Dato' Seri Loh Cheng Yean). She is also a shareholder of LBS. She is the niece of Dato' Robert Wong Lum Kong, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Datuk Loh Kian Chong and Dato' Sri Datuk Wira Tan Hui Jing;
- (v) Dato' Sri Datuk Wira Tan Hui Jing, the Executive Director and a stockholder of OHB, is a director of BSD, LBS, SPSB and OBS(M) and alternate director of BSSB (alternate to Tan Hui Ming) and BSD (alternate to Tan Kheng Hwee). He is also a shareholder of LBS. He is the nephew of Dato' Robert Wong Lum Kong, Datin Loh Ean, Dato' Seri Lim Su Tong and the cousin of Datuk Loh Kian Chong and Tan Kheng Hwee;
- (vi) Datin Loh Ean, an alternate director (alternate to Dato' Robert Wong Lum Kong) and a stockholder of OHB, is a director of SPP, BSD, LBS and BESB. She is an alternate director of SPSB (alternate to Dato' Robert Wong Lum Kong), BSSB (alternate to Dato' Robert Wong Lum Kong) and a shareholder of LBS. She is the spouse of Dato' Robert Wong Lum Kong, the eldest sister-in-law of Dato' Seri Lim Su Tong and the aunt of Datuk Loh Kian Chong, Dato' Sri Datuk Wira Tan Hui Jing and Tan Kheng Hwee;
- (vii) BSSB, a substantial stockholder of OHB, is also one of the SPP Vendors, the SPSB Vendor and the OBS(M) Vendor;
- (viii) BESB, a stockholder of OHB and person connected to BSSB, is also the Bukit Langkap Vendor, Bentong Estate Vendor and Thye Group Estate Vendor; and
- (ix) BSD, a stockholder of OHB and person connected to BSSB, is also the one of the SPP Vendors.

(Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, Dato' Seri Lim Su Tong, Tan Kheng Hwee, Dato' Sri Datuk Wira Tan Hui Jing and Datin Loh Ean shall collectively be referred to as the "**Interested Directors**". Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, Dato' Seri Lim Su Tong, Tan Kheng Hwee, Dato' Sri Datuk Wira Tan Hui Jing and Datin Loh Ean, BSSB, BESB and BSD shall collectively be referred to as the "**Interested Stockholders**". The Interested Directors and Interested Stockholders shall collectively be referred to as the "**Interested Parties**").

In view of the interests of the Interested Parties, the Proposals are deemed as related party transactions under Paragraph 10.08 of the Listing Requirements.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at all relevant board meeting(s) of OHB in respect of the Proposals. The Interested Directors will also abstain from voting in respect of their direct and indirect stockholdings in the Company, on the resolution pertaining to the Proposals to be tabled at the Company's EGM to be convened. Further, the Interested Directors will also undertake to ensure that all persons connected to them will abstain from voting in respect of their direct and/or indirect interest, if any, on the resolutions pertaining to the Proposals to be tabled at the Company's EGM to be convened.

The Interested Stockholders will abstain from voting in respect of their direct and/or indirect stockholdings in OHB on the Proposals at the EGM to be convened. The Interested Stockholders have also undertaken to ensure persons connected to them shall abstain from voting on the resolutions pertaining to the Proposals at the EGM to be convened.

13. TRANSACTIONS WITH THE INTERESTED PARTIES FOR THE PAST 12 MONTHS

Save as disclosed below, there is no other transaction pursuant to Paragraph 10.09 of the Listing Requirements, entered into between the Company and the Interested Parties during the past 12 months preceding the date of this announcement:-

No.	Details of transaction	RM'000
1.	Provision of financial assistance by GML in stages to its related companies, GSSL, PPA, DAM, SSL and SAP to pay off loan from financial institutions and for working capital purposes	200,000
2.	Payment of guarantee fee by BSSP and GML to OHB for the provision of corporate guarantees	1,212
	Total	201,212

14. PRINCIPAL ADVISER AND INDEPENDENT ADVISER

UOBKH has been appointed by the Company to act as the Principal Adviser for the Proposals.

In view that the Proposals are deemed as related party transactions under Paragraph 10.08 of the Listing Requirements, Mercury Securities has been appointed as the Independent Adviser to undertake the following:-

- (i) comment as to:-
 - (a) whether the terms of the Proposals are fair and reasonable;
 - (b) whether the Proposals are to the detriment of the non-interested stockholders of OHB;

and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (ii) advise the non-interested stockholders of OHB on whether they should vote in favour of the Proposals; and
- (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in items (i) and (ii) above.

15. AUDIT COMMITTEE'S AND DIRECTORS' STATEMENT

The Audit Committee and the Board (save for the Interested Directors), in arriving at their views, have sought independent advice from the Independent Adviser for the Proposals.

After taking into consideration the evaluation of the Independent Adviser as well as the relevant aspects of the Proposals, including but not limited to, the rationale, basis of arriving at the Purchase Considerations, salient terms of the SSAs and SPAs and the financial effects of the Proposals, the Audit Committee and the Board (save for the Interested Directors) of OHB is of the view that the Proposals are:-

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested stockholders of the Company.

16. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Share Acquisitions are envisaged to be completed by the 1st quarter of 2023 and the Proposed Land Acquisitions to be completed in the first half of 2023.

17. APPLICATION TO THE AUTHORITIES

The application to Bursa Securities in relation to the Proposals is expected to be made within a period of 1 month from the date of this announcement.

18. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the following documents are available for inspection at the registered office of OHB at 170-09-01 Livingston Tower, Jalan Argyll, 10050 George Town, Penang, during normal business hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement:-

- (i) SSAs;
- (ii) SPAs;
- (iii) Independent Valuation Letter I; and
- (iv) Independent Valuation Letter II.

This announcement is dated 13 October 2022.

SALIENT TERMS OF THE SPSB SSA

The salient terms of the SPSB SSA are as follows:-

1. SALE AND PURCHASE

The SPSB Shares shall be sold by BSSB to OHB free from any encumbrances and together with all rights and advantages attaching to them as at the SPSB Completion Date (as defined below).

2. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Purchase Consideration of SPSB amounting to RM646,931,000 shall be satisfied by OHB in the following manner:-

- (i) upon execution of the SPSB SSA, OHB shall remit RM19,407,930 constituting 3.0% of the Purchase Consideration of SPSB, to BSSB ("**SPSB Deposit**");
- (ii) within sixty (60) days from the date of the SPSB SSA, OHB shall remit the SPSB RPGT Retention Amount (as defined below) to the Inland Revenue Board ("**IRB**") and for this purpose, OHB is entitled to retain a sum of RM19,407,930 constituting 3.0% of the Purchase Consideration of SPSB ("**SPSB RPGT Retention Amount**") from the Purchase Consideration of SPSB for the purpose of the payment of real property gains tax under the Real Property Gains Tax Act, 1976 ("**RPGT Act**"); and
- (iii) on the SPSB Completion Date (as defined below), OHB shall remit RM608,115,140 constituting 94.0% of the Purchase Consideration of SPSB, to BSSB.

All payments made by OHB to or on behalf of BSSB pursuant to the SPSB SSA shall be made free and clear of any taxes, duties, charge, deductions, withholdings or set off of any nature.

3. CONDITIONS PRECEDENT

The SPSB SSA is conditional upon satisfaction or waiver (as the case may be) of the following conditions ("**SPSB SSA Conditions Precedent**") on or before the date falling three (3) months from the date of the SPSB SSA (or such other date as provided in the SPSB SSA or as may be mutually agreed between the parties) ("**SPSB Cut-Off Date**"):-

- (i) OHB having obtained its shareholders' approval of the transactions contemplated under the Proposals according to relevant laws and requirements including that of the Listing Requirements ("**OHB Shareholders' Approval**");
- (ii) OHB being reasonably satisfied with findings of the legal and financial due diligence conducted by OHB's solicitors and financial advisers, on the SPSB Shares and the assets and business of the SPSB Group;
- (iii) save for the fulfilment of the condition precedent under this sub-paragraph, all conditions precedent of the SPP SSA and OBS(M) SSA have been fully satisfied or fulfilled unless otherwise waived by the relevant parties of the SPP SSA and OBS(M) SSA; and
- (iv) the approval/consent of any third parties (if required, for the sale and purchase of the SPSB Shares) having been obtained.

SALIENT TERMS OF THE SPSB SSA (Cont'd)

The parties may at any time by mutual agreement waive in whole or in part and conditionally or unconditionally the SPSB SSA Conditions Precedent (other than the OHB Shareholders' Approval which may not be waived). If the SPSB SSA Conditions Precedent are not satisfied or waived on or before the SPSB Cut-off Date, save as expressly provided, the SPSB SSA shall lapse and neither BSSB nor OHB shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPSB SSA.

The date on which the last of the SPSB SSA Conditions Precent is fulfilled or satisfied or waived in accordance with the terms of the SPSB Shares shall be the unconditional date ("**SPSB Unconditional Date**").

4. COMPLETION

Completion of the Proposed SPSB Acquisition shall take place within thirty (30) days from the Unconditional Date, unless otherwise varied by the parties in writing ("**SPSB Completion Date**").

5. TERMINATION

The SPSB SSA may be terminated at any time prior to completion of the Proposed SPSB Acquisition:-

- (i) by mutual written agreement of BSSB and OHB;
- (ii) by BSSB, in the event that OHB does not comply with its obligations on the SPSB Completion Date; or
- (iii) by OHB, in the event that BSSB does not comply with its obligations on the SPSB Completion Date.

If the SPSB SSA is terminated by mutual written agreement of the parties, the SPSB Deposit (and any interest accrued thereon) shall be refunded in favour of OHB and none of the parties shall have any claim against the other, save for claims by one party against another arising from antecedent breach of the SPSB SSA. Following the termination of the SPSB SSA, BSSB shall be entitled to dispose of or otherwise deal with the SPSB Shares.

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SALIENT TERMS OF THE OBS(M) SSA

The salient terms of the OBS(M) SSA are as follows:-

1. SALE AND PURCHASE

The OBS(M) Shares shall be sold by BSSB to OHB free from any encumbrances and together with all rights and advantages attaching to them as at the OBS(M) Completion Date (as defined below).

2. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Purchase Consideration of OBS(M) amounting to RM1.00 shall be paid by OHB to BSSB on the OBS(M) Completion Date (as defined below).

All payments made by OHB to or on behalf of BSSB pursuant to the OBS(M) SSA shall be made free and clear of any taxes, duties, charge, deductions, withholdings or set off of any nature.

3. CONDITIONS PRECEDENT

The OBS(M) SSA is conditional upon satisfaction or waiver (as the case may be) of the following conditions ("**OBS(M) SSA Conditions Precedent**") on or before the date falling three (3) months from the date of the OBS(M) SSA (or such other date as provided therein or as may be mutually agreed between the parties) ("**OBS(M) Cut-Off Date**"):-

- (i) OHB having obtained its shareholders' approval of the transactions contemplated under the Proposals according to relevant laws and requirements including that of the Listing Requirements ("**OHB Shareholders' Approval**");
- (ii) OHB being reasonably satisfied with findings of the legal and financial due diligence conducted by OHB's solicitors and financial advisers, on the OBS(M) Shares and the assets and business of OBS(M) Group;
- (iii) save for the fulfilment of the condition precedent under this sub-paragraph, all conditions precedent of the SPSB SSA and SPP SSA have been fully satisfied or fulfilled unless otherwise waived by the relevant parties of the SPSB SSA and SPP SSA; and
- (iv) the approval/consent of any third parties (if required, for the sale and purchase of the OBS(M) Shares) having been obtained.

The parties may at any time by mutual agreement waive in whole or in part and conditionally or unconditionally the OBS(M) SSA Conditions Precedent (other than OHB Shareholders' Approval which may not be waived). If the OBS(M) SSA Conditions Precedent are not satisfied or waived on or before the OBS(M) Cut-off Date, save as expressly provided, the OBS(M) SSA shall lapse and neither BSSB nor OHB shall have any claim against the other under it, save for any claim arising from antecedent breaches of the OBS(M) SSA.

The date on which the last of the OBS(M) SSA Conditions Precedent is fulfilled or satisfied or waived in accordance with the terms of OBS(M) SSA shall be the unconditional date ("**OBS(M) Unconditional Date**").

SALIENT TERMS OF THE OBS(M) SSA (Cont'd)

4. COMPLETION

Completion of the Proposed OBS(M) Acquisition shall take place within thirty (30) days from the Unconditional Date, unless otherwise varied by the parties in writing ("**OBS (M) Completion Date**").

5. TERMINATION

The OBS(M) SSA may be terminated at any time prior to completion of the Proposed OBS(M) Acquisition:-

- (i) by mutual written agreement of BSSB and OHB;
- (ii) by BSSB, in the event that OHB does not comply with its obligations on the OBS(M) Completion Date; or
- (iii) by OHB, in the event that BSSB does not with its obligations on the OBS(M) Completion Date.

If the OBS(M) SSA is terminated by mutual written agreement of the parties, none of the parties shall have any claim against the other, save for claims by one party against another arising from antecedent breach of the OBS(M) SSA. Following the termination of the OBS(M) SSA, BSSB shall be entitled to dispose of or otherwise deal with the OBS(M) Shares.

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SALIENT TERMS OF THE SPP SSA

The salient terms of the SPP SSA are as follows:-

1. SALE AND PURCHASE

The SPP Shares shall be sold by the SPP Vendors to OHB free from any encumbrances and together with all rights and advantages attaching to them as at the SPP Completion Date (as defined below).

2. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Purchase Consideration of SPP amounting to RM155,327,000 which shall be satisfied by OHB in the following manner:-

- (i) upon execution of the SPP SSA, OHB shall remit RM4,659,810 constituting 3.0% of the Purchase Consideration of SPP ("**SPP Deposit**"), to the SPP Vendors, apportioned as follows:-

SPP Vendors	Amount (RM)
BSSB	4,120,510.55
BSD	539,151.57
LBS	147.88
Total	4,659,810.00

- (ii) within sixty (60) days from the date of the SPP SSA, OHB shall remit the SPP RPGT Retention Amount (as defined below) to the IRB and for this purpose, OHB shall be entitled to retain a sum of RM4,659,810 constituting 3.0% of the Purchase Consideration of SPP ("**SPP RPGT Retention Amount**") from the Purchase Consideration of SPP for the purpose of the payment of RPGT under the RPGT Act apportioned as follows:-

SPP Vendors	Amount (RM)
BSSB	4,120,510.55
BSD	539,151.57
LBS	147.88
Total	4,659,810.00

- (iii) on the SPP Completion Date (as defined below), OHB shall remit the sum of RM146,007,380 constituting 94.0% of the Purchase Consideration of SPP to the SPP Vendors, apportioned as follows:-

SPP Vendors	Amount (RM)
BSSB	129,109,330.51
BSD	16,893,415.87
LBS	4,633.62
Total	146,007,380.00

All payments made by OHB to or on behalf of the SPP Vendors pursuant to the SPP SSA shall be made free and clear of any taxes, duties, charge, deductions, withholdings or set off of any nature.

SALIENT TERMS OF THE SPP SSA (Cont'd)

3. CONDITIONS PRECEDENT

The SPP SSA is conditional upon satisfaction or waiver (as the case may be) of the following conditions (“**SPP SSA Conditions Precedent**”) on or before the date falling three (3) months from the date of the SPP SSA (or such other date as provided therein or as may be mutually agreed between the parties) (“**SPP Cut-Off Date**”):-

- (i) OHB having obtained its shareholders’ approval of the transactions contemplated under the Proposals according to relevant laws and requirements including that of the Listing Requirements (“**OHB Shareholders’ Approval**”);
- (ii) OHB being reasonably satisfied with findings of the legal and financial due diligence conducted by OHB’s solicitors and financial advisers, on the SPP Shares and the assets and business of SPP;
- (iii) the SPP Vendors having delivered or caused to be delivered to OHB or OHB’s solicitors, the disclosure letter to the SPP SSA within two (2) weeks from the date of the SPP SSA, and such disclosure letter being acceptable to OHB;
- (iv) save for the fulfilment of the condition precedent under this sub-paragraph, all conditions precedent of the SPSB SSA and OBS(M) SSA have been fully satisfied or fulfilled unless otherwise waived by the relevant parties of the SPSB SSA and OBS(M) SSA; and
- (v) the approval/consent of any third parties (if required, for the sale and purchase of the SPP Shares) having been obtained.

The parties may at any time by mutual agreement waive in whole or in part and conditionally or unconditionally the SPP SSA Conditions Precedent (other than OHB’s Shareholders’ Approval which may not be waived). If the SPP SSA Conditions Precedent are not satisfied or waived on or before the SPP Cut-off Date, save as expressly provided, the SPP SSA shall lapse and neither the SPP Vendors nor OHB shall have any claim against the other under it, save for any claim arising from antecedent breaches of the SPP SSA.

The date on which the last of the SPP SSA Conditions Precedent is fulfilled or satisfied or waived in accordance with the terms of the SPP SSA shall be the unconditional date (“**SPP Unconditional Date**”).

4. COMPLETION

Completion of the Proposed SPP Acquisition shall take place within thirty (30) days from the SPP Unconditional Date, unless otherwise varied by the parties in writing (“**SPP Completion Date**”).

5. TERMINATION

The SPP SSA may be terminated at any time prior to completion of the Proposed SPP Acquisition:-

- (i) by mutual written agreement of the SPP Vendors and OHB;
- (ii) by the SPP Vendors, in the event that OHB does not comply with its obligations on the SPP Completion Date; or
- (iii) by OHB, in the event that the SPP Vendors do not comply with their obligations on the SPP Completion Date.

SALIENT TERMS OF THE SPP SSA (Cont'd)

If the SPP SSA is terminated by mutual agreement of the parties, the SPP Deposit (and any interest accrued thereon) shall be refunded in favour of OHB and none of the parties shall have any claim against the other, save for claims by one party against another arising from antecedent breach of the SPP SSA. Following the termination of the SPP SSA, the SPP Vendors shall be entitled to dispose of or otherwise deal with the SPP Shares.

6. TAX INDEMNITIES

The SPP Vendors will, jointly and severally, indemnify OHB against any loss made, suffered or incurred by, or otherwise imposed on, SPP after completion of the Proposed SPP Acquisition provided always that such loss arises from or in connection with any fact, event, matter or circumstance occurring or existing at any time prior to completion of the Proposed SPP Acquisition with respect to or in connection with any additional payment for tax imposed by any taxation authority on SPP for which SPP failed to pay where:-

- (i) such additional payment for tax was due prior to completion of the Proposed SPP Acquisition; or
- (ii) such additional tax arises from a revised assessment after completion of the Proposed SPP Acquisition from a taxation authority, which assessment (pursuant to which such revised assessment was made) was assessed and paid prior to completion of the Proposed SPP Acquisition.

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SALIENT TERMS OF THE BUKIT LANGKAP ESTATE SPA

The salient terms of the Bukit Langkap Estate SPA are as follows:-

1. SALE AND PURCHASE

Subject to the terms and conditions of the Bukit Langkap Estate SPA, OHB (through SPP) will acquire the Bukit Langkap Estate from BESB on an “as is where is” basis and free from encumbrances, trespassers, occupiers, squatters and encroachments. The purchase of the seventeen (17) pieces of land comprising the Bukit Langkap Estate shall be completed simultaneously.

2. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Purchase Consideration of Bukit Langkap Estate amounting to RM41,000,000 shall be satisfied by OHB in the following manner:-

- (i) a sum of RM2,050,000 equivalent to 5.0% of the Purchase Consideration of Bukit Langkap Estate being the deposit (“**Bukit Langkap Deposit**”) by placing the same in a separate interest-bearing account opened in the name of OHB as stakeholder for BESB and OHB upon execution of the Bukit Langkap Estate SPA. The Bukit Langkap Deposit together with interests accrued less applicable income tax payable by OHB in respect of the interests accrued, if any, shall be released to BESB within five (5) business days from completion of the SPP SSA;
- (ii) a sum of RM1,230,000 equivalent to 3.0% of the Purchase Consideration of Bukit Langkap Estate (“**Bukit Langkap RPGT Sum**”) shall be paid by OHB to BESB by placing the Bukit Langkap RPGT Sum in a separate interest-bearing account opened in the name of OHB as stakeholder for BESB and OHB upon execution of the Bukit Langkap Estate SPA, and OHB shall deal with the same in accordance with the RPGT provisions detailed in the Bukit Langkap Estate SPA. All interests accrued less applicable income tax payable by OHB in respect of the interests accrued, if any, in respect of the Bukit Langkap RPGT Sum shall belong to BESB and shall be released to BESB within five (5) business days upon withdrawal of the Bukit Langkap RPGT Sum for payment to the DGIR by OHB; and
- (iii) a sum of RM37,720,000 equivalent to 92.0% of the Purchase Consideration of Bukit Langkap Estate (“**Bukit Langkap Balance Sum**”) is payable by OHB to BESB on the Bukit Langkap Completion Date (as defined below) which shall occur three (3) months from the Bukit Langkap Unconditional Date (as defined below) or the date of SPP’s solicitors’ receipt of the certified true copy of each of the issue documents of title to the Bukit Langkap Estate with BESB’s name and company registration number duly rectified, whichever is later (“**Bukit Langkap Completion Period**”).

In the event OHB fails to pay the Bukit Langkap Balance Sum in full within the Bukit Langkap Completion Period, BESB shall grant to OHB an automatic extension of one (1) month from the expiry of the Bukit Langkap Completion Period to pay the Bukit Langkap Balance Sum or any outstanding sum subject to OHB paying BESB interest on such part of the Bukit Langkap Balance Sum as remains unpaid at the rate of 8.0% per annum on a daily rest.

3. CONDITIONS PRECEDENT

The completion of the Bukit Langkap Estate SPA shall be conditional upon the satisfaction of the following conditions:-

- (i) the SPP SSA being completed in accordance with the terms and conditions contained in the SPP SSA and OHB becoming the sole shareholder of the entire issue share capital of SPP; and

SALIENT TERMS OF THE BUKIT LANGKAP ESTATE SPA (Cont'd)

- (ii) the approval from the Estate Land Board (“**ELB**”) in relation to the transfer of the Bukit Langkap Estate in favour of SPP being obtained by BESB with SPP’s assistance,

(collectively “**Bukit Langkap Conditions Precedent**”) within three (3) months from the date of the Bukit Langkap Estate SPA or such extended period as may be agreed by the parties in writing (“**Bukit Langkap Conditional Period**”).

The Bukit Langkap Estate SPA shall become unconditional on the date the last of the Bukit Langkap Conditions Precedent is fulfilled or waived (“**Bukit Langkap Unconditional Date**”).

4. COMPLETION

Completion shall take place on the date of OHB’s payment to BESB of the Bukit Langkap Balance Sum in full in simultaneous exchange for:-

- (i) BESB’s solicitors’ delivery of the original issue documents of title to the Bukit Langkap Estate with BESB’s name and company registration number duly rectified to SPP’s solicitors; and
- (ii) BESB’s delivery of vacant possession of the Bukit Langkap Estate to SPP in accordance with the provisions of the Bukit Langkap Estate SPA,

(“**Bukit Langkap Completion Date**”).

5. TERMINATION

The Bukit Langkap Estate SPA may be terminated:-

- (i) in the event any of the Bukit Langkap Conditions Precedent is not fulfilled or deemed not to have been obtained by the expiry of the Bukit Langkap Conditional Period;
- (ii) by BESB in the event OHB fails to pay the Purchase Consideration of Bukit Langkap Estate or any part thereof within the time stipulated for payment in the Bukit Langkap Estate SPA other than due to the default, wilful neglect, omission or blameworthy conduct on the part of BESB and/or BESB’s solicitors;
- (iii) by SPP in the event BESB fails to complete the sale and purchase of Bukit Langkap Estate in accordance with the terms and conditions of the Bukit Langkap Estate SPA or BESB shall be in material breach of any of BESB’s warranties or shall be in breach of any provisions of the Bukit Langkap Estate SPA in a material respect or the instrument of transfer (in Form 14A of the National Land Code, Revised 2020) (“**Transfer**”) cannot be registered for any reasons attributable to BESB;
- (iv) by SPP in the event that the Bukit Langkap Estate or any part thereof shall before the Bukit Langkap Completion Date, be affected by any notice of acquisition or intended acquisition under the Land Acquisition Act 1960;
- (v) by BESB or SPP in the event the Transfer in the name of SPP cannot be registered for any reason or defect not attributable to any act, omission, fault, neglect and/or blameworthy conduct on the part of BESB or SPP and which cannot be rectified within ten (10) business days from the knowledge of BESB or SPP of that reason or defect; or
- (vi) by BESB or SPP in the event force majeure shall continue for a period of six (6) months.

SALIENT TERMS OF THE BENTONG ESTATE SPA

The salient terms of the Bentong Estate SPA are as follows:-

1. SALE AND PURCHASE

Subject to the terms and conditions of the Bentong Estate SPA, OHB (through SPP) will acquire the Bentong Estate from BESB on an “as is where is” basis and free from encumbrances, trespassers, occupiers, squatters and encroachments. The purchase of the thirty (30) pieces of land comprising the Bentong Estate shall be completed simultaneously.

2. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Purchase Consideration of Bentong Estate amounting to RM132,000,000 shall be satisfied by OHB in the following manner:-

- (i) a sum of RM6,660,000 equivalent to 5.0% of the Purchase Consideration of Bentong Estate being the deposit by (“**Bentong Deposit**”) by placing the same in a separate interest-bearing account opened in the name of OHB as stakeholder for BESB and OHB upon execution of the Bentong Estate SPA. The Bentong Deposit together with interests accrued less applicable income tax payable by OHB in respect of the interests accrued, if any, shall be released to BESB within five (5) business days from completion of the SPP SSA;
- (ii) a sum of RM3,960,000 equivalent to 3.0% of the Purchase Consideration of Bentong Estate (“**Bentong RPGT Sum**”) shall be paid by OHB to BESB by placing the Bentong RPGT Sum in a separate interest-bearing account opened in the name of OHB as stakeholder for BESB and OHB upon execution of the Bentong Estate SPA, and OHB shall deal with the same in accordance with the RPGT provisions detailed in the Bentong Estate SPA. All interests accrued less applicable income tax payable by OHB in respect of the interests accrued, if any, in respect of the Bentong RPGT Sum shall belong to BESB and shall be released to BESB within five (5) business days upon withdrawal of the Bentong RPGT Sum for payment to the DGIR by OHB;
- (iii) a sum of RM121,440,000 equivalent to 92.0% of the Purchase Consideration of Bentong Estate (“**Bentong Balance Sum**”) is payable by OHB to BESB on the Bentong Completion Date which shall occur within three (3) months from the last of:-
 - a) the Bentong Unconditional Date (as defined below);
 - b) the date of SPP’s solicitors’ receipt of the certified true copy of each of the issue documents of title to the Bentong Estate with BESB’s name and details duly rectified; and
 - a) the date of SPP’s solicitors’ receipt of the certified true copy of the issue document of title of Geran 8198, Lots 1792 & 1793, Mukim Bentong, Daerah Bentong, Negeri Pahang with the category of land use being converted from “building (bangunan)” to “agriculture (pertanian)”,

(“**Bentong Completion Period**”).

In the event OHB fails to pay the Bentong Balance Sum in full within the Bentong Completion Period, BESB shall grant to OHB an automatic extension of one (1) month from the expiry of the Bentong Completion Period to pay the Bentong Balance Sum or any outstanding sum subject to OHB paying BESB interest on such part of the Bentong Balance Sum as remains unpaid at the rate of 8.0% per annum on a daily rest.

3. CONDITIONS PRECEDENT

The completion of the Bentong Estate SPA shall be conditional upon the satisfaction of the following conditions:-

SALIENT TERMS OF THE BENTONG ESTATE SPA (Cont'd)

- (i) the SPP SSA being completed in accordance with the terms and conditions contained in the SPP SSA and OHB becoming the sole shareholder of the entire issue share capital of SPP; and
- (ii) the approval from the ELB in relation to the transfer of the Bentong Estate in favour of SPP being obtained by BESB with SPP's assistance.

(collectively "**Bentong Conditions Precedent**") within three (3) months from the date of the Bentong Estate SPA or such extended period as may be agreed by the parties in writing ("**Bentong Conditional Period**").

The Bentong Estate SPA shall become unconditional on the date the last of the Bentong Conditions Precedent is fulfilled or waived ("**Bentong Unconditional Date**").

4. COMPLETION

Completion shall take place on the date of OHB's payment to BESB of the Bentong Balance Sum in full in simultaneous exchange for:-

- (i) BESB's solicitors' delivery of the original issue documents of title to the Bentong Estate with BESB's name and details duly rectified and, in respect of issue document of title of Geran 8198, Lots 1792 & 1793, Mukim Bentong, Daerah Bentong, Negeri Pahang with the category of land use being converted from "building (bangunan)" to "agriculture (pertanian)", to SPP's solicitors; and
- (ii) BESB's delivery of vacant possession of the Bentong Estate to SPP in accordance with the provisions of the Bentong Estate SPA,

("Bentong Completion Date").

5. TERMINATION

The Bentong Estate SPA may be terminated:-

- (i) in the event any of the Bentong Conditions Precedent is not fulfilled or deemed not to have been obtained by the expiry of the Bentong Conditional Period;
- (ii) by BESB in the event OHB fails to pay the Purchase Consideration of Bentong Estate or any part thereof within the time stipulated for payment in the Bentong Estate SPA other than due to the default, wilful neglect, omission or blameworthy conduct on the part of BESB and/or BESB's solicitors;
- (iii) by SPP in the event BESB fails to complete the sale and purchase of Bentong Estate in accordance with the terms and conditions of the Bentong Estate SPA or BESB shall be in material breach of any of BESB's warranties or shall be in breach of any provisions of the Bentong Estate SPA in a material respect or the Transfer cannot be registered for any reasons attributable to BESB;
- (iv) by SPP in the event that the Bentong Estate or any part thereof shall before the Bentong Completion Date, be affected by any notice of acquisition or intended acquisition under the Land Acquisition Act 1960;
- (v) by BESB or SPP in the event the Transfer in the name of SPP cannot be registered for any reason or defect not attributable to any act, omission, fault, neglect and/or blameworthy conduct on the part of BESB or SPP and which cannot be rectified within ten (10) business days from the knowledge of BESB or SPP of that reason or defect; or
- (vi) by BESB or SPP in the event force majeure shall continue for a period of six (6) months.

SALIENT TERMS OF THE THYE GROUP ESTATE SPA

The salient terms of the Thye Group Estate SPA are as follows:-

1. SALE AND PURCHASE

Subject to the terms and conditions of the Thye Group Estate SPA, OHB (through SPP) will acquire the Thye Group Estate from BESB on an “as is where is” basis and free from encumbrances, trespassers, occupiers, squatters and encroachments. The purchase of the twenty two (22) pieces of land comprising the Thye Group Estate shall be completed simultaneously.

2. PURCHASE CONSIDERATION AND PAYMENT TERMS

The Purchase Consideration of Thye Group Estate amounting to RM224,100,000 shall be satisfied by OHB in the following manner:-

- (i) a sum of RM11,205,000 equivalent to 5.0% of the Purchase Consideration of Thye Group Estate being the deposit (“**Thye Group Deposit**”) by placing the same in a separate interest-bearing account opened in the name of OHB as stakeholder for BESB and OHB upon execution of the Thye Group Estate SPA. The Thye Group Deposit together with interests accrued less applicable income tax payable by OHB in respect of the interests accrued, if any, shall be released to BESB within five (5) business days from completion of the SPP SSA;
- (ii) a sum of RM6,723,000 equivalent to 3.0% of the Purchase Consideration of Thye Group Estate (“**Thye Group RPGT Sum**”) shall be paid by OHB to BESB by placing the Thye Group RPGT Sum in a separate interest-bearing account opened in the name of OHB as stakeholder for BESB and OHB upon execution of the Thye Group Estate SPA, and OHB shall deal with the same in accordance with the RPGT provisions detailed in the Thye Group Estate SPA. All interests accrued less applicable income tax payable by OHB in respect of the interests accrued, if any, in respect of the Thye Group RPGT Sum shall belong to BESB and shall be released to BESB within five (5) business days upon withdrawal of the Thye Group RPGT Sum for payment to the DGIR by OHB; and
- (iii) a sum of RM206,172,000 equivalent to 92.0% of the Purchase Consideration of Thye Group Estate (“**Thye Group Balance Sum**”) is payable by OHB to BESB on the Thye Group Completion Date (as defined below) which shall occur within three (3) months from the Thye Group Unconditional Date (as defined below) or the date of SPP’s solicitors’ receipt of the certified true copy of each of the issue documents of title to the Thye Group Estate with BESB’s name and company registration number duly rectified, whichever is later (“**Thye Group Completion Period**”).

In the event OHB fails to pay the Thye Group Balance Sum in full within the Thye Group Completion Period, BESB shall grant to OHB an automatic extension of one (1) month from the expiry of the Thye Group Completion Period to pay the Thye Group Balance Sum or any outstanding sum subject to OHB paying BESB interest on such part of the Thye Group Balance Sum as remains unpaid at the rate of 8.0% per annum on a daily rest.

3. CONDITIONS PRECEDENT

The completion of the Thye Group Estate SPA shall be conditional upon the satisfaction of the following conditions:-

- (i) the SPP SSA being completed in accordance with the terms and conditions contained in the SPP SSA and OHB becoming the sole shareholder of the entire issue share capital of SPP; and
- (ii) the approval from the ELB in relation to the transfer of the Thye Group Estate in favour of SPP being obtained by BESB with SPP’s assistance.

SALIENT TERMS OF THE THYE GROUP ESTATE SPA (Cont'd)

(collectively "**Thye Group Conditions Precedent**") within six (6) months from the date of the Thye Group Estate SPA or such extended period as may be agreed by the parties in writing ("**Thye Group Conditional Period**").

The Thye Group Estate SPA shall become unconditional on the date the last of the Thye Group Conditions Precedent is fulfilled or waived ("**Thye Group Unconditional Date**").

4. COMPLETION

Completion shall take place on the date of OHB's payment to BESB of the Thye Group Balance Sum in full in simultaneous exchange for:-

- (i) BESB's solicitors' delivery of the original issue documents of title to the Thye Group Estate with BESB's name and company registration number duly rectified to SPP's solicitors; and
- (ii) BESB's delivery of vacant possession of the Thye Group Estate to SPP in accordance with the provisions of the Thye Group Estate SPA,

("Thye Group Completion Date").

5. TERMINATION

The Thye Group Estate SPA may be terminated:-

- (i) in the event any of the Thye Group Conditions Precedent is not fulfilled or deemed not to have been obtained by the expiry of the Thye Group Conditional Period;
- (ii) by BESB in the event OHB fails to pay the Purchase Consideration of Thye Group Estate or any part thereof within the time stipulated for payment in the Thye Group Estate SPA other than due to the default, wilful neglect, omission or blameworthy conduct on the part of BESB and/or BESB's solicitors;
- (iii) by SPP in the event BESB fails to complete the sale and purchase of Thye Group Estate in accordance with the terms and conditions of the Thye Group Estate SPA or BESB shall be in material breach of any of BESB's warranties or shall be in breach of any provisions of the Thye Group Estate SPA in a material respect or the Transfer cannot be registered for any reasons attributable to BESB;
- (iv) by SPP in the event that the Thye Group Estate or any part thereof shall before the Thye Group Completion Date, be affected by any notice of acquisition or intended acquisition under the Land Acquisition Act 1960;
- (v) by BESB or SPP in the event the Transfer in the name of SPP cannot be registered for any reason or defect not attributable to any act, omission, fault, neglect and/or blameworthy conduct on the part of BESB or SPP and which cannot be rectified within ten (10) business days from the knowledge of BESB or SPP of that reason or defect; or
- (vi) by BESB or SPP in the event force majeure shall continue for a period of six (6) months.