**THIS CIRCULAR TO STOCKHOLDERS OF ORIENTAL HOLDINGS BERHAD ("OHB" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

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# ORIENTAL HOLDINGS BERHAD

(Registration No. 196301000446 (5286-U))
(Incorporated in Malaysia)

**CIRCULAR TO STOCKHOLDERS IN RELATION TO THE FOLLOWING:-**

**PART A**

**(I) PROPOSED ACQUISITION BY OHB 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 OHB OF PLANTATION ESTATES LOCATED IN PENINSULAR MALAYSIA,**

**FROM RELATED PARTIES FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM1.20 BILLION,**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

**PART B**

**INDEPENDENT ADVICE LETTER FROM MERCURY SECURITIES SDN BHD TO THE NON-INTERESTED STOCKHOLDERS OF OHB IN RELATION TO THE PROPOSALS**

**AND**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Principal Adviser for Part A**

**UOB Kay Hian Securities (M) Sdn Bhd**
(Registration No. 199001003423 (194990-K))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**Independent Adviser for Part B**

**Mercury Securities Sdn Bhd**
(Registration No. 198401000672 (113193-W))
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The extraordinary general meeting ("**EGM**") of OHB, to be conducted virtually through online live streaming from broadcast venue located at Grand Ballroom, Bayview Beach Resort, Batu Ferringhi Beach, 11100 Batu Ferringhi, Penang via Remote Participation and Electronic Voting ("**RPEV**") facilities through the online meeting platform at https://meeting.boardroomlimited.my provided by Boardroom Share Registrars Sdn Bhd. The Notice of EGM and the Form of Proxy are enclosed in this Circular.

You are encouraged to participate, speak (in the form of real time submission of typed texts) and vote remotely at the EGM using the RPEV facilities. A member entitled to participate, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend and to vote on his/her behalf. In such event, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of OHB at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang or via electronic means through Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time stipulated for holding the EGM as indicated below, otherwise the instrument of proxy should not be treated as valid. For further information on the electronic lodgement of Form of Proxy, please refer to the Administrative Guide for the EGM of the Company. The lodging of the Form of Proxy will not preclude you from participating and voting remotely at the EGM should you subsequently wish to do so.

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| Last day, date and time for lodging the Form of Proxy | : | Monday, 28 August 2023 at 2.30 p.m. |
| Day, date and time of the EGM | : | Wednesday, 30 August 2023 at 2.30 p.m. or at any adjournment thereof |

This Circular is dated 15 August 2023

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

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| "Act" | : | The Companies Act 2016 as amended from time to time and any re-enactment thereof |
| "Australian Subject Properties" | : | Collectively, the OAA Property and OAM(A) Property |
| "Bentong Estate" | : | An oil palm estate located in Pahang, Malaysia, measuring approximately 1,704.24 Ha |
| "Bentong Estate SPA" | : | Conditional sale and purchase agreement dated 13 October 2022 entered into between OHB, SPP and BESB for the Proposed Bentong Estate Acquisition |
| "Bentong Estate Vendor" | : | BESB |
| "BESB" | : | Boontong Estates Sdn Bhd (Registration No. 198001005090 (3811-X)) |
| "BNM" | : | Bank Negara Malaysia |
| "Board" | : | The Board of Directors of OHB |
| "BSD" | : | Boon Siew Development Sdn Bhd (Registration No. 197501002896 (24718-M)) |
| "BSSB" | : | Boon Siew Sdn Bhd (Registration No. 195701000227 (3127-T)) |
| "BSSP" | : | PT Bumi Sawit Sukses Pratama (Indonesian Business Identification No. 9120301131457) |
| "BSSP Estate" | : | An oil palm estate (with BSSP Oil Mill and workers' quarters) located in Bangka Belitung Islands Province, Indonesia, measuring approximately 4,416.23 Ha |
| "BSSP Oil Mill" | : | An 80 MT per hour palm oil mill which is erected on the BSSP Estate |
| "Bukit Langkap Estate" | : | An oil palm estate located in Pulau Pinang, Malaysia, measuring approximately 77.51 Ha |
| "Bukit Langkap Estate SPA" | : | Conditional sale and purchase agreement dated 13 October 2022 entered into between OHB, SPP and BESB for the Proposed Bukit Langkap Estate Acquisition |
| "Bukit Langkap Estate Vendor" | : | BESB |
| "Bursa Securities" | : | Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W)) |
| "Circular" | : | This circular to stockholders of OHB dated 15 August 2023 in relation to the Proposals |
| "CPO" | : | Crude palm oil |
| "DAM" | : | PT Dapo Agro Makmur (Indonesian Business Identification No. 9120206790524) |

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| "DAM Estate" | : | An oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 9,435.06 Ha |
| "DCF Method" | : | Discounted cash flow method |
| "Director(s)" | : | Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposals were agreed upon, a director or a chief executive of OHB or any other company which is a subsidiary or holding company of OHB |
| "EGM" | : | Extraordinary general meeting |
| "ELB" | : | Estate Land Board |
| "EPS" | : | Earnings per stock |
| "FFB" | : | Fresh fruit bunch |
| "FPE" | : | Financial period ended/ending, as the case may be |
| "FYE" | : | Financial year ended/ending, as the case may be |
| "GDP" | : | Gross Domestic Product |
| "GML" | : | PT Gunung Maras Lestari (Indonesian Business Identification No. 9120104172318) |
| "GML Estate" | : | An oil palm estate (with GML Oil Mill and tank farm) located in Bangka Belitung Islands Province, Indonesia, measuring approximately 12,804.16 Ha |
| "GML Oil Mill" | : | A 90 MT per hour palm oil mill which is erected on the GML Estate |
| "GSBL" | : | PT Gunungsawit Binalestari (Indonesian Business Identification No. 9120002121983) |
| "GSBL Estate" | : | An oil palm estate (with GSBL Oil Mill) located in Bangka Belitung Islands Province, Indonesia, measuring approximately 9,098.90 Ha |
| "GSBL Oil Mill" | : | A 90 MT per hour palm oil mill which is erected on the GSBL Estate |
| "GSSL" | : | PT Gunung Sawit Selatan Lestari (Indonesian Business Identification No. 9120005770223) |
| "GSSL Estate" | : | An oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 20,300.00 Ha |
| "GST" | : | Goods and services tax |
| "HGB" | : | Hak guna bangunan (or Right to Build) |
| "HGU" | : | Hak guna usaha (or Right to Cultivate) |
| "IAL" | : | Independent advice letter from the Independent Adviser to the non-interested stockholders of OHB in relation to the Proposals, which is appended as **Part B** of this Circular |
| "IFRS" | : | International Financial Reporting Standards |

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| "Independent Valuation Letter I" | : | The valuation letter prepared by KJPP RHR dated 30 September 2022 to the Board to appraise the market value of the Indonesian Subject Properties |
| "Independent Valuation Letter II" | : | The valuation letter prepared by Knight Frank dated 30 September 2022 to the Board to appraise the market value of the Malaysian Subject Properties |
| "Independent Valuers" | : | Collectively, Knight Frank, KJPP RHR and M3property |
| "Indonesia" | : | Republic of Indonesia |
| "Indonesian Subject Properties" | : | Collectively, the DAM Estate, GSSL Estate, SAP Estate, SSL Estate, GSBL Estate, PPA Estate, BSSP Estate and GML Estate |
| "Interested Director(s)" | : | Collectively, 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 |
| "Interested Parties" | : | Collectively, the Interested Directors and Interested Stockholders |
| "Interested Stockholder(s)" | : | Collectively, the Interested Directors, BSSB, BESB, BSD and LBS |
| "IRB" | : | Inland Revenue Board of Malaysia |
| "KJPP RHR" | : | KJPP Rengganis, Hamid & Rekan, the independent valuer appointed to carry out a formal valuation on the Indonesian Subject Properties pursuant to the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition |
| "Knight Frank" | : | Knight Frank Malaysia Sdn Bhd (Registration No. 200201017816 (585479-A)), the independent valuer appointed to carry out a formal valuation on the Malaysian Subject Properties pursuant to the Proposed SPP Acquisition and the Proposed Land Acquisitions |
| "LBS" | : | Loh Boon Siew Holdings Sdn Bhd (Registration No. 198001001988 (55771-D)) |
| "Listing Requirements" | : | Main Market Listing Requirements of Bursa Securities |
| "LPD" | : | 1 August 2023, being the latest practicable date prior to the printing and despatch of this Circular |
| "M3property" | : | M3 Property Australia Pty Ltd (Australian Company No. 153 395 405), the independent valuer appointed to carry out a formal valuation on the Australian Subject Properties pursuant to the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition |

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| "Major Stockholder(s)" | : | A person who has an interest or interests in one or more voting stocks in OHB and the number of the aggregate number of those stocks, is:-<br><br>(a) 10% or more of the total number of voting stocks in OHB; or<br><br>(b) 5% or more of the total number of voting stocks in OHB where such person is the largest stockholder of OHB.<br><br>For the purpose of this definition, "interest" shall have the meaning of "interest in shares" given in Section 8 of the Act.<br><br>Major Stockholder includes any person who is or was within the preceding 6 months of the date on which the terms of the Proposals were agreed upon, such major stockholder of OHB or any other company which is a subsidiary or holding company of OHB |
| "Malaysian Subject Properties" | : | Collectively, the Bukit Langkap Estate, Bentong Estate, Thye Group Estate and SPP Estate |
| "Mauritius" | : | Republic of Mauritius |
| "Mercury Securities" or "Independent Adviser" | : | Mercury Securities Sdn Bhd (Registration No. 198401000672 (113193-W)) |
| "MFRS" | : | Malaysian Financial Reporting Standards |
| "NA" | : | Net assets |
| "OA(M)" | : | Oriental Asia (Mauritius) Pte Ltd (Registration No. 11019/208) |
| "OAA" | : | Oriental Asia (Aust) Pty Ltd (Australian Company No. 604870840) |
| "OAA Property" | : | A 3-storey commercial property located at 319-323 Swanston Street, Melbourne, Victoria 3000, owned by OAA |
| "OAM(A)" | : | OAM (Aust) Pty Ltd (Australian Company No. 601988498) |
| "OAM(A) Property" | : | A 7-storey purpose-built hotel building located at 315-319 Burwood Highway, Burwood East, Victoria 3151, owned by OAM(A) |
| "OAMA(S)" | : | OAM Asia (Singapore) Pte Ltd (Registration No. 201205568H) |
| "OBS(M)" | : | Oriental Boon Siew (Mauritius) Pte Ltd (Registration No. 27500/6810) |
| "OBS(M) Estates" | : | Collectively, the SAP Estate, BSSP Estate, GSSL Estate, PPA Estate, DAM Estate and SSL Estate |
| "OBS(M) Group" | : | Collectively, OBS(M) and its subsidiaries |
| "OBS(M) Share(s)" | : | Ordinary share(s) in OBS(M) |
| "OBS(M) SSA" | : | Conditional share sale agreement dated 13 October 2022 entered into between OHB and BSSB for the Proposed OBS(M) Acquisition |
| "OBS(M) Vendor" | : | BSSB |
| "OBS(S)" | : | OBS (Singapore) Pte Ltd (Registration No. 200703806N) |
| "OHB" or the "Company" | : | Oriental Holdings Berhad (Registration No. 196301000446 (5286-U)) |

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| "OHB Group" or the "Group" | : | Collectively, OHB and its subsidiaries |
| "Paragraph 4 of IFRS 10" | : | Paragraph 4 of IFRS 10 (Consolidated Financial Statements), which states that an entity is exempted from presenting a consolidated financial statements provided that, amongst others, the ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRS |
| "Paragraph 4 of MFRS 10" | : | Paragraph 4 of MFRS 10 (Consolidated Financial Statements), which states that an entity is exempted from presenting a consolidated financial statements provided that, amongst others, the ultimate or any intermediate parent produces consolidated financial statements that are available for public use and comply with IFRS |
| "PAT" | : | Profit after tax |
| "PBT" | : | Profit before tax |
| "PK" | : | Palm kernel |
| "PKO" | : | Palm kernel oil |
| "Plasma" | : | An initiative by the Indonesian Government that seeks to encourage plantation owners in Indonesia to provide economic and social assistance to surrounding villagers (small landholders) with the aim to assist them to increase their income and welfare |
| "PPA" | : | PT Pratama Palm Abadi (Indonesian Business Identification No. 9120309202117) |
| "PPA Estate" | : | An oil palm estate (with PPA Oil Mill) located in South Sumatera Province, Indonesia, measuring approximately 22,471.68 Ha |
| "PPA Oil Mill" | : | A 60 MT per hour (extendable to 80 MT per hour) palm oil mill which is erected on the PPA Estate |
| "Proposals" | : | Collectively, the Proposed Shares Acquisitions and Proposed Land Acquisitions |
| "Proposed Bentong Estate Acquisition" | : | Proposed acquisition of the Bentong Estate from BESB by OHB (through SPP subject to the completion of the Proposed SPP Acquisition) for a cash consideration of RM132.00 million |
| "Proposed Bukit Langkap Estate Acquisition" | : | Proposed acquisition of the Bukit Langkap Estate from BESB by OHB (through SPP subject to the completion of the Proposed SPP Acquisition) for a cash consideration of RM41.00 million |
| "Proposed Land Acquisitions" | : | Collectively, the Proposed Bukit Langkap Estate Acquisition, Proposed Bentong Estate Acquisition and Proposed Thye Group Estate Acquisition |
| "Proposed OBS(M) Acquisition" | : | Proposed acquisition of 3,960,000 OBS(M) Shares (representing the balance of 49.50% equity interest in OBS(M) not already owned by OHB) to be acquired from BSSB by OHB for a cash consideration of RM1.00 |
| "Proposed Shares Acquisitions" | : | Collectively, the Proposed SPSB Acquisition, Proposed OBS(M) Acquisition and Proposed SPP Acquisition |

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| "Proposed SPP Acquisition" | : | Proposed acquisition of 12,100,000 SPP Shares (representing the balance 60.50% equity interest in SPP not already owned by OHB) to be acquired from the SPP Vendors by OHB for a cash consideration of approximately RM155.33 million |
| "Proposed SPSB Acquisition" | : | Proposed acquisition of 34,984,125 SPSB Shares (representing the balance of 49.50% equity interest in SPSB not already owned by OHB) to be acquired from BSSB by OHB for a cash consideration of approximately RM646.93 million |
| "Proposed Thye Group Estate Acquisition" | : | Proposed acquisition of the Thye Group Estate from BESB by OHB (through SPP subject to the completion of the Proposed SPP Acquisition) for a cash consideration of RM224.10 million |
| "Purchase Consideration of Bentong Estate" | : | The purchase consideration of RM132.00 million for the Proposed Bentong Estate Acquisition |
| "Purchase Consideration of Bukit Langkap Estate" | : | The purchase consideration of RM41.00 million for the Proposed Bukit Langkap Estate Acquisition |
| "Purchase Consideration of OBS(M)" | : | The purchase consideration of RM1.00 for the Proposed OBS(M) Acquisition |
| "Purchase Consideration of SPP" | : | The purchase consideration of approximately RM155.33 million for the Proposed SPP Acquisition |
| "Purchase Consideration of SPSB" | : | The purchase consideration of approximately RM646.93 million for the Proposed SPSB Acquisition |
| "Purchase Consideration of Thye Group Estate" | : | The purchase consideration of RM224.10 million for the Proposed Thye Group Estate Acquisition |
| "RNAV" | : | Revalued NA Valuation |
| "SAP" | : | PT Surya Agro Persada (Indonesian Business Identification No. 9120301252709) |
| "SAP Estate" | : | An oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 11,888.88 Ha |
| "SC" | : | Securities Commission Malaysia |
| "SCA" | : | Strategic Capital Advisory Sdn Bhd (Registration No. 199901003253 (478153-U)) |
| "SPAs" | : | Collectively, the Bukit Langkap Estate SPA, Bentong Estate SPA and Thye Group Estate SPA |
| "SPP" | : | Southern Perak Plantations Sdn Bhd (Registration No. 196801000295 (7886-H)) |
| "SPP Estate" | : | An oil palm estate (with SPP Oil Mill) located in Perak, Malaysia, measuring approximately 3,645.40 Ha |
| "SPP Oil Mill" | : | A 30 MT per hour palm oil mill which is erected on the SPP Estate |
| "SPP Share(s)" | : | Ordinary share(s) in SPP |

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| "SPP SSA" | : | Conditional share sale agreement dated 13 October 2022 entered into between OHB and the SPP Vendors for the Proposed SPP Acquisition |
| "SPP Vendors" | : | Collectively, BSSB, BSD and LBS |
| "SPSB" | : | Selasih Permata Sdn Bhd (Registration No. 199301006558 (261295-K)) |
| "SPSB Estates" | : | Collectively, GML Estate and GSBL Estate |
| "SPSB Group" | : | Collectively, SPSB and its subsidiaries |
| "SPSB Share(s)" | : | Ordinary share(s) in SPSB |
| "SPSB SSA" | : | Conditional share sale agreement entered into between OHB and BSSB dated 13 October 2022 for the Proposed SPSB Acquisition |
| "SPSB Vendor" | : | BSSB |
| "SSAs" | : | Collectively, the SPSB SSA, OBS(M) SSA and SPP SSA |
| "SSL" | : | PT Sumatera Sawit Lestari (Indonesian Business Identification No. 9120105792322) |
| "SSL Estate" | : | An oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 7,000.79 Ha |
| "Subject Properties" | : | Collectively, the Malaysian Subject Properties, Indonesian Subject Properties and Australian Subject Properties |
| "Supplemental Bentong Estate SPA" | : | Supplemental Bentong Estate SPA dated 12 January 2023 and 12 April 2023 entered into between OHB, SPP and BESB to amend and vary certain clauses in the Bentong Estate SPA, details of which are set out in **Sections (2)** and **(3)** of **Appendix II(E)** of this Circular |
| "Supplemental Bukit Langkap Estate SPA" | : | Supplemental Bukit Langkap Estate SPA dated 12 January 2023 and 12 April 2023 entered into between OHB, SPP and BESB to amend and vary certain clauses in the Bukit Langkap Estate SPA, details of which are set out in **Sections (2)** and **(3)** of **Appendix II(D)** of this Circular |
| "Supplemental OBS(M) SSA" | : | Supplemental OBS(M) SSA dated 12 January 2023 and 12 April 2023 entered into between OHB and BSSB to amend and vary certain clauses in the OBS(M) SSA, details of which are set out in **Sections (2)** and **(3)** of **Appendix II(B)** of this Circular |
| "Supplemental SPAs" | : | Collectively, the Supplemental Bukit Langkap Estate SPA, Supplemental Bentong Estate SPA and Supplemental Thye Group Estate SPA |
| "Supplemental SPP SSA" | : | Supplemental SPP SSA dated 12 January 2023 and 12 April 2023 entered into between OHB and the SPP Vendors to amend and vary certain clauses in the SPP SSA, details of which are set out in **Sections (2)** and **(3)** of **Appendix II(C)** of this Circular |
| "Supplemental SPSB SSA" | : | Supplemental SPSB SSA dated 12 January 2023 and 12 April 2023 entered into between OHB and BSSB to amend and vary certain clauses in the SPSB SSA, details of which are set out in **Sections (2)** and **(3)** of **Appendix II(A)** of this Circular |

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| "Supplemental SSAs" | : | Collectively, the Supplemental SPSB SSA, Supplemental OBS(M) SSA and Supplemental SPP SSA |
| "Supplemental Thye Group Estate SPA" | : | Supplemental Thye Group Estate SPA dated 12 January 2023 and 12 April 2023 entered into between OHB, SPP and BESB to amend and vary certain clauses in the Thye Group Estate SPA, details of which are set out in **Sections (2)** and **(3)** of **Appendix II(F)** of this Circular |
| "Thye Group Estate" | : | An oil palm estate located in Kedah, Malaysia, measuring approximately 1,668.60 Ha |
| "Thye Group Estate SPA" | : | Conditional sale and purchase agreement dated 13 October 2022 entered into between OHB, SPP and BESB for the Proposed Thye Group Estate Acquisition |
| "Thye Group Estate Vendor" | : | BESB |
| "Total Purchase Consideration" | : | The total purchase consideration of approximately RM1.20 billion for the Proposals |
| "UOBKH" or "Principal Adviser" | : | UOB Kay Hian Securities (M) Sdn Bhd (Registration No. 199001003423 (194990-K)) |
| "Updated Valuation on the Subject Properties" | : | The revaluation of the Malaysian Subject Properties and Indonesian Subject Properties respectively (based on the Valuation Date for the Malaysian Subject Properties and Valuation Date for the Indonesian Subject Properties respectively) conducted by Knight Frank and KJPP RHR pursuant to Paragraph 10.04(3)(b) of the Listing Requirements (i.e. whereby the date of valuation which forms the basis of the valuation certificates of the properties included in this Circular shall not be more than 6 months before the date of this Circular) |
| "Valuation Date for the Indonesian Subject Properties" | : | 17 March 2023 |
| "Valuation Date for the Malaysian Subject Properties" | : | 13 March 2023 |
| "Valuation Reports" | : | The valuation reports issued by the Independent Valuers on the Subject Properties |
| "VAT" | : | Value added tax |
| "Vendors" | : | Collectively, BSSB, BSD, LBS and BESB |
| **Currencies** | | |
| "AUD" | : | Australian Dollar |
| "IDR" | : | Indonesian Rupiah |
| "JPY" | : | Japanese Yen |
| "RM" and "sen" | : | Ringgit Malaysia and sen, respectively |
| "SGD" | : | Singapore Dollar |

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| "USD" | : | United States Dollar |

**Units of measurement**

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|---|---|---|
| "Ha" | : | Hectare |
| "MT" | : | Metric tonne |

All references to "we", "us", "our" and "ourselves" are made to OHB. All references to "you" in this Circular are made to the stockholders of OHB.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include a corporation, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

Any discrepancies in the tables included in this Circular between the amounts listed, actual figures and the totals thereof are due to rounding.

Certain statements in this Circular may be forward-looking in nature, which are subject to uncertainties and contingencies. Forward-looking statements may contain estimates and assumptions made by the Board after due enquiry, which are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied in such forward-looking statements. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Circular should not be regarded as a representation or warranty that OHB's plans and objectives will be achieved.

Unless otherwise stated, the exchange rate of IDR1.00 : RM0.0003 as extracted from BNM as at 29 July 2022, being the foreign exchange rate that is mutually agreed by OHB and the Vendors in respect of the Proposed Shares Acquisitions is used throughout this Circular.

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## TABLE OF CONTENTS

This Executive Summary highlights only the salient information of the Proposals. You are advised to read this Circular in its entirety for further details of the Proposals and not to rely solely on this Executive Summary in forming a decision on the Proposals before voting at the forthcoming EGM.

| Key information | Description | Reference to Part A of this Circular |
|---|---|---|
| **Summary of the Proposals** | The Proposals will be undertaken in two (2) phases:-<br><br>**(i)** **<u>Proposed Shares Acquisitions</u>**<br>The Proposed Shares Acquisitions involve the acquisition by OHB of the balance equity interests in its existing subsidiaries, SPSB and OBS(M), and its existing associate company SPP, not already owned by OHB. Upon completion of the Proposed Shares Acquisition, SPSB, OBS(M) and SPP shall each become a wholly-owned subsidiary of OHB; and<br><br>**(ii)** **<u>Proposed Land Acquisitions</u>**<br>The Proposed Land Acquisitions involve the acquisition of the Malaysian Subject Properties (save for the SPP Estate), which are to be held through SPP (subject to the completion of the Proposed SPP Acquisition). | **Sections 2, 3 and 4** |
| **Basis and justification for determining the Total Purchase Consideration** | The Total Purchase Consideration of approximately RM1.20 billion was arrived at on a "willing buyer-willing seller" basis after taking into consideration various key areas during negotiations with the Vendors and at the point of signing of the SSAs and SPAs, which includes:-<br><br>(i) the adjusted NA/net liabilities of the entities being acquired (i.e. SPSB Group, OBS(M) Group and SPP) after incorporating the revaluation surplus based on the market value of the plantation properties held under each entity in Indonesia and Malaysia as appraised by the Independent Valuers;<br><br>(ii) the market value of the Malaysian Subject Properties (i.e. Bukit Langkap Estate, Bentong Estate and Thye Group Estate) as appraised by Knight Frank; and<br><br>(iii) the prospects of expanding our Group's plantation land bank and strategic value creation to be derived from the completion of the Proposals.<br><br>Our Group was able to successfully negotiate a discount of approximately RM233.77 million or 16.31% over the Total RNAV for the entities and properties to be acquired of approximately RM1.43 billion, given the suitability and capability of our Group to acquire the assets en-bloc and expeditiously, coupled with our Group's financial strength and familiarity with the plantation entities being acquired (i.e. SPSB Group and OBS(M) Group are existing 50.50% owned subsidiaries, whilst SPP is an associate company).<br><br>It is pertinent to note that the discount to the total RNAV stands at approximately RM309.09 million or 20.49% based on the Updated Valuation of the Subject Properties. | **Section 2.2** |

| Key information | Description | Reference to Part A of this Circular |
|---|---|---|
| **Mode of settlement** | The Total Purchase Consideration will be satisfied through a combination of bank borrowings and internally generated funds. | **Sections 2.1, 3 and 4** |
| **Rationale for the Proposals** | Our Board expects the Proposals to contribute positively to our Group in the following manner:-<br><br>(i) expand our plantation footprint in Malaysia via the Proposed SPP Acquisition and Proposed Land Acquisitions by approximately 7,096 Ha, which fit our investment criteria for consistent growth in Malaysia;<br><br>(ii) the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition will enable the full consolidation of our interest in our subsidiaries, SPSB Group and OBS(M) Group, which currently hold a sizeable plantation land bank (with 4 palm oil mills) in Indonesia with land available for oil palm cultivation of approximately 56,705 Ha;<br><br>(iii) the Proposed Shares Acquisitions will enhance the future profitability of our Group as our Group will be able to fully consolidate the earnings of SPSB Group and SPP, while unlocking the potential from developing the unplanted areas of the Indonesian plantation in stages; and<br><br>(iv) the enlarged OHB Group is expected to achieve greater economies of scale by leveraging on its sizeable plantation operations in Indonesia. | **Section 5** |
| **Risk factors** | The potential risk factors are as follows:-<br><br>(i) completion risk in relation to the Proposals;<br>(ii) business and operational risks;<br>(iii) ownership and acquisition of land in Indonesia;<br>(iv) economic and political considerations;<br>(v) potential effects of the anti-palm oil campaigns;<br>(vi) financing and interest rate risk;<br>(vii) foreign exchange and translation risk; and<br>(viii) regulations on foreign investment and repatriation of profits. | **Section 9** |
| **Conditionality** | The Proposed Shares 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.<br><br>The Proposals are not conditional upon any other corporate exercise undertaken or to be undertaken by the Company. | **Section 12** |

| Key information | Description | Reference to Part A of this Circular |
|---|---|---|
| **Approvals required** | The Proposals are subject to the following being obtained:-<br><br>(i) approval from the non-interested stockholders of OHB for the Proposals at the forthcoming EGM;<br><br>(ii) ELB approval for the transfer of lands in relation to the Proposed Land Acquisitions. For information purposes, we have received ELB approvals in respect of the following:-<br><br>(a) Proposed Bukit Langkap Estate Acquisition vide the letter dated 21 February 2023 issued by the Pejabat Tanah dan Galian Pulau Pinang to the Bukit Langkap Estate Vendor's solicitors;<br><br>(b) Proposed Bentong Estate Acquisition vide the letter dated 10 February 2023 issued by the Pejabat Pengarah Tanah dan Galian Pahang to the Bentong Estate Vendor's solicitors; and<br><br>(c) Proposed Thye Group Estate Acquisition vide the letter dated 23 July 2023 issued by the Pejabat Pengarah Tanah dan Galian Negeri Kedah to the Thye Group Estate Vendor's solicitors;<br><br>(iii) approval from any other relevant authorities/parties, if required. | **Section 13** |
| **Interests of Directors, Major Stockholders, chief executive and/or persons connected to them** | Save as disclosed below, none of the directors, Major Stockholders, chief executive and/or persons connected to them have any interest, whether direct or indirect, in the Proposals:-<br><br>**<u>Interested Directors and Interested Stockholders</u>**<br>(i) Datuk Loh Kian Chong;<br>(ii) Dato' Robert Wong Lum Kong;<br>(iii) Dato' Seri Lim Su Tong;<br>(iv) Tan Kheng Hwee;<br>(v) Dato' Sri Datuk Wira Tan Hui Jing; and<br>(vi) Datin Loh Ean.<br><br>**<u>Interested Stockholders</u>**<br>(i) BSSB;<br>(ii) BESB;<br>(iii) BSD; and<br>(iv) LBS. | **Section 14** |

| Key information | Description | Reference to Part A of this Circular |
|---|---|---|
| **Directors' statement** | Our Board (save for the Interested Directors) after taking into consideration all aspects of the Proposals, including but not limited to the basis and justification of deriving the Total Purchase Consideration, the appraised market value of the Subject Properties (set out in the Independent Valuation Letter I and Independent Valuation Letter II as well as the Updated Valuation on the Subject Properties set out in **Appendix VIII(A)** and **Appendix VIII(B)** of this Circular), the rationale, benefits, salient terms of the SSAs, SPAs, Supplemental SSAs and Supplemental SPAs, prospects, risk factors, the financial effects of the Proposals, the evaluation of the Independent Adviser on the Proposals and SCA's fairness opinion on the Purchase Consideration of SPSB and Purchase Consideration of OBS(M), is of the opinion that the Proposals are:-<br><br>(i) in the best interest of our Company;<br><br>(ii) fair, reasonable and on normal commercial terms; and<br><br>(iii) not detrimental to the interest of the non-interested stockholders of our Company.<br><br>Accordingly, our Board (save for the Interested Directors) recommends that you **vote in favour** of the resolution pertaining to the Proposals to be tabled at the forthcoming EGM. | **Section 18** |

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# PART A

## LETTER TO THE STOCKHOLDERS OF OHB IN RELATION TO THE PROPOSALS

**ORIENTAL HOLDINGS BERHAD**
(Registration No. 196301000446 (5286-U))
(Incorporated in Malaysia)

**Registered Office**
170-09-01, Livingston Tower, Jalan Argyll
10050 George Town, Penang

15 August 2023

**Board of Directors**

| | |
|---|---|
| Datuk Loh Kian Chong | (Executive Chairman) |
| Dato' Robert Wong Lum Kong | (Group Managing Director) |
| Dato' Seri Lim Su Tong | (Group Managing Director) |
| Tan Kheng Hwee | (Executive Director) |
| Dato' Sri Datuk Wira Tan Hui Jing | (Executive Director) |
| Lee Kean Teong | (Independent Non-Executive Director) |
| Nazriah Binti Shaik Alawdin | (Independent Non-Executive Director) |
| Dato' Md Radzaif Bin Mohamed | (Independent Non-Executive Director) |
| Dato' Ong Eng Bin | (Independent Non-Executive Director) |
| Mitsuharu Funase | (Non-Independent Non-Executive Director) |
| Datin Loh Ean | (Alternate Director to Dato' Robert Wong Lum Kong) |

**To: The Stockholders of OHB**

Dear Sir/Madam,

**(I) PROPOSED SHARES ACQUISITIONS; AND**

**(II) PROPOSED LAND ACQUISITIONS,**

**FROM RELATED PARTIES FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM1.20 BILLION**

---

## 1. INTRODUCTION

On 13 October 2022, UOBKH had, on behalf of our Board, announced that OHB had, on even date, entered into the SSAs with BSSB, BSD and LBS in relation to the Proposed Shares Acquisitions to acquire the balance equity interests in our existing subsidiaries, SPSB and OBS(M), and our existing associate company SPP, not already owned by OHB.

Simultaneously, OHB had also entered into the SPAs with BESB and SPP in relation to the Proposed Land Acquisitions to acquire the Malaysian Subject Properties (save for the SPP Estate), which are to be held through SPP (subject to the completion of the Proposed SPP Acquisition).

Further details of the Vendors in relation to the Proposals (i.e. BSSB, BSD, LBS and BESB) are set out in **Appendix I** of this Circular.

On 12 January 2023 and 12 April 2023, UOBKH had, on behalf of our Board, announced that OHB had, on even dates, entered into the Supplemental SSAs and Supplemental SPAs with the respective Vendors to amend and vary certain clauses, further details of which are set out in **Sections (2)** and **(3)** of **Appendix II** of this Circular.

In view of the interests of the Interested Directors and Interested Stockholders of OHB in the Proposals as disclosed in **Part A, Section 14** of this Circular, the Proposals are related party transactions under Paragraph 10.08 of the Listing Requirements. Accordingly, Mercury Securities has been appointed as the Independent Adviser to advise our non-interested Directors and non-interested stockholders on the Proposals. The IAL in relation to the Proposals is set out in **Part B** of this Circular.

**THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE THE STOCKHOLDERS OF OHB WITH THE RELEVANT INFORMATION ON THE PROPOSALS AS WELL AS TO SEEK THE APPROVAL FROM THE STOCKHOLDERS OF OHB FOR THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF THE FORTHCOMING EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.**

**STOCKHOLDERS OF OHB ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.**

## 2. DETAILS OF THE PROPOSALS

The Proposals will be undertaken in two (2) phases, the Proposed Shares Acquisitions and the Proposed Land Acquisitions. The Proposed Shares 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 SPAs for 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 Shares 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 Purchase Consideration for the Proposals is approximately RM1.20 billion.

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

| | **PROPOSED SHARES 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%) | <u>Pulau Pinang, Malaysia</u><br>- Bukit Langkap Estate(4) | <u>Pahang, Malaysia</u><br>- Bentong Estate(4) | <u>Kedah, Malaysia</u><br>- Thye Group Estate(4) |

| | PROPOSED SHARES 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** | <u>Bangka Belitung Islands Province, Indonesia</u><br>- GML Estate (with GML Oil Mill)(1)(4)<br>- GSBL Estate (with GSBL Oil Mill)(1)(4)<br><br><u>Victoria, Australia</u><br>- OAA Property(5) | <u>Bangka Belitung Islands Province, Indonesia</u><br>- BSSP Estate (with BSSP Oil Mill) (2)(4)<br><br><u>South Sumatera Province, Indonesia</u><br>- SAP Estate(2)(4)<br>- GSSL Estate(2)(4)<br>- PPA Estate (with PPA Oil Mill) (2)(4)<br>- DAM Estate(2)(4)<br>- SSL Estate(2)(4)<br><br><u>Victoria, Australia</u><br>- OAM(A) Property(5) | <u>Perak, Malaysia</u><br>- SPP Estate (with SPP Oil Mill)(3)(4) | - | - | - |
| **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 Shares Acquisitions).* |
| *(1)* | *Plantation properties, further details of which are set out in **Part A, Section 3.1.7** of this Circular.* |
| *(2)* | *Plantation properties, further details of which are set out in **Part A, Section 3.2.7** of this Circular.* |
| *(3)* | *Plantation property, further details of which are set out in **Part A, Section 3.3.7** of this Circular.* |
| *(4)* | *The market value of the plantation properties, which form part of the basis of determining the Total Purchase Consideration, have been appraised by KJPP RHR (in respect of the Indonesian Subject Properties) and Knight Frank (in respect of the Malaysian Subject Properties) as set out in the respective valuation reports and valuation certificates.* |
| *(5)* | *Commercial properties, further details of which are set out in **Part A, Section 3.1.8** and **Part A, Section 3.2.8** of this Circular. M3property has been appointed by the Company to conduct property valuations on the Australian Subject Properties with the aim to enclose the valuation certificate on the Australian Subject Properties in this Circular for information purposes only. It is also pertinent to note that the appraised market value of the Australian Subject Properties do not form part of the basis of the Total Purchase Consideration in view that the carrying value of the commercial properties are assessed annually for impairment purposes at the end of each audited financial year to reflect the prevailing market value of the properties.* |

## 2.1 Mode of settlement

The Total Purchase Consideration is to be satisfied through the combination of bank borrowings and internally generated funds in the following manner:-

### (i) Proposed Shares Acquisitions

| Milestone | SPSB SSA (RM) | OBS(M) SSA (RM) | SPP SSA (RM) | Source of funding |
|---|---|---|---|---|
| 3% of the Purchase Consideration, being the deposit ("**Deposits**"), has been paid to the respective vendors upon execution of the SSAs | 19,407,930 | - | 4,659,810 | Internally generated funds |
| 3% of the Purchase Consideration, being the retention sum for the purpose of compliance with Real Property Gains Tax Act 1976 ("**RPGT Retention Sum**"), to be paid to the IRB within 60 days from the date of the SSAs | - | - | 4,659,810 | Internally generated funds |
| Amount to be paid to the respective vendors on the date of completion (which shall be within 30 days from the unconditional date of the SSAs) | 627,523,070 | 1 | 146,007,380 | Bank borrowings *(save for the Purchase Consideration of OBS(M) which will be satisfied through internally generated funds)* |
| **Total** | **646,931,000** | **1** | **155,327,000** | |

### (ii) Proposed Land Acquisitions

| Milestone | Bukit Langkap Estate SPA (RM) | Bentong Estate SPA (RM) | Thye Group Estate SPA (RM) | Source of funding |
|---|---|---|---|---|
| 5% of the Purchase Consideration, being the Deposits, to be placed in a separate interest-bearing account opened in the name of OHB as stakeholder for BESB and OHB upon execution of the SPAs[(1)] | 2,050,000 | 6,600,000 | 11,205,000 | Internally generated funds |
| 3% of the Purchase Consideration, being the RPGT Retention Sum, to be placed in a separate interest-bearing account opened in the name of OHB as stakeholder for BESB and OHB upon execution of the SPAs[(2)] | 1,230,000 | 3,960,000 | 6,723,000 | Internally generated funds |
| 92% the Purchase Consideration to be paid to BESB on the date of completion (which shall be within 3 months from the unconditional date of the SPAs or from the date of SPP's solicitors' receipt of the certified true copy of the rectified land titles for the relevant estate) | 37,720,000 | 121,440,000 | 206,172,000 | Bank borrowings |
| **Total** | **41,000,000** | **132,000,000** | **224,100,000** | |

***Notes:-***

*(1) The Deposits under the SPAs, together with interest accrued less applicable income tax payable by OHB in respect of the interest accrued, if any, shall be released to BESB within five (5) business days from the completion of the SPP SSA. For information purposes, it is pertinent to note that interest earned from the placement of the Deposits is taxable and payable by OHB in view that the interest-bearing account was opened in the name of OHB ("**Taxable Interest Income**") (notwithstanding that OHB was only acting as a stakeholder for BESB in respect of the SPAs pending the completion of the SPP SSA). As such, OHB shall only remit the net interest earned from the Deposits to BESB within five (5) business days from the completion of the SPP SSA (after deducting the income tax payable by OHB in respect of the Taxable Interest Income). The deduction of the income tax payable in respect of interest earned also applies to the RPGT Retention Sum described in note (2) below (given that the RPGT Retention Sum is placed in the same interest-bearing account as the Deposits).*

*(2) Upon receipt of the relevant approval from the ELB, OHB shall be authorised to withdraw the RPGT Retention Sum from the interest-bearing account and release the sum for payment to the IRB. All interest accrued less applicable income tax payable by OHB in respect of the interest accrued, if any, in respect of the RPGT Retention Sum shall belong to BESB and shall be released to BESB within five (5) business days upon withdrawal of the Retention Sum for payment to the Director General of IRB by OHB.*

*The RPGT Retention Sum in respect of the Bukit Langkap Estate SPA and the Bentong Estate SPA have been remitted to the IRB following the obtainment of the ELB approvals in respect of the Proposed Bukit Langkap Estate Acquisition vide the letter dated 21 February 2023 issued by the Pejabat Tanah dan Galian Pulau Pinang to the Bukit Langkap Estate Vendor's solicitors and the Proposed Bentong Estate Acquisition vide the letter dated 10 February 2023 issued by the Pejabat Pengarah Tanah dan Galian Pahang to the Bentong Estate Vendor's solicitors.*

*The ELB approval in respect of the Proposed Thye Group Estate Acquisition has been obtained vide the letter dated 23 July 2023 issued by the Pejabat Pengarah Tanah dan Galian Negeri Kedah to the Thye Group Estate Vendor's solicitors. For information purposes, the RPGT Retention Sum in respect of the Thye Group Estate SPA will be remitted to the IRB by 4 September 2023.*

## 2.2 Basis and justification of determining the Total Purchase Consideration

The Total Purchase Consideration of approximately RM1.20 billion was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following key areas during the negotiations with the Vendors and at the point of signing of the SSAs and SPAs:-

(i) the unaudited consolidated NA of SPSB Group of approximately RM1.50 billion* as at 31 December 2021 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)]. A summary of the breakdown of the unaudited consolidated NA of SPSB Group and market value of the plantation properties held under SPSB Group is set out below:-

| | **RM'000** |
|---|---|
| NA/(net liabilities) as at 31 December 2021 | |
| SPSB | 194,938 |
| GML | 806,930 |
| GSBL | 598,885 |
| PT Oriental Kyowa Industries | (18,494) |
| OA(M) | 56,956 |
| OAA | 95,549 |
| Selasih OAM Sdn Bhd | 725 |
| | 1,735,489 |
| Less: Inter-company elimination | (231,407) |
| **Total unaudited consolidated NA of SPSB Group** | **1,504,082** |
| | |
| Market value of the plantation properties held under SPSB Group | |
| GML Estate | 462,424 |
| GSBL Estate | 296,045 |
| **Total** | **758,469** |

(ii) the unaudited consolidated net liabilities of OBS(M) Group of approximately RM544.16* million as at 31 December 2021 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). A summary of the breakdown of the unaudited consolidated net liabilities of OBS(M) Group and market value of the plantation properties held under OBS(M) Group is set out below:-

| | **RM'000** |
|---|---:|
| (Net liabilities)/NA as at 31 December 2021 | |
| OBS(M) | (100,531) |
| OAMA(S) | 15,518 |
| OBS(S) | (140,018) |
| OAM(A) | 139,654 |
| SAP | (174,851) |
| BSSP | 73,153 |
| GSSL | (93,349) |
| PPA | (154,188) |
| DAM | (100,442) |
| SSL | (28,065) |
| | (563,119) |
| Add: Inter-company elimination | 18,955 |
| **Total unaudited consolidated net liabilities of OBS(M) Group** | **(544,164)** |
| | |
| Market value of the plantation properties held under OBS(M) Group | |
| SAP Estate | 142,713 |
| BSSP Estate | 257,650 |
| GSSL Estate | 175,884 |
| PPA Estate | 284,565 |
| DAM Estate | 96,967 |
| SSL Estate | 83,821 |
| **Total** | **1,041,600** |

(iii) the audited NA of SPP of approximately RM83.45 million as at 31 December 2021 (after adjusting for dividend payment of approximately 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 Perak, 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 our management and the Vendors to acquire the assets under the Proposals for a total cash consideration of approximately RM1.20 billion, notwithstanding that the revalued consolidated NA value of SPSB Group, OBS(M) Group and SPP, and the market value of the identified plantation properties under the Proposed Land Acquisitions totalling approximately RM1.43 billion ("**Total RNAV**"). The computation of the Total RNAV is set out below:-

| | (A) | (B) | (C) | (D) = (A) or (B) x (C) | (E) | (F) = (E - D) / D |
|---|---|---|---|---|---|---|
| | Market value of plantation estates as appraised by Knight Frank (RM'million) | Adjusted consolidated NA/(net liabilities) (RM'million) | Equity interest to be acquired by OHB (%) | RNAV (RM'million) | Purchase consideration (RM'million) | Discount to RNAV (%) |
| **Proposed Shares Acquisitions** | | | | | | |
| Proposed SPSB Acquisition | - | [(a)]1,984.61 | 49.50 | 982.38 | 646.93 | 34.15 |
| Proposed OBS(M) Acquisition | - | [(b)](373.25) | 49.50 | (184.76) | ^ | - |
| Proposed SPP Acquisition | - | [(c)]394.07 | 60.50 | 238.41 | 155.33 | 34.85 |
| **Proposed Land Acquisitions** | | | | | | |
| Proposed Bukit Langkap Estate Acquisition | 41.00 | - | - | 41.00 | 41.00 | - |
| Proposed Bentong Estate Acquisition | 132.00 | - | - | 132.00 | 132.00 | - |
| Proposed Thye Group Estate Acquisition | 224.00 | - | - | 224.00 | 224.00 | - |
| | | | **Total RNAV** | **1,433.03** | **1,199.26** | **16.31** |

***Notes:-***

^ *Being RM1.00.*

(a) *The detailed computation of the adjusted unaudited consolidated NA of SPSB Group of approximately RM1.99 billion is set out in **Part A, Section 3.1.2** of this Circular. For information purposes, the unaudited consolidated NA of SPSB Group as at 31 December 2021 was adopted as part of the basis for the Purchase Consideration of SPSB in view that the audited financial statements of SPSB for the past 11 years (including the FYE 31 December 2021) were not prepared on a consolidated basis by virtue of the exemption provided by Paragraph 4 of MFRS 10.*

(b) *The detailed computation of the adjusted unaudited consolidated net liabilities of OBS(M) Group of approximately RM373.25 million is set out in **Part A, Section 3.2.2** of this Circular. For information purposes, the unaudited consolidated net liabilities of OBS(M) Group as at 31 December 2021 was adopted as part of the basis for the Purchase Consideration of OBS(M) in view that the audited financial statements of OBS(M) for the past 14 years (including the FYE 31 December 2021) were not prepared on a consolidated basis by virtue of the exemption provided by Paragraph 4 of IFRS 10.*

(c) *The detailed computation of the adjusted audited consolidated NA of SPP of approximately RM394.07 million is set out in **Part A, Section 3.3.2** of this Circular.*

The discount of approximately RM233.77 million or 16.31% over the Total RNAV ("**Discount to RNAV**") was obtained during the course of negotiations after taking into consideration, amongst others, the following:-

(a) the suitability and capability of our Group to acquire the assets en-bloc and complete the transaction expeditiously given our strong financial position; and

(b) the familiarity of our Group with the plantation assets held under our existing 50.50% owned subsidiaries (i.e. SPSB Group and OBS(M) Group) and 39.50% owned associate company, SPP as well as the inherent risks associated with the plantation industry in Indonesia. In particular, our Group also takes cognisance of the risks associated with ownership and acquisition of land in Indonesia, and the 52,837.83 Ha of uncertificated land held by our Group as well as the expiry of the location permits in respect of the aforementioned land area (further details of which are set out in Part A, Section 9.3 of this Circular) notwithstanding the Purchase Consideration of OBS(M), which was only RM1.00.

It is pertinent to note that there is no adjustment mechanism set out in the SSAs, SPAs, Supplemental SSAs and Supplemental SPAs, which may result in a revision to the Total Purchase Consideration for the Proposals. Notwithstanding thereof, for information purposes, the Discount to RNAV stands at approximately RM309.09 million or 20.49% based on the Updated Valuation on the Subject Properties. The computation of the Total RNAV pursuant to the Updated Valuation on the Subject Properties is set out below:-

| | (A) | (B) | (C) | (D) = (A) or (B) x (C) | (E) | (F) = (E - D) / D |
|---|---|---|---|---|---|---|
| | **Market value of plantation estates as appraised by Knight Frank (RM'million)** | **Adjusted consolidated NA/(net liabilities) (RM'million)** | **Equity interest to be acquired by OHB (%)** | **RNAV (RM'million)** | **Purchase consideration (RM'million)** | **Discount to RNAV (%)** |
| **Proposed Shares Acquisitions** | | | | | | |
| Proposed SPSB Acquisition | - | [(a)]2,033.69 | 49.50 | 1,006.68 | 646.93 | 35.74 |
| Proposed OBS(M) Acquisition | - | [(b)](302.01) | 49.50 | (149.49) | ^ | - |
| Proposed SPP Acquisition | - | [(c)]420.10 | 60.50 | 254.16 | 155.33 | 38.89 |
| **Proposed Land Acquisitions** | | | | | | |
| Proposed Bukit Langkap Estate Acquisition | 41.00 | - | - | 41.00 | 41.00 | - |
| Proposed Bentong Estate Acquisition | 132.00 | - | - | 132.00 | 132.00 | - |
| Proposed Thye Group Estate Acquisition | 224.00 | - | - | 224.00 | 224.00 | - |
| | | | **Total RNAV** | **1,508.35** | **1,199.26** | **20.49** |

***Notes:-***

^ *Being RM1.00.*

(a) *The detailed computation of the adjusted unaudited consolidated NA of SPSB Group of approximately RM2.03 billion is set out in* ***Part A, Section 3.1.2*** *of this Circular.*

(b) *The detailed computation of the adjusted unaudited consolidated net liabilities of OBS(M) Group of approximately RM302.01 million is set out in* ***Part A, Section 3.2.2*** *of this Circular.*

(c) *The detailed computation of the adjusted audited NA of SPP of approximately RM420.10 million is set out in* ***Part A, Section 3.3.2*** *of this Circular.*

(vi) the Proposed SPP Acquisition and Proposed Land Acquisitions provide an immediate avenue for our Group to increase our land bank in Malaysia from the current 4,958 Ha to 12,054 Ha (an increase of 7,096 Ha) wherein the new plantations include a palm oil mill and comprise mostly planted and yielding oil palm trees. Please refer to **Part A, Sections 3 and 4** of this Circular for the plantation profile and other details of the Indonesian Subject Properties and Malaysian Subject Properties;

(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 our subsidiaries, SPSB Group and OBS(M) Group) of approximately 97,416 Ha, of which approximately 37,459 Ha have been fully planted with oil palms (with the age profile of the trees as at the Valuation Date for the Indonesian Subject Properties set out in **Part A, Section 3** of this Circular) and land available for oil palm cultivation of approximately 56,705 Ha;

(viii) the strategic value creation to be derived from the completion of the Proposals (which includes, amongst others, the expansion of our plantation footprint in Malaysia and the full consolidation of our interests in our existing subsidiaries, SPSB Group and OBS(M) Group, which currently holds a sizeable plantation land bank with 4 palm oil mills in Indonesia) and the rationale for the Proposals as set out in **Part A, Section 5** of this Circular; and

(ix) future prospects of the plantation assets as set out in **Part A, Section 6** of this Circular.

***Notes:-***

* *Includes the market value of the Australian Subject Properties in view that the carrying value of the commercial properties are assessed annually for impairment purposes at the end of each audited financial year to reflect the prevailing market value of the properties.*

*(1) In arriving at the market value of the Indonesian Subject Properties, 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 using the 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).*

*The DCF Method entails deriving the market value of the Indonesian Subject Properties, in particular, from the oil palm plants on the following basis:-*

*(a) annual income based on the forecasted yields and price of the crop (i.e. 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. For information purposes, KJPP RHR has adopted the appropriate rate of returns of 16.01% for all the Indonesian Subject Properties, further details of which are set out in **Appendix VIII(B)** of this Circular;*

*(b) the scrap 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. For information purposes, KJPP RHR has adopted the appropriate rate of discount of 11.36% for all the basic land value of the Indonesian Subject Properties, further details of which are set out in **Appendix VIII(B)** of this Circular; and*

*(c) where additional buildings and roads or gravelling of roads are considered to be required, such costs are deducted as capital expenditure from the capitalised income.*

*KJPP RHR has also adopted the following key valuation approaches in respect of the palm oil mills, tank farm and workers' quarters:-*

*(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. 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) Comparison Method*

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

*(2) In arriving at the market value of the Malaysian Subject Properties, 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 Malaysian Subject Properties) supported by the DCF Method as a cross check method.*

Our Board (save for the Interested Directors) after taking into consideration all aspects of the Proposals, including but not limited to the basis and justification of deriving the Total Purchase Consideration, the appraised market value of the Subject Properties (set out in the Independent Valuation Letter I and Independent Valuation Letter II as well as the Updated Valuation on the Subject Properties set out in **Appendix VIII(A)** and **Appendix VIII(B)** of this Circular), the rationale, benefits (in view of our familiarity with plantation assets in Indonesia), salient terms of the SSAs, SPAs, Supplemental SSAs and Supplemental SPAs, prospects, risk factors (in particular, the remote risks associated with uncertificated land and expired location permits set out in **Part A, Section 9.3** of this Circular, which our Group is currently exposed to), the financial effects of the Proposals, the evaluation of the Independent Adviser on the Proposals and SCA's fairness opinion on the Purchase Consideration of SPSB and Purchase Consideration of OBS(M), is of the opinion that the Total Purchase Consideration and the terms and conditions of the SSAs SPAs, Supplemental SSAs and Supplemental SPAs are fair and reasonable.

Further details on the basis and justification of determining the purchase consideration for the Proposed Shares Acquisitions and Proposed Land Acquisitions are set out in **Part A, Sections 3** and **4** of this Circular, respectively. Details on the valuation of the Subject Properties and the relevant key valuation approaches adopted by the Independent Valuers are set out in **Appendix VIII** of this Circular.

## 3. DETAILS OF THE PROPOSED SHARES 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 SPSB Vendor (further information is set out in **Appendix I(A)** of this Circular) for a total cash consideration of RM646,931,000 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 and the Supplemental SPSB SSA. The salient terms of the SPSB SSA and the Supplemental SPSB SSA are set out in **Appendix II(A)** of this Circular.

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

OHB holds 35,690,875 SPSB Shares (representing 50.50% equity interest in SPSB) as at the 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 George Town, 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.

SPSB Group owns the SPSB Estates and OAA Property, further details of which are set out in **Part A, Sections 3.1.7** and **3.1.8** of this Circular respectively.

Further information on SPSB is set out in **Appendix III** of this Circular.

### 3.1.2 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 at the point of signing the SPSB SSA:-

(i) the unaudited consolidated NA of SPSB Group of approximately RM1.50 billion as at 31 December 2021. For information purposes, the unaudited consolidated NA of SPSB Group as at 31 December 2021 was adopted as part of the basis for the Purchase Consideration of SPSB given that the audited financial statements of SPSB for the past 11 years (including the FYE 31 December 2021) were not prepared on a consolidated basis by virtue of the exemption provided by Paragraph 4 of MFRS 10; and

(ii) the surplus arising from the revaluation of the following plantation properties:-

(a) the GML Estate (including GML Oil Mill and tank farm) 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 (including GSBL Oil Mill) owned by SPSB Group based on the market value of approximately IDR986.82 billion (equivalent to approximately RM296.05 million);

based on the valuation date of 22 July 2022, as appraised by the independent valuer, KJPP RHR as set out in the Independent Valuation Letter I.

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The computation of the adjusted unaudited consolidated NA of SPSB Group is set out below:-

| | At the point of negotiation and signing of the SPSB SSA | | Subsequent to the signing of the SPSB SSA[4] | |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Unaudited consolidated NA of SPSB Group | | [1]1,504,081,870 | | [5]1,560,590,958 |
| Market value of SPSB Estates as appraised by KJPP RHR | [2]758,468,700 | | [6]761,971,800 | |
| Less: Net book value of SPSB Estates | (92,451,726) | | (106,255,329) | |
| Revaluation surplus | 666,016,974 | | 655,716,471 | |
| Adjustment to the revaluation surplus (after taking into consideration 92.50% equity interest held by SPSB in GML and GSBL) | 616,065,701 | | 606,537,736 | |
| Less: Deferred tax of 22% applicable in Indonesia | (135,534,454) | | (133,438,302) | |
| Net revaluation surplus | | 480,531,247 | | 473,099,434 |
| **Adjusted unaudited consolidated NA of SPSB Group** | | **1,984,613,117** | | **2,033,690,392** |
| **Value of 49.50% equity interest to be acquired by OHB based on the adjusted unaudited consolidated NA of SPSB Group (A)** | | **982,383,493** | | **1,006,676,744** |
| **Purchase Consideration of SPSB** | | **646,931,000** | | **646,931,000** |
| | | [3](discount of 34.15% to (A)) | | [3](discount of 35.74% to (A)) |

***Notes:-***

*(1) Unaudited consolidated NA of SPSB Group as at 31 December 2021.*

*(2) Being the total market value of IDR2,528,229,000,000 as appraised by KJPP RHR based on the valuation date of 22 July 2022 as set out in the Independent Valuation Letter I. The market value of the SPSB Estates were computed based on the closing exchange rate of IDR1.00 : RM0.0003 as extracted from BNM as at 22 July 2022.*

*(3) It is pertinent to note that the discounts negotiated for the acquisitions of the plantation assets under the Proposals were on an en-bloc basis and not on an individual basis. The Purchase Consideration of SPSB was determined by the parties pursuant to negotiations with the intention that the Proposals are to be undertaken on an en-bloc basis. The basis for the Total Purchase Consideration and the acquisition discounts takes into consideration, amongst others, the market value of the Subject Properties and other factors as set out in **Part A, Section 2.2** of this Circular.*

*(4) After the close of the FYE 31 December 2022 of SPSB Group and the Updated Valuation on the Subject Properties.*

*(5) Unaudited consolidated NA of SPSB Group as at 31 December 2022.*

*(6) Being the total market value of IDR2,539,906,000,000 as appraised by KJPP RHR for the SPSB Estates based on the Valuation Date for the Indonesian Subject Properties (i.e.17 March 2023) as set out in the valuation reports and valuation certificate of the SPSB Estates. The market value of the SPSB Estates were computed based on the closing exchange rate of IDR1.00 : RM0.0003 as extracted from BNM as at 17 March 2023.*

### 3.1.3 Source of funding

The Purchase Consideration of SPSB will be satisfied through a combination of internally generated funds and bank borrowings, the proportion of which is as follows:-

| Source of funding | RM | % |
|---|---|---|
| Internally generated funds | 19,407,930 | 3.00 |
| Bank borrowings | 627,523,070 | 97.00 |
| **Total** | **646,931,000** | **100.00** |

### 3.1.4 Liabilities to be assumed

It is pertinent to note that SPSB Group is an existing 50.50% owned subsidiary of our Group. As such, save for the obligations and liabilities in and arising from, pursuant to or in connection with the SPSB SSA and the Proposals (further details of which are set out in **Sections (1)2, (1)3** and **(1)5** of **Appendix II(A)** of this Circular), there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our 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 Proposed SPSB Acquisition.

### 3.1.5 Additional financial commitment

Being an existing 50.50% owned subsidiary of our Group, our management is familiar with the business operations and financial position of SPSB Group. Hence, we do not expect to incur any additional financial commitment to put the assets and/or businesses of SPSB Group 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 the SPSB Estates. However, the quantum of such expenditure to be incurred by us cannot be ascertained at this juncture.

### 3.1.6 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 |

### 3.1.7 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.<br><br>The GML Oil Mill is a 90 MT per hour palm oil mill. The GML Oil Mill was built in 1997 and commenced operations in 1999. The GML Oil Mill primarily processes FFB from GML Estate (internal) with the small balance from nearby Plasma plantations (external) and FFB suppliers (external). | Oil palm estate with a palm oil mill.<br><br>The GSBL Oil Mill is a 90 MT per hour palm oil mill. The GSBL Oil Mill was built in 2001 and commenced operations in 2003. The GSBL Oil Mill primarily processes FFB from GSBL Estate (internal) with the small balance from nearby Plasma plantations (external) and FFB suppliers (external). |
| **Location** | (i) GML Estate is located in Dalil, Mabat, Mangka, Air Duren, Sempan, Puding Besar and Bakam Villages, Sungai Liat District, Bangka Regency, Bangka Belitung Islands Province, Indonesia;<br>(ii) GML Oil Mill is located in Mangka Villages, Bakam District, Bangka Regency, Bangka Belitung Islands Province, Indonesia; and<br>(iii) the tank farm is located in Kerisi Street, Lontong Pancur Sub District, Pangkal Balam District, Pangkal Pinang City, Bangka Belitung Islands Province, Indonesia | 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 |
| **Title / Permit** | (i) Rights to Cultivate (HGU) No(s). 02/Bangka, 03/Bangka, 39 to 51 (inclusive), 57 to 62 (inclusive); and<br>(ii) Rights to Build (HGB) No(s). 78, 79, 80, 00116, 00140 and 00142 | Right to Cultivate (HGU) No. 07 |
| **Registered proprietor** | PT Gunung Maras Lestari | PT Gunungsawit Binalestari |
| **Tenure** | (i) Rights to Cultivate (HGU) No(s). 02/Bangka and 03/Bangka will expire on 6 November 2028;<br>(ii) Rights to Cultivate (HGU) No(s). 39 to 51 (inclusive) will expire on 30 March 2051;<br>(iii) Rights to Cultivate (HGU) No(s). 57 to 62 (inclusive) will expire on 9 May 2051;<br>(iv) Rights to Build (HGB) No(s). 78, 79 and 80 will expire on 18 July 2047;<br>(v) Right to Build (HGB) No. 00116 will expire on 21 January 2041; and<br>(vi) Right to Build (HGB) No(s). 00140 and 00142 will expire on 19 January 2043 | Right to Cultivate (HGU) No. 07 will expire on 30 August 2031 |

| | GML Estate | GSBL Estate |
|---|---|---|
| **Title land area** | 12,804.16 Ha | 9,098.90 Ha |
| **Planted area** | 11,774.97 Ha | 8,514.07 Ha |
| **Age of oil palm** | Approximately 1 to 28 years | Approximately 1 to 28 years |
| **Age of mill** | Approximately 26 years | Approximately 22 years |
| **Audited net book value (as at 31 December 2022)**(1) | IDR209,192,371,554 (equivalent to approximately RM58,992,249) | IDR167,599,574,752 (equivalent to approximately RM47,263,080) |
| **Encumbrances** | Nil | Nil |
| **Independent valuer** | KJPP RHR | KJPP RHR |
| **Valuation Date** | 17 March 2023 | 17 March 2023 |
| **Valuation approach** | Market Approach, Income Approach and Cost Approach | Market Approach, Income Approach and Cost Approach |
| **Market value ascribed**(2) | IDR1,547,162,000,000 (equivalent to approximately RM464,148,600) | IDR992,744,000,000 (equivalent to approximately RM297,823,200) |

***Notes:-***

*(1) Computed based on the closing exchange rate of IDR1.00 : RM0.000282 as extracted from BNM as at 30 December 2022.*

*(2) Computed based on the closing exchange rate of IDR1.00 : RM0.0003 as extracted from BNM as at 17 March 2023.*

## Age profile as at the Valuation Date for the Indonesian Subject Properties

| | GML Estate (Ha) | GSBL Estate (Ha) |
|---|---|---|
| **Mature oil palm:-** | | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | 3,774.77 | 2,579.22 |
| - Old mature oil palm (19 to 25 years old) | 5,163.18 | 2,900.77 |
| - Mature oil palm (7 to 18 years old) | 1,190.78 | 41.70 |
| - Young mature oil palm (4 to 6 years old) | 60.08 | 1,658.62 |
| Immature oil palm (0 to 3 years old) | 1,586.16 | 1,333.76 |
| **Planted area** | **11,774.97** | **8,514.07** |
| Plantable area | 38.86 | 41.26 |
| Unplantable area | (1)990.33 | 543.57 |
| **Total** | **12,804.16** | **9,098.90** |

***Note:-***

*(1) Includes HGB land area.*

## FFB Production

| | GML Estate | | |
|---|---|---|---|
| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
| Planted area (Ha) | 11,728 | 10,775 | 10,775 |
| FFB Production (MT) | 247,964 | 272,500 | 240,154 |
| Yield (MT/Ha) | 21.14 | 25.29 | 22.29 |

| | GSBL Estate | | |
|---|---|---|---|
| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
| Planted area (Ha) | 6,730 | 6,275 | 7,203 |
| FFB Production (MT) | 154,209 | 156,079 | 143,463 |
| Yield (MT/Ha) | 22.91 | 24.87 | 19.92 |

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

| | GML Oil Mill | | |
|---|---|---|---|
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Oil extraction rate (%) | 19.33 | 20.05 | 20.02 |
| Kernel extraction rate (%) | 5.00 | 5.27 | 5.47 |
| CPO production (MT) | 55,054 | 63,845 | 61,595 |
| PK production (MT) | 14,228 | 16,792 | 16,828 |

| | GSBL Oil Mill | | |
|---|---|---|---|
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Oil extraction rate (%) | 19.30 | 19.20 | 19.15 |
| Kernel extraction rate (%) | 5.50 | 5.72 | 5.35 |
| CPO production (MT) | 33,143 | 37,039 | 35,829 |
| PK production (MT) | 9,445 | 11,035 | 10,013 |

**Plantation profits of GML Estate and GSBL Estate**

| | FYE 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | |
| | IDR'000 | (1)RM'000 | IDR'000 | (2)RM'000 | IDR'000 | (3)RM'000 |
| GML Estate | 202,283,067 | 57,853 | 452,784,658 | 132,213 | 370,614,767 | 104,513 |
| GSBL Estate | 150,401,864 | 43,015 | 256,627,410 | 74,935 | 231,442,991 | 65,267 |

***Notes:-***

*(1) Computed based on the closing exchange rate of IDR1.00 : RM0.000286 as extracted from BNM as at 31 December 2020.*

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

*(3) Computed based on the closing exchange rate of IDR1.00 : RM0.000282 as extracted from BNM as at 30 December 2022.*

### 3.1.8 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 173 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 and 11538/261 |
| **Land area** | 317.00 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 2022)(2)** | AUD26,721,055 (equivalent to approximately RM79,743,644) |
| **Independent valuer** | M3property |
| **Valuation Date** | 28 March 2023 |
| **Valuation approach** | Capitalisation of Net Income and Direct Comparison |
| **Market value ascribed(3)** | AUD27,200,000 (equivalent to approximately RM80,030,560) |

***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 which is a convenience store operator* | *Rented out to a third party, an Australian private limited company which is a cafe operator* | *Rented out to a third party, an Australian private limited company which is a restaurant operator* | *Rented out to a third party, an Australian private limited company which is a cafe operator* | *Rented out to a third party, an Australian private limited company which is a restaurant operator* |
| ***Tenancy period*** | *From 1 April 2014 to 31 March 2024* | *From 24 January 2014 to 23 January 2024* | *From 1 March 2023 to 28 February 2030* | *From 1 March 2014 to 28 February 2024* | *From 15 December 2022 to 14 December 2027* |
| ***Rent per annum (AUD)*** | *230,000 with fixed rental increase of 4% per annum* | *220,000 with fixed rental increase of 4% per annum* | *315,000 with fixed rental increase of 4% per annum* | *120,000 with fixed rental increase of 4% per annum* | *189,222.96 with fixed rental increase of 3% per annum* |

*(2) Computed based on the closing exchange rate of AUD1.00 : RM2.9843 as extracted from BNM as at 30 December 2022.*

*(3) Computed based on the exchange rate of AUD1.00 : RM2.9423 as at 28 March 2023, which was adopted by M3property in the valuation of the above subject property.*

## 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 OBS(M) Vendor (further information is set out in **Appendix I(A)** of this Circular) for a total cash consideration of RM1.00 as summarised below:-

| **OBS(M) Vendor** | **No. of OBS(M) Shares to be acquired** | **% of OBS(M) share capital** | **Cash consideration payable by OHB (RM)** |
|---|---|---|---|
| BSSB | 3,960,000 | 49.50 | 1.00 |

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

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 Proposed OBS(M) Acquisition.

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 Mauritius under the 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.

OBS(M) Group owns the OBS(M) Estates and OAM(A) Property, further details of which are set out in **Part A, Sections 3.2.7** and **3.2.8** of this Circular respectively.

Further information on OBS(M) is set out in **Appendix IV** of this Circular.

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

The Purchase Consideration of OBS(M) of RM1.00 was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following at the point of signing the OBS(M) SSA:-

(i) the unaudited consolidated net liabilities of OBS(M) Group of approximately RM544.16 million as at 31 December 2021. For information purposes, the unaudited consolidated net liabilities of OBS(M) Group as at 31 December 2021 was adopted as part of the basis for the Purchase Consideration of OBS(M) given that the audited financial statements of OBS(M) for the past 14 years (including the FYE 31 December 2021) were not prepared on a consolidated basis by virtue of the exemption provided by Paragraph 4 of IFRS 10; 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 and workers' quarters) 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),

   based on the valuation date of 22 July 2022, as appraised by the independent valuer, KJPP RHR as set out in the Independent Valuation Letter I; and

(iii) our Company's intention to fully consolidate our interests in the OBS(M) Group, which currently holds a sizeable plantation land bank with 2 palm oil mills in Indonesia, notwithstanding the remote risks relating to the uncertificated land and the justifications set out in **Part A, Section 9.3** of this Circular. Further, our Board is of the view that the Proposed OBS(M) Acquisition is fair and reasonable (despite OBS(M) Group's substantial net liabilities position) after taking into consideration, amongst others, the Purchase Consideration of OBS(M) of RM1.00 and the strategic commercial merits of full consolidation of our interests in OBS(M) Group's sizeable plantation in Indonesia as well as previous dealings of our Group and written assurances given by the local land authorities in respect of the application of new permits for the uncertificated lands, further details of which are set out in **Part A, Section 9.3** of this Circular.

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

| | At the point of negotiation and signing of the OBS(M) SSA | | Subsequent to the signing of the OBS(M) SSA[(3)] | |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Unaudited consolidated net liabilities of OBS(M) Group | | [(1)](544,163,584) | | [(4)](510,474,319) |
| Market value of OBS(M) Estates as appraised by KJPP RHR | [(2)]1,041,599,700 | | [(5)]1,045,250,100 | |
| Less: Net book value of OBS(M) Estates | (798,127,052) | | (748,291,602) | |
| Revaluation surplus | 243,472,648 | | 296,958,498 | |
| Adjustment to the revaluation surplus (after taking into consideration 90.0% equity interest held by OBS(M) in the OBS(M) Estates) | 219,125,383 | | 267,262,648 | |
| Less: Deferred tax of 22% applicable in Indonesia | (48,207,584) | | (58,797,783) | |
| Net revaluation surplus | | 170,917,799 | | 208,464,865 |
| **Adjusted unaudited consolidated net liabilities of OBS(M) Group** | | **(373,245,785)** | | **(302,009,454)** |
| **Value of 49.50% equity interest to be acquired by OHB based on the adjusted unaudited consolidated net liabilities of OBS(M) Group** | | **(184,756,664)** | | **(149,494,680)** |
| **Purchase Consideration of OBS(M)** | | **1** | | **1** |

***Notes:-***

*(1)* *Unaudited consolidated net liabilities of OBS(M) Group as at 31 December 2021, the breakdown of which is set out below:-*

| | ***RM'000*** |
|---|---|
| *(Net liabilities)/NA as at 31 December 2021* | |
| *OBS(M)* | *^(100,531)* |
| *OAMA(S)* | *15,518* |
| *OBS(S)* | *^(140,018)* |
| *OAM(A)* | *139,654* |
| *SAP* | *^(174,851)* |
| *BSSP* | *73,153* |
| *GSSL* | *^(93,349)* |
| *PPA* | *^(154,188)* |
| *DAM* | *^(100,442)* |
| *SSL* | *^(28,065)* |
| | *(563,119)* |
| *Add: Inter-company elimination* | *18,955* |
| ***Total unaudited consolidated net liabilities of OBS(M) Group*** | ***(544,164)*** |

***Note:-***

*^* *Due to extensive leveraging via bank borrowings obtained previously to finance the respective plantation assets, resulting in a net liabilities position for the above entities.*

*(2)* *Being the total market value of IDR3,471,999,000,000 as appraised by KJPP RHR for the OBS(M) Estates based on the valuation date of 22 July 2022 as set out in the Independent Valuation Letter I. The market value of the OBS(M) Estates were computed based on the closing exchange rate of IDR1.00 : RM0.0003 as extracted from BNM as at 22 July 2022.*

*(3)* *After the close of the FYE 31 December 2022 of OBS(M) Group and the Updated Valuation on the Subject Properties.*

(4) *Unaudited consolidated net liabilities of OBS(M) Group as at 31 December 2022.*

(5) *Being the total market value of IDR3,484,167,000,000 as appraised by KJPP RHR for the OBS(M) Estates based on the Valuation Date for the Indonesian Subject Properties (i.e. 17 March 2023) as set out in the valuation reports and valuation certificate of the OBS(M) Estates. The market value of the OBS(M) Estates were computed based on the closing exchange rate of IDR1.00 : RM0.0003 as extracted from BNM as at 17 March 2023.*

### 3.2.3 Source of funding

The Purchase Consideration of OBS(M) will be satisfied entirely through internally generated funds.

### 3.2.4 Liabilities to be assumed

It is pertinent to note that OBS(M) Group is an existing 50.50% owned subsidiary of our Group. As such, save for the obligations and liabilities in and arising from, pursuant to or in connection with the OBS(M) SSA and the Proposals (further details of which are set out in **Sections (1)2, (1)3** and **(1)5** of **Appendix II(B)** of this Circular), there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our 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 Proposed OBS(M) Acquisition.

### 3.2.5 Additional financial commitment

Being an existing 50.50% owned subsidiary of our Group, our management is familiar with the business operations and financial position of OBS(M) Group. Hence, we do not expect to incur any additional financial commitment to put the assets and/or businesses of OBS(M) Group 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 the OBS(M) Estates as well as the costs to be incurred to resolve the land disputes and the application for new permits for the uncertificated land as set out in **Part A, Section 9.3** of this Circular (which includes the legal related fees and compensation costs, if applicable, to settle the disputes and the acquisition land costs to be incurred for the land acquisition requirements imposed by the authorities in respect of the issuance of HGUs) ("**Rectification Costs**").

However, the quantum of such expenditure (in particular, the Rectification Costs) to be incurred by us cannot be ascertained at this juncture as our Group will only commence the relevant processes to apply for the new permits after the completion of the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition and the outcome of the disputes are still pending the decision of the Supreme Court. Given that OBS(M) Group is an existing subsidiary of our Group, we are also hence exposed to the net liabilities position of OBS(M) Group (due to extensive leveraging via bank borrowings to finance its plantation operations and capital expenditure). However, our management is confident that the potential earnings to be derived from the plantation assets and the continuous prudent management of the operating costs of the estates will subsequently improve the financial position of OBS(M) Group.

### 3.2.6 Original cost 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 |

### 3.2.7 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 and workers' quarters.<br><br>The BSSP Oil Mill is an 80 MT per hour palm oil mill. The BSSP Oil Mill was built in 2015 and commenced operations in 2017. The BSSP Oil Mill primarily processes FFB from nearby Plasma plantations (external) and FFB suppliers (external) with a small balance from BSSP Estate (internal). | Oil palm estate. |
| **Location** | SAP Estate is located in Pauh and Ketapat Bening Villages, Rawas Ilir District, North Musi Rawas (Muratara) Regency, South Sumatera Province, Indonesia | (i) BSSP Estate is located in Bangka Kota, Pangkal Buluh, Malik, Simpang Rimba and Sungai Selan Villages, Simpang Rimba, Payung and Sungai Selan Districts, Bangka Selatan and Bangka Tengah Regencies, Bangka Belitung Islands Province, Indonesia;<br>(ii) BSSP Oil Mill is located in Malik and Pangkal Buluh Villages, Payung District, Bangka Selatan Regency, Bangka Belitung Islands Province, Indonesia; and<br>(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 | GSSL Estate is located in Rantau Serik, Lubuk Besar, Muara Kati, Batu Bandung, Kebur, Sugi Waras, 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, 00016, 00017, 00022; and<br>(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;<br>(ii) Rights to Build (HGB) No(s). 4, 5, 8, 9, 2, 3, 1, 7, 5, 6, 4, 6, 2, 3, 3 and 2; and<br>(iii) Location Permit No.188.45/164/DPK/2009<br><br>**Palm oil mill**<br>Pangkal Buluh<br>HGB No. 8<br>Malik<br>HGB No.(s) 4 and 5<br><br>**Workers' quarters**<br>Pangkal Buluh<br>HGB No(s). 1, 2, 3, 4, 5, 6, 7 and 9<br>Malik<br>HGB No(s). 2, 3 and 6<br>Simpang Rimba<br>HGB No(s). 2 and 3 | (i) Rights to Cultivate (HGU) No(s). 00090, 00091, 00092 and 00093;<br>(ii) Location Permit No. 676/KPTS/BPM-PTP/2013; and<br>(iii) Location Permit No. 503/428/KEP/BPMPT/2015 |
| **Registered proprietor** | PT Surya Agro Persada | PT Bumi Sawit Sukses Pratama | PT Gunung Sawit Selatan Lestari |
| **Tenure** | (i) Rights to Cultivate (HGU) No. 00001 will expire on 4 February 2049;<br>(ii) Right to Cultivate (HGU) No. 00016 will expire on 17 May 2045;<br>(iii) Right to Cultivate (HGU) No. 00017 will expire on 25 November 2045;<br>(iv) Right to Cultivate (HGU) No. 00022 will expire on 2 May 2048; and<br>(v) Location Permit No. 507/KPTS/BPM-PTP/2013 date issued 3 July 2013 and has expired on 3 July 2014[(1)] | (i) Rights to Cultivate (HGU) No(s). 6, 7, 8, 9, 10, 11, will expire on 27 September 2051;<br>(ii) Rights to Cultivate (HGU) No(s). 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22 will expire on 30 January 2052;<br>(iii) Right to Cultivate (HGU) No. 23 will expire on 2 March 2052;<br>(iv) Rights to Cultivate (HGU) No(s). 24 and 25 will expire on 13 March 2052;<br>(v) Right to Cultivate (HGU) No. 12 will expire on 25 April 2053; and<br>(vi) Location Permit No. 188.45/164/DPK/2009 date issued 27 October 2009 and has expired on 26 October 2012[(1)] | (i) Rights to Cultivate (HGU) No(s). 00090, 00091, 00092 and 00093 will expire on 21 March 2057;<br>(ii) Location Permit No. 676/KPTS/BPM-PTP/2013 date issued 30 October 2013 and has expired on 30 October 2014[(1)]; and<br>(iii) Location Permit No. 503/428/KEP/BPMPT/2015 date issued 14 September 2015 and has expired on 14 September 2016[(1)] |

| | SAP Estate | BSSP Estate | GSSL Estate |
|---|---|---|---|
| | | **Palm oil mill**<br>HGB No.(s) 4, 5 and 8 will expire on 20 January 2036<br>**Workers quarters**<br>Pangkal Buluh<br>HGB No(s). 1, 2, 3, 4, 5, 6, 7 and 9 will expire on 20 January 2036<br><br>Malik<br>HGB No(s). 2, 3 and 6 will expire on 20 January 2036<br><br>Simpang Rimba<br>HGB No(s). 2 and 3 will expire on 20 January 2036 | |
| **Title land area** | 11,888.88 Ha | 4,416.23 Ha | 20,300.00 Ha |
| **Planted area** | 2,725.12 Ha | 4,140.19 Ha | 2,936.88 Ha |
| **Age of oil palm** | Approximately 2 to 13 years | Approximately 5 to 15 years | Approximately 0 to 18 years |
| **Age of mill** | Not applicable | Approximately 8 years | Not applicable |
| **Audited net book value (as at 31 December 2022)**[(2)] | IDR322,909,535,982 (equivalent to approximately RM91,060,489) | IDR510,021,724,457 (equivalent to approximately RM143,826,126) | IDR470,750,763,038 (equivalent to approximately RM132,751,715) |
| **Encumbrances** | Nil | Nil | Nil |
| **Independent valuer** | KJPP RHR | KJPP RHR | KJPP RHR |
| **Valuation Date** | 17 March 2023 | 17 March 2023 | 17 March 2023 |
| **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**[(3)] | IDR476,758,000,000 (equivalent to approximately RM143,027,400) | IDR855,290,000,000 (equivalent to approximately RM256,587,000) | IDR592,654,000,000 (equivalent to approximately RM177,796,200) |

***Notes:-***

*(1) For information purposes, although the relevant location permits in respect of the uncertificated land have expired, the relevant Indonesian entity has obtained written assurances from the local authorities on the application for the new permits. Further, our Company deems such risks and potential impacts arising from the failure to obtain the new permits to be remote given our past dealings, the aforementioned written assurances and our precedent cases in the application of these permits as well as the justifications set out in **Part A, Section 9.3** of this Circular.*

*(2) Computed based on the closing exchange rate of IDR1.00 : RM0.000282 as extracted from BNM as at 30 December 2022.*

*(3) Computed based on the closing exchange rate of IDR1.00 : RM0.0003 as extracted from BNM as at 17 March 2023.*

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| | PPA Estate | DAM Estate | SSL Estate |
|---|---|---|---|
| **Description / Existing use** | Oil palm estate with a palm oil mill.<br><br>The PPA Oil Mill is a 60 MT per hour (extendable to 80 MT per hour) palm oil mill. The PPA Oil Mill was built in 2019 and commenced operations in 2020. The PPA Oil Mill solely operates to support PPA Estate (i.e only process the FFB produced internally) and does not receive and process external FFB from third parties (external). | Oil palm estate. | Oil palm estate. |
| **Location** | (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<br>(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 (Muratara) Regency, South Sumatera Province, Indonesia |
| **Title / Permit** | (i) "SK Perpanjangan" Location Permit No. 125/KPTS/BPM-PTP/2014;<br>(ii) Location Permit No. 482/KPTS-TAPEM/2016;<br>(iii) Persetujuan Kesesuaian Kegiatan Permanfaatan Ruang (PKKPR) No. 08122110211605003; and<br>(iv) Rights to Build (HGB) No(s). 00001, 00002, 00003 and 00004 | Location Permit No. 294/KPTS/BPM-PTP/2014 | Persetujuan Kesesuaian Kegiatan Permanfaatan Ruang (PKKPR) No. 25032310211613003 |
| **Registered proprietor** | PT Pratama Palm Abadi | PT Dapo Agro Makmur | PT Sumatera Sawit Lestari |

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| | PPA Estate | DAM Estate | SSL Estate |
|---|---|---|---|
| **Tenure** | (i) "SK Perpanjangan" Location Permit No. 125/KPTS/BPM-PTP/2014 date issued 5 February 2014 and has expired on 5 February 2015[(1)];<br>(ii) Location Permit No. 482/KPTS-TAPEM/2016 date issued 30 June 2016 and has expired on 30 June 2019[(1)];<br>(iii) Persetujuan Kesesuaian Kegiatan Permanfaatan Ruang (PKKPR) No. 08122110211605003 will expire on 8 December 2024; and<br>(iv) Rights to Build (HGB) No(s). 00001, 00002, 00003 and 00004 will expire on 22 October 2050 | Location Permit No. 294/KPTS/BPM-PTP/2014 date issued 25 March 2014 and has expired on 25 March 2015[(1)] | Persetujuan Kesesuaian Kegiatan Permanfaatan Ruang (PKKPR) No. 25032310211613003 will expire on 25 March 2026 |
| **Title land area** | 22,471.68 Ha | 9,435.06 Ha | 7,000.79 Ha |
| **Planted area** | 3,961.71 Ha | 1,300.83 Ha | 2,104.90 Ha |
| **Age of oil palm** | Approximately 1 to 11 years | Approximately 2 to 10 years | Approximately 0 to 8 years |
| **Age of mill** | Approximately 4 years | Not applicable | Not applicable |
| **Audited net book value (as at 31 December 2022)**[(2)] | IDR800,199,168,587 (equivalent to approximately RM225,656,166) | IDR277,116,028,669 (equivalent to approximately RM78,146,720) | IDR272,519,099,596 (equivalent to approximately RM76,850,386) |
| **Encumbrances** | Nil | Nil | Nil |
| **Independent valuer** | KJPP RHR | KJPP RHR | KJPP RHR |
| **Valuation Date** | 17 March 2023 | 17 March 2023 | 17 March 2023 |
| **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**[(3)] | IDR943,258,000,000 (equivalent to approximately RM282,977,400) | IDR317,873,000,000 (equivalent to approximately RM95,361,900) | IDR298,334,000,000 (equivalent to approximately RM89,500,200) |

***Notes:-***

*(1) For information purposes, although the relevant location permits in respect of the uncertificated land have expired, the relevant Indonesian entity has obtained written assurances from the local authorities on the application for the new permits. Further, our Company deems such risks and potential impacts arising from the failure to obtain the new permits to be remote given our past dealings, the aforementioned written assurances and our precedent cases in the application of these permits as well as the justifications set out in **Part A, Section 9.3** of this Circular.*

*(2) Computed based on the closing exchange rate of IDR1.00 : RM0.000282 as extracted from BNM as at 30 December 2022.*

*(3) Computed based on the closing exchange rate of IDR1.00 : RM0.0003 as extracted from BNM as at 17 March 2023.*

## Age profile as at the Valuation Date for the Indonesian Subject Properties

| | SAP Estate (Ha) | BSSP Estate (Ha) | GSSL Estate (Ha) |
|---|---|---|---|
| **Mature oil palm:-** | | | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | - | - | - |
| - Old mature oil palm (19 to 25 years old) | - | - | - |
| - Mature oil palm (7 to 18 years old) | 2,046.48 | 3,927.90 | 2,025.77 |
| - Young mature oil palm (4 to 6 years old) | 437.80 | 212.29 | 660.61 |
| Immature oil palm (0 to 3 years old) | 240.84 | - | 250.50 |
| **Planted area** | **2,725.12** | **4,140.19** | **2,936.88** |
| Plantable area | 8,655.07 | - | 17,173.66 |
| Unplantable area | 508.69 | (1)276.04 | 189.46 |
| **Total** | **11,888.88** | **4,416.23** | **20,300.00** |

| | PPA Estate (Ha) | DAM Estate (Ha) | SSL Estate (Ha) |
|---|---|---|---|
| **Mature oil palm:-** | | | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | - | - | - |
| - Old mature oil palm (19 to 25 years old) | - | - | - |
| - Mature oil palm (7 to 18 years old) | 2,778.00 | 1,202.03 | 550.50 |
| - Young mature oil palm (4 to 6 years old) | 961.90 | 42.72 | 1,247.08 |
| Immature oil palm (0 to 3 years old) | 221.81 | 56.08 | 307.32 |
| **Planted area** | **3,961.71** | **1,300.83** | **2,104.90** |
| Plantable area | 17,932.58 | 8,038.20 | 4,825.41 |
| Unplantable area | (1)577.39 | 96.03 | 70.48 |
| **Total** | **22,471.68** | **9,435.06** | **7,000.79** |

***Note:-***

*(1) Includes HGB land area.*

## FFB Production

| | SAP Estate | | |
|---|---|---|---|
| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
| Planted area (Ha) | 1,645 | 1,735 | 2,157 |
| FFB Production (MT) | 13,923 | 12,500 | 23,490 |
| Yield (MT/Ha) | 8.46 | 7.20 | 10.89 |

| | BSSP Estate | | |
|---|---|---|---|
| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
| Planted area (Ha) | 3,572 | 3,699 | 4,140 |
| FFB Production (MT) | 82,006 | 86,071 | 82,642 |
| Yield (MT/Ha) | 22.96 | 23.27 | 19.96 |

| | GSSL Estate | | |
|---|---|---|---|
| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
| Planted area (Ha) | 1,770 | 2,362 | 2,686 |
| FFB Production (MT) | 22,009 | 27,663 | 33,977 |
| Yield (MT/Ha) | 12.43 | 11.71 | 12.65 |

| | PPA Estate | | |
|---|---|---|---|
| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
| Planted area (Ha) | 3,056 | 3,481 | 3,726 |
| FFB Production (MT) | 22,009 | 24,420 | 38,618 |
| Yield (MT/Ha) | 7.20 | 7.02 | 10.36 |

| | DAM Estate | | |
|---|---|---|---|
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Planted area (Ha) | 1,226 | 1,232 | 1,245 |
| FFB Production (MT) | 6,554 | 11,082 | 15,720 |
| Yield (MT/Ha) | 5.35 | 9.00 | 12.63 |

| | SSL Estate | | |
|---|---|---|---|
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Planted area (Ha) | 551 | 1,027 | 1,365 |
| FFB Production (MT) | 3,406 | 5,739 | 12,405 |
| Yield (MT/Ha) | 6.18 | 5.59 | 9.09 |

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

| | BSSP Oil Mill | | |
|---|---|---|---|
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Oil extraction rate (%) | 20.34 | 20.42 | 19.74 |
| Kernel extraction rate (%) | 4.84 | 4.76 | 4.42 |
| CPO production (MT) | 65,695 | 69,496 | 62,748 |
| PK production (MT) | 15,651 | 16,209 | 14,045 |

| | PPA Oil Mill | | |
|---|---|---|---|
| | FYE 2020 | FYE 2021 | FYE 2022 |
| Oil extraction rate (%) | 21.00 | 23.08 | 21.78 |
| Kernel extraction rate (%) | 3.71 | 4.60 | 4.61 |
| CPO production (MT) | 5,606 | 10,612 | 25,273 |
| PK production (MT) | 990 | 2,116 | 5,343 |

**Plantation profits/(losses) of OBS(M) Estates**

| | FYE 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2020 | | 2021 | | 2022 | |
| | IDR'000 | (1)RM'000 | IDR'000 | (2)RM'000 | IDR'000 | (3)RM'000 |
| SAP Estate(4) | (152,748,705) | (43,686) | 48,649,893 | 14,206 | 3,462,582 | 976 |
| BSSP Estate(5) | 5,217,256 | 1,492 | 167,667,338 | 48,959 | 146,897,221 | 41,425 |
| GSSL Estate(6) | (84,059,656) | (24,041) | 75,335,345 | 21,998 | 8,373,784 | 2,361 |
| PPA Estate(7) | (208,530,053) | (59,640) | 70,128,256 | 20,477 | (24,056,484) | (6,784) |
| DAM Estate(8) | (88,080,663) | (25,191) | 28,565,242 | 8,341 | (49,832,488) | (14,053) |
| SSL Estate(9) | (74,240,649) | (21,233) | (9,048,573) | (2,642) | (70,711,633) | (19,941) |

***Notes:-***

*(1) Computed based on the closing exchange rate of IDR1.00 : RM0.000286 as extracted from BNM as at 31 December 2020.*

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

*(3) Computed based on the closing exchange rate of IDR1.00 : RM0.000282 as extracted from BNM as at 30 December 2022.*

*(4) The SAP Estate recorded a profit of approximately RM14.21 million in the FYE 2021 as compared to the net loss of approximately RM43.69 million in the preceding financial year. This was mainly due to the higher average FFB selling price of RM688 per MT during the financial year (FYE 2020: RM462 per MT) and net foreign exchange gains of approximately RM28.46 million recorded in the FYE 2021 (as compared to the net foreign exchange losses of approximately RM11.62 million recorded in the FYE 2020). The SAP Estate subsequently recorded a lower profit of approximately RM0.98 million in the FYE 2022, primarily due to lower net foreign exchange gains of approximately RM14.94 million (FYE 2021: RM28.46 million) despite the average FFB selling price during the financial year being relatively consistent with the average FFB selling price in the preceding financial year.*

(5) *The BSSP Estate recorded a higher profit of approximately RM48.96 million in the FYE 2021 as compared to the profit recorded in the FYE 2020 of approximately RM1.49 million. This was mainly due to higher average CPO selling price of RM3,294 per MT during the financial year (FYE 2020: RM2,315 per MT), higher average FFB selling price of RM696 per MT (FYE 2020: RM442 per MT) and net foreign exchange gains of approximately RM19.11 million in the FYE 2021 (as compared to the net foreign exchange losses of approximately RM9.68 million in the FYE 2020). The BSSP Estate subsequently recorded a lower profit of RM41.43 million in the FYE 2022 as compared to the profit recorded of approximately RM48.96 million in the preceding financial year. The decrease in profits was mainly due to lower net foreign exchange gains of approximately RM13.44 million (FYE 2021: RM19.11 million) despite higher average CPO selling price of RM3,871 per MT and a relatively consistent average FFB selling price of RM691 per MT (FYE 2020: RM696 per MT) recorded during the financial year.*

(6) *The GSSL Estate recorded a profit of approximately RM22.00 million in the FYE 2021 as compared to the net loss of approximately RM24.04 million in the preceding financial year. This was mainly due to the higher average FFB selling price of RM686 per MT during the financial year (FYE 2020: RM487 per MT) and net foreign exchange gains of approximately RM26.21 million recorded in the FYE 2021 (as compared to the net foreign exchange losses of approximately RM10.39 million recorded in the FYE 2020). The GSSL Estate subsequently recorded a lower profit of approximately RM2.36 million in the FYE 2022, primarily due to lower net foreign exchange gains of approximately RM13.66 million (FYE 2021: RM26.21 million) despite the average FFB selling price during the financial year of RM694 per MT being relatively consistent with the average FFB selling price in the preceding financial year of RM686 per MT.*

(7) *The PPA Estate recorded a profit of approximately RM20.48 million in the FYE 2021 as compared to the net loss of approximately RM59.64 million in the preceding financial year. This was mainly due to higher average CPO selling price of RM3,163 per MT during the financial year (FYE 2020: RM2,622 per MT), higher average FFB selling price of RM691 per MT (FYE 2020: RM460 per MT) and net foreign exchange gains of approximately RM43.08 million in the FYE 2021 (as compared to the net foreign exchange losses of approximately RM17.15 million in the FYE 2020). The PPA Estate subsequently recorded a loss of approximately RM6.78 million in the FYE 2022 as compared to the profit recorded of approximately RM20.48 million in the FYE 2021. The decrease in profits was mainly due to lower net foreign exchange gains of approximately RM18.54 million (FYE 2021: RM43.08 million) despite higher average CPO selling price of RM3,919 per MT and a relatively consistent average FFB selling price of RM694 per MT (FYE 2020: RM691 per MT) recorded during the financial year.*

(8) *The DAM Estate recorded a profit of approximately RM8.34 million in the FYE 2021 as compared to the net loss of approximately RM25.19 million in the preceding financial year. This was mainly due to higher average FFB selling price of RM680 per MT (FYE 2020: RM441 per MT) and net foreign exchange gains of approximately RM19.12 million in the FYE 2021 (as compared to the net foreign exchange losses of approximately RM7.52 million in the FYE 2020). The DAM Estate subsequently recorded a loss of approximately RM14.05 million in the FYE 2022, as compared to the profit of approximately RM8.34 million recorded in the FYE 2021. The decrease in profits was mainly due to lower net foreign exchange gains of approximately RM4.09 million (FYE 2021: RM19.12 million) despite a relatively consistent average FFB selling price of RM685 per MT (FYE 2020: RM680 per MT) recorded during the financial year.*

(9) *The SSL Estate recorded a lower loss of approximately RM2.64 million in the FYE 2021 as compared to the loss recorded in the FYE 2020 of approximately RM21.23 million. This was mainly due to higher average FFB selling price of RM693 per MT (FYE 2020: RM446 per MT) and net foreign exchange gains of approximately RM3.60 million in the FYE 2021 (as compared to the net foreign exchange losses of approximately RM0.70 million in the FYE 2020). The SSL Estate subsequently recorded a higher loss of approximately RM19.94 million in the FYE 2022, as compared to the loss of approximately RM2.64 million recorded in the FYE 2021. The increase in losses was mainly due to net foreign exchange losses of approximately RM5.55 million (as compared to net foreign exchange gains of approximately RM3.60 million in the FYE 2021) despite a relatively consistent average FFB selling price of RM694 per MT (FYE 2020: RM693 per MT) recorded during the financial year.*

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### 3.2.8 Key information on the OAM(A) Property

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

| | |
|---|---|
| **Description / Existing use**(1) | 7-storey purpose-built hotel building, comprising 55 apartments with retail shops (on the ground floor) and multi-deck car park catering to 157 cars. The property is currently leased out to tenants operating service apartment, gym and healthcare service operator |
| **Age** | Approximately 4 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** | 5,826.00 square metres |
| **Occupancy rate** | 100% |
| **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 2022)**(2) | AUD34,200,000 (equivalent to approximately RM102,063,060) |
| **Independent valuer** | M3property |
| **Valuation Date** | 31 March 2023 |
| **Valuation approach** | Capitalisation of Stabilised Net Income, Discounted Cash Flow Analysis and Direct Comparison |
| **Market value ascribed**(3) | AUD33,800,000 (equivalent to approximately RM100,129,120) |

***Notes:-***

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

| | ***Tenancy 1*** | ***Tenancy 2*** | ***Tenancy 3*** |
|---|---|---|---|
| ***Tenant/existing use*** | *Rented out to a third party, an Australian private limited company which is a service apartment operator* | *Rented out to a third party, an Australian private limited company which is a gym operator* | *Rented out to a third party, an Australian private limited company which is a healthcare service operator* |
| ***Tenancy period*** | *From 20 May 2019 to 19 May 2029* | *From 1 October 2019 to 30 September 2024* | *From 29 November 2022 to 29 November 2032* |
| ***Rent per annum (AUD)*** | *1,834,296 with fixed rental increase of 3% per annum from Year 1 to Year 5 of the tenancy tenure, and with a market review of rent rate in Year 6* | *234,404 with fixed rental increase of 4% per annum* | *180,000 with fixed rental increase of 2.75% per annum* |

*(2) Computed based on the closing exchange rate of AUD1.00 : RM2.9843 as extracted from BNM as at 30 December 2022.*

*(3) Computed based on the exchange rate of AUD1.00 : RM2.9624 as at 31 March 2023, which was adopted by M3property in the valuation of the above subject property.*

### 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 SPP Vendors (further information is set out in **Appendices I(A), I(B)** and **I(C)** in this Circular) for a total cash consideration of RM155,327,000:-

| 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 and the Supplemental SPP SSA. The salient terms of the SPP SSA and the Supplemental SPP SSA are set out in **Appendix II(C)** of this Circular.

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 Proposed SPP Acquisition.

OHB Group holds 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 George Town, Pulau Pinang. SPP is principally involved in the production and processing of oil palm fruits.

The principal market for its 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 SPP Estate which is 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 also owns SPP Oil Mill which is situated alongside the SPP Estate. Further details of the SPP Estate are set out in **Part A, Section 3.3.7** of this Circular.

Further information on SPP is set out in **Appendix V** of this Circular.

#### 3.3.2 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 at the point of signing of the SPP SSA:-

(i) the audited NA of SPP of approximately RM83.45 million as at 31 December 2021 (after adjusting for dividend payment of approximately RM104.13 million in value, which was completed on 23 September 2022); and

(ii) the surplus arising from the revaluation of the SPP Estate owned by SPP based on the market value of RM478.00 million, as appraised by the independent valuer, Knight Frank (based on the valuation date of 22 July 2022) as set out in the Independent Valuation Letter II.

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

| | At the point of negotiation and signing of the SPP SSA | | Subsequent to the signing of the SPP SSA[4] | |
|---|---|---|---|---|
| | RM | RM | RM | RM |
| Audited NA of SPP | | [1]171,833,649 | | [5]113,495,252 |
| Less: Adjustment due to the SPP dividend declared[2] | | (88,382,231) | | - |
| NA of SPP | | 83,451,418 | | 113,495,252 |
| Market value of SPP Estate as appraised by Knight Frank | 478,000,000 | | 478,000,000 | |
| Less: Net book value of SPP Estate | (69,286,892) | | (74,567,742) | |
| Revaluation surplus | 408,713,108 | | 403,432,258 | |
| Less: Deferred tax of 24% applicable in Malaysia | (98,091,146) | | (96,823,742) | |
| Net revaluation surplus | | 310,621,962 | | 306,608,516 |
| **Adjusted NA of SPP** | | **394,073,380** | | **420,103,768** |
| **Value of 60.50% equity interest to be acquired by OHB based on the adjusted NA of SPP (A)** | | **238,414,395** | | **254,162,780** |
| **Purchase Consideration of SPP** | | **155,327,000** | | **155,327,000** |
| | | [3](discount of 34.85% to (A)) | | [3](discount of 38.89% to (A)) |

***Notes:-***

*(1) Audited NA of SPP as at 31 December 2021.*

*(2) Being the dividend payment of approximately RM104.13 million in value which was completed on 23 September 2022.*

*(3) It is pertinent to note that the discounts negotiated for the acquisitions of the plantation assets under the Proposals were on an en-bloc basis and not on an individual basis. The Purchase Consideration of SPP was determined by the parties pursuant to negotiations with the intention that the Proposals are to be undertaken on an en-bloc basis. The basis for the Total Purchase Consideration and the acquisition discounts takes into consideration, the market value of the Subject Properties and other factors set out in **Part A, Section 2.2** of this Circular.*

*(4) After the close of the FYE 31 December 2022 of SPP and the Updated Valuation on the Subject Properties.*

*(5) Audited NA of SPP as at 31 December 2022.*

### 3.3.3 Source of funding

The Purchase Consideration of SPP will be satisfied through a combination of internally generated funds and bank borrowings, the proportion of which is as follows:-

| Source of funding | RM | % |
|---|---|---|
| Internally generated funds | 9,319,620 | 6.00 |
| Bank borrowings | 146,007,380 | 94.00 |
| **Total** | **155,327,000** | **100.00** |

### 3.3.4 Liabilities to be assumed

It is pertinent to note that SPP is an existing 39.50% owned associate company of our Group. There are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Group pursuant to the Proposed SPP Acquisition save for those in and arising from, pursuant to or in connection with the SPP SSA and the Proposals (further details of which are set out in **Sections (1)2, (1)3** and **(1)5** of **Appendix II(C)** of this Circular). However, it should be noted that our Company is a party under the respective SPAs of the Proposed Land Acquisitions, as payor of the respective purchase considerations. 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 Proposed SPP Acquisition.

### 3.3.5 Additional financial commitment

Given our familiarity of the business operations and financial position of our associate company, we do 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 as well as the Bukit Langkap Estate, Bentong Estate and the Thye Group Estate, upon completion of the Proposed Land Acquisitions. However, the quantum of such expenditure to be incurred by us cannot be ascertained at this juncture.

### 3.3.6 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 |
| | 7 September 1979 | 680,000 | 1,700,000 |
| | 19 October 1979 | 320,000 | 800,000 |
| | 28 January 1986 | 6,974,712 | (1)- |
| | 2 February 1993 | 350,000 | 525,000 |
| | 17 March 2014 | 1,050,000 | 12,000,000 |
| BSD | 28 November 1979 | 350,000 | 875,000 |
| | 28 January 1986 | 1,050,000 | (1)- |
| LBS | 29 August 1982 | 96 | 96 |
| | 28 January 1986 | 288 | (1)- |

***Note:-***

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

### 3.3.7 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.<br><br>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. The SPP Oil Mill solely operates to support SPP Estate (i.e. only process the FFB produced internally) and does not receive and process external FFB from third parties (external). |
| **Location** | 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 1 to 28 years |
| **Age of mill** | Approximately 40 years |
| **Audited net book value (as at 31 December 2022)** | RM74,567,742 |
| **Encumbrances** | Nil |
| **Independent valuer** | Knight Frank |
| **Valuation Date** | 13 March 2023 |
| **Valuation approach** | Comparison Method, Income Approach and Cost Approach |
| **Market value ascribed** | RM478,000,000 |

**<u>Age profile as at the Valuation Date for the Malaysian Subject Properties</u>**

| | **Ha** |
|---|---:|
| **<u>Mature oil palm:-</u>** | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | 416.64 |
| - Old mature oil palm (19 to 25 years old) | 1,525.19 |
| - Mature oil palm (7 to 18 years old) | 577.37 |
| - Young mature oil palm (4 to 6 years) | 342.26 |
| Immature oil palm (0 to 3 years old) | 646.86 |
| **Planted area** | **3,508.32** |
| Plantable area | - |
| Unplantable area[(1)] | 137.08 |
| **Total** | **3,645.40** |

***Note:-***

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

**<u>FFB production</u>**

| **Years** | **FYE 2020** | **FYE 2021** | **FYE 2022** |
|---|---:|---:|---:|
| Planted area (Ha) | 3,182.96 | 2,959.33 | 2,863.18 |
| FFB production (MT) | 67,047.91 | 68,688.43 | 68,098.27 |
| Yield (MT/Ha) | 21.06 | 23.21 | 23.78 |

**Extraction rate and production of SPP Oil Mill**

| Years | FYE 2020 | FYE 2021 | FYE 2022 |
|---|---|---|---|
| Oil extraction rate (%) | 17.41 | 17.91 | 18.16 |
| Kernel extraction rate (%) | 5.13 | 5.11 | 4.98 |
| CPO production (MT) | 11,489.06 | 11,877.80 | 12,378.67 |
| PK production (MT) | 3,386.40 | 3,389.90 | 3,395.18 |

**Plantation profits of SPP Estate**

| | FYE 31 December | | |
|---|---|---|---|
| | 2020 (RM'000) | 2021 (RM'000) | 2022 (RM'000) |
| SPP Estate | (1)204 | 23,875 | 45,794 |

***Note:-***

*(1) SPP Estate recorded lower profits of approximately RM0.24 million in the FYE 2020 as compared to profits of approximately RM23.88 million in the FYE 2021 and RM45.79 million in the FYE 2022. The lower profits was due to lower revenue which was mainly attributed to the lower average CPO and PK selling prices in the FYE 2020.*

## 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 the Proposed SPP Acquisition) from BESB (further information is set out in **Appendix I(D)** in this Circular) for a cash consideration of RM41,000,000.

The Proposed Bukit Langkap Estate Acquisition is subject to the terms and conditions of the Bukit Langkap Estate SPA and the Supplemental Bukit Langkap Estate SPA. The salient terms of the Bukit Langkap Estate SPA and the Supplemental Bukit Langkap Estate SPA are set out in **Appendix II(D)** of this Circular.

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** | **Lot No. 101**<br>Boon Tong Estates Sdn Berhad(1), in respect of the above title<br><br>**Lot No(s). 691, 692 and 784**<br>Boon Tong Estates Sdn Bhd(1), in respect of the above titles<br><br>**Lot No(s). 1347 and 1373**<br>Boontong Estates Sdn Berhad(1), in respect of the above titles<br><br>**Lot No(s). 102, 539, 541, 556, 725, 899 to 904 (inclusive)**<br>Boontong Estates Sdn Bhd, 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 3 to 9 years |
| **Audited net book value (as at 31 December 2022)** | RM2,085,738 |
| **Encumbrances** | Nil |
| **Independent valuer** | Knight Frank |
| **Valuation Date** | 13 March 2023 |
| **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 for the Malaysian Subject Properties**

| | **Ha** |
|---|---:|
| **Mature oil palm:-** | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | - |
| - Old mature oil palm (19 to 25 years old) | - |
| - Mature oil palm (7 to 18 years old) | 11.70 |
| - Young mature oil palm (4 to 6 years old) | - |
| Immature oil palm (0 to 3 years old) | 33.50 |
| **Planted area** | **45.20** |
| Plantable area | - |
| Unplantable area(1) | 32.31 |
| **Total land area** | **77.51** |

***Note:-***

*(1) Due to hilly terrain.*

**FFB production**

| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
|---|---:|---:|---:|
| Planted area (Ha) | 45.20 | 45.20 | 45.20 |
| FFB production (MT) | 309.30 | 310.86 | 360.73 |
| Yield (MT/Ha) | 6.84 | 6.88 | 7.98 |

**Plantation profits of Bukit Langkap Estate**

| | **FYE 2020 (RM'000)** | **FYE 2021 (RM'000)** | **FYE 2022 (RM'000)** |
|---|---:|---:|---:|
| Bukit Langkap Estate | 81 | 169 | 216 |

### 4.1.2 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 at the point of the signing of the Bukit Langkap Estate SPA. For information purposes, the Purchase Consideration of Bukit Langkap Estate is equivalent to the market value appraised by Knight Frank in the Updated Valuation on the Subject Properties, details of which are set out in **Appendix VIII(A)** of this Circular.

#### 4.1.3 Source of funding

The Purchase Consideration of Bukit Langkap Estate will be satisfied through a combination of internally generated funds and bank borrowings, the proportion of which is as follows:-

| Source of funding | RM | % |
|---|---|---|
| Internally generated funds | 3,280,000 | 8.00 |
| Bank borrowings | 37,720,000 | 92.00 |
| **Total** | **41,000,000** | **100.00** |

#### 4.1.4 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 and the Proposals (further details of which are set out in **Sections (1)2, (1)3** and **(1)5** of **Appendix II(D)** of this Circular), there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Group pursuant to the Proposed Bukit Langkap Estate Acquisition.

#### 4.1.5 Additional financial commitment

We do 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 the continuing development and planting programme of the Bukit Langkap Estate. However, the quantum of such expenditure to be incurred by us 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 the Proposed SPP Acquisition) from BESB (further information is set out in **Appendix I(D)** in this Circular) for a total cash consideration of RM132,000,000.

The Proposed Bentong Estate Acquisition is subject to the terms and conditions of the Bentong Estate SPA and the Supplemental Bentong Estate SPA. The salient terms of the Bentong Estate SPA and the Supplemental Bentong Estate SPA are set out in **Appendix II(E)** of this Circular.

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 3609, 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, 1792 & 1793, 2882, 3544, 3733, 4157, 4553, 4795 to 4798 (inclusive), 4913, 4914, 5175, 5908 to 5920 (inclusive)</u>**<br>Boontong Estates Sdn Bhd, in respect of the above titles<br><br>**<u>Lot No(s). 5607, 5608 and 6032</u>**<br>Boontong Estates Sdn Berhad[(1)], in respect of the above titles |
| **Tenure** | Interest in perpetuity, in respect of all titles |
| **Title land area** | 1,704.24 Ha[(2)] |
| **Planted area** | 1,240.04 Ha |
| **Age of oil palm** | Approximately 1 to 35 years |
| **Audited net book value (as at 31 December 2022)** | RM25,366,895 |
| **Encumbrances** | Nil |
| **Independent valuer** | Knight Frank |
| **Valuation Date** | 13 March 2023 |
| **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 Proposed 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 vide presentation No(s). 37/1983 and 31/1984 registered on 28 January 1983 and 20 January 1984.*

## <u>Age profile as at the Valuation Date for the Malaysian Subject Properties</u>

| | **Ha** |
|---|---:|
| **<u>Mature oil palm:-</u>** | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | 171.05 |
| - Old mature oil palm (19 to 25 years old) | 46.32 |
| - Mature oil palm (7 to 18 years old) | 405.81 |
| - Young mature oil palm (4 to 6 years old) | 252.43 |
| Immature oil palm (0 to 3 years old) | 364.43 |
| **Planted area** | **1,240.04** |
| Plantable area | 72.01 |
| Unplantable area[(1)] | 392.19 |
| **Total** | **1,704.24** |

***Note:-***

*(1) Includes TNB Wayleave, buildings and infrastructure and oil palm nursery.*

## <u>FFB production</u>

| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
|---|---:|---:|---:|
| Planted area (Ha) | 923.78 | 821.82 | 923.64 |
| FFB production (MT) | 10,817.51 | 12,910.82 | 14,233.22 |
| Yield (MT/Ha) | 11.71 | 15.71 | 15.41 |

## <u>Plantation profits/(losses) of Bentong Estate</u>

| | **FYE 31 December** | | |
|---|---:|---:|---:|
| | **2020 (RM'000)** | **2021 (RM'000)** | **2022 (RM'000)** |
| Bentong Estate | [(1)](74) | 5,685 | 7,228 |

***Note:-***

*(1) Bentong Estate recorded a loss of approximately RM0.07 million in the FYE 2020 as compared to profits of approximately RM5.69 million recorded in the FYE 2021 and RM7.23 million recorded in the FYE 2022 respectively. The loss was mainly due to the lower average FFB selling price of RM548 per MT in the FYE 2020 (FYE 2021: RM955 per MT and FYE 2022: RM1,074 per MT respectively).*

#### 4.2.2 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 at the point of the signing of the Bentong Estate SPA. For information purposes, the Purchase Consideration of Bentong Estate is equivalent to the market value appraised by Knight Frank in the Updated Valuation on the Subject Properties, details of which are set out in **Appendix VIII(A)** of this Circular.

#### 4.2.3 Source of funding

The Purchase Consideration of Bentong Estate will be satisfied through a combination of internally generated funds and bank borrowings, the proportion of which is as follows:-

| Source of funding | RM | % |
|---|---|---|
| Internally generated funds | 10,560,000 | 8.00 |
| Bank borrowings | 121,440,000 | 92.00 |
| **Total** | **132,000,000** | **100.00** |

#### 4.2.4 Liabilities to be assumed

Save for the obligations and liabilities in and arising from, pursuant to or in connection with the Bentong Estate SPA and the Proposals (further details of which are set out in **Sections (1)2, (1)3** and **(1)5** of **Appendix II(E)** of this Circular), there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Group pursuant to the Proposed Bentong Estate Acquisition.

#### 4.2.5 Additional financial commitment

We do 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 the Bentong Estate. However, the quantum of such expenditure to be incurred by us 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 the Proposed SPP Acquisition) from BESB (further information is set out in **Appendix I(D)** in this Circular) for a total cash consideration of RM224,100,000.

The Proposed Thye Group Estate Acquisition is subject to the terms and conditions of the Thye Group Estate SPA and the Supplemental Thye Group Estate SPA. The salient terms of the Thye Group Estate SPA and the Supplemental Thye Group Estate SPA are set out in **Appendix II(F)** of this Circular.

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, 219278 to 219281 (inclusive), 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** | **Lot No(s). 146, 242, 243, 254, 255, 275 to 278 (inclusive), 974 to 978 (inclusive), 3240, 2811, 2812, 705, 706, 872, 1373, 1473, 1474 and 8605**<br>Boontong Estates Sdn Bhd; in respect of the above titles<br><br>**Lot No. 10070**<br>Boontong Estates Sdn Berhad(1); in respect of the above title |
| **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 1 to 29 years |
| **Audited net book value (as at 31 December 2022)** | RM15,618,519 |
| **Encumbrances** | Nil |
| **Independent valuer** | Knight Frank |
| **Valuation Date** | 13 March 2023 |
| **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 vide presentation No(s). 11253/2001 and 2537/2005 registered on 20 December 2001 and 6 April 2005 respectively.*

**<u>Age profile as at the Valuation Date for the Malaysian Subject Properties</u>**

| | **Ha** |
|---|---:|
| **Mature oil palm:-** | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | 222.10 |
| - Old mature oil palm (19 to 25 years old) | 1,108.70 |
| - Mature oil palm (7 to 18 years old) | 25.86 |
| - Young mature oil palm (4 to 6 years old) | 25.90 |
| Immature oil palm (0 to 3 years old) | 245.60 |
| **Planted area** | **1,628.16** |
| Plantable area | - |
| Unplantable area(1) | 40.44 |
| **Total** | **1,668.60** |

***Note:-***

(1) *Includes buildings and infrastructure, TNB Wayleave and oil palm nursery.*

**FFB production**

| | FYE 2020 | FYE 2021 | FYE 2022 |
|---|---|---|---|
| Planted area (Ha) | 1,466.96 | 1,539.16 | 1,628.16 |
| FFB production (MT) | 20,144.86 | 22,874.49 | 18,795.81 |
| Yield (MT/Ha) | 13.73 | 14.86 | 11.54 |

**Plantation profits of Thye Group Estate**

| | FYE 31 December | | |
|---|---|---|---|
| | 2020 (RM'000) | 2021 (RM'000) | 2022 (RM'000) |
| Thye Group Estate | 3,496 | 11,102 | 8,816 |

### 4.3.2 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 the Thye Group Estate of RM224,100,000 as appraised by Knight Frank as set out in the Independent Valuation Letter II at the point of signing of the Thye Group Estate SPA. For information purposes, the Purchase Consideration of Thye Group Estate is equivalent to the market value appraised by Knight Frank in the Updated Valuation on the Subject Properties, details of which are set out in **Appendix VIII(A)** of this Circular.

### 4.3.3 Source of funding

The Purchase Consideration of Thye Group Estate will be satisfied through a combination of internally generated funds and bank borrowings, the proportion of which is as follows:-

| Source of funding | RM | % |
|---|---|---|
| Internally generated funds | 17,928,000 | 8.00 |
| Bank borrowings | 206,172,000 | 92.00 |
| **Total** | **224,100,000** | **100.00** |

### 4.3.4 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 and the Proposals (further details of which are set out in **Sections (1)2, (1)3** and **(1)5** of **Appendix II(F)** of this Circular), there are no other liabilities, including contingent liabilities and guarantees, to be assumed by our Group pursuant to the Proposed Thye Group Estate Acquisition.

### 4.3.5 Additional financial commitment

We do 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 the Thye Group Estate. However, the quantum of such expenditure to be incurred by us cannot be ascertained at this juncture.

## 5. RATIONALE AND JUSTIFICATION FOR THE PROPOSALS

Our plantation segment will continue as a core and consistent contributor to the financial performance of our Group over the medium to long term given our 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 our strategy of constantly seeking opportunities to acquire resilient and earnings accretive businesses or to unlock the value of our investments for the benefit of our stockholders.

The Proposals will enable our Group to:-

(a) expand our plantation footprint in Malaysia via the Proposed SPP Acquisition and Proposed Land Acquisitions by approximately 7,096 Ha, which fit our investment criteria for consistent growth in Malaysia. The planted hectares of our Group in Malaysia will increase from approximately 4,794 Ha to approximately 11,216 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 2022 (Ha) | Land banks under the Proposed SPP Acquisition and Proposed Land Acquisitions (Ha) | Enlarged land bank after acquisitions (Ha) |
|---|---|---|---|
| **Mature oil palm:-** | | | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | 547.81 | 809.79 | 1,357.60 |
| - Old mature oil palm (19 to 25 years old) | 417.07 | 2,680.21 | 3,097.28 |
| - Mature oil palm (7 to 18 years old) | 1,733.92 | 1,020.74 | 2,754.66 |
| - Young mature oil palm (4 to 6 years old) | 720.26 | 620.59 | 1,340.85 |
| Immature oil palm (0 to 3 years old) | 1,375.11 | 1,290.39 | 2,665.50 |
| **Planted area** | **4,794.17** | **6,421.72** | **11,215.89** |
| Plantable area | - | 72.01 | 72.01 |
| Unplantable area (i.e. buildings, roads, etc) | 164.00 | 602.02 | 766.02 |
| **Land bank** | **4,958.17** | **7,095.75** | **12,053.92** |

(b) the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition will enable the full consolidation of our interest in our 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 56,705 Ha. Details on the plantation land bank in Indonesia are set out as follows:-

| | Ha |
|---|---|
| **Mature oil palm:-** | |
| - Oil palms exceeding the economic life span (i.e. more than 25 years old) | 6,353.99 |
| - Old mature oil palm (19 to 25 years old) | 8,063.95 |
| - Mature oil palm (7 to 18 years old) | 13,763.16 |
| - Young mature oil palm (4 to 6 years old) | 5,281.10 |
| Immature oil palm (0 to 3 years old) | 3,996.47 |
| **Planted area** | **37,458.67** |
| Plantable area | 56,705.04 |
| Unplantable area (i.e. buildings, roads, etc) | 3,251.99 |
| **Land bank** | **97,415.70** |

Overall, the total plantation land bank consolidated and owned by our Group will increase from approximately 102,374 Ha as at the LPD to approximately 109,469 Ha upon completion of the Proposals with the total planted area increasing from approximately 42,253 Ha as at the LPD to approximately 48,675 Ha.

The Proposed Shares Acquisitions will enhance the future profitability of our Group as our Group will be able to fully consolidate the earnings of SPSB Group 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 Shares Acquisitions will also reduce the number and quantum of recurrent related party transactions with the Interested Parties (in respect of which OHB requires annual stockholders' approval).

Premised on the above, the Proposals are expected to contribute positively to our Group in the future given the favourable outlook and prospects of the oil palm plantation industry as set out in **Part A, Section 6** of this Circular, thus enhancing our 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

**<u>Overview and outlook of the economy in Malaysia</u>**

The global GDP growth in 2022 moderated to 3.4% reflecting the economic slowdown in advanced economies as well as emerging market and developing economies (EMDEs). Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5%-7%, whereby real output value reached above the pre-pandemic level. The commendable performance was driven by domestic demand and improved labour market in line with the transition to the endemic phase. These resulted from an increase in economic activities which include household spending, investment and tourism. Subsequently, encouraging expansion in all economic sectors primarily the services and manufacturing sector have also provided continuous impetus to the significant economic growth in 2022. Furthermore, the growth was attributed to robust external demand, especially among Malaysia's major trading partners.

Notwithstanding the growth, the economy in 2022 experienced several challenges with escalating inflationary pressures due to high commodity and food prices as well as softened global economic growth and trade. Therefore, the Government has taken various holistic and comprehensive measures to help the rakyat and businesses in dealing with inflationary pressures and higher cost of living.

In 2023, global growth is expected to further soften at 2.9% on the back of persistent pressures such as inflation, tightening global financial conditions and economic deceleration among major economies. Meanwhile, Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021 – 2025 (12MP). However, a slowdown in external demand is expected to moderate exports growth, particularly in the electrical and electronic products and major commodities.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by the services and manufacturing sectors. Other sectors, namely agriculture, mining and construction are also expected to grow further in line with the improvement in economic activities. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economic growth, hence, affecting Malaysia's performance. Overall, the nation's GDP is forecast to grow approximately 4.5% in 2023.

*(Source: Economic & Fiscal Outlook and Federal Government Revenue Estimates 2023, Ministry of Finance Malaysia)*

**Overview and outlook of the palm oil industry in Malaysia**

The Malaysian oil palm industry fared better in 2022 compared to 2021 with slight increase in CPO production and export. With the exception of the second quarter of 2022, the production of CPO recorded higher performance in other quarters as compared to the same period in 2021. The year 2022 ended with higher CPO production by 1.9% and palm oil export by 0.9%. Other key industry indicators also witnessed higher performance such as yield of FFB and palm oil stocks, while national oil extraction rate ("**OER**") and imports of palm oil witnessed declines. The tight supply situation had pushed prices to a new record of high annual average price at RM5,087.50/tonne in the palm oil history and boosted total export revenue to RM137.89 billion.

The total oil palm planted area was recorded at 5.67 million Ha in 2022, a decrease of 1.1% as against 5.74 million Ha in the previous year. Sarawak remained as the largest oil palm planted state with 1.62 million Ha or 28.6% of the total Malaysian oil palm planted area, followed by Sabah with 1.51 million Ha or 26.6%. Oil palm planted area in Peninsular Malaysia amounted to 2.54 million Ha or 44.8%.

In 2022, CPO production increased by 1.9%, to 18.45 million tonnes as against 18.12 million tonnes recorded in 2021. The higher production was due to higher FFB processed, which rose 3.4% due to better FFB yield of estates with higher marginal by 0.1% to 15.49 tonnes/Ha in 2022 vis-à-vis 15.47 tonnes/Ha in 2021. CPO production in Peninsular Malaysia and Sarawak increased by 3.2% and 2.5% to 10.16 million tonnes and 4.01 million tonnes respectively. On the other hand, CPO production in Sabah declined by 1.7% to 4.29 million tonnes from 4.36 million tonnes in 2021.

The average FFB yield increased by 0.1% to 15.49 tonnes/Ha in 2022 as against 15.47 tonnes/hectare in 2021. FFB yield in Peninsular Malaysia and Sarawak increased by 1.0% and 1.4% to 16.41 tonnes per Ha and 14.13 tonnes per Ha in 2022 respectively compared to that of 2021. Meanwhile, FFB yield in Sabah decreased by 2.4% to 15.39 tonnes per Ha in 2022 compared to that of 2021.

The national OER performance decreased by 1.5% to 19.70% as opposed to 20.01% in 2021, mainly due to a lower proportion of ripe FFB processed by palm oil millers throughout Malaysia. The year 2022 recorded the lowest OER performance after two (2) decades where in 2001 the national OER was recorded at 19.22%. All regions, namely Peninsular Malaysia, Sabah and Sarawak recorded lower OER performance in 2022, i.e., decreased by 1.3% to 19.57%, 1.5% to 20.25% and 2.1% to 19.47% respectively, compared to 2021 OER performance.

*(Source: Overview of the Malaysian Oil Palm industry, Malaysian Palm Oil Board)*

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

**Overview and outlook of the economy in Indonesia**

Growth strengthened to 5.3% in 2022, the highest in the last decade and stronger than the region's median. Growth came on the back of positive terms-of-trade led by commodity related exports and a recovery in private consumption. This momentum continued in 2023 with private consumption and exports supporting 5% growth in the first quarter (Q1-23). Nevertheless, there are signs that domestic demand is starting to moderate. This includes a softening in imports and investment growth, a deceleration in private sector credit growth, as well as a slowdown in core inflation since the beginning of the year.

Headline inflation declined, reaching 4% year-on-year in May 2023. This is the lowest inflation recorded since it peaked in September 2022 when global inflationary pressures mounted following Russia's invasion of Ukraine. The slowing pace of inflation is attributed to a combination of external and domestic policy-related factors. This includes the decline in global oil prices, improved harvest, government intervention at sub-regional level to ease supply bottlenecks notably for food and rice, and the appreciation of the IDR which lowered the cost of imports. Nevertheless, inflation became more broad-based, partly reflecting a pick-up in demand for most goods and services as headline and core inflation are converging.

GDP growth is projected to moderate to 4.9% in 2023 and stay broadly flat at 5% in the medium term. Growth will be supported by private consumption as inflationary pressures subside. The current account balance is projected to retain a small surplus (0.02% of GDP) in 2023 before turning into a deficit of 1.0% of GDP in 2025. This follows a deceleration in exports growth as prices of palm oil and coal soften and as global demand weakens further. Imports will also moderate in line with moderating domestic demand and investment in 2023. However, positive interest rate differentials with the US and a stable macro framework are projected to continue to support portfolio inflows. As a result, official reserves are expected to remain adequate to finance 6 months of imports. The fiscal deficit is also projected to remain below 3% of GDP in line with the reinstated fiscal rule. This will be achieved through commodity windfalls, continuous reforms to boost domestic revenues, and prudent public spending policies.

*(Source: Indonesian Economic Prospects, June 2023, The World Bank)*

**Overview and outlook of the palm oil industry in Indonesia**

The production of palm oil in February 2023 (3,883 thousand tonnes) was still lower than that of January 2023 (3,892 thousand tonnes). But the decline was not as big as that in January compared to December 2022 (4,300 thousand tonnes). Referring to the palm oil production trend during the previous years, it indicates that the decline, which has been seen since September 2022, is predicted to end soon. Besides, PKO production also slightly dropped from 370 thousand tonnes in January 2023 to 369 thousand tonnes in February 2023.

Total export volume also saw a decrease from 2,946 thousand tonnes in January 2023 to 2,912 thousand tonnes in February 2023. But export value rose from USD2,605 million in January 2023 to USD2,687 million in February 2023. The increase was mainly caused by the export increase of processed palm oil from 2,121 thousand tonnes in January to 2,254 thousand tonnes in February (prices of processed products are higher than the price of CPO).

Based on export destination, the biggest increase was seen to China (+287 thousand tonnes/+55%), Bangladesh (+115 thousand tonnes/+289%) and Egypt (+81 thousand tonnes/+142%). Meanwhile, the increase was also seen in exports to European Union (EU) (excluded Spain and Italy), Philippines, Myanmar and Vietnam, although in smaller amount.

Big decrease of exports was seen to India (-301 thousand tonnes/-41%) and Pakistan (-87 thousand tonnes/-45%). Exports to USA, Malaysia, and Singapore also decreased, but in smaller amount.

Meanwhile, the total local consumption in February 2023 reached 1,803 thousand tonnes, which was higher than that of January 2023 at 1,786 thousand tonnes. Despite just in small amount, the consumption increase was mainly seen in the industries of foods, oleochemical and biodiesel.

Currently, a number of regions in Indonesia have entered dry season. According to the Meteorology, Climatology and Geophysics Board (BMKG), Indonesia is potential to see small-scale el Nino which will be getting smaller until the end of dry season 2023. The condition is predicted not to cause any significant impact to the productivity of the oil palm plantations, so that domestic production is expected to continually increase during 2023. But despite the fact, Indonesia should be always alert on the impact of dry season to potential forest and land fires. Therefore, Indonesian Palm Oil Association ("**IPOA**") members are demanded to prepare all means and facilities and other necessary resources to deal with the dry season, including collaborations with the communities of fire care (MPA).

*(Source: Palm oil industry's performance in February 2023, IPOA)*

## 6.3 Overview and outlook of the economy and property sector in Australia

### Overview and outlook of the economy in Australia

Growth in economic activity in Australia is forecast to remain subdued over the rest of the year as cost-of-living pressures and the rise in interest rates continue to weigh on domestic demand. It is expected that growth will then increase gradually over the remainder of the forecast period, supported by an easing in these headwinds and a pick-up in household wealth. Labour market conditions have been very tight but these are forecast to ease, with an increase in both the unemployment and underemployment rate over coming years as a result of subdued economic growth. Inflation is forecast to decline to be around 3¼% the end of 2024 and to be back within the 2% to 3% target range in late 2025. Goods prices have accounted for most of the decline in inflation so far and this is expected to continue in the near term as the resolution of supply disruptions flows through to prices paid by consumers. By contrast, electricity costs will increase, and high services inflation is forecast to persist.

Consumer price inflation in Australia continued to decline in the June quarter but remains high and broadly based. While goods price pressures have continued to ease, services inflation remains persistently high, as has been the case overseas. The outlook for headline and underlying inflation remains similar to a few months ago. Recent evidence of stronger growth in the measure of unit labour costs (partly driven by weaker productivity) and higher rent inflation have largely offset the effects of the small downgrades to the forecasts for economic activity and weaker-than-expected goods price inflation in the June quarter. Inflation is forecast to decline to around 3¼% by the end of 2024, and to be within the target range at 2¾% by the end of 2025.

Employment growth is forecast to moderate over the remainder of this year as a result of a period of subdued economic growth and an associated softening of labour demand. In addition, hours worked have been a key margin of adjustment to labour demand and have grown by more than employment since the start of the pandemic; average hours worked are forecast to decline from now onwards as part of the expected labour market downturn. Participation in the labour force is expected to be sustained around historically high levels over the forecast period. The effect of the cyclical slowing in the labour market is expected to be partly offset by the continuing of the current trends of higher participation by female and older workers.

Labour market spare capacity remained around multi-decade lows in the June quarter, though a broad range of measures suggest the labour market is not as tight as it was in late 2022. Labour underutilisation (as measured by the unemployment rate and by people working fewer hours than they want) is expected to gradually increase as labour demand moderates while the labour force continues to grow; population growth supports growth in labour supply while also adding to aggregate demand in the economy. That said, the unemployment rate is expected to remain below pre-pandemic levels throughout the forecast period.

*(Source: Reserve Bank of Australia, Statement on Monetary Policy – August 2023)*

### Overview and outlook of the property sector in Australia

### Retail property sector in Australia

Household consumption is expected to continue to rebalance over the coming year, with spending on retail services to grow more strongly than spending on retail goods. Over the short term, retail turnover will be elevated by consumer price inflation and sales volumes are expected to be patchy as consumers adjust to the higher interest rate environment.

Over the four years to June 2027, BIS Oxford Economics are forecasting national retail turnover, adjusted for inflation, to increase by 1.8% per annum, with the strongest growth to occur in cafes, restaurants, and takeaway (4.3% per annum), food retailing (3.7% per annum) and household goods retailing (2.7% per annum).

Retail center owners are likely to continue to adjust their retail mix in the face of changing consumer preferences and online retail expansion in Australia. Over the medium term, we expect to see most new supply to be focused on convenience based / daily needs retailers, particularly in locations experiencing or forecast to experience stronger population growth.

*(Source: Valuation Report on the OAA Property dated 28 March 2023)*

**Commercial property sector in Australia**

Visitor demand is forecast to face conflicting drivers over the coming year. Positively, there is pent up demand for travelling and the declining value of the Australian Dollar will likely contribute to more persons choosing to holiday domestically, as well as increased demand from some overseas markets. However, the rising cost of living (domestically and globally) is squeezing household income, and this will undoubtedly put downward pressure on discretionary spending, which may include travelling for holiday purposes.

Tourism Research Australia is forecasting international visitor arrivals to steadily recover, despite weakening global economic conditions, over coming years to reach pre-pandemic levels in 2025.

We expect occupancy to trend upwards over the short to medium-term, given the remaining pent-up demand for travel and improving international visitation. Similarly, we expect the average daily rate to trend upwards over the short to medium-term, due to a combination of high quality new supply coming into the market which demands a higher rate and the evolving inflationary environment.

The sector has been generally resilient during the COVID-19 pandemic with sales reflecting a nominal softening in yields. In response to inflationary pressures, the Reserve Bank of Australia started a period of monetary policy tightening in May 2022. Inflation is forecast to remain high during the 2023 calendar year and the Reserve Bank of Australia has signaled that further rises to the official cash rate are likely over the short-term.

*(Source: Valuation Report on the OAM(A) Property dated 31 March 2023)*

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### 6.4 Prospects of the enlarged OHB Group

Our Group has multiple core businesses which include, amongst others, the following:-

(i) automotive segment, being the main business activities of our Group, contributing approximately 61.13%, 49.38% and 49.42% to our total revenue for the FYEs 31 December 2020, 2021 and 2022 respectively. Our automotive segment involves the distribution and retailing of Honda and Mitsubishi cars and spare parts as well as the provision of after-sales service. Our Group currently operates 9 Honda dealerships in Malaysia and is the exclusive distributor of Honda vehicles in both Singapore and Brunei Darussalam;

(ii) plantation segment, contributing approximately 16.04%, 25.38% and 23.11% to our total revenue for the FYEs 31 December 2020, 2021 and 2022 respectively. We ventured into the oil palm plantation business in 1965 with the acquisition of our first plantation in Malaysia. Subsequently, our Group diversified into the oil plantations business in Indonesia in 1994 with the acquisition of 20,000 Ha of concession plantation land in Bangka Belitung Islands Province, Indonesia, marking our first foray into the overseas market. The Proposed SPSB Acquisition and Proposed OBS(M) Acquisition are part of the continuation of our Group's expansion strategy to strengthen our geographical plantation footprint with the aim to grow our plantation earnings further in the near term; and

(iii) property investment and trading of building material products segment, contributing approximately 9.31%, 10.39% and 11.10% to our total revenue for the FYEs 31 December 2020, 2021 and 2022 respectively. We undertake property investment and trading of building material products activities, whereby:-

    (a) we undertake the manufacturing of steel wire, the distributing and trading of cement as well as the supply of ready mixed concrete related products, quarry products and building materials to the property and construction industry;

    (b) our indirect wholly-owned subsidiary, Ultra Green Sdn Bhd acquired a concession from the Melaka state government in 1994 to reclaim a total of 1,125 acres along the waterfront at Klebang, Melaka. As at the LPD, we have reclaimed 1,015 acres of the concession area (most of which have been earmarked by our Group for commercial and residential development purposes) with a balance 110 acres of the concession area (whereby reclamation activities has commenced on 23 February 2023); and

    (c) we presently own yielding real estate properties located in Australia.

The Proposals will complement our plantation segment's existing land bank which currently stands at approximately 102,374 Ha as at the LPD of which approximately 42,253 Ha have been planted with oil palms (with the age profile of the trees set out in **Part A, Sections 3** and **4** of this Circular) and land area of approximately 56,777 Ha identified as available land for oil palm cultivation. The increase in our Group's plantation hectarage to 109,469 Ha pursuant to the Proposals will increase our 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 our Group over the medium to long term.

The Proposed Shares Acquisitions will result in OHB directly holding 100% equity interest in SPSB and OBS(M) (both currently 50.50% owned subsidiaries of our Group) as well as SPP (currently a 39.50% owned associate company of our Group), enabling our Group to fully recognise and consolidate the financial results and interests in these entities upon completion of the Proposed Shares Acquisitions. Moving forward, the prospects of the enlarged OHB Group will largely depend on the prospects of the oil palm industry and our Group's ability to manage, sustain and improve our plantation operations and the FFB yield. In addition, our Group will continue to develop the unplanted land area in both the Indonesian Subject Properties and Malaysian Subject Properties in a sustainable and orderly manner to optimise our Group's financial performance and achieve economies of scale.

The management of our Group is also confident that the plantation crop harvest and the FFB production from the Malaysian Subject Properties and the Indonesian Subject Properties will contribute positively to the earnings of our Group. given the prospects of the plantation industry set out in **Part A, Sections 6.1** and **6.2** of this Circular and the following:-

(i) the potential crop harvest and earnings to be derived from the plantation crop profile of the Malaysian Subject Properties as set out in **Part A, Section 5** of this Circular, where the crops will cater for the local market (and not for the export market);

(ii) the envisaged production levels of the SPP Oil Mill, which is part of the SPP Estate, in view of the maturing palms of the plantation estate;

(iii) the plantation crop harvest from the Indonesian Subject Properties, most of which are maturing oil palms as set out in **Part A, Section 5** of this Circular and our Group will enjoy improved earnings from the full consolidation of our interests in OBS(M) Group post completion of the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition; and

(iv) the envisaged production levels of the palm oil mills, which are part of the Indonesian Subject Properties, in view of the maturing palms of the plantation estates and that most of these oil mills receive the harvest supply from the OBS(M) Estates.

As Malaysia and Indonesia are expected to continue being the two largest global exporters of CPO and palm oil products globally, our Board is of the view that the Proposals bode well for our Group and serve to strengthen our plantation footprint in the region. Notwithstanding the prospects of our plantation segment, our Board is also optimistic on the prospects of our following business divisions:-

(i) our automotive division will continue to grow its earnings in view of the launch of 2 new Honda car models in 2023, the refurbishment and upgrade of Honda branches to cater for high volume demand for Honda and Mitsubishi car models; and

(ii) our property investment and trading of building material products segment is envisaged to continue to prosper as our Group continues to widen its product offering.

## 7. POLICIES ON FOREIGN INVESTMENT, REPATRIATION OF PROFITS AND TAXATION

### 7.1 INDONESIA

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

(i) <u>Policies on foreign investment</u>

Law No. 25 of 2007 on Investment (the Indonesian Investment Law) stipulates that foreign investment must be performed by establishing a limited liability company in Indonesia, unless stipulated otherwise by a specific Law.

A company must be registered with a proper classification of line of business to perform its business in Indonesia based on a specific KBLI (*Klasifikasi Baku Lapangan Usaha Indonesia*). Palm oil plantation should be classified under the KBLI code No. 01262.

The Indonesian Government stipulates Investment List as regulated by the Presidential Regulation No. 10 year 2021 as amended by the Presidential Regulation No. 49 year 2021. By referring to the KBLI Code of the line of business, the Investment List categorized businesses as follows:-

(a) a priority line of business entitled for investment facilities;

(b) line of business allocated for, or requiring partnerships with, Cooperatives and Micro, Small, Medium enterprises (*Usaha Mikro, Kecil, Menengah*); and

(c) line of business with maximum for foreign share ownership.

Accordingly, lines of business that are not included in the Investment Lists should not be subject to the entitlement, requirement, or limitation above which is the case of KBLI Code No. 01262.

(ii) Policies on repatriation of profits

The Indonesian Investment Law guarantees investors with the rights to transfer and repatriate to another party (i.e. the shareholders) in foreign exchange, including repatriation of profit. However, it must be performed according to the procedure as set by the relevant regulations.

Indonesian Company Law stipulates two kinds of dividends, which are:-

(a) Interim dividends paid from the profit of an ongoing financial year prior to the close of the financial year. Companies may distribute cash pursuant to an interim dividend where certain requirements are met; and

(b) Final dividends are paid from the profit after the closing of the financial year based on a Shareholders Decision made pursuant to the Annual General Meeting of Shareholders (AGMS) and can only be distributed if the company's retained earnings are positive as well as already set aside a portion of its profits as a legal reserve until the reserve reaches 20% of the amount of paid-up capital.

Reduction of subscribed and paid-up capital can be executed by a redemption of shares or a reduction of each share's nominal value. A redemption can be carried out in relation to shares bought back by a company or by a share classification being withdrawn. A reduction of each share's nominal value should be carried out on a proportionate basis to all share classifications which may be waived at the consent of the shareholders relevant to the shares being reduced.

Referring to PBI No. 21/2/PBI/2019 concerning Foreign Exchange Traffic Reporting, Foreign Loan is defined as a debt of residents to non-residents in foreign currency and/or rupiah. Meanwhile, if referring to Bank Indonesia Circular Letter No. 6/51/DLN Year 2004, an offshore loan is defined as a resident debt to non-residents, in foreign currency and/or rupiah, based on loan agreements or other agreements, except demand deposits, savings and time deposits. An Indonesian company that receives an offshore loan is subject to certain compliance requirements from Bank Indonesia, as follows:-

(a) Monthly Foreign Exchange Traffic Report (LLD Report);

(b) Offshore Loan Report; and

(c) Prudential Principle Report (KPPK Report).

Under Law 7/2011, IDR should be used in the following:-

(a) any transaction for payment purposes;

(b) settlement for any obligation that must be fulfilled with cash; and/or

(c) other financial transactions.

However, this obligations does not apply to:-

(a) certain transactions in the context of implementing the state revenue and expenditure budget;

(b) receiving or giving grants from or to abroad;

(c) international trade transactions;

(d) savings in a bank in the form of foreign currency; or

(e) international financing transactions.

The above exemption must be performed based on exemption approval from the Central Bank of Indonesia.

(iii) Policies on taxation

The current main tax policies of Indonesia that may apply to the target companies and their Indonesian entities include the following:-

| No. | Type of taxes | Details |
|---|---|---|
| (a) | Corporate Income Tax ("**CIT**") Rate | The CIT Rate applicable in Indonesia is generally a flat rate of 22%. Public companies that satisfy a minimum listing requirement of 40% and other conditions are entitled to a tax cut of 3% off the standard rate, giving them an effective tax rate of 19%. Small enterprises, i.e. corporate taxpayers with an annual turnover of not more than IDR50 billion, are entitled to a 50% discount on the standard tax rate, which is imposed proportionally on taxable income of the part of gross turnover up to IDR4.8 billion. Certain enterprises with gross turnover of not more than IDR4.8 billion are subject to Final Tax at 0.5% of turnover. |
| (b) | Tax residence | A company is treated as a resident of Indonesia for tax purposes by virtue of having its incorporation or its domicile in Indonesia. A foreign company carrying out business activities through a Permanent Establishment ("**PE**") in Indonesia will generally have to assume the same tax obligations as a resident taxpayer. |
| (c) | Tax payments | Resident taxpayers and Indonesian PEs of foreign companies have to settle their tax liabilities either by direct payments, third-party withholdings, or a combination of both. Foreign companies without a PE in Indonesia have to settle their tax liabilities for their Indonesian-sourced income through withholding of the tax by the Indonesian party paying the income.<br><br>Monthly tax instalments (Article 25 income tax) constitute the first part of tax payments to be made by resident taxpayers and PEs as a prepayment of their current year CIT liability. A monthly tax instalment is generally calculated using the most recent CIT Return ("**CITR**"). Special instalment calculations apply for new taxpayers, finance lease companies, banks, state-owned companies, listed companies and other taxpayers with periodical reporting requirements.<br><br>The tax withheld by third parties on certain income (Article 23 income tax) or tax to be paid in advance on certain transactions (e.g., Article 22 income tax on imports) also constitutes prepayments for the current year CIT liability of the income recipient or the party conducting the import.<br><br>If the total amount of tax paid in advance through the year (Articles 22, 23, and 25 income taxes) and the tax paid abroad (Article 24 income tax) is less than the total CIT due, the taxpayer has to settle the shortfall before filing its CITR. Such payment is referred to as Article 29 income tax. |

| No. | Type of taxes | Details |
|---|---|---|
| | | Certain types of income earned by resident taxpayers or Indonesian PEs are subject to final income tax. In this respect, the tax withheld by third parties (referred to as Article 4(2) income tax) constitutes the final settlement of the income tax for that particular income.<br><br>For foreign companies without a PE in Indonesia, the tax withheld from their Indonesia-sourced income by the Indonesian party paying the income (Article 26 income tax) constitutes a final settlement of their income tax due. |
| (d) | Business profits | Taxable business profits are calculated on the basis of normal accounting principles as modified by certain tax adjustments. Generally, a deduction is allowed for all expenditure incurred to obtain, collect and maintain taxable business profits. A timing difference may arise if an expenditure recorded as an expense for accounting cannot be immediately claimed as a deduction for tax. |
| (e) | Taxation on certain offshore income | Indonesian tax residents are generally taxed on a worldwide income basis. However, several types of offshore income may be exempted from income tax if they are reinvested or used for business activities in Indonesia within a certain period.<br><br>For after-tax income from the PE and dividends paid from the non-listed subsidiary, the minimum reinvestment amount is 30% of the profit after tax. Otherwise, the difference between the 30% threshold and the reinvested portion will be subject to income tax. |
| (f) | Dividend distributions | Tax is liable to be withheld from dividends as follows:-<br><br>(i) Resident recipients<br><br>Dividend received from an Indonesian company is a non-tax object if it is received or earned by:-<br><br>(1) Resident individual taxpayers who reinvest it in Indonesia within a certain period; and/or<br><br>(2) Resident corporate taxpayers.<br><br>Dividends received by resident individual taxpayers who did not meet the reinvestment requirement are subject to final income tax at a maximum rate of 10%.<br><br>(ii) Non-resident recipients<br><br>20% (lower for relevant treaty countries) final withholding tax is due on dividends paid to a non-resident recipient. |
| (g) | Sales of shares and capital gain tax | Indonesia does not impose a special tax on capital gains. Based on the prevailing regulation, capital gain arising from the disposal of shares in an Indonesian non-listed company is classified as income in nature and subject to the normal rules of income tax if it is received by resident taxpayers. For sale of shares by non-resident taxpayers, a 5% (lower for relevant treaty countries) effective tax rate of final withholding tax is due on gross sale transaction value.<br><br>Income earned or obtained by individuals or companies from sales of shares at the stock exchange shall be subject to income tax which is final in nature at the rate of 0.1% of the total gross transaction value. Founder shareholders may enjoy this 0.1% final tax rate if they have paid 0.5% of the market price within 30 days of their shares listing becoming effective, otherwise, gains on sales shares by the founder shareholders are taxed under normal rules. |

| No. | Type of taxes | Details |
|---|---|---|
| (h) | Withholding taxes | Indonesian income tax is collected mainly through a system of withholding taxes. Where a particular item of income is subject to withholding tax, the payer is generally held responsible for withholding or collection of the tax. These withholding taxes are commonly referred to using the relevant article of the Income Tax (Pajak Penghasilan/PPh). |
| (i) | VAT | VAT is typically due on events involving the transfer of taxable goods or the provision of taxable services in the Indonesian Customs Area. The VAT obligations arise upon deliveries with the value exceeding IDR 4.8 billion per annum.<br><br>The VAT rate is currently 11% and will be increased to 12% starting from 1 January 2025 at the latest. However, VAT on the export of taxable tangible and intangible goods as well as export of services is fixed at 0%. Certain limitations for the zero-rated VAT apply to export of services.<br><br>VAT liabilities are typically settled by using an input-output mechanism. A vendor of taxable goods or taxable services must typically charge VAT to the buyer. From the vendor's perspective, it is an output VAT. The buyer has to pay the VAT to the vendor. From the buyer's perspective, it is an input VAT.<br><br>Starting 1 April 2022, based on Minister of Finance Regulation No. 64/PMK.03/2022, Taxable Entrepreneurs who carry out activities for delivering certain agricultural products can choose to use the normal VAT treatment or to use a "certain amount" to collect and settle the VAT payable. |
| (j) | Land and building | Land and building tax (*Pajak Bumi dan Bangunan/PBB*) is a tax on property chargeable on all land and/or buildings, unless exempted.<br><br>A transfer of rights to land and building will give rise to income tax on the deemed gain on the transfer/sale to be charged to the transferor (seller). The tax is set at 2.5% of the gross transfer value (tax base).<br><br>A transfer of land and building rights will typically also give rise to duty on the acquisition of land and building rights (*Bea Pengalihan Hak atas Tanah dan Bangunan/BPHTB*) liability for the party receiving or obtaining the rights. |
| (k) | Stamp duty | Stamp duty is nominal, and payable as a fixed amount of IDR10,000 on certain documents. |

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## 7.2 AUSTRALIA

The summary of the policies in relation to foreign investment, repatriation of profits and taxation 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 and as such is required to notify the Treasurer of proposed foreign investment that meet certain criteria. The Treasurer has the power to prohibit these investments, or apply conditions to the way they are implemented, to ensure they will not be contrary to the national interest or national security (as applicable). The existing Australia's foreign investment policy (which was last updated on 20 June 2023) provides that an "overwhelming majority of proposed investments are approved".

As of 1 July 2023, foreign persons must also notify the Registrar of the Register of Foreign Ownership of Australian Assets ("**Register**") in relation to a range of actions involving Australian land, water, entities, businesses, and other assets, unless an exemption applies. The Register is administered by the Australian Taxation Office and the Commissioner of Taxation is the Registrar of the Register.

(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.

Policies on the Australia's dividend imputation system that will apply in relation to any dividends paid out of the Australian subsidiaries are set out in **Section 7.2(iv)(d)** below.

(iv) Policies on taxation

Taxation in Australia is levied by both the federal government and the governments of each Australian state and territory. Certain taxes are more likely to affect foreign investors than others and there are certain specific rules and tax treaties applicable to foreign investors.

Income taxes (including capital gains tax ("**CGT**")), fringe benefits tax, GST and customs duty are levied by the Australian federal government. The states and territories of Australia impose land tax, stamp duties (including land transfer duty and motor vehicle transfer duty), payroll tax and gambling taxes. No state or territory levies income tax (or CGT).

The Australian Taxation Office ("**ATO**") is the primary tax collection agency for the federal government. Each state has its own separate tax collection and administration agency.

In addition, Australia is a signatory to a large number of double tax agreements ("**DTAs**") with other countries (e.g., a DTA with Malaysia since 1980). Australia's obligations under its DTAs generally take precedence over Federal domestic tax law and some State and Territory domestic tax law to the extent of any inconsistency.

The current main tax policies of Australia that may apply to OAA and OAMA include the following:-

| No. | Types of taxes | Details |
|---|---|---|
| (a) | Taxation of resident companies in Australia | The Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth) (together, the Tax Acts) are the primary Federal income and capital gains taxing statutes in Australia. For an Australian resident company, they broadly provide for the following:-<br><br>(i) Australian income tax is levied annually on the 'taxable income' of a company;<br><br>(ii) taxable income is determined on the basis of 'assessable income' less 'allowable deductions';<br><br>(iii) income derived or deemed derived by a resident company from all sources worldwide is to be included in its assessable income;<br><br>(iv) generally, expenses and outgoings incurred in the course of earning assessable income are allowable deductions unless capital in nature, in which case an allowable deduction may be apportioned over a number of years or not available;<br><br>(v) net capital gains in respect of certain assets are included in assessable income, irrespective of source; and<br><br>(vi) current year and prior year tax losses (where allowable deductions exceed assessable income for the year) can be carried forward and deducted in the computation of taxable income in a subsequent year subject to integrity measures (note: capital losses may only be used to offset capital gains).<br><br>There are very limited situations in which the income of a resident company will be either exempt from tax or not assessable under the Tax Acts.<br><br>The resident company withholds and remits tax at the corporate rate (e.g. 30%, unless a base rate corporate entity).<br><br>Australia also has a comprehensive administration system that governs income tax reporting, withholding and remittance obligations for companies. |

| No. | Types of taxes | Details |
|---|---|---|
| | | Australia has a comprehensive DTA and foreign tax credit system to address the double taxation of foreign sourced income and capital gains. |
| (b) | Taxation of resident and foreign individuals | The Tax Acts apply in a similar way to resident individuals and foreign individuals including as shareholders in an Australian resident company.<br><br>Australian income tax is levied annually on the world-wide source taxable income of a resident individual at progressive resident marginal tax rates with a tax-free threshold.<br><br>Australian income tax is levied annually on the Australian source or deemed Australian source income of a non-resident individual at progressive foreign marginal tax rates without a tax-free threshold.<br><br>Australia also has a comprehensive administration system that governs income tax reporting, withholding and remittance obligations for individuals.<br><br>Australia has a comprehensive DTA and foreign tax credit system to address the double taxation of foreign sourced income and capital gains. |
| (c) | Capital gains tax ("**CGT**") | Australia's CGT provisions apply to certain transactions (e.g. the transfer, release or grant) of certain CGT asset (e.g. land, shares and contractual rights) acquired (or deemed to have been acquired) after 19 September 1985 unless an exemption applies, rollover relief defers the capital gain or denies the capital loss.<br><br>Broadly, a capital gain will arise in the income year of a CGT event where the capital proceeds received or deemed received from the CGT event exceed the adjusted cost base of that CGT asset. A capital loss will arise in the income year of a CGT event where the capital proceeds received or deemed received from the CGT event is less than the reduced cost base of the CGT asset.<br><br>Generally, a net capital gain arises and is included in assessable income if the capital gain or gains made by a taxpayer in a year of income exceeds the capital loss or losses (if any) made by the taxpayer in that year or carried forward from previous years.<br><br>Resident Individual, trusts and superannuation funds (but not companies) that have owned a CGT asset for at least 12 months may reduce the capital gain to be included in assessable income by the CGT General Discount. |
| (d) | Dividend Imputation System | Australia has a system of imputation of company tax applying to distributions of profits made by Australian resident companies to their members. Broadly stated, the imputation system addresses the double taxation of company profits by:-<br><br>(i) allowing certain resident shareholders to claim a credit for set-off Australian tax paid by a resident company on profits from which the dividend was paid;<br><br>(ii) exempting non-resident shareholders from dividend withholding tax ("**WHT**") on franked distributions; and<br><br>(iii) imposing a final dividend WHT on unfranked distributions paid to non-resident shareholders. |

| No. | Types of taxes | Details |
|---|---|---|
| | | Under Australia's imputation system, a dividend paid out of profits that have been subject to Australian tax is referred to as a 'franked distribution'. There are complex rules in relation to dividend imputation, including wide-reaching anti-avoidance rules. If dividends are paid to a foreign resident (that is, someone who is not an Australian resident), the unfranked component of each of those payments is subject to a dividend final WHT.<br><br>Generally, the rate of WHT is 30% unless the paying company is a base rate corporate entity where no DTA applies between Australia and the country in which the shareholder is resident, however if a DTA applies between Australia and that country, the WHT on unfranked distributions is reduced to the rate stated in the relevant DTA.<br><br>The debt/equity rules in the Tax Acts, which apply to determine whether an interest (such as a shareholding) is a debt interest or an equity interest for tax purposes, may deem a dividend paid on a debt interest share to not be a franked distribution. |
| (e) | GST | GST is a broad-based consumption tax calculated at the rate of 10% of the value of the supply of a broad range of goods, services, rights and other things acquired in, or in connection with, a GST registered or registrable enterprise being conducted in Australia (referred to as taxable supplies) unless GST free or an input taxed supply.<br><br>A GST registered or registrable enterprise being conducted in Australia may claim a GST input tax credit for GST paid in respect of the acquisition of a taxable supply for a creditable purpose.<br><br>Foreign persons conducting an enterprise and making taxable supplies in Australia may be GST registerable or may be required to appoint GST agents in Australia to comply with GST reporting obligations.<br><br>GST is levied by the federal government and is conceptually similar to the VAT operating in many Organisation for Economic Cooperation and Development (OECD) countries. |
| (f) | Land tax | Land tax is a state and territory-based tax which imposes a tax on land ownership unless an exemption or concession applies.<br><br>Most states and territories impose foreign land tax surcharges on foreign landowners or deemed foreign land owners of certain categories of land. |
| (g) | Stamp duty | Stamp duty, is a state and territory-based tax, which imposes duty on a wide range of dutiable transactions (e.g. the transfer, release or grant) in respect of dutiable property (e.g. land, interests in land. Motor vehicles and insurances). The party liable to pay the duty depends on the type of duty.<br><br>Duty may be applied upon the following transactions (among others):-<br><br>(i) transfers and other transactions concerning "dutiable property" (e.g. the acquisition of land or declaration of trust over land);<br><br>(ii) transfers and other transactions concerning 'land holder' entities (e.g. acquisition of shares or units in a land holding company or unit trust);<br><br>(iii) lease instruments granted for a premium or other consideration in respect of land; and |

| No. | Types of taxes | Details |
|---|---|---|
| | | (iv) the acquisition of an economic entitlement in respect of land or a landholder entity.<br><br>Most states and territories impose foreign duty surcharges on foreign persons or deemed foreign persons of dutiable property. |

## 7.3 SINGAPORE

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

(i) Policies on foreign investment

There are no restrictions under Singapore law against foreign investment in the industries in which OAMA(S) and OBS(S) operate their businesses, in each case, being that of holding companies without any operating activities.

(ii) Policies on repatriation of profits

In relation to fiat currencies, there are no foreign exchange control restrictions imposed under Singapore law 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 1967 of Singapore, no dividend shall be payable to shareholders of a Singapore company except out of profits. Subject to compliance with the Companies Act 1967 of Singapore and the payment of corporate income tax on such 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 1967 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 1967 of Singapore unless its constitution excludes or restricts such power to reduce its share capital.

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(iii) Policies on taxation

| No. | Type of taxes | Details |
|---|---|---|
| (a) | Income tax | Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accruing in or derived from Singapore and on income received in Singapore from outside Singapore, unless specifically exempted from income tax.<br><br>A company is regarded as tax resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. “Control and management” is defined as the making of decisions on strategic matters, such as those on company policy and strategy. Where the control and management of a company is exercised is a question of fact. Typically, the location of the company’s board of directors meetings, during which strategic decisions are made, is a key factor in determining where the control and management of a company is exercised.<br><br>While resident and non-resident companies are generally taxed in the same manner, resident companies enjoy certain benefits, including the tax exemption scheme for new start-up companies, tax benefits provided under Avoidance of Double Taxation Agreements between Singapore and other jurisdictions, foreign tax credits and tax exemption on specified foreign-sourced income that is remitted into Singapore.<br><br>A Singapore tax resident company can enjoy tax exemption on its specified foreign-sourced income (including foreign-sourced dividend, foreign branch profits and foreign-sourced service income) that is remitted into Singapore if the following prescribed conditions are met:-<br><br>(a) the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;<br><br>(b) at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and<br><br>(c) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the person resident in Singapore.<br><br>As at the date of this Circular, the corporate income tax rate in Singapore is 17%. With effect from Year of Assessment 2020, 75% of up to the first S$10,000, and 50% of up to the next S$190,000, of a company’s chargeable income otherwise subject to the prevailing corporate income tax rate of 17%, is exempt from corporate income tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate income tax rate.<br><br>For non-dealers in securities and subject to certain exceptions, gains derived from the disposal of ordinary shares during the period from 1 June 2012 to 31 December 2027 (both dates inclusive) will be exempted from Singapore income tax if the divesting company had, for a continuous minimum period of 24 months immediately prior to the disposal, legal and beneficial ownership of at least 20% of the ordinary shares in the company in which shares are being disposed. |

| No. | Type of taxes | Details |
|---|---|---|
| (b) | Dividend distributions | (i) One-Tier Corporate Taxation System<br><br>Singapore adopts the one-tier corporate taxation system, under which the tax paid by a Singapore resident company is a final tax and the after-tax profits of such company can be distributed to the shareholders as dividends. Such dividends are tax-exempt in the hands of the shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.<br><br>(ii) Withholding Tax<br><br>Singapore does not impose withholding tax on dividends paid to resident or non-resident shareholders.<br><br>However, other payments of an income nature to non-tax resident persons (whether individual or corporate) may attract withholding taxes. A person is required to withhold tax when it makes certain types of payments to non-resident persons, including but not limited to:-<br><br>(a) interest, commissions or fees in connection with any loans or indebtedness;<br><br>(b) royalties or other payments for the use of or the right to use any movable property;<br><br>(c) payments for the use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information;<br><br>(d) payments of management fees;<br><br>(e) rents or other payments for the use of any movable property;<br><br>(f) payments for the purchase of real property from a non-resident property trader;<br><br>(g) payments made from structured products (other than payments which qualify for tax exemption under Section 13(1)(zj) of the Income Tax Act 1947 of Singapore); and<br><br>(h) distributions from a real estate investment trust.<br><br>As at the date of this Circular, the withholding tax rate imposed generally falls between 10% and 24% unless reduced or exempt pursuant to prevailing regulations or in an applicable Avoidance of Double Taxation Agreement between Singapore and other tax jurisdictions. |

| No. | Type of taxes | Details |
|---|---|---|
| (c) | Capital gains tax | Singapore does not impose tax on capital gains. However, there are no specific legislation or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of shares in a Singapore company may be construed as being in the nature of income and thereby subject to Singapore income tax, if such disposal is regarded as part of the carrying on or exercise of a trade, business, profession or vocation. |
| (d) | Stamp duty | Stamp duty is payable on dutiable documents relating to stocks or shares or any immovable property in Singapore. In respect of transfer of shares in a Singapore incorporated company, stamp duty at the prevailing rate of 0.2% is payable on the purchase price or the value of the shares, whichever is higher. The purchaser or transferee is liable to pay stamp duty on the transfer of shares, unless there is an agreement to the contrary. |
| (e) | GST | Currently, save for zero-rated supplies and exempt supplies, GST at a prevailing rate of 8% is levied on all supplies of goods and services made in Singapore and the importation of goods into Singapore by a person who is or is required to be registered under the Goods and Services Tax Act 1993 of Singapore. |

## 7.4 MAURITIUS

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

(i) Policies on foreign investment

Under the Mauritius Non-Citizens (Property Restriction) Act 1975, a non-citizen who wishes to acquire an immovable property in Mauritius must obtain an authorisation from the Ministry of Internal Affairs.

There are no restrictions under Mauritius laws against foreign investment in the business carried on by OBS(M) and OA(M) ("**Mauritian Subsidiaries**", and each a "**Mauritian Subsidiary**") in Mauritius. 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 and regulated under the Mauritius Financial Services Act 2007.

(ii) Policies on exchange control and 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[(1)]. 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 of directors and if the company is expressly authorising it to do so under its constitution. The board of directors 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. Based on review of the respective Constitution, each of the Mauritian Subsidiaries is authorised to acquire its own shares.

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.

***Note:-***

*(1) A Mauritius company shall satisfy the solvency test where:-*

*(a) the company is able to pay its debts as they become due in the normal course of business; and*

*(b) the value of the company's assets is greater than the sum of:-*

*(i) the value of its liabilities; and*

*(ii) the company's stated capital.*

(iii) Policies on taxation

| No. | Type of taxes | Details |
|---|---|---|
| (a) | Corporate income tax | A company holding a GBL shall be liable to income tax in Mauritius currently at the rate of 15% on all income, other than exempt income and it is entitled to claim as credit foreign tax suffered on its foreign income against Mauritius tax computed by reference to the same income.<br><br>A company may be entitled to a partial exemption of 80% on foreign source dividend derived, provided the dividend has not been allowed as a deduction in the country of source and subject to meeting the economic substance requirements, as required under the Income Tax Act 1995 of Mauritius.<br><br>Foreign tax credit will not be allowed where a company has claimed the 80% partial exemption of its foreign source dividend or interest, as the case may be.<br><br>Each of the Mauritian Subsidiaries shall, at all times carry out its core income generating activities in, or from, Mauritius as required under the Income Tax Act 1995 of Mauritius, be managed and controlled from Mauritius, and be administered by a management company.<br><br>Each of the Mauritian Subsidiaries has applied and obtained tax residence certificate from the Mauritian Revenue Authority. The certificate is renewable annually subject to the directors and the secretary of the Mauritian Subsidiary providing an undertaking on behalf of the Mauritian Subsidiary to the tax authorities in respect of prescribed requirements to demonstrate that the Mauritian Subsidiary is centrally managed and controlled in Mauritius. |

| No. | Type of taxes | Details |
|---|---|---|
| | | In its determination whether the Mauritian Subsidiary is centrally managed and controlled in Mauritius, in compliance with the conditions attached to its licence and to statutory provisions laid in Section 71(3)(b) of the Financial Services Act 2007 of Mauritius the FSC will consider whether the Mauritian Subsidiary:-<br><br>(i) has at all times at least two (2) resident directors of appropriate caliber and able to exercise independence of mind and judgment;<br><br>(ii) maintains, at all times, its principal bank account in Mauritius;<br><br>(iii) keeps and maintains, at all times, its accounting records at a registered office in Mauritius;<br><br>(iv) prepares its statutory financial statements and cause its financial statements to be audited in Mauritius; and<br><br>(v) provides for meetings of directors to include at least two (2) directors from Mauritius.<br><br>In addition to the above, the Mauritius Revenue Authority further specified that to avail to partial exemption of income of the Mauritian Subsidiary, it must carry out its core income generating activities in Mauritius; employs directly or indirectly an adequate number of suitably qualified persons to conduct its core income generating activities in Mauritius; and incurs a minimum expenditure proportionate to its level of activities. As per Income Tax (Amendment No. 2) Regulations 2018, the 'core income generating activities' includes agreeing funding terms, setting the terms and duration of any financing, monitoring and revising any agreements, and managing any risks. |
| (b) | VAT | The Value Added Tax Act of 1998 came in force on 1 July 1998.<br><br>VAT of 15% shall be charged on a supply of goods in Mauritius, or a supply of services performed or utilized in Mauritius, which is not an exempt supply by taxable person who makes taxable supplies 6 million rupees or of specific profession or business. |
| (c) | Tax on dividends arising from investment in Mauritius | Dividends paid by a company resident in Mauritius is an exempted income.<br><br>There is no withholding tax payable in Mauritius in respect of dividends paid to non-resident shareholders by a company resident in Mauritius. |
| (d) | Tax on interests arising from Mauritius | A company may be entitled to a partial exemption of 80% on interest derived, subject to meeting the economic substance requirements, as required under the Income Tax Act 1995 of Mauritius.<br><br>Interest paid to a non-resident, not carrying on any business in Mauritius by a company holding a GBL out of its foreign source income is tax exempt. |
| (e) | Sales of Mauritius shares | Any gains or profits derived from the sale of units, securities (including Mauritius shares) or debt obligations by a person is an exempted income. |

Our Board wishes to highlight that our Group is cognisant and is currently exposed to the above policies of foreign investment, repatriation of profits and taxation applicable in the respective countries which our existing subsidiaries, SPSB Group and OBS(M) Group operate in, and hence, the Proposed Shares Acquisitions will not result in a material change to the exposure profile of our Group following the completion of the Proposals.

## 8. EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF SPSB AND PURCHASE CONSIDERATION OF OBS(M)

In accordance with paragraph 4 of Part F of Appendix 10B of the Listing Requirements, in relation to foreign acquisitions, where any one of the percentage ratios is 25% or more, an expert's report, prepared by industry experts, on the fairness of the total purchase consideration for the foreign securities or assets proposed to be acquired is to be prepared and included in the Circular.

Under the Proposals, the foreign securities and assets proposed to be acquired by the Company are as follows:-

(i) the OBS(M) Shares in relation to the Proposed OBS(M) Acquisition;

(ii) the SPSB Estates owned by SPSB Group in relation to the Proposed SPSB Acquisition;

(iii) the OBS(M) Estates owned by OBS(M) Group in relation to the Proposed OBS(M) Acquisition; and

(iv) the OAA Property and OAM(A) Property owned by OAA and OAM(A) respectively, in relation to the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition.

With regard to the above, SCA has been appointed by our Company to provide such a report. In its report (as set out in **Appendix VII** of this Circular). The evaluation of SCA set out in the report is summarised below:-

In establishing SCA's opinion on the fairness of the total purchase consideration for the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition (collectively referred to as "**Target Group**"), SCA had considered various methodologies, which are commonly used for valuation of companies, taking into consideration the future earnings generating capabilities of the Target Group, the projected future cash flows, its sustainability as well as various business consideration and risk factors affecting its businesses. Among the vast types of valuation methodologies, SCA has selected the RNAV methodology as the sole valuation methodology as such methodology is deem to more accurately reflect the value of the Target Group based on its underlying assets which are the Subject Properties that have yet to be revalued.

RNAV is a commonly adopted valuation methodology in approaching valuations of asset-based companies where all or a substantial portion of its property-related assets are carried at its historical costs. RNAV takes into consideration any surplus and/or deficit arising from the revaluation of the material assets of a company to reflect their current market values, based on the assumption that the market values of the assets are realisable on a "willing-buyer willing-seller" basis in the open market.

In arriving at the RNAV of the Target Group, the following assumptions have been made in respect to the Target Group as well as the Indonesian Subject Properties and Australian Subject Properties:-

(a) the Target Group will continue as a going concern;

(b) the Indonesian Subject Properties and Australian Subject Properties are in good condition;

(c) the Target Group is able to achieve its budget and the replanting of its plantation assets are implemented as planned;

(d) the existence of ready and committed buyers for each of the Indonesian Subject Properties and Australian Subject Properties at its fully revalued basis and the sale can be conducted efficiently without any timing constraints and other relevant market factors which may affect the sale process;

(e) all required license, certificates of occupancy, legislative or administrative consents or approvals from relevant authorities and the governments have been or can be obtained for use on which the market value is based on; and

(f) there will be no material changes in overall global economic conditions, accounting policies and regulatory requirement, i.e. statutory tax rate of the respective countries that the subject properties are located.

For information purposes, in arriving at the market value of the Indonesian Subject Properties and Australian Subject Properties, the following methodologies were adopted by the Independent Valuers:-

| Valuation methodology | General description | Assets |
|---|---|---|
| Market approach ("**Comparison**") | Estimates the value of an asset by analysing sales of similar assets within the neighbourhood and making adjustments to those sales for dissimilarities (physical, legal and economic) between each of the selected comparable and the asset under consideration.<br><br>A reconciliation of adjusted values and a selection of the more suitable comparable and a final decision will be made judgementally based on professional experience. | Indonesian Subject Properties |
| Depreciated replacement cost ("**DRC**") approach | The value of the property is derived by adding the value of the asset to the DRC of all improvements. The asset value is obtained through comparison analysis on market activity of similar properties.<br><br>The replacement cost of the improvements is estimated based on current prices for component parts of the improvements that provide equivalent utility to the improvements being appraised.<br><br>The depreciation estimate is actually the difference between the open market value of the improvement and its replacements cost which are caused by physical deterioration, functional obsolescence and external obsolescence. | Indonesian Subject Properties |
| Income approach – DCF methodology | Under this methodology, there are broadly three components: the expected cash inflows, the expected cash outflows and the present valuing of the net cash flow to adjust for the time value of money. The estimation of future annual cash flows are over an investment horizon from the date of valuation by reference to expected growth rates, operating expenses and terminal value. | Indonesian Subject Properties and OAM(A) Property |
| Modified land residual method | This method seeks to value an asset based on the criteria of its highest and best use i.e. as a vacant land or as improved. | Indonesian Subject Properties |
| Capitalisation of net income method | Capitalisation of net income method is a commonly-used method of valuation to appraise the value of an income-generating property asset as such method of valuation would appraise the value of the property asset based on its estimated future earnings and cash flows. | OAA Property |
| Comparison | The Comparison method is a commonly-used method of valuation when there are reasonable and sufficient comparable references to infer a comparative value for the target. | Australian Subject Properties |

The valuation methodology considered and selected by SCA to opine on the fairness of the purchase considerations are based on the RNAV, which are summarised as follows:-

| | SPSB Group (RM'000) | OBS(M) Group (RM'000) | Total (RM'000) |
|---|---|---|---|
| Unaudited NA as at 31 December 2022 | 1,667,897 | (558,054) | 1,109,843 |
| Add: fair value adjustment for the Indonesian Subject Properties and Australian Subject Properties | [(a)]476,593 | [(b)]206,531 | 683,124 |
| **RNAV @ 100.00%** | **2,144,490** | **(351,523)** | **1,792,967** |
| **RNAV @ 49.50%** | **1,061,523** | **(174,004)** | **887,519** |
| **Purchase considerations** | **646,931** | **#** | **646,931** |
| Discount (%) | 39.06 | - | 27.11 |

***Notes:-***

\# *Being RM1.00.*

*(a) Comprising the revaluation surplus of the following assets:-*

*(A) <u>Indonesian Subject Properties and Australian Subject Properties</u>*

| ***No.*** | ***Subject Properties*** | ***Estimated market value (RM'000)*** | ***Net book value as at 31 December 2022 (RM'000)*** | ***Revaluation surplus (RM'000)*** | ***Deferred tax (RM'000)*** | ***Net revaluation surplus (RM'000)*** |
|---|---|---|---|---|---|---|
| *1.* | *GML Estate* | *464,149* | *58,992* | *405,157* | *[(1)](89,135)* | *[(3)]292,320* |
| *2.* | *GSBL Estate* | *297,823* | *47,263* | *250,560* | *[(1)](55,123)* | *[(3)]180,779* |
| | | | | | *Sub-total* | *473,099* |
| *3.* | *OAA Property* | *80,031* | *79,744* | *287* | *[(2)](86)* | *201* |

***Notes:-***

*(1) Based on an assumed statutory tax rate of Indonesia of 22%.*

*(2) Based on an assumed statutory tax rate of Australia of 30%.*

*(3) The SPSB Estates are 92.5%-owned by SPSB. Hence, the adjustment to net revaluation surplus is intended to reflect SPSB's 92.5%-proportionate share of the net revaluation surplus arising from the revaluation of the GML Estate and GSBL Estate.*

*(B) <u>Quoted shares</u>*

| ***Description*** | ***Estimated market value (RM'000)*** | ***Net book value as at 31 December 2022 (RM'000)*** | ***Revaluation surplus (RM'000)*** | ***Deferred tax (RM'000)*** | ***Net revaluation surplus (RM'000)*** |
|---|---|---|---|---|---|
| *Quoted shares* | *42,755* | *39,462* | *3,293* | *[(1)]-* | *3,293* |

***Note:-***

*(1) The quoted shares are owned by OA(M), a company incorporated in Mauritius. There is no capital gains tax in Mauritius.*

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*(b) Comprising the revaluation surplus of the following assets:-*

| No. | Subject Properties | Estimated market value (RM'000) | Net book value as at 31 December 2022 (RM'000) | Revaluation surplus/ (deficit) (RM'000) | Deferred tax (RM'000) | Net revaluation surplus/ (deficit) (RM'000) |
|---|---|---|---|---|---|---|
| 1. | SAP Estate | 143,027 | 91,060 | 51,967 | (1)(11,433) | (3)36,481 |
| 2. | BSSP Estate | 256,587 | 143,826 | 112,761 | (1)(24,807) | (3)79,158 |
| 3. | GSSL Estate | 177,796 | 132,752 | 45,044 | (1)(9,910) | (3)31,621 |
| 4. | PPA Estate | 282,978 | 225,656 | 57,322 | (1)(12,611) | (3)40,240 |
| 5. | DAM Estate | 95,362 | 78,147 | 17,215 | (1)(3,787) | (3)12,085 |
| 6. | SSL Estate | 89,500 | 76,850 | 12,650 | (1)(2,783) | (3)8,880 |
| | | | | | Sub-total | 208,465 |
| 7. | OAM(A) Property | 100,129 | 102,063 | (1,934) | (2)- | (1,934) |

***Notes:-***

*(1) Based on an assumed statutory tax rate of Indonesia of 22%.*

*(2) Assuming revaluation deficit is not subject to real property gain tax.*

*(3) OBS(M) Estates are 90%-owned by OBS(M). Hence, the adjustment to net revaluation surplus is intended to reflect OBS(M)'s 90%-proportionate share of the net revaluation surplus arising from the revaluation of the OBS(M) Estates.*

Premised on the above, SCA had opined that the purchase considerations of the Target Group are fair, due to the following:-

(a) the Purchase Consideration of SPSB, represents a discount of approximately 39.06% as compared to the market value derived based on the RNAV of SPSB Group of approximately RM1.06 billion; and

(b) since the Proposed OBS(M) Acquisition and the Proposed SPSB Acquisition are inter-conditional upon each other, the Purchase Consideration of SPSB and the Purchase Consideration of OBS(M) represent a discount of approximately 27.11% as compared to the combined market value derived based on the combined RNAV of the SPSB Group and OBS(M) Group of approximately RM887.52 million.

Further details on the evaluation of SCA are set out in **Appendix VII** of this Circular.

## 9. RISK FACTORS

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

### 9.1 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 **Appendix II** of this Circular. 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 our Group to achieve the objective and benefits of the Proposals as disclosed in **Part A, Section 5** of this Circular. 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, our Group will take reasonable steps that are within our control to ensure that the conditions precedent relating to the SSAs and SPAs are fulfilled within the prescribed timeframe.

### 9.2 Business and operational risks

The Proposals will not materially affect our business risks profile as our Group is already involved in the operation of our plantation business, and is currently subject to inherent risks in the oil palm industry (via our existing subsidiaries) 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 our Group operates and changes in business and credit conditions. Notwithstanding our familiarity and current exposure to the plantation sector, our business and operational profile risks in respect of the plantation industry will increase substantially following the completion of the Proposals. It is also pertinent to note that BSSB (being the minority shareholder of SPSB and OBS(M)) has not been involved in the business operations of the plantation estates. Nevertheless, we will continue to manage such risks prudently by leveraging on our expertise, track record and experience in the plantation sector. Further, given the full consolidation of our interest in SPSB Group and OBS(M) Group (resulting in further increase in our plantation profile exposure particularly in Indonesia), our Group will remain vigilant in monitoring our capital expenditures and plantation operations by managing our operational costs in view of the rising costs of fertilizers, labour, supply disruptions and the relevant compliance costs to adhere to corporate social responsibilities obligations.

Any adverse changes in these conditions may have a material adverse effect on the oil palm industry as well as our Group. Our 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 our Group’s business and financial performance.

### 9.3 Ownership and acquisition of land in Indonesia

Our Group, through our existing subsidiaries, SPSB Group and OBS(M) Group, is currently exposed to the following risks, which are inherent in the plantation industry in Indonesia:-

**(i) Our Group may face prohibitions and constraints in ownership and acquisition of land**

Land in Indonesia is controlled by the government, which grants land rights for fixed durations. HGU gives its registered holder the right to use state-owned land to cultivate plantations for a fixed duration. The validity of HGU may be extended beyond its initial duration subject to the holder fulfilling certain requirements. HGU can be obtained from the Indonesian Government via an application to the National Land Agency.

These regulations, or changes to such regulations, or the imposition of any new regulations by the Indonesian Government in relation to the ownership and acquisition of land, may prevent us from acquiring suitable land for development to expand our plantation operations in the future and/or affect the existing land owned and/or controlled by our Group that is currently in the certification process for obtaining HGU certificates, which could adversely and materially affect our business and financial performance.

As at the LPD, we have been granted HGU certificates for approximately 31,619.93 Ha of our plantations by the Indonesian Government. These land rights pursuant to the HGU certificates will expire between 2028 and 2057. Given our intention to renew these existing HGU certificates, our Group will hence endeavour to the best of our ability to comply with the relevant regulations and conditions that may be imposed by the land authorities in respect of our application to renew the HGU certificates. Notwithstanding thereof, in the event that we fail to obtain the renewal of the HGU certificates (due to unforeseen circumstances or failure to fulfil imposed conditions/requirements which may adversely affect our operations), we will hence be unable to use these lands as expected. Failure to obtain or renew HGU certificates over a substantial part of our Indonesia land bank may adversely affect our business, and financial performance.

### (ii) Our Group holds uncertificated land, which may be the subject of dispute

Our Group, through our existing subsidiary, OBS(M) Group, holds approximately 52,837.83 Ha[(1)] of uncertificated land as at the LPD and the location permits for these uncertificated land held under our existing subsidiary, OBS(M) Group (namely DAM, GSSL, SAP, PPA and BSSP) ("**Indonesian Entities**") have expired as at the LPD. Out of 52,837.83 Ha of uncertificated land, it is pertinent to note that our Group had previously acquired approximately 25,997.85 Ha of land as part of the land acquisition requirements under the Agrarian Law, where the holder of the permit is required to acquire a certain percentage of the designated land area to fulfil the land acquisition criteria stipulated in the location permits ("**Land Acquisitions**").

Based on our Group's dealings, experience and constant liaison with the relevant authorities, the Indonesian Entities have been informed by the relevant land authorities that they may apply for the HGU and HGB certificates based on the expired location permits ("**HGU/HGB Land Practice**"). It is hence pertinent to note that to-date, the Indonesian Entities have provided the expired location permits for the application of land title certificates to the authorities, in which the relevant authority has issued HGU certificates despite the expired location permits (without any sanctions, fines, penalties or warnings). The Indonesian Entities, to-date, have not received any rejection of such application for land title certificates for land covered under expired location permits by the relevant authorities.

In addition, the above HGU/HGB Land Practice has also been confirmed and evidenced by the following confirmation letters obtained by DAM, GSSL, PPA and BSSP:-

(a) Letter No. 050/89/II/DPMPTSP/2023 dated 13 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of Musi Rawas Regency to DAM;

(b) Letter No. 050/88/II/DPMPTSP/2023 dated 13 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of Musi Rawas Regency to GSSL;

(c) Letter No. 050/72/II/DPMPTSP/2023 dated 7 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of Musi Rawas Regency to PPA;

(d) Letter No. B-551.21/366/DPMPTSP/2023 dated 16 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of Musi Banyuasin Regency to PPA; and

(e) Letter No. 570/57/DPMPTSP/2023 dated 28 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of South Bangka Regency to BSSP,

(collectively referred to as "**Confirmation Letters**"),

whereunder each of the Confirmation Letters from the respective authority encourages each of the relevant Indonesian Entities to apply for the *Kesesuaian Kegiatan Pemanfaatan Ruang*[(2)] ("**KKPR**"). The Confirmation Letters have been issued to the aforementioned Indonesian Entities by the respective authority despite such entities being holders of expired location permits for certain plots of lands ("**Holders**"). Further, the respective authority had also confirmed that KKPR for the same area within the expired location permit will not be granted to other entities other than DAM, GSSL, PPA and BSSP.

The respective authority has also confirmed that provided that DAM, GSSL, PPA and BSSP having obtained the KKPR (of which the application will be prioritised by the respective authority), the relevant land offices are committed and will prioritise the issuance of certificate of HGU to them as committed in the Confirmation Letters. For information purposes, our Group had previously applied for KKPR for certain land which were uncertificated and held under the expired location permits, and have successfully obtained the KKPR from the respective land authorities (evidenced by the issuance of KKPR for PPA Estate (KKPR No. 08122110211605003) and SSL Estate (KKPR No. 25032310211613003)) (without any sanctions, fines, penalties or warnings). Our Group has also received the letter dated 29 May 2023 (Reference No. 660/130/DPMPTSP/2023) issued by the Capital Investment and One Stop Integrated Service Agency of Musi Rawas Utara to SAP, notifying SAP that the KKPR application must be made online.

In addition, as at the LPD, our Group also confirms that:-

(a) no land under the expired location permits of the Indonesian Subject Properties in South Sumatera and Bangka Belitung Islands Province, Indonesia have been transferred to any third party;

(b) the expired location permits did not automatically lead to the relevant land being repossessed by the regional government and authorities or transferred to a third party;

(c) the Indonesian Entities did not receive any sanctions, warning letters or fines from the regional government and authorities in relation to the expired location permits;

(d) the authorities have written to the Indonesian Entities encouraging them to apply for new location permits under the KKPR to continue with the development of plantations on the planted areas;

(e) the Indonesian Entities have been operating within the land under the respective location permits and no part of such land has been repossessed by the authorities nor has the right to acquire such land been given to any third party due to expired location permits; and

(f) the Indonesian Entities did not encounter any issue with the authorities, including the police, due to the expired location permits over any dispute with third parties for the land covered under such expired location permits.

PwC Legal Indonesia (formerly Melli Darsa & Co.), the Indonesian legal counsel appointed by Company to opine on the ownership of titles to the shares or assets owned by the Indonesia Entities, had also opined the following:-

(a) the KKPR serves to provide an avenue for the holders of any expired location permits to resume its land certification processing path/route towards obtaining the HGU Certificate by applying to the relevant local land authority for the KKPR;

(b) the Confirmation Letters (which are issued to the Holders of expired location permits) provide comfort to such Holders that as long as the Holders undertake the necessary steps in applying for the KKPR, the interest and rights over the expired location permit land area remains intact. Further, given that there is no mentioned time limit or stipulated deadline for holders of expired location permit to apply for KKPR, the Holders are deemed to have rights/interests in the land title processing route to obtain the HGU certificate during this interim period prior to the issuance of KKPR as long as the Holders fulfil the requirements stipulated under the prevailing laws and regulations. Nevertheless, each of the Holders must apply for KKPR on an expedient basis before they can continue the land acquisition process and further register the acquired plots of land with the relevant land office in order to get HGU certificate under its name; and

(c) the risks of the relevant Indonesian Entities not being able to obtain the KKPR for the uncertificated land are fairly remote provided that the application documents are in order and fulfil the relevant requirements based on the prevailing laws and regulations coupled with the comfort stated in point (b) above as set out in the Confirmation Letters.

A copy of the legal opinion by PwC Legal Indonesia (formerly Melli Darsa & Co.) on the expired location permits set out in **Appendix VI(A)** of this Circular. Further, although there is no mention of any restriction in terms of the time period or deadline stipulated for holders of an expired location permit to apply for the KKPR under the KKPR Regulation, the Indonesian Entities have undertaken that they are committed to apply for the KKPR and will use their best endeavours to secure all the required KKPR within 2 (two) years from the completion of the Proposed OBS(M) Acquisition ("**Commitments**"). Our management also concurs with the views of PwC Legal Indonesia (formerly Melli Darsa & Co) that the risks of our Group being unable to obtain the KKPR for the uncertificated land is considered low given the written assurances provided by the land authorities via the Confirmation Letters on the KKPR application, the Indonesian Entities' Commitments and the Land Acquisitions. For avoidance of doubt, it is pertinent to note that in the event that we fail to obtain KKPR for the uncertificated land (though such circumstances are remote):-

(a) our Group does not have any termination rights under the OBS(M) SSA to terminate the Proposed OBS(M) Acquisition;

(b) there are no rights of recourse/remedial options available to our Group to claim compensation from the vendor (i.e. BSSB);

(c) there are no options available to compel BSSB to reacquire the shares sold to our Group under the Proposed OBS(M) Acquisition or acquire part of the uncertificated land area, in the event Indonesian Entities fail to obtain the KKPR for the uncertificated land area;

(d) no indemnity was obtained from BSSB under the Proposed OBS(M) Acquisition in respect of the uncertificated land; and

(e) there are no post-completion obligations imposed on BSSB to acquire the affected land areas from our Group;

on the premise that our Group is presently exposed to such remote risks prior to the Proposed OBS(M) Acquisition (as OBS(M) is an existing subsidiary of our Group) and that the transaction is an acquisition of securities (as opposed to a land acquisition). The risks exposure in respect of the uncertificated land is also deemed to be low in view that the Indonesian Entities had previously acquired substantial areas of the uncertificated land with the aim to comply with the land acquisition requirements under the location permits, which in turn, is deemed to bode well with the land authorities, as such efforts have been previously recognised by the authorities in the processing of new KKPR applications.

Further, it should also be noted that there are no anticipated liabilities to be borne by our Group arising from the failure to obtain the KKPR (if such circumstances materialise) as our costs of investments in OBS(M) Group have been fully impaired prior to the FYE 31 December 2020 due to the net liabilities position of OBS(M) Group ("**Full Impairment of Investment Costs**"). It is also pertinent to note that no liabilities or legal obligations (which includes land restoration obligations) are required to be borne or assumed by our Group (in the remote event that our Group fails to obtain the KKPR for the uncertificated land) on the basis that our Group will hence cease to have any claims or legal rights over the uncertificated land and the Full Impairment of Investment Costs.

Notwithstanding the above, due to the developing nature of Indonesian land law and the lack of a uniform land ownership system in Indonesia, disputes over our acquisition of title may also arise.

A dispute may prevent or indefinitely postpone the granting of HGU in our favour, as the Indonesian Government will need time to investigate the dispute. Generally, the Indonesian Government will issue HGU certificates only after all disputes have been settled. Any such postponement could in turn have an adverse effect on our Group's prospects and future expansion. Nevertheless, it should be noted that as at the LPD, save for the disputes disclosed below (which are not material), our Group is not involved in any disputes over the uncertificated land controlled by our Group:-

(a) in relation to plots of land collectively measuring approximately 4 Ha held under Sertifikat Pengakuan Hak atas Tanah ("**SPHT**"), DAM (as defendant) and Bahtiar (as co-defendant) are subject to a claim by Agentik (as plaintiff) that DAM's holding of the said plots of land amounted to unlawful possession. The plaintiff demanded compensation from DAM in the amount of IDR252,000,000 (equivalent to approximately RM75,000.00) for the unlawful possession of such land.

    DAM had denied the plaintiff's allegations. The District Court and the Appeal Court had ruled in favour of DAM and have not granted the claims made by the plaintiff. The Appeal Court's decision is being challenged by the plaintiff in the Supreme Court. As at the LPD, the parties have submitted the respective memorandum of cassation[(1)] and counter memorandum of cassation to the Supreme Court and are now awaiting the Supreme Court's judgement;

(b) in relation to plots of land collectively measuring in aggregate approximately 13.3 Ha held under SPHT, DAM (as defendant), Bahoni (as defendant II), and Bahtiar (as co-defendant) are subject to a claim by M. Ilyas (as plaintiff) that DAM's holding of the said plots of land amounted to unlawful possession. The plaintiff had demanded compensation from DAM in the amount of IDR1,000,000,000 (equivalent to approximately RM300,000.00) for the unlawful possession of such land.

    DAM had denied the plaintiff's allegations. The District Court and the Appeal Court has ruled in favour of DAM and have not granted the claims made by the plaintiff. The Appeal Court's decision is being challenged by the plaintiff in the Supreme Court. As at the LPD, the parties have submitted the respective memorandum of cassation and counter memorandum of cassation to the Supreme Court and are now awaiting the Supreme Court's judgement; and

(c) in relation to plots of land collectively measuring approximately 67 Ha (consisting of 27 Ha of core land and 40 Ha of Plasma land) held under SPHT, GSSL (as defendant) was recently subject to a claim by Ismail, Iskandar, Aripa'I, Tamrin Yadi, Riza Umami and Hutmawati (collectively as plaintiffs) that GSSL's holding of the said plots of land amounted to unlawful possession. The plaintiffs had demanded damages from GSSL for alleged material losses in the amount of IDR32,394,250,000 (equivalent to approximately RM9.7 million).

    GSSL had denied that the plaintiffs' allegations. The District Court and the Appeal Court had ruled in favour of GSSL and have not granted the claims made by the plaintiffs. The plaintiffs are entitled to file a further appeal with the Supreme Court on or before 18 August 2023. As at the LPD, no appeal has been filed.

    ***Note:-***

    *(1) Cassation means the review of a court decision at the appellate level.*

In addition, given the lack of uniform implementation of regulations, the administration of land laws and regulations is ultimately subject to a certain degree, to the discretion of the Indonesian governmental authorities. There is hence no assurance that the relevant governmental authorities will not take a different approach or view with respect to the uncertificated land, its use, registration and future disposal. Thus, if for any reason our Group fails to fulfil the registration procedures as required under the relevant laws of Indonesia (although such circumstances are remote given our Group's commitment), there is no assurance that the relevant Indonesian governmental authorities will proceed to issue HGU certificates for land which we have begun planting. In the event that HGU certificate is not obtained for whatever reason, we are required by law to clear such land which we have started planting, and our Group may lose its rights granted by the Indonesian governmental authorities under the relevant expired location permit and the prospects of our Group may be adversely affected. This could materially and adversely affect our business and financial performance.

***Notes:-***

*(1) The breakdown of the uncertificated lands (in terms of planted and unplanted areas) are as follows:-*

| | ***DAM Estate (Ha)*** | ***GSSL Estate (Ha)*** | ***SAP Estate (Ha)*** | ***PPA Estate (Ha)*** | ***BSSP Estate (Ha)*** |
|---|---|---|---|---|---|
| ***Acquired land area pursuant to the Land Acquisitions:-*** | | | | | |
| ***Mature oil palm:-*** | | | | | |
| *- Oil palms exceeding the economic life span (i.e. more than 25 years old)* | - | - | - | - | - |
| *- Old mature oil palm (19 to 25 years old)* | - | - | - | - | - |
| *- Mature oil palm (7 to 18 years old)* | *1,202.03* | *2,025.77* | *2,046.48* | *2,778.00* | - |
| *- Young mature oil palm (4 to 6 years old)* | *94.48* | *813.34* | *437.80* | *961.90* | - |
| *Immature oil palm (0 to 3 years old)* | *64.63* | *97.77* | *240.84* | *221.81* | - |
| ***Planted area*** | ***1,361.14*** | ***2,936.88*** | ***2,725.12*** | ***3,961.71*** | **-** |
| *Plantable area* | *4,970.00* | *4,502.00* | | *3,920.00* | *42.00* |
| *Unplantable area (including infrastructure area)* | *96.00* | *189.00* | *509.00* | *571.00* | *214.00* |
| ***Total uncertificated land area acquired by our Group pursuant to the Land Acquisitions*** | ***6,427.14*** | ***7,627.88*** | ***3,234.12*** | ***8,452.71*** | ***256.00*** |
| *Uncertificated land area not acquired as at the LPD* | *3,008.00* | *10,639.00* | *4,880.00* | *8,312.00* | - |
| ***Total uncertificated land*** | ***9,435.14*** | ***18,266.88*** | ***8,114.12*** | ***16,764.71*** | ***256.00*** |

*(2) For information purposes, the implementation of Article 2 of Minister of Agrarian Affair and Spatial Planning/Head of the National Land Agency ("**MoAA**") Regulation No. 13/2021 in 2021 had substituted the location permits with the KKPR. KKPR applicants which have not acquired land under the expired location permits may apply for a KKPR that will be valid for three years, and is extendable if the holder has acquired at least 30% of the approved land area in one overlay according to the assessment of the land office. The extension of such KKPR shall be valid for two years and cannot be re-extended.*

### 9.4 Economic and political considerations

The future growth and profitability of the oil palm plantation segment of our Group depends largely on the economic and political conditions in Malaysia, Indonesia and other countries where the palm oil is exported to. Factors that could be detrimental to the financial performance of the plantation segment of our 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 our Group.

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

**9.5 Potential effects of the anti-palm oil campaigns**

The financial performance of the plantation segment of our Group is exposed to risks associated with the anti-palm oil campaigns initiated by certain countries, in particular by those in the European Union. These anti-palm oil campaigns propagate a negative perception of palm oil relating to issues of sustainability and also the harmful nutritional aspects of palm oil. Notwithstanding the anti-palm oil campaigns have been ongoing for close to two decades, such campaigns have not dampened the demand for CPO or slowed down the growth of the oil palm and palm oil industries. In addition, the governments of Malaysia and Indonesia (being the two largest exporters of palm oil in the world) have taken active steps to counter such anti-palm oil campaigns. Our Group believes that the palm oil industry will remain resilient. In the event that palm oil and palm oil products become less marketable and the demand for such products decline, this may adversely affect our Group's financial performance in the future.

**9.6 Financing and interest rate risk**

The Proposals will be financed by a combination of internally generated funds and bank borrowings. Therefore, our Group may be exposed to fluctuations in interest rates 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 our Group and our Group's financial performance in the future and ability to service our financial obligations.

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

**9.7 Foreign exchange and translation risk**

Our 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 JPY, IDR, SGD or AUD. However, this risk may be mitigated by our Group's internal hedging policies.

Further, our Group is also subject to translation risk as the consolidated financial statements of our Group are denominated in RM while the financial statements of all the companies within our Group are prepared in their respective functional currencies, namely USD, IDR, SGD or AUD. In the preparation of the consolidated financial statements of our 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 our Group's operating results.

**9.8 Regulations on foreign investment and repatriation of profits**

Our Group is exposed to foreign investment policies of the Governments of Indonesia, Australia, Singapore and Mauritius through our existing subsidiaries, SPSB Group and OBS(M) Group. Any breach or non-compliance to such policies in these countries may adversely affect our Group's investments. Changes in policies on foreign ownership such as an introduction of limits on foreign shareholding may also adversely affect our Group as our Group may be required to reduce our effective shareholdings in SPSB, OBS(M) and our subsidiaries. In addition, the ability of our 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 **Part A, Section 7** and **Appendices VI(A), VI(B), VI(C)** and **VI(D)** of this Circular.

Our Group will continue to keep abreast of the relevant regulations and policies on foreign investment and repatriation of profits under the relevant laws of the above mentioned countries.

## 10. EFFECTS OF THE PROPOSALS

The pro forma 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:-

### 10.1 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.

### 10.2 NA per stock and gearing

For illustration purposes only, the pro forma effects of the Proposals on the NA per stock and the gearing of OHB based on our latest audited consolidated financial statements as at 31 December 2022 are set out below:-

| | **Audited as at 31 December 2022 (RM'000)** | **Pro forma I After the Proposals (RM'000)** |
|---|---|---|
| Share capital | 620,462 | 620,462 |
| Foreign currency translation reserve | 1,021,261 | 1,021,261 |
| Fair value reserve | 213,313 | 213,313 |
| Treasury stocks | (249) | (249) |
| Retained earnings | 5,062,305 | (2)(3)5,415,193 |
| Capital reserve | 40,248 | 40,248 |
| **Stockholders' equity/NA** | **6,957,340** | **7,310,228** |
| Non-controlling interests | 1,050,197 | (2)193,015 |
| **Total equity** | **8,007,537** | **7,503,243** |
| | | |
| No. of stocks in issued ('000)(1) | 620,361 | 620,361 |
| **NA per stock (RM)** | **11.21** | **11.78** |
| Total borrowings (RM'000) | 1,854,915 | (4)3,028,915 |
| **Gearing (times)** | **0.27** | **0.41** |
| Cash and cash equivalents (RM'000) | 3,100,642 | 3,041,723 |
| Net cash position (RM'000) | 1,245,727 | (4)12,808 |
| **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 31 December 2022 are fully consolidated as the said companies will become wholly-owned subsidiaries of our Group after the completion of the Proposed Shares Acquisitions.*

*(3) After deducting estimated expenses in relation to the Proposals to be incurred totaling approximately RM38.00 million, the details of which are as follows:-*

| ***Expenses*** | ***RM'000*** |
|---|---|
| *Professional fees (i.e. Principal Adviser, Independent Adviser, legal advisers and Independent Valuers)* | *5,000* |
| *Regulatory fees* | *85* |
| *Miscellaneous fees (i.e. printing cost, cost to convene the EGM and advertising cost incurred in connection with the Proposals)* | *1,915* |
| *Stamp duty* | *31,000* |
| ***Total*** | ***38,000*** |

*(4) After taking into consideration the Total Purchase Consideration will be partly funded via bank borrowings of approximately RM1.14 billion.*

### 10.3 Convertible securities

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

### 10.4 Earnings and EPS

Upon completion of the Proposals, OHB Group will consolidate the revenue and earnings streams from the plantation assets being acquired.

For illustration purposes, based on the audited consolidated financial statements of OHB Group for the FYE 31 December 2022 and assuming that the Proposals had been effected on 1 January 2022, being the beginning of the FYE 31 December 2022, the pro forma effects of the Proposals on the consolidated earnings and EPS of OHB Group are as follows:-

| | FYE 31 December 2022 | Pro forma I<br>After the Proposals |
|---|---|---|
| Profit after taxation attributable to owners of our Company (RM'000) | 498,395 | [2]460,395 |
| Total number of OHB stocks in issue ('000) | 620,361 | 620,361 |
| EPS (sen)[1] | 80.34 | 74.21 |

***Notes:-***

*(1) Computed based on the profit for the financial year attributable to the owners of our Company divided by the number of OHB stocks in issue (excluding treasury stocks, if any).*

*(2) After adjusting the estimated expenses of approximately RM38.00 million in relation to the Proposals.*

## 11. PERCENTAGE RATIOS UNDER THE LISTING REQUIREMENTS

The highest percentage ratio applicable to the Proposals (pursuant to Paragraph 10.02(g) of the Listing Requirements) on the date of the signing of the SSAs and SPAs and announcement of the Proposals (i.e. 13 October 2022) is approximately 51.36%, calculated based on the latest audited financial statements of OHB for the FYE 31 December 2021.

## 12. INTER-CONDITIONALITY AND OUTSTANDING CORPORATE PROPOSALS

Save for the Proposals, there are no other outstanding corporate proposals that have been announced by OHB which are not yet completed as at the date of this Circular.

The Proposed Shares 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.

## 13. APPROVALS REQUIRED/OBTAINED

The Proposals are subject to the following being obtained:-

(a) approval from the non-interested stockholders of OHB for the Proposals at the forthcoming EGM;

(b) ELB approval for the transfer of lands in relation to the Proposed Land Acquisitions. For information purposes, we have received ELB approval in respect of the following:-

(i) Proposed Bukit Langkap Estate Acquisition vide the letter dated 21 February 2023 issued by the Pejabat Tanah dan Galian Pulau Pinang to the Bukit Langkap Estate Vendor's solicitors;

(ii) Proposed Bentong Estate Acquisition vide the letter dated 10 February 2023 issued by the Pejabat Pengarah Tanah dan Galian Pahang to the Bentong Estate Vendor's solicitors; and

(iii) Proposed Thye Group Estate Acquisition vide the letter dated 23 July 2023 issued by the Pejabat Pengarah Tanah dan Galian Negeri Kedah to the Thye Group Estate Vendor's solicitors;

(c) approval from any other relevant authorities/parties, if required.

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

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

(i) Datuk Loh Kian Chong, our Executive Chairman and substantial stockholder, 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, our Group Managing Director and stockholder, is a director of BSSB, SPSB and OBS(M). He is also a shareholder of LBS (in the capacity of a trustee). 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, our Group Managing Director and stockholder, is a director of SPP, BSSB, SPSB and alternate director of OBS(M) (alternate to Dato' Lim Kean Seng). He is also one of the executors of the estate of Tan Sri Dato' Loh Boon Siew (deceased) which holds 1 ordinary share in 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, our Executive Director and stockholder, 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, our Executive Director and stockholder, is a director of 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, our alternate director (alternate to Dato' Robert Wong Lum Kong) and stockholder, 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), one of the executors of the estate of Tan Sri Dato' Loh Boon Siew (deceased) which holds 1 ordinary share in LBS and a shareholder of LBS (in the capacity of a trustee). 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, our substantial stockholder and person connected to Datuk Loh Kian Chong, is also one of the SPP Vendors, the SPSB Vendor and the OBS(M) Vendor;

(viii) BESB, our stockholder and person connected to BSSB and Datuk Loh Kian Chong, is also the Bukit Langkap Estate Vendor, Bentong Estate Vendor and Thye Group Estate Vendor;

(ix) BSD, our stockholder and person connected to BSSB and Datuk Loh Kian Chong, is also one of the SPP Vendors; and

(x) LBS, our stockholder and person connected to Datuk Loh Kian Chong, is also one of the SPP Vendors.

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 our Company, on the resolution pertaining to the Proposals to be tabled at the forthcoming EGM. 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 resolution pertaining to the Proposals to be tabled at the forthcoming EGM.

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

The direct and indirect stockholdings of the Interested Directors and Interested Stockholders in OHB as at the LPD are as follows:-

| | Direct | | Indirect | |
|---|---|---|---|---|
| | **No. of stocks** | **%** | **No. of stocks** | **%** |
| **<u>Interested Directors and Interested Stockholders</u>** | | | | |
| Datuk Loh Kian Chong | 1,000,000 | 0.16 | (1)360,302,450 | 58.08 |
| Dato' Robert Wong Lum Kong | 181,149 | 0.03 | (2)161,872 | 0.03 |
| Dato' Seri Lim Su Tong | 2,966,906 | 0.48 | (3)4,073,196 | 0.66 |
| Tan Kheng Hwee | 172,032 | 0.03 | - | - |
| Dato' Sri Datuk Wira Tan Hui Jing | - | - | (4)794,800 | 0.13 |
| Datin Loh Ean | 161,872 | 0.03 | (5)181,149 | 0.03 |
| **<u>Interested Stockholders</u>** | | | | |
| BSSB | 274,688,054 | 44.28 | (6)70,646,079 | 11.39 |
| BESB | 11,432,966 | 1.84 | - | - |
| BSD | 4,516,229 | 0.73 | - | - |
| LBS | 7,568,317 | 1.22 | - | - |

***Notes:-***

*(1) Deemed interested via BSSB, Penang Yellow Bus Company Berhad, Bayview Hotel Sdn Bhd, LBS, Loh Kar Bee Holdings Sdn Bhd, BSD, BESB and Global Investments Limited.*

*(2) Deemed interested via his spouse in accordance with Section 59(11)(c) of the Act.*

*(3) Deemed interested via his children in accordance with Section 59(11)(c) of the Act.*

*(4) Deemed interested via Loh Gim Ean Holdings Sdn Bhd.*

*(5) Deemed interested via her spouse in accordance with Section 59(11)(c) of the Act.*

*(6) Deemed interested via Penang Yellow Bus Company Berhad, Bayview Hotel Sdn Bhd, BSD and BESB.*

## 15. TRANSACTIONS WITH THE INTERESTED PARTIES FOR THE PAST 12 MONTHS

Save as disclosed below, there are no other related party transactions (other than recurrent related party transactions pursuant to Paragraph 10.09 of the Listing Requirements), entered into between our Company and the Interested Parties during the past 12 months preceding the date of this Circular:-

| No. | Details of transaction | RM'000 |
|---|---|---|
| 1. | Provision of financial assistance by GML in stages to its related companies, PPA, DAM and SAP to pay off loan from financial institutions and for working capital purposes | 200,000 |
| 2. | Payment of guarantee fee by BSSP to OHB for the provision of corporate guarantees | 510 |
| | **Total** | **200,510** |

## 16. PRINCIPAL ADVISER AND INDEPENDENT ADVISER

UOBKH has been appointed by our 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 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.

## 17. AUDIT COMMITTEE'S STATEMENT

Our Audit Committee, 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 on the Proposals and SCA's fairness opinion on the Purchase Consideration of SPSB and Purchase Consideration of OBS(M) as well as the relevant aspects of the Proposals, including but not limited to, the rationale, basis and justification of arriving at the Total Purchase Consideration, the appraised market value of the Subject Properties, the salient terms of the SSAs, SPAs, Supplemental SSAs and the Supplemental SPAs, and the financial effects of the Proposals, our Audit Committee is of the view that the Proposals are:-

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested stockholders of our Company.

## 18. DIRECTORS' STATEMENT

Our Board (save for the Interested Directors) after taking into consideration all aspects of the Proposals, including but not limited to the basis and justification of deriving the Total Purchase Consideration, the appraised market value of the Subject Properties (set out in the Independent Valuation Letter I and Independent Valuation Letter II as well as the Updated Valuation on the Subject Properties set out in **Appendix VIII(A)** and **Appendix VIII(B)** of this Circular), the rationale, benefits, salient terms of the SSAs, SPAs, Supplemental SSAs and the Supplemental SPAs, prospects, risk factors, the financial effects of the Proposals, the evaluation of the Independent Adviser on the Proposals and SCA's fairness opinion on the Purchase Consideration of SPSB and Purchase Consideration of OBS(M), is of the opinion that the Proposals are:-

(i) in the best interest of our Company;

(ii) fair, reasonable and on normal commercial terms; and

(iii) not detrimental to the interest of the non-interested stockholders of our Company.

Accordingly, our Board (save for the Interested Directors) recommends that you **vote in favour** of the resolution pertaining to the Proposals to be tabled at the forthcoming EGM.

## 19. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Shares Acquisitions are envisaged to be completed by 3rd quarter of 2023 and the Proposed Land Acquisitions are expected to be completed by the 4th quarter of 2023. The tentative timetable for the implementation of the Proposals is set out below:-

| Event | Tentative timing |
|---|---|
| EGM | 30 August 2023 |
| Fulfilment of the conditions precedent in respect of the SSAs and the Supplemental SSAs | End August 2023 |
| Completion of the Proposed Shares Acquisitions | Early / Mid September 2023 |
| Fulfilment of the conditions precedent in respect of the SPAs and the Supplemental SPAs | Early / Mid September 2023 |
| Completion of the Proposed Land Acquisitions | October / November 2023 |

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## 20. EGM

The EGM of OHB will be conducted virtually through online live streaming and from broadcast venue located at Grand Ballroom, Bayview Beach Resort, Batu Ferringhi Beach, 11100 Batu Ferringhi, Penang via Remote Participation and Electronic Voting facilities through the online platform at https://meeting.boardroomlimited.my on Wednesday, 30 August 2023 at 2.30 p.m. or at any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modification, the resolution to give effect to the Proposals.

If the stockholders of OHB are unable to participate and vote at the EGM, the stockholders are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein, to be deposited at the other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited at the registered office of OHB at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Penang or via electronic means through Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time stipulated for holding the EGM, otherwise the instrument of proxy should not be treated as valid. For further information on the electronic lodgement of Form of Proxy, please refer to the Administrative Guide for the EGM of our Company. The lodging of the Form of Proxy will not preclude the stockholders from participating and voting remotely at the EGM should the stockholders subsequently wish to do so.

## 21. FURTHER INFORMATION

Stockholders are advised to refer to the appendices set out in this Circular for further information.

Yours faithfully,
For and on behalf of the Board of
**ORIENTAL HOLDINGS BERHAD**

**LEE KEAN TEONG**
Independent Non-Executive Director

**PART B**

**INDEPENDENT ADVICE LETTER FROM MERCURY SECURITIES TO THE NON-INTERESTED STOCKHOLDERS OF OHB IN RELATION TO THE PROPOSALS**

## EXECUTIVE SUMMARY

Unless otherwise stated, all defined terms used in this Executive Summary shall carry the same meaning as those defined in the "Definitions" section of the Circular, except where the context otherwise requires or is otherwise defined herein.

All references to "we", "us" and "our" are to Mercury Securities, being the Independent Adviser for the Proposals. All references to "you" and "your" are to OHB's non-interested stockholders.

**This Executive Summary summarises the pertinent information and recommendation as set out in this IAL. You are advised to read and understand this IAL in its entirety, together with the letter to stockholders as set out in Part A of the Circular and the accompanying appendices for other relevant information and not to rely solely on this Executive Summary in forming an opinion on the Proposals.**

**You are also advised to carefully consider the recommendations contained in both the letters before voting on the resolution pertaining to the Proposals to be tabled at OHB's forthcoming EGM.**

**If you are in doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.**

### 1. INTRODUCTION

On 13 October 2022, UOBKH had, on behalf of the Board, announced that OHB proposes to undertake the Proposals. Please refer to **Sections 2 to 4, Part A** of the Circular for the details of the Proposals.

On 12 January 2023 and 12 April 2023, UOBKH had, on behalf of the Board, announced that OHB had entered into the Supplemental SSAs and Supplemental SPAs with the respective Vendors to amend and vary certain clauses of the SSAs and SPAs.

In view of the interests of the Interested Parties as set out in **Section 14, Part A** of the Circular, the Proposals are deemed related party transactions pursuant to paragraph 10.08 of the Listing Requirements. Accordingly, the Board (save for the Interested Directors) had on 13 October 2022 appointed us as the Independent Adviser to advise you and OHB's non-interested Directors in respect of the Proposals.

### 2. EVALUATION OF THE PROPOSALS

In arriving at our conclusion and recommendation in respect of the Proposals, we have assessed and evaluated the fairness and reasonableness of the Proposals in accordance with the relevant provisions set out in the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities. In our evaluation of the Proposals, we have considered the following key factors:

| No. | Factors | Our comments |
|---|---|---|
| (i) | Rationale and justifications for the Proposals | In view of the following, we are of the opinion that the rationale and justifications for the Proposals are reasonable:<br><br>(a) the Proposals are part of OHB's long-term plan to expand its oil palm plantation business, which has been profitable and was the OHB Group's second largest revenue contributor for the past 3 FYEs. |

| No. | Factors | Our comments |
|---|---|---|
| | | (b) the Proposals are envisaged to be earnings accretive as they represent an opportunity for OHB to:<br><br>(1) acquire more oil palm plantation lands to grow its Oil Palm Plantation business in Malaysia. In addition, as the majority of the additional plantation lands to be acquired pursuant to the Proposed SPP Acquisition and Proposed Land Acquisitions are already planted with oil palm trees, upon completion of the said proposals, OHB would have full and immediate access to the on-going plantation activities thereon, which in turn would enable OHB to generate immediate earnings and cash flows therefrom;<br><br>(2) in view that the SPSB Group has been delivering positive financial results over the past 3 FYEs and the majority of its oil palm plantation lands are already planted with oil palm trees, the Proposed SPSB Acquisition is envisaged to be earnings accretive moving forward; and<br><br>(3) notwithstanding the OBS(M) Group is currently in a net liability position, we are of the view that the OBS(M) Group's financial results have the potential to improve when its sizeable unplanted oil palm lands are cultivated over time. As such, the Proposed OBS(M) Acquisition is envisaged to generate value to OHB in the longer term. |
| (ii) | Total Purchase Consideration for the Proposals | In arriving at our evaluation of the fairness of the Total Purchase Consideration, we have conducted a valuation of the SPSB Group, the OBS(M) Group and SPP as well as reviewed the valuations of the Bukit Langkap Estate, Bentong Estate and Thye Group Estate as performed by the Independent Valuers.<br><br>Set out below is a summary of our evaluation:<br><br>**(a) Purchase Consideration of SPSB**<br><br>In view that the SPSB Group is principally involved in the oil palm plantation business which is asset-intensive, we have adopted the revalued net assets valuation ("**RNAV**") method to estimate its equity value.<br><br>In applying the RNAV method, we have assessed the market value of its material assets. Based on our RNAV valuation, we have derived that the estimated market value of 49.5% equity interest in SPSB is approximately RM1,006.7 million.<br><br>Based on the foregoing, we are of the view that the Purchase Consideration of SPSB is fair as it is lower than our estimate of the market value of 49.5% equity interest in SPSB. |

**(b) Purchase Consideration of OBS(M)**

In view that the OBS(M) Group is principally involved in the oil palm plantation business which is asset-intensive, we have adopted the RNAV method to estimate its equity value.

As the OBS(M) Group is currently in a net liability position, our RNAV valuation results in a negative value. In this regard, we have assigned a nominal value of RM1 to its estimated market value.

Based on the foregoing, we are of the view that the Purchase Consideration of OBS(M) is fair as it is equivalent to our estimate of the market value of OBS(M).

**(c) Purchase Consideration of SPP**

In view that SPP is principally involved in the oil palm plantation business which is asset-intensive, we have adopted the RNAV method to estimate its equity value.

Based on our RNAV valuation, we opined that the estimated market value of 60.5% equity interest in SPP is approximately RM254.2 million.

Based on the foregoing, we are of the view that the Purchase Consideration of SPP is fair as it is lower than our estimate of the market value of 60.5% equity interest in SPP.

**(d) Purchase Consideration of Bukit Langkap Estate**

In evaluating the Purchase Consideration of Bukit Langkap Estate, we have reviewed the valuation methodologies as well as the key bases and assumptions adopted by the valuer i.e. Knight Frank in arriving at the valuation of the Bukit Langkap Estate.

Based on our review as set out in **Section 6.2.4** of this IAL, we are satisfied with the reasonableness of the valuation methodologies as well as the key bases and assumptions used by the valuer in arriving at the valuation of the Bukit Langkap Estate.

In that regard, we are of the view that the Purchase Consideration of Bukit Langkap Estate is fair as it is equivalent to the estimated market value of the Bukit Langkap Estate of RM41.0 million.

| No. | Factors | Our comments |
|---|---|---|
| | | **(e) Purchase Consideration of Bentong Estate**<br><br>In evaluating the Purchase Consideration of Bentong Estate, we have reviewed the valuation methodologies as well as the key bases and assumptions adopted by the valuer i.e. Knight Frank in arriving at the valuation of the Bentong Estate.<br><br>Based on our review as set out in **Section 6.2.5** of this IAL, we are satisfied with the reasonableness of valuation methodologies as well as the key bases and assumptions used by the valuer in arriving at the valuation of the Bentong Estate.<br><br>In that regard, we are of the view that the Purchase Consideration of Bentong Estate is fair as it is equivalent to the estimated market value of the Bentong Estate of RM132.0 million.<br><br>**(f) Purchase Consideration of Thye Group Estate**<br><br>In evaluating the Purchase Consideration of Thye Group Estate, we reviewed the valuation methodologies as well as the key bases and assumptions adopted by the valuer i.e. Knight Frank in arriving at the valuation of the Thye Group Estate.<br><br>Based on our review as set out in **Section 6.2.6** of this IAL, we are satisfied with the reasonableness of valuation methodologies as well as the key bases and assumptions used by the valuer in arriving at the valuation of the Thye Group Estate.<br><br>In that regard, we are of the view that the Purchase Consideration of Thye Group Estate is fair as it is at the estimated market value of the Thye Group Estate of RM224.1 million<br><br>Based on the above, we are of the view that the Total Purchase Consideration is fair. |
| (iii) | Salient terms of the SSAs (including the Supplemental SSAs) | The salient terms of the SSAs (including the Supplemental SSAs) are reasonable and not detrimental to you. |
| (iv) | Salient terms of the SPAs (including the Supplemental SPAs) | The salient terms of the SPAs (including the Supplemental SPAs) are reasonable and not detrimental to you. |
| (v) | Prospects of the enlarged OHB Group | The Proposals are expected to contribute positively to the OHB Group's long-term prospects premised on the potential benefits to be derived from the Proposals as well as the positive outlook of the palm oil industry in Malaysia as well as Indonesia. |

| No. | Factors | Our comments |
|---|---|---|
| (vi) | Risk factors pertaining to the Proposals | In view that the OHB Group is already involved in the Oil Palm Plantation business with operations in both Malaysia and Indonesia (which are also the countries where the acquisition companies and lands operate in), the Proposals are not expected to expose the OHB Group to any significant new risks that are not within its current business activities.<br><br>Notwithstanding the foregoing, you are advised to consider carefully the risk factors pertaining to the Proposals as set out in **Section 9, Part A** of the Circular as well as the following:<br><br>**(a) Acquisition risk**<br><br>Although the Board anticipates that the Proposals are to contribute positively to the future earnings and/or prospects of the OHB Group, there is no assurance that such anticipated benefits will be realised.<br><br>**(b) Uncertainty of cultivation of the unplanted area of the OBS(M) Group**<br><br>Although the OBS(M) Group has sizable unplanted oil palm plantation lands, there can be no assurance OHB would be able to obtain the relevant requisite approvals and/or consent from the relevant parties and/or regulators to cultivate the lands in a timely manner.<br><br>Notwithstanding the above, we note that the OHB management will endeavour to closely monitor the business performance of the respective companies and lands acquired pursuant to the Proposals and have the relevant business strategies in an effort to achieve the anticipated benefits of the Proposals.<br><br>Therefore, we are of the view that the risk factors pertaining to the Proposals are appropriately managed to the extent possible. |

| No. | Factors | Our comments |
|---|---|---|
| (vii) | Effects of the Proposals | The effects of the Proposals are not detrimental to you in view of the following:<br><br>(a) the Proposals will not have any effect on the issued and paid-up share capital of OHB as well as its substantial stockholders' stockholding in OHB as the Proposals do not involve any new issuance of ordinary stock in OHB ("**Stock**");<br><br>(b) on pro forma basis, the Proposals are expected to result in an increase in the NA of the OHB Group by RM354.6 million, mainly due to the consolidation of the financial results of the SPSB Group, OBS(M) Group and SPP.<br><br>Correspondingly, the Proposals are expected to result in an increase in the NA per Stock of the OHB Group from RM11.21 as at 31 December 2022 to RM11.79;<br><br>(c) the Proposals would result in an increase in the OHB Group's net gearing from 0.27 times (as at 31 December 2022) to 0.41 times. The increase was mainly due to the decline in OHB Group's total equity, mainly as a result of the decrease in the NBV of non-controlling interests after full consolidation of the financial results of SPSB Group, OBS(M) Group and SPP; and<br><br>(d) the Proposals are expected to contribute positively to the future earnings and EPS of the OHB Group when it materialises the potential benefits to be generated from the Proposals. |

Please refer to **Section 6** of the IAL for further details.

## 3. CONCLUSION AND RECOMMENDATION

Premised on our overall evaluation of the Proposals as set out in **Section 6** of the IAL, we are of the view that, on the basis of the information available to us, the Proposals are fair and reasonable and not detrimental to your interests.

Accordingly, we recommend that you vote in favour of the resolution pertaining to the Proposals to be tabled at OHB's forthcoming EGM.

**Headquarters**
Ground, 1st, 2nd and 3rd Floor
Wisma UMNO
Lorong Bagan Luar Dua
12000 Butterworth
Seberang Perai
Penang

15 August 2023

**To: The Non-Interested Stockholders of Oriental Holdings Berhad**

Dear Sir/Madam,

**INDEPENDENT ADVICE LETTER IN RELATION TO THE PROPOSALS ("IAL")**

This IAL has been prepared for inclusion in the Circular. Unless otherwise stated, all defined terms and abbreviations used in this IAL shall carry the same meaning as those defined in the "Definitions" section of the Circular, except where the context otherwise requires or is otherwise defined herein.

All references to "we", "us" and "our" are to Mercury Securities, being the Independent Adviser for the Proposals. All references to "you" and "your" are to OHB's non-interested stockholders.

## 1. INTRODUCTION

On 13 October 2022, UOBKH had, on behalf of the Board, announced that OHB proposes to undertake the Proposals. Please refer to **Sections 2 to 4, Part A** of the Circular for the details of the Proposals.

On 12 January 2023 and 12 April 2023, UOBKH had, on behalf of the Board, announced that OHB had entered into the Supplemental SSAs and Supplemental SPAs with the respective Vendors to amend and vary certain clauses of the SSAs and SPAs.

In view of the interests of the Interested Parties as set out in **Section 14, Part A** of the Circular, the Proposals are deemed related party transactions pursuant to paragraph 10.08 of the Listing Requirements.

Accordingly, the Board (save for the Interested Directors) had on 13 October 2022 appointed us as the Independent Adviser to advise you and OHB's non-interested Directors in respect of the Proposals.

The purpose of this IAL is to provide you with our independent evaluation on the fairness and reasonableness of the Proposals together with our recommendation on whether you should vote in favour of the resolution pertaining to the Proposals to be tabled at OHB's forthcoming EGM. Nevertheless, you should rely on your own evaluation of the merits and demerits of the Proposals before making a decision on the course of action to be taken at OHB's forthcoming EGM.

**THIS IAL IS PREPARED SOLELY FOR YOU TO CONSIDER THE PROPOSALS AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE WHATSOEVER.**



**Butterworth** - Ground, 1st, 2nd & 3rd Floor, Wisma UMNO, Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai.
Tel: 04-3322123 Fax: 04-3231813 / 3312195 E-mail: mercury@mersec.com.my Website: www.mercurysecurities.com.my
**Kuala Lumpur** - L-7-2, No. 2, Jalan Solaris, Solaris Mont' Kiara 50480 Kuala Lumpur.
Tel: 03-62037227 Fax: 03-62037117 E-mail: mercurykl@mersec.com.my
**Melaka** - No. 81, Ground Floor, 81A & 81B, Jalan Merdeka, Taman Melaka Raya, 75000 Melaka. Tel: 06-2921898 Fax: 06-2926898
**Penang** - 2nd Floor, 2, Lebuh Pantai, 10300 Penang. Tel: 04-2639118 Fax: 04-2612118
**Johor Bahru** - Menara Pelangi, Suite 17.1, Level 17, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor. Tel: 07-3316992 Fax: 07-3322693

**WE ADVISE YOU TO READ AND UNDERSTAND THIS IAL, THE BOARD'S LETTER TO STOCKHOLDERS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES AND TO CONSIDER CAREFULLY THE RECOMMENDATIONS CONTAINED THEREIN BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS TO BE TABLED AT OHB'S FORTHCOMING EGM.**

**IF YOU ARE IN DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

## 2. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSALS

We were not involved in the formulation, deliberation and negotiation of the terms and conditions of the Proposals. The terms of reference of our appointment as the Independent Adviser are in accordance with the requirements relating to independent adviser as set out in paragraph 10.08 of the Listing Requirements and the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

Our scope as the Independent Adviser is limited to expressing an independent opinion on the Proposals as to whether the Proposals are fair and reasonable insofar you are concerned, whether the Proposals are detrimental to you and whether you should vote in favour of the resolution pertaining to the Proposals based on the information and documents made available to us as follows:

(i) information contained in **Part A** of the Circular and the accompanying appendices;

(ii) SSAs, Supplemental SSAs, SPAs and Supplemental SPAs;

(iii) unaudited financial statements of the SPSB Group and OBS(M) Group for the FYE 31 December 2022 respectively;

(iv) audited financial statements of SPP for the FYE 31 December 2022;

(v) Valuation Reports;

(vi) other relevant information, documents, confirmations and/or representations provided by the Board and OHB management; and

(vii) other publicly available information which we deem relevant.

We have relied on the Board and OHB management to take due care to ensure that all information, documents, confirmations and representations provided to us to facilitate our evaluation of the Proposals are accurate, valid and complete in all material aspects. After making all reasonable enquiries, we are satisfied that sufficient information has been obtained and we believe that the information provided to us or which are available to us is reasonable, complete, not misleading, accurate and free from material omission.

The Board has seen and reviewed this IAL and after taking into consideration the views of Mercury Securities, the Board collectively and individually accepts full responsibility for the accuracy and completeness of the information contained herein (save for the views and recommendation of Mercury Securities) and confirms that, after having made all reasonable enquiries, that to the best of their knowledge and belief, all statements and/or information in this IAL are free from material omission of any material facts which would make any statement in this IAL false or misleading. Further, based on the briefing provided by Mercury Securities, the Board had accepted this IAL.

In rendering our advice, we have taken into consideration pertinent factors which we believe are of relevance and importance to you for a holistic assessment of the Proposals and therefore, are of general concern to you. Notwithstanding the foregoing, we wish to highlight that:

(i) it is not within our terms of reference to express any opinion on the legal, accounting and taxation issues relating to the Proposals; and

(ii) we have not taken into consideration any specific investment objectives, financial situation, risk profile or particular needs of any individual shareholder or any specific group of stockholders. We recommend that any of you who require specific advice in relation to the Proposals in the context of your individual investment objectives, financial situation, risk profile or particular needs should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Our advice should be considered in the context of the entirety of this IAL. Our evaluation and opinion as set out in this IAL are based on, amongst others, equity capital market, economic industry, regulatory and other prevailing conditions, and the information/documents made available to us as at the LPD. Such conditions may change significantly over a short period of time.

## 3. DECLARATION OF CONFLICT OF INTEREST AND OUR CREDENTIALS, EXPERIENCE AND EXPERTISE

Save for our current appointment as the Independent Adviser for the Proposals, we have not advised OHB in the capacity of principal adviser or independent adviser for any corporate exercise or have any professional relationship with OHB in the past 2 years. Premised on the foregoing, we confirm that we are not aware of any conflict of interest that exists or is likely to exist in relation to our role as the Independent Adviser for the Proposals.

We are a holder of a Capital Markets Services Licence issued by the SC as a principal adviser who is permitted to carry on the regulated activity of advising on corporate finance under the Capital Markets and Services Act 2007. The corporate finance department of Mercury Securities supports clients in the areas of take-overs, mergers and acquisitions, initial public offerings, reverse takeovers, secondary equity issuance, capital market coverage as well as independent advisory services. Our corporate finance team comprises experienced personnel with the requisite qualification and experience to provide, amongst others, independent advice and render opinion on fairness and reasonableness of transactions relating to acquisitions, disposals and take-over offers.

Our credentials and experience as an Independent Adviser include amongst others, the following:

(i) independent adviser to the non-interested shareholders of Lagenda Properties Berhad ("**Lagenda**") in relation to the proposed acquisition by Taraf Nusantara Sdn Bhd, an indirect wholly-owned subsidiary of Lagenda, of 42 block titles of development/ agriculture land for a total cash consideration of RM92.4 million, whereby our independent advice letter was issued on 12 October 2022;

(ii) independent adviser to the non-interested shareholders of Hock Seng Lee Berhad ("**HSLB**") in relation to the unconditional voluntary take-over offer by Hock Seng Lee Enterprise Sdn Bhd ("**HSLB Offeror**") to acquire all the remaining ordinary shares in HSLB not already owned by the HSLB Offeror, Dato' Yu Chee Hoe, Tony Yu Yuong Wee, Tang Sing Ngiik and Vincent Yu Yuong Yih, whereby our independent advice letter was issued on 28 March 2022;

(iii) independent adviser to the non-interested shareholders of Nylex (Malaysia) Berhad ("**Nylex**") in relation to the proposed disposal of the entire business and undertaking including all the assets and liabilities of Nylex involving the interests of related parties and the proposed distribution of the consideration from the disposal to all entitled shareholders of Nylex by way of a capital reduction and repayment exercise pursuant to Section 116 of the Act, whereby our independent advice letter was issued on 4 October 2021;

(iv) independent adviser to the non-interested shareholders of Malayan Cement Berhad in relation to the proposed acquisitions of group of companies/ companies (which are involved in cement and ready-mixed concrete business) involving the interests of related parties, whereby our independent advice letter was issued on 6 August 2021;

(v) independent adviser to the non-interested shareholders of IJM Corporation Berhad in relation to the proposed disposal of 56.2% equity interest in IJM Plantations Berhad involving the interests of related parties, whereby our independent advice letter was issued on 28 July 2021;

(vi) independent adviser to the non-interested shareholders of Amcorp Properties Berhad in relation to its proposed selective capital reduction and repayment exercise pursuant to Section 116 of the Act, whereby our independent advice letter was issued on 2 July 2021;

(vii) independent adviser to the non-interested shareholders of NCT Alliance Berhad in relation to its proposed acquisition of a parcel of freehold land together with an on-going mixed development project thereon as well as 100 units of serviced apartments of a separate mixed development project for a total consideration of RM422.9 million, whereby our independent advice letter was issued on 20 May 2021;

(viii) independent adviser to the non-interested shareholders of IGB Berhad ("**IGB**") in relation to the proposed disposals by the subsidiaries and joint venture company of IGB of 10 subject properties to MTrustee Berhad (on behalf of IGB Commercial Real Estate Investment Trust) for a total consideration of RM3,160.5 million, whereby our independent advice letter was issued on 13 April 2021;

(ix) independent adviser to the non-interested shareholders of Kobay Technology Berhad ("**Kobay**") in relation to the proposed exemption to Kobay Holdings Sdn Bhd as well as persons acting in concert with it from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares in Kobay not already owned by them, whereby our independent advice letter was issued on 25 March 2021; and

(x) independent adviser to the non-interested shareholders of Sin Heng Chan (Malaya) Berhad ("**SHC**") in relation to its proposed acquisition of the entire equity interest in Tunas Selatan Pagoh Sdn Bhd and proposed exemption to Dato' Choo Keng Weng and Tan Sri Dato' Sri Haji Esa Bin Haji Mohamed as well as persons acting in concert with them from the obligation to undertake a mandatory take-over offer for the remaining ordinary shares in SHC not already owned by them, whereby our independent advice letter was issued on 22 March 2021.

## 4. INTERESTS 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 executive of OHB and/or persons connected to them have any interest, direct or indirect, in the Proposals:

### (i) Interested Directors

The Interested Directors are 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.

The Interested Directors have abstained and will continue to abstain from deliberating and voting at all relevant Board meetings of OHB in respect of the Proposals. The Interested Directors will also abstain from voting in respect of their direct and/or indirect stockholdings in OHB on the resolution pertaining to the Proposals to be tabled at OHB's forthcoming EGM. 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 stockholdings, if any, on the resolution pertaining to the Proposals to be tabled at OHB's forthcoming EGM.

**(ii) Interested Stockholders**

The Interested Stockholders are Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, Dato' Seri Lim Su Tong, Tan Kheng Hwee, Dato' Sri Datuk Wira Tan Hui Jing, Datin Loh Ean, BSSB, BESB, BSD and LBS.

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

Please refer to **Section 14, Part A** of the Circular for further details of the interests of the Interested Parties in the Proposals.

## 5. DETAILS OF THE PROPOSALS

Please refer to **Sections 2 to 4, Part A** of the Circular for the details of the Proposals.

## 6. EVALUATION OF THE PROPOSALS

In arriving at our conclusion and recommendation in respect of the Proposals, we have assessed and evaluated the fairness and reasonableness of the Proposals in accordance with the relevant provisions set out in the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities.

In our evaluation of the Proposals, we have considered the following key factors:

| Factors | Section |
|---|---|
| • Rationale and justifications for the Proposals | 6.1 |
| • Purchase considerations for the Proposals, comprising: | 6.2 |
| ➢ Purchase Consideration of SPSB | 6.2.1 |
| ➢ Purchase Consideration of OBS(M) | 6.2.2 |
| ➢ Purchase Consideration of SPP | 6.2.3 |
| ➢ Purchase Consideration of Bukit Langkap Estate | 6.2.4 |
| ➢ Purchase Consideration of Bentong Estate | 6.2.5 |
| ➢ Purchase Consideration of Thye Group Estate | 6.2.6 |
| • Salient terms of the SSAs (including the Supplemental SSAs) | 6.3 |
| • Salient terms of the SPAs (including the Supplemental SPAs) | 6.4 |
| • Prospects of the enlarged OHB Group | 6.5 |
| • Risk factors pertaining to the Proposals | 6.6 |
| • Effects of the Proposals | 6.7 |

### 6.1 Rationale and Justifications for the Proposals

We took cognizance of the rationale and justifications for the Proposals as set out in **Section 5, Part A** of the Circular.

**Our comments**:

In arriving at our evaluation of the rationale and justifications for the Proposals, we have taken note the following:

**(i) The Proposals are intended to expand the OHB Group's oil palm plantation business**

We note that the OHB Group is principally involved in the following businesses:

(a) dealer and distributor of motor vehicles, manufacture of automotive parts, as well as traders of motor vehicles' spare parts, accessories and related component parts ("**Automotive**");

(b) cultivation of oil palm ("**Oil Palm Plantation**");

(c) investment properties and trading of building material products; and

(d) other businesses comprising the following:
- manufacture, assembly and distribution of plastic products;
- hotelier;
- operator of medical centre, nursing college and retail pharmacy; and
- investment holding,

(collectively, "**Others**").

Set out below is a summary of the OHB Group's segmental results for the past 3 FYEs:

| | FYE 31 Dec 2020 | | | | FYE 31 Dec 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **Business segment** | **Revenue** | | **Operating profit/ (loss)** | | **Revenue** | | **Operating profit** | |
| | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** | **RM'000** | **%** |
| Automotive | 2,056,680 | 61.1 | 150,143 | 139.2 | 1,612,817 | 49.4 | 72,888 | 12.0 |
| Oil Palm Plantation | 539,766 | 16.1 | 33,366 | 30.9 | 828,962 | 25.4 | 440,778 | 72.7 |
| Investment properties and trading of building material products | 313,380 | 9.3 | (43,171) | (40.0) | 339,229 | 10.4 | 2,638 | 0.4 |
| Others | 454,620 | 13.5 | 5,220 | 4.8 | 485,055 | 14.8 | 65,013 | 10.7 |
| Inter-company eliminations | - | - | (37,664) | (34.9) | - | - | 25,452 | 4.2 |
| **Total** | **3,364,446** | **100.0** | **107,894** | **100.0** | **3,266,063** | **100.0** | **606,769** | **100.0** |

| Business segment | FYE 31 Dec 2022 Revenue | | Operating profit | |
|---|---|---|---|---|
| | RM'000 | % | RM'000 | % |
| Automotive | 1,891,411 | 49.4 | 83,966 | 10.2 |
| Oil Palm Plantation | 884,498 | 23.1 | 343,448 | 41.9 |
| Investment properties and trading of building material products | 424,651 | 11.1 | 10,082 | 1.2 |
| Others | 626,492 | 16.4 | 349,635 | 42.6 |
| Inter-company eliminations | - | - | 33,093 | 4.1 |
| **Total** | **3,827,052** | **100.0** | **820,224** | **100.0** |

As tabulated above, we note that the Oil Palm Plantation business has been profitable and was the OHB Group's second largest revenue contributor during the financial years/period under review.

As the OHB Group's Oil Palm Plantation business has been performing positively, we note that it is the intention of OHB to continue growing this business segment through amongst others, the Proposals, as part of its long-term business plan.

**(ii) The Proposals are envisaged to be earnings accretive**

We note that the Proposals represents an opportunity for OHB to achieve the following:

**(a) Immediate expansion of its Oil Palm Plantation business**

As at the LPD, the OHB Group owns and operate a total of 102,373.7 Ha of oil palm plantation lands in Malaysia and Indonesia as follows:

| | Malaysia | Indonesia | Total |
|---|---|---|---|
| | Ha | Ha | Ha |
| Mature | 3,419.0 | 33,462.2 | 36,881.2 |
| Immature | 1,375.0 | 3,996.5 | 5,371.5 |
| **Planted** | **4,794.0** | **37,458.7** | **42,252.7** |
| Unplanted area | - | 56,705.0 | 56,705.0 |
| Buildings, roads, etc | 164.0 | 3,252.0 | 3,416.0 |
| **Total** | **4,958.0** | **97,415.7** | **102,373.7** |

Upon completion of the Proposed SPP Acquisition and Proposed Land Acquisitions, the total plantation lands of the OHB Group in Malaysia will increase by approximately 7,095.8 ha or 143.1% as follows:

| | Oil palm plantation lands in Malaysia as at the LPD | Pursuant to the Proposed SPP Acquisition and Proposed Land Acquisitions | Oil palm plantation lands in Malaysia after the Proposed SPP Acquisition and Proposed Land Acquisitions | Changes |
|---|---|---|---|---|
| | Ha | Ha | Ha | % |
| Mature | 3,419.0 | 5,131.3 | 8,550.3 | |
| Immature | 1,375.0 | 1,290.4 | 2,665.4 | |
| **Planted** | **4,794.0** | **6,421.7** | **11,215.7** | **134.0** |
| Unplanted area | - | 72.0 | 72.0 | |
| Buildings, roads, etc | 164.0 | 602.0 | 766.0 | |
| **Total** | **4,958.0** | **7,095.7** | **12,053.7** | **143.1** |

As plantation lands are scarce, the Proposed SPP Acquisition and Proposed Land Acquisitions represents an opportunity for OHB to acquire more oil palm plantation lands to grow its Oil Palm Plantation business in Malaysia.

Further, as the majority of the plantation lands to be acquired are already planted with oil palm trees, upon completion of the Proposed SPP Acquisition and Proposed Land Acquisitions, OHB would have full and immediate access to the on-going plantation activities thereon which in turn would enable OHB to generate immediate earnings and cash flows therefrom.

**(b) Value accretion from the SPSB Group and OBS(M) Group**

The OHB Group's oil palm plantation lands in Indonesia are held through the SPSB Group and OBS(M) Group as follows:

| | Oil palm plantation lands in Indonesia as at the LPD | Held through | |
|---|---|---|---|
| | | SPSB Group | OBS(M) Group |
| | Ha | Ha | Ha |
| Mature | 33,462.2 | 17,369.1 | 16,093.1 |
| Immature | 3,996.5 | 2,919.9 | 1,076.6 |
| **Planted** | **37,458.7** | **20,289.0** | **17,169.7** |
| Unplanted area | 56,705.0 | 80.1 | 56,624.9 |
| Buildings, roads, etc | 3,252.0 | 1,533.9 | 1,718.1 |
| **Total** | **97,415.7** | **21,903.0** | **75,512.7** |

As at the LPD, SPSB and OBS(M) are respectively a 50.5%-owned subsidiary of OHB. Upon completion of the Proposed SPSB Acquisition and Proposed OBS(M) Acquisition, OHB would have full control over SPSB and OBS(M) which in turn would provide OHB with full control over the oil palm plantation lands held by these 2 companies in Indonesia.

We further note the following:

**SPSB Group**

Set out below is a summary of the SPSB Group's financial results as extracted from **Appendix III** of the Circular:

| | Unaudited | | |
|---|---|---|---|
| | **FYE 2020** | **FYE 2021** | **FYE 2022** |
| | **RM'000** | **RM'000** | **RM'000** |
| Revenue | 294,312 | 439,573 | 432,155 |
| PAT | 103,836 | 209,275 | 194,384 |
| Current ratio (times) | 9.87 | 9.49 | 9.60 |
| Gearing ratio (times) | 0.10 | 0.08 | 0.08 |

As tabulated above, the SPSB Group has been delivering positive financial results over the past 3 FYEs. In addition, in view that the majority of the oil palm plantation lands of the SPSB Group are already planted with oil palm trees and its existing operations are profitable, the Proposed SPSB Acquisition is envisaged to be earnings accretive moving forward.

**OBS(M) Group**

Set out below is a summary of the OBS(M) Group's financial results as extracted from **Appendix IV** of the Circular:

| | Unaudited | | | | | |
|---|---|---|---|---|---|---|
| | **FYE 2020** | | **FYE 2021** | | **FYE 2022** | |
| | **USD'000** | **[(a)]RM'000** | **USD'000** | **[(a)]RM'000** | **USD'000** | **[(a)]RM'000** |
| Revenue | 55,246 | 249,491 | 81,351 | 367,381 | 90,365 | 408,088 |
| (Loss after tax)/ PAT | (48,858) | 220,643 | 32,685 | 147,605 | 11,799 | 53,284 |
| Current ratio (times) | 0.12 | | 0.15 | | 0.16 | |
| Gearing ratio (times) | [(b)](2.83) | | [(b)](3.25) | | [(b)](3.17) | |

*Notes:*

*(a) Computed based on the exchange rate of USD1 : RM4.516 as extracted from BNM as at the LPD.*

*(b) The OBS(M) Group was in a net liability position over the past 3 FYEs.*

We note that the OBS(M) Group was in a net liability position over the past 3 FYEs as it had incurred substantial bank borrowings to finance, amongst others, the costs of purchases of its oil palm lands, of which, as at the LPD, the majority of its oil palm lands are unplanted.

Notwithstanding its net liability position, the Proposed OBS(M) Acquisition is envisaged to be a value accretive expansion opportunity to the OHB Group as it would allow OHB to acquire sizable plantation lands now (i.e. the OBS(M) Group's 56,624.9 Ha unplanted land) for its future plantation activities.

Having considered the foregoing, on an overall basis, we are of the view that the rationale and justifications for the Proposals are reasonable.

### 6.2 Total Purchase Consideration for the Proposals

We took cognisance of the basis and justification in arriving at the Total Purchase Consideration as set out in **Section 2.2, Part A** of the Circular. In summary, the Total Purchase Consideration comprises the following:

| Purchase Consideration | RM'000 |
|---|---|
| • Purchase Consideration of SPSB | 646,931 |
| • Purchase Consideration of OBS(M) | [(a)] |
| • Purchase Consideration of SPP | 155,327 |
| • Purchase Consideration of Bukit Langkap Estate | 41,000 |
| • Purchase Consideration of Bentong Estate | 132,000 |
| • Purchase Consideration of Thye Group Estate | 224,100 |
| **Total Purchase Consideration** | **1,199,358** |

*Note:*

*(a) Being RM1.*

**Our comments:**

Set out below is a summary of our evaluation on the Total Purchase Consideration:

| Purchase Consideration | Our evaluation | Section |
|---|---|---|
| • Purchase Consideration of SPSB | **Fair and reasonable** as it is lower than our estimate of the market value of 49.5% equity interest in SPSB of RM1,006.7 million. | 6.2.1 |
| • Purchase Consideration of OBS(M) | **Fair and reasonable** as it is equivalent to our estimate of the market value of 49.5% equity interest in OBS(M) of RM1. | 6.2.2 |
| • Purchase Consideration of SPP | **Fair and reasonable** as it is lower than our estimate of the market value of 60.5% equity interest in SPP of RM254.2 million. | 6.2.3 |
| • Purchase Consideration of Bukit Langkap Estate | **Fair and reasonable** as the purchase considerations represent the market value of the respective estates to be acquired and the key bases and assumptions used by the valuers in arriving arrive at the market values of the respective estates are reasonable. | 6.2.4 |
| • Purchase Consideration of Bentong Estate | | 6.2.5 |
| • Purchase Consideration of Thye Group Estate | | 6.2.6 |

Based on the above, we are of the view that the Total Purchase Consideration is **fair and reasonable**.

Please refer to the ensuing sections for further details of our evaluations of the respective purchase considerations for the Proposals.

### 6.2.1 Our evaluation on the Purchase Consideration of SPSB

Set out below is a summary of the SPSB Group's assets composition as at 31 December 2022:

| | **Unaudited as at 31 Dec 2022** | |
|---|---|---|
| | **RM'000** | **%** |
| Oil palm plantation lands and mills: | | |
| • GML Estate | 58,992 | 3.2 |
| • GSBL Estate | 47,263 | 2.5 |
| Investment in shares | 39,476 | 2.1 |
| Investment in properties | 82,585 | 4.5 |
| Cash and cash equivalents | 1,456,272 | 78.4 |
| Others[(a)] | 172,844 | 9.3 |
| **Total** | **1,857,432** | **100.0** |

*Note:*

*(a) Comprises mainly trade receivables and inventories.*

*(Source: Management of OHB)*

In determining the most appropriate valuation methodology to be adopted, we have considered, amongst others, the SPSB Group's nature of business as well as various valuation methodologies, *inter alia*, discounted cash flows ("**DCF**"), relative valuation, NA and revalued NA valuation ("**RNAV**") methods.

In view that the SPSB Group is principally involved in the oil palm plantation business which is asset-intensive, we are of the view that the RNAV method would be the most suitable method of valuation to be adopted to estimate its equity value.

For information purposes, the RNAV method is a commonly-used method of valuation to appraise the equity value of asset-based entities such as plantation companies as it seeks to value the subject companies based on their latest NA adjusted for the net revaluation surplus or deficit of their material assets, on the presumption that the appraised market value of such material assets are realisable in the open market on a willing-buyer willing-seller basis.

In applying the RNAV method, we have assessed the market value of the following material property assets of the SPSB Group:

**(i) GML Estate and GSBL Estate**

In evaluating the market values of GML Estate and GSBL Estate, we have relied on the valuation performed by the valuer i.e. KJPP RHR as set out in **Appendix VIII(B)** of the Circular.

You are advised to refer to the valuation certificate as set out in **Appendix VIII(B)** of the Circular for further information on KJPP RHR's evaluation of the market values of GML Estate and GSBL Estate.

For your information:

(a) the basis of valuation adopted by the valuer is "Market Value" which is defined as the estimated amount that can be obtained or paid to exchange an asset or liability on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion;

(b) the date of valuation is 17 March 2023;

(c) the valuation approaches used comprise the following:

| Valuation method | Description |
|---|---|
| DCF | This method seeks to value an asset based on the projected net income and cash flows to be derived from its existing business operations. |
| Depreciated replacement cost ("**DRC**") method | This method seeks to value an asset based on the asset's estimated replacement cost after accounting for the relevant obsolescence/depreciated costs of the asset. |
| Comparison ("**Comparison**") method | This method seeks to value an asset with reference to the market prices of other similar assets that were transacted recently and after adjusting for key differences. |
| Modified land residual ("**MLR**") method | This method seeks to value an asset based on the criteria of its highest and best use i.e. as a vacant land or as improved. |

(d) the valuer had considered the concept of "highest and best use" of the plantation lands in arriving at the valuation of the said lands.

Set out below is a summary of KJPP RHR's appraised values of the GML Estate and GSBL Estate:

| Components | Valuation method | Appraised value by KJPP RHR | |
|---|---|---|---|
| | | **GML Estate** | **GSBL Estate** |
| | | **RM'000** | **RM'000** |
| Plantation assets | | | |
| • Oil palm plantation (excluding land) | DCF | [(a)]243,691 | [(a)]154,861 |
| • Oil palm seeds | DRC | 1,371 | 1,653 |
| **Sub-total** | | **245,062** | **156,514** |
| Non-plantation assets | | | |
| • Effective and excess lands | MLR | [(b)]141,095 | [(b)]84,141 |
| • Others[(c)] | DRC and Comparison | 77,992 | 57,168 |
| **Sub-total** | | **219,087** | **141,309** |
| **Total** | | **464,149** | **297,823** |

*Notes:*

*(a) Being the value of existing oil palm trees on the estates.*

*(b) Being the value of lands of the estates at its highest and best use i.e. as vacant or as improved.*

*(c) Comprises mainly palm oil mill and site improvement.*

We are of the view that the valuation methodologies used are reasonable as:

**(a) Income method comprising the DCF and MLR methods**

Income method is a commonly-used method of valuation to appraise the value of a plantation business as such method of valuation would appraise the value of crops productions thereon as well as lands of the estates based on the estimated earnings and cash flows to be derived therefrom.

**(b) Cost method *via* the DRC method**

The DRC method is a commonly-used method of valuation to appraise the value of tangible assets such as buildings and site improvements whereby, such method of valuation would appraise the value of the assets based on the estimated current costs required to replace the target asset or to purchase an asset with equal utilities after taking into account the relevant obsolescence or depreciated costs of the target assets.

**(c) Market approach *via* the Comparison method**

The comparison method is also a commonly-used method of valuation to appraise the value of tangible assets whereby such method of valuation would appraise the assets' value based on the prevailing market prices of its comparable.

Nevertheless, Comparison method is only suitable to be used when there are reasonable comparable references for the valuers to infer a comparative valuation for the target assets.

**Oil Palm Plantation**

We have reviewed the key bases and assumptions used in arriving at the valuation of the oil palm plantations of GML Estate and GSBL Estate. Our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| The oil palm plant's economic life is 25 years. | This assumption is reasonable as oil palm trees are normally replanted with a newer breed for every 25 – 30 years *(source: Malaysian Palm Oil Council)*. |
| Assumption of FFB production is based on [(i)]S2 land class standard (Moderately suitable) for the GML Estate and [(ii)]S3 land class standard (Marginally suitable) for the GSBL Estate, which is adjusted to the capability of the land in the plantation site.<br><br>Notes:<br><br>(i) S2 land class standard generally refers to the category of lands being moderately suitable for oil palm plantation after taking into account, amongst others, the capital expenditures required for the plantation activities and/or the fertility and soil conditions of the lands. | This assumption is reasonable as the FFB production projections are based on the valuer's assessment of the suitability of the estates' lands for oil palm plantations. |

| Key bases and assumptions | Our comments |
|---|---|
| (ii) S3 land class standard generally refers to the category of lands being marginally suitable for oil palm plantation after taking into account, amongst others, the capital expenditures required for the plantation activities and/or the fertility and soil conditions of the lands.<br><br>For information, lands categorised with S2 land class standard are more suitable for oil palm plantation as compared to S3 Land class standard. | |
| FFB price is projected based on the valuer's analysis as follows:<br><br>**Year** / **Projected FFB Price IDR'million / kg**<br>1: 2,251<br>2: 2,133<br>3: 2,140<br>4: 2,147<br>5 and onward: 2,153 | As a check, we note that the FFB price projection is within the range of historical FFB market prices over the past 3 years from 2020 to 2022 of between IDR1,751/kg to IDR3,730/kg *(source: Valuation report by KJPP RHR dated 18 April 2023 for the subject property)*. |
| Costs assumptions are based on the calculation of the standards and norms that apply in the plantation. The costs estimate include the following:<br><br>(i) Oil palm plants upkeep costs<br>(ii) Harvesting and transportation costs<br>(iii) General charges<br>(iv) Management fees<br>(v) Replacement allowance<br>(vi) Capital expenditure cost | We note that the estates' plantation costs were estimated after taking into account, amongst others, the historical plantation costs of the estates as well as the average plantation costs in Indonesia.<br><br>In that regard, we are of the view that the bases used in arriving at the cost estimates are reasonable. |
| Operating costs are assumed not to increase for the 1st year as it is assumed that costs are already using 2023 prices. Thereafter, operating costs are assumed to increase at 3.04% p.a. onwards. | As a check, we note that the projected increase in operating costs at the rate of 3.04% p.a. is within the range of historical inflation rate in Indonesia over the past 5 years from 2018 to 2022 of between 1.6% to 4.2% *(source: Worldbank.org)*. |
| Discount rate of 11.4% | As a check, we note that the discount rate used is within the range of weighted average cost of capital ("**WACC**") of [a]selected listed companies in Indonesia that are mainly involved in the oil palm plantation business of between 10.1% to 13.6%. |

*Note:*

*(a)* *In evaluating the reasonableness of the discount rate of 11.4%, we have performed a comparative analysis by comparing the discount rate used of 11.4% against the WACC of listed companies in Indonesia that are mainly involved in the oil palm plantation business.*

*In our view, the discount rate used of 11.4% is deemed reasonable if it falls within the range of the WACC of the comparable listed companies.*

*In selecting the comparable companies, we have adopted the following criteria:*

*(aa)* *the comparable company is listed on the Indonesia Stock Exchange and was profitable for the past 2 financial years;*

*(bb)* *more than 50% of the comparable company' revenue are derived from oil palm plantation business; and*

*(bb)* *the market capitalisation of the respective comparable companies is between RM1.0 billion to RM15.0 billion as at the date of valuation of the subject property.*

*Based on the above, the following companies fall within our selection criterion:*

| ***Comparable company*** | ***WACC*** |
|---|---|
| | *%* |
| *Astra Agro Lestari Tbk PT* | *10.7* |
| *Perusahaan Perkebunan London Sumatera Indonesia Tbk PT* | *11.6* |
| *Provident Investasi Bersama Tbk PT* | *13.6* |
| *Triputra Agro Persada PT* | *10.2* |
| *Sawit Sumbermas Sarana Tbk PT* | *10.1* |

*(Source: Bloomberg)*

*(The abovenamed companies shall hereinafter be collectively referred to the "**Indonesian Comparable Companies**")*

*Based on the above, the discount rate used of 11.4% is reasonable as it falls within the range of the WACC of the comparable listed companies of between 10.1% to 13.6%.*

**<u>Non-Plantation Assets</u>**

Non-plantation assets comprise mainly the following:

| **Components** | **Appraised value by KJPP RHR** | |
|---|---|---|
| | **GML Estate** | **GSBL Estate** |
| | **RM'000** | **RM'000** |
| Lands: | | |
| • Effective land | 129,793 | 78,733 |
| • Excess land | 11,302 | 5,408 |
| **Sub-total** | **141,095** | **84,141** |
| Others[(a)] | 77,992 | 57,168 |
| **Total** | **219,087** | **141,309** |

*Note:*

*(a)* *Comprise mainly palm oil mill and site improvement.*

**Effective and excess lands**

The lands values were appraised by the valuer using the MLR method on the presumption that the lands will continue to be used for plantations activities i.e. its highest and best use.

The key bases and assumptions used in arriving at the valuation of the lands and our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| 10%-15% of the lands are unplanted as they are assumed to be put for use for infrastructure purposes. | We note that the provision of 10% to 15% of total land as unplanted area for infrastructure use is higher than the current percentage of unplanted land area of the GML Estate and GSBL Estate of approximately 8.0%.<br><br>As such, we are of the view that this assumption is not detrimental to you as the resultant valuation to be derived is expected to be lower due to lower provision of plantable area. |
| The oil palm plant's economic life is 25 years.<br><br>Assumption of FFB production is based on S2 land class standard (Moderately suitable) for the GML Estate and S3 Land class standard (Marginally suitable) for the GSBL Estate, which is adjusted to the capability of the land in the plantation site.<br><br>FFB price is projected based on the valuer's analysis as follows:<br><br>**Year** / **Projected FFB Price IDR'million / kg**<br>1: 2,251<br>2: 2,133<br>3: 2,140<br>4: 2,147<br>5 and onward: 2,153<br><br>Costs assumptions are based on the calculation of the standards and norms that apply in the plantation. The costs estimate include the following:<br><br>(a) Oil palm plants upkeep costs<br>(b) Harvesting and transportation costs<br>(c) General charges<br>(d) Management fees<br>(e) Replacement allowance<br>(f) Capital expenditure cost | We note from the valuer that the highest and best use of the effective and excess lands are for plantation activities and therefore, the key bases and assumptions used in arriving the estimated market values of effective and excess lands are consistent with those adopted in the valuer's evaluation of the market value of planted lands.<br><br>We took note of the valuer's analysis and are satisfied with the reasonableness of the key bases and assumptions used herein. |

| Key bases and assumptions | Our comments |
|---|---|
| Operating costs are assumed not to increase for the 1st year as it is assumed that costs are already using 2023 prices. Thereafter, operating costs are assumed to increase at 3.04% p.a. onwards.<br><br>Discount rate of 11.4% | ↓ |

**Other non-plantation assets**

Other non-plantation assets comprise mainly buildings (including palm oil mill) and site improvements.

The key bases and assumptions used in arriving at the valuation of buildings (including palm oil mill) and site improvements and our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| The value of buildings and site improvement is obtained by first calculating the replacement cost of building and site improvement based on the prices of current components with similar levels of use, then deduct for the relevant depreciation costs. | We are of the view that this method of valuation is reasonable as the estimated replacement costs represents the current cost required to purchase similar assets with similar utilities/functionality.<br><br>Thus, resultant valuation to be derived would approximate the market value of the buildings and site improvements on the GML Estate and GSBL Estate, respectively. |
| The cost estimates comprise the following:<br><br>(i) direct costs comprising mainly material and labour costs; and<br><br>(ii) Indirect costs comprising:<br>• 11% value added tax ("**VAT**")<br>• 10% contractor profit<br>• 1.5% building permit cost | We further note that:<br><br>(i) direct costs such as material and labour costs were estimated based on current market prices;<br><br>(ii) the 10% contractor profit is within the range of average minimum margin for construction in Indonesia over the past 5 years of between 10% to 13% *(source: ceicdata.com)*; and<br><br>(iii) the 1.5% building permit cost was estimated based on industry average cost.<br><br>On an overall basis, we are satisfied with the reasonableness of the key bases and assumptions used in arriving at the valuation of non-plantation assets which comprise mainly buildings (including palm oil mill) and site improvements |

Based on our evaluations as set out above, on an overall basis, we are satisfied with the reasonableness of the methods of valuation as well as the key bases and assumptions adopted by the valuer in arriving at the respective valuations of the GML Estate and GSBL Estate.

In this regard, we have adopted the valuer's evaluation of the estimated market value of the GML Estate and GSBL Estate in arriving at the equity valuation of SPSB.

**(ii) Investment in shares**

The SPSB Group's investment in shares comprise the following:

| | **Net book value ("NBV") as at 31 Dec 2022** |
|---|---|
| | **RM'000** |
| Quoted shares | 39,462 |
| Unquoted shares | 14 |
| **Total** | **39,476** |

We have revalued the SPSB Group's investment in quoted shares using the mark-to-market approach.

Based on the last traded market prices of the invested shares as at 17 March 2023, being the date of valuation of the GML Estate and GSBL Estate, the revaluation deficit arising from the revaluation is as follows:

| | (A) | (B) | (C)=(A)-(B) |
|---|---|---|---|
| | **NBV as at 31 Dec 2022** | **Market value as at the valuation date** | **Revaluation Deficit** |
| | **RM'000** | **RM'000** | **RM'000** |
| Quoted shares | 39,462 | [(a)]39,306 | (156) |

*Note:*

*(a) The market prices of the respective quoted shares are extracted from Bloomberg.*

We did not perform a valuation on the unquoted shares in view that these assets are held for passive investment and there may be a lack of comprehensive market data to appraise the value. In this regard, the value of unquoted shares is ascribed based on their carrying amount as at 31 December 2022.

**(iii) Investment properties**

The SPSB Group's investment properties comprise the following:

| | **NBV as at 31 Dec 2022** |
|---|---|
| | **RM'000** |
| A 3-storey commercial building in Melbourne, Australia with total gross lettable area ("**GLA**") of 646 square metres ("**sqm**") ("**Melbourne Commercial Property**") | 79,744 |
| An office lot in Jakarta, Indonesia | 2,841 |
| **Total** | **82,585** |

**<u>Melbourne Commercial Property</u>**

In evaluating the market value of the Melbourne Commercial Property, we have relied on the valuation performed by the valuer i.e. M3property as set out in **Appendix VIII(C)** of the Circular.

You are advised to refer to the valuation certificate as set out in **Appendix VIII(C)** of the Circular for further information on M3property's valuation of the Melbourne Commercial Property's market value.

We note from the valuation certificate that:

(a) the basis of valuation adopted by the valuer is “Market Value”;

(b) the date of valuation is 28 March 2023; and

(c) the valuation approaches used comprise the following:

| Valuation method | Description |
|---|---|
| Capitalisation of net income method | This method of valuation seeks to value the property asset based on its estimated net income to be generated. |
| Comparison method | Please refer to **Section 6.2.1(i)** of this IAL for the description of this method of valuation. |

We are of the view that the valuation methodologies used are reasonable as:

**(a) Capitalisation of net income method**

Capitalisation of net income method is a commonly-used method of valuation to appraise the value of an income-generating property asset as such method of valuation would appraise the value of the property asset based on its estimated future earnings and cash flows; and

**(b) Comparison method**

As set out in **Section 6.2.1(i)** of this IAL, the Comparison method is a commonly-used method of valuation when there are reasonable and sufficient comparable references for the valuer to infer a comparative value for the target asset.

<u>**Capitalisation of net income method**</u>

The valuer had adopted the capitalisation of net income method as the primary method of valuation.

We have reviewed the key bases and assumptions used in arriving at the valuation of the Melbourne Commercial Property under this method of valuation, and our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| The subject property is expected to generate an annual net income of AUD0.9 million in perpetuity, which have been derived based on the following: | Based on the subject property’s GLA of 646 sqm, the projected net income implies a net income yield of AUD1,379/sqm. |
| <table><tr><td></td><td>**AUD’000**</td></tr><tr><td>Gross income</td><td>1,265</td></tr><tr><td>Less: Outgoings</td><td>(374)</td></tr><tr><td>**Net income**</td><td>**891**</td></tr></table> | We note that the projected net income yield of AUD1,379/sqm is consistent with the net income yield of the [a]comparable commercial properties, which ranges from AUD232/sqm to AUD1,488/sqm and hence, the assumption is reasonable. |
| The capitalisation rate used is 3.3%. | We note that the capitalisation rate used is higher than the highest market yield of the [a]comparable commercial properties of 3.0%. The use of higher capitalisation rate is not detrimental to your interest as it would result in a more conservative valuation. |

Note:

(a) Please refer to the Comparison method analysis below for further details of the comparable properties.

Based on the above, the valuer appraised that the market value of the Melbourne Commercial Property under this capitalisation of net income method is approximately RM80.0 million.

**<u>Comparison method</u>**

The valuer had considered the following sales transactions in estimating the market value of the Melbourne Commercial Property:

| | **Comparable 1** | **Comparable 2** | **Comparable 3** |
|---|---|---|---|
| Description | 7-storey commercial building located at 163 Swanston Street, Melbourne | 2-storey commercial building located at 272 – 282 Lonsdale Street, Melbourne | 4-storey commercial building located at 483 – 485 Elizabeth Street, Melbourne |
| GLA | 1,508 sqm | 817 sqm | 707 sqm |
| Sale date | October 2022 | October 2022 | July 2022 |
| Sale price | AUD18,020,000 | AUD32,500,000 | AUD12,025,000 |
| Annual net income | AUD349,650 | AUD739,547 | AUD203,072 |
| Price per sqm | AUD11,950/sqm | AUD39,780/sqm | AUD17,008/sqm |
| Net income yield | AUD232/sqm | AUD1,488/sqm | AUD287/sqm |
| Market yield | 1.8% | 2.3% | 1.7% |

| | **Comparable 4** | **Comparable 5** | **Comparable 6** |
|---|---|---|---|
| Description | 3-storey commercial building located at 27 – 31 Hardware Lane, Melbourne | 2 2-storey commercial buildings located at 423 & 425 Elizabeth Street, Melbourne | 4-storey commercial building located at 139 Collins Street, Melbourne |
| GLA | 432 sqm | 282 sqm | 1,662 sqm |
| Sale date | March 2022 | August 2021 | November 2020 |
| Sale price | AUD7,420,000 | AUD11,000,000 | AUD68,000,000 |
| Annual net income | AUD176,470 | AUD256,946 | AUD2,078,402 |
| Price per sqm | AUD17,180/sqm | AUD39,007/sqm | AUD40,919/sqm |
| Net income yield | AUD409/sqm | AUD911/sqm | AUD1,251/sqm |
| Market yield | 2.5% | 2.3% | 3.0% |

We note that the valuer had selected the comparable 2 and comparable 6 as the most comparable references to infer a comparative value to the subject property as, amongst others:

(1) comparable 2 is situated closest to the subject property; and

(2) comparable 6 has the higher sales pricing which may be appropriate for the subject property given that, amongst others, the subject property has a smaller capital value and lettable area.

In view of the above, the valuer had adopted a valuation parameter of AUD42,000/sqm to appraise the valuation of the Melbourne Commercial Property.

Based on the subject property's GLA of 646 sqm, the valuer appraised that the market value of the subject property under the Comparison method is approximately AUD27.1 million (or RM79.7 million).

Based on our evaluations as set out above, on an overall basis, we are satisfied with the reasonableness of the method of valuation as well as the key bases and assumptions adopted by the valuer in arriving at the valuation of the Melbourne Commercial Property.

In that regard, we have adopted the valuer's evaluation of the estimated market value of the Melbourne Commercial Property of RM80.0 million (derived under the capitalisation of net income method) in arriving at the RNAV of SPSB.

**Office lot in Jakarta, Indonesia**

We note from OHB that there was no property valuation being prepared for the office lot in Jakarta, Indonesia. Notwithstanding the foregoing, as the NBV of the office lot in Jakarta, Indonesia of RM2.8 million constitutes only 0.2% of the SPSB Group's total assets, we are of the view that any revaluation surplus/deficits are not expected to have a material impact on the equity valuation of SPSB.

**RNAV of SPSB**

Based on the above, we derived that the estimated market value of 49.5% equity interest in SPSB is RM1,006.7 million as follows:

| | | RM'000 |
|---|---|---|
| NA of the SPSB Group as at 31 Dec 2022 | | [a]1,560,591 |
| Add: | Revaluation surplus from the GML Estates and GSBL Estates | [b]473,099 |
| Add: | Revaluation surplus from the Melbourne Commercial Property | [c]201 |
| Less: | Revaluation deficit from the SPSB Group's investment in shares | (156) |
| **100.0% RNAV of SPSB** | | **2,033,735** |
| **49.5% RNAV of SPSB** | | **1,006,699** |

*Notes:*

*(a)* *The NA value is unaudited as there are no audited consolidated accounts being prepared for the SPSB Group.*

*(b)* *Computed as follows:*

| | *(A)* | *(B)* | *(C)=(B)-(A)* | *(D)=(C) * 22%* | *(E)={(C)-(D)}*92.5%* |
|---|---|---|---|---|---|
| ***Asset*** | ***NBV as at 31 Dec 2022*** | ***Market value*** | ***Gross revaluation surplus*** | ***22% deferred tax (Indonesia)*** | ***[1]92.5% of net revaluation surplus*** |
| | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** |
| *GML Estate* | *58,992* | *464,149* | *405,157* | *(89,135)* | *292,320* |
| *GSBL Estate* | *47,263* | *297,823* | *250,560* | *(55,123)* | *180,779* |
| ***Total*** | | | | | ***473,099*** |

*Note:*

*(1)* *The SPSB Estates are 92.5%-owned by SPSB. Hence, the adjustment to net revaluation surplus is intended to reflect SPSB's 92.5%-proportionate share of the net revaluation surplus arising from the revaluation of the GML Estate and GSBL Estate.*

*(c)* *Computed as follows:*

| | *(A)* | *(B)* | *(C)=(B)-(A)* | *(D)=(C) * 30%* | *(E)=(C)-(D)* |
|---|---|---|---|---|---|
| ***Asset*** | ***NBV as at 31 Dec 2022*** | ***Appraised market value*** | ***Gross revaluation surplus*** | ***30% deferred tax (Australia)*** | ***Net revaluation surplus*** |
| | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** |
| *Melbourne Commercial Property* | *79,744* | *80,031* | *287* | *86* | *201* |

Based on the above, we are of the view that the Purchase Consideration of SPSB of RM646.9 million is fair as it is lower than our estimate of the market value of 49.5% equity interest in SPSB of RM1,006.7 million.

We also note that OHB had appointed SCA to assess the fairness of the Purchase Consideration of SPSB pursuant to paragraph 4 of Part F of Appendix 10B of the Listing Requirements. Based on their Expert's Report as set out in **Appendix VII** of the Circular, we note that SCA has also opined that the Purchase Consideration of SPSB is deemed fair.

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### 6.2.2 Our evaluation on the Purchase Consideration of OBS(M)

Set out below is a summary of the OBS(M) Group's assets composition as at 31 December 2022:

| | Unaudited as at 31 Dec 2022 | |
|---|---|---|
| | **RM'000** | **%** |
| Oil palm plantation lands and mills: | | |
| • SAP Estate | 91,060 | 7.6 |
| • BSSP Estate | 143,826 | 12.1 |
| • GSSL Estate | 132,752 | 11.1 |
| • PPA Estate | 225,656 | 18.9 |
| • DAM Estate | 78,147 | 6.5 |
| • SSL Estate | 76,850 | 6.4 |
| Investment in property | 102,063 | 8.6 |
| Cash and cash equivalents | 155,081 | 13.0 |
| Others[(a)] | 187,826 | 15.8 |
| **Total** | **1,193,261** | **100.0** |

*Note:*

*(a) Comprise mainly rights of use assets, trade receivables and inventories.*

*(Source: Management of OHB)*

In determining the most appropriate valuation methodology to be adopted, we have considered, amongst others, the OBS(M) Group's nature of business as well as various valuation methodologies, *inter alia*, DCF, relative valuation, NA and RNAV methods.

In view that the OBS(M) Group is principally involved in the oil palm plantation business which is asset-intensive, we are of the view that the RNAV method would be the most suitable method of valuation to be adopted to estimate its equity value.

In applying the RNAV method, we have assessed the market value of the following material property assets of the OBS(M) Group:

**(i) OBS(M) Estates**

In evaluating the market values of the OBS(M) Estates, we have relied on the valuation performed by the valuer i.e. KJPP RHR as set out in **Appendix VIII(B)** of the Circular.

You are advised to refer to the valuation certificate as set out in **Appendix VIII(B)** of the Circular for further information on KJPP RHR's valuation of the market values of the OBS(M) Estates.

For your information:

(a) the basis of valuation is "Market Value";

(b) the date of valuation is 17 March 2023;

(c) the valuation approaches used comprise those as adopted in the valuation of the SPSB Estates as detailed in **Section 6.2.1(i)** of this IAL; and

(d) the valuer had considered the concept of "highest and best use" of the plantation lands in arriving at the valuation of the said lands.

Set out below is a summary of KJPP RHR's appraised values of the OBS(M) Estates:

| Components | Valuation method | Appraised value by KJPP RHR | | |
|---|---|---|---|---|
| | | **SAP Estate** | **BSSP Estate** | **GSSL Estate** |
| | | **RM'000** | **RM'000** | **RM'000** |
| Plantation assets | | | | |
| • Oil palm plantation (excluding lands) | DCF | 76,717 | 159,500 | 81,113 |
| • Oil palm seeds | DRC | - | - | 235 |
| **Sub-total** | | **76,717** | **159,500** | **81,348** |
| Non-plantation assets | | | | |
| • Effective and excess lands | MLR | 61,305 | 39,217 | 88,159 |
| • Others[(a)] | DRC and Comparison | 5,005 | 57,870 | 8,289 |
| **Sub-total** | | **66,310** | **97,087** | **96,448** |
| **Total** | | **143,027** | **256,587** | **177,796** |

| Components | Valuation method | Appraised value by KJPP RHR | | |
|---|---|---|---|---|
| | | **PPA Estate** | **DAM Estate** | **SSL Estate** |
| | | **RM'000** | **RM'000** | **RM'000** |
| Plantation assets | | | | |
| • Oil palm plantation (excluding lands) | DCF | 114,762 | 37,598 | 48,278 |
| • Oil palm seeds | DRC | 641 | 14 | 410 |
| **Sub-total** | | **115,403** | **37,612** | **48,688** |
| Non-plantation assets | | | | |
| • Effective and excess lands | MLR | 96,518 | 54,733 | 34,850 |
| • Others[(a)] | DRC and Comparison | 71,057 | 3,017 | 5,963 |
| **Sub-total** | | **167,575** | **57,750** | **40,813** |
| **Total** | | **282,978** | **95,362** | **89,501** |

*Note:*

*(a) Comprises mainly palm oil mill and site improvement.*

We note that the valuation methodologies used are similar to those as adopted in Section **6.2.1(i)** of this IAL.

Based on our analysis as set out in **Section 6.2.1(i)** of this IAL, we are of the view that the valuation methodologies used are reasonable.

**Oil Palm Plantation**

We have reviewed the key bases and assumptions used in arriving at the valuation of the oil palm plantations of the OBS(M) Estates and our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| The oil palm plant's economic life is 25 years. | This assumption is reasonable given that oil palm trees are normally replanted with a newer breed for every 25 – 30 years *(source: Malaysian Palm Oil Council)*. |
| Assumption of FFB production is based on S3 Land class standard (Marginally suitable), which is adjusted to the capability of the land in the plantation site. | This assumption is reasonable as the FFB production projections are based on the valuer's assessment of the suitability of the land for oil palm plantation. |
| FFB price is projected based on the valuer's analysis as follows:<br><br>**Year** / **Projected FFB Price IDR'million / kg**<br>1: [a]2,338, [b]2,251<br>2: [a]2,215, [b]2,133<br>3: [a]2,223, [b]2,140<br>4: [a]2,229, [b]2,147<br>5 and onward: [a]2,236, [b]2,153<br><br>*Notes:*<br>*(a) For the SAP Estate, GSSL Estate, DAM Estate, SSL Estate and PPA Estate only.*<br>*(b) For the BSSP Estate only.* | We note that the valuer had adopted a lower projected FFB Price for the BSSP Estate mainly due to the said estate being located on an island (i.e. Bangka Island) which is also far away from shipping port.<br><br>As a result, the transportation costs to be incurred for the plantation activities at the BSSP Estate are expected to be higher than those of the SAP Estate, GSSL Estate, DAM Estate, SSL Estate and PPA Estate which are located at South Sumatera regions. As such, the projected selling FFB Price for the BSSP Estate is comparatively lower.<br><br>Notwithstanding the above, as a check, we note that the FFB price projection:<br><br>(i) for the SAP Estate, GSSL Estate, DAM Estate, SSL Estate and PPA Estate of between IDR2,338 million/kg to IDR2,215 million /kg is within the historical range of FFB market prices in South Sumatera region over the past 3 years from 2020 to 2022 of between IDR1,748 million /kg to IDR3,728 million /kg; and<br><br>(ii) for the BSSP Estate of between IDR2,133 million/kg to IDR2,251 million/kg is within the historical range of FFB market prices in Bangka Islands over the past 3 years from 2020 to 2022 of between IDR1,751 million /kg to IDR3,730 million/kg respectively.<br><br>*(Source: Valuation report by KJPP RHR dated 18 April 2023 for the subject property)*. |

| Key bases and assumptions | Our comments |
|---|---|
| Costs assumptions are based on the calculation of the standards and norms that apply in the plantation. The costs estimate include the following:<br><br>(i) Oil palm plants upkeep costs<br>(ii) Harvesting and transportation costs<br>(iii) General charges<br>(iv) Management fees<br>(v) Replacement allowance<br>(vi) Capital expenditure cost | We note that the estates' plantation costs were estimated after taking into account, amongst others, the historical plantation costs of the estates as well as the average plantation costs in Indonesia.<br><br>In that regard, we are of the view that the bases used in arriving at the cost estimates are reasonable. |
| Operating costs are assumed not to increase for the 1st year as it is assumed that costs are already using 2023 prices. Thereafter, operating costs are assumed to increase at 3.04% p.a. onwards. | As a check, we note that the projected increase in operating costs at the rate of 3.04% p.a. is within the historical inflation rate in Indonesia over the past 5 years from 2018 to 2022 of between 1.6% to 4.2% *(source: Worldbank.org)*. |
| Discount rate of 11.4% | As a check, we note that the discount rate is within the range of the WACC of the Indonesian Comparable Companies of between 10.1% to 13.6% as set out in **Section 6.2.1(i)** of this IAL. |

**Non-Plantation Assets**

Non-plantation assets comprise mainly the following:

| | **Appraised value by KJPP RHR** | | |
|---|---|---|---|
| **Components** | **SAP Estate** | **BSSP Estate** | **GSSL Estate** |
| | **RM'000** | **RM'000** | **RM'000** |
| Lands: | | | |
| • Effective land | 22,709 | 37,576 | 23,725 |
| • Excess land | 38,596 | 1,641 | 64,434 |
| **Sub-total** | **61,305** | **39,217** | **88,159** |
| Others[(a)] | 5,005 | 57,870 | 8,289 |
| **Total** | **66,310** | **97,087** | **96,448** |

| | **Appraised value by KJPP RHR** | | |
|---|---|---|---|
| **Components** | **PPA Estate** | **DAM Estate** | **SSL Estate** |
| | **RM'000** | **RM'000** | **RM'000** |
| Lands: | | | |
| • Effective land | 31,403 | 10,383 | 15,822 |
| • Excess land | 65,115 | 44,350 | 19,028 |
| **Sub-total** | **96,518** | **54,733** | **34,850** |
| Others[(a)] | 71,057 | 3,017 | 5,963 |
| **Total** | **167,575** | **57,750** | **40,813** |

*Note:*

*(a) Comprises mainly palm oil mill and site improvement.*

**Effective and excess lands**

The lands values were appraised by the valuer using the MLR method on the presumption that the lands will continue to be used for plantations activities i.e. its highest and best use.

The key bases and assumptions used in arriving at the valuation of the lands and our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| 10%-15% of the lands are unplanted as they are assumed to be put for use for infrastructure purposes. | Taking the current percentage of unplanted land area of the GML Estate and GSBL Estate as reference, the provision of 10%-15% unplanted land area for infrastructure use is higher than the current percentage of unplanted land area of the GML Estate and GSBL Estate of approximately 8%.<br><br>Thus, this assumption is not detrimental to you as the resultant valuation to be derived is expected to be lower due to lower provision of plantable area. |
| The oil palm plant's economic life is 25 years.<br><br>Assumption of FFB production is based on S3 Land class standard (Marginally suitable) which is adjusted to the capability of the land in the plantation site.<br><br>FFB price is projected based on the valuer's analysis as follows: | We note from the valuer that the highest and best use of the effective and excess lands are for plantation activities and therefore, the key bases and assumptions used in arriving the estimated market values of effective and excess lands are consistent with those adopted in the valuer's evaluation of the market value of planted lands.<br><br>We took note of the valuer's analysis and are satisfied with the reasonableness of the key bases and assumptions used herein. |

| Year | Projected FFB Price IDR'million / kg |
|---|---|
| 1 | [a]2,338, [b]2,251 |
| 2 | [a]2,215, [b]2,133 |
| 3 | [a]2,223, [b]2,140 |
| 4 | [a]2,229, [b]2,147 |
| 5 and onward | [a]2,236, [b]2,153 |

*Notes:*

*(a) For the SAP Estate, GSSL Estate, DAM Estate, SSL Estate and PPA Estate only.*

*(b) For the BSSP Estate only.*

Costs assumptions are based on the calculation of the standards and norms that apply in the plantation. The costs estimate include the following:

(a) Oil palm plants upkeep costs
(b) Harvesting and transportation costs
(c) General charges
(d) Management fees
(e) Replacement allowance
(f) Capital expenditure cost

| Key bases and assumptions | Our comments |
|---|---|
| Operating costs are assumed not to increase for the 1st year as it is assumed that costs are already using 2023 prices. Thereafter, operating costs are assumed to increase at 3.04% p.a. onwards.<br><br>Discount rate of 11.4% | ↓ |

**Non-Plantation Assets**

Other non-plantation assets comprise mainly buildings (including palm oil mill) and site improvements.

The key bases and assumptions used in arriving at the valuation of buildings (including palm oil mill) and site improvements and our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| The value of buildings and site improvement is obtained by first calculating the replacement cost of building and site improvement based on the prices of current components with similar levels of use, then deduct for the relevant depreciation costs.<br><br>The cost estimates comprise the following:<br><br>(i) direct costs comprising mainly material and labour costs; and<br><br>(ii) Indirect costs comprising:<br>• 11% value added tax ("**VAT**")<br>• 10% contractor profit<br>• 1.5% building permit cost | We are of the view that this method of valuation is reasonable as the estimated replacement costs represents the current cost required to purchase similar assets with similar utilities/functionality.<br><br>Thus, resultant valuation to be derived would approximate the market value of the buildings and site improvements on the OBS(M) Estates.<br><br>We further note that:<br><br>(i) direct costs such as material and labour costs were estimated based on current market prices;<br><br>(ii) the 10% contractor profit is within the range of average minimum margin for construction in Indonesia over the past 5 years of between 10% to 13% *(source: ceicdata.com)*; and<br><br>(iii) the 1.5% building permit cost was estimated based on industry average cost.<br><br>On an overall basis, we are satisfied with the reasonableness of the key bases and assumptions used in arriving at the valuation of non-plantation assets which comprise mainly buildings (including palm oil mill) and site improvements. |

Based on our evaluations as set out above, on an overall basis, we are satisfied with the reasonableness of the method of valuation as well as the key bases and assumptions adopted by the valuer in arriving at the valuation of the OBS(M) Estates.

In this regard, we have adopted the valuer's evaluation of the estimated market value of the OBS(M) Estate in arriving at the equity valuation of OBS(M).

### (ii) Investment property

The OBS(M) Group's investment property comprise a 7-storey purpose-built hotel building in Burwood East, Victoria, Australia ("**Burwood Hotel Property**") whereby it consists of:

(a) 55 serviced apartments with total GLA of 4,291 sqm ("**Hotel Component**"). The Hotel Component are currently leased to Quest Burwood Hotel for a 10-year lease expiring on 19 May 2029; and

(b) 2 retail premises with total GLA of 1,535 sqm ("**Retail Component**"). The Retail Components are currently tenanted to 2 tenants as follows:

| Tenant | GLA | Tenancy period |
|---|---|---|
| Tenant 1 (gymnasium) | 944 | 5 years expiring on 30 Sep 2024 |
| Tenant 2 (physiotherapist clinic) | 591 | 10 years expiring on 29 Nov 2032 |

In evaluating the market value of the Burwood Hotel Property, we have relied on the valuation performed by the valuer i.e. M3property as set out in **Appendix VIII(C)** of the Circular.

You are advised to refer to the valuation certificate as set out in **Appendix VIII(C)** of the Circular for further information on M3property's valuation of the Burwood Hotel Property's market value.

For your information:

(a) the basis of valuation adopted by the valuer is "Market Value";

(b) the date of valuation is 31 March 2023; and

(c) the valuation approaches used comprise the DCF method, capitalisation of net income method as well as Comparison method. Please refer to **Sections 6.2.1(i) and 6.2.1(iii)** of this IAL for the description of the said methods of valuation.

We are of the view that the valuation methodologies used are reasonable as:

**(a) DCF and capitalisation of net income method**

Both methods are commonly-used methods of valuation to appraise the value of an income-generating property asset as both methods of valuation would appraise the value of a property asset based on its estimated future earnings and cash flows. As such, in view that the subject property is currently fully leased/tenanted, the use of income-based valuation method is reasonable.

**(b) Comparison method**

As set out in **Section 6.2.1(i)** of this IAL, Comparison is also a commonly-used method of valuation when there are reasonable and sufficient comparable references for the valuer to infer a comparative valuation for the target asset.

**DCF method**

The valuer had adopted the DCF method as the primary method of valuation. In arriving at the valuation of the subject property under the DCF method, the valuer had undertaken a 10-year cash flow projection on the subject property.

The key bases and assumptions used in arriving at the said cash flow projections together with our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| Income projection for the Hotel Component<br><br>The valuer had assumed that over the 10-year projection period:<br><br>• the existing lease to Quest Burwood Hotel will be renewed upon expiry; and<br><br>• net income to be generated from the lease will grow at a compound annual growth rate ("**CAGR**") of 2.8%. | We are of the view that this assumption is reasonable as it can be supported by the following key factors:<br><br>**(a) Strategic location**<br><br>The subject property is located in a mixed-use metropolitan area which is approximately 21 kilometres away from Melbourne i.e. one of the main central business districts of Australia.<br><br>In terms of accessibility, we note that the subject property is accessible from major roads in Melbourne such as the Burwood Highway, Mahoneys Road and Monash Freeway.<br><br>We further note from the valuation report that Melbourne is one of the [(1)]popular destinations in Australia for both domestic and international visitations.<br><br>Thus, in anticipation of the [(2)]on-going economy growth in Australia, the continued visitations to Melbourne would augur well to the future prospects of the subject property as hospitality services are needed for visitors to stay.<br><br>*Notes:*<br><br>*(1) Based on the valuer's analysis as set out in its valuation report dated 2 May 2023 for the subject property.*<br><br>*(2) Based on economic projection by the International Monetary Fund, the institution had projected that Australia's gross domestic product is expected to grow by 1.6% in 2023 and 1.7% in 2024.*<br><br>*(Source: Publication dated 11 April 2023 by theguardian.com entitled "IMF expects Australia's economy to slow amid "perilous international pressures")* |

| Key bases and assumptions | Our comments |
|---|---|
| | |

**(b) Competitive leasing rate**

We note that from the valuation report that the existing lease yield of the Hotel Component is AUD20,157/ key.

As a check, we note that the existing lease yield of the Hotel Component is within the current rental yields of the following purpose-built hotels which are located within its vicinity:

| | Rental/key AUD |
|---|---|
| • 64 serviced apartment hotel located at 152 Queensberry Street, Carlton, Victoria | 21,235 |
| • 45 serviced apartment hotel located at 2 Wests Road, Maribyrnong, Victoria | 16,213 |
| • 111 serviced apartment complex located at 71 Epping Road, Macquarie Park, NSW | 21,982 |
| • 40 serviced apartment complex located at 53 Railway Street, Griffith NSW | 16,471 |
| • 70 serviced apartment hotel located at Woolloongabba, Queensland | 20,130 |

*(Source: Valuation report prepared by M3property dated 2 May 2023 for the subject property)*

As the leasing rate of the Hotel Component is within the current rental yields of the comparable properties, we are of the view that the competitive leasing rate of the Hotel Component would augur well to the potential of continued leasing by its existing lessee upon expiry.

| Key bases and assumptions | Our comments |
|---|---|
| Income projection for the Retail Component<br><br>The valuer had assumed that over the 10 years projection period:<br><br>• the probability of renewal of its existing tenancies are 50% respectively; and<br><br>• net income from the tenancies will grow at a CAGR of 3.8%. | We are of the view that this assumption is reasonable as it can be supported by the following key factors:<br><br>**(a) Strategic location**<br><br>We note from the valuation report that the Hotel Component is currently branded as the Quest Burwood East. and "Quest" is an established brand in Australia with more than 30 years of on-going operations.<br><br>Given the track record and profile of the existing lessee of the Hotel Component as well as the strategic location of the subject property as elaborated earlier, the on-going operations of the Hotel Component are expected to generate viable business opportunities for the Retail Component, which in turn augur well to the potential of renewal of existing tenancies and/or interest of tenancy by other potential tenants.<br><br>**(b) Competitive rental rate**<br><br>We note that from the valuation report that the existing rental yield of the Retail Component is 272.9/sqm.<br><br>As a check, we note that the existing rental yield of the Retail Component is within the current rental yield of the following retail premises which are located within its vicinity: |

| Retail shop at: | **Rental/sqm**<br>**AUD** |
|---|---|
| • Springvale Road, Victoria | 236 |
| • Mount Waverley, Victoria | 347 |
| • Burwood East, Victoria | 436 |
| • North Melbourne, Victoria | 555 |
| • Fitzroy, Victoria | 414 – 571 |
| • Notting Hill, Victoria | 287 |
| • Richmond, Victoria | 411 |
| • Kew, Victoria | 550 |
| • Yarraville, Victoria | 246 |

*(Source: Valuation report prepared by M3property dated 2 May 2023 for the subject property)*

| Key bases and assumptions | Our comments |
|---|---|
| | As the rental rate of the Retail Component is within the current rental yields of the comparable properties, we are of the view that the competitive rental rate of the Retail Component would augur well to the potential of:<br><br>(1) continued rental by its existing tenants upon expiry; or<br><br>(2) new tenancies from other new tenants upon non-renewal of existing tenancies. |
| Cost projections<br><br>The valuer had projected that:<br><br>• annual outgoing of the subject property to be AUD74.87/sqm; and<br><br>• regular refurbishment costs would include the following:<br><br>➢ an annual allowance of 0.5% of the gross income; and<br><br>➢ refurbishment allowances at expiry of leases/tenancy of AUD100/sqm | This assumption is necessary to account for the future costs to be incurred for the defrayment of outgoings and regular maintenance costs of the subject property.<br><br>The bases used in this assumption are reasonable as:<br><br>(a) annual outgoings were estimated based on current outgoings of the subject property; and<br><br>(b) based on our discussions with the valuer, the refurbishment allowances of AUD100/sqm were estimated based on average industry's refurbishment costs. |
| Discount rate used is 6% | As a check, we note that the discount rate used of 6% is within the range of the WACC of [(a)]selected listed companies in Australia that are mainly involved in the property management business of between 4.2% to 7.3%. Hence, the discount rate adopted is reasonable. |

| Key bases and assumptions | Our comments |
|---|---|
| Terminal value is estimated based on the following key parameters:<br><br>\| \| AUD'000 \|<br>Net Market Income: 2,551<br>Capitalisation rate: 5.8%<br>Gross terminal value: [(a)]44,372<br>Less: Adjustments: (4,039)<br>Less: Selling costs: (403)<br>**Terminal value: 39,930**<br><br>*Note:*<br><br>*(a) Computed by diving the net market income with the capitalisation rate.* | We are of the view that the parameters used in arriving at the terminal value of the subject property are reasonable premised on the following key factors:<br><br>(a) the estimated net market income at terminal year is fairly consistent with the subject property's projected net operating income at the end of the projection year of AUD2.4 million;<br><br>(b) the capitalisation rate used is within the range of the WACC of [(i)]selected listed companies in Australia that are mainly involved in the property management business of between 4.2% to 7.3%; and<br><br>(c) the adjustments made totalling AUD4.0 million is to account for, amongst others, the estimated capital costs of refurbishment for the subject property in the future. |

*Note:*

*(i) In evaluating the reasonableness of the discount rate of 6.0%, we have performed a comparative analysis by comparing the discount rate used of 6.0% against the WACC of selected listed companies in Australia that are mainly involved in the property management business.*

*In our view, the discount rate used of 6.0% is deemed reasonable if it falls within the range of the WACC of the comparable listed companies.*

*In selecting the comparable companies, we have adopted the following criteria:*

*(aa) the comparable company is listed on the Australia Stock Exchange and was profitable for the past 2 financial years;*

*(bb) more than 50% of the comparable company's revenue are derived from real estate management and sale business; and*

*(cc) the market capitalisation of the respective comparable companies is between RM0.3 billion to RM1.0 billion as at the date of valuation of the subject property.*

*Based on the above, the following companies fall within our selection criterion:*

| *Comparable company* | *WACC* |
|---|---|
| | *%* |
| *Garda Property Group* | *6.6* |
| *Aspen Group Limited* | *6.7* |
| *Eureka Group Holdings Limited* | *4.2* |
| *Elanor Commercial Property Fund* | *7.3* |
| *360 Capital REIT* | *5.3* |

*(Source: Bloomberg)*

*Based on the above, the discount rate used of 6.0% is reasonable as it falls within the range of the WACC of the comparable listed companies of between 4.2% to 7.3%.*

Based on the above, the valuer appraised that the market value of the Burwood Hotel Property under the DCF method is approximately RM99.2 million. However, we wish to highlight that the resultant valuation to be derived under the DCF method is highly dependent on the key bases and assumptions used in the DCF method and there is no certainty that such key bases and assumptions used would materialise as expected.

Notwithstanding the foregoing, we note that the valuer had also adopted 2 other methods of valuation (i.e. the capitalisation of net income and Comparison methods as set out below) to arrive at the eventual market value of the Burwood Hotel Property. The use of more than 1 method of valuation to estimate the market value of the subject property may be able to mitigate such inherent shortcoming in the DCF method.

**Capitalisation of net income method**

We note that the capitalisation of net income method was also adopted as a primary method of valuation by the valuer. The key bases and assumptions used in arriving at the valuation of the Burwood Hotel Property together with our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| The Burwood Hotel Property is expected to generate constant annual net income of AUD1.9 million in perpetuity, which have been derived based on the following: | We are of the view that this assumption is reasonable as it can be supported by the following key factors: |

| | AUD'000 |
|---|---|
| Gross income | |
| Hotel Component | 1,896 |
| Retail Component | 468 |
| Less: Outgoings | (436) |
| **Net income** | **1,928** |

**(i) Market rental yield of hotel**

As set out earlier, the Hotel Component comprises 91 keys and therefore, the projected gross income of Hotel Component implies a gross income yield of AUD20,835/key.

As a check, we note that the projected gross income yield is within the current rental yields of the following purpose-built hotels which are located within its vicinity:

| | Rental/key AUD |
|---|---|
| • 64 serviced apartment hotel located at 152 Queensberry Street, Carlton, Victoria | 21,235 |
| • 45 serviced apartment hotel located at 2 Wests Road, Maribyrnong, Victoria | 16,213 |
| • 111 serviced apartment complex located at 71 Epping Road, Macquarie Park, NSW | 21,982 |
| • 40 serviced apartment complex located at 53 Railway Street, Griffith NSW | 16,471 |
| • 70 serviced apartment hotel located at Woolloongabba, Queensland | 20,130 |

| Key bases and assumptions | Our comments |
|---|---|
| | *(Source: Valuation report prepared by M3property dated 2 May 2023 for the subject property)* |
| | **(ii) Market rental yield of retail premise** |
| | As set out earlier, the total GLA of the Retail Component is 1,535 sqm and therefore, the projected gross income of Retail Component implies a gross income yield of AUD304.9/sqm. |
| | As a check, we note that the existing rental yield of the Retail Component is within the current rental yield of the following retail premises which are located within its vicinity: |

| | Rental/sqm |
|---|---|
| Retail shop at: | AUD |
| • Springvale Road, Victoria | 236 |
| • Mount Waverley, Victoria | 347 |
| • Burwood East, Victoria | 436 |
| • North Melbourne, Victoria | 555 |
| • Fitzroy, Victoria | 414 – 571 |
| • Notting Hill, Victoria | 287 |
| • Richmond, Victoria | 411 |
| • Kew, Victoria | 550 |
| • Yarraville, Victoria | 246 |

| | |
|---|---|
| | *(Source: Valuation report prepared by M3property dated 2 May 2023 for the subject property)* |
| | **(iii) Outgoings** |
| | The annual outgoings of AUD0.4 million are projected based on current outgoings of the subject property and therefore, the basis of estimate is reasonable. |
| The capitalisation rate used is 5.5%. | As a check, we note that the capitalisation rate used of 5.5% is within the range of market yields of the [a]comparable properties of between 5.2% to 8.5% |

*Note:*

*(a) Please refer to the Comparison method analysis for further details of the comparable properties.*

Based on the above, the valuer appraised that the market value of the Burwood Hotel Property under this capitalisation of net income method is approximately RM101.9 million.

## Comparison method

The valuer had considered the following sales transactions in estimating the market value of the Burwood Hotel Property:

**(a) Hotel Property:**

| | **Comparable 1** | **Comparable 2** | **Comparable 3** |
|---|---|---|---|
| Description | 64 serviced apartment hotel located at 77 Racecourse Road, Pakenham, Victoria | 132 serviced apartment hotel located at 130 Logan Road, Woolloongabba, Queensland | 63 serviced apartment hotel located at 16 Provan Street, Campbell, Australian Capital Territory |
| No. of key | 64 | 132 | 63 |
| Sale date | December 2022 | August 2022 | May 2022 |
| Sale price | AUD15,800,000 | AUD43,800,000 | AUD18,000,000 |
| Price/key | AUD246,875 | AUD331,818 | AUD285,714 |
| Market yield | 5.9% | 6.5% | 6.3% |

| | **Comparable 4** | **Comparable 5** | **Comparable 6** |
|---|---|---|---|
| Description | 120 guest room hotel located at 874 Hume Highway, Bass Hill, NSW | 65 room hotel located at 22 Bultje Street, Dubbo, NSW | 206 guest room hotel located at 1 Queen Street, Melbourne, Victoria |
| No. of key | 120 | 65 | 206 |
| Sale date | October 2021 | September 2021 | July 2020 |
| Sale price | AUD28,000,000 | AUD16,000,000 | AUD106,600,000 |
| Price/key | AUD233,333 | AUD246,153 | AUD517,476 |
| Market yield | 6.2% | 8.5% | 5.2% |

| | Comparable 7 | Comparable 8 | Comparable 9 |
|---|---|---|---|
| Description | 111 serviced apartment located at 71 Epping Road, Macquarie Park, NSW | 107 guest room hotel located at 701 Swanston Street (ex. Rydges on Swanston), Carlton, Victoria | A strata hotel located at 285 Sprinvale Rd, Glen Waverly, Victoria |
| No. of key | 111 | 107 | 200 |
| Sale date | March 2020 | September 2020 | August 2019 |
| Sale price | AUD46,000,000 | AUD35,000,000 | AUD90,300,000 |
| Price/key | AUD414,414 | AUD327,102 | AUD451,500 |
| Market yield | 5.5% | 5.3% | 5.3% |

**(b) Retail Component:**

| Property | Usage | Price AUD/sqm |
|---|---|---|
| 261-263 Blackburn Road Mont Waverley | Gym | 5,895 |
| 2 Brentford Square, Forest Hill | Retail | 6,897 |
| 47 Marianne Way, Mount Waverley | Restaurant | 6,157 |
| 89 Kingsway, Glen Waverley | Retail | 16,902 |
| 415-417 Springvale Road, Forest Hill | Retail | 7,312 |
| 5 Hanover Road, Vermont South | Retail | 8,500 |
| 8/3-5 Gilda Court, Mulgrave | Office | 3,587 |
| 238 Springvale Road, Glen Waverley | Medical | 17,955 |
| 257 Burwood Highway, Burwood | Retail | 3,042 |
| 73 Railway Road, Blackburn | Restaurant | 4,411 |
| 16 Lakeside Drive Burwood East | Office | 5,618 |
| 45-47 Mahoney’s Road, Forest Hill | Retail | 6,775 |
| 108 Middleborough Road, Blackburn South | Retail | 8,000 |
| 82 Kingsway, Glen Waverley | Retail / Take away food | 18,750 |
| 55-57 Railway Parade, North Glen Waverley | Take away food | 19,241 |

For your information, the abovementioned sales transactions (retail properties) were transacted over the past 3 years of between March 2020 to February 2023.

We note that the valuer had adopted the following valuation parameters to estimate the market value of the subject property:

**(i) Hotel Component**

AUD300,000/key after taking into account, amongst others, the range of transacted valuation in the abovementioned precedent sales transactions of between AUD233,333/key to AUD517,476/key.

**(ii) Retail Component**

AUD4,200/sqm after taking into account, amongst others, the range of transacted valuation in the abovementioned precedent sales transactions of between AUD3,042/sqm to AUD19,241/sqm.

Based on the above, the valuer appraised that the market value of the Burwood Hotel Property under this Comparison method is approximately RM99.8 million as follows:

| | Adopted valuation | Key/GLA | Valuation |
|---|---|---|---|
| | | | RM 'million |
| Hotel Component | AUD300,000/Key | 91 keys | 80.8 |
| Retail Component | AUD4,200/ sqm | 1,535 sqm | 19.0 |
| **Total** | | | **99.8** |

Based on our evaluations as set out above, on an overall basis, we are satisfied with the reasonableness of the method of valuation as well as the key bases and assumptions adopted by the valuer in arriving at the valuation of the Burwood Hotel Property.

In that regard, we have adopted the valuer's evaluation of the estimated market value of the Burwood Hotel Property of RM100.1 million in arriving at the RNAV of OBS(M).

**RNAV of OBS(M)**

Set out below is a summary of our derived valuation of the RNAV of OBS(M) Group:

| | | RM'000 |
|---|---|---|
| Net liability of the OBS(M) Group as at 31 Dec 2022 | | [a](510,474) |
| Add: | Revaluation surplus from the OBS(M) Estates | [b]208,465 |
| Less: | Revaluation deficit from the Burwood Hotel Property | [c](1,934) |
| **100.0% RNAV of OBS(M)** | | **(303,943)** |
| **49.5% RNAV of OBS(M)** | | **(150,452)** |

*Notes:*

*(a) The net liability value is unaudited as there are no audited consolidated accounts being prepared for the OBS(M) Group.*

(b) *Computed as follows:*

| *Asset* | *(A)* ***NBV as at 31 Dec 2022*** | *(B)* ***Appraised market value*** | *(C)=(B)-(A)* ***Gross revaluation surplus*** | *(D)=(C) * 22%* ***22% deferred tax (Indonesia)*** | *(E)={(C)-(D)}*90%* ***[(1)]90% of net revaluation surplus*** |
|---|---|---|---|---|---|
| | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** |
| *SAP Estate* | *91,060* | *143,027* | *51,967* | *11,433* | *36,481* |
| *BSSP Estate* | *143,826* | *256,587* | *112,761* | *24,807* | *79,158* |
| *GSSL Estate* | *132,752* | *177,796* | *45,044* | *9,910* | *31,621* |
| *PPA Estate* | *225,656* | *282,978* | *57,322* | *12,611* | *40,240* |
| *DAM Estate* | *78,147* | *95,362* | *17,215* | *3,787* | *12,085* |
| *SSL Estate* | *76,850* | *89,500* | *12,650* | *2,783* | *8,880* |
| ***Total*** | | | | | ***208,465*** |

*Note:*

(1) *The OBS(M) Estates are 90%-owned by OBS(M). Hence, the adjustment to net revaluation surplus is intended to reflect OBS(M)'s 90%-proportionate share of the net revaluation surplus arising from the revaluation of the OBS(M) Estates.*

(c) *Computed as follows:*

| *Asset* | *(A)* ***NBV as at 31 Dec 2022*** | *(B)* ***Appraised market value*** | *(C)=(B)-(A)* ***Gross revaluation deficit*** | *(D)=(C) * 30%* ***30% deferred tax (Australia)*** | *(E)=(C)-(D)* ***Net revaluation surplus*** |
|---|---|---|---|---|---|
| | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** |
| *Burwood Hotel Property* | *102,063* | *100,129* | *(1,934)* | *[(1)]* | *(1,934)* |

*Note:*

(1) *Assuming revaluation deficit is not subject to real property gain tax*

As the RNAV of OBS(M) results in a negative value, we have assigned a nominal value of RM1 to its estimated market value. Based on the foregoing, we are of the view that the Purchase Consideration of OBS(M) of RM1 is fair as it is equivalent to our estimate of the market value of OBS(M) of RM1.

We also note that OHB had appointed SCA to assess the fairness of the Purchase Consideration of OBS(M) pursuant to paragraph 4 of Part F of Appendix 10B of the Listing Requirements. Based on their Expert's Report as set out in **Appendix VII** of the Circular, we note that SCA has also opined that the Purchase Consideration of OBS(M) is deemed fair.

Implication of acquiring a company with net liability position

We wish to highlight that notwithstanding the OBS(M) Group is asset intensive, the said target group of company had recorded a total net liability of RM510.5 million as at 31 December 2022. Its net liability position arises mainly due to extensive leverage of the use of bank borrowings to finance its plantation assets. As the majority of its plantation lands have yet to be planted, the OBS(M) Group has not generated sufficient profits to cover its accumulated losses incurred to date.

On a stand-alone basis, if the Proposed OBS(M) Acquisition if approved and undertaken, it would result in a decrease in the OHB Group's total equity mainly due to full consolidation of the OBS(M) Group's net liability position. As a result, the OHB Group's net gearing would increase post-completion of the Proposed OBS(M) Acquisition.

However, as the Proposed OBS(M) Acquisition forms part of the Proposals, as set out in **Section 10.2, Part A** of the Circular, the Proposals, if approved and undertaken, would result in a net increase in the OHB Group's NA from RM6,957 million as at 31 December 2022 to RM7,503 million.

Considering the resultant net increase in the OHB Group's NA after the Proposals, we are of the view the Purchase Consideration of OBS(M) of RM1 is not detrimental to the interest of OHB and thus fair and reasonable from a financial point of view.

### 6.2.3 Purchase Consideration of SPP

Set out below is a summary of SPP's assets composition as at 31 December 2022:

| | **Audited as at 31 Dec 2022** | |
|---|---|---|
| | **RM'000** | **%** |
| SPP Estate and SPP Oil Mill | 74,568 | 57.2 |
| Cash and cash equivalents | 39,439 | 30.3 |
| Others | [(a)]16,327 | 12.5 |
| **Total** | **130,334** | **100.0** |

*Note:*

*(a) Comprises mainly current tax assets, trade and other receivables as well as inventories.*

In determining the most appropriate valuation methodology to be adopted, we have considered, amongst others, the SPP's nature of business as well as various valuation methodologies, *inter alia*, DCF, relative valuation, NA and RNAV methods.

In view that SPP is principally involved in the oil palm plantation business which is asset-intensive, we are of the view that the RNAV method would be the most suitable method of valuation to be adopted to estimate its equity value.

In applying the RNAV method, we have assessed the market value of the following material property assets of SPP:

**(i) SPP Estate (including the SPP Oil Mill)**

In evaluating the market values of the SPP Estate (including the SPP Oil Mill), we have relied on the valuation performed by the valuer i.e. Knight Frank as set out in **Appendix VIII(A)** of the Circular.

You are advised to refer to the valuation certificate as set out in **Appendix VIII(A)** of the Circular for further information on Knight Frank's valuation of the market values of the SPP Estate and SPP Oil Mill.

For your information:

(a) the basis of valuation is "Market Value";

(b) the date of valuation is 13 March 2023; and

(c) the valuation approaches used comprise the Comparison and DCF methods. Please refer to **Section 6.2.1(i)** of this IAL for the description relating to the said methods of valuation.

(d) the valuer had considered the concept of "highest and best use" of the plantation land in arriving at the valuation of the said land.

For the purpose of this valuation, the valuer had adopted the Comparison method as the primary method of valuation (which they considered as the most suitable method of valuation after having noted sufficient comparable properties transacted within the locality of the subject properties), followed by the income approach by DCF method as a check.

We are of the view that the valuation methodologies used are reasonable as both methods are commonly-used methods of valuation to derive the market value of property assets as elaborated in **Section 6.2.1(i)** of this IAL.

**Comparison method**

Under the Comparison method, the valuer derived the market value of the SPP Estate (including the SPP Oil Mill) with reference to the following comparables:

| | **Comparable 1** | **Comparable 2** | **Comparable 3** |
|---|---|---|---|
| Description | 2 parcels of agriculture land located within Mukim Durian Sebatang, District Hilir Perak, Perak Darul Ridzuan | 7 parcels of agriculture land together with a palm oil mill, workers' quarters and site office located within Mukim of Changkat Jong, District of Hilir Perak, Perak Darul Ridzuan | 1 parcel of agriculture land located within Mukim Durian Sebatang, Hilir Perak, Perak Darul Ridzuan. |
| Land area | 765.5 Ha | 3,641.8 Ha | 1,184.0 Ha |
| Date | 19 Nov 2018 | 21 Sep 2018 | 1 Oct 2015 |
| Tenure | Leasehold interest for a term of 60 years | Leasehold interest for a term of 60 years | Leasehold interest for a term of 99 years |
| Consideration | RM87,015,164 | RM413,574,303 | RM110,591,460 |
| Price per Ha | RM113,666 per Ha | RM113,563 per Ha | RM93,403 per Ha |
| Adjustments | • market condition (+5%)<br>• accessibility (+10%)<br>• land size (-15%)<br>• tenure (+10%) | • market condition (+5%)<br>• tenure (+10%) | • market condition (+15%)<br>• accessibility (+10%)<br>• land size (-10%) |
| **Adjusted value** | **RM125,317 per Ha** | **RM131,165 per Ha** | **RM107,414 per Ha** |

In arriving at the valuation of the SPP Estate (including the SPP Oil Mill), we note that the valuer had adopted the adjusted value of Comparable 2 as the valuation reference as it is comparatively more similar to the SPP Estate in terms of land size, palm age and had a palm oil mill with similar age profile and configuration *(source: Valuation report by Knight Frank dated 10 April 2023 for the subject property)*.

Based on the foregoing, the valuer assessed that the estimated market value of the SPP Estate (including the SPP Oil Mill) is RM478.0 million.

**DCF method**

In addition to the Comparison method, the valuer had also adopted the DCF method as the check method. The key bases and assumptions used together with our comments thereon are as follows:

| **Key bases and assumptions** | **Our comments** |
|---|---|
| Long term estimated FFB price is RM610/MT | As a check, we note that the estimated FFB price approximate to the average 10 years FFB price of the northern area of Malaysia of RM608/MT *(source: Valuation report by Knight Frank dated 10 April 2023 for the subject property).* |
| Cost estimates comprise the following:<br>• Annual quit rent : RM364,540<br>• Manuring & harvesting : RM160/MT<br>• General charges : RM1,280/Ha<br>• Upkeep and maintenance : RM710/Ha | These cost estimates are based on historical costs of the subject property and therefore reasonable. |
| Annual growth rate for operating expenses is 2% | As a check, we note that the projected growth rate is within the historical inflation rate of Malaysia over the past 5 years from 2018 to 2022 of between -1.1% (i.e. deflation in year 2020) to 3.4% *(source: Worldbank.org)*. |
| The DCF period is 26 years | This assumption is reasonable given that oil palm trees are normally replanted with a newer breed for every 25 – 30 years *(source: Malaysian Palm Oil Council).* |
| Discount rate of 8% | As a check, we note that the discount rate is within the range of the WACC of the [(a)]selected listed companies in Malaysia of between 5.3% to 8.9%. |

*Note:*

*(a) In evaluating the reasonableness of the discount rate of 8%, we have performed a comparative analysis by comparing the discount rate used of 8% against the WACC of selected listed companies in Malaysia that are mainly involved in the oil palm plantation business.*

*In our view, the discount rate used of 8.0% is deemed reasonable if it falls within the range of the WACC of the comparable listed companies.*

*In selecting the comparable companies, we have adopted the following criteria:*

*(aa) the comparable company is listed on Bursa Securities and was profitable for the past 2 financial years;*

*(bb) more than 50% of the comparable company' revenue is derived from the oil palm planation business; and*

*(cc) the market capitalisation of the respective comparable companies is between RM1.0 billion to RM5.0 billion as at the date of valuation of the subject property.*

*Based on the above, the following companies fall within our selection criterion:*

| ***Comparable company*** | ***WACC*** |
|---|---|
| | *%* |
| *Kretam Holdings Berhad* | *8.9* |
| *Boustead Plantations Berhad* | *8.0* |
| *FGV Holdings Berhad* | *5.3* |
| *Far East Holdings Berhad* | *6.6* |
| *Hap Seng Plantations Holdings Berhad* | *8.5* |
| *Sarawak Oil Palms Berhad* | *8.3* |

*(Source: Bloomberg)*

*(The abovenamed companies shall hereinafter be collectively referred to the "**Malaysian Comparable Companies**")*

*Based on the above, the discount rate used of 8.0% is reasonable as it falls within the range of the WACC of the comparable listed companies of between 5.3% to 8.9%.*

Based on the foregoing, the valuer assessed that the estimated market value of the SPP Estate (including the SPP Oil Mill) under the DCF method is RM473.0 million.

Based on our evaluations as set out above, on an overall basis, we are satisfied with the reasonableness of the methods of valuation as well as the key bases and assumptions adopted by the valuer in arriving at the valuation of the SPP Estate (including the SPP Oil Mil).

In this regard, we have adopted the valuer's evaluation of the estimated market value of the SPP Estate (including the SPP Oil Mill) of RM478.0 million (derived under the Comparison method as the primary method of valuation) in arriving at the equity valuation of SPP.

**<u>RNAV of SPP</u>**

Based on the above, we derived that the estimated market value of 60.5% equity interest in SPP is RM254.2 million as follows:

| | **RM'000** |
|---|---|
| Audited NA of SPP as at 31 Dec 2022 | 113,495 |
| Add: Revaluation surplus from the SPP Estates (including SPP Oil Mil) | [(a)]306,608 |
| **RNAV of SPP** | **420,103** |
| **60.5% RNAV of SPP** | **254,163** |

*Note:*

*(a)* *Computed as follows:*

| *Asset* | *(A)* ***NBV as at 31 Dec 2022*** | *(B)* ***Appraised market value*** | *(C)=(B)-(A)* ***Gross revaluation surplus*** | *(D)=(C) * 24%* ***24% deferred tax (Malaysia)*** | *(E)=(C)-(D)* ***net revaluation surplus*** |
|---|---|---|---|---|---|
| | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** | ***RM'000*** |
| *SPP Estate (including SPP Oil Mil)* | *74,568* | *478,000* | *403,432* | *96,824* | *306,608* |

Based on the above, we are of the view that the Purchase Consideration of SPP of RM155.3 million is fair as it is lower than our estimate of the market value of 60.5% equity interest in SPP of RM254.2 million.

### 6.2.4 Purchase Consideration of Bukit Langkap Estate

In evaluating the Purchase Consideration of Bukit Langkap Estate, we have relied on the valuation performed by the valuer i.e. Knight Frank on the Bukit Langkap Estate as set out in **Appendix VIII(A)** of the Circular.

You are advised to refer to the valuation certificate as set out in **Appendix VIII(A)** of the Circular for further information on Knight Frank's valuation of the market values of the Bukit Langkap Estate.

For your information:

(a) the basis of valuation is "Market Value";

(b) the date of valuation is 13 March 2023;

(c) the valuation approaches used comprise the Comparison and DCF methods. Please refer to **Section 6.2.1(i)** of this IAL for the description relating to the said methods of valuation; and

(d) the valuer had considered the concept of "highest and best use" of the plantation land in arriving at the valuation of the said land.

For the purpose of this valuation, the valuer had adopted the Comparison method as the sole method of valuation after having noted sufficient comparable properties in the locality and considering the "highest and best use" of the plantation land (i.e. for redevelopment into properties).

For clarification, the DCF method was used only to assess the market value of the subject property if it were to be continued for use as plantation lands.

**Comparison method**

Under the Comparison method, the valuer derived the market value of the Bukit Langkap Estate with reference to the following comparables:

| | **Comparable 1** | **Comparable 2** | **Comparable 3** |
|---|---|---|---|
| Description | 3 parcels of vacant development land located within Bandar Lunas, District of Kulim, Kedah Darul Aman. | 1 parcel of vacant development land located within Pekan Sungai Karangan, District of Kulim, Kedah Darul Aman | 1 parcel of vacant development land located within Bandar Kulim, District of Kulim, Kedah Darul Aman |
| Land area | 34.4 Ha | 55.8 Ha | 61.6 Ha |
| Date | 3 Sept 2020 | 5 Jul 2019 | 15 Aug 2018 |

| | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|
| Tenure | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Consideration | RM24,056,586 | RM31,328,000 | RM36,450,309 |
| Price per Ha | RM700,128 per Ha | RM561,310 per Ha | RM592,194 per Ha |
| Adjustments | • accessibility (+5%)<br>• land size (-5%)<br>• terrain / level (-20%)<br>• zoning (-5%) | • location (+10%)<br>• accessibility (+5%)<br>• terrain / level (-20%)<br>• zoning (-10%) | • market condition (+5%)<br>• terrain / level (-20%) |
| **Adjusted value** | **RM525,096 per Ha** | **RM477,114 per Ha** | **RM497,443 per Ha** |

In arriving at the valuation of the Bukit Langkap Estate, we note that the valuer had adopted the adjusted value of Comparable 1 as the valuation reference as it is the most recent transaction and comparatively more similar to the Bukit Langkap Estate in terms of accessibility, land shape, lot configuration, tenure, category of land use and zoning *(source: Valuation report by Knight Frank dated 10 April 2023 for the subject property)*.

Based on the foregoing, the valuer assessed that the estimated market value of the Bukit Langkap Estate is RM41.0 million.

**DCF method**

The valuer had adopted the DCF method to assess the market value of the subject property assuming the subject property is to be continued for use as plantation land. The key bases and assumptions used together with our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| Long term estimated FFB price is RM610/MT | As a check, we note that the estimated FFB price approximate to the average 10 years FFB price of the northern area of Malaysia of RM608/MT *(source: Valuation report by Knight Frank dated 10 April for the subject property).* |
| Cost estimates comprise the following:<br>• Annual quit rent : RM3,038<br>• Manuring & harvesting : RM190/MT<br>• General charges : RM910/Ha<br>• Upkeep and maintenance : RM130/Ha | These costs estimates are based on historical costs of the subject property and therefore reasonable. |

| **Key bases and assumptions** | **Our comments** |
|---|---|
| Annual growth rate for operating expenses is 2% | As a check, we note that the projected growth rate is within the historical inflation rate of Malaysia over the past 5 years from 2018 to 2022 of between -1.1% (i.e. deflation in year 2020) to 3.4% *(source: Worldbank.org)*. |
| The DCF period is 22 years | This assumption is reasonable given that oil palm trees are normally replanted with a newer breed for every 25 – 30 years *(source: Malaysian Palm Oil Council)*. |
| Discount rate of 8% | As a check, we note that the discount rate is within the range of the WACC of the Malaysian Comparable Companies of between 5.3% to 8.9%. |

Based on the foregoing, the valuer assessed that the estimated market value of the Bukit Langkap Estate under the DCF method is RM10.0 million.

We note from the valuation certificate that the valuer is of the opinion that if the Bukit Langkap Estate were to be sold in an open market, potential purchasers would more likely recognise its underlying development potential considering, amongst others, its location/ establishment, accessibility and the surrounding residential and commercial properties. Accordingly, the highest and best use of the subject property is expected to be for redevelopment into properties instead of for continued use as plantation lands.

In that regard, the valuer opined that the most probable market value of Bukit Langkap Estate would be RM41.0 million (derived under the Comparison method) on the basis of its "highest and best use" i.e. as development land.

Based on our evaluations as set out above, on an overall basis, we are satisfied with the reasonableness of the methods of valuation as well as the key bases and assumptions adopted by the valuer in arriving at the valuation of the market value of the Bukit Langkap Estate.

In this regard, we have adopted the valuer's evaluation of the estimated market value of the Bukit Langkap Estate of RM41.0 million (derived under the Comparison method as the primary method of valuation) in arriving at the equity valuation of SPP.

Based on the above, we are of the view that the Purchase Consideration of Bukit Langkap Estate of RM41.0 million is fair as it is equivalent to the estimated market value of the Bukit Langkap Estate of RM41.0 million.

### 6.2.5 Purchase Consideration of Bentong Estate

In evaluating the Purchase Consideration of Bentong Estate, we have relied on the valuation performed by the valuer i.e. Knight Frank on the Bentong Estate as set out in **Appendix VIII(A)** of the Circular.

You are advised to refer to the valuation certificate as set out in **Appendix VIII(A)** of the Circular for further information on Knight Frank's valuation of the market values of the Bentong Estate.

For your information:

(i) the basis of valuation is "Market Value";

(ii) the date of valuation is 13 March 2023;

(iii) the valuation approaches used comprise the Comparison and DCF methods. Please refer to **Section 6.2.1(i)** of this IAL for the description relating to the said methods of valuation; and

(iv) the valuer had considered the concept of "highest and best use" of the plantation land in arriving at the valuation of the said land.

For the purpose of this valuation, the valuer had adopted the Comparison method as the primary method of valuation (which they considered as the most suitable method of valuation after having noted sufficient comparable properties transacted within the locality of the subject properties), followed by the income approach by DCF method as a check.

We are of the view that the valuation methodologies used are reasonable as both methods of valuation are commonly-used methods of valuation to appraise the market value of property assets as elaborated in **Section 6.2.1(i)** of this IAL.

**Comparison method**

Under the Comparison method, the valuer derived the market value of the Bentong Estate with reference to the following comparables:

| | **Comparable 1** | **Comparable 2** | **Comparable 3** |
|---|---|---|---|
| Description | 21 parcels of agriculture land cultivated with oil palm trees located within Mukim Semantan Hulu, District of Raub, Pahang Darul Makmur | 17 parcels of agriculture land cultivated with rubber trees located within Mukim of Pelangai, District of Bentong, Pahang Darul Makmur | 2 parcels of agriculture land cultivated with oil palm trees located within Mukim Semantan Hulu, District of Raub, Pahang Darul Makmur |
| Land area | 1,469.9 Ha | 93.9 Ha | 36.4 Ha |
| Date | 23 Jul 2019 | 19 Jul 2019 | 28 Sep 2018 and 22 Oct 2018 |
| Tenure | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Consideration | RM123,011,487 | RM14,824,390 | RM4,450,000 |
| Price per Ha | RM83,688 per Ha | RM157,888 per Ha | RM122,220 per Ha |
| Adjustments | • market condition (+5%)<br>• terrain / level (-10%) | • market condition (+5%)<br>• land size (-40%)<br>• terrain / level (-10%) | • market condition (+5%)<br>• accessibility (+10%)<br>• land shape (-5%)<br>• land size (-40%)<br>• other feature (-5%) |
| **Adjusted value** | **RM79,085 per Ha** | **RM82,891 per Ha** | **RM76,999 per Ha** |

In arriving at the valuation of the Bentong Estate, we note that the valuer had adopted the adjusted value of Comparable 1 as the valuation reference as it is a recent transaction with the least adjustments made *(source: Valuation report by Knight Frank dated 10 April for the subject property)*. Based on the foregoing, the valuer assessed that the estimated market value of the Bentong Estate is RM132.0 million.

**DCF method**

In addition to the Comparison method, the Valuer had also adopted the DCF method as the check method. The key bases and assumptions used together with our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| Long term estimated FFB price is RM610/MT | As a check, we note that the estimated FFB price approximate to the average 10 years FFB price of the central region of Malaysia of RM653/MT *(source: Valuation report by Knight Frank dated 10 April 2023 for the subject property)*. |
| Cost estimates comprise the following:<br>• Annual quit rent : RM497,124<br>• Manuring & harvesting : RM200/MT<br>• General charges : RM2,000/Ha<br>• Upkeep and maintenance : RM580/Ha | These costs estimates are based on historical costs of the subject property and therefore reasonable. |
| Annual growth rate for operating expenses is 2% | As a check, we note that the projected growth rate is within the historical inflation rate of Malaysia over the past 5 years from 2018 to 2022 of between -1.1% (i.e. deflation in year 2020) to 3.4% *(source: Worldbank.org)*. |
| The DCF period is 25 years | This assumption is reasonable given that oil palm trees normally replanted with a newer breed for every 25 – 30 years *(source: Malaysian Palm Oil Council)*. |
| Discount rate of 8% | As a check, we note that the discount rate is within the range of the WACC of the Malaysian Comparable Companies of between 5.3% to 8.9%. |

Based on the foregoing, the valuer assessed that the estimated market value of the Bentong Estate under the DCF method is RM135.0 million.

Based on our evaluations as set out above, on an overall basis, we are satisfied with the reasonableness of the methods of valuation as well as the key bases and assumptions adopted by the valuer in arriving at the valuation of the Bentong Estate.

In this regard, we have adopted the valuer's evaluation of the estimated market value of the Bentong Estate of RM132.0 million (derived under the Comparison method) in arriving at our evaluation of the fairness of the Purchase Consideration of Bentong Estate.

Based on the above, we are of the view that the Purchase Consideration of Bentong Estate of RM132.0 million is fair as it is equivalent to the estimated market value of the Bentong Estate of RM132.0 million.

### 6.2.6 Purchase Consideration of Thye Group Estate

In evaluating the Purchase Consideration of Thye Group Estate, we have relied on the valuation performed by the valuer i.e. Knight Frank on the Thye Group Estate as set out in **Appendix VIII(A)** of the Circular.

You are advised to refer to the valuation certificate as set out in **Appendix VIII(A)** of the Circular for further information on Knight Frank's valuation of the market values of the Thye Group Estate.

For your information:

(i) the basis of valuation is "Market Value";

(ii) the date of valuation is 13 March 2023; and

(iii) the valuation approaches used comprise the Comparison and DCF methods. Please refer to **Section 6.2.1(i)** of this IAL for the description relating to the said methods of valuation; and

(iv) the valuer had considered the concept of "highest and best use" of the plantation land in arriving at the valuation of the said land.

In arriving at the valuation of the Thye Group Estate, the valuer had divided the Thye Group Estate into the following sub-divisions and valued separately:

| | **Valuation methodology** |
|---|---|
| **<u>Thye Seng Division</u>**<br>Lot 146, Lot 242, Lot 243, Lot 254 and Lot 255, held under title no. Geran 87078, 87085, 87086,87092 and 87093, all located within the locality of Sungkop, Mukim Pekan Bukit and Lot 275-278 (inclusive) and Lot 3240 held under title no. Geran 219278 to 219281 and 8068, Mukim Teloi Kiri | The valuer had adopted the Comparison method as the primary approach supported by the DCF method as a check method, considering that the current use of the Thye Seng Division, Thye Lye Division, Topang Division and Banhong Division as the highest and best use is an agricultural land/ palm oil plantation. |
| **<u>Thye Lye Division</u>**<br>Lot 2811 and Lot 2812 held under title no. Geran 84839 and 84840, locality of Gurun, Bandar Gurun | |
| **<u>Topang Division</u>**<br>Lot 705 and Lot 706 locality of Selambau Cengai Lama and Lot 872 locality of Selambau, held under title no. Geran Mukim 5045 and 5046, Bandar Sungai Petani and Geran 34374 Mukim Sungai Petani | |
| **<u>Banhong Division</u>**<br>Lot 1473, Lot 1474 and Lot 1373 held under title no. Geran Mukim 5362, 5363 and 5562 respectively, all located within locality of Selambau, Mukim Sungai Petani | |
| **<u>Thye Hong Division</u>**<br>Lot 974 to Lot 978 (inclusive) held under title no. Geran Mukim 3968 to 3972 respectively, locality of Tanah Seribu, Mukim Sungai Petani | The valuer had adopted the Comparison method as the sole method of valuation considering the underlying development potential of the properties as lands intended for future development i.e. its highest and best use. |
| **<u>Lot 10070 and Lot 8605</u>**<br>Lot 10070 and Lot 8605 held under title no. Geran Mukim 671, locality of Pekan Sungai Lalang, Bandar Sungai Lalang and Geran Mukim 1378 locality of Sungai Getah, Mukim Sungai Petani, respectively | |

We are of the view that the valuation methodologies used are reasonable as methods of valuation are commonly-used methods of valuation to derive the market value of property assets.

**Comparison method**

In arriving at the valuation of the Thye Group Estates under the Comparison method, the valuer derived their respective market values with reference to the following comparables:

Thye Seng Division, Thye Lye Division and Topang Division

| | **Comparable 1** | **Comparable 2** | **Comparable 3** |
|---|---|---|---|
| Description | 2 parcels of agriculture land cultivated with oil palm trees located within Mukim Sungai Petani, District of Kuala Muda, Kedah Darul Aman | 1 parcel of agriculture land located within Bandar Sungai Petani, District of Kuala Muda, Kedah Darul Aman | 4 parcels of agriculture land located within Pekan Bukit Selambau, District of Kuala Muda, Kedah Darul Aman |
| Land area | 83.2 Ha | 72.4 Ha | 155.3 Ha |
| Date | 13 Jan 2020 | 17 Jun 2019 | 27 Mar 2018 |
| Tenure | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Consideration | RM16,508,394 | RM24,165,500 | RM42,368,535 |
| Price per Ha | RM198,323 per Ha | RM333,673 per Ha | RM274,566 per Ha |
| Adjustments | **Thye Seng**<br>• land size (-30%) | **Thye Seng**<br>• market condition (+5%)<br>• location (-15%)<br>• land size (-35%)<br>• zoning (+5%)<br>• other factor (-10%) | **Thye Seng**<br>• market condition (+5%)<br>• land size (-30%)<br>• other factor (-10%) |
| | **Thye Lye**<br>• location (-5%)<br>• land size (-35%)<br>• zoning (-5%) | **Thye Lye**<br>• market condition (+5%)<br>• location (-15%)<br>• land size (-40%)<br>• other factor (-10%) | **Thye Lye**<br>• market condition (+5%)<br>• location (-5%)<br>• land size (-30%)<br>• zoning (-5%)<br>• other factor (-10%) |
| | **Topang**<br>• accessibility (-10%)<br>• land size (+10%)<br>• zoning (-5%) | **Topang**<br>• market condition (+5%)<br>• location (-15%) | **Topang**<br>• market condition (+5%)<br>• accessibility (-10%) |

| | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|
| | | • accessibility (-10%)<br>• land size (+5%)<br>• other factor (-10%) | • land size (+10%)<br>• zoning (-5%)<br>• other factor (-10%) |
| **Adjusted value** | **Thye Seng**<br>RM138,826 per Ha<br><br>**Thye Lye**<br>RM109,077 per Ha<br><br>**Topang**<br>RM188,406 per Ha | **Thye Seng**<br>RM157,660 per Ha<br><br>**Thye Lye**<br>RM122,625 per Ha<br><br>**Topang**<br>RM245,250 per Ha | **Thye Seng**<br>RM172,976 per Ha<br><br>**Thye Lye**<br>RM144,147 per Ha<br><br>**Topang**<br>RM245,045 per Ha |

In arriving at the valuation of the Thye Seng Division, Thye Lye Division and Topang Division, we note that the valuer had adopted the adjusted value of Comparable 1 as the valuation reference as it is a recent transaction with the least adjustments made *(source: Valuation report by Knight Frank dated 10 April 2023 for the subject property)*.

Based on the foregoing, the valuer assessed that the estimated market value of the Thye Seng Division, Thye Lye Division and Topang Division is RM104.0 million, RM89.0 million and RM9.4 million, respectively.

Banhong Division

| | Comparable 4 | Comparable 5 | Comparable 6 |
|---|---|---|---|
| Description | 2 parcels of agriculture land located within Mukim Sungai Petani, District of Kuala Muda, Kedah Darul Aman | 1 parcel of agriculture land located within Bandar Sungai Petani, District of Kuala Muda, Kedah Darul Aman | 1 parcel of agriculture land located within Bandar Sungai Petani, District of Kuala Muda, Kedah Darul Aman |
| Land area | 10.8 Ha | 5.9 Ha | 6.1 Ha |
| Date | 27 Apr 2018 | 15 Mar 2018 | 19 No 2017 |
| Tenure | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Consideration | RM3,011,732 | RM1,428,000 | RM1,480,870 |
| Price per Ha | RM277,983 per Ha | RM243,266 per Ha | RM244,041 per Ha |
| Adjustments | Market condition (+5%) | Market condition (+5%) | Market condition (+10%) |
| **Adjusted value** | **RM291,882 per Ha** | **RM255,429 per Ha** | **RM268,445 per Ha** |

In arriving at the valuation of the Banhong Division, we note that the valuer had adopted the adjusted value of Comparable 4 as the valuation reference as it is a recent transaction with the least dissimilarities against the Banhong Division *(source: Valuation report by Knight Frank dated 10 April 2023 for the subject property)*.Based on the foregoing, the valuer assessed that the estimated market value of the Banhong Division is RM3.9 million.

Thye Hong Division, Lot 10070 and Lot 8605

| | Comparable 7 | Comparable 8 | Comparable 9 |
|---|---|---|---|
| Description | 1 parcel of converted residential development land located within Mukim Sungai Petani, District of Kuala Muda, Kedah Darul Aman | 1 parcel of development land located within Bandar Sungai Petani, District of Kuala Muda, Kedah Darul Aman | 1 parcel of development land located within Bandar Aman Jaya, District of Kuala Muda, Kedah Darul Aman |
| Land area | 7.1 Ha | 41.9 Ha | 35.6 Ha |
| Date | 18 May 2021 | 28 Apr 2021 | 27 Dec 2017 |
| Tenure | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Consideration | RM7,500,000 | RM16,508,394 | RM30,000,000 |
| Price per Ha | RM1,060,737 per Ha | RM393,659 per Ha | RM843,863 per Ha |
| Adjustments | **Thye Hong**<br>• location (+10%)<br>• category of land use (-10%)<br>• potential land acquisition (-20%) | **Thye Hong**<br>• location (+30%)<br>• land size (+10%)<br>• potential land acquisition (-20%)<br>• others (+40%) | **Thye Hong**<br>• market condition (+10%)<br>• accessibility (+5%)<br>• land size (+5%)<br>• potential land acquisition (-20%) |
| | **Lot 10070**<br>• location (+10%)<br>• category of land use (-10%)<br>• others (-25%) | **Lot 10070**<br>• location (+30%)<br>• land size (+15%)<br>• others (+15%) | **Lot 10070**<br>• market condition (+10%)<br>• accessibility (+5%)<br>• land size (+10%)<br>• others (-25%) |
| | **Lot 8605**<br>• location (+10%)<br>• shape (-20%)<br>• category of land use (-10%) | **Lot 8605**<br>• location (+30%)<br>• shape (-20%)<br>• land size (+15%)<br>• others (+40%) | **Lot 8605**<br>• market condition (+10%)<br>• accessibility (+5%)<br>• shape (-20%)<br>• land size (+10%) |
| **Adjusted value** | **Thye Hong**<br>RM848,590 per Ha | **Thye Hong**<br>RM629,855 per Ha | **Thye Hong**<br>RM835,425 per Ha |
| | **Lot 10070**<br>RM795,553 per Ha | **Lot 10070**<br>RM629,855 per Ha | **Lot 10070**<br>RM835,425 per Ha |

| Comparable 7 | Comparable 8 | Comparable 9 |
|---|---|---|
| **Lot 8605** | **Lot 8605** | **Lot 8605** |
| RM848,590 per Ha | RM649,538 per Ha | RM881,837 per Ha |

In arriving at the valuation of the Thye Hong Division, Lot 10070 and Lot 8605, we note that the valuer had adopted the adjusted value of Comparable 9 as the valuation reference as it has the least adjustments made *(source: Valuation report by Knight Frank dated 10 April 2023 for the subject property)*.

Based on the foregoing, the valuer assessed that the estimated market value of the Thye Hong Division, Lot 10070 and Lot 8605 is RM15.8 million, RM1.8 million and RM0.2 million, respectively.

Based on the foregoing, the valuer assessed that the estimated market value of the Thye Group Estate under the Comparison method is RM224.1 million.

**DCF method**

In addition to the Comparison method, the Valuer had also adopted the income approach by DCF method as the check method to estimate the market value of the Thye Group Estates.

The key bases and assumptions used together with our comments thereon are as follows:

| Key bases and assumptions | Our comments |
|---|---|
| Long term estimated FFB price is RM610/MT | As a check, we note that the estimated FFB price approximate to the average 10 years FFB price of the northern area of Malaysia of RM608/MT. |
| Cost estimates comprise the following:<br>• Annual quit rent : RM231,380<br>• Manuring & harvesting : RM190/MT<br>• General charges : RM1,750/Ha<br>• Upkeep and maintenance : RM500/Ha | These costs estimates are based on historical costs of the subject property and therefore reasonable. |
| Annual growth rate for operating expenses is 2% | As a check, we note that the projected growth rate is within the historical inflation rate of Malaysia over the past 5 years from 2018 to 2022 of between -1.1% (i.e. deflation in year 2020) to 3.4% *(source: Worldbank.org)*. |
| The DCF period is 25 years | This assumption is reasonable given that oil palm trees are normally replanted with a newer breed for every 25 – 30 years *(source: Malaysian Palm Oil Council)*. |
| Discount rate of 8% | As a check, we note that the discount rate is within the range of the WACC of the Malaysian Comparable Companies of between 5.3% to 8.9%. |

Based on the foregoing, the valuer assessed that the estimated market value of the Thye Group Estate under the income approach is RM175.0 million.

In arriving at the market value of the Thye Group Estate, the valuer had considered the Comparison as the most appropriate method of valuation after having noted sufficient comparable properties in the locality.

As such, the valuer had appraised that the market value of the Thye Group Estate is RM224.1 million, derived under the Comparison method.

Based on our evaluations as set out above, on an overall basis, we are satisfied with the reasonableness of the method of valuation as well as the key bases and assumptions adopted by the valuer in arriving at the valuation of the Thye Group Estate.

In this regard, we have adopted the valuer's evaluation of the estimated market value of the Thye Group Estate in arriving at our evaluation of the fairness of the Purchase Consideration of Thye Group Estate.

Based on the above, we are of the view that the Purchase Consideration of Thye Group Estate of RM224.1 million is fair as it is at the estimated market value of the Thye Group Estate of RM224.1 million.

In summary, based on our overall evaluations as set out in **Section 6.2** of this IAL, we are of the view that the Total Purchase Consideration is fair.

### 6.3 Salient Terms of the SSAs (including the Supplemental SSAs)

Set out below are our comments to the salient terms of the SSAs (including the Supplemental SSAs):

| No. | Salient terms | Our comments |
|---|---|---|
| 1. | <u>Sale and Purchase</u><br>The SPSB Shares/ OBS(M) Shares/ SPP Shares shall be sold by the respective vendors to OHB free from any encumbrances and together with all rights and advantages attaching to them as at the completion date of the respective SSAs. | This term is reasonable as the SPSB Shares, OBS(M) Shares and SPP Shares are to be acquired free from encumbrances. |
| 2. | <u>Purchase Consideration</u><br>The purchase considerations for the Proposed Shares Acquisitions are as follows:<br><br>**RM'000**<br>Purchase Consideration of SPSB 646,931<br>Purchase Consideration of OBS(M) [(a)]<br>Purchase Consideration of SPP 155,327<br><br>*Note:*<br>*(a) Being RM1.* | Based on our evaluations as set out in **Sections 6.2.1, 6.2.2 and 6.2.3** of this IAL, we are of the view that the purchase considerations are fair.<br><br>Please refer to **Sections 6.2.1, 6.2.2 and 6.2.3** of this IAL for further details of our evaluations. |

| No. | Salient terms | Our comments |
|---|---|---|
| 3. | <u>Payment terms</u> | |
| | (i) The Purchase Consideration of SPSB and Purchase Consideration of SPP shall be satisfied by OHB in the following manner:<br><br>**As a percentage of the purchase consideration**<br>Upon execution of the respective SSAs ("**Deposits**") — 3%<br>Within 60 days from the date of the respective SSAs — [(a)]3%<br>On the completion date of the respective SSAs — 94%<br><br>*Note:*<br>(a) *This amount is to be retained by OHB for the purpose of payment of real property gains tax ("**RPGT**") under the Real Property Gains Tax Act, 1976 ("**RPGT Act**"), save for the Purchase Consideration of SPSB whereby OHB is to pay the remaining 97% Purchase Consideration of SPSB on the completion date of the SPSB SSA.* | This term is reasonable as:<br><br>(i) the 3% deposit payment is within the range of the quantum of deposits required in transactions of a similar nature;<br><br>(ii) the 3% retention sum is in line with the provisions under the RPGT Act for real property company i.e. SPP; and<br><br>(iii) OHB is to pay the remaining portion of the respective purchase considerations only on the completion date of the respective SSAs. |
| | (ii) OHB shall pay the Purchase Consideration of OBS(M) to BSSB on the completion date of the OBS(M) SSA. | This term is reasonable as the Purchase Consideration of OBS(M) of RM1 is to be paid by OHB to BSSB only on the completion date of the OBS(M) SSA. |

| No. | Salient terms | Our comments |
|---|---|---|
| 3. | Conditions Precedent<br><br>The SPSB SSA/ OBS(M) SSA/ SPP SSA are conditional upon satisfaction or waiver (as the case may be) of the following conditions on or before 31 August 2023 (pursuant to the Supplemental SSAs) or such other date as provided in the respective SSAs or as may be mutually agreed between the relevant parties to the respective SSAs)(“**Cut-Off Date**”):<br><br>(i) OHB having obtained its stockholders’ approval of the transactions contemplated under the Proposals according to the relevant laws and requirements including that of the Listing Requirements (“**OHB Shareholders’ Approval**”);<br><br>(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/ OBS(M) Shares/ SPP Shares and the assets and business of the SPSB Group/ OBS(M) Group/ SPP;<br><br>(iii) save for the fulfilment of the condition precedent under this sub-paragraph, all conditions precedent of the SSAs have been fully satisfied or fulfilled unless otherwise waived by the relevant parties to the other respective SSAs;<br><br>(iv) the approval/consent of any third parties having been obtained; and<br><br>(v) for the SPP SSA only, that the SPP Vendors having delivered or caused to be delivered to OHB or OHB’s solicitors, the disclosure letter to the SPP SSA (“**Disclosure Letter**”) within 2 weeks from the date of the SPP SSA, and such disclosure letter being acceptable to OHB.<br><br>Parties to the respective SSAs may at any time by mutual agreement waive in whole or in part and conditionally or unconditionally the conditions precedent of the respective SSAs (other than the OHB Shareholders’ Approval which may not be waived).<br><br>If the conditions precedents of the SPSB SSA/ OBS(M) SSA/ SPP SSA are not satisfied or waived on or before their respective Cut-Off Date(s), save as expressly provided, the relevant SSA shall lapse and neither parties to the said SSA shall have any claims against the other under it, save for any claim arising from antecedent breaches of the said SSA. The date on which the last of the condition precedent of the respective SSAs is fulfilled or satisfied or waived in accordance with the terms of the respective SSAs shall be the unconditional date of the respective SSAs. | This term is reasonable as it sets out that the Proposed Shares Acquisitions are subject to:<br><br>(i) the requisite approvals that are necessary to facilitate the completion of the said Proposed Shares Acquisitions;<br><br>(ii) the conduct of due diligence review to the satisfaction of OHB is necessary for OHB to ensure that sufficient review and verification exercises have been conducted on the assets and liabilities of the SPSB Group, OBS(M) Group and SPP respectively and that OHB is satisfied that there are no material adverse findings from the due diligence reviews prior to the completion of the Proposed Shares Acquisitions;<br><br>(iii) in view that the Proposed Shares Acquisitions are inter-conditional upon each other, it is reasonable that the respective SSAs are subject to the unconditionality of the other SSAs; and<br><br>(iv) the Disclosure Letter to be provided by the SPP Vendor to OHB would allow OHB to be notified of any matters of importance in relation to SPP prior to the completion of the Proposed SPP Acquisition.<br><br>This is of relevance given that SPP is currently an associate company of OHB, which is not controlled by OHB prior to the completion of the Proposed SPP Acquisition. |

| No. | Salient terms | Our comments |
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| 4. | <u>Completion</u><br><br>Completion of the Proposed SPSB Acquisition/ Proposed OBS(M) Acquisition/ Proposed SPP Acquisition shall take place within 30 days from the unconditional date of the SPSB SSA/ OBS(M) SSA/ SPP SSA respectively, unless otherwise varied by the parties in writing ("**Completion Date**"). | This term is reasonable as it allows up to 30 days of processing time for the respective parties to perform all necessary administrative procedures to finalise the completion of the respective proposals. |
| 5. | <u>Termination</u><br><br>The SSAs may be terminated at any time prior to the completion of the Proposed SPSB Acquisition/ Proposed OBS(M) Acquisition/ Proposed SPP Acquisition:<br><br>(i) by mutual written agreement of the respective vendors and OHB;<br><br>(ii) by the respective vendors, in the event that OHB does not comply with its obligations on the completion date of the respective SSAs; or<br><br>(iii) by OHB, in the event that the respective vendor does not comply with their obligations on the completion date of the respective SSAs.<br><br>In the event of termination:<br><br>(i) if the SPSB SSA is terminated by mutual written agreement of the parties or if the termination is by OHB in the event that BSSB does not comply with its obligations on the Completion Date of the SPSB SSA, the Deposit (and any interest accrued thereon) shall be refunded in favour of OHB. Furthermore, if the SPSB SSA is terminated by OHB in the event that BSSB does not comply with its obligations on the Completion Date of the SPSB SSA, the sum equivalent to the actual out-of-pocket expenses incurred by OHB including all professional fees incurred arising from the due diligence and independent valuation of the real properties owned, leased or otherwise occupied by the SPSB Group not exceeding the amount of the Deposit of the SPSB SSA shall be paid by BSSB.<br><br>If the SPSB SSA is terminated by BSSB in the event that OHB does not comply with its obligations on the Completion Date of the SPSB SSA, BSSB shall be entitled to forfeit the SPSB Deposit as agreed liquidated damages | This term is reasonable as:<br><br>(i) termination clause is a normal commercial term governing the rights of the non-defaulting party; and<br><br>(ii) the 3% deposit payments in respect of the Purchase Consideration of SPSB/ Purchase Consideration of SPP are refundable to OHB in the event that:<br><br>(a) BESB/ SPP Vendor and OHB had mutually agreed to terminate the SPSB SSA/ SPP SSA, respectively; or<br><br>(b) BESB/ SPP Vendor does not comply with its obligations on the completion date of the SPSB SSA/ SPP SSA, respectively. |

| No. | Salient terms | Our comments |
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| | (ii) If the SPP SSA is terminated by mutual agreement of the parties, the Deposit (and any interest accrued thereon) shall be refunded in favour of OHB.<br><br>If the SPP SSA is terminated by OHB in the event that the SPP Vendors do not comply with their respective obligations on the Completion Date of the SPP SSA, the 3% retention amount already paid to the Director General of IRB ("**DGIR**") shall be refunded in favour of OHB and the sum equivalent to the actual out-of-pocket expenses incurred by OHB including all professional fees incurred arising from the due diligence and independent valuation of the real properties owned, leased or otherwise occupied by SPP not exceeding the amount of the Deposit in respect of the SPP SSA shall be paid by the SPP Vendors within ten (10) business days from the date of termination and in the case of the 3 % retention amount, within 10 business days from the SPP Vendors' receipt of such refund from the DGIR.<br><br>(iii) If the OBS(M) SSA is terminated by mutual written agreement of the parties or if BSSB elects to terminate the OBS(M) SSA in the event that OHB does not comply with its obligations on the Completion Date of the OBS(M) SSA, 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.<br><br>If the OBS(M) SSA is terminated by OHB in the event that BSSB does not comply with its obligations on the Completion Date of the OBS(M) SSA, the sum equivalent to the actual out-of-pocket expenses incurred by OHB including all professional fees incurred arising from the due diligence and independent valuation of the real properties owned, leased or otherwise occupied by the OBS(M) Group shall be paid by BSSB to OHB within 10 business days from the date of termination. Thereafter, neither party shall have any claim against the other, save for claims by one party against another arising from antecedent breach of the OBS(M) SSA.<br><br>Following the termination of the SPSB SSA/ OBS(M) SSA/ SPP SSA, BSSB/ BSSB/ SPP Vendors shall be entitled to dispose of or otherwise deal with the SPSB Shares/ OBS(M) Shares/ SPP Shares. | |

| No. | Salient terms | Our comments |
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| 6. | Tax indemnities<br><br>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:<br><br>(i) such additional payment for tax was due prior to completion of the Proposed SPP Acquisition; or<br><br>(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. | This term is reasonable as it safeguards OHB's interests in the event SPP is subject to additional tax payment that arises prior to the completion of the Proposed SPP Acquisition.<br><br>This is of relevance given that SPP is currently an associate company of OHB, which is not controlled by OHB prior to the completion of the Proposed SPP Acquisition. |

On an overall basis, we are of the view that the salient terms of the SSAs (including the Supplemental SSAs) are reasonable and not detrimental to your interest

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### 6.4 Salient Terms of the SPAs (including the Supplemental SPAs)

Set out below are our comments to the salient terms of the SPAs (including the Supplemental SPAs):

| No. | Salient terms | Our comments |
|---|---|---|
| 1. | <u>Sale and Purchase</u><br>Subject to the terms and conditions of the Bukit Langkap Estate SPA/ Bentong Estate SPA/ Thye Group Estate SPA, OHB (through SPP) will acquire the Bukit Langkap Estate/ Bentong Estate/ Thye Group Estate from BESB on an "as it where is" basis and free from encumbrances, trespassers, occupiers, squatters and encroachments.<br><br>The purchase of the 17/ 30/ 25 pieces of land comprising the Bukit Langkap Estate/ Bentong Estate/ Thye Group Estate shall be completed simultaneously. | This term is reasonable as the Bukit Langkap Estate, Bentong Estate, Thye Group Estate are to be acquired free from encumbrances. |
| 2. | <u>Purchase Consideration</u><br>The purchase considerations for the Proposed Land Acquisitions are as follows:<br><br>**RM'000**<br>Purchase Consideration of Bukit Langkap Estate: 41,000<br>Purchase Consideration of Bentong Estate: 132,000<br>Purchase Consideration of Thye Group Estate: 224,100 | Based on our evaluations as set out in **Sections 6.2.4, 6.2.5 and 6.2.6** of this IAL, we are of the view that the purchase considerations are fair.<br><br>Please refer to **Sections 6.2.4, 6.2.5 and 6.2.6** of this IAL for further details of our evaluations. |
| 3. | <u>Payment terms</u><br>The respective purchase considerations shall be satisfied by OHB in the following manner:<br><br>(i) upon execution of the respective SPAs, a sum equivalent to:<br><br>(a) 5% of the respective purchase considerations as deposit ("**Deposit**"); and<br><br>(b) 3% of the respective purchase considerations as retention sum, which is to be withheld by OHB for the purpose of payment of RPGT under the RPGT Act; and | This term is reasonable as:<br><br>(i) the 5% deposit payment is within the range of the quantum of deposits required in transactions of a similar nature;<br><br>(ii) the 3% retention sum is in line with the provisions under the RPGT Act; and<br><br>(iii) OHB is to pay the remaining portion of the respective purchase considerations only on the completion date of the respective SPAs. |

| No. | Salient terms | Our comments |
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| | (ii) the remaining 92% of the respective purchase considerations ("**Balance Sum**") shall be paid by OHB in the following manner:<br><br>• In respect of the Bukit Langkap Estate SPA:<br><br>On the completion date of the Bukit Langkap Estate SPA, which shall occur within 3 months from the unconditional date of the Bukit Langkap Estate SPA (as set out in Section 3 below) or the date of SPP's solicitors' receipt of the certified true copy of each of the issue documents of titles to the Bukit Langkap Estate with the BESB's name and company registration number duly rectified, whichever is later.<br><br>• In respect of the Bentong Estate SPA:<br><br>On the completion date of the Bentong Estate SPA which shall occur within 3 months from the last of:<br><br>(a) the unconditional date of the Bentong Estate SPA (as set out in Section 3 below);<br><br>(b) the date of SPP's solicitors' receipt of the certified true copy of each of the issue documents of titles to the Bentong Estate with the BESB's name and details duly rectified; and<br><br>(c) the date of SPP's solicitors' receipt of the certified true copy 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)".<br><br>• In respect of the Thye Group Estate SPA:<br><br>On the completion date of the Thye Group Estate SPA, which shall occur within 3 months from the unconditional date of the Thye Group SPA (as set out in Section 3 below) or the date of SPP's solicitors' receipt of the certified true copy of each of the issue documents of titles to the Thye Group Estate with the BESB's name and company registration number duly rectified, whichever is later. | |

| No. | Salient terms | Our comments |
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| | In the event OHB fails to pay the relevant Balance Sums in full within the completion date of the respective SPAs, BESB shall grant to OHB an automatic extension of 1 month from the expiry of the completion date of the affected SPA ("**Extension**") to pay the relevant unpaid Balance Sums or any outstanding sum subject to OHB paying BESB interest on such part of the Balance Sum as remains unpaid at the rate of 8% per annum on a daily rest basis. | This term is justifiable as:<br>(i) the Extension would provide additional time for OHB to make payment for the relevant unpaid Balance Sums; and<br>(ii) the 8% p.a. interest charge on late payment is within the commercial norm and only applies when OHB fails to pay the relevant Balance Sums in full within the completion date of the respective SPAs. |
| 3. | <u>Conditions Precedent</u><br>The completion of the Bukit Langkap SPA/ Bentong Estate SPA/ Thye Group Estate SPA shall be conditional upon the satisfaction of the following conditions:<br>(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<br>(ii) the approval from the ELB in relation to the transfer of the Bukit Langkap Estate/ Bentong Estate/ Thye Group Estate in favour of SPP being obtained by BESB with SPP's assistance,<br>on or before 31 August 2023 (pursuant to the Supplemental SPAs) or such extended period as may be agreed by the parties in writing ("**Conditional Period**").<br>The respective SPAs shall become unconditional on the date the last of the conditions precedent of the respective SPAs are fulfilled or waived ("**Unconditional Date**"). | This term is reasonable as it sets out that the Proposed Lands Acquisitions are subject to:<br>(i) the requisite approvals that are necessary to facilitate the completion of the said Proposed Land Acquisitions; and<br>(ii) in view that the Bukit Langkap Estate, Bentong Estate and Thye Group Estate are to be acquired by OHB through SPP, it is reasonable that the respective SPAs are subject to the unconditionality of the SPP SSA.<br>In addition, we also wish to highlight that in the event the requisite approvals as obtained are subject to conditions and if such conditions are not acceptable to SPP/OHB, we note that SPP/OHB may terminate the affected SPA provided that it has notified BESB of the same within 10 business days upon receiving such unfavourable conditional approval and the subsequent appeal for an amendment or waiver of such unfavourable terms and conditions are not obtained. |

| No. | Salient terms | Our comments |
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| 4. | <u>Completion</u><br><br>Completion of the respective SPAs shall take place on the date of OHB's payment to the Balance Sum of the respective SPAs in full in simultaneous exchange for:<br><br>• In respect of the Bukit Langkap Estate SPA:<br><br>(a) BESB's solicitors' delivery of the original issue documents of title to the Bukit Langkap Estate with the BESB's name and company registration number duly rectified to SPP's solicitors; and<br><br>(b) BESB's delivery of vacant possession of the Bukit Langkap Estate to SPP in accordance with the provisions of the Bukit Langkap SPA.<br><br>• In respect of the Bentong Estate SPA:<br><br>(a) 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<br><br>(b) BESB's delivery of vacant possession of the Bentong Estate to SPP in accordance with the provisions of the Bentong Estate SPA.<br><br>• In respect of the Thye Group Estate SPA:<br><br>(c) BESB's solicitors' delivery of the original issue documents of title to the Thye Group Estate with the BESB's name and company registration number duly rectified to SPP's solicitors; and<br><br>(d) BESB's delivery of vacant possession of the Thye Group Estate to SPP in accordance with the provisions of the Thye Group Estate SPA. | This term is reasonable as completion of the respective SPAs are subject to, amongst others, SPP having obtained vacant possession of the Bukit Langkap Estate, Bentong Estate and Thye Group Estate, respectively. |

| No. | Salient terms | Our comments |
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| 5. | <u>Termination</u><br>The respective SPAs may be terminated:<br><br>(i) in the event any of the Conditions Precedent of the respective SPAs are not fulfilled or deemed not to have been obtained by the expiry of the Conditional Period of the respective SPAs;<br><br>(ii) by BESB in the event OHB fails to pay the respective purchase consideration or any part thereof within the time stipulated for payment in the respective SPA other than due to the default, wilful neglect, omission or blameworthy conduct on the part of BESB and/or BESB's solicitors;<br><br>(iii) by SPP in the event BESB fails to complete the sale and purchase of Bukit Langkap Estate/ Bentong Estate/ Thye Group Estate in accordance with the terms and conditions of the respective SPA or BESB shall be in material breach of any of BESB's warranties or BESB shall be in breach of any provisions of the respective 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;<br><br>(iv) by SPP in the event that the Bukit Langkap Estate/ Bentong Estate/ Thye Group Estate or any part thereof shall before the Completion Date of the respective SPA, be affected by any notice of acquisition or intended acquisition under the Land Acquisition Act 1960;<br><br>(v) by BESB or SPP in the event the Transfer of the Bukit Langkap Estate/ Bentong Estate/ Thye Group Estate 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 10 business days from the knowledge of BESB or SPP of that reason or defect; or<br><br>(vi) by BESB or SPP in the event force majeure shall continue for a period of 6 months. | This term is reasonable as termination clause is a normal commercial term governing the rights of the non-defaulting party.<br><br>In addition, we wish to highlight that the all monies paid by OHB towards the respective purchase considerations for the Proposed Land Acquisitions shall be refunded to SPP/OHB within the stipulated timeframe as set out in the SPAs in the event the relevant SPA is terminated due to, amongst others, the following:<br><br>(i) non-fulfilment of the Conditions Precedent of the affected SPA; and<br><br>(ii) BESB fails to perform its obligations under the affected SPA or is in breach of any of the vendor's warranties as set out in the affected SPA or shall be in breach of any provisions of the affected SPA in a material respect of the Transfer of the affected lands cannot be registered for any reasons attributable to BESB. |

On an overall basis, we are of the view that the salient terms of the SPAs (including the Supplemental SPAs and the Second Supplemental SPAs) are reasonable and not detrimental to your interest.

## 6.5 Prospects of the enlarged OHB Group

We took cognisance of the prospects of the enlarged OHB Group as set out in **Section 6.4, Part A** of the Circular.

**Our Comments:**

In our view, the Proposals are expected to contribute positively to the OHB Group's long-term prospects after taking into account, amongst others, the following:

### (i) Potential benefits from the Proposals

As set out in **Section 6.1(ii)** of this IAL, the Proposed SPP Acquisition and Proposed Land Acquisitions would enable OHB to increase its total oil palm plantation lands in Malaysia by approximately 7,095.7 ha or 143.1%, thereby enabling OHB to grow its Oil Palm Plantation business expeditiously.

Further, as the majority part of the acquisition lands have already been planted with oil palm trees, upon completion of the Proposed SPP Acquisition and Proposed Land Acquisitions, OHB would have immediate access to the on-going plantation activities thereon, which in turn, would enable OHB to generate immediate earnings and cash flows therefrom.

In addition, as set out in **Section 6.1(ii)** of this IAL, the SPSB Group is profitable and that the majority part of its oil palm plantation lands are already planted with oil palm trees. As such, the Proposed SPSB Acquisition is envisaged to be earnings accretive as post-completion, OHB would have full control over the SPSB Group's on-going business.

Whilst the OBS(M) Group is currently in a net liability position, we are of the view that the OBS(M) Group's financial results have the potential to improve when its sizable unplanted oil palm lands are cultivated over time. In this regard, the Proposed OBS(M) Acquisition is envisaged to generate long-term value to OHB as it allows OHB to derive income from its future cultivation plans over the unplanted oil palm lands.

### (ii) Outlook of the palm oil industry

We note the following:

#### (a) Malaysia

The oil palm subsector is expected to expand on account of higher CPO output following increase in fresh fruit bunches production and better oil extraction rate. The establishment of Mechanisation and Automation Research Consortium of Oil Palm (MARCOP), a government–industry platform to promote further adoption of mechanisation and automation, is also expected to enhance efficiency, especially the harvesting process, thus increasing the productivity of the subsector. The CPO price is forecast to average at RM4,300 per tonne in 2023 compared with RM5,000 per tonne in 2022, higher than the last 10–year average of RM2,685 per tonne as supply of global edible oils and fats is anticipated to remain tight.

*(Source: Economic Outlook 2023, Ministry of Finance Malaysia)*

(b) Indonesia

Based on a publication by the United States Department of Agriculture, we note that Indonesia palm oil production for 2023/24 is estimated to reach 46 million metric ton (MMT), a 3% increase from 2022/23 of 44.7 MMT on the grounds of improved yields and assuming no significant weather impacts for the rest of 2022/23.

The agency also estimated that palm oil mature area will reach 14.5 million Ha in 2023/24, assuming limited expansion and continued replanting efforts. Based on seeds sales data, immature area is expected to grow to 2.2 million Ha in 2024 from 1.5 million Ha in 2020. Further. the agency also estimated that the Indonesia palm oil consumption would rise by 5% to 19.9 MMT in 2023/24 from 18.9 MMT in 2022/23, on the ground of increasing industrial and food use.

We further note from the publication that assuming the Government of Indonesia (GOI) maintains the blending rate at 35 percent (i.e. the B35) and fuel use growth at 2%, palm oil consumption for industrial use is expected to reach 12.7 MMT for 2023/24. In the food sector, palm oil consumption is projected to rise by 100,000 MT to 6.9 MMT for 2023/24, on continued growing demand from households and the food industry.

*(Source: Publication dated 20 March 2023 by the* United States Department of Agriculture*, entitled "Oilseeds and Products Annual")*

Based on the above, we are of the view that the outlook of the palm oil industry appears to be positive which in turn, would bolster positively to OHB's Oil Palm Plantation business moving forward. In addition, as palm oil is a global commodity and are consumed worldwide (e.g. as edible food source as well as manufacturing inputs for detergents, cosmetics and biofuels), the progressive improvement in global and regional economies over time are expected to augur well to the future demand for palm oil.

### 6.6 Risk factors pertaining to the Proposals

In view that the OHB Group is already involved in the Oil Palm Plantation business with operations in both Malaysia and Indonesia (which are also the countries where the acquisition companies and lands operate in), the Proposals are not expected to expose the OHB Group to any significant new risks that are not within its current business activities.

Notwithstanding the foregoing, you are advised to consider carefully the risk factors pertaining to the Proposals as set out in **Section 9, Part A** of the Circular as well as the following:

**(i) Acquisition risk**

Although the Board anticipates that the Proposals are to contribute positively to the future earnings and/or prospects of the OHB Group, there is no assurance that such anticipated benefits will be realised. This is in view that, as palm oil is a globally traded commodity, its prices are affected by various market factors which are beyond OHB's control such as the prevailing supply and demand conditions for palm oil, weather conditions, the USD exchange rates, interest rates as well as the global and regional political and economic conditions. As such, any material decline in economic conditions in the future is expected to adversely impact the potential benefits to be derived from the Proposals.

**(ii) Uncertainty of cultivation of the unplanted area of the OBS(M) Group**

The OBS(M) Group currently holds approximately 52,837.83 Ha of uncertificated land ("**Uncertificated Land**") and the location permits for these Uncertificated Land have expired as at the LPD.

Notwithstanding the above, we note from the Circular that:

(a) the OBS(M) Group has been informed by the relevant land authorities in Indonesia that they may apply for the HGU and HGB certificates based on the expired location permits;

(b) the relevant land authorities had also encouraged the OBS(M) Group to apply for *Kesesuaian Kegiatan Pemanfaatan Ruang* ("**KKPR**") in order to continue with plantation development and that the KKPR for the same area within the expired location permit will not be granted to entities other than DAM, GSSL, PPA and BSSP; and

(c) the relevant land authorities have also confirmed that provided DAM, GSSL, PPA and BSSP having obtained the KKPR (of which the application will be prioritised by the respective authority), the relevant land offices are committed and will prioritise the issuance of certificate of HGU to these companies.

You should note that due to the developing nature of Indonesian land law and the lack of a uniformed land ownership system in Indonesia, disputes over OHB's acquisition of title may also arise. A dispute, if any, may prevent or indefinitely postpone the granting of HGU which in turn, may result in OHB unable to cultivate the land pending the granting of HGU by the relevant Indonesian government authorities.

Notwithstanding the foregoing, we note from OHB management that they will endeavour to closely monitor the business operations of the OBS(M) Group, in particular the status of their respective applications for the HGU and HGB certificates from the relevant land offices in Indonesia so to achieve the objectives for undertaking the Proposals.

Whilst the uncertainty of cultivation of the unplanted area of the OBS(M) Group would pose operational risks to the OHB Group post-completion of the Proposed OBS(M) Acquisition, we note that the OHB management is optimistic that these risks are manageable after taking into account the track record of OHB in the Oil Palm Plantation business, as well as the following:

(i) the OBSM(Group) has not received any rejection in respect of its application for the land title certificates for land under expired location permits;

(ii) no land under the expired location permits in South Sumatera and Bangka Belitung Islands have been transferred to any third party;

(iii) the expired location permits did not automatically lead to the relevant land being repossessed by the regional government and authorities or transfer to a third party;

(iv) the OBS(M) Group did not receive any sanctions, warning letters or fines from the regional government and authorities in relation to the expired location permits;

(v) the authorities have written to the OBS(M) Group encouraging them to apply for new location permits/KKPR to continue with the development of plantations on the planted areas;

(vi) the OBS(M) Group has been operating within the land under the respective expired location permits and no part of such land has been repossessed by the authorities nor has the right to acquire such land been given to any third party due to expired location permits;

(vii) the OBS(M) Group did not encounter any issue with the authorities, including the police, due to the expired location permits over any dispute with third parties for the land covered under such expired location permits; and

(viii) the OHB Group had previously applied for KKPR for certain land which were uncertificated and held under the expired location permits, and was successful in obtaining the KKPR from the respective land authorities without any sanctions, fines, penalties or warnings.

In addition, we note that PwC Legal Indonesia (formerly known as Melli Darsa & Co.) had also opined the following:

(a) the KKPR to be obtained serve to provide an avenue for the holders of any expired location permits to resume its land certification processing path/route towards obtaining the HGU Certificate by applying to the relevant local land authority for the KKPR;

(b) the Confirmation Letters (as set out in **Section 9.3(ii), Part A** of the Circular) provide comfort that as long as the OBS(M) Group undertakes the necessary steps in applying for the KKPR, the interest and rights over the expired location permit land area remains intact.

Further, given that there is no mentioned time limit or stipulated deadline for holders of expired location permit to apply for KKPR, the holders are deemed to have rights/interests in the land title processing route to obtain the HGU certificate during this interim period prior to the issuance of KKPR as long as the holders fulfil the requirements stipulated under the prevailing laws and regulations.

Nevertheless, each of the holder must apply for KKPR on an expedient basis before they can continue the land acquisition process and further register the acquired plots of land with the relevant land office in order to get HGU certificate under its name; and

(c) the risks of OBS(M) Group not being able to obtain the KKPR for the Uncertificated Land are fairly remote provided that the application documents are in order and fulfil the relevant requirements based on the prevailing laws and regulations coupled with the comfort stated in sub-section (b) above.

We also wish to highlight to you that, as set out in **Section 9.3, Part A** of the Circular, there are no anticipated liabilities to be borne by the OHB Group arising from the failure, if any, to obtain the KKPR for the uncertificated lands held by the OBS(M) Group in view that OHB's cost of investments in the OBS(M) Group have been full impaired prior to the FYE 31 December 2020.

Accordingly, in view that any failure to obtain KKPR for the uncertificated lands held by the OBS(M) Group is not expected to result in a material adverse impact to the OHB Group's NA after the completion of the Proposals and taking into consideration that the Proposals would result in a net increase in the OHB Group's NA from RM6,957 million as at 31 December 2022 to RM7,310 million (as set out in Section **10.2, Part A** of the Circular), together with the OHB Group's track record and familiarity with the palm oil plantation activities in Indonesia, we are of the view that this risk exposure is reasonable.

**(iii) Export restrictions**

The future financial performance of the acquisition companies and lands are also subject to economic challenges from the anti-palm oil campaigns initiated by certain countries, in particular the European Union ("**EU**") whereby we note that the EU has in recent years imposed strict rules to regulate palm oil imports, noting that the cultivation of such crops results in excessive deforestation (source: Bloomberg)

Notwithstanding the foregoing, we note that Malaysia, Indonesia and the EU had in August 2023 agreed to form an ad hoc task force to hash out issues related to the implementation of the EU Deforestation Regulation (source: Bloomberg), a regulation initiated by the EU which establishes strict measures to prevent companies from placing products on the EU that are linked to deforestation or forest degradation.

The on-going economic development may potentially result in stricter export criteria to EU and/or other countries. Notwithstanding the foregoing, as palm oil is a global commodity and widely used for many consumer and industrial products, it is envisaged that there would be continuing demand for palm oil which in turn may alleviate the adverse economic effects arising from the strict export criteria.

Having considered the foregoing, we are of the view that the highlighted risks exposures are reasonable

## 6.7 Effects of the Proposals

We took cognisance of the effects of the Proposals as set out in **Section 10, Part A** of the Circular.

**Our comments:**

The effects of the Proposals are not detrimental to you in view of the following:

| Effects | Our comments |
|---|---|
| Share capital and substantial stockholders' stockholding | The Proposals will not have any effect on the issued and paid-up share capital of OHB as well as its substantial stockholders' stockholding in OHB as the Proposals do not involve any issuance of new ordinary stock in OHB ("**Stock**"). |
| NA and gearing | **(i) NA and NA per Stock**<br>On pro forma basis, the Proposals are expected to result in an increase in the NA of the OHB Group by RM354.6 million, mainly due to the consolidation of the financial results of the SPSB Group, OBS(M) Group and SPP.<br><br>Correspondingly, the Proposals are expected to result in an increase in the NA per Stock of the OHB Group from RM11.21 as at 31 December 2022 to RM11.79.<br><br>**(ii) Gearing**<br><br>The Proposals would result in an increase in the OHB Group's net gearing from 0.27 times (as at 31 December 2022) to 0.41 times. The increase was mainly due to the decline in OHB Group's total equity, mainly as a result of the decrease in the NBV of non-controlling interests after full consolidation of the financial results of SPSB Group, OBS(M) Group and SPP. |
| Earnings and EPS | As set out in **Section 6.6** of this IAL, the Proposals are envisaged to be value accretive to the OHB Group. In this regard, moving forward, the Proposals are expected to contribute positively to the future earnings and EPS of the OHB Group. |
| Convertible securities | As at the LPD, OHB does not have any outstanding convertible securities. |

## 7. CONCLUSION AND RECOMMENDATION

In arriving at our conclusion and recommendation in respect of the Proposals, we have assessed and evaluated the Proposals based on the pertinent factors as set out in **Section 6** of this IAL.

You are advised to carefully consider the merits and demerits of the Proposals based on all relevant and pertinent factors including those set out in this IAL as well as those highlighted by the Board in its letter to the stockholders as set out in **Part A** of the Circular before voting on the resolution pertaining to the Proposals at the forthcoming EGM.

Premised on our overall evaluation of the Proposals as set out in **Section 6** of this IAL, we are of the view that, on the basis of the information available to us, the Proposals are fair and reasonable and not detrimental to your interests.

Accordingly, we recommend that you vote in favour of the resolution pertaining to the Proposals to be tabled at OHB's forthcoming EGM.

Yours faithfully
For and on behalf of
**MERCURY SECURITIES SDN BHD**

**CHEW SING GUAN**
Managing Director

**CHRIS LAI THER WEI**
Director, Head of Capital Markets

## INFORMATION OF THE VENDORS IN RELATION TO THE PROPOSALS

### (A) INFORMATION OF BSSB

The information of BSSB are as follows:-

#### 1. 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 George Town, 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.

#### 2. DIRECTORS AND SHAREHOLDERS

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | 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 Yean | 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 Yean) | 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 Yean Holdings Sdn Bhd pursuant to the Act.*

**INFORMATION OF THE VENDORS IN RELATION TO THE PROPOSALS (Cont'd)**

*(4) Deemed interested by virtue of his shareholdings in Loh Phoy Yen Holdings Sdn Bhd pursuant to the 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 Yean 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 | - | - |
| 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 | - | - |

## (B) INFORMATION OF BSD

The information of BSD are as follows:-

### 1. 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 George Town, 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.

### 2. DIRECTORS AND SHAREHOLDERS

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 |

**INFORMATION OF THE VENDORS IN RELATION TO THE PROPOSALS (Cont'd)**

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | No. of shares | % | No. of shares | % |
| 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 Holdings 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:-

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality/ Place of incorporation | 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.*

## (C) INFORMATION OF LBS

The information of LBS are as follows:-

### 1. 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 George Town, 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.

### 2. DIRECTORS AND SHAREHOLDERS

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | 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 | - | - |
| 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 | - | - |

## INFORMATION OF THE VENDORS IN RELATION TO THE PROPOSALS (Cont'd)

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | 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 | 0.12 | - | - |
| 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 the interests of her daughters and son pursuant to the Act.*

## (D) INFORMATION OF BESB

The information of BESB are as follows:-

### 1. BACKGROUND INFORMATION ON BESB

BESB was incorporated as a private limited company under the 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 I, 2nd Floor, Wisma Lister Garden, 123 Jalan Macalister, 10400 George Town, 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.

### 2. DIRECTORS AND SHAREHOLDERS

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | 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 their 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.*

## INFORMATION OF THE VENDORS IN RELATION TO THE PROPOSALS (Cont'd)

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 | 1.78 | (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.*

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## SALIENT TERMS OF THE SPSB SSA AND SUPPLEMENTAL SPSB SSA

### (1) 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 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. There are no payments made or to be made by OHB on behalf of BSSB pursuant to the SPSB SSA.

#### 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 stockholders' approval of the transactions contemplated under the Proposals according to relevant laws and requirements including that of the Listing Requirements ("**OHB Stockholders' 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 OBS(M) SSA and SPP SSA have been fully satisfied or fulfilled unless otherwise waived by the relevant parties of the OBS(M) SSA and SPP SSA; and

(iv) the approval/consent of any third parties (if required, for the sale and purchase of the SPSB Shares) having been obtained.

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 Stockholders' 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 SSA 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 SPSB 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 or if the termination is by OHB in the event that BSSB does not comply with its obligations on the SPSB Completion Date, the SPSB Deposit (and any interest accrued thereon) shall be refunded in favour of OHB. Furthermore, if the SPSB SSA is terminated by OHB in the event that BSSB does not comply with its obligations on the SPSB Completion Date, the sum equivalent to the actual out-of-pocket expenses incurred by OHB including all professional fees incurred arising from the due diligence and independent valuation of the real properties owned, leased or otherwise occupied by the SPSB Group not exceeding the amount of the SPSB Deposit shall be paid by BSSB.

If the SPSB SSA is terminated by BSSB in the event that OHB does not comply with its obligations on the SPSB Completion Date, BSSB shall be entitled to forfeit the SPSB Deposit as agreed liquidated damages.

Thereafter, neither party 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.

## (2) SALIENT TERMS OF THE SUPPLEMENTAL SPSB SSA DATED 12 JANUARY 2023

The salient terms of the Supplemental SPSB SSA dated 12 January 2023 are as follows:-

### 1. EXTENSION OF THE SPSB CUT-OFF DATE

OHB and BSSB agree to extend the SPSB Cut-Off Date to six (6) months from the date of the SPSB SSA or such extended period as may be agreed by the parties in writing.

### 2. VARIATION OF PAYMENT TERMS

Further to the completion of the assessment by BSSB's tax advisers, SPSB has been determined to not be a "real property company" for the purposes of the RPGT Act. Accordingly, OHB and BSSB have agreed that the SPSB RPGT Retention Amount which was previously retained by OHB will be paid to BSSB on the SPSB Completion Date.

## (3) SALIENT TERMS OF THE SUPPLEMENTAL SPSB SSA DATED 12 APRIL 2023

The salient terms of the Supplemental SPSB SSA dated 12 April 2023 are as follows:-

### 1. EXTENSION OF THE SPSB CUT-OFF DATE

OHB and BSSB agree to extend the SPSB Cut-Off Date to 31 August 2023 or such extended period as may be agreed by the parties in writing.

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**SALIENT TERMS OF THE OBS(M) SSA AND SUPPLEMENTAL OBS(M) SSA**

**(1) 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. There are no other payments made or to be made by OHB on behalf of BSSB pursuant to the OBS(M) SSA.

**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 Stockholders' 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 the 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 Stockholders' 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**").

**4. COMPLETION**

Completion of the Proposed OBS(M) Acquisition shall take place within thirty (30) days from the OBS(M) 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 comply with its obligations on the OBS(M) Completion Date.

If the OBS(M) SSA is terminated by mutual written agreement of the parties or if BSSB elects to terminate the OBS(M) SSA in the event that OHB does not comply with its obligations on the OBS(M) Completion Date, 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.

If the OBS(M) SSA is terminated by OHB in the event that BSSB does not comply with its obligations on the OBS(M) Completion Date, the sum equivalent to the actual out-of-pocket expenses incurred by OHB including all professional fees incurred arising from the due diligence and independent valuation of the real properties owned, leased or otherwise occupied by the OBS(M) Group shall be paid by BSSB to OHB within ten (10) business days from the date of termination. Thereafter, neither party 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.

## (2) SALIENT TERMS OF THE SUPPLEMENTAL OBS(M) SSA DATED 12 JANUARY 2023

The salient terms of the Supplemental OBS(M) SSA dated 12 January 2023 are as follows:-

**1. EXTENSION OF THE OBS(M) CUT-OFF DATE**

OHB and BSSB agree to extend the OBS(M) Cut-Off Date to six (6) months from the date of the OBS(M) SSA or such extended period as may be agreed by the parties in writing.

## (3) SALIENT TERMS OF THE SUPPLEMENTAL OBS(M) SSA DATED 12 APRIL 2023

The salient terms of the Supplemental OBS(M) SSA dated 12 April 2023 are as follows:-

**1. EXTENSION OF THE OBS(M) CUT-OFF DATE**

OHB and BSSB agree to extend the OBS(M) Cut-Off Date to 31 August 2023 or such extended period as may be agreed by the parties in writing.

## SALIENT TERMS OF THE SPP SSA AND SUPPLEMENTAL SPP SSA

### (1) 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. Save for the SPP RPGT Retention Amount required to be retained by OHB and paid to the IRB within sixty (60) days from the date of the SPP SSA, there are no other payments made or to be made by OHB on behalf of the SPP Vendors pursuant to the SPP SSA.

**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 Stockholders' 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 Stockholders' 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.

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.

If the SPP SSA is terminated by OHB in the event that the SPP Vendors do not comply with their respective obligations on the SPP Completion Date, the SPP Deposit (and any interest accrued thereon) and SPP RPGT Retention Amount already paid to the Director General of IRB ("**DGIR**") shall be refunded in favour of OHB and the sum equivalent to the actual out-of-pocket expenses incurred by OHB including all professional fees incurred arising from the due diligence and independent valuation of the real properties owned, leased or otherwise occupied by SPP not exceeding the amount of the SPP Deposit shall be paid by the SPP Vendors within ten (10) business days from the date of termination and in the case of the SPP RPGT Retention Amount, within ten (10) business days from the SPP Vendors' receipt of such refund from the DGIR.

If the SPP SSA is terminated by the SPP Vendors in the event that OHB does not comply with its obligations on the SPP Completion Date, the SPP Vendors shall be entitled to forfeit the SPP Deposit as agreed liquidated damages.

Thereafter, 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.

**(2) SALIENT TERMS OF THE SUPPLEMENTAL SPP SSA DATED 12 JANUARY 2023**

The salient terms of the Supplemental SPP SSA dated 12 January 2023 are as follows:-

**1. EXTENSION OF THE SPP CUT-OFF DATE**

OHB and the SPP Vendors agree to extend the SPP Cut-Off Date to six (6) months from the date of the SPP SSA or such extended period as may be agreed by the parties in writing.

## (3) SALIENT TERMS OF THE SUPPLEMENTAL SPP SSA DATED 12 APRIL 2023

The salient terms of the Supplemental SPP SSA dated 12 April 2023 are as follows:-

### 1. EXTENSION OF THE SPP CUT-OFF DATE

OHB and the SPP Vendors agree to extend the SPP Cut-Off Date to 31 August 2023 or such extended period as may be agreed by the parties in writing.

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## SALIENT TERMS OF THE BUKIT LANGKAP ESTATE SPA AND SUPPLEMENTAL BUKIT LANGKAP ESTATE SPA

### (1) 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

(ii) the approval from the 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:-

| No. | Termination Event | Consequence |
|---|---|---|
| (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; | • The Bukit Langkap Estate SPA shall be deemed terminated on the expiry date of the Bukit Langkap Conditional Period and the Bukit Langkap Deposit and the Bukit Langkap RPGT Sum, together with the interest accrued, shall be refunded to OHB within five (5) business days from such termination |
| (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; | • The Bukit Langkap Deposit and the Bukit Langkap RPGT Sum shall be forfeited by BESB and where the Bukit Langkap RPGT Sum has been paid to the DGIR, BESB shall apply and claim for the refund of the Bukit Langkap RPGT Sum; and |

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

| No. | Termination Event | Consequence |
|---|---|---|
| | | • BESB shall within ten (10) business days of BESB's notice of termination, refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration of Bukit Langkap Estate less the Bukit Langkap Deposit and the Bukit Langkap RPGT Sum |
| (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; | • Save for the Bukit Langkap RPGT Sum already paid to the DGIR which shall be refunded by BESB to OHB within ten (10) business days from its receipt of such refund from the DGIR, BESB shall within ten (10) business days of SPP's notice to terminate refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration of Bukit Langkap Estate (including the Bukit Langkap Deposit); and<br><br>• BESB shall pay to OHB a sum equivalent to the Bukit Langkap Deposit and the Bukit Langkap RPGT Sum as agreed liquidated damages |
| (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; | • BESB shall, within five (5) business days from SPP's notification of termination, refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration for Bukit Langkap Estate, including the Bukit Langkap Deposit |
| (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 | • Save for the Bukit Langkap RPGT Sum already paid to the DGIR which shall be refunded by BESB to OHB within ten (10) business days from its receipt of such refund from the DGIR, BESB shall refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration for Bukit Langkap Estate, including the Bukit Langkap Deposit |
| (vi) | by BESB or SPP in the event the force majeure shall continue for a period of six (6) months. | • BESB shall refund or cause to be refunded to OHB, within five (5) business days from such notification of termination, all moneys (if any) paid by OHB towards the Purchase Consideration for Bukit Langkap Estate, including the Bukit Langkap Deposit |

SPP shall simultaneously in exchange of BESB's refund in Paragraphs 5(ii), (iii), (iv), (v) or (vi), as the case may be, above:-

(a) re-deliver vacant possession of the Bukit Langkap Estate, if vacant possession of the Bukit Langkap Estate has been delivered to SPP, on an "as is where is" basis;

(b) return or cause the return to BESB's solicitors of all original documents delivered to SPP and/or SPP's solicitors, save for those which have been submitted to the relevant authorities; and

(c) withdrawn or cause to be withdrawn any private caveat that SPP may have lodged over the Bukit Langkap Estate.

Thereafter the Bukit Langkap Estate SPA shall be null and void and no party shall have any other claim whatsoever against the others save and except for antecedent breaches and BESB shall be free to deal with the Bukit Langkap Estate in such manner as it deems fit.

## (2) SALIENT TERMS OF THE SUPPLEMENTAL BUKIT LANGKAP ESTATE SPA DATED 12 JANUARY 2023

The salient terms of the Supplemental Bukit Langkap Estate SPA dated 12 January 2023 are as follows:-

### 1. EXTENSION OF THE BUKIT LANGKAP CONDITIONAL PERIOD

OHB and BESB agree to extend the Bukit Langkap Conditional Period to eight (8) months from the date of the Bukit Langkap Estate SPA or such extended period as may be agreed by the parties in writing.

## (3) SALIENT TERMS OF THE SUPPLEMENTAL BUKIT LANGKAP ESTATE SPA DATED 12 APRIL 2023

The salient terms of the Supplemental Bukit Langkap Estate SPA dated 12 April 2023 are as follows:-

### 1. EXTENSION OF THE BUKIT LANGKAP CONDITIONAL PERIOD

OHB and BESB agree to extend the Bukit Langkap Conditional Period to 31 August 2023 or such extended period as may be agreed by the parties in writing.

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## SALIENT TERMS OF THE BENTONG ESTATE SPA AND SUPPLEMENTAL BENTONG ESTATE SPA

### (1) 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 RM6,600,000 equivalent to 5.0% of the Purchase Consideration of Bentong Estate being the deposit ("**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; and

(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 (as defined below) 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

(c) 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**").

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

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:-

(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:-

| No. | Termination Event | Consequence |
|---|---|---|
| (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; | • The Bentong Estate SPA shall be deemed terminated on the expiry date of the Bentong Conditional Period and the Bentong Deposit and the Bentong RPGT Sum, together with the interest accrued, shall be refunded to OHB within five (5) business days from such termination |

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

| No. | Termination Event | Consequence |
|---|---|---|
| (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; | • The Bentong Deposit and the Bentong RPGT Sum shall be forfeited by BESB and where the Bentong RPGT Sum has been paid to the DGIR, BESB shall apply and claim for the refund of the Bentong RPGT Sum; and<br>• BESB shall within ten (10) business days of BESB's notice of termination, refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration of Bentong Estate less the Bentong Deposit and the Bentong RPGT Sum |
| (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; | • Save for the Bentong RPGT Sum already paid to the DGIR which shall be refunded by BESB to OHB within ten (10) business days from its receipt of such refund from the DGIR, BESB shall within ten (10) business days of SPP's notice to terminate refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration of Bentong Estate (including the Bentong Deposit); and<br>• BESB shall pay to OHB a sum equivalent to the Bentong Deposit and the Bentong RPGT Sum as agreed liquidated damages |
| (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; | • BESB shall, within five (5) business days from SPP's notification of termination, refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration for Bentong Estate, including the Bentong Deposit |
| (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 | • Save for the Bentong RPGT Sum already paid to the DGIR which shall be refunded by BESB to OHB within ten (10) business days from its receipt of such refund from the DGIR, BESB shall refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration for Bentong Estate, including the Bentong Deposit |
| (vi) | by BESB or SPP in the event force majeure shall continue for a period of six (6) months. | • BESB shall refund or cause to be refunded to OHB all moneys (if any) paid by OHB, within five (5) business days from such notification of termination, towards the Purchase Consideration for Bentong Estate, including the Bentong Deposit |

SPP shall simultaneously in exchange of BESB's refund in Paragraphs 5(ii), (iii), (iv), (v) or (vi), as the case may be, above:-

(a) re-deliver vacant possession of the Bentong Estate, if vacant possession of the Bentong Estate has been delivered to SPP, on an "as is where is" basis;

(b) return or cause the return to BESB's solicitors of all original documents delivered to SPP and/or SPP's solicitors, save for those which have been submitted to the relevant authorities; and

(c) withdrawn or cause to be withdrawn any private caveat that SPP may have lodged over the Bentong Estate.

Thereafter the Bentong Estate SPA shall be null and void and no party shall have any other claim whatsoever against the others save and except for antecedent breaches and BESB shall be free to deal with the Bentong Estate in such manner as it deems fit.

## (2) SALIENT TERMS OF THE SUPPLEMENTAL BENTONG ESTATE SPA DATED 12 JANUARY 2023

The salient terms of the Supplemental Bentong Estate SPA dated 12 January 2023 are as follows:-

### 1. EXTENSION OF THE BENTONG CONDITIONAL PERIOD

OHB and BESB agree to extend the Bentong Conditional Period to eight (8) months from the date of the Bentong Estate SPA or such extended period as may be agreed by the parties in writing.

## (3) SALIENT TERMS OF THE SUPPLEMENTAL BENTONG ESTATE SPA DATED 12 APRIL 2023

The salient terms of the Supplemental Bentong Estate SPA dated 12 April 2023 are as follows:-

### 1. EXTENSION OF THE BENTONG CONDITIONAL PERIOD

OHB and BESB agree to extend the Bentong Conditional Period to 31 August 2023 or such extended period as may be agreed by the parties in writing.

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**SALIENT TERMS OF THE THYE GROUP ESTATE SPA AND SUPPLEMENTAL THYE GROUP ESTATE SPA**

## (1) 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 five (25) 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,

(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:-

| No. | Termination Event | Consequence |
|---|---|---|
| (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; | • The Thye Group Estate SPA shall be deemed terminated on the expiry date of the Thye Group Conditional Period and the Thye Group Deposit and the Thye Group RPGT Sum, together with the interest accrued, shall be refunded to OHB within five (5) business days from such termination |
| (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; | • The Thye Group Deposit and the Thye Group RPGT Sum shall be forfeited by BESB and where the Thye Group RPGT Sum has been paid to the DGIR, BESB shall apply and claim for the refund of the Thye Group RPGT Sum; and |

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

| No. | Termination Event | Consequence |
|---|---|---|
| | | • BESB shall within ten (10) business days of BESB's notice of termination, refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration of Thye Group Estate less the Thye Group Deposit and the Thye Group RPGT Sum |
| (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; | • Save for the Thye Group RPGT Sum already paid to the DGIR which shall be refunded by BESB to OHB within ten (10) business days from its receipt of such refund from the DGIR, BESB shall within ten (10) business days of SPP's notice to terminate refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration of Thye Group Estate (including the Thye Group Deposit); and<br><br>• BESB shall pay to OHB a sum equivalent to the Thye Group Deposit and the Thye Group RPGT Sum as agreed liquidated damages |
| (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; | • BESB shall, within five (5) business days from SPP's notification of termination, refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration for Thye Group Estate, including the Thye Group Deposit |
| (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 | • Save for the Thye Group RPGT Sum already paid to the DGIR which shall be refunded by BESB to OHB within ten (10) business days from its receipt of such refund from the DGIR, BESB shall refund or cause to be refunded to OHB all moneys (if any) paid by OHB towards the Purchase Consideration for Thye Group Estate, including the Thye Group Deposit |
| (vi) | by BESB or SPP in the event force majeure shall continue for a period of six (6) months. | • BESB shall refund or cause to be refunded to OHB all moneys (if any) paid by OHB, within five (5) business days from such notification of termination, towards the Purchase Consideration for Thye Group Estate, including the Thye Group Deposit |

SPP shall simultaneously in exchange of BESB's refund in Paragraphs 5(ii), (iii), (iv), (v) or (vi), as the case may be, above:-

(a) re-deliver vacant possession of the Thye Group Estate, if vacant possession of the Thye Group Estate has been delivered to SPP, on an "as is where is" basis;

(b) return or cause the return to BESB's solicitors of all original documents delivered to SPP and/or SPP's solicitors, save for those which have been submitted to the relevant authorities; and

(c) withdrawn or cause to be withdrawn any private caveat that SPP may have lodged over the Thye Group Estate.

Thereafter the Thye Group Estate SPA shall be null and void and no party shall have any other claim whatsoever against the others save and except for antecedent breaches and BESB shall be free to deal with the Thye Group Estate in such manner as it deems fit.

## (2) SALIENT TERMS OF THE SUPPLEMENTAL THYE GROUP ESTATE SPA DATED 12 JANUARY 2023

The salient terms of the Supplemental Thye Group Estate SPA dated 12 January 2023 are as follows:-

### 1. EXTENSION OF THE THYE GROUP CONDITIONAL PERIOD

OHB and BESB agree to extend the Thye Group Conditional Period to eight (8) months from the date of the Thye Group Estate SPA or such extended period as may be agreed by the parties in writing.

## (3) SALIENT TERMS OF THE SUPPLEMENTAL THYE GROUP ESTATE SPA DATED 12 APRIL 2023

The salient terms of the Supplemental Thye Group Estate SPA dated 12 April 2023 are as follows:-

### 1. EXTENSION OF THE THYE GROUP CONDITIONAL PERIOD

OHB and BESB agree to extend the Thye Group Conditional Period to 31 August 2023 or such extended period as may be agreed by the parties in writing.

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**INFORMATION ON SPSB, SPSB'S DIRECTOR'S REPORT AND SPSB'S LATEST AUDITED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2022**

## 1. BACKGROUND AND HISTORY

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 George Town, Pulau Pinang.

## 2. PRINCIPAL ACTIVITIES

SPSB is principally involved in investment holding.

## 3. SHARE CAPITAL

As at the LPD, SPSB has an issued share capital of RM70,675,000 comprising 70,675,000 SPSB Shares as at the LPD.

## 4. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | 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 | - | - | - | - |
| 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 Act.*

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Place of incorporation | 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 interest by virtue of its stockholdings in OHB pursuant to the Act.*

## 5. SUBSIDIARIES AND ASSOCIATE COMPANIES

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

| Company | Date and place of incorporation | Share capital | Effective equity interest (%) | Principal activities |
|---|---|---|---|---|
| GML | 13 August 1994 (Indonesia) | IDR 6,000 million comprising 6,000 ordinary shares | (1)92.50 | Oil palm plantation |
| GSBL | 17 February 1995 (Indonesia) | IDR7,000 million comprising 7,000 ordinary shares | (1)92.50 | Oil palm plantation |
| PT Oriental Kyowa Industries | 9 October 1995 (Indonesia) | IDR18,360 million comprising 800 ordinary shares | 55.00 | Dormant |
| OA(M) | 24 February 2003 (Mauritius) | USD 2,500 comprising 2,500 ordinary shares and USD80,000 comprising 8,000,000 redeemable preference shares | 100.00 | Investment holding, provision of consultancy and employment services and granting of loans |
| **Subsidiaries of OA(M)** | | | | |
| OAA | 20 March 2015 (Australia) | 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 |

***Note:-***

*(1) The balance 7.50% equity interest is held by Karli Boenjamin, being the partner of OHB in Indonesia and the director of GML and GSBL.*

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

## 6. MATERIAL CONTRACTS

As at the LPD, the SPSB Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

## 7. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by the SPSB Group which, upon becoming enforceable, may have a material impact on the financial results or position of the SPSB Group.

## 8. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by the SPSB Group which, upon becoming enforceable, may have a material impact on the financial results or position of the SPSB Group.

## 9. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, SPSB Group is not engaged in any material litigation, claims or arbitration incurred or known to be incurred by the SPSB Group which, upon becoming enforceable, may have a material impact on the financial results or position of the SPSB Group.

## 10. FINANCIAL INFORMATION ON SPSB GROUP

The summary of the audited consolidated financial information of SPSB based on the audited financial statements of SPSB for the past 3 financial years up to the FYE 31 December 2022 and the latest unaudited financial statements for the 3-month FPE 31 March 2023 are as follows:-

| | Audited | | | Unaudited |
|---|---|---|---|---|
| | FYE 2020 (RM'000) | FYE 2021 (RM'000) | FYE 2022 (RM'000) | FPE 2023 (RM'000) |
| Revenue[(1)] | 3,172 | 56,767 | 1,686 | 831 |
| PBT[(1)] | 2,054 | 59,108 | 8,219 | 1,234 |
| PAT[(1)] | 2,028 | 59,104 | 8,185 | 1,216 |
| | | | | |
| Share capital | 70,675 | 70,675 | 70,675 | 70,675 |
| Shareholders' funds/NA | 141,834 | 194,938 | 143,124 | 144,339 |
| Total borrowings | - | - | - | - |
| | | | | |
| No. of SPSB Shares ('000) | 70,675 | 70,675 | 70,675 | 70,675 |
| EPS (RM) | 0.03 | 0.84 | 0.12 | 0.02 |
| NA per SPSB Share (RM) | 2.01 | 2.76 | 2.03 | 2.04 |
| Current ratio (times) | 1,303.93 | 2,828.57 | 1,588.92 | 1,291.81 |
| Gearing ratio (times) | - | - | - | - |

***Note:-***

*(1) For information purposes, the fluctuations in revenue, PBT and PAT of SPSB between FYE 31 December 2020 to FYE 31 December 2022 was mainly attributable to varying amount of dividend income received from its subsidiaries and the movement of RM-USD foreign exchange rate as intercompany borrowings and bank balances are denominated in USD.*

The above financial statements of SPSB have been prepared in accordance with the MFRS and are not on a consolidated basis by virtue of the exemption provided by Paragraph 4 of MFRS 10. Upon completion of the Proposed SPSB Acquisition, the financial results of SPSB Group will be fully consolidated into our Group.

In view of the above and for illustrative purposes only, a summary of the unaudited consolidated financial information of SPSB Group have been prepared based on the unaudited financial statements of SPSB and its subsidiaries for the past 3 financial years up to the FYE 31 December 2022 and the latest unaudited financial statements for the 3-month FPE 31 March 2023 are as follows:-

| | Unaudited | | | |
|---|---|---|---|---|
| | FYE 2020 (RM'000) | FYE 2021 (RM'000) | FYE 2022 (RM'000) | FPE 2023 (RM'000) |
| Revenue | 294,312 | 439,573 | 432,155 | 89,897 |
| PBT | 124,627 | 261,342 | 248,568 | 48,822 |
| PAT | 103,836 | 209,275 | 194,384 | 37,602 |
| | | | | |
| Share capital | 70,675 | 70,675 | 70,675 | 70,675 |
| Shareholders' funds/NA | 1,294,449 | 1,504,082 | 1,560,591 | 1,660,172 |
| Total borrowings | 134,920 | 126,845 | 120,065 | 142,010 |
| | | | | |
| No. of SPSB Shares ('000) | 70,675 | 70,675 | 70,675 | 70,675 |
| EPS (RM) | 1.47 | 2.96 | 2.75 | 0.53 |
| NA per SPSB Share (RM) | 18.32 | 21.28 | 22.08 | 23.49 |
| Current ratio (times) | 9.87 | 9.49 | 9.60 | 11.66 |
| Gearing ratio (times) | 0.10 | 0.08 | 0.08 | 0.09 |

During the financial years under review:-

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by SPSB Group which are peculiar to SPSB Group because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of SPSB Group.

**<u>Commentaries on financial performance</u>**

**FYE 31 December 2020**

SPSB Group recorded revenue of approximately RM294.31 million in the FYE 31 December 2020, which was relatively consistent with the revenue recorded in the previous financial year (FYE 31 December 2019: RM294.36 million).

SPSB Group recorded a higher PBT of approximately RM124.63 million in the FYE 31 December 2020, representing an increase of approximately 75.78% or RM53.73 million, as compared to the PBT of approximately RM70.90 million recorded in the previous financial year. The increase in profits was mainly due to higher average CPO and PK selling prices recorded in the FYE 31 December 2021 of approximately RM2,326 per MT and RM1,212 per MT respectively as compared to the average CPO and PK selling prices of RM1,920 per MT and RM1,033 per MT respectively, recorded in the previous financial year.

**FYE 31 December 2021**

SPSB Group recorded a higher revenue of approximately RM439.57 million in the FYE 31 December 2021, representing an increase of approximately 49.36% or RM145.26 million, as compared to the revenue of approximately RM294.31 million recorded in the previous financial year.

The increase in revenue was mainly attributed to the higher average CPO and PK selling prices recorded in the FYE 31 December 2021 of approximately RM3,320 per MT and RM2,041 per MT respectively, representing an increase of approximately 42.73% and 68.40% respectively, as compared to RM2,326 per MT and RM1,212 per MT respectively, recorded in the FYE 31 December 2020.

As a result of SPSB Group recording a higher revenue in the financial year under review, SPSB Group recorded a higher PBT of approximately RM261.34 million in the FYE 31 December 2021, representing an increase of approximately 109.69% or RM136.71 million, as compared to the PBT of approximately RM124.63 million recorded in the previous financial year.

**FYE 31 December 2022**

SPSB Group recorded a lower revenue of approximately RM432.16 million in the FYE 31 December 2022, representing a decrease of approximately 1.69% or RM7.41 million, as compared to the revenue of approximately RM439.57 million recorded in the previous financial year. The decrease in revenue was mainly attributed to lower CPO and PK sales volume by approximately 11.2% and 1.4% respectively.

Additionally, SPSB Group recorded a lower PBT of approximately RM248.57 million in the FYE 31 December 2022, representing a decrease of approximately 4.89% or RM12.77 million, as compared to the PBT of approximately RM261.34 million recorded in the previous financial year. This was mainly due to increase in estate cost, in particular, the manuring cost incurred during the financial year.

**FPE 31 March 2023**

SPSB Group recorded a lower revenue of approximately RM89.90 million in the FPE 31 March 2023, representing a decrease of approximately 18.61% or RM20.55 million, as compared to the revenue of approximately RM110.45 million recorded in the corresponding financial period. The decrease in revenue was mainly attributed to the lower average CPO and PK selling prices recorded in the FPE 31 March 2023 of approximately RM3,467 per MT and RM1,595 per MT respectively, as compared to RM4,278 per MT and RM3,538 per MT respectively, recorded in the FPE 31 March 2022.

Additionally, SPSB Group recorded a lower PBT of approximately RM48.82 million in the FPE 31 March 2023, representing a decrease of approximately 32.74% or RM23.76 million, as compared to the PBT of approximately RM72.58 million recorded in the corresponding financial period. This was mainly due to lower revenue and net foreign exchange losses of approximately RM6.72 million (FPE 31 March 2022: net foreign exchange gains of approximately RM6.05 million) resulting from (i) realised loss of foreign currencies fixed deposits upon maturity; and (ii) strengthening of IDR against cash and bank balances of SPSB Group denominated in USD and JPY.

# SELASIH PERMATA SDN. BHD.(261295-K)

(INCORPORATED IN MALAYSIA)

HEAD OFFICE
Level 8 Unit 8E, 8F & 8G
Wisma Boon Siew
1 Jalan Penang
10000 Penang

**Tel** : **604-2638202**
Fax : 604-2638536
E-Mail : orposb@orpopg.com

Date: 15 August 2023

The Board of Directors
**ORIENTAL HOLDINGS BERHAD**
170-09-01, Livingston Tower, Jalan Argyll
10050 George Town, Penang

Dear Sir/Madam,

**(I) PROPOSED ACQUISITION BY ORIENTAL HOLDINGS BERHAD ("OHB") 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 OHB OF PLANTATION ESTATES LOCATED IN PENINSULAR MALAYSIA,**

**FROM RELATED PARTIES FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM1.20 BILLION (COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

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On behalf of the board of directors of Selasih Permata Sdn Bhd ("**SPSB**") ("**Board**"), we wish to report that after making due enquiries during the period between 31 December 2022, being the date on which the last audited financial statements of SPSB have been made up, to this date, being a date not earlier than 14 days prior to the date of the circular to the stockholders of OHB in relation to the Proposals, that:-

(i) the business of SPSB and its subsidiaries, in the opinion of the Board, has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the date of the last audited financial statements of SPSB which have adversely affected the trading or the value of the assets of SPSB and its subsidiaries;

(iii) the current assets of SPSB and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by SPSB and its subsidiaries;

(v) the Board is not aware of any default or any know event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by SPSB and its subsidiaries since the date of the last audited financial statements of SPSB and its subsidiaries; and

(vi) there have been no material changes to the published reserves or any unusual factors affecting the financial performance of SPSB and its subsidiaries since the date of the last audited financial statements of SPSB and its subsidiaries.

Yours faithfully,
For and on behalf of
**SELASIH PERMATA SDN BHD**

**Dato Seri Lim Su Tong**
Director

**Wong Tet Look**
Director

# Selasih Permata Sdn. Bhd.

(Registration No. 199301006558 (261295 - K))
(Incorporated in Malaysia)

# Financial statements for the year ended 31 December 2022

**Selasih Permata Sdn. Bhd.**
(Registration No. 199301006558 (261295 - K))
(Incorporated in Malaysia)

# Directors' report for the year ended 31 December 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Company for the financial year ended 31 December 2022.

## Principal activities

The principal activity of the Company is investment holding whilst the principal activities of the subsidiaries are as stated in Note 3 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## Ultimate holding company

The Company is a subsidiary of Oriental Holdings Berhad, of which is incorporated in Malaysia and is regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

## Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 3 to the financial statements.

## Results

| | RM |
|---|---|
| Profit for the year attributable to owners of the Company | 8,185,226 |

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

## Dividends

Since the end of the previous financial year, the amount of dividend paid by the Company in respect of the financial year ended 31 December 2021 as reported in the Directors' Report of that year was a final single-tier ordinary dividend of approximately 84.90 sen per ordinary share totalling RM60,000,000 paid on 20 June 2022.

The Directors do not recommend any other dividend to be paid for the financial year under review.

## Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
Dato' Wong Lum Kong, DSSA, JP, CMJA (UK)
Datuk Loh Kian Chong, DMSM
Tan Kheng Hwee
Wong Tet Look
Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK
Dato' Seri Loh Cheng Yean, DGPN, DSPN (Alternate Director to Tan Kheng Hwee)
Datin Loh Ean (Alternate Director to Dato' Wong Lum Kong, DSSA, JP, CMJA (UK))
Lim Ee Hean (Alternate Director to Dato' Seri Lim Su Tong @ Lim Chee Tong)

## Directors' interests in shares

The direct and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows :

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 1.1.2022** | **Bought** | **(Sold)** | **At 31.12.2022** |
| **Interest in the holding company, Oriental Holdings Berhad ("OHB")** | | | | |
| **Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN** | | | | |
| ***Direct interest*** | | | | |
| - own | 2,966,906 | - | - | 2,966,906 |
| ***Deemed interest*** | | | | |
| - others * | 4,073,196 | - | - | 4,073,196 |

## Directors' interests in shares (continued)

| | Number of ordinary stocks | | | |
|---|---|---|---|---|
| | At 1.1.2022 | Bought | (Sold) | At 31.12.2022 |
| **Interest in the holding company, Oriental Holdings Berhad ("OHB") (continued)** | | | | |
| **Dato' Wong Lum Kong, DSSA, JP, CMJA (UK)** | | | | |
| ***Direct interest*** | | | | |
| - own | 181,149 | - | - | 181,149 |
| **Datuk Loh Kian Chong, DMSM** | | | | |
| ***Direct interest*** | | | | |
| - own | 909,300 | - | - | 909,300 |
| ***Deemed interest*** | | | | |
| - own | 360,302,450 | 9,000,000 | (9,000,000) | 360,302,450 |
| **Tan Kheng Hwee** | | | | |
| ***Direct interest*** | | | | |
| - own | 172,032 | - | - | 172,032 |
| **Wong Tet Look** | | | | |
| ***Deemed interest*** | | | | |
| - others * | 14,000 | - | - | 14,000 |
| **Dato' Seri Loh Cheng Yean, DGPN, DSPN** | | | | |
| ***Direct interest*** | | | | |
| - own | 486,755 | - | - | 486,755 |
| ***Deemed interest*** | | | | |
| - others * | 457,724 | - | - | 457,724 |
| **Datin Loh Ean** | | | | |
| ***Direct interest*** | | | | |
| - own | 161,872 | - | - | 161,872 |
| **Lim Ee Hean** | | | | |
| ***Deemed interest*** | | | | |
| - own | 3,215,513 | - | - | 3,215,513 |

## Directors' interests in shares (continued)

| | Number of ordinary stocks | | | |
|---|---|---|---|---|
| | At 1.1.2022 | Bought | (Sold) | At 31.12.2022 |
| **Interest in the holding company, Oriental Holdings Berhad ("OHB") (continued)** | | | | |
| **Dato' Sri Datuk Wira Tan Hui Jing, SSAP, DCSM, PKT, PJK** | | | | |
| ***Deemed interest*** | | | | |
| - own | 794,800 | - | - | 794,800 |

* *These are shares held in the name of the spouses and children and are regarded as interest of the Directors in accordance with the Companies Act 2016.*

By virtue of his interests in the shares of the holding company, OHB, Datuk Loh Kian Chong is also deemed interested in the shares of the Company and all the subsidiaries of OHB to the extent that OHB has an interest.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown below and in the financial statements of related corporations or the fixed salary of a full time employee of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests other than certain Directors who have substantial financial interests in companies which rented the properties and traded with certain companies in the Group in the ordinary course of business, and companies which are involved in proposed sale of shares and land with the holding company.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

| | From the Company RM |
|---|---|
| Directors of the Company: | |
| Fees | 30,000 |

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company and no debentures were issued by the Company during the financial year.

## Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Indemnity and insurance costs

No indemnity was given to Directors, officer or auditor of the Company during the financial year. The professional indemnity insurance was however effected for all the Directors of OHB and its subsidiaries. The cost of such insurance thereon is as disclosed in the Directors' Report of OHB.

## Other statutory information

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that :

i) there are no bad debts to be written off and no provision needs to be made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances :

i) that would render it necessary to write off any bad debts or provide for any doubtful debts, or

ii) that would render the value attributed to the current assets in the financial statements of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Company for the financial year ended 31 December 2022 has not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Company during the year is RM14,000.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

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**Dato' Seri Lim Su Tong @**
**Lim Chee Tong, DGPN, DSPN**
Director

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**Wong Tet Look**
Director

Penang

Date : 25 May 2023

## Selasih Permata Sdn. Bhd.

(Registration No. 199301006558 (261295 - K))
(Incorporated in Malaysia)

# Statement of financial position as at 31 December 2022

| | Note | 2022<br>RM | 2021<br>RM |
|---|---|---|---|
| **Assets** | | | |
| Investments in subsidiaries | 3 | 67,697,596 | 67,697,596 |
| **Total non-current assets** | | 67,697,596 | 67,697,596 |
| Amount due from a subsidiary | 4 | 50,046,000 | 47,481,000 |
| Current tax assets | | 85,062 | 88,429 |
| Short term funds | 5 | 5,887,366 | 5,867,902 |
| Cash and bank balances | | 19,455,138 | 73,848,509 |
| **Total current assets** | | 75,473,566 | 127,285,840 |
| **Total assets** | | 143,171,162 | 194,983,436 |
| **Equity** | | | |
| Share capital | 6 | 70,675,000 | 70,675,000 |
| Retained earnings | | 72,448,662 | 124,263,436 |
| **Total equity attributable to owners of the Company** | | 143,123,662 | 194,938,436 |
| **Liabilities** | | | |
| Accrued expenses | | 47,500 | 45,000 |
| **Total current liabilities** | | 47,500 | 45,000 |
| **Total equity and liabilities** | | 143,171,162 | 194,983,436 |

The notes on pages 12 to 29 are an integral part of these financial statements.

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# Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

| | Note | 2022<br>RM | 2021<br>RM |
|---|---|---|---|
| Revenue | 7 | 1,685,599 | 56,766,800 |
| Administrative expenses | | (56,514) | (140,079) |
| Other operating expenses | | (48,463) | (85,203) |
| Other operating income | | 6,638,604 | 2,566,684 |
| **Profit before tax** | 8 | 8,219,226 | 59,108,202 |
| Tax expense | 9 | (34,000) | (4,000) |
| **Profit for the year representing total comprehensive income for the year attributable to owners of the Company** | | 8,185,226 | 59,104,202 |

The notes on pages 12 to 29 are an integral part of these financial statements.

## Selasih Permata Sdn. Bhd.

(Registration No. 199301006558 (261295 - K))
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# Statement of changes in equity for the year ended 31 December 2022

| | ← *Attributable to owners of the Company* → | | |
|---|---|---|---|
| | Share capital RM | Retained earnings RM | Total equity RM |
| **At 1 January 2021** | 70,675,000 | 71,159,234 | 141,834,234 |
| Profit for the year representing total comprehensive income for the year | - | 59,104,202 | 59,104,202 |
| *Distribution to and total transaction with owners of the Company* | | | |
| - Dividend to owners of the Company (Note 10) | - | (6,000,000) | (6,000,000) |
| **At 31 December 2021/ 1 January 2022** | 70,675,000 | 124,263,436 | 194,938,436 |
| Profit for the year representing total comprehensive income for the year | - | 8,185,226 | 8,185,226 |
| *Distribution to and total transaction with owners of the Company* | | | |
| - Dividend to owners of the Company (Note 10) | - | (60,000,000) | (60,000,000) |
| **At 31 December 2022** | 70,675,000 | 72,448,662 | 143,123,662 |
| | Note 6 | | |

The notes on pages 12 to 29 are an integral part of these financial statements.

## Selasih Permata Sdn. Bhd.

(Registration No. 199301006558 (261295 - K))
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# Statement of cash flows for the year ended 31 December 2022

| | Note | 2022 RM | 2021 RM |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | 8,219,226 | 59,108,202 |
| Adjustments for : | | | |
| Interest income | 7 | (1,685,599) | (643,324) |
| Dividend income | 7 | - | (56,123,476) |
| Unrealised gain on foreign exchange on amount due from subsidiary | | (2,565,000) | (1,687,200) |
| **Operating loss before changes in working capital** | | 3,968,627 | 654,202 |
| Change in accrued expenses | | 2,500 | (11,900) |
| **Cash used in operations** | | 3,971,127 | 642,302 |
| Tax paid | | (30,633) | (35,620) |
| Dividends received | | - | 56,123,476 |
| **Net cash from operating activities** | | 3,940,494 | 56,730,158 |
| **Cash flows from investing activities** | | | |
| Interest received | | 1,685,599 | 643,324 |
| Placement of short term funds, net | | (19,464) | (1,932,196) |
| **Net cash from/(used in) investing activities** | | 1,666,135 | (1,288,872) |

# Statement of cash flows for the year ended 31 December 2022 (continued)

| | Note | 2022 RM | 2021 RM |
|---|---|---|---|
| **Cash flows from financing activity** | | | |
| Dividend paid to owners of the Company | 10 | (60,000,000) | (6,000,000) |
| **Net cash used in financing activity** | | (60,000,000) | (6,000,000) |
| Net decrease in cash and cash equivalents | | (54,393,371) | 49,441,286 |
| Cash and cash equivalents at 1 January | | 73,848,509 | 24,407,223 |
| **Cash and cash equivalents at 31 December** | | 19,455,138 | 73,848,509 |

*Cash and cash equivalents*

Cash and cash equivalents included in the statement of cash flows consist of cash and bank balances as shown in the statement of financial position.

The notes on pages 12 to 29 are an integral part of these financial statements.

# Selasih Permata Sdn. Bhd.

(Registration No. 199301006558 (261295 - K))
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# Notes to the financial statements

Selasih Permata Sdn. Bhd. is a private limited liability company, incorporated and domiciled in Malaysia. The addresses of the principal place of business and registered office of the Company are as follows :

**Principal place of business**

Level 8, Unit 8E, 8F & 8G
Wisma Boon Siew
1 Jalan Penang
10000 George Town
Pulau Pinang

**Registered office**

170-09-01 Livingston Tower
Jalan Argyll
10050 George Town
Pulau Pinang

The principal activity of the Company is investment holding.

The holding company is Oriental Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

By virtue of the Company's member's circular resolution dated 10 April 2012, the Company has obtained approval from the Company's non-controlling shareholder for not presenting its consolidated financial statements for the financial year ended 31 December 2022. In this connection, by virtue of the exemption provided in paragraph 4 of MFRS 10, *Consolidated Financial Statements*, the Company has not prepared its consolidated financial statements. Copies of the consolidated financial statements of Oriental Holdings Berhad can be obtained at the same registered office mentioned above.

These financial statements were authorised for issue by the Board of Directors on 25 May 2023.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company :

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Company plans to apply the abovementioned accounting standard and amendments, where applicable, in the respective financial years when the abovementioned accounting standard and amendments become effective.

The initial application of the accounting standard and amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Company.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

## 1. Basis of preparation (continued)

### (c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

### (a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

## 2. Significant accounting policies (continued)

### (b) Financial instruments

#### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial asset or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Financial instrument categories and subsequent measurement

***Financial assets***

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

***(a) Amortised cost***

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(d)(i)) where the effective interest rate is applied to the amortised cost.

***(b) Fair value through profit or loss***

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

## 2. Significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement (continued)

***Financial assets (continued)***

***(b) Fair value through profit or loss (continued)***

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(d)(i)).

***Financial liabilities***

***Amortised cost***

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

## 2. Significant accounting policies (continued)

### (b) Financial instruments (continued)

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

### (c) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of its short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### (d) Impairment

#### (i) Financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Company measures loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

The Company estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

## 2. Significant accounting policies (continued)

### (d) Impairment (continued)

#### (i) Financial assets (continued)

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### (ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

## 2. Significant accounting policies (continued)

### (e) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

#### (ii) Ordinary shares

Ordinary shares are classified as equity.

### (f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

### (g) Revenue and other income

#### (i) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend rate.

#### (ii) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

### (h) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

## 2. Significant accounting policies (continued)

### (h) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that future probable taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (i) Fair value measurements

Fair value of an asset or a liability, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows :

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Company recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## 3. Investments in subsidiaries

| | 2022 RM | 2021 RM |
|---|---|---|
| Unquoted shares, at cost | 82,894,924 | 82,894,924 |
| Less : Impairment losses | (15,197,328) | (15,197,328) |
| | 67,697,596 | 67,697,596 |

Details of the subsidiaries are as follows :

| Name of subsidiary | Principal place of business/ Country of incorporation | Principal activities | Effective ownership interest 2022 | Effective ownership interest 2021 |
|---|---|---|---|---|
| P.T. Gunung Maras Lestari ("GML") * | Republic of Indonesia | Oil palm plantation | 92.5% | 92.5% |
| P.T. Gunungsawit Binalestari ("GSBL") * | Republic of Indonesia | Oil palm plantation | 92.5% | 92.5% |
| P.T. Oriental Kyowa Industries ("PT OKI") * | Republic of Indonesia | Dormant | 55.0% | 55.0% |
| Oriental Asia (Mauritius) Pte. Ltd. ("OAM") * | Republic of Mauritius | Investment holding | 100% | 100% |
| *Subsidiaries of OAM* | | | | |
| Oriental Asia (Aust.) Pty. Ltd. ("OAA") # | Australia | Property investment | 100% | 100% |
| Selasih OAM Sdn. Bhd. ("SOAM") | Malaysia | Investment holding | 100% | 100% |

# audited by member firms of KPMG International.
* not audited by KPMG

## 4. Amount due from a subsidiary

Amount due from a subsidiary represents the advance which bears interest at the rate of 1% (2021: 1%) per annum above the London Interbank Offered rate, unsecured and repayable on demand.

## 5. Short term funds

Short term funds represent investments in money market fund and fixed income which are measured at fair value through profit or loss.

## 6. Share capital

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Amount RM | Number of shares | Amount RM | Number of shares |
| Issued and fully paid ordinary shares with no par value classified as equity instruments | 70,675,000 | 70,675,000 | 70,675,000 | 70,675,000 |

**Ordinary shares**

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

## 7. Revenue

| | 2022 RM | 2021 RM |
|---|---|---|
| Interest income | 1,685,599 | 643,324 |
| Dividend income | - | 56,123,476 |
| | 1,685,599 | 56,766,800 |

## 8. Profit before tax

| | 2022 RM | 2021 RM |
|---|---|---|
| Profit before tax is arrived at after charging/(crediting) : | | |
| Auditors' remuneration | | |
| Audit fees | | |
| - KPMG PLT Malaysia | 14,000 | 12,000 |
| Non-audit fees | | |
| - Local affiliates of KPMG PLT Malaysia | 5,000 | 3,100 |
| **Material expenses/(income)** | | |
| Directors' fees | 30,000 | 30,000 |
| Loss/(Gain) on foreign exchange | | |
| - Realised | 6,212 | (689) |
| - Unrealised | (6,640,816) | (2,565,995) |

## 9. Tax expense

**Recognised in profit or loss**

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Current tax expense | | |
| - Current year | 34,000 | 4,000 |

**Reconciliation of income tax**

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Profit before tax | 8,219,226 | 59,108,202 |
| Income tax calculated using Malaysian tax rate of 24% | 1,972,614 | 14,185,968 |
| Non-deductible expenses | 25,194 | 54,068 |
| Tax exempt income | (1,964,296) | (14,236,644) |
| Others | 488 | 608 |
| | 34,000 | 4,000 |

## 10. Dividend

Dividends recognised by the Company :

| | Total amount RM | Date of payment |
|---|---|---|
| **2022** | | |
| Final 2021 single tier dividend of 84.90 sen | 60,000,000 | 20 June 2022 |
| **2021** | | |
| Final 2020 single tier dividend of 8.49 sen | 6,000,000 | 22 June 2021 |

## 11. Related parties

11.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control. Related parties may be individuals or other entities. Related parties include the following :

i) The Company has a related party relationship with its holding company and members of Oriental Holdings Berhad's direct and indirect group of companies;

ii) The Company also has a related party relationship with :

a) the substantial shareholder, Boon Siew Sdn. Bhd., which holds a 44.3% interest in the holding company and is presumed to exercise significant influence over the Company;

b) the subsidiaries, direct and indirect associates of Boon Siew Sdn. Bhd.; and

iii) Key Directors and key management personnel of the Company :

- Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN
- Datuk Loh Kian Chong, DMSM
- Mr. Wong Tet Look

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel include certain Directors of the Company and there are no transactions with key management personnel apart from the Directors' fees as disclosed in Note 8.

11.2 The following are the significant transactions between the Company and its subsidiaries.

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| ***Transactions with subsidiaries*** | | |
| Dividend received and receivable from : | | |
| - P.T. Gunungsawit Binalestari | - | 20,453,866 |
| - P.T. Gunung Maras Lestari | - | 35,669,610 |
| Interest received and receivable from: | | |
| - Oriental Asia (Mauritius) Pte. Ltd. | 1,446,817 | 566,873 |

11.3 The non-trade balance with a related party and its terms are disclosed in Note 4. All the amounts outstanding are expected to be settled in cash.

## 12. Financial instruments

### 12.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows :
(a) Amortised cost ("AC"); and
(b) Fair value through profit or loss ("FVTPL")

| | Carrying amount RM | AC RM | FVTPL RM |
|---|---|---|---|
| **2022** | | | |
| **Financial assets** | | | |
| Short term funds | 5,887,366 | - | 5,887,366 |
| Amount due from subsidiary | 50,046,000 | 50,046,000 | - |
| Cash and bank balances | 19,455,138 | 19,455,138 | - |
| | 75,388,504 | 69,501,138 | 5,887,366 |
| **Financial liability** | | | |
| Accrued expenses | 47,500 | 47,500 | - |
| **2021** | | | |
| **Financial assets** | | | |
| Short term funds | 5,867,902 | - | 5,867,902 |
| Amount due from subsidiary | 47,481,000 | 47,481,000 | - |
| Cash and bank balances | 73,848,509 | 73,848,509 | - |
| | 127,197,411 | 121,329,509 | 5,867,902 |
| **Financial liability** | | | |
| Accrued expenses | 45,000 | 45,000 | - |

### 12.2 Net gains and losses arising from financial instruments

| | 2022 RM | 2021 RM |
|---|---|---|
| Net gains on: | | |
| Financial assets at amortised costs | 8,223,976 | 3,149,399 |
| Financial assets measured at fair value through profit or loss | 96,227 | 60,609 |
| | 8,320,203 | 3,210,008 |

# 12. Financial instruments (continued)

## 12.3 Financial risk management

The Company has exposure to the following risks from its use of financial instruments :

- Credit risk
- Liquidity risk
- Market risk

## 12.4 Credit risk

Credit risk is the risk of a financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its amount due from a subsidiary and short term funds.

The Directors are of the view that the above risk is not significant and hence, it is not provided for.

## 12.5 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its various payables.

The Company maintains a level of cash and bank balances deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

*Maturity analysis*

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments :

| | Carrying amount RM | Contractual interest rate per annum % | Contractual cash flow RM | Under 1 year RM |
|---|---|---|---|---|
| *Non-derivative financial liabilities* | | | | |
| **2022** | | | | |
| Accrued expenses | 47,500 | - | 47,500 | 47,500 |
| **2021** | | | | |
| Accrued expenses | 45,000 | - | 45,000 | 45,000 |

## 12. Financial instruments (continued)

### 12.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Company's financial position or cash flows.

### 12.6.1 Currency risk

The Company is exposed to foreign currency risk on amount due from a subsidiary and short term funds that are denominated in a currency other than the functional currency of the Company. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

*Exposure to foreign currency risk*

The Company's exposure to foreign currency (a currency which is other than the functional currency of the Company) risk, based on carrying amounts as at the end of the reporting period are as follows :

| | Denominated in USD | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| Amount due from subsidiary | 50,046,000 | 47,481,000 |
| Cash and bank balances | 19,344,042 | 73,819,594 |
| **Net exposure** | 69,390,042 | 121,300,594 |

*Currency risk sensitivity analysis*

A 10% strengthening of the Ringgit Malaysia ("RM") against the following currency at the end of the reporting period would have decreased the post-tax profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

| | Profit or loss | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| USD | 5,273,643 | 9,218,845 |

A 10% weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

### 12.6.2 Interest rate risk

The Company's investments in fixed rate short term deposits and short term funds are exposed to a risk of change in their fair value due to changes in interest rates. The Company's variable rate advances to a subsidiary are exposed to a risk of change in cash flows due to changes in interest rates.

## 12. Financial instruments (continued)

### 12.6 Market risk (continued)

### 12.6.2 Interest rate risk (continued)

*Risk management objectives, policies and processes for managing the risk*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risks that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-earning financial assets are mainly short term in nature and are mostly placed in short term funds.

*Exposure to interest rate risk*

The interest rate profile of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| **Floating rate instruments** | | |
| Financial assets | | |
| - Amount due from subsidiary | 50,046,000 | 47,481,000 |
| - Short term funds | 5,887,366 | 5,867,902 |
| | 55,933,366 | 53,348,902 |

*Interest rate risk sensitivity analysis*

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for any fixed rate financial assets at fair value through profit or loss, and the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

## 12. Financial instruments (continued)

### 12.6 Market risk (continued)

### 12.6.2 Interest rate risk (continued)

*Interest rate risk sensitivity analysis (continued)*

*(b) Cash flow sensitivity analysis for variable rate instruments (continued)*

| | Profit or loss | |
|---|---|---|
| | 100 bp increase RM | 100 bp decrease RM |
| **2022** | | |
| Floating rate instruments | 425,094 | (425,094) |
| **2021** | | |
| Floating rate instruments | 405,452 | (405,452) |

### 12.7 Fair value information

The carrying amounts of short term funds, cash and bank balances, amount due from a subsidiary and accrued expenses reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

## 13. Capital management

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Company's approach to capital management during the financial year.

**Selasih Permata Sdn. Bhd.**
(Registration No. 199301006558 (261295 - K))
(Incorporated in Malaysia)

## Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 7 to 29 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as of 31 December 2022 and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

..........................................................................
**Dato' Seri Lim Su Tong @ Lim Chee Tong, DGPN, DSPN**
Director

..........................................................................
**Wong Tet Look**
Director

Penang

Date : 25 May 2023

**Selasih Permata Sdn. Bhd.**
(Registration No. 199301006558 (261295 - K))
(Incorporated in Malaysia)

# Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Tan Hee Lan**, the officer primarily responsible for the financial management of Selasih Permata Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 7 to 29 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Tan Hee Lan**, NRIC: 731112-07-5154, MIA CA18290, at George Town in the State of Penang on 25 May 2023.

..................................................
Tan Hee Lan
Financial Accountant

Before me

PESURUHJAYA SUMPAH
No: P 125
Nama: GOH SUAN BEE
01-01-2022 - 31-12-2024
MALAYSIA

20 Lebuh King
10200 Pulau Pinang

KPMG

**KPMG PLT**
(LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 18, Hunza Tower
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# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SELASIH PERMATA SDN. BHD.

(Registration No. 199301006558 (261295 - K))
(Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Selasih Permata Sdn. Bhd., which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 29.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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**Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

KPMG

**Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

| | |
|---|---|
| **KPMG PLT** | **Lim Su Ling** |
| (LLP0010081-LCA & AF 0758) | Approval Number : 03098/12/2023 J |
| Chartered Accountants | Chartered Accountant |

Penang

Date : 25 May 2023

**INFORMATION ON OBS(M), OBS(M)'S DIRECTOR'S REPORT AND OBS(M)'S LATEST AUDITED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2022**

## 1. BACKGROUND AND HISTORY

OBS(M) was incorporated as a private limited company in Mauritius under the 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.

## 2. PRINCIPAL ACTIVITIES

OBS(M) is principally involved in investment holding and granting of loans.

## 3. SHARE CAPITAL

As at the LPD, OBS(M) has an issued share capital of USD8,000,000 comprising 8,000,000 OBS(M) Shares.

## 4. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | 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 | - | - | - | - |
| 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.*

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Place of incorporation | 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.*

## 5. SUBSIDIARIES AND ASSOCIATE COMPANIES

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

| Company | 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 |
| **<u>Subsidiaries of OAMA(S)</u>** | | | | |
| 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 |
| SAP | 23 November 2007 (Indonesia) | IDR16,375 million comprising 16,375 ordinary shares | (1)90.00 | Oil palm plantation |
| **<u>Subsidiaries of OBS(S)</u>** | | | | |
| BSSP | 4 January 2007 (Indonesia) | IDR15,000 million comprising 15,000 ordinary shares | (2)90.00 | Oil palm plantation |
| GSSL | 1 June 2010 (Indonesia) | IDR15,000 million comprising 1,250 ordinary shares | (2)90.00 | Oil palm plantation |
| PPA | 21 May 2010 (Indonesia) | IDR12,000 million comprising 12,000 ordinary shares | (2)90.00 | Oil palm plantation |

| Company | Date and place of incorporation | Share capital | Effective equity interest (%) | Principal activities |
|---|---|---|---|---|
| DAM | 14 August 2008 (Indonesia) | IDR8,000 million comprising 8,000 ordinary shares | (2)90.00 | Oil palm plantation |
| SSL | 28 December 2012 (Indonesia) | IDR10,000 million comprising 10,000 ordinary shares | (3)90.00 | Cultivation of oil palm plantation |

***Notes:-***

*(1) The balance 10.00% equity interest is held by PT Kencana Sawit Abadi ("**KSA**"), being the partner of OHB in Indonesia. KSA was incorporated in Indonesia as a limited liability company on 2 June 2014 and having its registered address at 20th floor, Plaza Asia, JL Jenderal Sudirman, Kav. 59, RT.5/RW.3, Senayan, Kec. Kby. Baru, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12190, Indonesia. KSA is principally involved in the provision of agricultural services. The director, commissioner and shareholders of KSA as well as their respective shareholdings in KSA as at the LPD are as follows:-*

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality / Place of Incorporation | No. of shares in KSA | % | No. of shares in KSA | % |
| ***Director*** | | | | | |
| *Karli Boenjamin* | *Indonesian* | - | - | *^1,485* | *99.00* |
| ***Commissioner*** | | | | | |
| *Saksono Boenjamin* | *Indonesian* | - | - | *^1,485* | *99.00* |
| ***Shareholders*** | | | | | |
| *PT Tradisi Bina Usaha* | *Indonesia* | *1,485* | *99.00* | - | - |
| *Ruddy Samuel* | *Indonesian* | *15* | *1.00* | - | - |

***Note:-***

*^ Deemed interested by virtue of their shareholdings in PT Tradisi Bina Usaha ("**TBU**").*

*(2) The balance 10.00% equity interest is held by Karli Boenjamin, being the partner of OHB in Indonesia and the director of BSSP, GSSL, PPA and DAM.*

*(3) The balance 10.00% equity interest is held by TBU, being the partner of OHB in Indonesia. TBU was incorporated in Indonesia as a limited liability company on 1 August 2005 and having its registered address at 20th floor, Plaza Asia, JL Jenderal Sudirman, Kav. 59, RT.5/RW.3, Senayan, Kec. Kby. Baru, Kota Jakarta Selatan, Daerah Khusus Ibukota Jakarta 12190, Indonesia. TBU is principally involved in the provision of agricultural services. The directors, commissioners and shareholders of TBU as well as their respective shareholdings in TBU as at the LPD are as follows:-*

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | No. of shares in TBU | % | No. of shares in TBU | % |
| ***Directors and shareholders*** | | | | | |
| *Saksono Boenjamin* | *Indonesian* | *130,958,902* | *10.00* | - | - |
| *Effendi Suryono* | *Indonesian* | *130,958,902* | *10.00* | - | - |
| *Andri Boenjamin* | *Indonesian* | *130,959,902* | *10.00* | - | - |
| ***Commissioners and shareholders*** | | | | | |
| *Karli Boenjamin* | *Indonesian* | *654,794,510* | *50.00* | - | - |
| *Paul Sanjaya* | *Indonesian* | *130,958,902* | *10.00* | - | - |
| *Sjaudi Djapri* | *Indonesian* | *130,957,902* | *10.00* | - | - |

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

## 6. MATERIAL CONTRACTS

As at the LPD, the OBS(M) Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

## 7. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by the OBS(M) Group which, upon becoming enforceable, may have a material impact on the financial results or position of the OBS(M) Group.

## 8. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by the OBS(M) Group which, upon becoming enforceable, may have a material impact on the financial results or position of the OBS(M) Group.

## 9. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, OBS(M) Group is not engaged in any material litigation, claims or arbitration incurred or known to be incurred by the OBS(M) Group which, upon becoming enforceable, may have a material impact on the financial results or position of the OBS(M) Group.

## 10. FINANCIAL INFORMATION ON OBS(M) GROUP

A summary of the audited financial information of OBS(M) based on the audited financial statements of OBS(M) for the past 3 financial years up to the FYE 31 December 2022 and the latest unaudited financial statements for the 3-month FPE 31 March 2023 are as follows:-

| | Audited | | | Unaudited |
|---|---|---|---|---|
| | **FYE 2020 (USD'000)** | **FYE 2021 (USD'000)** | **FYE 2022 (USD'000)** | **FPE 2023 (USD'000)** |
| Revenue | - | - | - | - |
| PBT/(Loss before tax) | 306 | 2,696 | 3,588 | (494) |
| PAT/(Loss after tax) | 306 | 2,696 | 3,588 | (494) |
| | | | | |
| Share capital | 8,000 | 8,000 | 8,000 | 8,000 |
| Shareholders' funds/Net liabilities | (26,834) | (24,137) | (20,549) | (21,043) |
| Total borrowings | 29,646 | 27,221 | 25,729 | 25,618 |
| | | | | |
| No. of OBS(M) Shares in issue ('000) | 8,000 | 8,000 | 8,000 | 8,000 |
| EPS/(Loss per OBS(M) Share) (USD) | 0.04 | 0.34 | 0.45 | (0.06) |
| Net liabilities per OBS(M) Share (USD) | (3.35) | (3.02) | (2.57) | (2.63) |
| Current ratio (times) | 0.45 | 0.54 | 1.37 | 1.00 |
| Gearing ratio (times) | - | - | - | - |

The above financial statements of OBS(M) have been prepared in accordance with the IFRS and are not on a consolidated basis by virtue of the exemption provided by Paragraph 4 of IFRS 10. Upon completion of the Proposed OBS(M) Acquisition, the financial results of OBS(M) Group will be fully consolidated into our Group.

In view of the above and for illustrative purposes only, a summary of the unaudited financial information of OBS(M) Group have been prepared based on the unaudited financial statements of OBS(M) and its subsidiaries for the past 3 financial years up to the FYE 31 December 2022 and the latest unaudited financial statements for the 3-month FPE 31 March 2023 are as follows:-

| | Unaudited | | | |
|---|---|---|---|---|
| | FYE 2020 (USD'000) | FYE 2021 (USD'000) | FYE 2022 (USD'000) | FPE 2023 (USD'000) |
| Revenue | 55,246 | 81,351 | 90,365 | 14,983 |
| PBT/(Loss before tax) | (50,766) | 35,992 | 16,129 | 4,823 |
| PAT/(Loss after tax) | (48,858) | 32,685 | 11,799 | 4,495 |
| | | | | |
| Share capital | 8,000 | 8,000 | 8,000 | 8,000 |
| Shareholders' funds/Net liabilities | (160,146) | (130,652) | (116,281) | (116,738) |
| Total borrowings | 452,599 | 424,999 | 368,225 | 340,779 |
| | | | | |
| No. of OBS(M) Shares in issue ('000) | 8,000 | 8,000 | 8,000 | 8,000 |
| EPS/(Loss per OBS(M) Share) (USD) | (6.11) | 4.09 | 1.47 | 0.56 |
| Net liabilities per OBS(M) Share (USD) | (20.02) | (16.33) | (14.54) | (14.59) |
| Current ratio (times) | 0.12 | 0.15 | 0.16 | 0.14 |
| Gearing ratio (times) | (2.83) | (3.25) | (3.17) | (2.92) |

During the financial years under review:-

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by OBS(M) Group which are peculiar to the OBS(M) Group because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of OBS(M) Group.

**<u>Commentaries on financial performance</u>**

**FYE 31 December 2020**

OBS(M) Group recorded a higher revenue of approximately USD55.25 million in the FYE 31 December 2020, representing an increase of approximately 14.06% or USD6.81 million, as compared to the revenue of approximately USD48.44 million recorded in the previous financial year. The increase in revenue was mainly attributed to the higher average CPO and PK selling prices recorded in the FYE 31 December 2020 of approximately USD592 per MT and USD314 per MT respectively, representing an increase of approximately 26.77% and 26.10% respectively, as compared to the average CPO and PK selling prices of USD467 per MT and USD249 per MT respectively recorded in the FYE 31 December 2019.

OBS(M) Group recorded a higher loss before tax of approximately USD50.77 million in the FYE 31 December 2020, representing a decrease of approximately 148.75% or USD30.36 million, as compared to the loss before tax of approximately USD20.41 million recorded in the previous financial year.

The increase in losses was mainly due the net foreign exchange losses of approximately USD17.60 million recorded in the FYE 31 December 2020 as compared to net foreign exchange gains of approximately USD6.16 million recorded in the previous financial year. The net foreign exchange losses of USD17.60 million incurred by OBS(M) Group was mainly due to the unrealised foreign exchange losses of USD17.29 million recorded in the financial year under review, which arose mainly due to the weakening of IDR during the financial year under review against the JPY (which is the currency of the bank borrowings of OBS(M) Group).

**FYE 31 December 2021**

OBS(M) Group recorded a higher revenue of approximately USD81.35 million in the FYE 31 December 2021, representing an increase of approximately 47.24% or USD26.10 million, as compared to the revenue of approximately USD55.25 million recorded in the previous financial year. The increase in revenue was mainly attributed to the higher average CPO and PK selling prices recorded in the FYE 31 December 2021 of approximately USD775 per MT and USD494 per MT respectively, representing an increase of approximately 30.91% and 57.32% respectively, as compared to the average CPO and PK selling prices for of USD592 per MT and USD314 per MT respectively recorded in the FYE 31 December 2020.

As a result of OBS(M) Group recording a higher revenue in the financial year under review, OBS(M) Group recorded a PBT of approximately USD35.99 million in the FYE 31 December 2021, as compared to the loss before tax of approximately USD50.77 million recorded in the previous financial year. The increase in profits was mainly due to the net foreign exchange gains of approximately USD40.23 million recorded in the FYE 31 December 2021 as compared to net foreign exchange losses of approximately USD17.60 million recorded in the previous financial year. The net foreign exchange gains of USD40.23 million recorded by OBS(M) Group was mainly due to the unrealised foreign exchange gains of USD40.04 million recorded in the financial year under review, which arose mainly due to the strengthening of IDR against bank borrowings of OBS(M) Group denominated in JPY.

**FYE 31 December 2022**

OBS(M) Group recorded a higher revenue of approximately USD90.37 million in the FYE 31 December 2022, representing an increase of approximately 11.09% or USD9.02 million, as compared to the revenue of approximately USD81.35 million recorded in the previous financial year. The increase in revenue was mainly attributed to higher average CPO and PK selling prices recorded in the FYE 31 December 2022 of approximately USD887 per MT and USD543 per MT respectively, representing an increase of approximately 14.45% and 9.92% respectively, as compared to the average CPO and PK selling prices of USD775 per MT and USD494 per MT respectively recorded in the FYE 31 December 2021.

OBS(M) Group recorded a lower PBT of approximately USD16.13 million in the FYE 31 December 2022, as compared to the PBT of approximately USD35.99 million recorded in the previous financial year, representing a decrease of approximately 55.18% or USD19.86 million. The decrease in profits was mainly due to unrealised foreign exchange losses of approximately USD7.50 million recorded in the FYE 31 December 2022 (FYE 31 December 2021: unrealised foreign exchange gains of USD40.04 million), resulting from weakening of IDR against SGD borrowings.

**FPE 31 March 2023**

OBS(M) Group recorded a lower revenue of approximately USD14.98 million in the FPE 31 March 2023, representing a decrease of approximately 44.17% or USD11.85 million, as compared to the revenue of approximately USD26.83 million recorded in the corresponding financial period. The decrease in revenue was mainly attributed to lower average CPO and PK selling prices recorded in the FPE 31 March 2023 of approximately USD849 per MT and USD406 per MT respectively, representing a decrease of approximately 20.28% and 52.85% respectively, as compared to the average CPO and PK selling prices of USD1,065 per MT and USD861 per MT respectively recorded in the FPE 31 March 2022.

OBS(M) Group recorded a lower PBT of approximately USD4.82 million in the FPE 31 March 2023, representing a decrease of approximately 79.74% or USD18.97 million, as compared to the PBT of approximately USD23.79 million recorded in the corresponding financial period. The decrease in profits was mainly due to lower unrealised foreign exchange gains of approximately USD6.72 million recorded in the FPE 31 March 2023 (FPE 31 March 2022: unrealised foreign exchange gains of approximately USD19.75 million), resulting from strengthening of IDR against SGD and JPY borrowings.

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# ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**REGISTERED ADDRESS**
Rogers House
No. 5 President John Kennedy Street
Port Louis,
Republic of Mauritius

**MAURITIUS OFFICE ADDRESS**
c/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis, Republic of Mauritius
Tel : (230) 2031100
Fax : (230) 2031150

**PENANG OFFICE ADDRESS**
Level 8
Unit 8E, 8F & 8G
Wisma Boon Siew
1 Jalan Penang
10000 Penang, Malaysia
Tel. : (604)2638202
Fax : (604)2638536
E-Mail : orposb@orpopg.com

Date: 15 August 2023

The Board of Directors
**ORIENTAL HOLDINGS BERHAD**
170-09-01, Livingston Tower, Jalan Argyll
10050 George Town, Penang

Dear Sir/Madam,

**(I) PROPOSED ACQUISITION BY ORIENTAL HOLDINGS BERHAD ("OHB") 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 OHB OF PLANTATION ESTATES LOCATED IN PENINSULAR MALAYSIA,**

**FROM RELATED PARTIES FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM1.20 BILLION (COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

On behalf of the board of directors of Oriental Boon Siew (Mauritius) Pte Ltd ("**OBS(M)**") ("**Board**"), we wish to report that after making due enquiries during the period between 31 December 2022, being the date on which the last audited financial statements of OBS(M) have been made up, to this date, being a date not earlier than 14 days prior to the date of the circular to the stockholders of OHB in relation to the Proposals, that:-

(i) the business of OBS(M) and its subsidiaries, in the opinion of the Board, has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the date of the last audited financial statements of OBS(M) which have adversely affected the trading or the value of the assets of OBS(M) and its subsidiaries;

(iii) the current assets of OBS(M) and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by OBS(M) and its subsidiaries;

(v) the Board is not aware of any default or any know event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by OBS(M) and its subsidiaries since the date of the last audited financial statements of OBS(M) and its subsidiaries; and

(vi) there have been no material changes to the published reserves or any unusual factors affecting the financial performance of OBS(M) and its subsidiaries since the date of the last audited financial statements of OBS(M) and its subsidiaries.

Yours faithfully,
For and on behalf of
**ORIENTAL BOON SIEW (MAURITIUS) PTE LTD**

| | |
|---|---|
| Dato Lim Kean Seng<br>Director | Datuk Loh Kian Chong<br>Director |

# ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

## Financial statements

## 31 December 2022

# ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Financial statements**
*for the year ended 31 December 2022*

| *Contents* | *Page* |
|---|---|

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

### Corporate data

| | | Date of appointment | Date of resignation |
|---|---|---|---|
| **Directors:** | Mr Loh Kian Chong | 01 October 2001 | - |
| | Mr Wong Lum Kong | 01 October 2001 | - |
| | Mr Loh Cheng Yean | 01 October 2001 | - |
| | Mr Tan Hui Jing | 30 May 2014 | - |
| | Mr Lim Kean Seng | 03 July 2017 | - |
| | Mr Lim Su Tong (alternate director to Mr Loh Kian Chong) | 03 July 2017 | - |
| | Mr Wong Tet Look (alternate director to Mr Loh Kian Chong) | 03 July 2017 | - |
| | Mr Shah Sharmil | 13 August 2018 | - |
| | Mr Magon Georges Valery | 16 March 2018 | - |

**Company secretary:**
Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Republic of Mauritius

**Registered office:**
C/o Rogers Capital Corporate Services Limited
3rd Floor, Rogers House
No. 5 President John Kennedy Street
Port Louis
Republic of Mauritius

**Auditors:**
Lancasters, Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Republic of Mauritius

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Corporate data (continued)**

| | |
|---|---|
| **Bankers:** | AfrAsia Bank Ltd<br>Bowen Square<br>10, Dr Ferriere Street<br>Port Louis<br>Mauritius |
| | Overseas-Chinese Banking Corporation Limited<br>65 Chulia Street # 10-00<br>OCBC Centre<br>Singapore 049513 |
| | United Overseas Bank Limited<br>Level 6A, Main Office Tower<br>Financial Park Labuan Complex<br>Jalan Merdeka<br>87000 Labuan F.T.<br>Malaysia |
| | United Overseas Bank Limited<br>2 Shenton Way #14-02<br>SGX Centre 1<br>Singapore 068804 |

# ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

## Directors' report

The directors are pleased to present their report together with the audited financial statements of ORIENTAL BOON SIEW (MAURITIUS) PTE LTD (the "Company") for the year ended 31 December 2022.

## Principal activities

The principal activity of the Company is that of investment holding and granting of loans.

## Results and dividend

The results for the year are shown on page 8.

The directors do not recommend the payment of a dividend for the year under review (2021: NIL).

## Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company and of the statement of profit or loss and other comprehensive income of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for the preparation and presentation of these financial statements in accordance with the requirements of the Mauritius Companies Act 2001 applicable to a company holding a Global Business Licence. The applicable financial reporting framework is the International Financial Reporting Standards ("IFRS"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## Going concern

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

## Auditors

The auditors, Lancasters, have expressed their willingness to continue in office and their reappointment will be proposed at the next Annual Meeting.

**By order of the Board**

Director

Date: 15 June 2023

**Rogers** Capital

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Secretary's certificate**
*for the year ended 31 December 2022*

**Secretary's certificate under Section 166 (d) of the Mauritius Companies Act 2001**

In accordance with section 166 (d) of the *Mauritius* Companies Act 2001, we certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies for the year ended 31 December 2022, all such returns as are required of the Company under the Mauritius Companies Act 2001.

Mdamceeran

*For and on behalf of* **ROGERS CAPITAL CORPORATE SERVICES LIMITED**
**Company Secretary**

Date: 15 June 2023

Lancasters
Chartered Accountants

**Auditor's report to member of ORIENTAL BOON SIEW (MAURITIUS) PTE LTD**

*Opinion*

We have audited the financial statements of **ORIENTAL BOON SIEW (MAURITIUS) PTE LTD** (the "Company") set out on pages 8 to 39 which comprise the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 21 in the financial statements which indicates that the Company has generated a net profit of USD 3,587,917 during the year ended 31 December 2022 and, as of that date; the Company's total liabilities exceeded its total assets by USD 20,549,238. These conditions, along with other matters as set forth in Note 21 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The ultimate holding company confirmed that it will continue to provide financial support to the Company to enable it to meet its obligations as they fall due for a period of not less than twelve months. Accordingly, the financial statements are prepared on the basis of accounting policies applicable to a going concern.

*Other Information*

The directors are responsible for the other information. The other information comprises the Directors' Report and the Company Secretary's Certificate as required by the Companies Act 2001, but does not include the financial statements nor our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

DGG
INDEPENDENT MEMBER

Lancasters
Chartered Accountants

**Auditor's report to member of ORIENTAL BOON SIEW (MAURITIUS) PTE LTD (continued)**

*Other Information (continued)*

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of the Directors for the Financial Statements***

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

DGG INDEPENDENT MEMBER

Lancasters
Chartered Accountants

**Auditor's report to member of ORIENTAL BOON SIEW (MAURITIUS) PTE LTD (continued)**

*Auditor's Responsibilities for the Audit of the Financial Statements (continued)*

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

***Other matter***

This report is made solely for the Company's member, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

***Report on Other Legal and Regulatory Requirements***

***Mauritius Companies Act 2001***

We have no relationship with or interests in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Lancasters

Lancasters,
Chartered Accountants
14, Lancaster Court
Lavoquer Street
Port Louis
Mauritius.
Date :15.06.2023

Pasram Bissessur FCCA, ACA, MBA (UK)
*Licensed by FRC*

DGG
INDEPENDENT MEMBER

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Statement of profit or loss and other comprehensive income**
*for the year ended 31 December 2022*

| | Notes | 2022 USD | 2021 USD |
|---|---|---|---|
| Revenue | | - | - |
| **Expenses** | | | |
| Disbursements | | **6,785** | 6,140 |
| Audit fees | | **4,100** | 4,200 |
| Accounting fees | | **3,300** | 6,250 |
| License fee | | **2,700** | 2,325 |
| Professional fees | | **2,370** | 1,350 |
| Management fee | | **2,000** | 2,000 |
| Administration charges | | **2,000** | 2,000 |
| Bank charges | | **397** | 653 |
| | | **23,652** | 24,918 |
| **Loss from operating activities** | | **(23,652)** | (24,918) |
| Reversal of impairment of investment in subsidiaries | 9 | - | 2,427,899 |
| Reversal of impairment in short term loans | 10 | **4,200,000** | - |
| Finance income | | **533,173** | 1,016,529 |
| Finance costs | | **(1,121,604)** | (723,108) |
| **Net finance costs/income** | 7 | **(588,431)** | 293,421 |
| **Profit before tax** | | 3,587,917 | 2,696,402 |
| Taxation | 8 | - | - |
| **Profit for the year** | | **3,587,917** | 2,696,402 |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | **3,587,917** | 2,696,402 |

The notes on pages 12 to 39 form part of these financial statements.

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Statement of financial position**
*at 31 December 2022*

| | Notes | 2022 USD | 2021 USD |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment in subsidiaries | 9 | **2,828,710** | 2,828,710 |
| **Current assets** | | | |
| Loans to related parties | 10 | **1** | 1 |
| Other receivables | 11 | **18,864** | 28,327 |
| Short-term deposit | 12 | **1,894,931** | 1,440,235 |
| Cash and cash equivalents | 13 | **515,658** | 295,498 |
| **Total current assets** | | **2,429,454** | 1,764,061 |
| **Total assets** | | **5,258,164** | 4,592,771 |
| **Equity and liabilities** | | | |
| Stated capital | 14 | **8,000,000** | 8,000,000 |
| Accumulated losses | | **(28,549,238)** | (32,137,155) |
| **Total equity** | | **(20,549,238)** | (24,137,155) |
| **Liabilities** | | | |
| **Non-current liability** | | | |
| Loan from financial institution | 17 | **24,037,354** | 25,445,734 |
| **Current liabilities** | | | |
| Loan from holding company | 15 | - | 1,500,000 |
| Other payables | 16 | **78,561** | 8,650 |
| Loan from financial institution | 17 | **1,691,487** | 1,775,542 |
| **Total current liabilities** | | **1,770,048** | 3,284,192 |
| **Total liabilities** | | **25,807,402** | 28,729,926 |
| **Total equity and liabilities** | | **5,258,164** | 4,592,771 |

Approved by the Board of directors on 15 June 2023 and signed on its behalf by:

Director                    Director

The notes on pages 12 to 39 form part of these financial statements.

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Statement of changes in equity**
*for the year ended 31 December 2022*

| | Stated capital USD | Accumulated losses USD | Total USD |
|---|---|---|---|
| Balance at 01 January 2021 | 8,000,000 | (34,833,557) | (26,833,557) |
| **Total comprehensive income for the year:** | | | |
| Profit for the year | - | 2,696,402 | 2,696,402 |
| Balance at 31 December 2021 | 8,000,000 | (32,137,155) | (24,137,155) |
| **Total comprehensive income for the year:** | | | |
| Profit for the year | - | **3,587,917** | **3,587,917** |
| **Balance at 31 December 2022** | **8,000,000** | **(28,549,238)** | **(20,549,238)** |

The notes on pages 12 to 39 form part of these financial statements.

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Statement of cash flows**
*for the year ended 31 December 2022*

| | Note | 2022 USD | 2021 USD |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | 3,587,917 | 2,696,402 |
| *Adjustments for:* | | | |
| Interest income | | (408,639) | (331,062) |
| Bank interest | | (20,308) | (3,560) |
| Interest expense | | 951,669 | 676,482 |
| Reversal of impairment of investment in subsidiaries | | - | (2,427,899) |
| Reversal of impairment of loan | | (4,200,000) | - |
| Unrealised foreign exchange loss | | 143,369 | 6,637 |
| Unrealised foreign exchange gain | | (67,902) | (626,173) |
| Realised foreign exchange loss | | 26,566 | 39,989 |
| Realised foreign exchange gain | | (36,324) | (55,734) |
| | | (23,652) | (24,918) |
| Change in other payables | | 69,911 | 3,500 |
| Change in short-term deposit | | (454,696) | (197,706) |
| **Cash used in operating activities** | | (408,437) | (219,124) |
| Interest paid | | (881,819) | (673,782) |
| **Net cash used in operating activities** | | (1,290,256) | (892,906) |
| **Cash flows from investing activities** | | | |
| Proceeds on disposal of investments | | - | 2,427,899 |
| Interest received | | 438,410 | 332,027 |
| **Net cash from investing activities** | | 438,410 | 2,759,926 |
| **Cash flows from financing activities** | | | |
| Repayment of loan to holding company | | (1,500,000) | - |
| Repayment of loan to financial institution | | (1,591,256) | (1,810,786) |
| Reimbursement of loan | | 4,200,000 | - |
| **Net cash from/(used in) financing activities** | | 1,108,744 | (1,810,786) |
| **Net increase in cash and cash equivalents** | | 256,898 | 56,234 |
| Cash and cash equivalents at 01 January | | 295,498 | 220,637 |
| Effects of exchange rate fluctuations on cash held | | (36,738) | 18,627 |
| **Cash and cash equivalents at 31 December** | 13 | 515,658 | 295,498 |

The notes on pages 12 to 39 form part of these financial statements.

**ORIENTAL BOON SIEW (MAURITIUS) PTE LTD**

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

## 1. General information

The Company is a private limited company, incorporated and domiciled in Mauritius. The address of the registered office is C/o Rogers Capital Corporate Services Limited,3rd Floor, Rogers House, No. 5 President John Kennedy Street, Port Louis, Republic of Mauritius. The main activity of the Company is that of investment holding.

The Company is a holder of a Global Business Licence under the Mauritius Companies Act and the Financial Services Act 2007. Since the Company operates in an international environment and conducts most of its transactions in foreign currencies the Company has chosen to retain the United States Dollar (USD) as its reporting currency.

## 2. Basis of preparation

*(a) Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and Mauritius Companies Act 2001.

*(b) Basis of measurement*

The financial statements have been prepared under the going concern principle using the historical cost basis.

*(c) Functional and presentation currency*

The financial statements are presented in United States Dollar (USD) which is the Company's functional currency and presentation currency. All amounts have been rounded to the nearest dollar unless otherwise indicated.

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. The directors have considered those factors described therein and have determined that the functional currency of the Company is the United States Dollar (USD).

*(d) Use of estimates and judgement*

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

**2. Basis of preparation (continued)**

*(d) Use of estimates and judgement (continued)*

(i) Judgements

In the process of applying Company's accounting policies, management has made significant judgement which could have a significant effect on the amounts recognised in the financial statements.

(ii) Assumption and estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*(e) Measurement of fair values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**2. Basis of preparation (continued)**

*(f) New standards, interpretations and amendments issued during the year*

There has been amendments and interpretations that have become effective for the current year.

The Company has adopted the following new interpretation during the year:

***Annual Improvements to IFRS Standards 2018-2020***

IFRS 9 Financial Instruments - The amendment clarifies that for the purpose of performing the "10 per cent test" for derecognition of financial liabilities - in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier application permitted.

The above new, amended standard and interpretation effective for the financial year do not have any impact on the Company.

*(g) New standards, interpretations and amendments issued but not yet effective*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

***Classification of liabilities as current or non-current (Amendments to IAS 1)***

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement.

The amendments, as issued in 2020, aim to clarify the requirements on determining whether a liability is current or non-current, and apply for annual reporting periods beginning on or after 1 January 2023. However, the IASB has subsequently proposed further amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to no earlier than 1 January 2024.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

**2. Basis of preparation (continued)**

*(g) New standards, interpretations and amendments issued but not yet effective (continued)*

***Definition of accounting estimates (Amendments to IAS 8)***

Distinguishing between accounting policies and accounting estimates is important because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are applied prospectively.

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

- The definition of a change in accounting estimates is replaced with a definition of accounting estimates.

- Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.

- The Board clarified that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

- A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

The effects of changes in inputs and/or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 July 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

**2. Basis of preparation (continued)**

*(g) New standards, interpretations and amendments issued but not yet effective (continued)*

***Disclosure Initiative: Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)***

The Board has issued amendments to IAS 1 Presentation of Financial Statements and an update to IFRS Practice Statement 2 Making Materiality Judgements to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- several paragraphs are added to explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements;
- accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are consistent with the refined definition of material.

The amendments are effective from 1 July 2023 but may be applied earlier.

The directors are currently assessing the impact of this amendment on the financial statements and do not expect any significant impact on the Company's financial statements.

**ORIENTAL BOON SIEW (MAURITIUS) PTE LTD**

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

## 3. Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended 31 December 2022.

*Revenue recognition*

Revenue consists of loan interest. The Company recognises revenue when the amount of revenue when a customer obtains control of services. Determining the timing of the transfer of control at a point of time or over time requires judgements.

*Finance income and finance cost*

The Company's finance income and finance costs include:

- Interest income
- Bank interest income;
- Unrealised foreign exchange gain and loss;
- Interest expense; and
- Realised foreign exchange gain and loss.

Interest income and expense presented in the statement of profit or loss and other comprehensive income comprise interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

*Net loss on financial assets and financial liabilities.*

Net loss on financial assets and financial liabilities includes all realised and unrealised foreign exchange differences.

**3. Significant accounting policies (continued)**

*Taxation*

Taxation comprises of current and deferred tax. Current and deferred taxare recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income.

*Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if the Company has the legal right and the intention to settle on a net basis.

*Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

**3. Significant accounting policies (continued)**

*Foreign currency*

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

*Investment in subsidiaries*

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are shown at cost and impairment is only made where, in opinion of the directors, there is a diminution in value which is other than temporary. Where there has been such a diminution in value of an investment, it is recognised as an expense in the year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

*Stated capital*

Ordinary shares are classified as equity.

*Provisions*

A provision is recognised if, as a result of a past event, the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are recognised by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

*Expenses*

Expenses are recognised in profit or loss on an accrual basis.

**ORIENTAL BOON SIEW (MAURITIUS) PTE LTD**

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

**3. Significant accounting policies (continued)**

*Financial instruments*

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

*Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL or FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost include loans to related parties, other receivables (excluding prepayments), short-term deposit and cash and cash equivalents.

**3. Significant accounting policies (continued)**

*Financial instruments (continued)*

*Financial assets - Business model assessment*

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintain a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed;
- how managers of the business are compensated – e.g whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

*Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

**3. Significant accounting policies (continued)**

*Financial instruments (continued)*

*Financial assets -Assessment whether contractual cash flows are solely payments of principal and interest*

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

*Financial assets - Subsequent measurement and gains and losses*

*Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Financial liabilities measured at amortised cost*

*Financial liabilities*

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Company includes in this category: loan from holding company, loan from financial institution and other payables.

**3. Significant accounting policies (continued)**

*Financial instruments (continued)*

*Non-derivative financial liabilities – Measurement*

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method. Non-derivative liabilities comprise of loan from holding company, loan from financial institution and other payables.

*Non-derivative financial assets -Impairment*

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

- Loss allowances are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security; or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

3. **Significant accounting policies (continued)**

*Financial instruments (continued)*

*Non-derivative financial assets -Impairment*

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

- Loss allowances are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security; or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## 3. Significant accounting policies (continued)

*Financial instruments (continued)*

*Non-derivative financial assets –Impairment(continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

## 4. Critical accounting estimates and judgements

*Determination of functional currency*

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. As described in Note 2 (c), the directors have considered those factors therein and have determined that the functional currency of the Company is the United States Dollar (USD).

*Impairment assessment of investments*

Management carries out regular review of the status of the assets of the Company to determine whether there is any indication that these assets suffered any impairment.

If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment, which is then recognised in profit or loss. Management checks whether there is objective evidence that the assets are impaired and that the fair values have declined. Management estimates of the impairment are based on critical evaluation of the economic circumstances involved, historical experience and other factors considered to be relevant.

*Estimation of recoverable amounts of loans to related parties*

In preparing the financial statements, the directors have made estimates of the recoverable amounts of loans to related parties and impaired those receivables where the carrying amounts exceed its recoverable amounts. The estimation of recoverable amounts involves an assessment of the financial condition of the debtors concerned and an estimate of the timing and the extent of cash flows likely to be received by the Company.

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

**5. Financial instruments – Fair value and risk management**

**(a) Accounting classification and fair values**

The following table shows the carrying amounts and fair values of financial assets and liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value, due to short term nature.

| **31 December 2022** | **Carrying amouot** | | |
|---|---|---|---|
| | **Amortised Cost USD** | **Amortised Cost USD** | **Total USD** |
| **Financial assets not measured at fair value** | | | |
| Loans to related parties | **1** | - | **1** |
| Short-term deposit | **1,894,931** | - | **1,894,931** |
| Cash and cash equivalents | **515,658** | - | **515,658** |
| Other receivables | **17,889** | - | **17,889** |
| | **2,428,479** | - | **2,428,479** |
| **Financial liabilities not measured at fair value** | | | |
| Loan from financial institution | - | **(25,728,841)** | **(25,728,841)** |
| Other payables | - | **(78,561)** | **(78,561)** |
| | - | **(25,807,402)** | **(25,807,402)** |

| **31 December 2021** | **Carrying amouot** | | |
|---|---|---|---|
| | **Amortised Cost USD** | **Amortised Cost USD** | **Total USD** |
| **Financial assets not measured at fair value** | | | |
| Loans to related parties | 1 | - | 1 |
| Short-term deposit | 1,440,235 | - | 1,440,235 |
| Cash and cash equivalents | 295,498 | - | 295,498 |
| Other receivables | 27,352 | - | 27,352 |
| | 1,763,086 | - | 1,763,086 |
| **Financial liabilities not measured at fair value** | | | |
| Loan from holding company | - | (1,500,000) | (1,500,000) |
| Loan from financial institution | - | (27,221,276) | (27,221,276) |
| Other payables | - | (8,650) | (8,650) |
| | - | (28,729,926) | (28,729,926) |

Other receivables exclude prepayments amounting to **USD 975** (2021: USD 975).

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

5. **Financial instruments - Fair value and risk management (continued)**

**(b) Measurement of fair values**

*Introduction and preview*

Financial instruments carried on the statement of financial position include other receivables, loans to related parties, short-term deposit, cash and cash equivalents, loan from holding company, other payables and loan from financial institution. The recognition method adopted is disclosed in the individual policy statement associated with each item. The most important types of risk are market risk, credit risk and liquidity risk.

The Company's activities expose them to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Company's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews their risk management policies and systems to reflect changes in markets and emerging best practice.

- *Market risk*

Market risk represents the potential loss that can be caused by a change in the market value of the financial instruments. The Company's exposure to market risk is determined by a number of factors, including interest rates, foreign currency exchange rates and market volatility.

The Company conducts its investment operations in a manner that seeks to exploit the potential gains in the market, while limits its exposure to market declines.

- *Interest rate risk*

The Company is exposed to interest rate risk because they borrow and lend funds both at fixed and floating interest rate. The income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-bearing financial assets and liabilities are short-term deposits in cash and cash equivalents, loans to related parties, loan from holding company and loan from financial institution. Interest income and interest expense may fluctuate in amount, in particular due to changes in interest rates. The risk is managed by maintaining an appropriate mix between the fixed and floating rate borrowings.

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

5. **Financial instruments – Fair value and risk management (continued)**

(b) **Measurement of fair values (continued)**

- *Interest rate risk (continued)*

The exposure to interest rate risk at the reporting date are as follows:

| Variable rate instrument | Carrying amount 2022 USD | Carrying amount 2021 USD |
|---|---|---|
| **Financial assets** | | |
| Short-term deposit held with financial institution for more than 3 months | **1,894,931** | 1,440,235 |
| Loans to related parties | **1** | 1 |
| **Financial liabilities** | | |
| Loan from holding company | - | 1,500,000 |
| Loan from financial institution | **25,728,841** | 27,221,276 |

*Sensitivity analysis*

The sensitivity analysis below have been determined based on the exposure to interest rates at the reporting date. A 25 basis point increase or decrease is used when reporting interest rate risk, assuming all other variables are held constant.

| | Increase/ (decrease) in interest rates % 2022 | Effect on profit or loss and other comprehensive income after taxation 2022 USD | Increase/ (decrease) in interest rates % 2021 | Effect on profit or loss and other comprehensive income after taxation 2021 USD |
|---|---|---|---|---|
| Interest income | **+0.25%** | **4,737** | +0.25% | 3,600 |
| | **-0.25%** | **(4,737)** | -0.25% | (3,600) |

| | Increase/ (decrease) in interest rates % 2022 | Effect on profit or loss and other comprehensive income after taxation 2022 USD | Increase/ (decrease) in interest rates % 2021 | Effect on profit or loss and other comprehensive income after taxation 2021 USD |
|---|---|---|---|---|
| Interest expense | **+0.25%** | **64,322** | +0.25% | 71,803 |
| | **-0.25%** | **(64,322)** | -0.25% | (71,803) |

**5. Financial instruments – Fair value and risk management (continued)**

**(b) Measurement of fair values (continued)**

- *Currency risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian Dollar (AUD) and Singapore Dollar (SGD). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Management has set up a policy to require company to manage their foreign exchange risk against their functional currency.

The Company has certain financial assets and liabilities in foreign operation which are exposed to foreign currency translation risk.

The currency profile of the Company's financial assets and liabilities are summarised as follows:

| | **Financial assets 2022 USD** | **Financial liabilities 2022 USD** | Financial assets 2021 USD | Financial liabilities 2021 USD |
|---|---|---|---|---|
| USD | **476,535** | **78,561** | 255,948 | 1,508,650 |
| SGD | **1,922,928** | **25,728,841** | 1,476,062 | 27,221,276 |
| AUD | **29,015** | **-** | 31,076 | - |
| | **2,428,479** | **25,807,402** | 1,763,086 | 28,729,926 |

*Sensitivity analysis*

At 31 December 2022, if exchange rate has strengthened/weakened by 3% or 1% against the following currencies the result would be as shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

| **Currency** | **Increase in foreign exchange rates 2022** | **Effect on profit after tax and equity 2022 USD** | Increase in foreign exchange rates 2021 | Effect on profit after tax and equity 2021 USD |
|---|---|---|---|---|
| SGD | **+1%** | **238,059** | +1% | 257,452 |
| | **-1%** | **(238,059)** | -1% | (257,452) |
| | **+0.5%** | **145** | +0.5% | 155 |
| AUD | **-0.5%** | **(145)** | -0.5% | (155) |

A weakening of USD against SGD and AUD at 31 December 2022 would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

### 5. Financial instruments – Fair value and risk management (continued)

#### (b) Measurement of fair values (continued)

- *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations. Credit risk arises from cash and cash equivalents, loans to related parties and short-term deposit. The Company also limits its exposure to credit risk by dealing or investing only with counterparties that has a good credit rating and management does not expect counter party to fail to meet its obligations. The Company's bank balances are held with AfrAsia Bank Ltd and Overseas-Chinese Banking Corporation Limited and the deposit account is with United Overseas Bank Limited (Labuan Branch). The cash and cash equivalents are held with banks with good repute and having strong track record in the banking industry. At the reporting date, there was no significant concentration or increase in credit risk of the Company.

Impairment

Impairment under IFRS 9 will apply to loans to related parties, cash and cash equivalents and short-term deposit, all being measured at amortised cost. Cash and cash equivalents and short-term deposit are short term (that is not longer than 12 months) and held with a reputable banking institution. Due to the low credit risk of the counterparty, the expected credit loss (ECL) was considered to be immaterial.

The Company allocates each exposure to a credit risk based on data that is determined to be predictive of the risk of loss and applying experienced credit judgement.

The Directors consider the probability of default to be 100% for the loans to related parties as the counterparty does not have the capacity to meet its contractual obligations in the near term. As a result, the amount has been fully impaired to USD 1.

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit risk at the reporting date was:

| | Carrying Amount | |
|---|---|---|
| | **2022** | 2021 |
| | **USD** | USD |
| Loans to related parties (Note 10) | **1** | 1 |
| Other receivables (Note 11) | **17,889** | 27,352 |
| Short-term deposit (Note 12) | **1,894,931** | 1,440,235 |
| Cash and cash equivalents (Note 13) | **515,658** | 295,498 |
| | **2,428,479** | 1,763,086 |

*Liquidity risk*

This refers to the possibility of default by the Company to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funding, management actively manage its debt maturity profile, operating, cash flows and availability of funding. It maintains adequate facilities to finance the Company's operations. It ensures that it will always have sufficient liquidity under both normal and stressed conditions to meet its liabilities when they become due without incurring inacceptable losses or risking damage to the Company's reputation.

## 5. Financial instruments – Fair value and risk management (continued)

### (b) Measurement of fair values (continued)

*Liquidity risk (continued)*

The following are the Company's contractual maturities of financial liabilities:

**At 31 December 2022**

| Non-derivative financial liabilities | Carrying amount USD | Within 1 year USD | 1 – 5 years USD | More than 5 years USD |
|---|---|---|---|---|
| Other payables | **78,561** | **78,561** | - | - |
| Loan from financial institution | **25,728,841** | **1,691,487** | **24,037,354** | - |
| | **25,807,402** | **1,770,048** | **24,037,354** | - |

**At 31 December 2021**

| Non-derivative financial liabilities | Carrying amount USD | Within 1 year USD | 1 – 5 years USD | More than 5 years USD |
|---|---|---|---|---|
| Other payables | 8,650 | 8,650 | - | - |
| Loan from holding company | 1,500,000 | 1,500,000 | - | - |
| Loan from financial institution | 27,221,276 | 1,775,542 | 25,445,734 | - |
| | 28,729,926 | 3,284,192 | 25,445,734 | - |

## 6. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of gearing ratio.

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

## 7. Net finance costs

| | 2022 USD | 2021 USD |
|---|---|---|
| *Finance income* | | |
| Loan interest | **408,639** | 331,062 |
| Bank interest | **20,308** | 3,560 |
| Unrealised foreign exchange gain | **67,902** | 626,173 |
| Realised foreign exchange gain | **36,324** | 55,734 |
| | **533,173** | 1,016,529 |
| *Finance costs* | | |
| Loan interests | **(951,669)** | (676,482) |
| Unrealised foreign exchange loss | **(143,369)** | (6,637) |
| Realised foreign exchange loss | **(26,566)** | (39,989) |
| | **(1,121,604)** | (723,108) |
| *Net finance costs/income* | **(588,431)** | 293,421 |

## 8. Taxation

The Company holds a Global Business Licence for the purpose of the Financial Services Act 2007 of Mauritius. The Company is liable to tax at the rate of 15% on all its income. Pursuant to the enactment of the Finance Act 2018, with effect since 01 January 2019, the deemed foreign tax credit has phased out since 01 July 2021. Any income derived prior 30 June 2021, will still be entitled to deemed foreign tax credit of 80% or actual foreign tax credit, whichever is the higher. Any income derived after 30 June 2021 will be subject to tax at the rate of 15% and would be entitled to either:

(a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability arising in Mauritius on such income, or

(b) a partial exemption of 80% applicable to specified income, including but not limited to foreign-source dividends or interest income, subject to the Company meeting the necessary substance requirements.

Further, the Company is exempted from income tax in Mauritius on profits or gains arising from the sale of securities. In addition, there is no withholding tax payable in Mauritius in respect of payments of dividends to shareholders or in respect of redemptions or exchanges of shares.

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

**8. Taxation (continued)**

A reconciliation of the actual income tax based on accounting profit and the actual income tax expense is as follows:

*Recognised in the statement of profit or loss and other comprehensive income*

| | 2022 USD | 2021 USD |
|---|---|---|
| Current year income tax | - | - |
| *Reconciliation of effective tax:* | | |
| Profit before taxation | **3,587,917** | 2,696,402 |
| Income tax at 15% | **538,188** | 404,460 |
| Add unauthorised deductions | **25,490** | 996 |
| Less non-taxable income | **(645,634)** | (458,111) |
| Unutilised tax losses | **81,956** | 52,655 |
| Income tax expense | - | - |

## 9. Investment in subsidiaries

Investments consist of unquoted shares.

| | 2022 USD | 2021 USD |
|---|---|---|
| ***Cost*** | | |
| At 01 January | **25,227,761** | 27,655,659 |
| Redemption of shares | - | (2,427,898) |
| At 31 December | **25,227,761** | 25,227,761 |
| ***Impairment*** | | |
| At 01 January | **(22,399,051)** | (24,826,950) |
| Reversal of impairment | - | 2,427,899 |
| At 31 December | **(22,399,051)** | (22,399,051) |
| ***Value at 31 December*** | **2,828,710** | 2,828,710 |

| *Name of companies* | *Number of equity shares* | *% held* | *Country of incorporation and operation* | *2022 Cost of investment (USD)* | *2021 Cost of investment (USD)* |
|---|---|---|---|---|---|
| OBS (Singapore) Pte Ltd | 100,000 equity shares of SGD 1 each | 100 | *Republic of Singapore* | **66,778** | 66,778 |
| OAM Asia (Singapore) Pte Ltd | 100,000 equity shares of SGD 1 each | 100 | *Republic of Singapore* | **82,406** | 82,406 |
| OAM Asia (Singapore) Pte Ltd | 5,184,000 redeemable preference shares of SGD 1 each | 100 | *Republic of Singapore* | **3,814,009** | 3,814,009 |
| OAM Asia (Singapore) Pte Ltd | 29,589,986 redeemable preference shares of AUD 1 each | 100 | *Republic of Singapore* | **21,264,568** | 21,264,568 |
| | | | | **25,227,761** | 25,227,761 |

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

### 10. Loans to related parties

| | 2022<br>USD | 2021<br>USD |
|---|---|---|
| *Cost* | | |
| At 01 January | **12,200,000** | 12,200,000 |
| Reimbursement of loan | **(4,200,000)** | - |
| At 31 December | **8,000,000** | 12,200,000 |
| ***Impairment*** | | |
| At 01 January | **(12,199,999)** | (12,199,999) |
| Reversal of impairment | **(4,200,000)** | - |
| At 31 December | **(7,999,999)** | (12,199,999) |
| ***Value at 31 December*** | **1** | 1 |

Loans to related parties are unsecured, interest bearing at LIBOR plus 2.5% per annum and repayable on demand.

### 11. Other receivables

| | 2022<br>USD | 2021<br>USD |
|---|---|---|
| Prepayments | **975** | 975 |
| Interest receivables | **17,889** | 27,352 |
| | **18,864** | 28,327 |

### 12. Short-term deposit

| | 2022<br>USD | 2021<br>USD |
|---|---|---|
| Fixed deposit with United Overseas Bank Limited, Labuan Branch (Note 1) | **853,729** | 847,043 |
| Fixed deposit with United Overseas Bank Limited, Singapore (Note 2) | **1,041,202** | 593,192 |
| Deposit held with financial institution which has a maturity of over 1 month-12 months | **1,894,931** | 1,440,235 |

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

### 12. Short-term deposit (Continued)

Note 1: Fixed deposit with United Overseas Bank Limited, Labuan Branch – USD 853,729 (pledged deposits. 12 months rollover with interest rate 2.78%)

Note 2: Fixed deposit with United Overseas Bank Limited, Singapore- USD 1,041,202 (clean deposit, 2 months rollover with interest rate 3.59%)

The fixed deposit account is to be kept at all times with the United Overseas Bank Limited, Labuan Branch in accordance with the terms of the Facility Agreement and the Charge over Fixed Deposit Account until the Liabilities have been paid in full and the Lender is not under any further commitment, obligation or liability to make the Facility or to provide any other financial accommodation to the Company under the Finance Document.

### 13. Cash and cash equivalents

| | **2022** | 2021 |
|---|---|---|
| | **USD** | USD |
| Cash at bank | **515,658** | 295,498 |
| | **515,658** | 295,498 |

### 14. Stated capital

| | **2022** | 2021 |
|---|---|---|
| | **USD** | USD |
| 8,000,000 ordinary shares of USD 1 each | **8,000,000** | 8,000,000 |

All shares in issue are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 15. Loan from holding company

| | **2022** | 2021 |
|---|---|---|
| | **USD** | USD |
| Opening | **1,500,000** | 1,500,000 |
| Repayment during the year | **(1,500,000)** | - |
| Closing | - | 1,500,000 |

The loan was unsecured, interest-bearing loan at LIBOR plus 2% per annum and has been fully repaid during the year.

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

**16. Other payables**

| | 2022 USD | 2021 USD |
|---|---|---|
| Non-trade payables and accrued expenses | **78,561** | 8,650 |

**17. Loan from financial institution**

| | 2022 USD | 2021 USD |
|---|---|---|
| *As at 01 January* | | |
| Non-current liability | **25,445,734** | 27,830,722 |
| Current liability | **1,775,542** | 1,815,294 |
| | **27,221,276** | 29,646,016 |
| Repayment | **(1,591,256)** | (1,784,098) |
| | **(1,591,256)** | (1,784,098) |
| Foreign exchange: | | |
| -Unrealised Gain | - | (609,447) |
| -Realised Gain | **(36,324)** | (31,195) |
| -Unrealised Loss | **135,146** | - |
| | **98,822** | (640,642) |
| Total loan from financial institution | **25,728,841** | 27,221,276 |
| **As at 31 December:** | | |
| Non-current liability | **24,037,354** | 25,445,734 |
| Current liability | **1,691,487** | 1,775,542 |
| | **25,728,841** | 27,221,276 |

The loan from financial institution carries interest ranging from 2.30% to 6.08%.

## ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

### 18. Related party transactions

During the year under review, the Company entered into the following related party transactions.

| | | | 2022 USD | 2021 USD |
|---|---|---|---|---|
| *Transactions during the year:* | *Related party* | *Nature* | | |
| OBS (Singapore) Pte Ltd | Investee | Interest received | **408,639** | 331,062 |
| OBS (Singapore) Pte Ltd | Investee | Reversal of impairment of investment | - | 2,427,899 |
| OBS (Singapore) Pte Ltd | Investee | Reversal of impairment of short-term loans | **4,200,000** | - |
| Oriental Holdings Berhad | Holding company | Interest paid | **5,431** | 33,105 |
| Oriental Holdings Berhad | Holding company | Loan paid | **1,500,000** | - |
| Administrator | Administrator | Fees expensed | **22,630** | 19,715 |
| Administrator | Administrator | Fees paid | **(22,355)** | (19,265) |
| *Balances outstanding at 31 December:* | | | | |
| Oriental Holdings Berhad | Holding Company | Loan payable | - | (1,500,000) |
| OBS (Singapore) Pte Ltd | Investee | Loan receivable | **1** | 1 |

*Compensation to key management personnel*

The Company did not pay any compensation to its key management personnel during the year (2021: nil).

### 19. Consolidated financial statements

The Company holds investments in subsidiaries and is required to prepare consolidated financial statements under IFRS 10: Consolidated Financial Statements. The Company has not prepared consolidated financial statements as its ultimate holding company, Oriental Holdings Berhad, a company incorporated and principal place of business in Malaysia, prepares consolidated financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS"). MFRS is based on IFRS which is exactly the same. The audited consolidated financial statements of Oriental Holdings Berhadare available on its website. As such, the Company is entitled to take the IFRS 10 exemption.

ORIENTAL BOON SIEW (MAURITIUS) PTE LTD

**Notes to and forming part of the financial statements**
*for the year ended 31 December 2022*

**20. Holding and ultimate holding company**

The Company is wholly owned by Oriental Holdings Berhad, with registered address at 170-09-01 Livingston Tower, Jalan Agryll, 10050 Georgetown, Penang, Malaysia.

**21. Going concern, impact of covid-19 and Ukrainian – Russian War**

*Impact of COVID-19*

The directors continue to monitor the ongoing developments, and its impact on the performance of the Company. Management has considered the impact of the COVID-19 outbreak on the Company and has concluded that the pandemic should not have a significant effect on the Company's financial position and performance.

The Company continues to engage effectively on its focus areas and its operations are being carried out normally.

*Impact of Ukrainian - Russian war*

On 24 February 2022, the Russian Federation launched a full-scale invasion into Ukraine sovereign state. The potential impacts from the emerging Ukraine and Russian conflict remain uncertain, including but not limited to, on global economic conditions, asset valuations, interest rate expectations and exchange rates. Although the extent of these impacts has not been assessed at this stage, currently there is no direct impact on the Company as the Company does not have any transactions with both Ukraine and Russia.

*Going Concern*

The Company made a net profit for the year ended 31 December 2022 of **USD 3,587,917** (2021: Profit USD 2,696,402) and as of that date its total liabilities exceeded its total assets by **USD 20,549,239** (2021: USD 24,137,155).

Oriental Holdings Berhad, the ultimate holding company, has provided a letter of guarantee and undertakes to provide the Company with the financial support needed to make it possible for the Company to meet its ongoing financial obligations. This letter of guarantee comes into force and will remain in full force and effect as soon as the liabilities (and contingent liabilities) of the Company exceed its assets, fairly valued, or should the Company not be in a position to settle its liabilities. No cancellation or variation shall be effective within a period of less than 12 months.

Accordingly, the financial statements are prepared on the basis of accounting policies applicable to going concern.

**22. Events after reporting date**

There have been no material events after the reporting date which require disclosure or adjustments to the financial statements for the year ended 31 December 2022.

**INFORMATION ON SPP, SPP'S DIRECTOR'S REPORT AND SPP'S LATEST AUDITED FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2022**

## 1. BACKGROUND AND HISTORY

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 George Town, Pulau Pinang.

## 2. PRINCIPAL ACTIVITIES

SPP is principally involved in the production and processing of oil palm fruits. The principal market for SPP's products is Malaysia.

## 3. SHARE CAPITAL

As at the LPD, SPP has an issued share capital of RM20,000,000 comprising 20,000,000 SPP Shares.

## 4. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

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

| | | Shareholdings as at the LPD | | | |
|---|---|---|---|---|---|
| | | Direct | | Indirect | |
| | Nationality | 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 | - | - | - | - |
| Wong Yoke Kow (Alternate director to Datin Loh Ean) | Malaysian | - | - | - | - |
| Lim Ee Hean (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.*

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

| | | **Shareholdings as at the LPD** | | | |
|---|---|---|---|---|---|
| | | **Direct** | | **Indirect** | |
| | **Place of incorporation** | **No. of shares** | **%** | **No. of shares** | **%** |
| BSSB | Malaysia | 10,699,616 | 53.50 | (1)1,400,000 | 7.00 |
| OHB | Malaysia | 2,885,000 | 14.42 | (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.*

## 5. SUBSIDIARIES AND ASSOCIATE COMPANIES

As at the LPD, SPP does not have any subsidiaries and associate companies.

## 6. MATERIAL CONTRACTS

As at the LPD, save for the SPAs and Supplemental SPAs for the Proposed Land Acquisitions (which form part of the subject matter of this Circular), SPP has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within 2 years preceding the LPD.

## 7. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments incurred or known to be incurred by SPP which, upon becoming enforceable, may have a material impact on the financial results or position of SPP.

## 8. CONTINGENT LIABILITIES

As at the LPD, there are no contingent liabilities incurred or known to be incurred by SPP which, upon becoming enforceable, may have a material impact on the financial results or position of SPP.

## 9. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

As at the LPD, SPP is not engaged in any material litigation, claims or arbitration incurred or known to be incurred by SPP which, upon becoming enforceable, may have a material impact on the financial results or position of SPP.

## 10. FINANCIAL INFORMATION ON SPP

A summary of the audited financial information of SPP based on its audited financial statements for the past 3 financial years up to the FYE 31 December 2022 and the latest unaudited financial statements for the 3-month FPE 31 March 2023 are as follows:-

| | Audited | | | Unaudited |
|---|---|---|---|---|
| | **FYE 2020 (RM'000)** | **FYE 2021 (RM'000)** | **FYE 2022 (RM'000)** | **FPE 2023 (RM'000)** |
| Revenue | 36,936 | 61,144 | 73,741 | 10,419 |
| PBT | 2,533 | 31,372 | 53,927 | 1,048 |
| PAT | 204 | 23,875 | 45,794 | 1,048 |
| | | | | |
| Share capital | 20,000 | 20,000 | 20,000 | 20,000 |
| Shareholders' funds/NA | 148,459 | 171,834 | 113,495 | 114,543 |
| Total borrowings | - | - | - | - |
| | | | | |
| No. of SPP Shares ('000) | 20,000 | 20,000 | 20,000 | 20,000 |
| EPS (RM) | 0.01 | 1.19 | 2.29 | 0.05 |
| NA per SPP Share (RM) | 7.42 | 8.59 | 5.67 | 5.73 |
| Current ratio (times) | 13.59 | 18.40 | 7.10 | 6.38 |
| Gearing ratio (times) | - | - | - | - |

The above financial statements of SPP have been prepared in accordance with the MFRS. Upon completion of the Proposed SPP Acquisition, the financial results of SPP will be consolidated into our Group and our financial statements will be prepared in accordance with MFRS as well.

During the financial years under review:-

(i) there were no exceptional and/or extraordinary items;

(ii) there have been no accounting policies adopted by SPP which are peculiar to SPP because of the nature of its business or the industry in which it is involved in; and

(iii) there have been no audit qualifications to the financial statements of SPP.

**Commentaries on financial performance**

**FYE 31 December 2020**

SPP recorded a higher revenue of approximately RM36.94 million in the FYE 31 December 2020, representing an increase of approximately 18.51% or RM5.77 million, as compared to the revenue of approximately RM31.17 million recorded in the previous financial year. The increase in revenue was mainly attributed to the higher average CPO and PK selling prices recorded in the FYE 31 December 2020 of approximately RM2,728 per MT and RM1,594 per MT respectively, representing an increase of approximately 31.47% and 28.55% respectively, as compared to the average CPO and PK selling prices of RM2,075 per MT and RM1,240 per MT respectively recorded in the FYE 31 December 2019.

SPP recorded a lower PBT of approximately RM2.53 million in the FYE 31 December 2020, representing a decrease of approximately 80.37% or RM10.36 million, as compared to the PBT of approximately RM12.89 million recorded in the previous financial year. The decrease in profits was mainly due to the following:-

(i) reduction in dividend income received from approximately RM4.14 million recorded in the FYE 31 December 2019 to approximately RM1.62 million recorded in the FYE 31 December 2020; and

(ii) decrease in the fair value of financial assets, in particular, the investment in quoted shares listed on Bursa Securities, in the FYE 31 December 2020.

**FYE 31 December 2021**

SPP recorded a higher revenue of approximately RM61.14 million in the FYE 31 December 2021, representing an increase of approximately 65.51% or RM24.20 million, as compared to the revenue of approximately RM36.94 million recorded in the previous financial year. The increase in revenue was mainly attributed to the higher average CPO and PK selling prices recorded in the FYE 31 December 2021 of approximately RM4,351 per MT and RM2,789 per MT respectively, representing an increase of approximately 59.49% and 74.97% respectively, as compared to the average CPO and PK selling prices of RM2,728 per MT and RM1,594 per MT respectively recorded in the FYE 31 December 2020.

As a result of SPP recording a higher revenue in the financial year under review, SPP recorded a higher PBT of approximately RM31.37 million in the FYE 31 December 2021, representing an increase of approximately 1,139.92% or RM28.84 million, as compared to the PBT of approximately RM2.53 million recorded in the previous financial year. The increase in profits was mainly due to the following:-

(i) the substantial increase in revenue in the financial year under review;

(ii) the increase in dividend income received in the financial period under review of RM1.80 million (as compared to the dividend income of RM1.62 million received in the previous financial year); and

(iii) increase in the fair value of financial assets, in particular, the investment in quoted shares listed on Bursa Securities.

**FYE 31 December 2022**

SPP recorded a higher revenue of approximately RM73.74 million in the FYE 31 December 2022, representing an increase of approximately 20.61% or RM12.60 million, as compared to the revenue of approximately RM61.14 million recorded in the previous financial year. The increase in revenue was mainly attributed to higher average CPO and PK selling prices recorded in the FYE 31 December 2022 of approximately RM5,107 per MT and RM3,191 per MT respectively, representing an increase of approximately 17.38% and 14.41% respectively, as compared to RM4,351 per MT and RM2,789 per MT respectively recorded in the FYE 31 December 2021.

As a result of SPP recording a higher revenue in the financial year under review, SPP had recorded a higher PBT of approximately RM53.93 million in the FYE 31 December 2022, as compared to the PBT of approximately RM31.37 million recorded in the previous financial year. The increase in profits was mainly due to gain on disposal of quoted shares listed on Bursa Securities, which was measured at fair value.

**FPE 31 March 2023**

SPP recorded a lower revenue of approximately RM10.42 million in the FPE 31 March 2023, representing a decrease of approximately 45.19% or RM8.59 million, as compared to the revenue of approximately RM19.01 million recorded in the corresponding financial period. The decrease in revenue was mainly attributed to lower average CPO and PK selling prices recorded in the FPE 31 March 2023 of approximately RM3,967 per MT and RM2,054 per MT respectively, representing a decrease of approximately 34.87% and 55.48% respectively, as compared to RM6,091 per MT and RM4,614 per MT respectively recorded in the FPE 31 March 2022.

As a result of SPP recording a lower revenue in the financial period under review, SPP had recorded a lower PBT of approximately RM1.05 million in the FPE 31 March 2023, as compared to the PBT of approximately RM23.44 million recorded in the corresponding financial period. The decrease in profits was mainly due to the decrease in revenue and the absence of other income derived from the fair value of financial assets for the investment in quoted shares listed on Bursa Securities (FPE 31 March 2022: RM7.56 million).

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# SOUTHERN PERAK PLANTATIONS SDN BERHAD
## Registration No. 196801000295 (7886-H)
(Incorporated In Malaysia)

HEAD OFFICE
Level 8 Unit 8E, 8F & 8G
Wisma Boon Siew
1 Jalan Penang
10000 Penang

Tel : 604-2638202
Fax : 604-2638536
E-Mail : orposb@orpopg.com

Date: 15 August 2023

The Board of Directors
**ORIENTAL HOLDINGS BERHAD**
170-09-01, Livingston Tower, Jalan Argyll
10050 George Town, Penang

Dear Sir/Madam,

**(I) PROPOSED ACQUISITION BY ORIENTAL HOLDINGS BERHAD ("OHB") 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 OHB OF PLANTATION ESTATES LOCATED IN PENINSULAR MALAYSIA,**

**FROM RELATED PARTIES FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM1.20 BILLION (COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

On behalf of the board of directors of Southern Perak Plantations Sdn Bhd ("**SPP**") ("**Board**"), we wish to report that after making due enquiries during the period between 31 December 2022, being the date on which the last audited financial statements of SPP have been made up, to this date, being a date not earlier than 14 days prior to the date of the circular to the stockholders of OHB in relation to the Proposals, that:-

(i) the business of SPP, in the opinion of the Board, has been satisfactorily maintained;

(ii) in the opinion of the Board, no circumstances have arisen since the date of the last audited financial statements of SPP have adversely affected the trading or the value of the assets of SPP;

(iii) the current assets of SPP appear in the books at values which are believed to be realisable in the ordinary course of business;

(iv) there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by SPP;

(v) the Board is not aware of any default or any know event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings by SPP since the date of the last audited financial statements of SPP; and

(vi) there have been no material changes to the published reserves or any unusual factors affecting the financial performance of SPP since the date of the last audited financial statements of SPP.

Yours faithfully,
For and on behalf of
**SOUTHERN PERAK PLANTATIONS SDN BHD**

**Dato Seri Lim Su Tong**
**Director**

**Yap Lip Yeow**
**Director**

# SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

Registration No. 196801000295 (7886-H)
(Incorporated in Malaysia)

## REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Registration No. 196801000295 (7886-H)

# SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

(Incorporated in Malaysia)

## REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Registration No. 196801000295 (7886-H)

# SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

(Incorporated in Malaysia)

## CORPORATE INFORMATION

| | | |
|---|---|---|
| Domicile | : | Malaysia |
| Currency | : | Ringgit Malaysia |
| Legal Form | : | Private company<br>limited by shares |
| Board of Directors | : | Dato' Seri Lim Su Tong @ Lim Chee Tong<br>Datin Loh Ean (f)<br>Yap Lip Yeow<br>Tan Hui Ming<br>Chan Kuang<br>Loh Wei-Lyn (f)<br>Tan Kheng Hwee<br>Wong Yoke Kow (f) (alternate director to Datin Loh Ean)<br>Lim Ee Hean (f) (alternate director to Dato' Seri Lim Su Tong @ Lim Chee Tong)<br>Shirley Kathreyn Yap (f) (alternate director to Loh Wei-Lyn) |
| Secretaries | : | Sam Teng Choong (MIA 527)<br>Yeoh Hon Lin (MAICSA 7025664) |
| Registered Office | : | Suite I, 2nd Floor<br>Wisma Lister Garden<br>123 Jalan Macalister<br>10400 Georgetown<br>Pulau Pinang |
| Business Address | : | I. Level 8, Unit 8E, 8F & 8G, Wisma Boon Siew<br>1 Jalan Penang<br>10000 Georgetown<br>Pulau Pinang<br><br>II. 36400 Hutan Melintang, Teluk Intan<br>Perak Darul Ridzuan |
| Auditors | : | Mazars PLT<br>201706000496 (LLP0010622-LCA)<br>AF 001954<br>Chartered Accountants |
| Principal Bankers | : | AHAM Asset Management Berhad<br>AmFunds Management Berhad<br>Ambank (Malaysia) Berhad<br>CIMB Bank Berhad<br>Citibank Berhad<br>RHB Bank Berhad<br>OCBC Bank (Malaysia) Berhad |

Registration No. 196801000295 (7886-H)

## SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

(Incorporated in Malaysia)

## DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2022.

### PRINCIPAL ACTIVITIES

The principal activities of the Company consist of production and processing of oil palm fruits.

There have been no significant changes in the nature of these activities during the financial year.

### FINANCIAL RESULTS

| | RM |
|---|---|
| Profit for the year | 45,793,834 |

### DIVIDENDS

Since the end of the previous financial year, the Company declared and paid a special single tier interim dividend of 520.66sen per ordinary share amounting to RM104,132,231 in respect of financial year ended 31 December 2022.

The directors do not propose any final dividend in respect of the financial year ended 31 December 2022.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year, except as disclosed in the financial statements.

### ISSUES OF SHARES AND DEBENTURES

There were no issues of shares in or debentures of the Company during the financial year.

### SHARE OPTIONS

There were no share options granted to any person to take up unissued shares in the Company during the financial year.

Registration No. 196801000295 (7886-H)

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS

The directors of the Company in office at any time during the year and since the end of the year up to the date of this report are:

Dato' Seri Lim Su Tong @ Lim Chee Tong
Datin Loh Ean (f)
Yap Lip Yeow
Tan Hui Ming
Chan Kuang
Loh Wei-Lyn (f)
Tan Kheng Hwee
Wong Yoke Kow (f) (alternate director to Datin Loh Ean)
Dato' Seri Loh Cheng Yean (f), DGPN, DSPN (alternate director to Tan Kheng Hwee) (Resigned on 1.3.2023)
Lim Ee Hean (f) (alternate director to Dato' Seri Lim Su Tong @ Lim Chee Tong)
Shirley Kathreyn Yap (f) (alternate director to Loh Wei-Lyn)

### DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit, other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the accounts or the fixed salary of a full-time employee of the Company, by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which he has a substantial financial interest.

Remuneration of the directors or past directors of the Company during the financial year:

| | RM |
|---|---|
| Directors' fee | **280,000** |
| Directors' short-term employee benefits | **508,381** |
| Directors' defined contribution plans | **76,232** |
| | **864,613** |

### INDEMNITY AND INSURANCE COSTS

No indemnity was given to or insurance effected for any director or auditors of the Company.

Registration No. 196801000295 (7886-H)

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' INTERESTS

According to the register of directors' shareholding, the interests of the directors in office at the end of the year in the ordinary shares of the Company during the year are as follows:

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| | At 01.01.2022 | Bought | Sold | At 31.12.2022 |
| Loh Wei-Lyn | | | | |
| - deemed interest | 10,700,000 | - | - | 10,700,000 |

Other than as disclosed above, none of other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

### OTHER STATUTORY INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

I. to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

II. to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

I. which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

II. which would render the values attributed to current assets in the financial statements misleading; or

III. which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

IV. not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

I. any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

II. any contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company to meet its obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

## DIRECTORS' REPORT (CONT'D)

### OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the directors:

I. the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

II. there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

### ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Boon Siew Sdn. Berhad, a company incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

### AUDITORS' REMUNERATION

The total amount paid to or receivable by the auditors as remuneration for their services for the current financial year is RM18,000.

Registration No. 196801000295 (7886-H)

## DIRECTORS' REPORT (CONT'D)

**AUDITORS**

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**DATO' SERI LIM SU TONG @ LIM CHEE TONG**
Director

**YAP LIP YEOW**
Director

Dated: 07 APR 2023

Registration No. 196801000295 (7886-H)

## SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD
(Incorporated in Malaysia)

## STATEMENT BY DIRECTORS

We, **DATO' SERI LIM SU TONG @ LIM CHEE TONG** and **YAP LIP YEOW**, being two of the directors of **SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD**, do hereby state that in the opinion of the directors, the financial statements set out on pages 12 to 40 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Company at 31 December 2022 and of its results and the cash flows of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors.

**DATO' SERI LIM SU TONG @ LIM CHEE TONG**
Director

**YAP LIP YEOW**
Director

Dated: 07 APR 2023

Registration No. 196801000295 (7886-H)

## SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD
(Incorporated in Malaysia)

## STATUTORY DECLARATION

I, **YAP LIP YEOW** (I/C No. 550526-07-5549), being the director primarily responsible for the accounting records and financial management of **SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD**, do solemnly and sincerely declare that the financial statements, set out on pages 12 to 40 are correct and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **YAP LIP YEOW** at Georgetown in the state of Penang this 07 APR 2023 )

Before me

**YAP LIP YEOW**

PESURUHJAYA SUMPAH
P 192
ONG LIN TEONG
01 JAN 2023 - 31 DIS 2025
MALAYSIA

Commissioner for Oaths

No.65, Jalan Deva Pada
10400 Georgetown, Penang

mazars

33B Jalan Pahang
10400 Georgetown
Penang
Malaysia
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**INDEPENDENT AUDITORS' REPORT**
**TO THE MEMBERS OF**
**SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD**
Registration No. 196801000295 (7886-H)
(Incorporated in Malaysia)

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Southern Perak Plantations Sendirian Berhad, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 12 to 40.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for Opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and Other Ethical Responsibilities*

We are independent of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants* ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Information Other than the Financial Statements and Auditors' Report Thereon*

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

mazars

Independent Auditors' Report
Southern Perak Plantations Sendirian Berhad
Registration No. 196801000295 (7886-H)

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

*Responsibilities of the Directors for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

mazars

Independent Auditors' Report
Southern Perak Plantations Sendirian Berhad
Registration No. 196801000295 (7886-H)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Other Matter**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

KHOR YONG YONG
02776/06/2024 J
Chartered Accountant

Penang

Date: 7 April 2023

ID_3984

Registration No. 196801000295 (7886-H)

# SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

(Incorporated in Malaysia)

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

| | Note | 2022 RM | 2021 RM |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 5 | **36,477,301** | 30,581,236 |
| Right-of-use assets | 6 | **41,943,389** | 42,384,898 |
| Financial assets at fair value through profit or loss | 7 | **-** | 47,250,000 |
| Total non-current assets | | **78,420,690** | 120,216,134 |
| **CURRENT ASSETS** | | | |
| Inventories | 8 | **2,050,673** | 2,266,746 |
| Trade and other receivables | 9 | **1,320,450** | 3,796,470 |
| Biological assets | 10 | **1,158,170** | 1,408,863 |
| Current tax assets | | **7,945,786** | 5,901,940 |
| Cash and cash equivalents | 11 | **39,438,676** | 49,902,683 |
| Total current assets | | **51,913,755** | 63,276,702 |
| **TOTAL ASSETS** | | **130,334,445** | 183,492,836 |
| **EQUITY** | | | |
| Share capital | 12 | **20,000,000** | 20,000,000 |
| Retained profits | 13 | **93,495,252** | 151,833,649 |
| **TOTAL EQUITY** | | **113,495,252** | 171,833,649 |
| **NON-CURRENT LIABILITIES** | | | |
| Deferred tax liabilities | 14 | **9,523,942** | 8,220,935 |
| Total non-current liabilities | | **9,523,942** | 8,220,935 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 15 | **7,315,251** | 3,438,252 |
| Total current liabilities | | **7,315,251** | 3,438,252 |
| **TOTAL LIABILITIES** | | **16,839,193** | 11,659,187 |
| **TOTAL EQUITY AND LIABILITIES** | | **130,334,445** | 183,492,836 |

## SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

(Incorporated in Malaysia)

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

| | Note | 2022 RM | 2021 RM |
|---|---|---|---|
| Revenue | 16 | **73,741,351** | 61,143,680 |
| Cost of sales | | **(35,344,671)** | (26,264,938) |
| Gross profit | | **38,396,680** | 34,878,742 |
| Other operating income | | **21,439,563** | 2,470,305 |
| Other expense | | **-** | (1,980,000) |
| Administrative expenses | | **(5,908,808)** | (3,996,681) |
| Profit before tax | 17 | **53,927,435** | 31,372,366 |
| Tax expense | 18 | **(8,133,601)** | (7,497,661) |
| Profit for the year | | **45,793,834** | 23,874,705 |

Registration No. 196801000295 (7886-H)

# SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

(Incorporated in Malaysia)

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

| | Note | Share Capital RM | Retained Profits RM | Total RM |
|---|---|---|---|---|
| At 1 January 2021 | | 20,000,000 | 128,458,944 | 148,458,944 |
| Single tier first interim dividend of 2.5sen per share in respect of financial year ending 31 December 2021 | 20 | - | (500,000) | (500,000) |
| Profit for the year | | - | 23,874,705 | 23,874,705 |
| **At 31 December 2021** | | **20,000,000** | **151,833,649** | **171,833,649** |
| **Special single tier interim dividend of 520.66sen per share in respect of financial year ending 31 December 2022** | **20** | **-** | **(104,132,231)** | **(104,132,231)** |
| **Profit for the year** | | **-** | **45,793,834** | **45,793,834** |
| **At 31 December 2022** | | **20,000,000** | **93,495,252** | **113,495,252** |

# SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

(Incorporated in Malaysia)

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 31 DECEMBER 2022

| | Note | 2022<br>RM | 2021<br>RM |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before tax | | **53,927,435** | 31,372,366 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | **2,415,265** | 2,356,544 |
| Depreciation of right-of-use assets | | **441,509** | 441,509 |
| Dividend income (gross) | | **(3,600,000)** | (1,800,000) |
| Fair value changes of financial assets at fair value through profit and loss | | **(17,100,000)** | 1,980,000 |
| Fair value loss on biological assets | | **250,693** | 34,288 |
| Property, plant and equipment written off | | **56,679** | 55,869 |
| Interest income | | **(460,457)** | (596,087) |
| Inventories written down | | **(10,202)** | - |
| Loss on disposal of investment | | **1,350,000** | - |
| Operating profit before working capital changes | | **37,270,922** | 33,844,489 |
| Changes in inventories | | **226,275** | (115,262) |
| Changes in receivables | | **2,476,020** | (1,759,025) |
| Changes in payables | | **3,876,999** | 576,682 |
| Net change in operations | | **43,850,216** | 32,546,884 |
| Tax paid | | **(8,874,440)** | (6,462,795) |
| Net change in operating activities | | **34,975,776** | 26,084,089 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Dividend received | | **3,600,000** | 1,800,000 |
| Interest received | | **460,457** | 596,087 |
| Addition of property, plant and equipment | | **(8,368,009)** | (5,070,723) |
| Proceeds of disposal on investment | | **63,000,000** | - |
| Net change in investing activities | | **58,692,448** | (2,674,636) |
| **CASH FLOWS FROM FINANCING ACTIVITY** | | | |
| Dividend paid | | **(104,132,231)** | (500,000) |
| Net change in financing activity | | **(104,132,231)** | (500,000) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | | **(10,464,007)** | 22,909,453 |
| **CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | | **49,902,683** | 26,993,230 |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD** | 11 | **39,438,676** | 49,902,683 |

# SOUTHERN PERAK PLANTATIONS SENDIRIAN BERHAD

(Incorporated in Malaysia)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

### 1. GENERAL INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The registered office is located at Suite I, 2nd Floor, Wisma Lister Garden, 123 Jalan Macalister, 10400 Georgetown, Pulau Pinang.

The principal place of business are located at:

I. Level 8, Unit 8E, 8F & 8G, Wisma Boon Siew, 1 Jalan Penang, 10000 Georgetown, Pulau Pinang.

II. 36400 Hutan Melintang, Teluk Intan, Perak Darul Ridzuan.

The principal activities of the Company consist of production and processing of oil palm fruits. There have been no significant changes in the nature of these activities during the financial year.

The Company is a subsidiary of Boon Siew Sdn. Berhad, a company incorporated in Malaysia, which is also regarded by the directors as the ultimate holding company.

The financial statements of the Company are presented in Ringgit Malaysia (RM).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 April 2023.

### 2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the significant accounting policies set out in Note 3 to the financial statements.

2.2 Application of New or Amended Standard

In the current year, the Company has applied a number of new standards, amendments and interpretations that become effective mandatorily for the financial periods beginning on or after 1 January 2022. The adoption of the new standards, amendments and interpretations does not have significant impact on the disclosures or on the amounts reported in these financial statements.

## 2. BASIS OF PREPARATION (CONT'D)

2.3 New or Amended Standards Issued that are not Yet Effective

The Company has not applied the following standards, amendments and interpretation that have been issued by the MASB but are not yet effective:

| | | *Effective Date* |
|---|---|---|
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 101 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108 | Definition of Accounting Estimates | 1 January 2023 |
| Amendment to MFRS 112 Income Taxes | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendment to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 – Comparative Information | 1 January 2023 |
| Amendment to MFRS 16 | Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-Current | 1 January 2024 |
| Amendments to MFRS 101 | Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 10 and MFRS 128 | Sales or Contribution of Assets between an Investor and its Associate or Joint Venture | To be announced by the MASB |

The adoption of the above standards, amendments and interpretation are not expected to have significant impact on the financial position and financial performance of the Company.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below:

3.1 Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised to write off the depreciable amount of property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.1 Property, Plant and Equipment (Cont'd)

The annual depreciation rates are stated below:

| | Rate |
|---|---|
| Bearer plants | 4% |
| Buildings | 5% |
| Furniture, fittings and office equipment | 10% |
| Plant, machinery and agricultural equipment | 10% |
| Motor vehicles | 20% |

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use. On disposal or retirement of an asset, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

### 3.2 Biological Assets

Biological assets are measured at fair value less costs to sell. Costs to sell include all incremental costs that would be necessary to sell the biological assets. Changes in fair value are recognised in profit or loss.

Oil Palms

Oil palm trees are bearer plants. Produce that grows on mature plantation (FFB) is biological assets until the point of harvest. Harvested FFB is transferred to inventory at fair value less costs to sell when harvested.

Bearer plants include mature and immature oil palm plantations.

Oil palm trees are classified as immature until the commencement of commercial production. At that point they are reclassified to mature plantations. Immature plantations are measured at cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs and an allocation of other indirect costs.

Mature plantations are measured at cost less accumulated depreciation and impairment loss. Mature plantations are depreciated on a straight-line basis over its estimated useful life of 20 to 25 years, upon commencement of commercial production. The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the bearer plant is recognised in profit or loss.

### 3.3 Leases

The Company as Lessee

Right-of-use assets is recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.3 Leases (Cont'd)

The Company as Lessee (Cont'd)

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. The depreciation periods and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

The Company as Lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

3.4 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on the weighted average basis.

Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

3.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (Cont'd)

(i) Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchase or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

(ii) Subsequent Measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

a) Financial Assets at Amortised Cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

b) Financial Assets at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVTOCI, the related interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. All other changes in the carrying amount are recognised in OCI and accumulated in a reserve in equity.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (Cont'd)

(ii) Subsequent Measurement (Cont'd)

c) Equity instruments designated at FVTOCI

Upon initial recognition, management may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative instrument (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in a reserve in equity. Equity instruments designated at FVTOCI are not subject to impairment assessment.

d) Financial Assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated as at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (Cont'd)

(iii) Impairment of Financial Assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

(iv) Derecognition of Financial Assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 Financial Instruments (Cont'd)

(v) Financial Liabilities and Equity Instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(vi) Financial Liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost (using the effective interest method).

a) Financial Liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is:

- contingent consideration of an acquirer in a business combination;
- held for trading; or
- it is designated as at FVTPL.

Financial liabilities are classified as held for trading if they are held for the purpose of repurchasing in the near term. This category also includes derivatives entered into by the entity that are not designated as hedging instruments. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities at FVTPL are measured at fair value, with gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

b) Financial Liabilities at Amortised Cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

*Effective Interest Method*

The effective interest method is a method of calculating the amortised cost of a financial liability by allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, to the amortised cost of a financial liability.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.5 Financial Instruments (Cont'd)

(vii) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

(viii) Derecognition of Financial Liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

(ix) Equity Instruments

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Repurchase of own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

3.6 Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.7 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, a provision represents the present value of estimated future those cash flows.

When some or all of the cash flows required to settle a provision are expected to be recovered from a third party, an asset is recognised if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### 3.8 Revenue Recognition

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

(i) Sales of Goods

Revenue from sales of goods is recognized at the point in time when the control of the goods is transferred to a customer, generally upon delivery of goods.

In measuring the revenue for the sales of goods, the effects of variable consideration, the existence of significant financing component, non-cash consideration and consideration payable to the customer, etc. are taken into consideration.

(ii) Interest Income

Interest income is recognised using the effective interest method.

(iii) Rental Income

Rental income is recognised on a time proportion basis over the lease term.

(iv) Dividend Income

Dividend income is recognised when the right to receive payment is established.

### 3.9 Employee Benefits

(i) Short- term and Other Long-term Employee Benefits

Wages, salaries, paid leave, bonuses and non-monetary benefits are recognised as an expense (at the undiscounted amount) in the period in which the associated services are rendered by the employees.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

3.9 Employee Benefits (Cont'd)

(i) Short-term and Other Long-term Employee Benefits (Cont'd)

Long-term employee benefits are measured at the present value of the estimated future cash outflows in respect of services rendered by the employees up to the reporting date.

(ii) Defined Contribution Plan

The Company make monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan. The obligation of the Company is limited to the amount that they agree to contribute to those defined contribution plans. The contributions to those plans are recognised as an expense when the employees have rendered service entitling them to the contribution.

3.10 Income Tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

(i) Current Tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

(ii) Deferred Tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the period when the asset is realised or when the liability is settled.

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.11 Fair Value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).
Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors (including expectations for future events that are believed to be reasonable under the circumstances), actual results may ultimately differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of critical judgement in applying the accounting policies that have significant effect on the amounts recognised in the financial statements.

The areas or items that are subject to significant estimation uncertainties are as follows:

I. Measurement of a Provision

The Company uses a "best estimate" as the basis for measuring a provision. Management evaluates the estimates based on the Company's historical experiences and other inputs or assumptions, current developments and future events that are reasonably possible under the particular circumstances. In the case when a provision relates to large population of customers (such as a warranty provision), a probability-weighted estimate of the outflows required to settle the obligation is used. In the case of a single estimate (such as a provision for environmental restoration costs), a referenced contractor's price or market price is used as the best estimate. If an obligation is to be settled over time, the expected outflows are discounted at a rate that takes into account the time value of money and the risk that the actual outcome might differ from the estimates made. The actual outcome may differ from the estimate made and this may have a significant effect on the Company's financial position and results.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**

The areas or items that are subject to significant estimation uncertainties are as follows (cont'd):

II. Determining the Value-In-Use

In determining the value-in-use of a stand-alone asset or cash-generating unit, management uses reasonable and supportable inputs about sales, costs of sales and other expenses based upon past experience, current events and reasonably possible future developments. Cash flows are projected based on those inputs and discounted at an appropriate discount rate (s). The actual outcome or event may not coincide with the inputs or assumptions and the discount rate applied in the measurement, and this may have a significant effect on the Company's financial position and results.

III. Determining the Loss Allowance for Trade Receivables

Management assesses the ECL for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables.

In determining the ECL, management uses its historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables is mainly based upon the historical credit loss experience. The carrying amount of trade receivables is disclosed in Note 9 to the financial statements.

IV. Depreciation of Property, Plant and Equipment

The cost of an item of property, plant and equipment is depreciated on the straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and this may lead to a gain or loss on an eventual disposal of an item of property, plant and equipment.

V. Measurement of Income Taxes

Significant judgement is required in determining the Company's provision for current and deferred taxes because the ultimate tax liability for the Company is uncertain. When the final outcome of the taxes payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Company will adjust the differences as over- or under- provision of current or deferred taxes in the current period in which those differences arise.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

The areas or items that are subject to significant estimation uncertainties are as follows (cont'd):

VI. Impairment or Write-Down of Slow-Moving and Obsolete Inventories

The Company writes down its slow-moving and obsolete inventories based on assessment of their fair value less costs to sell. Inventories are written down when events and circumstances indicate that the carrying amounts may not recoverable. Management uses its judgement to analyse past sales trend and current economic trends to evaluate the adequacy of the impairment loss for slow-moving and obsolete inventories. The actual impairment loss can only be confirmed in any subsequent sales of those inventories and this may differ from the estimates made earlier. This may affect the Company's financial position and results.

VII. Produce growing on bearer plants

The produce growing on bearer plants of the Company comprises fresh fruit bunches ("FFB") prior to harvest produce growing on bearer plants of the Company comprises fresh fruit bunches ("FFB") prior to harvest.

Management has deliberated on the oil content of such unharvested FFB which is unripe and concluded that since the oil content of unharvested FFB accrues exponentially up to 30 days prior to harvest, such unharvested FFB more than 30 days are excluded from the valuation as their fair values are considered negligible. The fair value of unharvested FFB is computed based on market approach which takes into consideration the market prices of harvested FFB, adjusted to the estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell.

5. PROPERTY, PLANT ANO EQUIPMENT

| | At 01.01.2022 RM | Additions RM | Written Off RM | At 31.12.2022 RM |
|---|---|---|---|---|
| **Cost** | | | | |
| Bearer plants (Note 5(a)) | 49,005,672 | 7,387,866 | (1,310,679) | **55,082,859** |
| Buildings | 9,489,765 | 168,000 | (3,311) | **9,654,454** |
| Furniture, fittings and office equipment | 678,249 | 61,775 | (25,741) | **714,283** |
| Plant, machinery and agricultural equipment | 14,848,978 | 744,770 | (916,096) | **14,677,652** |
| Motor vehicles | 5,075,699 | 5,598 | - | **5,081,297** |
| | 79,098,363 | 8,368,009 | (2,255,827) | **85,210,545** |

| | At 01.01.2022 RM | Current Charge RM | Written Off RM | At 31.12.2022 RM |
|---|---|---|---|---|
| **Accumulated Depreciation** | | | | |
| Bearer plants (Note 5(a)) | 22,103,678 | 1,613,080 | (1,258,252) | **22,458,506** |
| Buildings | 8,701,865 | 95,773 | (2,482) | **8,795,156** |
| Furniture, fittings and office equipment | 540,449 | 32,087 | (22,339) | **550,197** |
| Plant, machinery and agricultural equipment | 12,491,889 | 499,682 | (916,075) | **12,075,496** |
| Motor vehicles | 4,679,246 | 174,643 | - | **4,853,889** |
| | 48,517,127 | 2,415,265 | (2,199,148) | **48,733,244** |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | 2022 RM | 2021 RM |
|---|---|---|
| **Carrying Amount** | | |
| Bearer plants (Note 5(a)) | **32,624,353** | 26,901,994 |
| Buildings | **859,298** | 787,900 |
| Furniture, fittings and office equipment | **164,086** | 137,800 |
| Plant, machinery and agricultural equipment | **2,602,156** | 2,357,089 |
| Motor vehicles | **227,408** | 396,453 |
| | **36,477,301** | 30,581,236 |

(a) Bearer Plants

Bearer plants comprised oil palm.

| | Mature RM | Immature RM | Total RM |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2022 | 38,701,304 | 10,304,368 | 49,005,672 |
| Addition | - | 7,387,866 | 7,387,866 |
| Written off | (1,310,679) | - | (1,310,679) |
| Reclassification | 2,936,395 | (2,936,395) | - |
| At 31 December 2022 | **40,327,020** | **14,755,839** | **55,082,859** |

| | Mature RM | Immature RM | Total RM |
|---|---|---|---|
| **Accumulated Depreciation** | | | |
| At 1 January 2022 | 22,103,678 | - | 22,103,678 |
| Current charge | 1,613,080 | - | 1,613,080 |
| Written off | (1,258,252) | - | (1,258,252) |
| At 31 December 2022 | **22,458,506** | **-** | **22,458,506** |

| | Mature RM | Immature RM | Total RM |
|---|---|---|---|
| **Carrying Amount** | | | |
| At 31 December 2022 | **17,868,514** | **14,755,839** | 32,624,353 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Bearer Plants (Cont'd)

| | Mature RM | Immature RM | Total RM |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2021 | 40,800,131 | 5,704,435 | 46,504,566 |
| Addition | - | 4,599,933 | 4,599,933 |
| Written Off | (2,098,827) | - | (2,098,827) |
| At 31 December 2021 | 38,701,304 | 10,304,368 | 49,005,672 |

| | Mature RM | Immature RM | Total RM |
|---|---|---|---|
| **Accumulated Depreciation** | | | |
| At 1 January 2021 | 22,602.765 | - | 22,602,765 |
| Current charge | 1,548,052 | - | 1,548,052 |
| Written Off | (2,047,139) | - | (2,047,139) |
| At 31 December 2021 | 22,103,678 | - | 22,103,678 |

| | Mature RM | Immature RM | Total RM |
|---|---|---|---|
| **Carrying Amount** | | | |
| At 31 December 2021 | **16,597,626** | **10,304,368** | **26,901,994** |

## 6. RIGHT-OF-USE ASSETS

| | At 01.01.2022 RM | Additions RM | Disposals RM | At 31.12.2022 RM |
|---|---|---|---|---|
| **Cost** | | | | |
| Leasehold land | 43,709,428 | - | - | **43,709,428** |

| | At 01.01.2022 RM | Current Charge RM | Disposals RM | At 31.12.2022 RM |
|---|---|---|---|---|
| **Accumulated Depreciation** | | | | |
| Leasehold land | 1,324,530 | 441,509 | - | **1,766,039** |

| | 2022 RM | 2021 RM |
|---|---|---|
| **Carrying Amount** | | |
| Leasehold land | **41,943,389** | 42,384,898 |

Leasehold land is depreciated on straight-line basis over the remaining lease periods which expires in the year 2118.

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Quoted shares in Malaysia | - | 47,250,000 |

The fair values of quoted investments are directly measured using their unadjusted closing prices in active market (i.e. Level 1).

## 8. INVENTORIES

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| At cost: | | |
| Finished goods | | |
| Crude palm oil | 903,280 | 969,920 |
| Palm kernels | 278,930 | 419,070 |
| | 1,182,210 | 1,388,990 |
| Consumables | 868,463 | 877,756 |
| | 2,050,673 | 2,266,746 |

## 9. TRADE AND OTHER RECEIVABLES

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Trade receivables | 933,550 | 2,813,420 |
| Other receivables | 310,862 | 914,134 |
| Deposits | 65,882 | 60,838 |
| Prepayment | 10,156 | 8,078 |
| | 1,320,450 | 3,796,470 |

Trade receivables are generally on terms of 30 days (2021: 30 days).

Management applies simplified approach (i.e. lifetime expected credit losses) in measuring the loss allowance for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

## 9. TRADE AND OTHER RECEIVABLES (CONT'D)

In measuring the expected credit losses, trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of trade receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Management writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivable is over two years past due, whichever occurs earlier.

The risk profile of trade receivables and the provision matrix are summarised below:

| | Expected credit loss rate | Gross carrying amount RM | Estimated loss allowance RM |
|---|---|---|---|
| **2022** | | | |
| Not past due | **NIL** | **933,550** | **NIL** |
| 2021 | | | |
| Not past due | NIL | 2,813,420 | NIL |

None of the trade receivable balance at the reporting date is past due. Management does not expect any credit loss based on the assessment at reporting date.

## 10. BIOLOGICAL ASSETS

| | 2022 RM | 2021 RM |
|---|---|---|
| Fresh fruit bunches | | |
| At 1 January | **1,408,863** | 1,443,151 |
| Changes in fair value less costs to sell | **(250,693)** | (34,288) |
| At 31 December | **1,158,170** | 1,408,863 |

10.1 Plantation Statistics

| | 2022 | 2021 |
|---|---|---|
| **Planted Areas** | | |
| -Mature oil palms (in hectares) | **2,826** | 2,864 |
| -Immature oil palms (in hectares) | **683** | 644 |
| Total planted area (in hectares) | **3,509** | 3,508 |
| Fresh fruit bunches harvested (in tonnes) | **68,098** | 66,332 |
| Average price per tonne (in RM) | **977** | 843 |
| Extraction rate (%) | **18.2%** | 17.9% |
| CPO produced (in tonnes) | **12,335** | 11,848 |
| Palm kernel produced (in tonnes) | **3,369** | 3,445 |

## 10. BIOLOGICAL ASSETS (CONT'D)

10.1 Plantation Statistics (Cont'd)

The fair value of fresh fruit bunches (FFBs) harvested from Company's oil palms is measured on the market prices, adjusted to the estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell. This results in a Level 3 of the fair value hierarchy accordance with MFRS 13 Fair Value Measurements.

## 11. CASH AND CASH EQUIVALENTS

The Company's cash management policy is to use cash and bank balances, money market instruments, bank overdrafts and short-term trade financings to manage cash flows to ensure sufficient liquidity to meet the Company's obligations. The components of cash and cash equivalents consist of:

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Short-term highly liquid investments | **35,717,048** | 46,583,770 |
| Term deposits (fixed rate) | **10,840** | 10,738 |
| Cash and bank balances | **3,710,788** | 3,308,175 |
| | **39,438,676** | 49,902,683 |

The effective rates of term deposits are 0.80% (2021: 0.80%) per annum.

## 12. SHARE CAPITAL

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Number of Ordinary Shares** | **Amount RM** | Number of Ordinary Shares | Amount RM |
| Issued and fully paid | | | | |
| At the beginning and end of year | **20,000,000** | **20,000,000** | 20,000,000 | 20,000,000 |

## 13. RETAINED PROFITS

The retained profits of the Company are available for distributions by way of cash dividends or dividends in specie. Under the single-tier system of taxation, dividends payable to shareholders are deemed net of income taxes. There are no potential income tax consequences that would result from the payment of dividends to shareholders.

## 14. DEFERRED TAX LIABILITIES

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Balance brought forward | **8,220,935** | 7,538,527 |
| Deferred tax expense relating to origination and reversal of temporary differences | **1,303,007** | 682,408 |
| Balance carried forward | **9,523,942** | 8,220,935 |

The deferred tax liabilities recognised in the financial statements are as follows:

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Taxable temporary differences: | | |
| - property, plant and equipment | **9,245,981** | 7,882,808 |
| - fair value on biological assets | **277,961** | 338,127 |
| | **9,523,942** | 8,220,935 |

## 15. TRADE AND OTHER PAYABLES

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Trade payables | **1,144,567** | 1,150,257 |
| Other payables | **5,345,392** | 1,322,264 |
| Accruals | **825,292** | 965,731 |
| | **7,315,251** | 3,438,252 |

All short-term payables are measured at undiscounted amounts because the effect of discounting is immaterial.

## 16. REVENUE

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Revenue recognised at a point in time | | |
| Crude palm oil | **62,998,074** | 51,552,532 |
| Palm kernels | **10,743,277** | 9,591,148 |
| | **73,741,351** | 61,143,680 |

## 17. PROFIT BEFORE TAX

Profit before tax is determined after recognising the following expense/(income):

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Auditors' remuneration | 18,000 | 15,000 |
| Depreciation of property, plant and equipment | 2,415,265 | 2,356,544 |
| Depreciation of right-of-use assets | 441,509 | 441,509 |
| Dividend income (gross) | (3,600,000) | (1,800,000) |
| Employee benefits expense* | 15,827,778 | 14,021,002 |
| Fair value changes of financial assets at fair value through profit and loss | (17,100,000) | 1,980,000 |
| Fair value loss on biological assets | 250,693 | 34,288 |
| Interest income | (460,457) | (596,087) |
| Inventories written down | 10,202 | - |
| Property, plant and equipment written off | 56,679 | 55,869 |
| Rental income | (4,500) | (3,600) |

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| *Employee benefits expense comprise: | | |
| - Short-term employee benefits | 14,789,501 | 13,121,187 |
| - Defined contribution plans | 1,038,277 | 899,815 |
| | 15,827,778 | 14,021,002 |
| Included in the employee benefits expense are: | | |
| - Directors' fee | 280,000 | 280,000 |
| - Directors' short-term employee benefits | 508,381 | 395,253 |
| - Directors' defined contribution plans | 76,232 | 59,205 |
| | 864,613 | 734,458 |

## 18. TAX EXPENSE

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Income tax: | | |
| - Current year | **6,856,250** | 6,847,670 |
| - Over provision in prior year | **(25,656)** | (32,417) |
| | **6,830,594** | 6,815,253 |
| Deferred tax: | | |
| - Current year | **1,303,007** | 682,408 |
| | **8,133,601** | 7,497,661 |

The significant differences between the tax expense and accounting profit multiplied by the statutory tax rate are due to the tax effects arising from the following items:

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Profit before tax | **53,927,435** | 31,372,366 |
| Tax at Malaysian statutory tax rate of 24% | **12,942,584** | 7,529,368 |
| Non-deductible expenses | **544,193** | 596,905 |
| Fair value changes on biological assets | **(60,166)** | (8,229) |
| Income not subject to tax | **(5,267,354)** | (587,966) |
| Over provision of income tax in prior year | **(25,656)** | (32,417) |
| | **8,133,601** | 7,497,661 |

## 19. RELATED PARTY DISCLOSURES

I. Control Relationships

As disclosed in Note 1, the Company's ultimate parent is Boon Siew Sdn. Berhad (incorporated and domiciled in Malaysia), which owns 53.50% of the Company's ordinary shares.

II. Key Management Personnel Compensation

The Company's directors and other key management personnel compensation, including compensation paid to management entities that provide key management personnel services, for the year ended 31 December 2022 and the comparative prior year are as follows:

| | 2022<br>RM | 2021<br>RM |
|---|---|---|
| Directors' fee | **280,000** | 280,000 |
| Directors' short-term employee benefits | **508,381** | 395,253 |
| Directors' defined contribution plans | **76,232** | 59,205 |
| | **864,613** | 734,458 |

## 20. DIVIDENDS

| | 2022 | 2021 |
|---|---|---|
| | RM | RM |
| Special single tier interim dividend of 520.66sen per ordinary share in respect of financial year ended 31 December 2022 | 104,132,231 | - |
| Single tier first interim dividend of 2.5sen per ordinary share in respect of financial year ended 31 December 2021 | - | 500,000 |
| | 104,132,231 | 500,000 |

## 21. FINANCIAL INSTRUMENTS

21.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

| | 2022 | 2021 |
|---|---|---|
| | RM | RM |
| Financial assets | | |
| *Amortised Cost* | | |
| Trade and other receivables (excluding prepayments) | 1,310,294 | 3,788,392 |
| Cash and cash equivalents | 39,438,676 | 49,902,683 |
| *FVPL* | | |
| Financial assets at fair value through profit and loss | - | 47,250,000 |
| | 40,748,970 | 100,941,075 |
| Financial liabilities | | |
| *Amortised Cost* | | |
| Trade and other payables | 7,315,251 | 3,438,252 |

21.2 Financial Risk Management

The Company has exposure to the following risks from its use of financial instruments:

I. Credit risk
II. Liquidity risk
III. Interest rate risk

21. FINANCIAL INSTRUMENTS (CONT'D)

21.2 Financial Risk Management (Cont'd)

I. Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company's exposure to credit risk relates primarily to trade receivables and deposits with financial institutions. The carrying amounts of these financial assets are disclosed in the respective note to the financial statements.

Customer credit risk is managed by each business units subject to established policy, procedures and control relating to customer credit management. Credit quality of a customer is assessed and individual credit limit is determined according to this assessment. Trade receivables are regularly monitored by management.

At the reporting date, trade receivables from the largest customer amounting to RM835,159 (2021: RM1,570,053). The Company had 2 customers (2021: 3 customers) that owed more than RM93,355 (2021: RM281,342) each and accounted for approximately 100% (2021: 88.23%) of total trade receivables. Concentration of credit risk to any other counterparty did not exceed 10% of gross trade receivables.

II. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation when they fall due.

Management seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities. The Company expect to meet its obligations from operating cash flows. Nonetheless, the Company also seeks to maintain sufficient credit facilities available to meet its liquidity requirements while ensuring effective working capital management within the Company.

The table below summaries the maturity profile of the Company's financial liabilities. The liquidity analysis for non-derivative financial liabilities is based on contractual undiscounted cash outflows (include principal and interest). The liquidity analysis for derivatives represent the contractual undiscounted gross cash outflows (gross settlement) or net cash outflows (net settlement), where applicable. The maturity is based on the earliest date on which the Company can be required to pay.

| | Carrying amount | Contractual cash flow | Within 1 year |
|---|---|---|---|
| | RM | RM | RM |
| **2022** | | | |
| **Non-derivative financial liabilities** | | | |
| **Trade and other payables** | **7,315,251** | **7,315,251** | **7,315,251** |
| 2021 | | | |
| Non-derivative financial liabilities | | | |
| Trade and other payables | 3,438,252 | 3,438,252 | 3,438,252 |

## 21. FINANCIAL INSTRUMENTS (CONT'D)

### 21.2 Financial Risk Management (Cont'd)

*III.* Interest rate risk

The Company fixed rate short term deposits placed with licensed banks are exposed to a risk of change in their fair value due to changes in interest rates. The carrying amount of these financial instruments are disclosed in the note to the financial statements.

The Company does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of reporting period would not affect profit or loss.

## 22. CAPITAL MANAGEMENT

The Company's objectives when managing capital is to maintain a strong capital base and safeguard the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Company's approach to capital management during the financial year.

## 23. SUBSEQUENT EVENT

On 30 September 2022, the Company has entered into a Sales and Purchase Agreement ("SPA") with Boontong Estates Sdn. Bhd. and the immediate holding company, Oriental Holdings Berhad for the acquisition of 22 pieces of freehold land in Kuala Muda, State of Kedah, 30 pieces of freehold land in Bentong, State of Pahang and 17 pieces of freehold land in Seberang Perai, State of Penang for a cash consideration of approximately RM 397 million which the immediate holding company will assist the Company to finance the purchase of the Lands and upon such terms and conditions as stipulated in the Agreements.

**LEGAL OPINION ON THE POLICIES RELATING TO FOREIGN INVESTMENT, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS UNDER THE RELEVANT LAWS OF INDONESIA**

pwc

To:
The Board of Directors
**Oriental Holdings Berhad**
170-09-01
Livingston Tower
Jalan Argyll
10050 Penang

4 August 2023 TC 230304

Dear Sirs or Madam,

**Oriental Holdings Berhad (the "Company")**
**Report on the Policies on Foreign Investments, Taxation, and Repatriation of Profits from Indonesia**

## A. Introduction

We are a firm of tax consultants qualified to practice in Indonesia. We have been asked to provide a high-level report on the policies of foreign investments, taxation, and repatriation of profits from Indonesia for the purpose of fulfilling the requirement to obtain the Company's stockholders' approval for the Proposed Transaction and inclusion in the Company's circular and notice of general meeting to its stockholders in connection with the Company's proposed share acquisition of the remaining interest which it does not already own in the Company's subsidiaries, i.e., Selasih Permata Sdn. Bhd. and Oriental Boon Siew (Mauritius) Pte Ltd. **(the "Target Companies")**. We understand that each of the Target Companies owns a number of Indonesian plantation properties, through their nine Indonesian subsidiaries, namely PT Gunung Maras Lestari ("GML"), PT Gunungsawit Binalestari ("GSBL"), PT Dapo Agro Makmur ("DAM"), PT Gunung Sawit Selatan Lestari ("GSSL"), PT Oriental Kyowa Industries ("OKI"), PT Surya Agro Persada ("SAP"), PT Pratama Palm Abadi ("PPA"), PT Sumatera Sawit Lestari ("SSL"), and PT Bumi Sawit Sukses Pratama ("BSSP"). (GML, GSBL, DAM, GSSL, OKI, SAP, PPA, SSL, and BSSP shall collectively be referred to as the "**Indonesian Entities**").

## B. Foreign Investment

The discussion below is not intended to be and does not constitute a legal advice. It sets out the general information related to investment in Indonesia from a regulatory perspective. The applicability of the provision will need to be further detailed on a case-by-case basis, under the prevailing circumstances.

Law No. 25 year 2007 on Investment (the Indonesian Investment Law) stipulates that foreign investment must be performed by establishing a limited liability company in Indonesia, unless stipulated otherwise by a specific Law. The other form for foreign investment will be a permanent establishment in the form of a representative office. In most cases, representative offices are non-income generating entities, established for the purpose of marketing and promotion or as a buying agent. However, specifically for construction, foreign investors can perform business in Indonesia by establishing a representative office. The elaboration of this type of representative offices touches many details that are not the purpose of this report. The following information is relevant only for investment by establishing a limited liability company.

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T: +62 (21) 5099 2901 / 3119 2901, F: +62 (21) 5290 5555 / 5290 5050, www.pwc.com/id

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1. Line of Business

A company must be registered with a proper classification of line of business to perform its business in Indonesia. This classification is regulated under the Indonesian Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* - "KBLI") issued by the Statistical Bureau (*Badan Pusat Statistik* - "BPS"). The business classification is identified by five digits of numeric code (commonly referred to as KBLI code), which is categorized based on either its sectors and/or its product type. The KBLI code is subject to be reviewed and amended every two to three years by the BPS, following the development of the business environment.

The latest version of KBLI was issued in September 2020 in accordance with BPS Regulation Number 2 of 2020 concerning the Standard Classification of Indonesian Business Fields ("KBLI 2020"), with the addition of 216 5-digit KBLI codes from the previous KBLI version ("KBLI 2017"), bringing the current total to 1,790 KBLI codes.

Based on our checking, palm oil plantation should be classified under the KBLI code No. 01262

2. Investment List

The Indonesian Government stipulates Investment List as regulated by the Presidential Regulation No. 10 year 2021 as amended by the Presidential Regulation No. 49 year 2021.

By referring to the KBLI Code of the line of business, the Investment List categorized businesses as follows:

a. Priority line of business entitled for investment facilities (please see later section for further details),
b. Line of Business allocated for, or requiring partnerships with, Cooperatives and Micro, Small, Medium Enterprises (*Usaha Mikro, Kecil, Menengah* - "UMKM"); and
c. Line of Business with maximum limitation for foreign share ownership;

Accordingly, lines of business that are not included in the Investment Lists should not be subject to the entitlement, requirement, or limitation above which is the case of KBLI Code No. 01262. However, a further assessment of the sectoral implementing regulation will be required to ensure whether there are any specific different provisions that are applicable.

3. Provision of Investment Requirements

a. Licensing Requirement

By referring to its KBLI Code, a line of business will be categorized for its Risk Criteria based on many aspects and considerations, such as health/safety/environment hazard, location, limitation of resources, etc. Such Risk Criteria will determine the requirement for business licensing and are divided into the following:

1. Low Risk Business requires a Business Identification Number (*Nomor Induk Berusaha* – "NIB") to perform its business.
2. Medium-Low Risk requires a Business Identification Number (*Nomor Induk Berusaha* – "NIB") and self-assessed fulfilment of certain standards (depending on the line of business) to perform its business.
3. Medium-High Risk requires a Business Identification Number (*Nomor Induk Berusaha* – "NIB") and fulfilment of certain standards (depending on the sectors) that will be verified by the Ministry that supervise the business sector.
4. High Risk requires a Business Identification Number (*Nomor Induk Berusaha* – "NIB") and a License (*Izin*) to be obtained from the supervising technical Ministry of the business sector. In certain cases, businesses in this category may also be required

to fulfil certain standards to be verified by the Ministry that supervises the business sector.

The NIB mentioned above will also serve as:

1. Importer Identification Number (*Angka Pengenal Importir Umum* - "API-U");
2. Customs Registration; and
3. Company Registration Certificate (*Tanda Daftar Perusahaan* - "TDP"), which is currently replaced by the NIB.

As part of the process to complete the Business Licensing, companies must also fulfil Basic Requirements (Persyaratan Dasar) that cover the following items.

1. Spatial Use Conformity (*Kesesuaian Kegiatan Pemanfaatan Ruang* – "KKPR").
   The Company will need to obtain a confirmation/approval/recommendation for the conformity between space utilization for the business with the spatial planning (Rencana Tata Ruang Wilayah – RTRW) as set out by the regional government.

2. Environment License (*Izin Lingkungan*).
   Companies must obtain an approval that indicates that their business activities will be performed within the corridor of the permitted environment parameters. This process includes having the investor assign a consultant to prepare an environmental hazard assessment, as follows:
   (i) Analysis of Environment Impact (*Analisis Mengenai Dampak Lingkungan Hidup* - "AMDAL"); or
   (ii) Environment Management and Prevention Effort Planning (*Upaya Pengelolaan Lingkungan dan Upaya Pemantauan Lingkungan Hidup* - "UKL-UPL").

   The differentiation between whether they are preparing AMDAL or UKL-UPL will refer to the applicable business activity and/or if the business is located inside an Industrial Estate (UKL-UPL) or not (AMDAL).

3. Building Approval (*Persetujuan Bangunan Gedung* – PBG)
   This is the approval prior to performing construction activities for the building. This process also requires investors to hire a consultant to prepare technical documents related to the building construction for the application.

4. Function Worthiness Certificate (Sertifikat Laik Fungsi – SLF)
   This is the certificate to confirm the worthiness of the building including fire safety, electric and mechanical aspect and others as relevant.

In addition, depending on the type of goods or services to be delivered, as well as the activity to be performed, a company may need to obtain Business Licensing to Support their Main Line of Business (Perizinan Berusaha Untuk Menunjang Kegiatan Utama – PB UMKU) such as product registration, expertise certification, entity registration and others.

b. <u>Minimum Investment / Capital and Shareholding Structure</u>

In general, the investment in a foreign investment limited liability company or commonly referred to as a PMA (foreign investment) Company must be more than IDR10billion (or approximately USD675,000 depending on exchange rate). The investment can be sourced fully from equity capital or combination of debt and equity and capital (paid-up capital / capital shares) with minimum paid-up capital of IDR10 billion. However, there are also sectoral regulations that stipulate a different minimum requirement, for example construction and financial sector.

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For the establishment of a new company, the paid-up capital must be injected within 60 days after the date of the Deed of Establishment of the company. Evidence of the capital injection must be submitted to the Ministry of Law and Human Rights (MoLHR). Failure to do so would result in restriction to perform any corporate actions that requires approval and/or acceptance of notification from MoLHR.

Meanwhile, the regulation in general does not stipulate any timeframe for the realization of the investment, as it depends on the preparation stage of the company such as construction phase of the factory, import of capital goods and others as relevant.

The government monitors the fulfilment of investment requirements through the Investment Activity Report (*Laporan Kegiatan Penanaman Modal* - "LKPM"), which must be submitted by PMA companies on a quarterly basis.

The Law No. 40 year 2007 on Limited Liability Company (the Indonesian Company Law) stipulates that a limited liability company should have at least two shareholders, which can either be a natural person or a legal entity. Please note that some sectoral regulations may stipulate specific criteria for the shareholder of the company.

c. Timeframe

The establishment of a PMA Company mainly includes the following procedures:

1. Finalisation of Deed of Establishment containing the Articles of Association (AoA) of the PMA Company
2. Obtaining approval from MoLHR for the establishment of the PMA Company
3. Obtaining Domicile Letter from municipal authority (except for DKI Jakarta province)
4. Registration for Tax ID Number (*Nomor Pokok Wajib Pajak* – "NPWP") at the Tax Office with jurisdiction where the PMA Company is domiciled
5. Business Licensing process covering:
    a. Establishing an account at Online Single Submission (OSS) administered by the Investment Coordinating Board / Ministry of Investment (*Badan Koordinasi Penanaman Modal* – BKPM / *Kementrian Investasi*)
    b. Processing the Basic Requirements (*Persyaratan Dasar*) and Business Licensing (*Perizinan Berusaha*)
6. Registering for Taxable Entrepreneur Number for Value Added Tax at the relevant Tax Office.

The above process may take roughly four to six weeks to complete.

The above excludes Business Licensing other than NIB, if required based on the risk level of the business.

In addition, if applicable, the timeframe to complete work and stay permits for foreign directors/employees that are necessary to run the PMA Company, should be considered.

4. Investment Incentives

The Government of Indonesia offers a range of investment incentives to attract more investment to Indonesia. These include:

- Tax Holiday;
- Tax Allowance;
- Investment Allowance;
- Super Deduction; and
- Import Duty Exemption.

The eligibility for these incentives refers to several criteria, such as line of business, minimum investment, manpower absorption and others, as relevant.

The application for these incentives has been centralized through the OSS system administered by BKPM/Ministry of Investment and mainly requires information on the detailed plan for capital expenditure, such as (land, building, machinery and equipment, others) and its site plan layout / blueprints amongst other administrative information. While the process is online through the OSS system, in our experience it is common and suggested to also have active interactions with BKPM, as well as the Directorate General of Taxation (DGT), to ensure a smooth application process.

a. Tax Holiday

The Tax Holiday facility provides a reduction of corporate income tax rate of 50% - 100% for a period of five to twenty years depending on the investment amount.

The lines of business eligible to apply and obtain Tax Holiday are set out in the Investment List, however, it should be a pioneering industry that covers:
- integrated upstream basic metal
- integrated oil and gas refinery
- integrated petrochemicals from oil, gas, or coal
- integrated inorganic basic chemicals
- integrated organic basic chemicals from agriculture, plantation, or forestry products
- integrated pharmaceutical raw materials
- irradiation, electro medical, or electrotherapy equipment manufacturing
- main components of electronics or telematics equipment manufacturing
- machinery or machinery main components manufacturing
- robotics components manufacturing that supports manufacturing machinery industry
- main components of power plant machinery manufacturing
- motor vehicle and main components of motor vehicle manufacturing
- main components of vessels manufacturing
- main components of trains manufacturing
- main components of aircrafts manufacturing and activities supporting aerospace industry
- agricultural, plantation or forestry-based processing industries that produce pulp
- economic infrastructure; or
- digital economy, which includes data processing, hosting, and related activities.

Companies whose business is not on the list above may still apply for and obtain the Tax Holiday facility, subject to fulfilling the requirements as a pioneer industry. However, this will require additional steps in the application process, notably cross-ministry coordination discussion between BKPM/Ministry of Investment, Directorate General of Taxation (DGT) and the supervising Ministry of the relevant sector.

Specifically, the reduction rate is as follows:

| **Deduction Rate** | **Investment Amount (IDR)** |
|---|---|
| 100% | ≥ 500Billion |
| 50% | 100Billion ≤ X < 500Billion |

For investment amounts of at least IDR500 billion, the periods of tax deduction are as follows:

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| Deduction Rate | Investment Amount (IDR) |
|---|---|
| 5 fiscal years | 500Billion ≤ X < 1Trillion |
| 7 fiscal years | 1Trillion ≤ X < 5Trillion |
| 10 fiscal years | 5Trillion ≤ X < 15Trillion |
| 15 fiscal years | 15Trillion ≤ X < 30Trillion |
| 20 fiscal years | ≥ 30Trillion |

Specific tax holiday reduction rate is also applicable if the company is located in a Special Economic Zone.

b. Tax Allowance

The Tax Allowance facility provides several benefits, as follows:
- deduction of net income of taxable income in the amount of 30% divided into six years, at 5% each year
- accelerated depreciation and amortization
- withholding tax on dividend payment of 10% (normal is 20%) or lower based on tax treaty; and
- tax loss carry-forward of more than five years but less than ten years.

The Tax Allowance facility is granted based on one or more of the following criteria:
- Performs the business activity listed in the Investment List as eligible for Tax Allowance
- Located in a specific location as determined in the Investment List

The accelerated depreciation/amortisation on the Tax Allowance facility is as follows:

| Tangible and Intangible Fixed Assets Group | Normal Useful Life Period | Accelerated Useful Life Period | Amortization and Depreciation Rate | |
|---|---|---|---|---|
| | | | Straight Line Method | Double Declining Method |
| **NON BUILDING** | | | | |
| Group I | 4 years | 2 years | 50% | 100% *directly expensed* |
| Group II | 8 years | 4 years | 25% | 50% |
| Group III | 16 years | 8 years | 12.50% | 25% |
| Group IV | 20 years | 10 years | 10% | 20% |
| **BUILDING** | | | | |
| Permanent | 20 years | 10 years | 10% | - |
| Non-Permanent | 10 years | 5 years | 20% | - |

The Tax Allowance facility can be applied for both new business activity and also the expansion business. Note that the expansion business that can be applied for the Tax Allowance facility does not include the change and/or additional machine to the same production line that is already commercially operated.

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c. Investment Allowance

Investment Allowance facility is granted for labor intensive industries. The criteria will refer to the eligible line of business, meeting the minimum threshold of Indonesian manpower as well as the location of the project, as relevant.

This facility provides benefit in the form of an additional deduction to taxable income in the amount of 60% of the investment amount divided into six years, at 10% each year.

d. Super Deduction

The Super Deduction facility provides the following benefits:

- Facility up to 200% deduction of gross income for total costs for an internship program and/or vocational training program in certain competencies; or
- Facility up to 300% deduction of gross income tax for total expense for certain research and development activities in Indonesia.
- Deduction of gross income with maximum of 60% of total costs incurred for labor-intensive industries.

The criteria and requirements for the Super Deduction are domestic corporate taxpayer who fulfils the following:

- Carry out work practices, apprenticeship, and/or learning activities (vocational activity); and
- Carry out certain research and development activities in Indonesia

e. Import Duty Exemption

Companies that need to import their capital goods and raw materials may apply for import duty exemption. The criteria to apply and obtain Import Duty Exemption are relevant to the items to be imported, as follows:

1. Not yet produced by domestic manufacturer; or
2. Already produced by domestic manufacturer but have not fulfilled the required specification or does not adequately fulfil the industry's needs.

Machinery, goods, and materials categorized as already produced in Indonesia under points 2 as above are as listed by the Ministry of Industry. To meet criteria in points 2 requires a prior recommendation from the Ministry of Industry, prior to applying for Import Duty Exemption.

In addition, specific regulations on tax facilities conditions and eligibility, particularly tax holiday and tax allowance, are also applicable for investments located in the Special Economic Zone.

## C. Repatriation of Profits

The Indonesian Investment Law guarantees investors with the rights to transfer and repatriate to another party (i.e., the shareholders) in foreign exchange, including repatriation of profit. However, it must be performed according to the procedure as set by the relevant regulations.

1. Dividend Distribution

Distribution of dividends by a company is regulated by the Indonesian Company Law and the AoA of the Company as long as it does not conflict with the provisions in the Indonesian Company Law.

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The Indonesian Company Law stipulates two kinds of dividends, which are:

(i) Interim Dividends

An interim dividend is paid from the profit of an ongoing financial year prior to the close of the financial year. Companies may distribute cash pursuant to an interim dividend where:

a. The distribution is stipulated as permissible under the company's AoA;
b. The distribution does not leave the company's net assets lower than the sum of paid-up capital and legal reserves;
c. The distribution does not disrupt the company's business or cause the company to be unable to settle its liabilities;
d. The distribution is based on a decision of the company's Directors with the approval of the Board of Commissioners;
e. The dividend is to be repaid to the company if, at the end of the financial year, the company suffers a loss; and
f. The Directors and Board of Commissioners accept to be personally liable if the shareholders fail to repay the dividend in the case of point (e) as above.

(ii) Final Dividends

A final dividend is paid from the profit after the closing of the financial year. A company can distribute a final dividend based on a Shareholders Decision made pursuant to the Annual General Meeting of Shareholders (AGMS) which must be conducted within six months at the latest after the closing of the financial year. A final dividend can be distributed if the company's retained earnings are positive.

Prior to distributing the dividend, the company must set aside a portion of its profit as a legal reserve until the reserve reaches 20% out of the amount of paid-up capital. The legal reserve can be funded with cash or other assets that can be easily distributed. The legal reserve, however, cannot be distributed.

The Company Law, unfortunately, is silent on the timeline to fulfil the required legal reserve amount. In practice, we are aware that the required legal reserve amount can be reached in stages, so a portion of net profit of a financial year can be distributed as a dividend if there is also a portion set aside for the legal reserve, until the legal reserve reaches the required amount.

Dividends that are not claimed by the relevant shareholders after five years are to be placed in a special reserve that can be claimed based on a decision made in AGMS. Dividends placed in a special reserve for more than ten years can be reclaimed by the company.

2. Capital Reduction

Reduction of subscribed and paid-up capital can be executed by: -

a. a redemption of shares; or
b. a reduction of each share's nominal value.

A redemption can be carried out in relation to shares bought back by a company or by a share classification being withdrawn.

A reduction of each share's nominal value should be carried out on a proportionate basis to all share classifications (e.g. where shares are in different classes). This can be waived at the consent of the shareholders relevant to the shares being reduced.

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As elaborated in the earlier part of this memo, the PMA Company must meet a minimum paid-up capital of IDR10billion. Therefore, any capital reduction must ensure that the remaining capital still meet the minimum paid-up capital as required for the PMA Company.

The process for capital reduction is decided through an Extraordinary General Meeting of Shareholders (EGMS), which is required to be notarized by a Public Notary and process at MoLHR. In our experience, the MoLHR should not reject a capital reduction provided the following are met:
a. all supporting documents are submitted;
b. there are no unsettled lawsuits from creditors; and
c. all procedures for the capital reduction are fulfilled.

Upon completion of the capital reduction process, the company must update its data related to the capital structure of the company at the account of the company in OSS.

Please note that Indonesian Company Law stipulates that the nominal share value must be denominated in IDR. For PMA companies established before the year 2021, it is common for the AoA to also state its USD equivalent to accommodate the original currency of the paid-up capital. The USD amount refers to the amount as stated in the investment approval/business license. However, all business licensing issued by the OSS-Risk Based Assessment (RBA) after August 2021 no longer able to state the investment / capital in USD therefore eliminates the consideration on which currency to be used for the reduction.

Therefore, whether a capital reduction can be made in IDR or USD depends on whether the AoA stated the capital in IDR only or also its USD amount.

3. Obligation to Central Bank of Indonesia on Foreign Loan

Referring to PBI No. 21/2/PBI/2019 concerning Foreign Exchange Traffic Reporting, Foreign Loan is defined as a debt of residents to non-residents in foreign currency and/or rupiah. Meanwhile, if referring to Bank Indonesia Circular Letter No. 6/51/DLN Year 2004, an offshore loan is defined as a resident debt to non-residents, in foreign currency and/or rupiah, based on loan agreements or other agreements, except demand deposits, savings and time deposits.

Under the Bank Indonesia Regulation, parties that receive an offshore loan in foreign currency must fulfil the following criteria, called prudential principles, which consist of:
a. maintaining a hedging ratio of at least 25%;
b. maintaining a liquidity ratio of at least 70%;
c. obtaining a credit rating from an accredited credit rating agency at least equivalent to BB.

Furthermore, parties that fail to fulfil the above prudential principles criteria will be subject to administrative sanctions in the form of a written warning, which will be notified to the related authority as follows:
a. The related creditor abroad
b. State Ministry of State-Owned Corporation (Badan Usaha Milik Negara - "BUMN"), for BUMN corporations
c. Ministry of Finance c.q. Directorate General of Taxation
d. Financial Services Authority (Otoritas Jasa Keuangan - "OJK"); and/or
e. Indonesia Stock Exchange (Bursa Efek Indonesia - "BEI"), for public corporations listed on the BEI.

An Indonesian company that receives an offshore loan is subject to certain compliance requirements from Bank Indonesia, as follows:
a. Monthly Foreign Exchange Traffic Report (LLD Report), which must be submitted on the $15^{th}$ of the following month at the latest and contains the following information:

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- Principal data of the offshore loan;
- Position and movement of the offshore loan; and
- Planning and/or realization of loan from overseas parties.

This report also applicable for an Indonesian company that has offshore assets or receives capital from foreign shareholders.

b. Offshore Loan Report, which contains information on position and movement of the offshore loans denominated either in IDR or in foreign currency. The report is divided into three types of report:
   - Principal Report which serves as a registration of the offshore loans, which is submitted at the latest on the 15th of the month following the signing of the loan agreement;
   - Monthly Loan Realization Report, which is submitted at the latest on the 15th day of the following month; and
   - Annual Long Term Offshore Loan Report, which is submitted at the latest on the 15th day of March each year.
c. Prudential Principle Report (KPPK Report), which is a report to evidence that the company fulfills prudential principle criteria. This report must be submitted on a quarterly basis, at the latest by the end of the third month after the quarter period has ended.

The scope of LLD Report should cover data of the:
a. Reports on primary loans and/or Risk-Participation Transaction (*Transaksi Partisipasi Risiko* - "TPR") data
b. Plan for withdrawal and/or payment of offshore loan and/or TPR
c. Realization of withdrawal and/or payment of offshore loan and/or TPR; and
d. Position and amendment to loan and/or TPR; and/or
e. Report on new offshore loan plan and/or its amendments

In the event the LLD Report is not complete or not correct, then the borrower may be subject to an administrative sanction in the form of a written warning letter. The acts included as non-compliance for LLD Report are as follows:
a. The report consists of incorrect data and information, which is not followed up by a correction submission;
b. late submission of LLD Reports; and/or
c. non-submission of LLD Report.

Meanwhile, for non-compliance of the KPPK Report, the borrower may be subject to an administrative sanction in the form of a fine amounting to IDR500,000. Meanwhile, the late reporting is subject to a fine amounting to IDR500,000 per day, with a maximum fine of IDR5 million. Non-compliance of the KPPK Report is subject to a fine of IDR10 million.

4. <u>Mandatory Use of IDR</u>

Under Law 7/2011, Indonesian Rupiah ("IDR") should be used in the following:
a. Any transaction for payment purposes.
b. Settlement for any obligation that must be fulfilled with cash; and/or
c. Other financial transactions.

However, this obligation does not apply to:
a. certain transactions in the context of implementing the state revenue and expenditure budget.
b. receiving or giving grants from or to abroad;
c. international trade transactions.
d. savings in a bank in the form of foreign currency; or
e. international financing transactions.

The above exemption must be performed based on exemption approval from the Central Bank of Indonesia.

## D. Taxation

The discussion below is not intended to be and does not constitute legal or tax advice. It sets out taxation policies which are of general applicability in Indonesia and does not purport to be a comprehensive nor exhaustive description of all the tax circumstances relating to the acquisition, ownership and disposal of the shares in any Indonesian company by any person. The tax treatment of any company should be considered on a case-by-case basis, based on the prevailing circumstances.

***Indonesian Income Tax Law (Law no. 36 Year 2008 as amended most recently by Law no. 7 Year 2021 regarding Harmonisation of Taxation Regulation)***

1. Tax Subject

   Tax subjects in Indonesia shall be any individual, undivided inheritance, corporate, and permanent establishments. Tax subjects shall be classified into resident tax subjects and foreign tax subjects based on certain criteria.

2. Tax Object

   Tax objects in Indonesia shall be any income, namely any additional economic capability that is received or earned by a resident taxpayer, both originating from Indonesia and from outside Indonesia, that can be used for consumption or to increase the wealth of the resident taxpayer concerned, in any name and form whatsoever.

3. Corporate Income Tax (CIT) Rate

   The CIT Rate applicable in Indonesia is generally a flat rate of 22%. Public companies that satisfy a minimum listing requirement of 40% and other conditions are entitled to a tax cut of 3% off the standard 22% rate, giving them an effective tax rate of 19%. Small enterprises, i.e. corporate taxpayers with an annual turnover of not more than Indonesian Rupiah (IDR) 50 billion, are entitled to a 50% discount on the standard tax rate, which is imposed proportionally on taxable income of the part of gross turnover up to IDR 4.8 billion. Certain enterprises with gross turnover of not more than IDR 4.8 billion are subject to Final Tax at 0.5% of turnover.

4. Tax Residence

   A company is treated as a resident of Indonesia for tax purposes by virtue of having its incorporation or its domicile in Indonesia. A foreign company carrying out business activities through a Permanent Establishment (PE) in Indonesia will generally have to assume the same tax obligations as a resident taxpayer.

5. Tax Payments

   Resident taxpayers and Indonesian PEs of foreign companies have to settle their tax liabilities either by direct payments, third-party withholdings, or a combination of both. Foreign companies without a PE in Indonesia have to settle their tax liabilities for their Indonesian-sourced income through withholding of the tax by the Indonesian party paying the income.

   Monthly tax instalments (Article 25 income tax) constitute the first part of tax payments to be made by resident taxpayers and PEs as a prepayment of their current year CIT liability. A monthly tax instalment is generally calculated using the most recent CIT Return (CITR). Special instalment calculations apply for new taxpayers, finance lease companies, banks, state-

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owned companies, listed companies and other taxpayers with periodical reporting requirements.

The tax withheld by third parties on certain income (Article 23 income tax) or tax to be paid in advance on certain transactions (e.g., Article 22 income tax on imports) also constitutes prepayments for the current year CIT liability of the income recipient or the party conducting the import.

If the total amount of tax paid in advance through the year (Articles 22, 23, and 25 income taxes) and the tax paid abroad (Article 24 income tax) is less than the total CIT due, the taxpayer has to settle the shortfall before filing its CITR. Such payment is referred to as Article 29 income tax.

Certain types of income earned by resident taxpayers or Indonesian PEs are subject to final income tax. In this respect, the tax withheld by third parties (referred to as Article 4(2) income tax) constitutes the final settlement of the income tax for that particular income.

For foreign companies without a PE in Indonesia, the tax withheld from their Indonesia-sourced income by the Indonesian party paying the income (Article 26 income tax) constitutes a final settlement of their income tax due.

6. Business Profits

Taxable business profits are calculated on the basis of normal accounting principles as modified by certain tax adjustments. Generally, a deduction is allowed for all expenditure incurred to obtain, collect and maintain taxable business profits. A timing difference may arise if an expenditure recorded as an expense for accounting cannot be immediately claimed as a deduction for tax.

7. Taxation on Certain Offshore Income

Indonesian tax residents are generally taxed on a worldwide income basis. However, the following offshore income may be exempted from income tax if it is reinvested or used for business activities in Indonesia within a certain period:

- Income received by an Indonesian taxpayer from a PE abroad;
- Dividends paid by companies abroad; and
- Active business income received by an Indonesian taxpayer from abroad (not from a PE or foreign subsidiary).

For after-tax income from the PE and dividends paid from the non-listed subsidiary, the minimum reinvestment amount is 30% of the profit after tax. Otherwise, the difference between the 30% threshold and the reinvested portion will be subject to income tax.

8. Dividend Distributions

Tax is liable to be withheld from dividends as follows:

a. Resident recipients
   Dividend received from an Indonesian company is a non-tax object if it is received or earned by:
   - Resident individual taxpayers who reinvest it in Indonesia within a certain period; and/or
   - Resident corporate taxpayers.

   Dividends received by resident individual taxpayers who did not meet the reinvestment requirement are subject to final income tax at a maximum rate of 10%.

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b. Non-resident recipients
   20% (lower for relevant treaty countries) final withholding tax is due on dividends paid to a non-resident recipient.

9. Sales of Shares and Capital Gain Tax

Indonesia does not impose a special tax on capital gains. Based on the prevailing regulation, capital gain arising from the disposal of shares in an Indonesian non-listed company is classified as income in nature and subject to the normal rules of income tax if it is received by resident taxpayers. For sale of shares by a non-resident taxpayer, a 5% (lower for relevant treaty countries) effective tax rate of final withholding tax is due on the gross sale transaction value.

Income earned or obtained by individuals or companies from sales of shares at the stock exchange shall be subject to income tax which is final in nature at the rate of 0.1% of the total gross transaction value. Founder shareholders may enjoy this 0.1% final tax rate if they have paid 0.5% of the market price within 30 days of their shares listing becoming effective, otherwise, gains on sales shares by the founder shareholders are taxed under normal rules.

10. Withholding Taxes

Indonesian income tax is collected mainly through a system of withholding taxes. Where a particular item of income is subject to withholding tax, the payer is generally held responsible for withholding or collection of the tax. These withholding taxes are commonly referred to using the relevant article of the Income Tax (*Pajak Penghasilan/PPh*) Law, as follows:

10.1 Article 21 income tax (*PPh 21*)

Employers are required to withhold PPh 21 from the salaries payable to their employees and pay the tax to the State Treasury on the employees' behalf. The same withholding tax is applicable to other payments to non-employee individuals (e.g., fees payable to individual consultants or service providers). Resident individual taxpayers without a Tax ID Number are subject to a surcharge of 20% in addition to the standard withholding tax.

10.2 Article 22 income tax (*PPh 22*)

The Minister of Finance may appoint certain organisations to collect tax from a taxpayer carrying out business activities in the importing sector or carrying out business activities in other sectors and receiving payments for goods and services from State Expenses. The collection base and amount collected shall be set by Decree of the Minister of Finance based on the consideration that total collections should approximate the total tax due on such income from business. Taxpayers without an NPWP will be subject to a surcharge of 100% in addition to the standard tax rate.

10.3 Article 4 (2) – final income tax (*PPh Final*)

Resident companies, PEs, representatives of foreign companies, organisations and appointed individuals are required to withhold final tax from the gross payments of certain types of transactions set out by Minister of Finance Regulation to resident taxpayers and PEs.

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10.4 Article 23 income tax (*PPh 23*)

Certain types of income paid or payable to resident taxpayers are subject to PPh 23 at a rate of either 15% or 2% of the gross amounts:

a. PPh 23 is due at a rate of 15% of the gross amounts on the following:
   1. Dividends (but see page 12 concerning dividend distributions);
   2. Interest, including premiums, discounts and loan guarantee fees;
   3. Royalties;
   4. Prizes and awards.

b. PPh 23 is due at a rate of 2% of the gross amounts on the fees for the following:
   1. Rentals of assets other than land and buildings;
   2. Compensation with respect to technical services, management services, consultation services and other services, except those from which Article 21 Income Tax has been withheld.

10.5 Article 26 income tax (*PPh 26*)

Resident taxpayers, organisations and representatives of foreign companies are required to withhold tax at a rate of 20% from the following payments to non-residents:

a. On gross amounts:
   1. Dividends;
   2. Interest, including premiums, discounts and guarantee fees. The withholding tax rate for bond interest income, including capital gain upon disposal, that is received or obtained by non-residents can be a lowered rate, currently 10%;
   3. Royalties, rents and payments for the use of assets;
   4. Fees for services, work, and activities;
   5. Prizes and awards;
   6. Pensions and any other periodic payments;
   7. Swap premiums and other hedging transactions;
   8. Gains from debt write-offs;
   9. After-tax profits of a branch or PE.

b. On Estimated Net Income (ENI), being a specified percentage of the gross amount:

| Description | ENI | Effective tax rate |
|---|---|---|
| Insurance premiums paid to insurance companies:<br>• by the insured<br>• by Indonesian insurance companies<br>• by Indonesian reinsurance companies | <br>50%<br>10%<br>5% | <br>10%<br>2%<br>1% |
| Sale of non-listed Indonesian company shares | 25% | 5% |
| Sale of a conduit company located in a tax haven country where this company serves as an intermediary for the holding of Indonesian company shares or a PE | 25% | 5% |
| Sale of luxury jewelleries, diamonds, gold, luxury watches, antiques, paintings, cars, motorcycles, yachts and light aircrafts with sale value of above IDR 10 million | 25% | 5% |

Where the recipient is resident in a country which has a tax treaty with Indonesia, the withholding tax rates may be reduced or exempted.

***Value Added Tax (VAT) (Law no. 42 Year 2009) as amended most recently by Law no. 7 Year 2021 regarding Harmonisation of Taxation Regulation)***

1. VAT is typically due on events involving the transfer of taxable goods or the provision of taxable services in the Indonesian Customs Area. The taxable events are:

   a. Deliveries of taxable goods in the Customs Area by an enterprise;
   b. Import of taxable goods;
   c. Deliveries of taxable services in the Customs Area by an enterprise;
   d. Use or consumption of taxable intangible goods originating from outside the Customs Area in the Customs Area;
   e. Use or consumption of taxable services originating from outside the Customs Area in the Customs Area;
   f. Export of taxable goods (tangible and intangible) by a VATable Entrepreneur (*Pengusaha Kena Pajak*/PKP);
   g. Export of taxable services by a PKP.

   The VAT obligations arise upon the above deliveries with the value exceeding IDR 4.8 billion per annum.

2. The VAT rate is currently 11% and will be increased to 12% starting from 1 January 2025 at the latest. However, VAT on the export of taxable tangible and intangible goods as well as export of services is fixed at 0%. Certain limitations for the zero-rated VAT apply to export of services.

3. VAT liabilities are typically settled by using an input-output mechanism. A vendor of taxable goods or taxable services must typically charge VAT to the buyer. From the vendor's perspective, it is an output VAT. The buyer has to pay the VAT to the vendor. From the buyer's perspective, it is an input VAT. To the extent that the goods or services are necessary for running the buyer's business, the input VAT can be credited against the buyer's own output VAT. If the accumulated output VAT for a particular month exceeds the accumulated input VAT for the same period, the taxpayer in question has to settle the difference by the end of the following month and prior to the VAT return filing deadline. If, however, the accumulated input VAT for a particular month exceeds the accumulated output VAT, the taxpayer may carry over the overpaid VAT to the following months or ask for a yearly refund at the end of book year.
4. Starting 1 April 2022, based on Minister of Finance Regulation No. 64/PMK.03/2022, Taxable Entrepreneurs who carry out activities for delivering certain agricultural products can choose to use the normal VAT treatment or to use a "certain amount" to collect and settle the Value Added Tax payable. The specified amount to use a "certain amount" is 10% of the Value Added Tax rate (currently 11%). Hence, the effective VAT rate payable on the delivery of certain agricultural products using a "certain amount" is currently 1.1% from the Sales Price.

   As consequences, the Input VAT in connection with the activity of delivering certain agricultural products using a "certain amount" cannot be credited.

***Land and Building***

1. Land and Building Tax

   Land and building tax (*Pajak Bumi dan Bangunan/PBB*) is a tax on property chargeable on all land and/or buildings, unless exempted. PBB is a part of regional taxes which are governed under Financial Relationship between the Central Government and the Regional Government (*Hubungan Keuangan antara Pemerintah Pusat dan Pemerintahan Daerah/HKPD*) Law in which each regional Government has to issue a regulation (*Peraturan Daerah/PERDA*) to regulate PBB in its territory.

The scope of PBB under HKPD Law covers all land and building except for the following industries which are governed by separate regulations:

- forestry;
- plantation;
- mining;
- other industries located in national waters outside the territory of regional area.

There is also some negative list setting out land and buildings which are not subject to PBB under the HKPD Law.

PBB is payable annually following a Tax Due Notification Letter (*Surat Pemberitahuan Pajak Terhutang/SPPT*) issued by the Regional Government.

An individual or an organisation that owns a right to a piece land, and/or takes benefits there from, and/or owns, controls, and/or takes benefits from a building can by law be regarded as the PBB taxpayer for that piece of land and/or building.

Under HKPD Law, the PBB rate is maximum 0.5% and the tax due is calculated by applying the tax rate on a certain percentage of NJOP (ranging from 20% to 100%) deducted by non-taxable NJOP. Any changes are to be made by issuing a PERDA. The non-taxable NJOP is set at IDR 10 million at the minimum. In the event that a taxpayer owns or controls more than one PBB object in one area, the non-taxable NJOP is only given to one PBB object for each fiscal year.

Further, the tax object of PBB on Plantation ("PBB Plantation") regulated in Land and Building Law Number 12 Year 1985 which lastly amended by Law Number 12 Year 1994 jo. Directorate of General Taxation Regulation Number PER-31/PJ/2014 regarding procedure for imposition of land and building tax in the plantation sector is land and/or buildings located in the area used for plantation business activities.

The object of PBB Plantation can be in the form of:

a) Land
   - Productive Area: an area within an area used for plantation business activities that has been planted with plantation crops;
   - Unproductive area: is an area within an area used for plantation business activities that has not yet been planted with plantation crops including areas that have not been cultivated, areas that have been processed but not yet planted, and areas for nurseries;
   - Non-productive area: is an area within an area used for plantation business activities that cannot be cultivated for plantation business activities;
   - Safeguard Area: is an area within an area used for plantation business activities that is utilized as a support and safeguard for plantation business activities;
   - Emplacement area: is an area within an area used for plantation business activities the above of which is used for buildings and/or yards and their supporting facilities;
   - Other Areas are areas that are in areas used for plantation business activities that are not subject to PBB Plantation;

b) Buildings, namely engineering constructions planted or permanently attached to land and/or waters

The basis for the imposition of PBB Plantation is the certain sale value of the tax object (*Nilai Jual Objek Pajak/NJOP*), which is the total of the NJOP of the land and the NJOP of the building. NJOP of land is the result of multiplying the total area of the tax object with the NJOP of land per square meter. While the NJOP of buildings is the result of multiplying the total building area by the NJOP of buildings per square meter. The classification and amount per square meter regarding land NJOP and building NJOP is further regulated in the Minister of Finance Regulation ("MoF Regulation").

The rate for PBB Plantation is 0.5% and the tax due is calculated by applying the tax rate on 40% of NJOP (Government Regulation Number 25 Year 2002). The NJOP which being the basis for imposing the tariff is the NJOP of land and buildings deducted by non-taxable NJOP (*NJOPTKP*). The non-taxable NJOP is set at IDR 12 million based on MoF Regulation Number 23/PMK.03/2014.

PBB is payable annually following a Tax Due Notification Letter (*Surat Pemberitahuan Pajak Terhutang/SPPT*) issued by the *KPP Pratama*. The SPPT is submitted to the Taxpayer no later than the 2nd week of June of the tax year.

2. Tax on land and building transfer

A transfer of rights to land and building will give rise to income tax on the deemed gain on the transfer/sale to be charged to the transferor (seller). The tax is set at 2.5% of the gross transfer value (tax base). This tax must be paid by the time the rights to land and building are transferred to the transferee. All the tax paid constitutes a final tax.

In general, the tax base is the higher of the transaction values stated in the relevant land and building right transfer deed and Sale and Purchase Binding Agreement (*Perjanjian Pengikatan Jual Beli*) based on actual transaction value or amount that should have been received. However, in a transfer to the Government, the tax base is the amount officially stipulated by the Government officer in question in the relevant document. In a Government-organised auction, the gross transfer value is the value stipulated in the relevant deed of auction.

3. Duty on the acquisition of land and building rights

A transfer of land and building rights will typically also give rise to duty on the acquisition of land and building rights (*Bea Pengalihan Hak atas Tanah dan Bangunan/BPHTB*) liability for the party receiving or obtaining the rights. BPHTB is also a part of regional taxes which are governed under HKPD Law. Qualifying land and building rights transfers include sale-purchase and trade-in transactions, grants, inheritances, contributions to a corporation, rights separations, buyer designation in an auction, the execution of a court decision with full legal force, business mergers, consolidations, expansions, and prize deliveries.

BPHTB is based on the Tax Object Acquisition Value (*Nilai Perolehan Objek Pajak/NPOP*), which in most cases is the higher of the market (transaction) value or the NJOP of the land and building rights concerned. The tax due on a particular event is determined by applying the applicable duty rate of a maximum of 5% to the relevant NPOP, minus an allowable non-taxable threshold. The non-taxable threshold amount varies by region: the minimum is IDR 80 million, except in the case of an inheritance, for which starts from IDR 300 million. The Government may change the non-taxable threshold via regulation.

BPHTB is typically due on the date that the relevant deed of land and building right transfer is signed before a public notary. In a business merger, consolidation, or expansion, the duty is due on the date of signing of the merger, consolidation or expansion act. In an auction, the duty is due on the date of signing date of the Auction Report by the authorised officer.

***Stamp Duty (Law No. 10 Year 2020)***

Stamp duty is nominal, and payable as a fixed amount of IDR 10,000 on certain documents. Examples of documents subject to stamp duty are as follows:

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a. Agreements, certificates, statement letters, or similar documents, and their copies.
b. Notarial deeds and grosse, and their copies and excerpts.
c. Deeds of a Land Deed Officer and their copies.
d. Securities in any form and name.
e. Securities transaction documents.
f. Auction documents in the form of excerpts, minutes, copies and grosse.
g. Documents stating a sum of money above IDR 5,000,000 which describe the receipt of money or contain an acknowledgement of debt payment or settlement, either entirely or partially.
h. Documents to be used as instruments of evidence before a court.

Stamp duty may be exempted for certain documents, such as documents on the transfer of Land and Building rights solely for religious or non-commercial activities and documents on the implementation of Government programmes.

## E. Limitation of Our Comments and Benefit of Report

1. The statements made in this report regarding taxation are general in nature and prepared only from an Indonesian tax perspective and based on the tax laws of Indonesia and administrative guidelines issued by the relevant authorities in Indonesia in force as at the date of this report, and are subject to any changes in the relevant tax laws and administrative guidelines, or in the interpretation of the laws and guidelines, occurring after such date, which changes could be made on a retrospective basis.
2. Changes in tax regulations occur frequently and those changes may adversely affect the statements rendered herein. We are not retained nor obligated to monitor and update these statements for future conditions that may affect the Company and we rely on you to bring any such matters to our attention to enable us to update our advice, if you require us to do so under a separate engagement. Any accounting, legal, and other tax matters (e.g. local government tax, etc.) were not covered in this report.
3. This report is addressed to the Company and is solely for the Company's own benefit in relation to the proposed share acquisition, and, except with our prior written consent, it is not to be transmitted or disclosed to or used or relied upon by any other persons and/or for any other purpose, save that a copy of this report is permitted to be enclosed in the circular to stockholders of the Company to be issued in relation to the proposed share acquisition. This report does not, however, constitute a recommendation to any stockholders of the Company as to how any stockholders should vote in respect of the proposed share acquisition. We will not accept any duty of care (whether in contract, tort (including negligence) or otherwise) to any person other than the Company.

Yours faithfully,

**Ali Widodo**
Director
Tax Services

**Adi Pratikto**
Director
Tax Services

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To:
**Oriental Holdings Berhad**
1st Floor, 25B Lebuh Farquhar
10200 Penang
Malaysia

4 August 2023

Ref. No.: 001/IAN-ALZ/L/VIII.23

**For the attention of: Board of Directors**

Re: **Legal Opinion on Ownership of Title to the Shares or Assets Owned by the Respective Subsidiaries of Oriental Holdings Berhad ("OHB" or the "Client") in Indonesia.**

Dear Sir or Madam,

**INTRODUCTION**

1. We, PwC Legal Indonesia (formerly Melli Darsa & Co.), are the Indonesian member law firm of the PwC global network who are qualified to practice law in the Republic of Indonesia ("**Indonesia**") and have acted as Indonesian legal counsel to the Client with respect to the proposed shares acquisition of the remaining shares in the Client's subsidiaries (i.e., Selasih Permata Sdn. Bhd. and Oriental Boon Siew (Mauritius) Pte. Ltd. ("**Target Companies**")) which it does not already own ("**Proposed Transaction**").

2. The Client has instructed us to provide a legal opinion on (i) the ownership of title to the shares directly or indirectly owned by the Target Companies in nine Indonesian subsidiaries in the form of a limited liability company (*perseroan terbatas* or PT), namely PT Gunung Maras Lestari ("**GML**"), PT Gunungsawit Binalestari ("**GSBL**"), PT Dapo Agro Makmur ("**DAM**"), PT Gunung Sawit Selatan Lestari ("**GSSL**"), PT Oriental Kyowa Industries ("**OKI**"), PT Surya Agro Persada ("**SAP**"), PT Pratama Palm Abadi ("**PPA**"), PT Sumatera Sawit Lestari ("**SSL**") and PT Bumi Sawit Sukses Pratama ("**BSSP**") (GML, GSBL, DAM, GSSL, OKI, SAP, PPA, SSL and BSSP shall collectively be referred to as the "**Indonesian Entities**"); and (ii) title to plots of land owned and/or possessed by the Indonesian Entities in relation to its plantation business ("**Indonesian Properties**"), for the purpose of fulfilling the requirement to obtain OHB's stockholders' approval for the Proposed Transaction and inclusion in OHB's circular and notice of general meeting to its stockholders in connection with the Proposed Transaction.

3. This Legal Opinion is limited to Indonesian laws and is given on the basis that it will be governed by and construed in accordance with Indonesian laws.

4. For the purposes of providing this Legal Opinion, we have examined and relied on the list of reviewed documents ("**Documents**") and relevant laws and regulations listed in Annex I. This Legal Opinion is limited by the assumptions and qualifications set out below, and subject to the disclaimer set out in Annex IV.

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**LEGAL OPINION**

5. Having assessed and analyzed the documents provided by OHB and/or the Indonesian Entities as well as the prevailing laws and regulations set out in Annex I, and based upon and subject where applicable to the assumptions and qualifications set out herein, we are of the opinion that:

**Due Incorporation of the Indonesian Entities**

5.1. Each of the Indonesian Entities is duly established and validly existing under the laws of Indonesia as at the date of the Legal Opinion, except for OKI due to the absence of its deed of establishment that has been ratified by the Minister of Law and Human Rights.

**Ownership of Shares in the Indonesian Entities**

5.2. Each of the shareholders of the Indonesian Entities has a valid legal title to the shares issued by the respective Indonesian Entities, except for ownership of shares by all shareholders in OKI, due to the absence of the relevant supporting documents as set out in Annex II of this Legal Opinion.

**Ownership and/or Possession of Land by the Indonesian Entities**

5.3. Each of the Indonesian Entities has valid legal title, either in the form of *Hak Guna Bangunan* ("**HGB**") and/or *Hak Guna Usaha* ("**HGU**"), over the respective plots of land that are free from any encumbrances (*hak tanggungan*) based on the supporting documents provided to us as described in Annex III, with the accumulated total land area owned by each of the Indonesian Entities as follows:

| No. | Entity | Total Area of Land under HGU | Total Area of Land under HGB |
|---|---|---|---|
| 1. | GSBL | 9,098.90 Ha | - |
| 2. | GML | 12,800.27 Ha | 3.88 Ha |
| 3. | BSSP | 3,913.28 Ha | 35.874 Ha |
| 4. | GSSL | 2,032.77 Ha | - |
| 5. | SAP | 3,774.71 Ha | - |
| 6. | PPA | - | 6.6842 Ha |
| 7. | DAM | - | - |
| 8. | SSL | - | - |

5.4. DAM and SSL have obtained (*Sertifikat Pengakuan Hak atas Tanah* or "**SPHT**"), as a proof of possession to some of the respective plots of land based on the relevant supporting documents provided to us as described in Annex III.

5.5. DAM, GSSL, PPA, GML, SAP, BSSP, and SSL had obtained some location permits for certain plots of land which have expired. In this regard, PPA (for some plots of land) and SSL had obtained the Activity Conformity of Spatial Utilization (*Kesesuaian Kegiatan Pemanfaatan Ruang* or "**KKPR**") as the new underlying document to acquire the land based on Minister of Agrarian Affairs and Spatial

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Planning/Head of the National Land Agency ("**MoAA**") Regulation No. 13/2021 ("**KKPR Regulation**"). GML has no necessity to obtain KKPR other that it has already owned as there is no further land acquisition plan within the area under the expired location permit as per GML Statement Letter dated 28 April 2023. While for DAM, GSSL, PPA (for other plots of land) and BSSP, they have obtained the following confirmation letters:

(a) Letter No. 050/89/II/DPMPTSP/2023 dated 13 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of Musi Rawas Regency to DAM;
(b) Letter No. 050/88/II/DPMPTSP/2023 dated 13 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of Musi Rawas Regency to GSSL;
(c) Letter No. 050/72/II/DPMPTSP/2023 dated 7 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of Musi Rawas Regency to PPA;
(d) Letter No. B-551.21/366/DPMPTSP/2023 dated 16 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of Musi Banyuasin Regency to PPA; and
(e) Letter No. 570/57/DPMPTSP/2023 dated 28 March 2023 issued by the Capital Investment and One Stop Integrated Service Agency of South Bangka Regency to BSSP,

(letters (a) up to (e) above shall be referred to "**Confirmation Letters**")

where under each of the Confirmation Letters from the respective authority encourages each of the relevant companies to apply for KKPR. The KKPR under the KKPR Regulation shall substitute the location permits held by holders. It is also pertinent to note that there is no mention of any restriction in terms of the time period or deadline stipulated for holders of expired location permit to apply for the KKPR under the KKPR Regulation. Nevertheless, based on statement letters dated 27 April 2023 issued by each of DAM, GSSL, PPA, BSSP, SAP, and SSL (as listed in Annex I), these Indonesian Entities undertake that they are committed to apply for the KKPR and will at their best endeavor to secure all KKPR within 2 (two) years from the completion of the Proposed Transaction ("**Commitment of KKPR Application**").

We note that these Confirmation Letters have been issued to these entities by the respective authority despite such entities being holders of expired location permits for certain plots of lands ("**Holders**"). Further, the respective authority had also confirmed that KKPR for the same area within the expired location permit will not be granted to other entities other than DAM, GSSL, PPA and BSSP. The respective authority has also confirmed that provided that DAM, GSSL, PPA and BSSP having obtained the KKPR (of which the application will be prioritized by the respective authority as committed in the above mentioned letters), the relevant land offices are committed and will prioritize the issuance of certificate of HGU (as defined herein) to them.

5.6. SAP had also obtained some location permits for certain plots of land which have expired. SAP must apply for KKPR before they can continue the land acquisition process and further register the acquired plots of land to the relevant land office in order to get HGU certificate under its name.

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5.7. Premised on the above, the KKPR Regulation and coupled with the Confirmation Letters and Commitment of KKPR Application, we are of the view of the following:

(a) the KKPR Regulation serves to provide an avenue for the holders of any expired location permits to resume its land certification processing path/route towards obtaining the HGU Certificate by applying to the relevant local land authority for the KKPR;

(b) the Confirmation Letters (which are issued to the Holders of expired location permits) provide comfort to such Holders that as long as the Holders undertakes the necessary steps in applying for the KKPR, the interest and rights over the expired location permit land area remains intact. Further, given that there is no mentioned time limit or stipulated deadline for holders of expired location permit to apply for KKPR and that the relevant local authority has conveyed through the Confirmation Letters, the Holders are deemed to have rights/interests in the land title processing route to obtain the HGU certificate during this interim period until the issuance of KKPR as long as fulfilling the requirements stipulated under the prevailing laws and regulations. Nevertheless, each of the Holders must apply for KKPR on an expedient basis before they can continue the land acquisition process and further register the acquired plots of land to the relevant land office in order to get HGU certificate under its name; and

(c) the risks of the relevant Indonesian Entities not being able to obtain the KKPR for the uncertificated land are fairly remote provided that the application documents are in order and fulfill the relevant requirements based on the prevailing laws and regulations coupled with the comfort stated in point (b) above as set out in the Confirmation Letters.

**ASSUMPTIONS**

6. In giving the foregoing Legal Opinion, we have made the following assumptions (without further inquiries and making investigation):

6.1. the genuineness of all signatures, seals and dates; the correct identity, legal capacity and authority of all signatories and corporate officers; and the due execution and validity of each of the Documents in accordance with the applicable laws;

6.2. the authenticity and factual accuracy of all Documents submitted to us as originals and the completeness (i.e., complete version and are the last amendments) and conformity with the originals of all Documents submitted to us as copies, and no further changes or no documents have been withheld from us, whether deliberately or inadvertently;

6.3. the accuracy and correctness of the statements made by the management and/or personnel of the Client, the Target Companies, and/or the Indonesian Entities and of the verbal information provided by them or by any of their respective professional advisors;

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6.4. that, where a document has been provided to us in a draft form, it was executed or will be executed in the form of that draft;

6.5. that all documents required to be stamped have been or will be stamped and that such documents are not subject to any penalty or fine arising out of late or inadequate stamping;

6.6. that all Documents constitute valid, binding, and enforceable obligations of the parties under all applicable laws and were entered into by the Client, the Target Companies and/or the Indonesian Entities for their corporate benefit;

6.7. the accuracy of all certificates, letters, and opinions given by external advisers to the Client, the Target Companies and/or the Indonesian Entities in relation to their documents or business;

6.8. that all the facts stated in the Documents and interviews on which we have relied in providing the Legal Opinion are and continue to be correct, and that no relevant matter was withheld from us, whether deliberately or inadvertently;

6.9. that, for each of the Documents to which a corporation is a party, the party has been and at all relevant times remained duly incorporated, and has at all relevant times had the necessary corporate power, that all corporate authorizations have been validly obtained, that each such document has been validly executed and entered into for the party's respective corporate benefit, and that the party was solvent when it did so;

6.10. that each of the Indonesian Entities has not been dissolved and/or declared bankrupt, are solvent and do not suffer from any incapacity that might disqualify them as a duly established legal entity;

6.11. that, for each of the Document to which an individual is a party, the party has been, and at all relevant times remained, legally capable of performing legal action, and has at all relevant times had the necessary power, that all spousal consents (if applicable) have been validly obtained, and that each such document has been validly executed;

6.12. we only check sixteen SPHT documents (as defined herein) for all Indonesian Entities and assume that all other SPHT documents (as defined herein) of the Indonesian Entities are valid, and are similar in terms of forms and information contained;

6.13. we express no opinion as to any laws other than laws of Indonesia currently in force and we have assumed that there is nothing in any law of other jurisdictions that affects the Legal Opinion;

6.14. the Legal Opinion is made based on the relevant laws and regulations of Indonesia applicable at the date of the Legal Opinion. We assume no obligations to inform OHB on any change of the laws and regulations after the date of the Legal Opinion;

6.15. that, according to the Client, the Target Companies and/or the Indonesian Entities, there are no unrectified or unresolved breaches or instances of non-compliance pertaining to the Indonesian Entities or the Indonesian Properties with regard to relevant licenses, consents, permits, authorizations, registrations, laws or regulations;

6.16. that all conditions precedent and/or obligations, including any necessary payments for the Client, the Target Companies and/or the Indonesian Entities, set out in the Documents provided to us have been fulfilled;

6.17. that the Documents contain all information which is relevant for the purposes of our opinion and there is no other agreement, undertaking, representation or warranty (oral or written) and no other arrangement (whether legally binding or not) between each of the Indonesian Entities with any other party(ies) or any other matter which renders such information inaccurate, incomplete or misleading or which affects the conclusions stated in this Legal Opinion;

6.18. the making of each of the assumptions above indicates that we assume that the subject of each assumption is true, correct, and complete in every particular; and

6.19. the fact that we have made these assumptions in the Legal Opinion does not imply that we have made any inquiries to verify the assumptions, although we are not aware that any of the assumptions are incorrect. No assumptions are limited by any other assumptions.

**QUALIFICATIONS**

7. The opinions set out above are subject to the following qualifications:

7.1. we are qualified to advise only on matters of Indonesian law in force at the time when the Legal Opinion is issued, and nothing in the Legal Opinion should be construed as advice on any matter affected by the law of any other jurisdiction, for which we are not qualified to give any advice and made no investigation;

7.2. the Legal Opinion is provided based on our analysis of the legal aspects of the information provided to us, and we did not examine, nor are we providing advice on the commercial, financial, accounting, operational and/or tax aspects of the Proposed Transaction, including the commercial benefits of the Proposed Transaction;

7.3. we will not be able to advise the Client that the material disclosed to us comprises all the information and material in existence that may be relevant, and we have relied upon the Client, the Target Companies and/or the Indonesian Entities in this regard;

7.4. the review of the applicable Indonesian laws and regulations for the purpose of preparing this Legal Opinion only covers and concerns the subject matter that we have analyzed, as disclosed in this Legal Opinion, and only covers the applicable Indonesian laws and regulations in effect on the date hereof as available to the

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general public. We will not be required to update this Legal Opinion, which may be affected by any changes to the laws and regulations enacted upon the issue of the Legal Opinion;

7.5. typically, in Indonesia, lower ranking legislation may establish broad principles of regulation, which are generally not widely published or codified, leaving details to be stipulated in implementing regulations, which may not be entirely clear or consistent with the higher-ranking regulations. In particular, regional regulations are not nationally published or widely known, and thus consultation with the relevant regional authority in Indonesia may be necessary to obtain clarification of the applicable laws and regulations or such authority's policies on the matters, which may be amended and/or revoked from time to time without prior notice;

7.6. as there is no centralized database of regional government regulations, we have had no access to all the relevant regional government regulations, which may be relevant to the issues discussed in the Legal Opinion, and the Legal Opinion should be read accordingly. It is possible that a regional government in Indonesia has issued and/or will issue regional government regulations or carry out policies which are contrary to the prevailing law, which may adversely affect the Indonesian Entities' business operations;

7.7. there may be other pieces of information or documents not known to us that would affect the contents of this Legal Opinion. Thus, this Legal Opinion is prepared based on and is limited to the information provided in the emails, Documents provided to us up to 16 September 2022 (the "**Original Cut-off Date**"), additional Documents provided to us following the Original Cut-off Date up to 11 May 2023 (the "**Additional Cut-off Date**"), and second additional Documents provided to us from 24 July 2023 up to 26 July 2023 (the "**Second Additional Cut-off Date**"), as well as regulations as listed in Annex I and our analysis of the prevailing Indonesian laws and regulations specified therein. In general, we have not attempted independently to verify all the information provided by the Client, the Target Companies and/or the Indonesian Entities;

7.8. In relation to the ownership of Shares in the Indonesian Entities and ownership of Land by the Indonesian Entities, our opinion is prepared based on the land and court searches conducted through: (i) BANI; (ii) National Land Agency; (iii) Commercial Court; (iv) Tax Court; (v) Industrial Relations Dispute Court; (vi) District Court; and (vii) State Administrative Court, within each relevant jurisdictions and according to the result described in each of the search result letters on the dates of their issuance, as listed in Annex I. In general, we have not attempted independently to verify the accuracy of each of the land and court search results and on whether the results reflect the most current situation;

7.9. we are not passing judgment upon, and do not assume responsibility for, the accuracy, completeness, or fairness of the statements and/or information contained in any other report made by other professional advisers, and we make no representations that we have independently verified the accuracy, completeness, or fairness of such statements and/or information. We express no view or belief as to the financial data and/or any data which are not related to

Indonesian legal matters included in the other reports issued to the Client, the Target Companies and/or the Indonesian Entities;

7.10. records and registers may not be complete or up-to-date, and documents might not have been filed immediately with the relevant offices, might no longer be on file, might be replaced, or might otherwise not appear on file;

7.11. we have not gone beyond the scope of the Legal Opinion exercise as described above and have performed our review only in the manner agreed;

7.12. pursuant to the Company Law, the establishment of a limited liability company must be announced in the State Gazette, and it is conducted by the Minister of Law and Human Rights. The failure of the Minister of Law and Human Rights to do so based on the Company Law will not affect the legal status of the company;

7.13. pursuant to the Company Law, shares in a limited liability company generally grant the rights upon the recording of the shares in the shareholders register on behalf of their owner, which may include, among other things, rights to attend and cast a vote at general meetings of shareholders, receive dividend payment, etc. The Company Law requires the boards of directors to manage and keep a shareholders' register. Despite the Company Law not setting any regulatory sanctions, as a result of failure to comply with the enacted requirements regarding share ownership, i.e., not recording share ownership in the shareholders register as well as inexistence of the shareholders register, it can be challenged that (although it is recorded in the articles of association) a party acquiring share ownership may not exercise the rights in their capacity as a shareholder, and such shares might not be reflected in the quorum calculation that must be established under the Company Law and/or the articles of association. Regardless of the absence of the sanction in the Company Law, a missing shareholders' register is regarded as non-compliance with the Company Law;

7.14. the Company Law requires the board of directors of a company to issue shares certificates to the shareholders. Although there are no regulatory sanctions in that regard, the share certificates serve as physical evidence of shares ownership for the reference of third parties in addition to the recordation of the ownership under the articles of association;

7.15. pursuant to Agrarian Law, GR No. 24/1997, GR No. 18/2021, and MoAA Regulation No. 18/2021 ("**Agrarian Law and the Implementing Regulations**"), HGU is the land rights to cultivate land that is granted to Indonesian citizens or an Indonesian legal entity (incorporated and domiciled in Indonesia) generally for the period of a maximum of 25 years. For companies that require a longer period, HGU can be granted for a maximum period of 35 years. HGU can then be extended for a maximum period of another 25 years. HGU is granted to agricultural, fishery, or farming companies, and can be transferred to other parties;

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7.16. Pursuant to the Agrarian Law and the Implementing Regulations, HGU is a land title granted for agricultural, fishery, or farming business activities. Further, pursuant to Article 62 paragraphs 5 and 6 of MoAA Regulation No. 18/2021, an HGU land can also be used for emplacements, factory buildings, warehouses, temporary employee residences, and any other buildings that support those activities conducted within the HGU area which can also be granted with other land title according to their nature and function, such as HGB.

Based on GSBL's confirmation, we note that it has a palm oil mill located on a certain area over a plot of land covered by GSBL's HGU certificate No. 07, dated 5 September 2001, issued by the Land Office of Bangka. Generally, the land title for such palm oil mill should be an HGB; however, referring to Article 62 paragraphs 5 and 6 of MoAA Regulation No. 18/2021, such palm oil mill can be built on GSBL's HGU land provided that an application to convert the relevant plot of land from HGU to HGB has been submitted. We note from GSBL's confirmation that such application to convert the land title from HGU to HGB has not been submitted.

According to Article 62 paragraphs 5 and 6 of MoAA Regulation No. 18/2021, GSBL must submit the application, failing of which the local land office may (i) issue a warning letter or, as the most severe sanction if no actions were taken by GSBL, (ii) terminate the HGU Certificate due to the failure to do such conversion. Based on a Statement Letter issued by the management of GSBL on 4 August 2023, GSBL confirms that there have not been any warnings, reprimand, sanction, annulment, decision which may result to the termination of the HGU certificate No. 07, dated 5 September 2001;

7.17. pursuant to the Agrarian Law and the Implementing Regulations, HGB is a right to construct and possess buildings on land which is directly controlled by the State due to Government stipulation and on owned land due to an authentic agreement. This right is granted to Indonesian citizens, or a legal entity established under Indonesian law and domiciled in Indonesia for a maximum period of 30 years, and may be extended for a maximum period of 20 years;

7.18. based on our review of the copies of each Transfer of Rights Letter and set of supporting documents as listed in Annex III of this Legal Opinion (SPHT), SPHT is a set of documents which provides information that the former owner of the right over the land has confirmed that he or she has a valid right over uncertificated land and further has fully received a certain compensation by the relevant Indonesian Entities and thus transfer his/her right of land to such relevant Indonesian Entities. Although SPHT constitutes the underlying documents for a transfer of right, SPHT can only be construed as a reference of land possession, not the legal title to the land ownership, and shall be followed by the certification process to the relevant land office until the issuance of land certificate;

7.19. based on the MoAA Regulation No. 13/2021, the location permit has been replaced by a KKPR which can be issued for applicants who have or have not acquired the land for their business activity. The KKPR is valid for three years and can be extended for two additional years, provided that the holder has acquired at least 30% of the approved land area in one overlay, based on an assessment by the relevant land office;

7.20. we do not verify or confirm whether the land area covered in the expired location permits is identical and consistent with, or covered all land area under the relevant KKPR of PPA, and SSL and we do not carry out a site visit to the location of such land area to confirm and verify the same;

7.21. there is no guarantee that the new KKPR covers identical land plots (identical coordinates or total area) as covered in the expired location permits; the new KKPR may be issued for a larger or smaller total area than that of the expired location permits;

7.22. due to the developing nature of Indonesian land law and the lack of a uniform land title system in Indonesia, disputes over the acquisition of land may arise in situations such as: (i) claims by former owners and/or their relations or illegal occupants over the same land; and (ii) claims by third parties who want to profit from the situation by moving into such land;

7.23. there is a possibility that the relevant government institutions may not, for any reason, issue the required recommendations, approvals, statutes, stipulations, and/or permits in our favor, which may have an adverse effect on prospects and future plans of the Client, the Target Companies and/or the Indonesian Entities;

7.24. the administration of land laws and regulations may be subject to a certain degree of discretion by the Indonesian government authorities and due to the lack of uniform implementation of regulations, there is no assurance that the relevant authorities will not take a different approach or view with respect to the uncertified land, its use, registration and future disposal;

7.25. in relation to plots of land possessed by DAM under SPHT, there are cases under cassation process between:

(a) Agentik (as Plaintiff), DAM (as Defendant), and Bahtiar (as Co-Defendant) which Agentik claimed that DAM does a tort on unlawful possession of plots of land with the area of 4 Hectare and based on the court decision of Lubuk Linggau No. 1/Pdt.G/2022/PN Llg dated 21 July 2022 and Court of Appeal decision No. 105/PDT/2022/PT PLG dated 5 October 2022, the judges do not grant claims made by Agentik ("**DAM Case 1**"); and

(b) M. Ilyas (as Plaintiff), DAM (as Defendant I), Bahoni (as Defendant II) and Bahtiar (as Co-Defendant), which M. Ilyas claimed that DAM does a tort on unlawful possession of plots of land with the area of 13.3 Hectare and based on the court decision of Lubuk Linggau No. 42/Pdt.G/2021/PN Llg dated 21 July 2022, and Court of Appeal decision No. 99/PDT/2022/PT PLG dated 24 October 2022, the judges do not grant the claims made by M. Ilyas ("**DAM Case 2**").

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7.26. in relation to plots of land possessed by GSSL under SPHT, there is case under process at Lubuk Linggau district court between Ismail, Iskandar, Aripa'I, Tamrin Yadi, Riza Umami, and Hutmawati (collectively as "**GSSL Plaintiff**") and GSSL (as Defendant), which the GSSL Plaintiff handed over the plasma land of 40 Hectare to GSSL ("**GSSL Case**");

7.27. in the context of civil court proceedings, based on the Judge Authority Law, HIR, and RBg, there are 2 (two) types of legal remedies, which are ordinary legal remedy and extraordinary legal remedy. Ordinary legal remedies consist of:

(a) appeal (*banding*), to review the decision of a court of first instance (district court);
(b) cassation (*kasasi*), to review a court decision at the appellate level (court of appeal); and
(c) challenge (*verzet*), the plaintiff's right to challenge a *verstek* court decision (a verdict rendered while the plaintiff is not present).

For the DAM Case 1 and the DAM Case 2, the district court and the appeal court have ruled in favor of DAM. These cases are currently under cassation (*kasasi*) process.

Moreover, extraordinary legal remedies consist of:

(a) judicial review (*peninjauan kembali*), to file a petition to the Supreme Court (*Mahkamah Agung*) in the event that there is a discovery of new evidence (*novum*) and/or a judge's error or mistake in applying the law to a court decision that has obtained permanent legal force; and
(b) third party's challenge (*derden verzet*), the right of a third party in the event that a court decision adversely affects the interests of a third party.

In relation to the GSSL Case, the proceedings will continue until the court decision is rendered. Upon the reading of the court decision, the relevant party can take ordinary legal remedies by way of appeal (*banding*) and followed by cassation (*kasasi*) (if necessary) as long as the court decision has not obtained permanent legal force. However, if such a court decision has obtained permanent legal force, then the relevant party can take extraordinary legal remedies by way of judicial review (*peninjauan kembali*).

7.28. it is possible that investigators, prosecutors, financial audit authorities, authorized government officials, legislators or legal experts have views, thoughts, and/or analyses that differ from our views, thoughts, and analysis, as well as our interpretation of the laws and regulations, as described in this Legal Opinion, and therefore this Legal Opinion shall be subject to further consultation and discussion with the relevant authorities, as and when required; and

7.29. the making of each of the qualifications above indicates that we assume that the subject of each assumption is true, correct, and complete in every particular.

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**BENEFIT OF LEGAL OPINION**

8. This Legal Opinion is addressed specifically to the Client in relation to the Proposed Transaction, solely for the benefit of the Client, and is not to be transmitted to or used or relied upon by any other person, or used or relied upon by the Client for any other purpose without our prior written consent, except that this Legal Opinion may be annexed to the circular of the stockholders of OHB in respect of an extraordinary general meeting to be convened to approve the Proposed Transaction. We have no duty of care or liability to any third party with respect to this Legal Opinion and it does not constitute a recommendation to any stockholder of OHB as to how any stockholder should vote in respect of the Proposed Transaction.

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Yours Faithfully,
**PwC Legal Indonesia**

Indra Allen, SE., SH., LL.M.
Partner

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## ANNEX I
## LIST OF REFERRED REGULATIONS AND REVIEWED DOCUMENTS

A. <u>Regulations</u>

1. "**Agrarian Law**" means Law No. 5 of 1960 on Basic Agrarian Principles.
2. "**Company Law**" means Law No. 40 of 2007 on Limited Liability Companies as amended by Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation.
3. "**GR**" means Government Regulation.
4. "**GR No. 18/2021**" means GR No. 18 of 2021 on Right-to-Manage, Land Title, Strata Title Units, and Land Registration.
5. "**GR No. 24/1997**" means GR No. 24 of 1997 on Land Registration, as partially revoked by GR No. 18/2021.
6. "**HIR**" means *Herzien Inlandsch Reglement S. 1941-44.*
7. "**Judge Authority Law**" means Law No. 48 of 2009 on Judge Authority.
8. "**MoAA**" means Minister of Agrarian Affairs and Spatial Planning.
9. "**MoAA Regulation No. 13/2021**" or "**KKPR Regulation**" means MoAA Regulation No. 13 of 2021 on Implementation of Conformity of Space Utilization Activities and Synchronization of Space Utilization Programs.
10. "**MoAA Regulation No. 18/2021**" means MoAA Regulation No. 18 of 2021 on Procedures for Establishing Rights to Manage and Land Rights.
11. "**RBg**" means *Reglement op de Rechtsvordering S. 1847-52 jo. 1849-63.*
12. Technical Guideline of Administration and Proceedings in the General Civil Court from the Supreme Court (*Mahkamah Agung*).

B. <u>Received and Reviewed Documents (provided up to the Original Cut-off Date)</u>

1. HGU Certificate of SAP No. 22/Musi Rawas issued by the Land Office of Musi Rawas Regency, with expiry date 2 May 2048.
2. HGU Certificate of SAP No. 01/Musi Rawas issued by the Land Office of Musi Rawas Regency, with expiry date 4 February 2049.
3. HGU Certificate of SAP No. 16/Musi Rawas issued by the Land Office of Musi Rawas Regency, with expiry date 17 May 2045.
4. HGU Certificate of SAP No. 17/Musi Rawas issued by the Land Office of Musi Rawas Regency, with expiry date 25 November 2045.
5. HGB Certificate of PPA No. 04/Prabumulih I issued by the Land Office of Musi Rawas Regency, with expiry date 22 October 2050.
6. HGB Certificate of PPA No. 02/Prabumulih I issued by the Land Office of Musi Rawas Regency, with expiry date 22 October 2050.
7. HGB Certificate of PPA No. 03/Prabumulih I issued by the Land Office of Musi Rawas Regency, with expiry date 22 October 2050.
8. HGB Certificate of PPA No. 01/Prabumulih I issued by the Land Office of Musi Rawas Regency, with expiry date 22 October 2050.
9. HGU Certificate of GSBL No. 07 dated 5 September 2001, issued by the Land Office of Bangka, with expiry date 30 August 2031.
10. HGU Certificate of GSSL No. 90/Musi Rawas issued by the Land Office of Musi Rawas Regency, with expiry date of 21 March 2057.
11. HGU Certificate of GSSL No. 91/Musi Rawas issued by the Land Office of Musi Rawas Regency, with expiry date of 21 March 2057.

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12. HGU Certificate of GSSL No. 92/Musi Rawas issued by the Land Office of Musi Rawas Regency, with expiry date of 21 March 2057.
13. HGU Certificate of GSSL No. 93/Musi Rawas issued by the Land Office of Musi Rawas Regency, with expiry date of 21 March 2057.
14. HGU Certificate of BSSP No. 6 dated 7 December 2016, issued by the Land Office of South Bangka Regency, with expiry date 27 September 2051.
15. HGU Certificate of BSSP No. 7 dated 8 December 2016, issued by the Land Office of South Bangka Regency, with expiry date 27 September 2051.
16. HGU Certificate of BSSP No. 8 dated 8 December 2016, issued by the Land Office of South Bangka Regency, with expiry date 27 September 2051.
17. HGU Certificate of BSSP No. 9 dated 8 December 2016, issued by the Land Office of South Bangka Regency, with expiry date 27 September 2051.
18. HGU Certificate of BSSP No. 10 dated 8 December 2016, issued by the Land Office of South Bangka Regency, with expiry date 27 September 2051.
19. HGU Certificate of BSSP No.11 dated 8 December 2016, issued by the Land Office of South Bangka Regency, with expiry date 27 September 2051.
20. HGU Certificate of BSSP No. 12 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
21. HGU Certificate of BSSP No. 13 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
22. HGU Certificate of BSSP No. 14 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
23. HGU Certificate of BSSP No. 15 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
24. HGU Certificate of BSSP No. 16 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
25. HGU Certificate of BSSP No. 17 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
26. HGU Certificate of BSSP No. 18 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
27. HGU Certificate of BSSP No. 19 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
28. HGU Certificate of BSSP No. 20 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
29. HGU Certificate of BSSP No. 21 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
30. HGU Certificate of BSSP No. 22 dated 16 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 30 January 2052.
31. HGU Certificate of BSSP No. 23 dated 21 March 2017, issued by the Land Office of South Bangka Regency, with expiry date 2 March 2052.
32. HGU Certificate of BSSP No. 24 dated 21 April 2017, issued by the Land Office of South Bangka Regency, with expiry date 13 March 2052.
33. HGU Certificate of BSSP No. 25 dated 21 April 2017, issued by the Land Office of South Bangka Regency, with expiry date 13 March 2052.
34. HGB Certificate of BSSP No. 1 dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
35. HGB Certificate of BSSP No. 2 dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
36. HGB Certificate of BSSP No. 5 for Pangkal Buluh dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
37. HGB Certificate of BSSP No. 7 dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.

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38. HGB Certificate of BSSP No. 3 for Pangkal Buluh dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
39. HGB Certificate of BSSP No. 4 for Pangkal Buluh dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
40. HGB Certificate of BSSP No. 6 for Pangkal Buluh dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
41. HGB Certificate of BSSP No. 9 for Pangkal Buluh dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
42. HGB Certificate of BSSP No. 2 for Malik dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
43. HGB Certificate of BSSP No. 3 for Malik dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
44. HGB Certificate of BSSP No. 6 for Malik dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
45. HGB Certificate of BSSP No. 2 for Simpang Rimba dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
46. HGB Certificate of BSSP No. 3 for Simpang Rimba dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
47. HGB Certificate of BSSP No. 8 for Pangkal Buluh dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
48. HGB Certificate of BSSP No. 4 for Malik dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
49. HGB Certificate of BSSP No. 5 for Malik dated 19 January 2016, issued by the Land Office of South Bangka Regency, with expiry date 20 January 2036.
50. HGU Certificate of BSSP No. 00012 for Sungai Selan dated 5 April 2018, issued by the Head of Central Bangka Regency/City Land Office, with expiry date 05 April 2053.
51. HGU Certificate of GML No. 2 dated 6 November 1998, issued by the Land Office of Bangka Regency, with expiry date 6 November 2028.
52. HGU Certificate of GML No. 3 dated 6 November 1998, issued by the Land Office of Bangka Regency, with expiry date 6 November 2028, as updated on 9 August 2018.
53. HGU Certificate of GML No. 39 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
54. HGU Certificate of GML No. 40 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
55. HGU Certificate of GML No. 41 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
56. HGU Certificate of GML No. 42 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
57. HGU Certificate of GML No. 43 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
58. HGU Certificate of GML No. 44 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
59. HGU Certificate of GML No. 45 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
60. HGU Certificate of GML No. 46 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
61. HGU Certificate of GML No. 47 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.

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62. HGU Certificate of GML No. 48 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
63. HGU Certificate of GML No. 49 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
64. HGU Certificate of GML No. 50 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
65. HGU Certificate of GML No. 51 dated 30 March 2016, issued by the Land Office of Bangka Regency, with expiry date 30 March 2051.
66. HGU Certificate of GML No. 57 dated 9 May 2016, issued by the Land Office of Bangka Regency, with expiry date 9 May 2051.
67. HGU Certificate of GML No. 58 dated 9 May 2016, issued by the Land Office of Bangka Regency, with expiry date 9 May 2051.
68. HGU Certificate of GML No. 59 dated 9 May 2016, issued by the Land Office of Bangka Regency, with expiry date 9 May 2051.
69. HGU Certificate of GML No. 60 dated 9 May 2016, issued by the Land Office of Bangka Regency, with expiry date 9 May 2051.
70. HGU Certificate of GML No. 61 dated 9 May 2016, issued by the Land Office of Bangka Regency, with expiry date 9 May 2051.
71. HGU Certificate of GML No. 62 dated 9 May 2016, issued by the Land Office of Bangka Regency, with expiry date 9 May 2051.
72. HGB Certificate of GML No. 00116 dated 27 January 2021, issued by the Land Office of Pangkalpinang City, with expiry date 21 January 2041.
73. HGB Certificate of GML No. 78 dated 19 July 2017, issued by the Land Office of Pangkalpinang City, with expiry date 18 July 2047.
74. HGB Certificate of GML No. 79 dated 19 July 2017, issued by the Land Office of Pangkalpinang City, with expiry date 18 July 2047.
75. HGB Certificate of GML No. 80 dated 19 July 2017, issued by the Land Office of Pangkalpinang City, with expiry date 18 July 2047.
76. HGB Certificate of GML No. 00140 dated 14 February 2023, issued by the Land Office of Pangkalpinang City, with expiry date 19 January 2043.
77. HGB Certificate of GML No. 00142 dated 14 February 2023, issued by the Land Office of Pangkalpinang City, with expiry date 19 January 2043.
78. Transfer of Rights Letter of PPA No. 594.4/48/Kec.ML/2016 dated 18 May 2016, issued by Musi Rawas Regency.
79. Transfer of Rights Letter of PPA No. 594.4/36/Kec.ML/2016 dated 18 May 2016, issued by Musi Rawas Regency.
80. Transfer of Rights Letter of DAM No. 594.4/14/Kec.BTS ULU/2011 dated 19 October 2011, issued by Musi Rawas Regency.
81. Transfer of Rights Letter of DAM No. 594.4/13/Kec.BTS ULU/2011 dated 19 October 2011, issued by Musi Rawas Regency.
82. Transfer of Rights Letter of DAM No. 594.4/02/Kec.BTS ULU/2011 dated 19 October 2011, issued by Musi Rawas Regency.
83. Transfer of Rights Letter of DAM No. 594/235/Kec.BTS ULU/2012 dated 6 May 2012, issued by Musi Rawas Regency.
84. Transfer of Rights Letter of DAM No. 594/236/Kec.BTS ULU/2012 dated 6 May 2012, issued by Musi Rawas Regency.
85. Transfer of Rights Letter of DAM No. 594/237/Kec.BTS ULU/2012 dated 6 May 2012, issued by Musi Rawas Regency.
86. Transfer of Rights Letter of DAM No. 594/202/Kec.BTS ULU/2012 dated 8 May 2012, issued by Musi Rawas Regency.
87. Transfer of Rights Letter of DAM No. 594/203/Kec.BTS ULU/2012 dated 8 May 2012, issued by Musi Rawas Regency.

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88. Transfer of Rights Letter of DAM No. 594/204/Kec.BTS ULU/2012 dated 8 May 2012, dated 8 May 2012, issued by Musi Rawas Regency.
89. Transfer of Rights Letter of SSL No. 594.4/01/Kec.RI/2015 dated 24 August 2015, issued by North Musi Rawas Regency.
90. Transfer of Rights Letter of SSL No. 594.4/03/Kec.RI/2015 dated 24 August 2015, issued by North Musi Rawas Regency.
91. Transfer of Rights Letter of SAP No. 594.4/03/Pem/2016 dated 8 January 2015, issued by North Musi Rawas Regency.
92. Transfer of Rights Letter of GSSL No. 594/1113/TPK/2011 dated 20 September 2020, issued by Head of Tiang Pumpung Kepungut Sub-District.
93. Transfer of Rights Letter of GSSL No. 594/1130/TPK/2011 dated 20 September 2020, issued by Head of Tiang Pumpung Kepungut Sub-District.
94. Statement Letter of Alhamsa dated 16 May 2016.
95. Statement Letter of The Heirs No. 594/729/Prab.I/SPAW/2016 dated 16 May 2016.
96. SPHT No. 594/726.4/Prab.I/2016 dated 16 May 2016.
97. SPHT 594/726.6/Prab.I/2016 dated 16 May 2016.
98. Statement Letter No. 594/393/Prab.I/2016 dated 16 May 2016.
99. SKTS[1] No. 594/729/SKTS/Prab.I/2016 dated 16 May 2016.
100. Land Measurement Application Letter dated 25 April 2016.
101. Minutes of Land Measurement dated 16 May 2016.
102. Statement Letter of Darmadi dated 17 October 2011.
103. Statement Letter No. 594.06/MH/2011 dated 17 October 2011.
104. SPHT No. 494/40/Kec.BTS ULU/2011 dated 18 September 2011.
105. Statement Letter of Darmadi dated 18 October 2011.
106. SKTS No. 594/06/MH/2011 dated 18 October 2011.
107. Land Measurement Application Letter dated 3 October 2011.
108. Minutes of Land Measurement dated 12 October 2011.
109. Statement Letter of The Heirs No. 591/06/MH/2011 dated 18 October 2011.
110. Statement Letter Darmadi dated 17 October 2011.
111. Statement Letter No. 594/04/MH/2011 dated 17 October 2011.
112. SPHT No. 594/39/Kec.BTS ULU/2011 dated 18 September 2011.
113. Statement Letter of Darmadi dated 18 October 2011.
114. SKTS No. 594/04/MH/2011 dated 18 October 2011.
115. Land Measurement Application Letter dated 3 October 2011.
116. Minutes of Land Measurement dated 11 October 2011.
117. Statement Letter of The Heirs No. 594/04/x/2011 dated 18 October 2011.
118. Statement Letter of Bahoni dated 18 October 2011 dated 17 October 2011.
119. Statement Letter No. 594/17/MH/2011 dated 17 October 2011.
120. SPHT No. 594/02/Kec. BTS ULU/2011 dated 18 September 2011.
121. SPHT No. 594/03/Kec. BTS ULU/2011 dated 18 September 2011.
122. SKTS No. 594/17/MH/2011 dated 18 October 2011.
123. Land Measurement Application Letter dated 5 October 2011.
124. Minutes of Land Measurement dated 12 October 2011.
125. Statement Letter of Heirs No. 594/17/x/2011 dated 18 October 2011.
126. Statement Letter of Efendi Dena dated 6 May 2012.
127. Statement Letter No. 594/201/PLW/2012 dated 6 May 2012.
128. SKTS No. 594/201/PLW/2012 dated 6 May 2012.
129. Land Measurement Application Letter dated 30 March 2012.
130. Minutes of Land Measurement dated 4 April 2012.
131. Statement Letter of Heirs dated 7 April 2012.

[1] "SKTS" stands for *Surat Keterangan Tidak Sengketa* (Letter of No Dispute Statement).

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132. SPHT No. 594/529/Kec. BTS ULU/2012 dated 6 May 2012.
133. Statement Letter of Samsul Kopli dated 6 May 2012.
134. Statement Letter No. 594/202/PLW/2012 dated 6 May 2012.
135. SKTS No. 594/202/PLW/2012 dated 6 May 2012.
136. Land Measurement Application Letter dated 1 April 2012.
137. Minutes of Land Measurement dated 8 April 2012.
138. Statement Letter of Heirs No. 594/202/PLW/2012 dated 9 April 2012.
139. SPHT No. 594/590/Kec.BTS ULU/2012 dated 6 May 2012.
140. SPHT No. 594/531/Kec.BTS ULU/2012 dated 6 May 2012.
141. SPHT No. 594/532/Kec.BTS ULU/2012 dated 6 May 2012.
142. SPHT No. 594/533/Kec.BTS ULU/2012 dated 6 May 2012.
143. SPHT No. 594/534/Kec.BTS ULU/2012 dated 6 May 2012.
144. Statement Letter of Benni dated 6 May 2012.
145. Statement Letter No. 594/203/PLW/2012 dated 6 May 2012.
146. SKTS No. 594/203/PLW/2012 dated 6 May 2012.
147. Land Measurement Application Letter dated 1 April 2012.
148. Minutes of Land Measurement dated 8 April 2012.
149. Statement Letter of Heirs dated 9 April 2012.
150. SPHT No. 594/535/Kec. BTS ULU/2012 dated 6 May 2012.
151. SPHT No. 594/536/Kec. BTS ULU/2012 dated 6 May 2012.
152. SPHT No. 594/537/Kec. BTS ULU/2012 dated 6 May 2012.
153. Minutes of Results of Inspection of Community Land Acquisition Inventory by GSSL dated 13 September 2011.
154. SPHT No. 594/1112/Kec.Tpk/2011 dated 20 September 2011.
155. Statement Letter No. 594/83/Tanah/BTB/2011 dated 12 September 2011.
156. SKTS No. 594/84/SKTS/BTB/2011 dated 12 September 2011.
157. Statement Letter of Lamsari dated 12 September 2011.
158. Statement Letter of Heirs dated 12 September 2011.
159. Land Measurement Application Letter dated 6 September 2011.
160. Minutes of Land Measurement dated 7 September 2011.
161. Statement Letter of Inheritance dated 12 September 2011.
162. Minutes of Results of Inspection of Community Land Acquisition Inventory by GSSL dated 13 September 2011.
163. SPHT No. 594/1129/Kec.TPK/2011 dated 20 September 2011.
164. Statement Letter No. 594/92/Tanah/BTB/2011 dated 12 September 2011.
165. SKTS No. 594/93/SKTS/BTB/2011 dated 12 September 2011.
166. Statement Letter of Roci bin Basit dated 12 September 2011.
167. Statement Letter of Heirs No. 504/95/BTB/2011 dated 12 September 2011.
168. Land Measurement Application Letter dated 10 September 2011.
169. Minutes of Land Measurement dated 11 September 2011.
170. Statement Letter of Inheritance No. 594/96/BTB/2011 dated 12 September 2011.
171. Statement Letter of Saryono dated 28 December 2015.
172. SPHT No.594.4/03/Pem/2016 dated 28 December 2015.
173. Statement Letter No.594.4/24/SK/PH/2015 dated 28 December 2015.
174. SKTS No.594.4/24/SKTS/PH/2015 dated 28 December 2015.
175. Minutes of Land Measurement dated 28 December 2015.
176. Statement Letter of Heirs dated 28 December 2015.
177. Approval Letter of Heirs dated 28 December 2015.
178. PoA of Heirs dated 28 December 2015.
179. Statement Letter of Alhamsa dated 16 May 2016.
180. Statement Letter of Heirs dated 16 May 2016.
181. SPHT No.594/03/Kec.ML/2016 dated 16 May 2016.

182. Statement Letter No.594/381/Prab.I/2016 dated 16 May 2016.
183. SKTS No.594/317/SKTS/Prab.I/2016 dated 16 May 2016.
184. Minutes of Land Measurement dated 16 May 2016.
185. Shareholders Register of DAM dated 25 April 2018.
186. Shareholders Register of GSSL dated 25 April 2018.
187. Shareholders Register of PPA dated 25 April 2018.
188. Shareholders Register of SAP dated 1 September 2022.
189. Shareholders Register of SSL dated 1 September 2022.
190. Shareholders Register of GSBL dated 25 April 2018.
191. Shareholders Register of BSSP dated 25 April 2018.
192. Shareholders Register of GML dated 25 April 2018.
193. Collective Share Certificate of DAM No. A dated 25 April 2018 for shares Nos. 1 to 7,200 for and on behalf of OBS (Singapore) Pte. Ltd.
194. Collective Shares Certificate of DAM No. B dated 25 April 2018 for shares Nos. 7,201 to 8,000 for and on behalf of Karli Boenjamin.
195. Collective Shares Certificate of GSSL No. A dated 25 April 2018 for shares Nos. 1 to 125 for and on behalf of Karli Boenjamin.
196. Collective Shares Certificate of GSSL No. B dated 25 April 2018 for shares Nos. 126 to 1,125 for and on behalf of OBS (Singapore) Pte. Ltd.
197. Collective Shares Certificate of PPA No. A dated 25 April 2018 for shares Nos. 1 to 10,800 for and on behalf of OBS (Singapore) Pte. Ltd.
198. Collective Shares Certificate of PPA No. B dated 25 April 2018 for shares Nos. 10,801 to 12,000 for and on behalf of Karli Boenjamin.
199. Collective Shares Certificate of SAP No. A dated 1 September 2022 for shares Nos. 1 to 14,378 for and on behalf of OAM Asia (Singapore) Pte. Ltd.
200. Collective Shares Certificate of SAP No. B dated 1 September 2022 for shares Nos. 14,379 to 16,375 for and on behalf of PT Kencana Sawit Abadi.
201. Collective Shares Certificate of SSL No. A dated 1 September 2022 for shares Nos. 1 to 9,000 for and on behalf of OAM Asia (Singapore) Pte. Ltd.
202. Collective Shares Certificate of SSL No. B dated 1 September 2022 for shares Nos. 9,001 to 10,000 for and on behalf of PT Tradisi Bina Usaha.
203. Collective Shares Certificate of GSBL No. A dated 25 April 2018 for shares Nos. 1 to 6,475 for and on behalf of Selasih Permata Sdn. Bhd.
204. Collective Shares Certificate of GSBL No. B dated 25 April 2018 for shares Nos. 6,476 to 7,000 for and on behalf of Karli Boenjamin.
205. Collective Shares Certificate of BSSP No. A dated 25 April 2018 for shares Nos. 1 to 1,500 for and on behalf of Karli Boenjamin.
206. Collective Shares Certificate of BSSP No. B dated 25 April 2018 for shares Nos. 1,501 to 15,000 for and on behalf of OBS (Singapore) Pte. Ltd.
207. Collective Shares Certificate of GML No. A dated 25 April 2018 for shares Nos. 1 to 5,550 for and on behalf of Selasih Permata Sdn. Bhd.
208. Collective Shares Certificate of GML No. B dated 25 April 2018 for shares Nos. 5,551 to 6,000 for and on behalf of Karli Boenjamin.
209. Deed of Establishment of DAM No. 7, dated 16 May 2008, drawn up before Zulkifli Rusdi, S.H., a Notary in Palembang, legalized through MOLHR[2] Decree No. AHU-51060.AH.01.01.Tahun 2008, dated 14 August 2008, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0070896.AH.01.09.Tahun 2008, dated 14 August 2008.
210. Deed of DAM No. 60, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., Notary in North Jakarta, approved through MOLHR Decree No. AHU-0015035.AH.01.02.Tahun 2020, dated 20 February 2020, and

[2] "MOLHR" stands for the Ministry of Law and Human Rights (*Kementerian Hukum dan Hak Asasi Manusia*).

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recorded in the Company Register maintained by the MOLHR under registration No. AHU-0034969.AH.01.11.Tahun 2020, dated 20 February 2020.

211. Deed of Establishment of GSSL No. 25, dated 12 May 2010, drawn up before Alang, SH., a Notary in Jakarta, legalized through MOLHR Decree No. AHU-27520.AH.01.01.Tahun 2010 dated 1 June 2010, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0040717.AH.01.09.Tahun 2010 dated 1 June 2010.

212. Deed of GSSL No. 59, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., a Notary in North Jakarta, approved through MOLHR Decree No. AHU-0015054.AH.01.02.Tahun 2020, dated 20 February 2020, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0035002.AH.01.11.Tahun 2020, dated 20 February 2020.

213. Deed of Establishment of PPA No. 37, dated 29 April 2010, drawn up before Alang, S.H., a Notary in Jakarta, legalized through MOLHR Decree No. AHU-25943.AH.01.01.Tahun 2010, dated 21 May 2010, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0038478.AH.01.09.Tahun 2010, dated 21 May 2010.

214. Deed of PPA No. 63, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., Notary in North Jakarta, approved through MOLHR Decree No. AHU-0015070.AH.01.02.Tahun 2020, dated 20 February 2020, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0035033.AH.01.11.Tahun 2020, dated 20 February 2020.

215. Deed of Establishment of SAP No. 21, dated 26 October 2007, drawn up before Ir. Rusli, S.H., Notary in Bekasi, legalized through MOLHR Decree No.C-04216 HT.01.01-TH.2007, dated 23 November 2007.

216. Deed of SAP No. 9, dated 4 January 2021, drawn up before Sindian Osaputra, S.H., M.Kn., a Notary in North Jakarta, approved through MOLHR Decree No.AHU-AH.01.03-0043055, dated 25 January 2021, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0013793.AH.01.11.TAHUN 2021 dated 25 January 2021.

217. Deed of Establishment of SSL No. 79, dated 29 November 2012, drawn up before Alang, S.H., a Notary in Jakarta, legalized through MOLHR Decree No. AHU-66603.AH.01.01.Tahun 2012, dated 28 December 2012, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0112714.AH.01.09.Tahun 2012, dated 28 December 2012.

218. Deed of SSL No. 49, dated 15 January 2016, drawn up before Mala Mukti, S.H., M.Kn., a Notary in Jakarta, approved through MOLHR Decree No. AHU-002117.AH.01.02.Tahun 2016, dated 2 February 2016, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0014423.AH.01.11.Tahun 2016, dated 2 February 2016.

219. Deed of SSL No. 62, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., a Notary in North Jakarta, approved through MOLHR Decree No. AHU-0015148.AH.01.02.Tahun 2020, dated 20 February 2020, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0035230.AH.01.11.Tahun 2020, dated 20 February 2020.

220. Deed of Establishment of GSBL No. 3 dated 22 November 1994 drawn up before Milly Karmila Sareal S.H., a Notary in Jakarta, legalized through MOLHR Decree No. C2-2.530.HT.01.01.TH.95 dated 17 February 1995.

221. Deed of Statement of Shareholders' Resolution of GSBL No. 61 dated 16 July 2019 drawn up before Sindian Osaputra S.H., M.Kn., a Notary in Jakarta, approved through MOLHR Decree No. AHU-0040101.AH.01.02.Tahun 2019 dated 22 July 2019, and recorded in the Company Register maintained by the

MOLHR under registration No. AHU-0116416.AH.01.11.Tahun 2019, dated 22 July 2019.

222. Deed of Establishment of BSSP No. 33 dated 12 July 2005 drawn up before Alang, a Notary in Jakarta, legalized through MOLHR Decree No. W7-00143 HT.01.01-TH.2007 dated 4 January 2007, and recorded in the Company Register maintained by the MOLHR under registration No. 310215100457, dated 29 January 2007.
223. Deed of Statement of Shareholders' Resolution of BSSP No. 59 dated 16 July 2019 drawn up before Sindian Osaputra, a Notary in Jakarta, legalized through MOLHR Decree AHU-0040149.AH.01.02. TAHUN 2019 dated 22 July 2019, and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0116526.AH.01.11.Tahun 2019, dated 22 July 2019.
224. Deed of Establishment of GML No. 5 dated 15 February 1994 drawn up before Milly Kamila Sareal, S.H., a Notary in Jakarta, legalized through MOLHR Decree No. C2-12359.HT.01.01. T.94 dated 13 August 1994, and recorded in the Company Register maintained by the Sungailiat District Court under registration No.Ne 15/PT/1994 dated 30 August 1994.
225. Deed of Statement of Shareholders' Resolution of GML No. 20 dated 17 June 2020 drawn up before Sindian Osaputra, S.H., M.Kn., a Notary in Jakarta, approved through MOLHR Decree No. AHU-0041450.AH.01.02.Tahun 2020 dated 18 June 2020 and recorded in the Company Register maintained by the MOLHR under registration No. AHU-0096172.AH.01.11.Tahun 2020 dated 18 June 2020.
226. Deed of Statement of Shareholders' Resolution of OKI No. 28 dated 22 August 2008 drawn up before Haji Syarif Siangan Tanudjaja, S.H., M.Kn., a Notary in Jakarta.
227. Location Permit of PPA No. 471/KPTS/BPM-PTP/2010 as extended by Location Permit of PPA No. 125/KPTS/BPM-PTP/2014 dated 5 February 2014.
228. Location Permit of PPA No. 572/KPTS/BPM-PTP/2012 as extended by Location Permit No. 08/KPTS/MRU/1/2015 dated 30 June 2015.
229. Location Permit of PPA No. 482/KPTS-TAPEM/2016 dated 30 June 2016.
230. PKKPR[3] of PPA No. 08122110211605003 dated 8 December 2021.
231. PKKPR of SSL No. 25032310211613003 dated 25 March 2023.
232. Location Permit of GML issued via OSS on behalf of Regent of Bangka Regency dated 3 August 1994.
233. Location Permit of GML issued via OSS on behalf of the Mayor of Pangkal Pinang dated 2 January 2012.
234. Location Permit of GML No. 001/SK-IL/BAN/1997 dated 15 January 1997 issued by the Head of the Bangka Regency Land Office.
235. Location Permit of GML No. 02/SK/I/1994 dated 3 August 1994 issued by the Head of the Bangka Regency Land Office.
236. Location Permit of GML No. 05/SK-IL/BAN/1998 dated 22 May 1998 issued by the Head of the Bangka Regency Land Office.
237. SKPT[4] of GSSL No. 163/300.7-16.5/I/2023 dated 12 January 2023.
238. SKPT of GSSL No. 164/300.7-16.5/I/2023 dated 12 January 2023.
239. SKPT of GSSL No. 162/300.7-16.5/I/2023 dated 12 January 2023.
240. SKPT of GSSL No. 175/300.7-16.5/I/2023 dated 12 January 2023.
241. SKPT of BSSP No. 75/2023 dated 19 January 2023.
242. SKPT of BSSP No. 77/2023 dated 19 January 2023.
243. SKPT of BSSP No. 78/2023 dated 19 January 2023.

[3] PKKPR stands for *Persetujuan Kesesuaian Kegiatan Pemanfaatan Ruang* or Approval of KKPR.
[4] SKPT stands for *Surat Keterangan Pendaftaran Tanah* or Letter of Land Registration.

244. SKPT of BSSP No. 79/2023 dated 19 January 2023.
245. SKPT of BSSP No. 80/2023 dated 19 January 2023.
246. SKPT of BSSP No. 81/2023 dated 19 January 2023.
247. SKPT of BSSP No. 82/2023 dated 19 January 2023.
248. SKPT of BSSP No. 83/2023 dated 19 January 2023.
249. SKPT of BSSP No. 85/2023 dated 19 January 2023.
250. SKPT of BSSP No. 86/2023 dated 19 January 2023.
251. SKPT of BSSP No. 87/2023 dated 19 January 2023.
252. SKPT of BSSP No. 88/2023 dated 19 January 2023.
253. SKPT of BSSP No. 89/2023 dated 19 January 2023.
254. SKPT of BSSP No. 91/2023 dated 19 January 2023.
255. SKPT of BSSP No. 92/2023 dated 19 January 2023.
256. SKPT of BSSP No. 94/2023 dated 19 January 2023.
257. SKPT of BSSP No. 93/2023 dated 19 January 2023.
258. SKPT of BSSP No. 95/2023 dated 19 January 2023.
259. SKPT of BSSP No. 96/2023 dated 19 January 2023.
260. SKPT of SAP No. 176/300.7-16.5/I/2023 dated 12 January 2023.
261. SKPT of SAP No. 177/300.7-16.5/I/2023 dated 12 January 2023.
262. SKPT of SAP No. 178/300.7-16.5/I/2023 dated 12 January 2023.
263. SKPT of SAP No. 179/300.7-16.5/I/2023 dated 12 January 2023.
264. SKPT of PPA No. 171/300.7-16.5/I/2023 dated 12 January 2023.
265. SKPT of PPA No. 174/300.7-16.5/I/2023 dated 12 January 2023.
266. SKPT of GML No. 2037/2023 dated 24 March 2023.
267. SKPT of GML No. 2036/2023 dated 24 March 2023.
268. SKPT of GML No. 2034/2023 dated 24 March 2023.
269. SKPT of GML No. 2033/2023 dated 24 March 2023.
270. SKPT of GML No. 2032/2023 dated 24 March 2023.
271. SKPT of GML No. 2017/2023 dated 27 March 2023.
272. SKPT of GML No. 2031/2023 dated 24 March 2023.
273. SKPT of GML No. 2023/2023 dated 24 March 2023.
274. SKPT of GML No. 2001/2023 dated 24 March 2023.
275. SKPT of GML No. 2021/2023 dated 24 March 2023.
276. SKPT of GML No. 2030/2023 dated 24 March 2023.
277. SKPT of GML No. 2029/2023 dated 27 March 2023.
278. SKPT of GML No. 2028/2023 dated 27 March 2023.
279. SKPT of GML No. 2019/2023 dated 27 March 2023.
280. SKPT of GML No. 2027/2023 dated 27 March 2023.
281. SKPT of GML No. 2026/2023 dated 27 March 2023.
282. SKPT of GML No. 2024/2023 dated 27 March 2023.
283. SKPT of GML No. 2018/2023 dated 27 March 2023.
284. Letter No. 050/89/II/DPMPTSP/2023 dated 13 March 2023 on confirmation of KKPR for DAM.
285. Letter No. 050/88/II/DPMPTSP/2023 dated 13 March 2023 on confirmation of KKPR for GSSL.
286. Letter No. 050/72/II/DPMPTSP/2023 dated 7 March 2023 on confirmation of KKPR for PPA.
287. Letter No. B-551.21/366/DPMPTSP/2023 dated 16 March 2023 on confirmation of KKPR for PPA.
288. Letter No. 570/57/DPMPTSP/2023 dated 28 March 2023 on confirmation of KKPR for BSSP.

289. Lawsuit on Lawful Actions by Komaruzzaman & Partners to GSSL dated 21 October 2022.
290. Notice of Appeal Decision No. 1/Pdt.G/2022/PN.Llg jo. 105/PDT/2022/PT PLG on the dispute between Agentik and DAM dated 21 October 2022.
291. Lubuk Linggau District Court Decision No. 1/Pdt.G/2022/PN Llg between Agentik and DAM dated 21 July 2022.
292. Lubuk Linggau District Court Decision No. 42/Pdt.G/2021/PN Llg between M. Ilyas and DAM dated 21 July 2022.
293. Palembang Court of Appeal Decision No. 99/PDT/2022/PT PLG between M. Ilyas and DAM dated 24 October 2022.
294. Palembang Court of Appeal Decision No. 105/PDT/2022/PT PLG between Agentik and DAM dated 5 October 2022.
295. BANI[5] Statement Letter No. 22.412/SKB/XI/BANI/WD of BSSP dated 21 November 2022.
296. BANI Statement Letter No. 22.413/SKB/XI/BANI/WD of GSSL dated 21 November 2022.
297. BANI Statement Letter No. 22.414/SKB/XI/BANI/WD of GML dated 21 November 2022.
298. BANI Statement Letter No. 22.415/SKB/XI/BANI/WD of GSBL dated 21 November 2022.
299. BANI Statement Letter No. 22.416/SKB/XI/BANI/WD of DAM dated 21 November 2022.
300. BANI Statement Letter No. 22.417/SKB/XI/BANI/WD of SAP dated 21 November 2022.
301. BANI Statement Letter No. 22.418/SKB/XI/BANI/WD of SSL dated 21 November 2022.
302. BANI Statement Letter No. 22.419/SKB/XI/BANI/WD of PPA dated 21 November 2022.
303. BANI Statement Letter No. 22.435/SKB/XI/BANI/WD of OKI dated 29 November 2022.
304. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2289/Pdt.02/XI/2022/03 of OKI dated 28 November 2022.
305. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2280/Pdt.02/XI/2022/03 of BSSP dated 25 November 2022.
306. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2281/Pdt.02/XI/2022/03 of DAM dated 25 November 2022.
307. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2279/Pdt.02/XI/2022/03 of GML dated 25 November 2022.
308. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2277/Pdt.02/XI/2022/03 of GSBL dated 25 November 2022.
309. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2283/Pdt.02/XI/2022/03 of GSSL dated 25 November 2022.
310. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2276/Pdt.02/XI/2022/03 of PPA dated 25 November 2022.
311. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2275/Pdt.02/XI/2022/03 of SSL dated 25 November 2022.
312. Central Jakarta District Court/Commercial Court Letter No. W10.U1/2278/Pdt.02/XI/2022/03 of SAP dated 25 November 2022.

[5] BANI stands for *Badan Arbitrase Nasional Indonesia* or Indonesian National Board of Arbitration.

313. DKI Jakarta Industrial Relations Dispute Court Letter No. W10.U1.PHI/218/XII/2022/04 of BSSP dated 23 December 2022.
314. DKI Jakarta Industrial Relations Dispute Court Letter No. W10.U1.PHI/219/XII/2022/04 of GSBL dated 23 December 2022.
315. DKI Jakarta Industrial Relations Dispute Court Letter No. W10.U1.PHI/217/XII/2022/04 of GML dated 23 December 2022.
316. Palembang District Court Letter No. W6-U1/07/HK.00/III/2023 of DAM dated March 2023.
317. Palembang District Court Letter No. W6-U1/04/HK.00/III/2023 of GSSL dated March 2023.
318. Palembang District Court Letter No. W6-U1/08/HK.00/III/2023 of PPA dated March 2023.
319. Palembang District Court Letter No. W6-U1/06/HK.00/III/2023 of SAP dated March 2023.
320. Palembang District Court Letter No. W6-U1/05/HK.00/III/2023 of SSL dated March 2023.
321. South Jakarta District Court Letter No. 12/Sktr/Pan/HKM/2023/PN.Jkt.Sel of BSSP dated 12 January 2023.
322. South Jakarta District Court Letter No. 11/Sktr/Pan/HKM/2023/PN.Jkt.Sel of GML dated 12 January 2023.
323. South Jakarta District Court Letter No. 13/Sktr/Pan/HKM/2023/PN.Jkt.Sel of GSBL dated 12 January 2023.
324. Lubuk Linggau District Court Letter No. W6.U5/298/Hk/II/2023 of DAM dated 16 February 2023.
325. Lubuk Linggau District Court Letter No. W6.U5/296/Hk/II/2023 of GSSL dated 16 February 2023.
326. Lubuk Linggau District Court Letter No. W6.U5/294/Hk/II/2023 of PPA dated 16 February 2023.
327. Lubuk Linggau District Court Letter No. W6.U5/299/Hk/II/2023 of SAP dated 16 February 2023.
328. Lubuk Linggau District Court Letter No. W6.U5/295/Hk/II/2023 of SSL dated 16 February 2023.
329. Jakarta State Administrative Court Letter No. W2-TUN1.80/HK.06/I/2023 of BSSP dated 10 January 2023.
330. Palembang State Administrative Court Letter No. W5-TUN.1/098/PAN/HK.06/I/2023 of DAM dated 13 January 2023.
331. Jakarta State Administrative Court Letter No. W2-TUN1.79/HK.06/I/2023 of GML dated 10 January 2023.
332. Jakarta State Administrative Court Letter No. W2-TUN1.78/HK.06/I/2023 of GSBL dated 10 January 2023.
333. Palembang State Administrative Court Letter No. W5-TUN.1/102/PAN/HK.06/I/2023 of GSSL dated 13 January 2023.
334. Palembang State Administrative Court Letter No. W5-TUN.1/101/PAN/HK.06/I/2023 of PPA dated 13 January 2023.
335. Palembang State Administrative Court Letter No. W5-TUN.1/100/PAN/HK.06/I/2023 of SAP dated 13 January 2023.
336. Palembang State Administrative Court Letter No. W5-TUN.1/109/PAN/HK.06/I/2023 of SSL dated 13 January 2023.
337. Commitment Letter for KKPR Application of SSL dated 27 April 2023, issued by SSL, and signed by Wong Tet Look as the Director of SSL.

338. Commitment Letter for KKPR Application of DAM dated 27 April 2023, issued by DAM, and signed by Wong Tet Look as the Director of DAM.
339. Commitment Letter for KKPR Application of SAP dated 27 April 2023, issued by SAP, and signed by Wong Tet Look as the Director of SAP.
340. Commitment Letter for KKPR Application of PPA dated 27 April 2023, issued by PPA, and signed by Wong Tet Look as the Director of PPA.
341. Commitment Letter for KKPR Application of GSSL dated 27 April 2023, issued by GSSL, and signed by Wong Tet Look as the Director of GSSL.
342. Commitment Letter for KKPR Application of BSSP dated 27 April 2023, issued by BSSP, and signed by Wong Tet Look as the Director of BSSP.
343. Statement Letter on KKPR of GML dated 28 April 2023, issued by GML, and signed by Wong Tet Look as the Director of GML.

**C. <u>Additional Received and Reviewed Documents (provided up to the Additional Cut-off Date)</u>**

1. SKPT of GML No. 3466/2023 dated 11 April 2023.
2. SKPT of GML No. 30020/2023 dated 11 May 2023.
3. SKPT of GML No. 30045/2023 dated 11 May 2023.
4. SKPT of GSBL No. 30050/2023 dated 11 May 2023.
5. SKSP[6] of BSSP No. KET-54/SP/Wk/2023 dated 12 April 2023.
6. SKSP of DAM No. KET-61/SP/Wk/2023 dated 12 April 2023.
7. SKSP of GML No. KET-59/SP/Wk/2023 dated 12 April 2023.
8. SKSP of GSBL No. KET-55/SP/Wk/2023 dated 12 April 2023.
9. SKSP of GSSL No. KET-62/SP/Wk/2023 dated 12 April 2023.
10. SKSP of PPA No. KET-56/SP/Wk/2023 dated 12 April 2023.
11. SKSP of SAP No. KET-60/SP/Wk/2023 dated 12 April 2023.
12. SKSP of SSL No. KET-57/SP/Wk/2023 dated 12 April 2023.

**D. <u>Second Additional Received and Reviewed Documents (provided up to the Second Additional Cut-off Date)</u>**

1. List of Requested Documents of BSSP dated 24 July 2023 as responded by BSSP on 25 July 2023.
2. List of Requested Documents of DAM dated 24 July 2023 as responded by DAM on 25 July 2023.
3. List of Requested Documents of GML dated 24 July 2023 as responded by GML on 25 July 2023.
4. List of Requested Documents of GSBL dated 24 July 2023 as responded by GSBL on 25 July 2023.
5. List of Requested Documents of GSSL dated 24 July 2023 as responded by GSSL on 25 July 2023.
6. List of Requested Documents of OKI dated 24 July 2023 as responded by OKI on 25 July 2023.
7. List of Requested Documents of PPA dated 24 July 2023 as responded by PPA on 25 July 2023.
8. List of Requested Documents of SAP dated 24 July 2023 as responded by SAP on 25 July 2023.

[6] SKSP stands for *Surat Keterangan Sengketa Pajak* or Tax Dispute Statement Letter.

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9. List of Requested Documents of SSL dated 24 July 2023 as responded by SSL on 25 July 2023.

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## ANNEX II
## ESTABLISHMENT AND SHAREHOLDING COMPOSITION DETAILS

The details of the establishment and shareholding compositions, including the underlying corporate documents of the companies located in Bangka (i.e., GSBL, GML, and BSSP) and the South Sumatra (i.e., DAM, GSSL, PPA, SAP and SSL) are as follows:

**South Sumatera Companies**

| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[7] and Shareholding Composition | Latest Shareholders Register | Latest Share Certificates |
|---|---|---|---|---|---|---|
| 1. | DAM | • DAM's capital is divided into 8,000 shares with a total nominal value of IDR 8,000,000,000.<br>• OBS Singapore Pte. Ltd. owns 7,200 shares with a total nominal value of IDR 7,200,000,000, which is equivalent to a 90% shareholding.<br>• Karli Boenjamin owns 800 shares, with a total nominal value of IDR 800,000,000, which is equivalent to a 10% shareholding. | • Deed of Establishment No. 7, dated 16 May 2008, drawn up before Zulkifli Rusdi, S.H., a Notary in Palembang ("**DAM Deed No. 7/2008**").<br>• DAM Deed No. 7/2008 was legalized by the MOLHR through Decree No. AHU-51060.AH.01.01.Tahun 2008, dated 14 August 2008, and was recorded in the Company Register maintained by MOLHR under registration No. AHU-0070896.AH.01.09.Tahun 2008, dated 14 August 2008. | • Deed No. 60, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., Notary in North Jakarta ("**DAM Deed No. 60/2020**").<br>• DAM Deed No. 60/2020 was approved by the MOLHR through MOLHR Decree No. AHU-0015035.AH.01.02.Tahun 2020, dated 20 February 2020, and was recorded in the Company Register maintained by MOLHR under registration No. AHU- | Shareholders Register of DAM dated 25 April 2018. | • Collective Share Certificate No. A dated 25 April 2018 for shares Nos. 0001 to 7,200, for and on behalf of OBS Singapore Pte. Ltd.<br>• Collective Share Certificate No. B dated 25 April 2018 for shares Nos. 7,201 to 8,000, for and on behalf of Karli Boenjamin. |

[7] "AOA" stands for Articles of Association.

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| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[7] and Shareholding Composition | Latest Shareholders Register | Latest Share Certificates |
|---|---|---|---|---|---|---|
| | | | | 0034969.AH.01.11.Tahun 2020, dated 20 February 2020. | | |
| 2. | GSSL | • GSSL's capital is divided into 1,250 shares with a total nominal value of IDR 15,000,000,000.<br>• Karli Boenjamin owns 125 shares with a total nominal value of IDR 1,500,000,000, which is equivalent to a 10% shareholding.<br>• OBS (Singapore) Pte. Ltd. owns 1,125 shares with a total nominal value of IDR 13,500,000,000, which is equivalent to a 90% shareholding. | • Deed of Establishment No. 25, dated 12 May 2010, drawn up before Alang, SH., a Notary in Jakarta ("**GSSL Deed No. 25/2010**").<br>• GSSL Deed No. 25/2010 was legalized by the MOLHR through Decree No. AHU-27520.AH.01.01.Tahun 2010 dated 1 June 2010, and was recorded in the Company Register maintained by MOLHR under registration No. AHU-0040717.AH.01.09.Tahun 2010 dated 1 June 2010. | • Deed No. 59, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., a Notary in North Jakarta ("**GSSL Deed No. 59/2020**").<br>• GSSL Deed No. 59/2020 was approved by the MOLHR through Decree No. AHU-0015054.AH.01.02.Tahun 2020, dated 20 February 2020, and was recorded in the Company Register maintained by the MOLHR under registration No. AHU-0035002.AH.01.11.Tahun 2020, dated 20 February 2020. | Shareholder Register of GSSL dated 25 April 2018. | • Collective Share Certificate No. A dated 25 April 2018 for shares Nos. 1 to 125, for and on behalf of Karli Boenjamin.<br>• Collective Shares Certificate No. B dated 25 April 2018 for shares Nos. 126 to 1,125, for and on behalf of OBS Singapore Pte. Ltd. |

| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[7] and Shareholding Composition | Latest Shareholders Register | Latest Share Certificates |
|---|---|---|---|---|---|---|
| 3. | PPA | • PPA's capital is divided into 12,000 shares with a total nominal value of IDR 12,000,000,000.<br>• OBS Singapore Pte. Ltd. owns 10,800 shares with a total nominal value of IDR 10,800,000,000, which is equivalent to a 90% shareholding.<br>• Karli Boenjamin owns 1,200 shares with a total nominal value of IDR 1,200,000,000, which is equivalent to a 10% shareholding. | • Deed of Establishment No. 37, dated 29 April 2010, drawn up before Alang, S.H., a Notary in Jakarta ("**PPA Deed No. 37/2010**").<br>• PPA Deed No. 37/2010 was legalized by the MOLHR through Decree No. AHU-25943.AH.01.01.Tahun 2010, dated 21 May 2010, and was recorded in the Company Register maintained by the MOLHR under registration No. AHU-0038478.AH.01.09.Tahun 2010, dated 21 May 2010. | • Deed No. 63, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., Notary in North Jakarta ("**PPA Deed No. 63/2020**").<br>• PPA Deed No. 63/2020 was approved by the MOLHR through Decree No. AHU-0015070.AH.01.02.Tahun 2020, dated 20 February 2020, and was recorded in the Company Register maintained by MOLHR under registration No. AHU-0035033.AH.01.11.Tahun 2020, dated 20 February 2020. | Shareholders Register of PPA dated 25 April 2018. | • Collective Shares Certificate No. A dated 25 April 2018 for shares Nos. 0001 to 10,800, for and on behalf of OBS Singapore Pte. Ltd.<br>• Collective Shares Certificate No. B dated 25 April 2018 for shares Nos. 10,801 to 12,000, for and on behalf of Karli Boenjamin. |
| 4. | SAP | • SAP's capital is divided into 16,375 shares with a total nominal value of IDR 16,375,000,000. | • Deed of Establishment No. 21, dated 26 October 2007, drawn up before Ir. Rusli, S.H., | • Deed No. 61, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., a Notary | Shareholders Register of SAP dated 1 September 2022. | • Collective Shares Certificate No. A dated 1 September 2022 for shares Nos. 1 |

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| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[7] and Shareholding Composition | Latest Shareholders Register | Latest Share Certificates |
|---|---|---|---|---|---|---|
| | | • OAM Asia Singapore Pte.Ltd. owns 14,738 shares with a total nominal value of IDR 14,738,000,000, which is equivalent to a 90% shareholding.<br>• PT Kencana Sawit Abadi owns 1,637 shares with a total nominal value of IDR 1,637,000,000, which is equivalent to a 10% shareholding. | Notary in Bekasi. ("**SAP Deed No. 21/2007**").[8]<br>• SAP Deed No. 21/2007 was legalized by the MOLHR through Decree No.C-04216 HT.01.01-TH.2007, dated 23 November 2007. | in North Jakarta ("**SAP Deed No. 61/2020**").<br>• SAP Deed No. 61/2020 was approved by the MOLHR under MOHLR Decree No.AHU-0015025.AH.01.02.Tahun 2020, dated 20 February 2020, and was recorded in the Company Register maintained by the MOLHR under registration No. AHU-0034951.AH.01.11.Tahun 2020 dated 20 February 2020. | | to 14,738, for and on behalf of OAM Asia (Singapore) Pte. Ltd.<br>• Collective Shares Certificate No. A dated 1 September 2022 for shares Nos. 14,379 to 16,375, for and on behalf of PT Kencana Sawit Abadi. |
| 5. | SSL | • SSL's capital is divided into 10,000 shares with a total nominal value of IDR 10,000,000,000. | • Deed of Establishment No. 79, dated 29 November 2012, drawn up before Alang, S.H., a | • Deed No. 49, dated 15 January 2016, drawn up before Mala Mukti, S.H., M.Kn., a Notary in | Shareholders Register of SSL dated 1 September 2022. | • Collective Shares Certificate No. A dated 1 September 2022 for shares Nos. 1 |

[8] **PwC Legal Note:** We have been provided with the MOHLR Decree on the establishment of SAP. However, we were unable to identify the number and date of the Company Registration due to incomplete pages of the scanned copy we received. OHB and/or SAP to provide the complete pages of the decree.

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| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[7] and Shareholding Composition | Latest Shareholders Register | Latest Share Certificates |
|---|---|---|---|---|---|---|
| | | • OBS Singapore Pte. Ltd. owns 9,000 shares with a total nominal value of IDR 9,000,000,000, which is equivalent to a 90% shareholding.<br>• PT Tradisi Bina Usaha owns 1,000 shares with a total nominal value of IDR 1,000,000,000, which is equivalent to a 10% shareholding. | Notary in Jakarta ("**SSL Deed No. 79/2012**").<br>• SSL Deed No. 79/2012 was legalized by the MOLHR through Decree No. AHU-66603.AH.01.01.Tahun 2012, dated 28 December 2012, and was recorded in the Company Register maintained by the MOLHR under registration No. AHU-0112714.AH.01.09.Tahun 2012, dated 28 December 2012. | Jakarta ("**SSL Deed No. 49/2016**").<br>• SSL Deed No. 49/2016 was approved by the MOLHR through Decree No. AHU-002117.AH.01.02.Tahun 2016, dated 2 February 2016, and was recorded in the Company Register maintained by the MOLHR under registration No. AHU-0014423.AH.01.11.Tahun 2016, dated 2 February 2016.<br>• Deed No. 62, dated 20 February 2020, drawn up before Sindian Osaputra, S.H., M.Kn., a Notary in North Jakarta ("**SSL Deed No. 62/2020**").<br>• SSL Deed No. 62/2020 was | | to 9,000, for and on behalf of OBS (Singapore) Pte. Ltd.<br>• Collective Shares Certificate No. B dated 1 September 2022 for shares Nos. 9,001 to 10,000, for and on behalf of PT Tradisi Bina Usaha. |

| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[7] and Shareholding Composition | Latest Shareholders Register | Latest Share Certificates |
|---|---|---|---|---|---|---|
| | | | | approved by the MOLHR through its Decree No. AHU-0015148.AH.01.02.Tahun 2020, dated 20 February 2020, and was recorded in the Company Register maintained by the MOLHR under registration No. AHU-0035230.AH.01.11.Tahun 2020, dated 20 February 2020. | | |

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Bangka Companies

| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[9] and Shareholding Composition | Latest Shareholders Registry | Latest Shares Certificates |
|---|---|---|---|---|---|---|
| 1. | GSBL | • GSBL's capital is divided into 7,000 shares with a total nominal value of IDR 7,000,000,000.<br>• Selasih Permata Sdn. Bhd. owns 6,475 shares with a total nominal value of IDR 6,475,000,000, which is equivalent to a 92.5% shareholding.<br>• Karli Boenjamin owns 525 shares with a total nominal value of IDR 525,000,000, which is equivalent to a 7.5% shareholding. | • Deed of Establishment No. 3 dated 22 November 1994 drawn up before Milly Karmila Sareal S.H., a Notary in Jakarta ("**GSBL Deed No. 3/1994**").<br>• GSBL Deed No. 3/1994 was legalized by the MOLHR through Decree No. C2-2.530.HT.01.01.TH.95 dated 17 February 1995 and was recorded in the Company Register maintained by the Sungailiat District Court Registry under No. 13/PT./1995, dated 15 March 1995. | • Deed of Statement of Shareholders' Resolution No. 61 dated 16 July 2019 drawn up before Sindian Osaputra S.H., M.Kn., a Notary in Jakarta ("**GSBL Deed No. 61/2019**").<br>• GSBL Deed No. 61/2019 was approved by the MOLHR through Decree No. AHU-0040101.AH.01.02.Tahun 2019 dated 22 July 2019, and was recorded in the Company Register maintained by the MOLHR under registration No. AHU-0116416.AH.01.11.Ta | Shareholder Register of GSBL dated 25 April 2018. | • Shares Certificate of GSBL No. A dated 25 April 2018 for shares Nos. 0001 to 6,475, for and on behalf of Selasih Permata Sdn. Bhd.<br>• Shares Certificate of GSBL No. B dated 25 April 2018 for shares Nos. 6,476 to 7,000, for and on behalf of Karli Boenjamin. |

[9] "AOA" stands for Articles of Association.

| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[9] and Shareholding Composition | Latest Shareholders Registry | Latest Shares Certificates |
|---|---|---|---|---|---|---|
| | | | | hun 2019, dated 22 July 2019. | | |
| 2. | BSSP | • BSSP's capital is divided into 15,000 shares with a total nominal value of IDR 15,000,000,000.<br>• OBS (Singapore) Pte. Ltd. owns 13,500 shares with a total nominal value of IDR 13,500,000, which is equivalent to a 90% shareholding.<br>• Karli Boenjamin owns 1,500 shares with a total nominal value of IDR 1,500,000, which is equivalent to a 10% shareholding. | • Deed of Establishment No. 33 dated 12 July 2005 drawn up before Alang, a Notary in Jakarta ("**BSSP Deed No. 33/2005**").<br>• BSSP Deed No. 33/2005 was legalized by the MOLHR through Decree No. W7-00143 HT.01.01-TH.2007 dated 4 January 2007, and was recorded in the Company Register maintained by the MOLHR under registration No. 310215100457, dated 29 January 2007. | • Deed of Statement of Shareholders' Resolution No. 59 dated 16 July 2019 drawn up before Sindian Osaputra, a Notary in Jakarta ("**BSSP Deed No. 59/2019**").<br>• BSSP Deed No. 59/2019 was approved by the MOLHR through Decree AHU-0040149.AH.01.02. TAHUN 2019 dated 22 July 2019, and was recorded in the Company Register maintained by the | Shareholder Register of BSSP dated 25 April 2018. | • Collective Shares Certificate of BSSP No. A dated 25 April 2018 for shares Nos. 0001 to 1,500, for and on behalf of Karli Boenjamin.<br>• Collective Shares Certificate of BSSP No. B dated 25 April 2018 for shares Nos. 1,501 to 15,000, for and on behalf of OBS (Singapore) Pte. Ltd. |

| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[9] and Shareholding Composition | Latest Shareholders Registry | Latest Shares Certificates |
|---|---|---|---|---|---|---|
| | | | | MOLHR under registration No. AHU-0116526.AH.01.11.Tahun 2019, dated 22 July 2019. | | |
| 3. | GML | • GML's capital is divided into 6,000 shares with a total nominal value of IDR 6,000,000,000.<br>• Selasih Permata Sdn. Bhd. owns 5,550 shares with a total nominal value of IDR 5,550,000,000, which is equivalent to a 92.5% shareholding.<br>• Karli Boenjamin owns 450 shares with a total nominal value of IDR 450,000,000, which is equivalent to a 7.5% shareholding. | • Deed of Establishment No. 5 dated 15 February 1994 drawn up before Milly Kamila Sareal, S.H., a Notary in Jakarta ("**Deed No. 5/1994**").<br>• Deed No. 5/1994 was legalized by the MOLHR through its Decree No. C2-12359.HT.01.01. T.94 dated 13 August 1994 and was recorded in the Company Register maintained by the MOLHR under registration No. C2 - 12359.HT.01.01.TH.94 dated 13 August 1994. | • Deed of Statement of Shareholders' Resolution No. 20 dated 17 June 2020 drawn up before Sindian Osaputra, S.H., M.Kn., a Notary in Jakarta ("**Deed No. 20/2020**").<br>• Deed No. 20/2020 was approved by the MOLHR through its Decree No. AHU-0041450.AH.01.02.Tahun 2020 dated 18 June 2020 and was recorded in the Company Register maintained by the MOLHR under registration No. | Shareholder Register of GML dated 25 April 2018. | • Collective Shares Certificate of GML No. A dated 25 April 2018 for shares Nos. 0001 to 5,550, for and on behalf of Selasih Permata Sdn. Bhd.<br>• Collective Shares Certificate of GML No. B dated 25 April 2018 for shares Nos. 5,551 to 6,000, for and on behalf of Karli Boenjamin. |

| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[9] and Shareholding Composition | Latest Shareholders Registry | Latest Shares Certificates |
|---|---|---|---|---|---|---|
| | | | | AHU-0096172.AH.01.11.Tahun 2020 dated 18 June 2020. | | |
| 4. | OKI | • OKI's total authorized capital is IDR 22,950,000,000 divided into 1,000 shares, each of which has a nominal value of IDR 22,950,000. The subscribed and issued shares of OKI have a total nominal value of IDR 18,360,000,000, which is divided into 800 shares.<br>• Selasih Permata Sdn. Bhd. owns 440 shares with a total nominal value of IDR | [10] | • Deed of Statement of Shareholders' Resolution No. 28 dated 22 August 2008 drawn up before Haji Syarif Siangan Tanudjaja, S.H., M.Kn., a Notary in Jakarta ("**Deed No. 28/2008**").[11] | [12] | [13] |

[10] **PwC Legal Note:** We have not been provided with the Deed of Establishment of OKI, nor with the relevant MOLHR ratification. OHB and/or OKI to provide the documents, otherwise we cannot give opinion on its duly establishment.
[11] **PwC Legal Note:** We have not been provided with MOLHR approval and/or acceptance of notification for Deed No. 28/2008. OHB and/or OKI to provide the document, otherwise we will add opinion on the absence of it and its impact to the share ownership.
[12] **PwC Legal Note:** We have not been provided with OKI's Shareholder-Register. OHB and/or OKI to provide the documents, otherwise we will add opinion on the absence of it and its impact to the shareholders' rights.
[13] **PwC Legal Note:** We have not been provided with the share certificates of OKI's shareholders. OHB and/or OKI to provide the documents, otherwise we will add opinion on the absence of it and its impact to the share ownership.

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| No. | Entity | Number of Shares, Total Nominal Value (IDR), and Shareholding Percentage | Deed of Establishment | Latest Deed Reflecting the Latest AOA[8] and Shareholding Composition | Latest Shareholders Registry | Latest Shares Certificates |
|---|---|---|---|---|---|---|
| | | 10,098,000,000, which is equivalent to a 55% shareholding.<br>• Jutajati SDN BHD owns 360 shares with a total nominal value of IDR 8,262,000,000, which is equivalent to a 45% shareholding. | | | | |

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ANNEX III
LIST OF LAND ASSETS OF THE INDONESIAN ENTITIES

A. **Land Certificate**

| No. | Entity | Certificate No. | Total Area | Expiry Date |
|---|---|---|---|---|
| 1. | GSBL | HGU Certificate No. 07/Belo Laut, Air Belo, Air limau, Mayang | 9,098.90 Ha | 30 August 2031 |
| 2. | GML | HGU Certificate No. 39/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 25.3 Ha | 30 March 2051 |
| 3. | | HGU Certificate No. 40/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 51.89 Ha | 30 March 2051 |
| 4. | | HGU Certificate No. 41/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 104.2 Ha | 30 March 2051 |
| 5. | | HGU Certificate No. 42/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 116.4 Ha | 30 March 2051 |
| 6. | | HGU Certificate No. 43/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 63.9 Ha | 30 March 2051 |
| 7. | | HGU Certificate No. 44/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 121.5 Ha | 30 March 2051 |
| 8. | | HGU Certificate No. 45/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 0.28 Ha | 30 March 2051 |
| 9. | | HGU Certificate No. 46/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 8.38 Ha | 30 March 2051 |
| 10. | | HGU Certificate No. 47/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 47.42 Ha | 30 March 2051 |
| 11. | | HGU Certificate No. 48/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 47.53 Ha | 30 March 2051 |
| 12. | | HGU Certificate No. 49/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 41.05 Ha | 30 March 2051 |
| 13. | | HGU Certificate No. 50/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 55.86 Ha | 30 March 2051 |
| 14. | | HGU Certificate No. 51/Mangka, Mabat, Air Duren, Sempan, Puding Besar | 40.08 Ha | 30 March 2051 |
| 15. | | HGU Certificate No. 57/Dalil, Mabat, Bakam | 3.09 Ha | 9 May 2051 |
| 16. | | HGU Certificate No. 58/Dalil, Mabat, Bakam | 28.65 Ha | 9 May 2051 |
| 17. | | HGU Certificate No. 59/Dalil, Mabat, Bakam | 0.92 Ha | 9 May 2051 |
| 18. | | HGU Certificate No. 60/Dalil, Mabat, Bakam | 31.98 Ha | 9 May 2051 |
| 19. | | HGU Certificate No. 61/Dalil, Mabat, Bakam | 51.88 Ha | 9 May 2051 |
| 20. | | HGU Certificate No. 62/Dalil, Mabat, Bakam | 7.26 Ha | 9 May 2051 |
| 21. | | HGU Certificate No. 02/Bangka in Dalil, Mabat and Mangka Village | 5,054 Ha | 6 November 2028 |
| 22. | | HGU Certificate No. 03/Bangka in Mangka, Mabat, Air Duren, Sempan, Puding Besar | 6,898.7 Ha | 6 November 2028 |
| | | *Total Area of Land under HGU certificate* | *12,800.27 Ha* | |
| 23. | | HGB Certificate No. 78/ Lontong Pancur | 1.5919 Ha | 18 July 2047 |

| No. | Entity | Certificate No | Total Area | Expiry Date |
|---|---|---|---|---|
| 24. | | HGB Certificate No. 79/Lontong Pancur | 1.3756 Ha | 18 July 2047 |
| 25. | | HGB Certificate No. 80/Lontong Pancur | 0.126 Ha | 18 July 2047 |
| 26. | | HGB Certificate 00116/Lontong Pancur replacement for HGB Certificate No. 17 | 0.456 Ha | 21 January 2041 |
| 27. | | HGB Certificate No. 00142/Lontong Pancur | 0.2791 Ha | 19 January 2043 |
| 28. | | HGB Certificate No. 00140/Lontong Pancur | 0.059 Ha | 19 January 2043 |
| | | *Total Area of Land under HGB certificate* | *3.88 Ha* | |
| | | *Total Area of Land owned by GML* | *12,804.15 Ha* | |
| 29. | BSSP | HGU Certificate No. 6/Bangka Kota, Simpang Rimba, Malik, Pangkal Buluh | 190.30 Ha | 27 September 2051 |
| 30. | | HGU Certificate No. 7/Bangka Kota, Simpang Rimba, Malik, Pangkal Buluh | 112.99 Ha | 27 September 2051 |
| 31. | | HGU Certificate No. 8/Bangka Kota, Simpang Rimba, Malik, Pangkal Buluh | 62.47 Ha | 27 September 2051 |
| 32. | | HGU Certificate No. 9/Bangka Kota, Simpang Rimba, Malik, Pangkal Buluh | 53.97 Ha | 27 September 2051 |
| 33. | | HGU Certificate No. 10/Bangka Kota, Simpang Rimba, Malik, Pangkal Buluh | 0.18 Ha | 27 September 2051 |
| 34. | | HGU Certificate No. 11/Bangka Kota, Simpang Rimba, Malik, Pangkal Buluh | 5.02 Ha | 27 September 2051 |
| 35. | | HGU Certificate No. 12/Malik | 16.49 Ha | 30 January 2052 |
| 36. | | HGU Certificate No. 13/Malik | 8.56 Ha | 30 January 2052 |
| 37. | | HGU Certificate No. 14/Malik | 159.7 Ha | 30 January 2052 |
| 38. | | HGU Certificate No. 15/Malik | 138.1 Ha | 30 January 2052 |
| 39. | | HGU Certificate No. 16/Malik | 198 Ha | 30 January 2052 |
| 40. | | HGU Certificate No. 17/Malik | 89.7 Ha | 30 January 2052 |
| 41. | | HGU Certificate No. 18/Bangka Kota | 6.61 Ha | 30 January 2052 |
| 42. | | HGU Certificate No. 19/Malik | 148.6 Ha | 30 January 2052 |
| 43. | | HGU Certificate No. 20/Bangka Kota | 155.7 Ha | 30 January 2052 |
| 44. | | HGU Certificate No. 21/Malik | 48.59 Ha | 30 January 2052 |
| 45. | | HGU Certificate No. 22/Simpang Rimba | 45.6 Ha | 30 January 2052 |
| 46. | | HGU Certificate No. 23/Simpang Rimba | 126.9 Ha | 2 March 2052 |
| 47. | | HGU Certificate No. 24/Bangka Kota, Malik, and Pangkal Buluh | 444.4826 Ha | 13 March 2052 |
| 48. | | HGU Certificate No. 25/Bangka Kota, Malik, and Pangkal Buluh | 1,772.8113 Ha | 13 March 2052 |
| 49. | | HGU Certificate No. 00012/Sungai Selan | 128.5 Ha | 25 April 2053 |

| No. | Entity | Certificate No. | Total Area | Expiry Date |
|---|---|---|---|---|
| | | *Total Area of Land under HGU certificate* | *3,913.28 Ha* | |
| 50. | | HGB Certificate No. 1/Pangkal Buluh | 1.156 Ha | 20 January 2036 |
| 51. | | HGB Certificate No. 2/Pangkal Buluh | 1.705 Ha | 20 January 2036 |
| 52. | | HGB Certificate No. 5/Pangkal Buluh | 0.347 Ha | 20 January 2036 |
| 53. | | HGB Certificate No. 7/Pangkal Buluh | 0.558 Ha | 20 January 2036 |
| 54. | | HGB Certificate No. 3/Pangkal Buluh | 1.3059 Ha | 20 January 2036 |
| 55. | | HGB Certificate No. 4/Pangkal Buluh | 0.0506 Ha | 20 January 2036 |
| 56. | | HGB Certificate No. 6/Pangkal Buluh | 0.2000 Ha | 20 January 2036 |
| 57. | | HGB Certificate No. 9/Pangkal Buluh | 3.0060 Ha | 20 January 2036 |
| 58. | | HGB Certificate No. 2/Malik | 0.4420 Ha | 20 January 2036 |
| 59. | | HGB Certificate No. 3/Malik | 0.6710 Ha | 20 January 2036 |
| 60. | | HGB Certificate No. 6/Malik | 2.4690 Ha | 20 January 2036 |
| 61. | | HGB Certificate No. 2/Simpang Rimba | 0.2120 Ha | 20 January 2036 |
| 62. | | HGB Certificate No. 3/Simpang Rimba | 1.5600 Ha | 20 January 2036 |
| 63. | | HGB Certificate No. 4/Malik | 14.9800 Ha | 20 January 2036 |
| 64. | | HGB Certificate No. 5/Malik | 3.1710 Ha | 20 January 2036 |
| 65. | | HGB Certificate No. 8/Pangkal Buluh | 4.0410 Ha | 20 January 2036 |
| | | *Total Area of Land under HGB certificate* | *35.874 Ha* | |
| | | *Total Area of Land owned by BSSP* | *3,949.144 Ha* | |
| 66. | SAP | HGU Certificate No.22 /Desa Pauh, Rawas Ilir, Musi Rawas, Sumatera Selatan. | 997.93 Ha | 2 May 2048 |
| 67. | | HGU Certificate No.01/Desa Pauh, Rawas Ilir, Musi Rawas, Sumatera Selatan. | 794.52 Ha | 4 February 2049 |
| 68. | | HGU Certificate No.16/Desa Pauh, Rawas Ilir, Musi Rawas, Sumatera Selatan. | 988.31 Ha | 17 May 2045 |
| 69. | | HGU Certificate No.17/Desa Pauh, Rawas Ilir, Musi Rawas, Sumatera Selatan. | 993.95 Ha | 25 November 2045 |
| | | *Total Area of Land owned by SAP* | *3,774.71 Ha* | |
| 70. | PPA | HGB Certificate No. 04/Prabumulih I | 0.6902 Ha | 22 October 2050 |
| 71. | | HGB Certificate No. 02/Prabumulih I | 1.998 Ha | 22 October 2050 |

| No. | Entity | Certificate No. | Total Area | Expiry Date |
|---|---|---|---|---|
| 72. | | HGB Certificate No. 03/Prabumulih I | 1.996 Ha | 22 October 2050 |
| 73. | | HGB Certificate No. 01/Prabumulih I | 2 Ha | 22 October 2050 |
| | | *Total Area of Land owned by PPA* | *6.6842 Ha* | |
| 74. | GSSL | *HGU Certificate No. 00090/Musi Rawas* | *581.4183 Ha* | 21 March 2057 |
| 75. | | *HGU Certificate No. 00091/Musi Rawas* | *699.9922 Ha* | 21 March 2057 |
| 76. | | *HGU Certificate No. 00092/Musi Rawas* | *1.5987 Ha* | 21 March 2057 |
| 77. | | *HGU Certificate No. 00093/Musi Rawas* | *749.7594 Ha* | 21 March 2057 |
| | | *Total Area of Land owned by GSSL* | *2.032.77 Ha* | |
| | | **Total Area** | **31,666.368 Ha** | |

B. **SPHT**

| No. | Entity | Letter No. | Total Area | Status | Remarks |
|---|---|---|---|---|---|
| 1. | PPA | 594/726.4/Prab.I/2016 | 2.51 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 16 May 2016;<br>(ii) Statement Letter of Heirs;<br>(iii) Letter of No Dispute Statement (*Surat Keterangan Tidak Sengketa* or "**SKTS**") No. 594/729/SKTS/Prab.I/2016;<br>(iv) Land Measurement Application Letter;<br>(v) Minutes of Land Measurement; and<br>(vi) Transfer of Rights Letter No. 594.4/48/Kec.ML/2016. |
| | | 594.4/36/Kec.ML/2016 | 1.19 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 16 May 2016;<br>(ii) Statement Letter of Heirs; |

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| No. | Entity | Letter No. | Total Area | Status | Remarks |
|---|---|---|---|---|---|
| | | | | | (iii) SPPH for land with total area 1.19 Ha;<br>(iv) Statement Letter No. 594/381/Prab.I/2016;<br>(v) SKTS No. 594/317/SKTS/Prab.I/2016;<br>(vi) Land Measurement Application Letter; and<br>(vii) Minutes of Land Measurement. |
| | | *Total Area of Land under SPHT* | *3.7 Ha* | | |
| 2. | DAM | 594.4/40/Kec.BTS ULU/2011 | 1.1 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 17 October 2011;<br>(ii) Statement Letter No. 594.06/MH/2011;<br>(iii) Statement Letter of previous landowner dated 18 October 2011;<br>(iv) SKTS No. 594/06/MH/2011;<br>(v) Land Measurement Application Letter;<br>(vi) Minutes of Land Measurement;<br>(vii) Statement Letter of Heirs; and<br>(viii) Transfer of Rights Letter No. 594.4/14/Kec.BTS ULU/2011. |
| | | 594/39/Kec.BTS ULU/2011 | 0.6 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 17 October 2011;<br>(ii) Statement Letter No. 594/04/MH/2011;<br>(iii) Statement Letter of previous landowner dated 18 October 2011;<br>(iv) SKTS No. 594/04/MH/2011;<br>(v) Land Measurement Application Letter;<br>(vi) Minutes of Land Measurement;<br>(vii) Statement Letter of Heirs; and |

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| No. | Entity | Letter No. | Total Area | Status | Remarks |
|---|---|---|---|---|---|
| | | | | | (viii) Transfer of Rights Letter No. 594.4/13/Kec. BTS ULU/2011. |
| | | 594/02/Kec.BTS ULU/2011 | 2.5 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 18 October 2011;<br>(ii) Statement Letter No. 594/17/MH/2011;<br>(iii) SKTS No. 594/17/MH/2011;<br>(iv) Land Measurement Application Letter;<br>(v) Minutes of Land Measurement;<br>(vi) Statement Letter of Heirs; and<br>(vii) Transfer of Rights Letter No. 594.4/02/Kec.BTS ULU/2011. |
| | | 594/529/Kec.BTS ULU/2012 | 1.59 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 6 May 2012;<br>(ii) Statement Letter No. 594/201/PLW/2012;<br>(iii) SKTS No. 594/201/PLW/2012;<br>(iv) Land Measurement Application Letter;<br>(v) Minutes of Land Measurement;<br>(vi) Statement Letter of Heirs; and<br>(vii) Transfer of Rights Letter No. 594/235/Kec.BTS ULU/2012. |
| | | 594/534/Kec.BTS ULU/2012 | 8.53 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 6 May 2012;<br>(ii) Statement Letter No. 594/202/PLW/2012;<br>(iii) SKTS No. 594/202/PLW/2012;<br>(iv) Land Measurement Application Letter; |

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| No. | Entity | Letter No. | Total Area | Status | Remarks |
|---|---|---|---|---|---|
| | | | | | (v) Minutes of Land Measurement;<br>(vi) Statement Letter of Heirs; and<br>(vii) Transfer of Rights Letter No. 594/236/Kec.BTS ULU/2012. |
| | | 594/535/Kec.BTS ULU/2012 | 5.54 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 6 May 2012;<br>(ii) Statement Letter No. 594/203/PLW/2012;<br>(iii) SKTS No. 594/203/PLW/2012;<br>(iv) Land Measurement Application Letter;<br>(v) Minutes of Land Measurement;<br>(vi) Statement Letter of Heirs; and<br>(vii) Transfer of Rights Letter No. 594/237/Kec.BTS ULU/2012. |
| | | 594/202/Kec.BTS ULU/2012 | 0.76 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 8 May 2012;<br>(ii) Statement Letter No. 594/25/RB/2012;<br>(iii) SKTS No. 594/25/RB/2012;<br>(iv) Land Measurement Application Letter;<br>(v) Minutes of Land Measurement;<br>(vi) Statement Letter of Heirs;<br>(vii) Minutes of Results of Inspection of Community Land Acquisition Inventory by DAM; and<br>(viii) Transfer of Rights Letter No. 594/202/Kec.BTS ULU/2012. |
| | | 594/203/Kec.BTS ULU/2012 | 9.21 Ha | Not certified | Other related documents have also been provided, as follows: |

| No. | Entity | Letter No. | Total Area | Status | Remarks |
|---|---|---|---|---|---|
| | | | | | (i) Statement Letter of previous landowner dated 8 May 2012;<br>(ii) Statement Letter No. 594/26/RB/2012;<br>(iii) SKTS No. 594/26/RB/2012;<br>(iv) Land Measurement Application Letter;<br>(v) Minutes of Land Measurement;<br>(vi) Statement Letter of Heirs; and<br>(vii) Transfer of Rights Letter No. 594/203/Kec.BTS ULU/2012. |
| | | 594/204/Kec.BTS ULU/2012 | 2.58 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 8 May 2012;<br>(ii) Statement Letter No. 594/27/RB/2012;<br>(iii) SKTS No. 594/27/RB/2012;<br>(iv) Land Measurement Application Letter;<br>(v) Minutes of Land Measurement;<br>(vi) Statement Letter of Heirs; and<br>(vii) Transfer of Rights Letter No. 594/204/Kec.BTS ULU/2012. |
| | | *Total Area of Land under SPHT* | *32.41 Ha* | | |
| 3. | SSL | 594.4/01/Kec.RI/2015 | 3.4 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Land Measurement Application Letter;<br>(ii) Minutes of Land Measurement;<br>(iii) SKTS No. 594.4/01/SKTS/BKC/2015 dated 20 August 2015;<br>(iv) Statement Letter No.594.4/01/BKC/2015 dated 20 August 2015;<br>(v) Statement Letter of Heirs; |

| No. | Entity | Letter No. | Total Area | Status | Remarks |
|---|---|---|---|---|---|
| | | | | | (vi) Approval Letter of Heirs;<br>(vii) Power of Attorney ("**PoA**") of Heirs;<br>(viii) Statement Letter of previous landowner dated 20 August 2015;<br>(ix) Minutes of Results of Inspection of Community Land Acquisition Inventory by SSL; and<br>(x) Transfer of Rights Letter No. 594.4/01/Kec.RI/2015. |
| | | 594.4/03/Kec.RI/2015 | 4.12 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Land Measurement Application Letter;<br>(ii) Minutes of Land Measurement;<br>(iii) SKTS No. 594.4/03/SKTS/BKC/2015 dated 20 August 2015;<br>(iv) Statement Letter No.594.4/03/BKC/2015 dated 20 August 2015;<br>(v) Statement Letter of Heirs;<br>(vi) Approval Letter of Heirs;<br>(vii) PoA of Heirs;<br>(viii) Statement Letter of previous landowner dated 20 August 2015;<br>(ix) Minutes of Results of Inspection of Community Land Acquisition Inventory by SSL; and<br>(x) Transfer of Rights Letter No. 594.4/03/Kec.RI/2015. |
| | | *Total Area of Land under SPHT* | *7.52 Ha* | | |
| 4. | SAP | 594.4/03/Pem/2016 | 21.81 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Statement Letter of previous landowner dated 28 December 2015;<br>(ii) Statement Letter No. 594.4/24/PH/2015;<br>(iii) SKTS No. 594.4/24/SKTS/PH/2015; |

| No. | Entity | Letter No. | Total Area | Status | Remarks |
|---|---|---|---|---|---|
| | | | | | (iv) Land Measurement Application Letter;<br>(v) Minutes of Land Measurement;<br>(vi) Statement Letter of Heirs;<br>(vii) Approval Letter of Heirs;<br>(viii) Declaration Letter of Heirs;<br>(ix) PoA of Heirs; and<br>(x) Transfer of Rights Letter No. 594.4/03/Pem/2016. |
| 5. | GSSL | 594/1112/TPK/2011 | 0.95 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Minutes of Results of Inspection of Community Land Acquisition Inventory by GSSL;<br>(ii) Statement Letter No. 594/83/Tanah/BTB/2011;<br>(iii) SKTS No. 594/84/SKTS/BTB/2011;<br>(iv) Statement Letter of previous landowner dated 12 September 2011;<br>(v) Statement Letter of Heirs;<br>(vi) Land Measurement Application Letter;<br>(vii) Minutes of Land Measurement;<br>(viii) Statement Letter of Inheritance; and<br>(ix) Transfer of Rights Letter No. 594/1113/TPK/2011. |
| | | 594/1129/TPK/2011 | 0.59 Ha | Not certified | Other related documents have also been provided, as follows:<br>(i) Minutes of Results of Inspection of Community Land Acquisition Inventory by GSSL;<br>(ii) Statement Letter No. 594/92/Tanah/BTB/2011;<br>(iii) SKTS No. 594/93/SKTS/BTB/2011;<br>(iv) Statement Letter of previous landowner dated 12 September 2011;<br>(v) Statement Letter of Heirs;<br>(vi) Land Measurement Application Letter;<br>(vii) Minutes of Land Measurement; |

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| No. | Entity | Letter No. | Total Area | Status | Remarks |
|---|---|---|---|---|---|
| | | | | | (viii) Statement Letter of Inheritance; and<br>(ix) Transfer of Rights Letter No. 594/1130/TPK/2011. |
| | | *Total Area of Land under SPHT* | *1.54 Ha* | | |

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## ANNEX IV
## DISCLAIMER

This Legal Opinion has been prepared by PwC Legal Indonesia (formerly Melli Darsa & Co.), an Indonesian member law firm of PwC global network ("**PwC Legal**") pursuant to Engagement Letter No. 014/IAN-ALZ/EL/VII.22 dated 19 July 2022 as amended by Addendum to Engagement Letter dated 31 January 2023, which fully sets out the scope of our work, and nothing within the Legal Opinion is intended to imply that we have carried out any work beyond that scope (the "**Engagement Letter**").

For the purposes of preparing this Legal Opinion, reliance has been placed on the representations, information, and instructions provided to us. We have not sought to verify the accuracy or completeness of the information made available to us, nor have we conducted any procedures in the nature of an audit of the information or assumptions therein in any way, other than as specifically stated in this Legal Opinion.

This Legal Opinion has been prepared subject to the provisions and qualifications stated herein, exclusively for the Client's sole benefit and use, and may not include all procedures deemed necessary for the purpose of other parties. PwC Legal, its partners, employees, its agents, subcontractors and advisors specifically deny any liability whatsoever to any other party who may use or rely on the whole, or any part, of this Legal Opinion, or to the parties to whom it is addressed for use, whether in whole or in part, for any purpose other than that set out herein. Furthermore, this Legal Opinion should not be used for any other purpose or be referred to or quoted, in whole or in part, in other agreements or documents, and it is not to be reproduced or distributed without PwC Legal's prior written consent.

We recognize that persons or entities other than the Client named in this Legal Opinion may not fully agree with our interpretation of events, and will be especially sensitive to the extent that our findings appear adverse to them. Furthermore, we note the limitations detailed in this Legal Opinion.

We do not accept any duty of care (whether in contract, tort (including without limitation, negligence and breach of statutory duty) or otherwise) to any person other than the Client, and will not be responsible for any loss, damage or expense of whatsoever nature suffered by a third party who relies upon this Legal Opinion, or which is otherwise consequent upon the gaining of access to this Legal Opinion by a third party.

This Legal Opinion has been prepared based on the information made available to us up to the date of this Legal Opinion, and we reserve the right to amend our findings, if necessary, based on factual information that comes to our attention after that date.

**LEGAL OPINION ON THE POLICIES RELATING TO FOREIGN INVESTMENT, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF AUSTRALIA**

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Our ref DMS:EML:5170126

4 August 2023

Oriental Holdings Berhad
170-09-01
Livingston Tower
Jalan Argyll
10050 Penang
Malaysia

Attention: The Board of Directors

Dear Directors

**Australian legal opinion on the policies on the foreign investments, taxation and repatriation of profits of Australia and the ownership of title to the securities and assets owned by the respective subsidiaries of Oriental Holdings Berhad in Australia and enforceability of agreements, representations and undertakings given by foreign counter parties under Australian laws**

## 1 Background

We have been engaged by Oriental Holdings Berhad (**OHB**) to advise in relation to the proposed transaction pursuant to which we are instructed that OHB will acquire from Boon Siew Sdn Bhd the following interests it does not already own:

(a) 49.5% of ordinary shares in Selasih Permata Sdn Bhd (which holds 100% of the issued share capital of Oriental Asia (Mauritius) Pte Ltd. which, in turn, holds 100% of the issued share capital in Oriental Asia (Aust.) Pty Ltd ACN 604 870 840 (**OAA**)); and

(b) 49.5% of ordinary shares in Oriental Boon Siew (Mauritius) Pte Ltd (which holds 100% of the issued share capital of OAM Asia (Singapore) Pte Ltd. which, in turn, holds 100% of the issued share capital in OAM (Aust) Pty Ltd ACN 601 988 498 (**OAMA**)),

(**Proposed Acquisitions**).

We have been requested to provide written confirmation in respect of:

(a) the policies on the foreign investments, taxation and repatriation of profits of Australia;

(b) the ownership of title to the securities or assets owned by the respective subsidiaries of OHB in Australia (being OAA and OAMA (**Australian Subsidiaries**)); and

(c) enforceability of agreements, representations and undertakings given by foreign counter-parties under the laws of Australia,

(**Scope**).

This legal opinion (**Opinion**) has been prepared by Thomson Geer for purposes of inclusion in OHB's circular and notice of general meeting to its stockholders in connection with the Proposed Acquisitions.

We confirm that we are duly qualified to practice law within Australia and such qualification has not been revoked, suspended, restricted or limited in any manner whatsoever. Accordingly, we are duly qualified to issue this Opinion.

This Opinion is subject to the Scope and limitations, assumptions and qualifications set out in this Opinion (including at section 4 below) and is based on the law in Australia at 9.00am (Melbourne time) on its date of issue. We will not be carrying out any review and/or update to take account of subsequent changes in the relevant Australian law after the date of this Opinion.

This Opinion is given for the sole benefit of OHB and we disclaim any responsibility to anyone other than OHB and its stockholders. This Opinion is not to be transmitted to any other party nor is it to be used or relied upon by any other person or for any other purposes or quoted or referred to in any public document or filed with any governmental or other authorities without our prior written consent, except that a copy of this Opinion may be disclosed to OHB and be included in OHB's circular and notice of general meeting to its stockholders in connection with the Proposed Acquisitions.

This Opinion does not constitute a recommendation to any stockholders of OHB or as to how any stockholders of OHB should vote with respect to the Proposed Acquisitions.

## 2 Opinion on the policies on the foreign investments, taxation and repatriation of profits of Australia

### 2.1 Foreign investment policy

(a) *Summary*

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* (Cth) (**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 and as such is required to notify the Treasurer of proposed foreign investments that meet certain criteria. The Treasurer has the power to prohibit these investments, or apply conditions to the way they are implemented, to ensure they will not be contrary to the national interest or national security (as applicable). The existing Australia's foreign investment policy (which was last updated on 20 June 2023) provides that an "overwhelming majority of proposed investments are approved".

As of 1 July 2023, foreign persons must also notify the Registrar of the Register of Foreign Ownership of Australian Assets (**Register**) in relation to a range of actions involving Australian land, water, entities, businesses, and other assets, unless an exemption applies. The Register is administered by the Australian Taxation Office and the Commissioner of Taxation is the Registrar of the Register.

(b) *Legislative Framework*

Foreign investment in Australia is regulated by the FATA and the Fees Imposition Act, along with their associated regulations, and the Australian Government's foreign investment policy.

FATA requires foreign investors to notify the Treasurer of proposed foreign investments that meet certain criteria. The Treasurer has the power to prohibit these investments, or apply conditions to the way they are implemented, to ensure they will not be contrary to the national interest (or national security, as the case requires).

To ensure that Australian tax payers do not bear the cost of administering the foreign investment review framework, in accordance with the Fees Imposition Act, foreign investors must pay a fee when notifying the Treasurer of a proposed investment.

When making foreign investment decisions, the Treasurer is advised by FIRB, which examines foreign investment proposals and advises on the national interest implications. FIRB is a non-statutory advisory body and responsibility for making decisions rests with the Treasurer.

Whether a foreign person is required to notify the Treasurer of their proposed investment will depend on a number of factors including:

(i) whether the investor is a foreign government or non-government investor;

(ii) the type of acquisition;

(iii) whether the investment is likely to raise national security concerns;

(iv) the monetary thresholds relevant to the investment; and

(v) whether any exemptions apply.

Annexure A to this Opinion provides an overview of the applicable monetary thresholds as provided on FIRB's website at the date of this Opinion.

Irrespective of whether FIRB approval is required, the FATA also requires foreign investors to notify the Registrar of certain actions relating to interests in land, water, entities, businesses and other assets in Australia. Generally, a foreign person who acquires or disposes of such an interest must give a register notice to the Registrar (**Register Notice**). The Register Notice may result in there being a registered circumstance in relation to the person, and the person may be required to give further Register Notices in relation to the registered circumstance.

(c) *Foreign persons and foreign government investors for the purposes of FATA*

| | |
|---|---|
| A 'foreign person' is generally any of the following: | An individual that is not ordinarily resident in Australia. |
| | A foreign government or foreign government investor. |
| | A corporation, trustee of a trust or general partner of a limited partnership where an individual not ordinarily resident in Australia, foreign corporation or foreign government holds a substantial interest of at least 20 per cent. |
| | A corporation, trustee of a trust or general partner of a limited partnership in which two or more foreign persons hold an aggregate substantial interest of at least 40 per cent. |

| | |
|---|---|
| A 'foreign government investor' is any of the following: | A foreign government or separate government entity. |
| | A corporation, the trustee of a trust, or a general partner of a limited partnership, in which a foreign government or separate government entity holds a substantial interest of at least 20 per cent. |
| | A corporation, the trustee of a trust, or a general partner of a limited partnership, in which foreign governments or separate government entities of more than one foreign country (or parts of more than one foreign country) hold an aggregate substantial interest of at least 40 per cent. |

(d) *Notification to Treasurer*

In general, notification to and approval from FIRB (being the relevant body that reports to the Treasurer and is responsible for the administration of FATA and Australia's foreign investment policy) is required in the circumstances set out in item 1 of Annexure B.

However, in certain circumstances such as those set out in item 2 of Annexure B, foreign persons may be exempt from the need to seek foreign investment approval.

Notification to the Treasurer is also not required under sections 98C, 98D, or 98E of the FATA in relation to an action, if the relevant person is required to give a Register Notice in relation to that action (other than in certain transitional cases). However, if that person only has notification obligations under sections 98C, 98D and/or 98E of the FATA, that person must meet those obligations.

(e) *FIRB assessment*

Upon notification and payment of fee to FIRB, the Treasurer has 30 days to decide whether or not to object to a proposed acquisition and a further 10 days in which to notify the application of the decision. This timeframe can be extended by a further 90 days.

In the notification an applicant generally requests the Treasurer for a statement of no objection to the proposal. This is commonly referred to in Australia as 'FIRB approval'.

The Treasurer may however prohibit a proposed acquisition if satisfied that it would be contrary to the national interest. Whether a proposed acquisition is contrary to the national interest is decided on a case-by-case basis by taking into consideration factors such as national security, competition, impact on the economy and the community. The Treasurer may also approve an acquisition, but subject to conditions. In such situations FIRB will generally monitor compliance with the imposed conditions by requesting compliance reports by a foreign person.

Applications which involve contentious aspects are generally examined by FIRB, where appropriate in conjunction with other Federal and State government bodies.

(f) *Notification to Registrar*

In general, notification to ATO (being the relevant body that reports to the Commissioner of Taxation and is responsible for the administration of the Register) is required in the circumstances set out in item 1 of Annexure C which include:

(i) acquisitions of, and other actions in relation to, certain interests;

(ii) becoming a foreign person while holding certain interests;

(iii) change in registered circumstance;[1]

(iv) change in nature of interest in land or exploration tenement;

(v) change in certain characteristics of a registrable water interest; and

(vi) change in size of interest in an entity or business.

Some sections of the *Foreign Acquisitions and Takeovers Regulation 2015* (Cth) (**FATA Regulations**) exclude part or all of the Act from applying to certain interests. These exemptions are outlined in Part 3 of the FATA Regulations, some of which are set out in item 2 of Annexure C.

[1] When a person gives a Register Notice because they acquired an interest or otherwise took an action, or became a foreign person while holding an interest, a state of affairs known as a '**registered circumstance**' may arise.

The date on which a Register Notice is due is usually within 30 days after the day of the relevant notification trigger (known as the '**registrable event day**'), with day one being the day after the registrable event day. For example, a Register Notice in relation to an interest in an entity or a business is usually due within 30 days of the day the foreign person took the relevant action (such as acquiring the interest).

No fee is payable for giving a Register Notice under the FATA however, the ATO may impose a civil penalty on a foreign person who does not comply with a registration obligation, and higher penalties can be imposed under the general compliance requirements of the FATA.

Under the FATA, a person must make and keep records of every act, transaction, event or circumstance relating to any Register Notice that the person is required to give to the Registrar for five years. Any information provided in connection with a Register Notice must also be accurate, factual and complete.

(g) *Application to OHB*

OHB is subject to FATA and Australia's foreign investment policy because it is a 'foreign person' under FATA and as such is required to submit an application to the Treasurer before taking transactions known as 'notifiable actions' or 'notifiable national security actions' and also must provide a Register Notice to the Registrar in certain circumstances as noted above. Additionally, in circumstances where a proposed action is unlikely to require approval, OHB may nonetheless wish to submit an application to the Treasurer if OHB believes that:

(i) it is a reviewable national security action that may be called-in on national security grounds and OHB wishes to avoid that uncertainty; or

(ii) it is a significant action that the Treasurer has powers over and OHB wishes to seek approval to limit those powers.

We do not consider that FIRB approval is required for the Proposed Acquisitions as the Proposed Acquisitions do not meet relevant monetary thresholds under FATA. This view is subject to the following assumptions (without limiting section 5 below):

(i) OHB is not a foreign government investor;

(ii) OAA and OAMA are not:

(A) national security businesses;

(B) Australian media businesses;

(C) agribusinesses;

(iii) all the land held by each of OAA and OAMA is developed (non-sensitive) commercial land;

(iv) the total asset value for OAA and OAMA is not materially different to the amounts provided in the Statements of Financial Position for OAA and OAMA for the financial year end date 31 December 2022 and is otherwise below AU$310 million; and

(v) the consideration payable for the additional indirect interest of 49.5% in any of OAA or OAMA and the value of the land owned by either OAA or OAMA does not exceed AU$310 million.

However, as a foreign person, OHB must give a Register Notice within 30 days of it acquiring its respective interests in OAA and OAMA pursuant to the Proposed Acquisitions. Once provided, OHB will be required to provide further Register Notices in relation to its registered circumstance as applicable (for example, where there are changes to OHB's interest in OAA, OAMA or the land held by those entities).

2.2 **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).

2.3 **Taxation**

(a) *Overview*

Taxation in Australia is levied by both the federal government and the governments of each Australian state and territory. Certain taxes are more likely to affect foreign investors than others and there are certain specific rules and tax treaties applicable to foreign investors.

On the basis that OAA and OAMA are private companies incorporated and tax residents in Australia, we will focus our comments on the taxation of resident companies in Australia.

This Opinion sets out taxation policies which are of general applicability in Australia and does not purport to be a comprehensive nor exhaustive description of all of the tax consequences relating to the acquisition and ownership of the shares in any Australian company by any person. Tax treatment of any company should be considered on a case-by-case basis, on the prevailing circumstances.

(b) *Taxation jurisdiction and collection in Australia*

Income taxes (including CGT), fringe benefits tax, GST and customs duty are levied by the Australian federal government. The states and territories of Australia impose land tax, stamp duties (including land transfer duty and motor vehicle transfer duty), payroll tax and gambling taxes. No state or territory levies income tax (or CGT).

The Australian Taxation Office (**ATO**) is the primary tax collection agency for the federal government. Each state has its own separate tax collection and administration agency, which in Victoria (the state in which the Australian Subsidiaries are located), is known as the State Revenue Office (**SRO**).

In addition, Australia is a signatory to a large number of double tax agreements (**DTAs**) with other countries (e.g., a DTA with Malaysia since 1980). Australia's obligations under its DTAs generally take precedence over Federal domestic tax law and some State and Territory domestic tax law to the extent of any inconsistency.

(c) *Taxation of resident companies in Australia*

The *Income Tax Assessment Act* 1936 (Cth) and the *Income Tax Assessment Act* 1997 (Cth) (together, the **Tax Acts**) are the primary Federal income and capital gains taxing statutes in Australia. For an Australian resident company, they broadly provide for the following:

(i) Australian income tax is levied annually on the 'taxable income' of a company;

(ii) taxable income is determined on the basis of 'assessable income' less 'allowable deductions';

(iii) income derived or deemed derived by a resident company from all sources worldwide is to be included in its assessable income;

(iv) generally, expenses and outgoings incurred in the course of deriving assessable income are allowable deductions unless private or capital in nature, in which case an allowable deduction may be apportioned over a number of years, included in the cost base of a relevant capital gains tax asset or not allowable;

(v) net capital gains in respect of certain assets are included in assessable income, irrespective of source; and

(vi) current year and prior year tax losses (where allowable deductions exceed assessable income for the year) can be carried forward and offset in the computation of taxable income in a subsequent year subject to integrity measures (note: capital losses may only be used to offset capital gains).

As a general rule, a company will be treated as a resident of Australia for tax purposes if it is either:

(i) incorporated in Australia; or

(ii) if incorporated outside Australia, carries on business in Australia and has either its central management and control in Australia or its voting power controlled by shareholders who are residents of Australia.

There are very limited situations in which the income of a resident company will be either exempt from tax or not assessable under the Tax Acts.

The resident company withholds and remits tax at the corporate rate (e.g. 30%, unless a base rate corporate entity).

Australia also has a comprehensive administration system that governs income tax reporting, withholding and remittance obligations for companies.

Australia has a comprehensive DTA and foreign tax credit system to address the double taxation of foreign sourced income and capital gains.

(d) *Taxation of resident and foreign individuals*

The Tax Acts apply in a similar way to resident individuals and foreign individuals including as shareholders in an Australian resident company.

Australian income tax is levied annually on the world-wide source taxable income of a resident individual at progressive resident marginal tax rates with a tax-free threshold.

Australian income tax is levied annually on the Australian source or deemed Australian source income of a non-resident individual at progressive foreign marginal tax rates without a tax-free threshold.

Australia also has a comprehensive administration system that governs income tax reporting, withholding and remittance obligations for individuals.

Australia has a comprehensive DTA and foreign tax credit system to address the double taxation of foreign sourced income and capital gains.

(e) *Capital gains tax (**CGT**)*

Australia's CGT provisions apply to certain transactions (e.g. the transfer, release or grant) of certain CGT asset (e.g. land, shares and contractual rights) acquired (or deemed to have been acquired) after 19 September 1985 unless an exemption applies, rollover relief defers the capital gain or denies the capital loss.

Broadly, a capital gain will arise in the income year of a CGT event where the capital proceeds received or deemed received from the CGT event exceed the adjusted cost base of that CGT asset. A capital loss will arise in the income year of a CGT event where the capital proceeds received or deemed received from the CGT event is less than the reduced cost base of the CGT asset.

Generally, a net capital gain arises and is included in assessable income if the capital gain or gains made by a taxpayer in a year of income exceeds the capital loss or losses (if any) made by the taxpayer in that year or carried forward from previous years.

Resident Individual, trusts and superannuation funds (but not companies) that have owned a CGT asset for at least 12 months may reduce the capital gain to be included in assessable income by the CGT General Discount.

(f) *Dividend Imputation System*

Australia has a system of imputation of company tax applying to distributions of profits made by Australian resident companies to their members. Broadly stated, the imputation system addresses the double taxation of company profits by:

(i) allowing certain resident shareholders to claim a credit off-set for Australian tax paid by a resident company on profits from which the dividend was paid; and

(ii) exempting non-resident shareholders from dividend withholding tax (**WHT**) on franked distributions; and

(iii) imposing a final dividend withholding tax on unfranked distributions paid to non-resident shareholders.

Under Australia's imputation system, a dividend paid out of profits that have been subject to Australian tax is referred to as a 'franked distribution'. There are complex rules in relation to dividend imputation, including wide-reaching anti-avoidance rules. If dividends are paid to a foreign resident (that is, someone who is not an Australian resident), the unfranked component of each of those payments is subject to a final dividend withholding tax.

Where a franked dividend is paid to an Australian resident taxpayer such as an individual or an Australian company, the taxpayer is generally assessed on the sum of the cash distribution and the franking credits attaching to it, and a tax offset (or rebate) is allowed for the amount of the franking credits. Further, an Australian company receiving a franked dividend will recognise a franking credit in its franking account which can be used to frank dividends paid to its shareholders. Should the Australian company recipient receive the franked dividend as a member of a partnership or as a trustee, or should it have tax losses, modified rules apply.

Where a fully franked dividend is paid to a non-resident, no dividend WHT is payable.

Unfranked distributions (which are essentially distributions representing profits of the company that have not been subject to Australian tax at the corporate level) are:

(i) when paid to a resident shareholder, fully assessable; and

(ii) when paid to a non-resident shareholder, subject to WHT.

Generally, the rate of WHT is 30% unless the paying company is a base rate corporate entity where no DTA applies between Australia and the country in which the shareholder is resident, however if a DTA applies between Australia and that country, the WHT on unfranked distributions is reduced to the rate stated in the relevant DTA. The reduced tax rate that applies under a DTA only applies if the recipient of the dividend is both:

(i) a resident of the particular DTA country; and

(ii) beneficially entitled to that income.

The debt/equity rules in the Tax Acts, which apply to determine whether an interest (such as a shareholding) is a debt interest or an equity interest for tax purposes, may deem a dividend paid on a debt interest share to not be a franked distribution.

(g) *Goods and Services Tax (**GST**)*

GST is a broad-based consumption tax calculated at the rate of 10% of the value of the supply of a broad range of goods, services, rights and other things acquired in, or in connection with, a GST registered or registrable enterprise being conducted in Australia (referred to as taxable supplies) unless GST -free or an input taxed supply.

A GST registered or registrable enterprise being conducted in Australia may claim a GST input tax credit for GST paid in respect of the acquisition of a taxable supply for a creditable purpose.

Foreign persons conducting an enterprise and making taxable supplies in Australia may be GST registerable or may be required to appoint GST agents in Australia to comply with GST reporting obligations.

GST is levied by the federal government and is conceptually similar to the value added taxes (VAT) operating in many OECD countries.

(h) *Land tax*

Land tax is a state and territory-based tax which imposes a tax on land ownership unless an exemption or concession applies.

Most states and territories impose foreign land tax surcharges on foreign landowners or deemed foreign land owners of certain categories of land.

(i) *Stamp duty*

Stamp duty, is a state and territory-based tax, which imposes duty on a wide range of dutiable transactions (e.g. the transfer, release or grant) in respect of dutiable property (e.g. land, interests in land. Motor vehicles and insurances). The party liable to pay the duty depends on the type of duty.

Duty may be applied upon the following transactions (among others):

(i) transfers and other transactions concerning “dutiable property” (e.g., the acquisition of land or declaration of trust over land);

(ii) transfers and other transactions concerning ‘land holder’ entities (e.g., acquisition of shares or units in a land holding company or unit trust);

(iii) lease instruments granted for a premium or other consideration in respect of land; and

(iv) the acquisition of an economic entitlement in respect of land or a landholder entity.

Most states and territories impose foreign duty surcharges on foreign persons or deemed foreign persons of dutiable property.

2.4 **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 the 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.

See also section 2.3(f) above in relation to a general overview of the dividend imputation system in Australia.

**3 Opinion on the ownership of title to the securities or assets owned by the respective subsidiaries of OHB in Australia**

We have been instructed to provide this Opinion in relation to the following securities and assets of the Australian Subsidiaries:

| Securities | Assets |
|---|---|
| OAA | Three-storey retail commercial property located at 319-323 Swanston Street, Melbourne, VIC 3000 owned by OAA.<br><br>Certificates of Title No. (Volume/Folio): 11538/255, 11538/256, 11538/257, 11538/258, 11538/259, 11538/260, 11538/261<br><br>(**319-323 Swanston Street**) |
| OAMA | 7-storey purpose-built hotel building located at 315-319 Burwood Highway, Burwood East VIC 3151 owned by OAMA.<br><br>Certificate of Title No. (Volume/Folio): 11067/639<br><br>(**315-319 Burwood Highway)** |

3.1 **Summary**

Subject to the scope and limitations, assumptions and qualifications set out at section 4 below, we hold the view that:

(a) OAA is the registered proprietor of the property commonly known as 319-323 Swanston Street as evidenced by the 7 attached title searches.

(b) OAMA is the registered proprietor of the property commonly known as 315-319 Burwood Highway as evidenced by the attached title search;

(c) The limitations, interests, encumbrances and notifications of the Assets as set out below in section 3.2 are considered to be in order and do not materially affect the registered proprietors' ownership of the respective properties;

(d) OAA is a company duly incorporated, validly existing as a private company limited by shares under the laws of Australia as at the date of this opinion;

(e) OAMA is a company duly incorporated, validly existing as a private company limited by shares under the laws of Australia as at the date of this opinion;

(f) Oriental Asia (Mauritius) Pte Ltd. is the registered holder of all the issued securities in OAA; and

(g) OAM Asia (Singapore) Pte Ltd. is the registered holder of all the issued securities in OAMA.

3.2 **Assets**

(a) *319-323 Swanston Street*

The encumbrances, caveats and notices in respect of this property as stated on the Certificates of Title and Plan of Subdivision (No. PS721782U) (**POS**) are:

(i) Mortgage AM275900Y to "Oversea – Chinese Banking Corporation Ltd" registered on 23 October 2015;

(ii) Owners Corporation 1 affecting 7 Certificates of Title No. (Volume/Folio): 11538/255, 11538/256, 11538/257, 11538/258, 11538/259, 11538/260, 11538/261;

(iii) Owners Corporation 2 affecting 3 Certificates of Title No. (Volume/Folio): 11538/259, 11538/260 and 11538/261;

(iv) Easement E-1 re Party Wall in favour of the Land shown as A-1 on the POS; and

(v) Easement A-1 re Party Wall in favour of the Land shown as E-1 on the POS.

While it is uncommon to register leases in Victoria, the following leases were granted by Nanak Pty Ltd ACN 060 746 134, OAA's predecessor in title, before the property was strata subdivided on 4 December 2014. For this reason, the leases granted refer to "shops" rather than "lots" that correspond with the lots comprised in POS:

(i) "Shop 1": Lease dated 14 April 2014 to Ezymart Leasing Pty Ltd ACN 155 077 008 and transferred, via an undated Transfer of Lease, with no "Transfer Date" to SLMC Property Pty Ltd ACN 608 723 792. The lease expired on 31 March 2022 and the tenant appears to be holding over in the premises.

(ii) "Shop 2": Lease dated 24 January 2014 to Swanston Street Investments Pty Ltd ACN 165 941 926.

(iii) "Shop 4": Lease dated 25 February 2014 to Five Plus Melbourne Pty Ltd ACN 167 532 818.

The following leases were granted by OAA in the last 6 months:

(i) "Shop 3" by reference to "Tenancy 3" in the plan as annexed to the lease: Lease dated 10 January 2023 to Alleyway Kitchen Swanston Pty Ltd ACN 664 386 494.

(ii) "Tenancy 5 & 6": Lease dated 20 December 2022 to MAS Foodie Pty Ltd ACN 659 453 522.

(b) *315-319 Burwood Highway*

The encumbrances, caveats and notices in respect of this property as stated on the Certificate of Title No. (Volume/Folio): 11067/639 and Plan of Consolidation (No. 370678G) (**POC**) are:

(i) Mortgage AR252963J to "United Overseas Bank Ltd" registered on 17 July 2018; and

(ii) Easement E-1 re Sewerage created on 6 June 2019 in respect of the area marked E-1 on the POC.

While it is uncommon to register leases in Victoria, please take note of the following leases granted by OAMA:

(i) Quest Hotel Premises:

(A) Lease dated 20 May 2019 to Quest Burwood East Tenancy Pty Ltd.

(B) Deed of Consent to Change in Control dated 20 May 2019.

(C) Quest "step-in-deed" dated 20 May 2019 attached to lease at Schedule 7, involving Quest Serviced Apartments.

(ii) Ground Retail B Premises:

(A) Lease dated 10 September 2019 to T1 Fitness Australia Pty Ltd.

The description of the premises in Item 4 to the Schedule of the lease is unclear, in particular the reference to "30 reserved car spaces and 20 unreserved car spaces" within the definition of Premises in Item 4 to the Schedule makes it unclear from reading the lease alone whether these car spaces are leased or licensed. On its face without more these 50 car spaces would appear to be leased to the tenant. In practice the way the parties have administered the lease should make their intentions clearer.

On 30 January 2023, we received written instructions pertaining to the car parks for Ground Retail B as follows:

*"The car spaces noted in Item 4 of the Schedule of the Lease to T1 Fitness Australia Pty Ltd are not on a separate licence agreement. These spaces are covered by the main Lease.*

*Find attached Marked Up Car Park Plan for your ease of reference. T1 Fitness (Retail B) has 30 reserved car parks as highlighted in yellow [on the Marked-Up Car Park Plan] and has the right to use 20 unreserved car parks which are highlighted in pink [on the Marked-Up Car Park Plan].*

*The unreserved car parks are shared with Kieser (Retail A) on a first come first served basis. Kieser (Retail A) has 9 reserved spaces highlighted in blue on the plan [on the Marked-Up Car Park Plan]."*

We agree with the statement in the first paragraph that the car spaces noted in Item 4 of the Schedule of the Lease to T1 Fitness Australia Pty Ltd are covered by the main Lease. This statement is consistent with Item 4 of the Schedule to the Lease.

The statements in the second and third paragraphs however disclose that T1 Fitness (Retail B) has in practice:

(a) the exclusive right to use the 30 reserved car parks as highlighted in yellow on the Marked-Up Car Park Plan; and

(b) the non-exclusive right to use 20 unreserved car parks which are highlighted in pink on the Marked-Up Car Park Plan and shares the use of these 20 unreserved car parks with Kieser (Retail A) on a "first come first served basis".

The very essence of a lease is the grant of exclusive possession of the leased premises to the tenant to the exclusion of the landlord and all third parties.

The statements in the second and third paragraphs disclose that T1 Fitness (Retail B) does not have exclusive possession of the 20 unreserved car parks which are highlighted in pink on the Marked-Up Car Park Plan at this time.

The written instructions provided on 30 January 2023 therefore disclose that OAMA, the landlord, and Fitness Australia Pty Ltd may not be administering the lease strictly in accordance with its terms.

This question has arisen as a result of the indifferent drafting of Item 4 of the Schedule to the Lease.

On the one hand, Item 4 of the Schedule to the Lease states that the "20 unreserved car spaces" form a part of the leased Premises.

On the other hand, the use of the word "unreserved" in Item 4 of the Schedule to the Lease subtracts from the very nature of leased premises – i.e., that a tenant of leased premises is entitled to exclusive possession of the leased premises.

The risk to OAMA is T1 Fitness Australia Pty Ltd arguing at sometime in the future that it is entitled to have exclusive possession, and thereby the exclusive use, of 50 car parking spaces. That is not a frivolous nor a vexatious argument. OAMA could argue in return that it was the intention of the parties through the use of the word "unreserved" that T1 Fitness Australia Pty Ltd was not entitled to the exclusive use of 50 car parking spaces. OAMA could also support its argument with reference to the manner that the parties have administered the lease to date.

The important point is to appreciate that each party has a valid argument on the true meaning of Item 4 of the Schedule to the Lease and the answer to the question is not free from doubt.

(iii) Ground Retail A Premises:

(A) Lease dated 11 November 2022 to Kieser-Training Pty Ltd.

3.3 **Securities**

In accordance with the database maintained by the Australian Securities and Investments Commission (**ASIC**), the register of members provided to us for each of OAA and OAMA and the presumption under section 176 of the *Corporations Act 2001* (Cth) (**Corporations Act**) which provides that in the absence of evidence to the contrary, the register of members will be proof of the matters shown in the register, we confirm that the securities in OAA and OAMA are held as follows:

| Company | Securities | Class of Securities | Registered holder of Securities | Total amount paid/taken to paid |
|---|---|---|---|---|
| **OAA** | 12,383,368 | ORD Shares[2] | Oriental Asia (Mauritius) Pte Ltd. | $12,383,368.00 |
| | 16,450,648 | REDP Shares[3] | | $16,450,648.00 |
| **OAMA** | 5,000,100 | ORD Shares[4] | OAM Asia (Singapore) Pte Ltd. | $5,000,100.00 |
| | 61,169,605 | REDP Shares[5] | | $61,169,605.00 |

The Constitutions for OAA and OAMA also provide that subject to the provisions of the Corporations Act, OAA and OAMA will be entitled to treat the registered holder of any shares as the absolute owner of those shares and accordingly shall not be bound to recognise any equitable or other claim to or interest in the shares on the part of any person including any contingent, future or partial interest in any share or part of a share.

The Constitutions for OAA and OAMA do not include provisions dealing with a change in control of the shareholders of OAA and OAMA and as the Proposed Acquisitions will not involve a transfer of shares at the OAA or OAMA level, we do not consider that the Constitution will create any impediments on the Proposed Acquisitions in that respect.

**4 Legal opinion on the capacity of the Australian Subsidiaries and enforceability of agreements, representations and undertakings**

Each of the Australian Subsidiaries has full capacity, power and authority under their respective Constitutions to enter into valid and binding agreements, make representations and commit to undertakings in their respective own names in Australia.

Based solely on the confirmation from OHB:

(a) the Australian Subsidiaries are not signatories to any document relating to the Proposed Acquisitions;

(b) OHB has not entered into any agreements with the Australian Subsidiaries and has not provided any representations or undertakings to the Australian Subsidiaries; and

(c) neither of the Australian Subsidiaries have provided any representations or undertakings to OHB,

which would otherwise require us to review or opine on.

[2] Being fully paid ordinary shares in the capital of OAA.
[3] Being fully paid redeemable preference shares in the capital of OAA.
[4] Being fully paid ordinary shares in the capital of OAMA.
[5] Being fully paid redeemable preference shares in the capital of OAMA.

## 5 Scope and limitations

### 5.1 Out of scope

The following are outside the scope of this Opinion:

(a) providing an opinion on any securities and assets not listed in section 3 above;

(b) providing advice on commercial aspects pertaining to the Properties or on any other aspects pertaining to the Properties that are not addressed or contemplated by the documents that we have actually reviewed;

(c) providing advice on any financial aspect in regards to the Properties;

(d) providing an opinion on the location, value, physical condition or fitness for purpose of any asset, interest or security;

(e) providing an opinion on compliance with laws and other relevant regulations by OAA and OAMA, including the Corporations Act;

(f) providing any tax or financial advice;

(g) providing any planning advice; and

(h) all other matters not expressly included in the Scope.

### 5.2 Assumptions

This Opinion has been prepared on the following assumptions:

(a) all material documents pertaining to the Properties that are not registered with the Titles Office have been provided to us for review;

(b) the officers and agents of a company properly perform their duties to the company;

(c) that all copy documents supplied to us and reviewed by us are true and complete copies of the originals and that any seals, signatures, duty stamps and/or marking are authentic; and

(d) that the documents examined by us are, where applicable, within the capacity and powers of, and have been validly authorised, executed and delivered by and are binding on the signatories to them.

### 5.3 Qualifications

(a) This Opinion does not constitute a recommendation to any shareholder of OHB or as to how any shareholder of OHB should vote with respect to the Proposed Acquisitions.

(b) We have provided this Opinion from an Australian legal perspective only and relates only to the laws of Australia in force on the date of this Opinion. We are under, and assume, no obligation to inform any person of, or of the effect of, any future changes to those or any other laws. We neither express nor imply any opinion as to, and have not made any investigation of, the laws of any other jurisdiction. Further, the information set out in this Opinion is only a high-level summary of relevant laws in Australia. It is not purported to be a comprehensive review of all laws affecting OAA, OAMA and OHB in Australia.

(c) We have not conducted a review or analysis of the assets and securities held by the Australian Subsidiaries on any other basis, including from a financial, tax (including GST, superannuation and stamp duty), foreign law, technical, operational (including condition, location or existence of assets), privacy, competition and consumer or commercial perspective.

(d) We are not accountant nor expert tax advisors. The comments in relation to taxation are given in the content of our experience and work as commercial lawyers and is not intended to be and does not constitute legal or tax advice. This Opinion sets out taxation policies which are of general applicability in Australia and does not purport to be a comprehensive nor exhaustive description of all of the tax consequences relating to the acquisition and ownership of the shares in any Australian company by any person. Tax treatment of any company should be considered on a case-by-case basis, on the prevailing circumstances.

(e) In order to provide the opinion in Section 3 of this Report, we have only inspected the following:

(i) the Certificates of Title, Plan of Subdivision, Plan of Consolidation and other Titles Office documents pertaining to the Properties (excluding the Titles Office documents relating encumbrances, caveats and notices);

(ii) the leases and lease related documents that were provided to us in respect of the Properties;

(iii) the company extracts prepared by ASIC and obtained by us in respect of the registered proprietors and the tenant entities;

(iv) the member registers for OAA and OAMA dated 3 August 2023; and

(v) the company extracts prepared by ASIC and obtained by us in respect OAA and OAMA on 4 August 2023.

(f) The ASIC searches we have reviewed for OAA and OAMA may not be complete or up to date because notice of certain matters may not have been filed with ASIC immediately, or, when filed, may not have been duly or correctly entered in the public register by ASIC if at all.

(g) All persons, including Thomson Geer, dealing with OAA and OAMA are entitled to rely on (and we have relied on) sections 128 and 129 of the Corporations Act, which entitle persons dealing with companies to make certain assumptions, including assumptions that:

(i) a company's constitution has been complied with;

(ii) anyone who appears, from information provided by a company that is available to the public from ASIC, to be a director or a company secretary of that company, has been duly appointed and has authority to exercise the powers and perform the duties customarily exercised or performed by a director or a company secretary of a similar company; and

(iii) a person who is held out by a company to be officer or agent of the company has been duly appointed and has authority to exercise the powers and perform the duties customarily exercised or performed by that kind of officer or agent of a similar company.

(h) The enforceability of any document is subject (without limitation) to the following:

(i) equitable remedies, such as injunctions and specific performance, are discretionary and may not be granted by a court in Australia in respect of a monetary obligation where damages would be an adequate remedy;

(ii) lapse of time and statutes of limitations;

(iii) laws relating to bankruptcy, liquidation, insolvency, receivership, administration, official management, reorganisation, moratoria, court schemes or similar laws affecting the enforcement of creditors' rights generally;

(iv) defences such as set off, latches, abatement or counterclaim and the doctrines of estoppel, waiver, forbearance or election;

(v) a contract or agreement may be set aside by a court in Australia on application by a party if that party entered into the contract or agreement as a result of fraud, duress or unreasonable or unconscionable conduct on the part of another party or of a third person of which another party has actual or constructive knowledge; and

(vi) a court will not enforce a provision in a contract which is a penalty, that is payment to be made on breach of a contract where the payment is not a proper and genuine pre estimate of a loss that the party entitled to the payment may suffer.

Yours faithfully
**THOMSON GEER**

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## Annexure A: Monetary Thresholds as at 31 May 2023[6]

Monetary thresholds are indexed annually on 1 January, except for the more than $15 million (cumulative) threshold for agricultural land and the more than $50 million threshold for agricultural land for Thailand investors, which are not indexed.

**Land investments**

| Investor | Action | Threshold – more than: |
|---|---|---|
| **All investors** | National security land | $0 |
| | Residential land | $0 |
| | Vacant commercial land | $0 |
| **Private investors from certain FTA partners[1]** | Agricultural land | For Chile, New Zealand, and the United States, $1,339 million |
| | | Others, $15 million (cumulative) |
| | Developed commercial land | $1,339 million[2] |
| | Mining and production tenements | For Chile, New Zealand, and the United States, $1,339 million |
| | | Others, $0 |
| **Private investors not from a certain FTA partner** | Agricultural land | For Thailand, $50 million |
| | | Others, $15 million (cumulative) |
| | Developed commercial land | $310 million |
| | | Where the land is sensitive[3], $67 million |
| | | For India, non-sensitive land for the supply of services, $500 million[4] |
| | Mining and production tenements | $0 |
| **Foreign government investors** | All investments | $0 |

**Non-land investments**

| Investor | Action | Threshold – more than: |
|---|---|---|
| **All investors** | National security businesses | $0 |
| | Australian media businesses | $0 |
| **Private investors from certain FTA partners[5]** | Non-sensitive businesses | $1,339 million |
| | Sensitive businesses[6] | $310 million |
| | Agribusinesses | For Chile, New Zealand, and the United States, $1,339 million |
| | | Others, $67 million (cumulative) |
| **Private investors not from a certain FTA partner** | Businesses (sensitive and non-sensitive) | $310 million |
| | Agribusinesses | $67 million (cumulative) |
| | Service businesses (non-sensitive) | For India, $500 million[7] |
| **Foreign government investors** | All investments | $0[8] |

[6] As provided on FIRB's website at https://foreigninvestment.gov.au/guidance/general/monetary-thresholds at the date of this Opinion. All amounts are provided in Australian dollars.

1 The certain FTA partners are: Chile, China, Hong Kong, Japan, New Zealand, Peru, Singapore, the Republic of Korea, the United States of America, the United Kingdom and any other countries not otherwise listed (other than Australia) for which the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), done at Santiago on 8 March 2018, is in force (i.e. Canada, Mexico, Malaysia and Vietnam). To be eligible for these thresholds, the immediate acquirer must be an entity formed in one of these countries. An investor acquiring through a subsidiary incorporated in another jurisdiction will be subject to the relevant thresholds of the subsidiary's jurisdiction.

2 For Hong Kong and Peruvian investors however, where developed commercial land is also sensitive land (see subsections 52(5) and 52(6) of the Foreign Acquisitions and Takeovers Regulation 2015), a threshold of $67 million will apply.

3 Sensitive developed commercial land (see subsection 52(6) of the Foreign Acquisitions and Takeovers Regulation 2015) includes: mines and critical infrastructure (for example, an airport or port).

4 This applies to developed commercial land acquired predominantly for the supply of a service through a commercial presence in Australia (see subsection 52(5), table item 3A of the Foreign Acquisitions and Takeovers Regulation 2015 [commenced 29 December 2022]).

5 The certain FTA partners are: Chile, China, Hong Kong, Japan, New Zealand, Peru, Singapore, the Republic of Korea, the United States of America, the United Kingdom and any other countries not otherwise listed (other than Australia) for which the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), done at Santiago on 8 March 2018, is in force (i.e. Canada, Mexico, Malaysia and Vietnam). To be eligible for these thresholds, the immediate acquirer must be an entity formed in one of these countries. An investor acquiring through a subsidiary incorporated in another jurisdiction will be subject to the relevant thresholds of the subsidiary's jurisdiction.

6 Sensitive businesses (see section 22 of the Foreign Acquisitions and Takeovers Regulation 2015) include: media; telecommunications; transport; defence and military related industries and activities; encryption and securities technologies and communications systems; and the extraction of uranium or plutonium; or the operation of nuclear facilities.

7 See subsections 51(2) and 51(3) of the Foreign Acquisitions and Takeovers Regulation 2015 [commenced 29 December 2022].

8 Some limited exceptions to this rule apply (see section 56 of the Foreign Acquisitions and Takeovers Regulation 2015).

## Annexure B: Notification to the Treasurer

### 1 Circumstances prior to which notice is required

| Person required to give a notice | Description of circumstances |
|---|---|
| A foreign government investor who:[7] | Acquires a direct interest (generally at least 10 per cent) in an Australian entity or Australian business, regardless of the value. |
| | Starts a new business. |
| | Acquires an interest in Australian land, regardless of the value of the investment. |
| | Acquires a legal or equitable interest in a tenement, or an interest of at least 10 per cent in the securities of a mining, production or exploration entity, regardless of the value. |
| A foreign person (including a foreign government investor) proposes to acquire any of the following: [8] | A substantial interest (generally at least 20 per cent) in an Australian entity that is valued above the relevant monetary threshold. |
| | A direct interest (generally at least 10 per cent) in a national security business, or starting a national security business, regardless of the value of the business or the country of the investor. |
| | A direct interest (generally at least 10 per cent) in an agribusiness where the value of their holdings in that business are more than the relevant monetary threshold. |
| | An interest of at least 5 per cent in an Australian media business, regardless of the value of the investment. |
| | An interest in agricultural land where the value of their agricultural land holdings is more than the relevant monetary threshold. |
| | An interest in vacant commercial land or mining or production tenement, regardless of the value of the land. |
| | An interest in developed commercial land, if the value of the interest exceeds the relevant monetary threshold (a lower monetary threshold applies if the land is considered sensitive commercial land[9]). |
| | An interest in residential land, regardless of value. |
| | An interest of 10 per cent or more in a listed land entity, or 5 per cent or more in an unlisted land entity where the value of the investment is above the relevant monetary threshold. |
| | An interest in national security land, regardless of the value of the investment or the country of investor. |

### 2 Exemptions

| | |
|---|---|
| The exemptions include: | Acquisitions of interests in securities, assets, a trust or Australian land that is acquired by devolution by operation of law. |
| | Acquisitions of interests in Australian businesses carried on by, or land acquired from, an Australian government. |
| | Compulsory acquisitions and compulsory buy-outs. |

[7] Notification must be given prior to the foreign person engages in any of those actions.
[8] Notification must be given prior to the foreign person engages in any of those actions.
[9] Sensitive commercial land includes: land leased to a government body; land fitted out for a defence or military related business; land hosting servers for telecommunications or banking; mines; and land hosting public infrastructure (for example, an airport or a port). See section 52(6) of the FATA Regulations.

| | |
|---|---|
| | Certain interests acquired under a rights issue or under a dividend reinvestment plan. |
| | Acquisitions of Australian land by Australian citizens not ordinarily resident in Australia. |
| | Foreign nationals purchasing residential property as joint tenants with their Australian citizen, New Zealand citizen, or permanent resident spouse (does not include purchasing property as tenants in common). |
| | Investors ordinarily in the business of moneylending. |

**Note:** Some of these exemptions do not apply to foreign government investors.

## Annexure C: Notification to the Registrar

### 1 Circumstances in which Register Notice is required

| Person required to give a Register Notice | Description of circumstances |
|---|---|
| A foreign person (including a foreign government investor): | Acquires an interest in Australian land that is any of the following:<br>(i) a legal freehold interest; or<br>(ii) a legal or equitable interest as lessee in a lease giving rights to occupy agricultural land if the term of the lease (including any extension or renewal) is reasonably likely, at the time the interest is acquired, to exceed 5 years; or<br>(iii) a legal interest as lessee in a lease giving rights to occupy commercial land or residential land if the term of the lease (including any extension or renewal) is reasonably likely, at the time the interest is acquired, to exceed 5 years; or<br>(iv) a legal interest in a mining or production tenement; or<br>(v) a legal interest in a security in an entity that owns Australian land, being a security that entitles the holder to a right to occupy a dwelling of a kind known as a flat or home unit situated on the land; or<br>(vi) a legal interest in a share in an Australian land corporation or agricultural land corporation; or<br>(vii) a legal interest in a unit in an Australian land trust or agricultural land trust; or<br>(viii) if the trustee of an Australian land trust or agricultural land trust is a corporation—a legal interest in a share in that corporation. |
| | Acquires a legal interest in an exploration tenement. |
| | Acquires a registrable water interest and hold that interest at the end of the financial year in which the registrable water interest was acquired. |
| | Takes an action in relation to an entity or business, if the action:<br>(i) is a significant action, and:<br>(A) a no objection notification or a notice imposing conditions has been (and has not been revoked) or is given in relation to that action; or<br>(B) that action was notified to the Treasurer before being taken, including where a decision was not made during the applicable decision period; or<br>(C) that action was reviewed by the Treasurer under section 66A of the FATA before it was taken, and the Treasurer gave a notice under that section; or<br>(ii) is a notifiable action; or<br>(iii) would be a significant or notifiable action if not covered by an exemption certificate; or<br>(iv) is a notifiable national security action; or<br>(v) would be a notifiable national security action if not covered by an exemption certificate; or<br>(vi) is a reviewable national security action, and:<br>(A) a no objection notification or a notice imposing conditions has been (and has not been revoked) or is given in relation to that action, or<br>(B) that action was notified to the Treasurer before being taken, including where a decision was not made during the applicable decision period, or<br>(C) that action was reviewed by the Treasurer under section 66A of the FATA before it was taken, and the Treasurer gave a notice under that section; or<br>(D) would be a reviewable national security action if not covered by an exemption certificate. |
| | Acquires a direct interest in an entity or business that wholly or partly carries on an Australian media business. |

| **Person required to give a Register Notice** | **Description of circumstances** |
|---|---|
| | If there is a registered circumstance that relates to that foreign person and:<br>(i) the registered circumstance ceases and that foreign person is aware, or ought reasonably to have become aware, of the cessation; or<br>(ii) the foreign person ceases to be a foreign person. |
| | If a registered circumstance exists in relation to that foreign person and:<br>(i) that foreign person holds an interest in:<br>(A) residential land; or<br>(B) commercial land; or<br>(C) agricultural land; or<br>(D) a mining or production tenement; or<br>(E) an exploration tenement; and<br>(ii) while the registered circumstance exists, the interest the foreign person holds becomes an interest of a new kind (for example, an interest in agricultural land becomes an interest in residential land); and<br>the foreign person is aware, or ought reasonably to have become aware, of this change. |
| | If a registered circumstance exists in relation to that foreign person that relates to a registrable water interest and:<br>(i) on any day or days in a financial year, the volume of water or the share of a water resource referred to in the registrable water interest changes; and<br>(ii) the foreign person holds the registrable water interest at the end of the last day of the financial year. |
| | If a registered circumstance exists in relation to that foreign person that relates to an interest in an entity or business and:<br>(i) the percentage interest that the foreign person hold in the entity or business differs by 5 per cent or more from the percentage recorded on the Register; and<br>(ii) that foreign person is aware, or ought reasonably to have become aware, of this change. |
| A foreign government investor: | Acquires a direct interest (generally at least 10 per cent) in an Australian entity or Australian business, regardless of the value. |
| | Starts an Australian business. |
| | Acquires a direct interest in an Australian entity or business. |
| | Acquires a legal or equitable interest in a tenement or an interest of at least 10 per cent in securities in a mining, production, or exploration entity. |
| A person who becomes a foreign person (including a foreign government investor) while: | Holding an interest in Australian land, if that person would have been required to give a Register Notice had that person acquired that interest while a foreign person, and if the interest is:<br>(i) a legal freehold interest; or<br>(ii) a legal or equitable interest as lessee in a lease giving rights to occupy agricultural land if the term of the lease (including any extension or renewal) is reasonably likely, at the time the interest is acquired, to exceed 5 years; or<br>(iii) a legal interest as lessee in a lease giving rights to occupy commercial land or residential land if the term of the lease (including any extension or renewal) is reasonably likely, at the time the interest is acquired, to exceed 5 years; or<br>(iv) a legal interest in a mining or production tenement; or<br>(v) a legal interest in a security in an entity that owns Australian land, being a security that entitles the holder to a right to occupy a dwelling of a kind known as a flat or home unit situated on the land; or<br>(vi) a legal interest in a share in an Australian land corporation or agricultural land corporation; or |

| Person required to give a Register Notice | Description of circumstances |
|---|---|
| | (vii) a legal interest in a unit in an Australian land trust or agricultural land trust; or<br>(viii) if the trustee of an Australian land trust or agricultural land trust is a corporation — a legal interest in a share in that corporation. |
| | Holding a legal interest in an exploration tenement if that person would have been required to give a Register Notice had that person acquired that interest while a foreign person. |
| | Holding a registrable water interest. |
| | Holding an interest in an entity or business, if:<br>(i) the interest is:<br>(A) a direct interest in an Australian entity that is an agribusiness; or<br>(B) a direct interest in an Australian business that is an agribusiness; or<br>(C) a substantial interest in an Australian entity, and<br>(ii) had that person acquired the interest on the day that person became a foreign person, the action would have been a notifiable action under sections 47(2)(a) and/or (b) of the FATA. |
| | Carrying on a national security business; or holding a direct interest in a national security business or an entity that carries on a national security business if, had that person started to carry on the national security business or acquired the interest on the day that person became a foreign person, the action would have been a notifiable national security action under sections 55B(1)(a), (b), or (c) of the FATA. |

## 2 Exemptions

| | |
|---|---|
| The exemptions include: | The exemption for moneylending agreements. |
| | The exemption for revenue streams from mining or production tenements. |
| | The exemption for exploration tenements acquired by non-foreign government investors. The exemption for interests acquired by devolution by operation of law. |
| | The exemption for Australian businesses carried on by, or land acquired from, government. |
| | The exemption for acquisitions of interests in all types of Australian land by people with a close connection to Australia (including Australian citizens who are not ordinarily resident in Australia). |
| | The exemption for acquisitions of interests in agricultural land by spouses and de facto partners of Australian citizens. |
| | The exemption for acquisitions of interests in residential land by people with a connection to Australia (including permanent and special category visa holders and the spouses and de facto partners of permanent and special category visa holders). |
| | The exemption (in relation to section 130ZC of the FATA) for interests held by a person when becoming a foreign person if the person would not need to give a Register Notice if the person were to acquire that interest while a foreign person. |

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Our reference: ACYL/BGYH/202217056

Your reference: To be advised

**BY EMAIL**

4 August 2023

**ORIENTAL HOLDINGS BERHAD**
170-09-01 Livingston Tower
Jalan Argyll
10050 George Town
Penang

Attention: The Board of Directors

Dear Sirs

**ORIENTAL HOLDINGS BERHAD ("COMPANY") – PROPOSED ACQUISITION OF 49.5% OF THE SHARES IN THE ISSUED AND PAID-UP CAPITAL OF ORIENTAL BOON SIEW (MAURITIUS) PTE LTD ("TARGET") ("PROPOSED ACQUISITION"):**

**(1) REPORT ON THE POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS FROM SINGAPORE; AND**

**(2) LEGAL OPINION ON TITLE TO SHARES IN OAM ASIA (SINGAPORE) PTE. LTD. ("OAM") AND OBS (SINGAPORE) PTE. LTD. ("OBS SINGAPORE") (COLLECTIVELY, THE "TARGET SUBSIDIARIES").**

## 1 INTRODUCTION

1.1 We are a firm of lawyers qualified to practise and practising in Singapore. We have been instructed by the Company to provide this letter on the matters set out below in connection with the Company's issuance of a circular to its stockholders to seek stockholders' approval for the Proposed Acquisition.

## 2 REPORT ON POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS FROM SINGAPORE

**Foreign Investments**

2.1 Based on the Business Profile Searches (as defined below), the principal activity of each Target Subsidiary as at 4 August 2023 is that of "other holding companies". Assuming that the Target Subsidiaries are holding companies without any operating activities, there are no restrictions under Singapore laws against foreign investment in the industries in which the Target Subsidiaries operate their businesses.

2.2 We have assumed that there are no restrictions in any specific approvals, licences or permits granted to and agreements entered into by the Target Subsidiaries which limit or restrict foreign investment in the Target Subsidiaries.

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2.3 Under Singapore law, the constitution of a Singapore company may include shareholding limits that restrict ownership by a foreigner. The constitutions of the Target Subsidiaries do not appear to contain any local shareholding requirements, or restrictions on foreign investment or foreign shareholders.

**Repatriation of Profits from Singapore**

2.4 In relation to fiat currencies, there are no foreign exchange control restrictions imposed under Singapore law 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).

2.5 Pursuant to Section 403 of the Companies Act 1967 of Singapore ("**Companies Act**"), no dividend shall be payable to shareholders of a Singapore company except out of profits. Subject to compliance with the Companies Act and the payment of corporate income tax on such profits by the Singapore company, there are no restrictions on the payment of dividends by a Singapore company to a foreign shareholder.

2.6 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 and such buyback may only be undertaken if the company is expressly permitted to do so by its constitution. 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 unless its constitution excludes or restricts such power to reduce its share capital.

2.7 The constitution of each Target Subsidiary permits the relevant Target Subsidiary to:

2.7.1 subject to the provisions of the Companies Act, purchase or otherwise acquire its own shares; and

2.7.2 by special resolution, reduce its share capital in any manner authorised and subject to any conditions prescribed by the Companies Act.

2.8 Payments for share buybacks may be made out of distributable profits or capital so long as the company is solvent. Apart from the foregoing, there are generally no restrictions for a Singapore company in respect of (a) payment of the purchase price to a foreign shareholder in respect of a share buyback exercise; or (b) payment of capital from a capital reduction exercise to a foreign shareholder.

**Taxation**

2.9 The discussion below is not intended to be and does not constitute legal or tax advice. It sets out taxation policies which are of general applicability in Singapore and does not purport to be a comprehensive or exhaustive description of all of the tax consequences relating to the acquisition, ownership and disposal of the shares in any Singapore company by any person. Tax treatment of any company should be considered on a case-by-case basis, with reference to the prevailing circumstances.

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*Income Tax*

2.10 Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accruing in or derived from Singapore and on income received in Singapore from outside Singapore, unless specifically exempted from income tax.

2.11 A company is regarded as tax resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. "Control and management" is defined as the making of decisions on strategic matters, such as those on company policy and strategy. Where the control and management of a company is exercised is a question of fact. Typically, the location of the company's board of directors meetings, during which strategic decisions are made, is a key factor in determining where the control and management of a company is exercised.

2.12 While resident and non-resident companies are generally taxed in the same manner, resident companies enjoy certain benefits, including the tax exemption scheme for new start-up companies, tax benefits provided under Avoidance of Double Taxation Agreements between Singapore and other jurisdictions, foreign tax credits and tax exemption on specified foreign-sourced income that is remitted into Singapore.

2.13 A Singapore tax resident company can enjoy tax exemption on its specified foreign-sourced income (including foreign-sourced dividend, foreign branch profits and foreign-sourced service income) that is remitted into Singapore if the following prescribed conditions are met:

2.13.1 the income is subject to tax of a similar character to income tax (by whatever name called) under the law of the territory from which the income is received;

2.13.2 at the time the income is received in Singapore by the person resident in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

2.13.3 the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the person resident in Singapore.

2.14 As at the date of this letter, the corporate income tax rate in Singapore is 17%. With effect from Year of Assessment 2020, 75% of up to the first S$10,000, and 50% of up to the next S$190,000, of a company's chargeable income otherwise subject to the prevailing corporate income tax rate of 17%, is exempt from corporate income tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate income tax rate.

2.15 For non-dealers in securities and subject to certain exceptions, gains derived from the disposal of ordinary shares during the period from 1 June 2012 to 31 December 2027 (both dates inclusive) will be exempted from Singapore income tax if the divesting company had, for a continuous minimum period of 24 months immediately prior to the disposal, legal and beneficial ownership of at least 20% of the ordinary shares in the company in which shares are being disposed.

(i) *One-Tier Corporate Taxation System*

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2.16 Singapore adopts the one-tier corporate taxation system, under which the tax paid by a Singapore resident company is a final tax and the after-tax profits of such company can be distributed to the shareholders as dividends. Such dividends are tax-exempt in the hands of the shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

*(ii) Withholding Tax*

2.17 Singapore does not impose withholding tax on dividends paid to resident or non-resident shareholders.

2.18 However, other payments of an income nature to non-tax resident persons (whether individual or corporate) may attract withholding taxes. A person is required to withhold tax when it makes certain types of payments to non-resident persons, including but not limited to:

2.18.1 interest, commissions or fees in connection with any loan or indebtedness;

2.18.2 royalties or other payments for the use of or the right to use any movable property;

2.18.3 payments for the use of or the right to use scientific, technical, industrial or commercial knowledge or information or for the rendering of assistance or service in connection with the application or use of such knowledge or information;

2.18.4 payments of management fees;

2.18.5 rents or other payments for the use of any movable property;

2.18.6 payments for the purchase of real property from a non-resident property trader;

2.18.7 payments made from structured products (other than payments which qualify for tax exemption under Section 13(1)(zj) of the Income Tax Act 1947 of Singapore); and

2.18.8 distributions from a real estate investment trust.

2.19 As at the date of this letter, the withholding tax rate imposed generally falls between 10% and 24% unless reduced or exempt pursuant to prevailing regulations or in an applicable Avoidance of Double Taxation Agreement between Singapore and other tax jurisdictions.

*Capital Gains Tax*

2.20 Singapore does not impose tax on capital gains. However, there are no specific legislation or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of shares in a Singapore company may be construed as being in the nature of income and thereby subject to Singapore income tax, if such disposal is regarded as part of the carrying on or exercise of a trade, business, profession or vocation.

*Stamp Duty*

2.21 Stamp duty is payable on dutiable documents relating to stocks or shares or any immovable property in Singapore. In respect of transfer of shares in a Singapore incorporated company, stamp duty at the prevailing rate of 0.2% is payable on the purchase price or the value of the shares, whichever is higher. The purchaser or transferee is liable to pay stamp duty on the transfer of shares, unless there is an agreement to the contrary.

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*Goods and Services Tax ("GST")*

2.22 As at the date of this letter, save for zero-rated supplies and exempt supplies, GST at a prevailing rate of 8% is levied on all supplies of goods and services made in Singapore and the importation of goods into Singapore by a person who is or is required to be registered under the Goods and Services Tax Act 1993 of Singapore.

**3 LEGAL OPINION ON TITLE TO SHARES IN THE TARGET SUBSIDIARIES**

3.1 On the basis of, and subject to, the foregoing and the matters set out in paragraph 4 below, and having regard to such considerations of Singapore law in force as at the date of this letter as we consider relevent, we are of the opinion that:

*Due Incorporation of Target Subsidiaries*

3.1.1 Each Target Subsidiary is a company duly incorporated, validly existing as a private company limited by shares under the laws of Singapore as at 8 September 2022.

*Target's Title to Shares in the Target Subsidiaries*

3.1.2 Based on the Business Profile Searches (as defined below) and the EROMs (as defined below), as at 7 September 2022:

3.1.2.1 OAM's issued share capital comprises (a) S$100,000.00 comprising 100,000 ordinary shares; (b) S$5,184,000.00 comprising 5,184,000 preference shares; and (c) AU$29,589,986.00 comprising 29,589,986 preference shares, all of which were credited as fully paid ("**OAM Shares**"). The Target is the sole registered shareholder of OAM and holds 100% of the OAM Shares; and

3.1.2.2 OBS Singapore's issued share capital is S$100,000.00 comprising 100,000 ordinary shares, all of which were credited as fully paid ("**OBS Shares**"). The Target is the sole registered shareholder of OBS Singapore and holds 100% of the OBS Shares.

**4 ASSUMPTIONS AND QUALIFICATIONS**

4.1 This letter is confined to the laws of Singapore of general application as at the date of this letter as applied by the Singapore courts, and is given on the basis that it will be governed by and construed in accordance with the laws of Singapore. We express no opinion with respect to the laws of any other jurisdiction. Insofar as any law other than the laws of Singapore may be relevant to this opinion, we have taken no account of, and have made no investigation of, such law and have assumed that no such law would affect the opinion stated herein.

4.2 Our opinion as set out in this letter:

4.2.1 is strictly limited to the matters stated in it and does not apply by implication to other matters; and

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4.2.2 only covers matters considered by us from a legal perspective and does not purport to assess any matter from an accounting, taxation, financial, statistical or other perspective.

4.3 For the purposes of preparing this letter:

4.3.1 we have been provided with, and have only examined the following documents:

4.3.1.1 copies of the certificates confirming the incorporation of each Target Subsidiary;

4.3.1.2 copies of the constitution of each Target Subsidiary;

4.3.1.3 copies of the electronic register of members of each Target Subsidiary kept and maintained by the Accounting and Corporate Regulatory Authority of Singapore ("**ACRA**") dated 7 September 2022 ("**EROMs**");

4.3.1.4 copies of the directors' resolutions approving the allotment of the OAM Shares and OBS Shares;

4.3.1.5 copies of the directors' resolutions approving the redemption of preference shares in the capital of OAM;

4.3.1.6 copies of the ACRA business profiles of each Target Subsidiary dated 8 September 2022;

4.3.1.7 copies of the minutes of the shareholder's general meetings approving the allotment of the relevant OAM Shares and OBS Shares for the following periods:

4.3.1.7.1 in relation to the OAM Shares, the periods: (i) beginning on 30 October 2012 until the earlier of the date of OAM's next annual general meeting, or the date on which OAM is required by law to hold its next annual general meeting (the "**AGM Deadline**"); and (ii) beginning on 16 July 2018 until the AGM Deadline; and

4.3.1.7.2 in relation to the OBS Shares, the period beginning on 19 April 2007 until the earlier of the date of OBS Singapore's next annual general meeting, or the date on which OBS Singapore is required by law to hold its next annual general meeting;

4.3.1.8 copy of the minutes of OAM's annual general meeting held on 26 June 2019;

4.3.1.9 copies of the share certificates issued by OAM to the Target; and

4.3.1.10 copies of the share certificates issued by OBS Singapore to the Target,

(collectively, the "**Documents**");

4.3.2 we conducted enhanced corporate searches in QuestNet in respect of each Target Subsidiary on (a) 10 January 2023; and (b) 4 August 2023 ("**Business Profile Searches**");

4.3.3 we have conducted the following searches in respect of OAM:

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4.3.3.1 an Insolvency (including Judicial Management) Search on the public records of the Supreme Court of Singapore on (a) 4 August 2023 at approximately 8.50 AM for the year 2023; (b) 10 January 2023 at approximately 4.01 PM for the years 2022 and 2023; (c) 26 July 2022 at approximately 9.17 AM for the years 2020, 2021 and 2022; and (d) 26 July 2022 at approximately 9.50 AM for the year 2019;

4.3.3.2 an Appeal Cases Search on the public records of the Supreme Court and the State Courts of Singapore on (a) 4 August 2023 at approximately 8.52 AM for the year 2023; (b) 10 January 2023 at approximately 3.59 PM for the years 2022 and 2023; (c) 26 July 2022 at approximately 9.14 AM for the years 2020, 2021 and 2022; and (d) 26 July 2022 at approximately 9.49 AM for the year 2019;

4.3.3.3 a Civil Cases Search on the public records of the Supreme Court and the State Courts of Singapore on (a) 4 August 2023 at approximately 8.52 AM for the year 2023; (b) 10 January 2023 at approximately 3.59 PM for the years 2022 and 2023; (c) 26 July 2022 at approximately 9.14 AM for the years 2020, 2021 and 2022; and (d) 26 July 2022 at approximately 9.49 AM for the year 2019; and

4.3.3.4 an Enforcement Search on the public records of the Supreme Court and the State Courts of Singapore on (a) 4 August 2023 at approximately 8.52 AM for the year 2023; (b) 10 January 2023 at approximately 3.59 PM for the years 2022 and 2023; (c) 26 July 2022 at approximately 9.14 AM for the years 2020, 2021 and 2022; and (d) 26 July 2022 at approximately 9.49 AM for the year 2019; and

4.3.4 we have conducted the following searches in respect of OBS Singapore:

4.3.4.1 an Insolvency (including Judicial Management) Search on the public records of the Supreme Court of Singapore on (a) 4 August 2023 at approximately 8.46 AM for the year 2023; (b) 10 January 2023 at approximately 4.04 PM for the years 2022 and 2023; (c) 26 July 2022 at approximately 9.20 AM for the years 2020, 2021 and 2022; and (d) 26 July 2022 at approximately 9.52 AM for the year 2019;

4.3.4.2 an Appeal Cases Search on the public records of the Supreme Court and the State Courts of Singapore on (a) 4 August 2023 at approximately 8.48 AM for the year 2023; (b) 10 January 2023 at approximately 4.03 PM for the years 2022 and 2023; (c) 26 July 2022 at approximately 9.19 AM for the years 2020, 2021 and 2022; and (d) 26 July 2022 at approximately 9.51 AM for the year 2019;

4.3.4.3 a Civil Cases Search on the public records of the Supreme Court and the State Courts of Singapore on (a) 4 August 2023 at approximately 8.48 AM for the year 2023; (b) 10 January 2023 at approximately 4.03 PM for the years 2022 and 2023; (c) 26 July 2022 at approximately 9.19 AM for the years 2020, 2021 and 2022; and (d) 26 July 2022 at approximately 9.51 AM for the year 2019; and

4.3.4.4 an Enforcement Search on the public records of the Supreme Court and the State Courts of Singapore on (a) 4 August 2023 at approximately 8.48 AM for the year 2023; (b) 10 January 2023 at approximately 4.03 PM for the years 2022 and 2023; (c) 26 July 2022 at approximately 9.19 AM for the years 2020, 2021 and 2022; and (d) 26 July 2022 at approximately 9.51 AM for the year 2019,

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(the Business Profile Searches and the searches in respect of OAM and OBS Singapore in paragraphs 4.3.3 and 4.3.4 collectively, the "**Searches**").

4.4 We have with your consent and without any further enquiry assumed:

4.4.1 the genuineness of all signatures and seals on, and the authenticity and completeness of all the Documents and that no amendments or variations have been made to the Documents, and that any unsigned documents supplied to us have been executed in the form supplied;

4.4.2 that all parties to the Documents (and any other relevant arrangement) had all necessary legal capacity, power and authority and that all necessary action was taken to enable the respective parties to enter into the document in question and to perform their respective obligations under it in accordance with its terms;

4.4.3 that none of the executed documents which we have reviewed is void, voidable or unenforceable for any reason, including (a) *non est factum* (i.e., circumstances in which one party executes an agreement believing it to be an essentially different agreement and that party was not careless in so doing); (b) a corporate party taking an action which is *ultra vires*; (c) a party to it having been induced to enter into it by duress, fraud or misrepresentation or on the basis of a mistake of fact or law; or (d) another party to it having become bankrupt or insolvent. It is impossible to state whether there have been any extraneous circumstances affecting enforceability of any of the documents;

4.4.4 the conformity to originals of the Documents supplied to us as copies;

4.4.5 that no steps have been taken for the winding-up, liquidation, receivership, judicial management or analogous circumstances of any Target Subsidiary (which are not as reflected in the Searches);

4.4.6 that the copies of the constitution of each Target Subsidiary supplied to us are true, complete and up-to-date copies of the constitution of the relevant Target Subsidiary as in force as at the date hereof;

4.4.7 that the information disclosed by the Searches is accurate, complete and up-to-date in all respects and that the Searches did not fail to disclose any information which had been submitted for filing or registration but was not disclosed or, as the case may be, did not appear in the Searches. Please note that (a) any search of public registries conducted is at a fixed point of time and may not reveal information filed prior to that time but not entered on the register, or after that time; (b) searches carried out in the Supreme Court and State Courts registries do not reflect proceedings brought in other courts or tribunals in Singapore including the Small Claims Tribunal, Employment Claims Tribunal and the Singapore International Commercial Court, or proceedings commenced by way of arbitration or mediation, or proceedings commenced outside Singapore; and (c) searches carried out in the Supreme Court and State Courts registries are not always accurate in revealing whether or not a winding-up petition has been presented as notice of a winding-up order or resolution passed or a receiver or judicial manager appointed may not be filed immediately;

4.4.8 the results of the Business Profile Searches and the EROMs revealed all matters required by law to be notified to ACRA, including but not limited to all notices, registrations, submissions or filings required to be submitted to ACRA under the laws of Singapore; and

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4.4.9 there are no other documents which may affect our opinion herein which have not been provided to us.

4.5 No confirmation, information or clarification has been sought or received from the counterparties to the documents, agreements or arrangements reviewed nor from any other third party as to the status of such documents, agreements or arrangements or on the relationship between the parties to them or otherwise. No independent verification of the Documents has been conducted, except on the basis of the information publicly available from the Searches. No representation, warranty or undertaking is made as to the accuracy, reasonableness or completeness of or any omission of the information on which this letter is based.

**5 BENEFIT OF LETTER**

5.1 This letter is addressed to the Company and is solely for the Company's own benefit in relation to the Proposed Acquisition, and except with our prior written consent, is not to be transmitted, disclosed to, used or relied upon by any other person, or used or relied upon by you for any other purpose, save that a copy of this letter is permitted to be enclosed in the circular to stockholders of the Company to be issued in connection with the Proposed Acquisition. This letter does not in any way whatsoever constitute a recommendation as to how any person should vote in respect of the Proposed Acquisition.

Yours faithfully

AEI

**AEI LEGAL LLC**

**LEGAL OPINION ON THE POLICIES RELATING TO FOREIGN INVESTMENT, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF MAURITIUS**

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8 August 2023

The Board of Directors,
Oriental Holdings Berhad
170-09-01, Livingston Tower,
Jalan Argyll, 10050 Penang,
Malaysia.

Ladies and Gentlemen:

**Re: ORIENTAL HOLDINGS BERHAD ("OHB")**

**(A) PROPOSED ACQUISITION BY OHB AS PURCHASER AND BOON SIEW SDN BHD, AS THE VENDOR RELATING TO SALE AND PURCHASE OF 3,960,000 ORDINARY SHARES REPRESENTING 49.5% OF THE CAPITAL OF ORIENTAL BOON SIEW (MAURITIUS) PTE LTD.; AND**

**(B) PROPOSED ACQUISITION BY OHB AS PURCHASER AND BOON SIEW SDN BHD, AS THE VENDOR RELATING TO SALE AND PURCHASE OF 34,984,125 ORDINARY SHARES REPRESENTING 49.5% OF THE CAPITAL OF SELASIH PERMATA SDN BHD, WHICH INDIRECTLY HOLDS 100% OF THE CAPITAL OF ORIENTAL ASIA (MAURITIUS) PTE LTD,**

**("PROPOSED ACQUISITIONS")**

1. We are a law firm registered under the Law Practitioners Act and are qualified to practise law in Mauritius. We have been asked by OHB, a public listed company incorporated under the laws of Malaysia and having its registered office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 Penang, Malaysia to:

   (a) advise on the policies on foreign investments, taxation and repatriation of profit under Mauritius law;

   (b) provide a legal opinion on ownership of title to the shares of Oriental Boon Siew (Mauritius) Pte Ltd ("**OBSM**") and Oriental Asia (Mauritius) Pte Ltd ("**OAM**") ("**OAM**" and "**OBSM**", together the "**Mauritian Subsidiaries**"); and

   (c) enforceability of agreements, representations and undertakings given by foreign counterparties under the laws of Mauritius,

   in relation to OHB's issuance of a circular to its stockholders to seek stockholders' approval for the Proposed Acquisitions. This legal opinion will be included in OHB's circular and notice of general meeting to its stockholders in connection with the Proposed Acquisitions.

2. For the purpose of giving this opinion, we have examined the following documents: -

(a) OAM

(i) the certificate of incorporation of OAM dated 24 February 2003 (the "Certificate of Incorporation");

(ii) the category 1 global business licence of OAM dated 15 April 2008 (now known as Global Business Licence), the receipt dated 15 June 2022 for payment of the annual fee for the period 01 July 2022 to 30 June 2023 and confirmation of the company secretary of payment of the annual fee for the period 01 July 2023 to 30 June 2024;

(iii) the share register of OAM as at 31 July 2023;

(iv) the register of Directors of OAM as at 31 July 2023;

(v) the Constitution of OAM dated 28 January 2008 (the "Constitution");

(vi) the tax residence certificate issued under Agreement of Avoidance of Double Taxation and the Prevention of Fiscal Evasion between Mauritius and Malaysia for the period 8 November 2022 to 7 November 2023 and the tax residence certificate issued under Agreement of Avoidance of Double Taxation and the Prevention of Fiscal Evasion between Mauritius and Singapore for the period 8 November 2022 to 7 November 2023;

(vii) relevant Board and Shareholders resolutions for the issuance of all shares in the capital of OAM (together the "Board and Shareholders Resolutions");

(viii) the certificate of current standing of OAM dated 18 July 2023;

(ix) the certificate of incumbency issued by an officer of OAM dated 31 July 2023;

(b) OBSM

(i) the certificate of incorporation of OBSM dated 11 September 2001 (the "Certificate of Incorporation");

(ii) the category 1 global business licence of OBSM dated 17 September 2007 (now known as Global Business Licence), the receipt dated 15 June 2022 for payment of the annual fee for the period 01 July 2022 to 30 June 2023 and confirmation of the company secretary of payment of the annual fee for the period 01 July 2023 to 30 June 2024;

(ii) the share register of OBSM as at 31 July 2023;

(iv) the register of Directors of OBSM as at 3 August 2023;

(v) the Constitution of OBSM dated 28 January 2008 (the "Constitution");

(vi) the tax residence certificate issued under Agreement of Avoidance of Double Taxation and the Prevention of Fiscal Evasion between Mauritius and

Malaysia for the period 8 November 2022 to 7 November 2023 and the tax residence certificate issued under Agreement of Avoidance of Double Taxation and the Prevention of Fiscal Evasion between Mauritius and Singapore for the period 8 November 2022 to 7 November 2023;

(vii) relevant Board and Shareholders resolutions for the issuance of all shares in the capital of OBSM (including the shares being acquired by OHB in OBSM ("**Said Shares**")) and minutes of the Board meeting of OBSM approving, *inter alia,* the registration of the transfer of Said Shares to OHB held on 24 July 2023 (together the "Board and Shareholders Resolutions");

(viii) the certificate of current standing of OBSM dated 21 July 2023;

(ix) the certificate of incumbency issued by an officer of OBSM dated 31 July 2023;

(c) the statutory documents and records of the Mauritian Subsidiaries reviewed at the registered office of the Mauritian Subsidiaries to the extent that we have deemed necessary to deliver this opinion;

(d) documents and records of the Mauritian Subsidiaries at the Registrar of Companies on 19 July 2023 in respect of the Mauritian Subsidiaries to the extent that we have deemed necessary to deliver this opinion;

(e) searches conducted at the bankruptcy division of the Supreme Court of Mauritius and at the civil division of the Supreme Court of Mauritius and obtaining certificates dated 19 July 2023 and 18 July 2023 respectively on the Mauritian Subsidiaries;

(f) searches conducted at Registrar General and the Conservator of Mortgages on 3 August 2023 in respect of the Mauritian Subsidiaries.

3. We have assumed that: -

(a) all signatures, stamps and seals on any of the aforementioned documents in paragraph 2 are genuine;

(b) the books and records of the Mauritian Subsidiaries are complete and that the information disclosed by the said books and records is true, accurate and complete and that such information has not since been altered;

(c) copies of documents provided to us are true, complete, accurate and up to date copies of the original documents and such original documents are authentic and have not been amended in any way;

(d) that the copy of the Constitution of the Mauritian Subsidiaries submitted to us for examination is complete and up to date copies and that there have been no amendments to the Constitution of the Mauritian Subsidiaries provided to us;

(e) that the copies of the Board and Shareholders Resolutions submitted to us for examination are true, complete and up-to-date copies and that such resolutions have not been rescinded or modified and remain in full force and effect, and that no other resolution or other action has been taken which may affect the validity of such resolutions. The Board and Shareholders Resolutions, as the case may be, having been passed at a duly convened and quorate meeting of the Board or the shareholders of the Mauritian Subsidiaries, as applicable;

(f) that the documents dated the date hereof or dated earlier than the date hereof and on which we have relied remain accurate, complete and up to date;

(g) all acts, conditions or things required to be fulfilled, performed or effected in connection with the sale and purchase agreements relating to the Proposed Acquisitions ("**SPAs**") under the laws of any jurisdiction other than Mauritius have been duly fulfilled, performed and effected;

(h) the accuracy, completeness and correctness of any representations of fact expressed in the documents we have examined, including representations and warranties of the Mauritian Subsidiaries contained in the SPAs and on the certificates and other statements of government officials and officers of the Mauritian Subsidiaries but other than to the extent we expressly certify and opine herein;

(i) the SPAs is complete and up to date executed copy and that there have been no amendments to the SPAs and each of the parties to SPAs is duly incorporated and validly existing under the laws of the relevant jurisdiction of incorporation or registration, has the capacity and power and has taken all corporate actions necessary to authorise the entry into, delivery and performance of its obligations and exercise its rights under the SPAs to which it is a party and that the SPAs is a legally binding, valid and enforceable obligation of each party to it;

(j) the SPAs expressed to be governed by the laws of Malaysia will constitute when it is executed by all parties the legal, binding, valid and enforceable obligation of the parties thereto under the laws of Malaysia which is its expressed governing law;

(k) there are no provisions of the laws of any jurisdiction outside Mauritius which would have any implication for the opinions we express and that, insofar as the laws of any jurisdiction outside Mauritius may be relevant, such laws have been or will be complied with;

(l) the information contained in the Certificate of Current Standing is true and complete and has not been materially altered since the date of issue;

(m) the information disclosed by searches made on 19 July 2023 at the Registrar of Companies, on 3 August 2023 at Registrar General and the Conservator of Mortgages with respect to the Mauritian Subsidiaries is true and complete, that such information has not been materially altered, and that the searches did not fail to disclose any material information which have been delivered for filing but did not appear on the public file at the time of the searches;

(n) the information disclosed by the searches made on 19 July 2023 and 18 July 2023 of the registry kept at the bankruptcy division of the Supreme Court of Mauritius and at the civil division of the Supreme Court of Mauritius is true and complete, that such information has not since been materially altered, and that the searches did not fail to disclose any material information which has been delivered for filing hut did not appear on the public file at the time of the court searches;

**LEGAL OPINION ON THE POLICIES RELATING TO FOREIGN INVESTMENT, TAXATION AND REPATRIATION OF PROFITS, OWNERSHIP OF TITLE TO SECURITIES OR ASSETS, ENFORCEABILITY OF AGREEMENTS, REPRESENTATIONS AND UNDERTAKINGS GIVEN BY FOREIGN COUNTER-PARTIES UNDER THE RELEVANT LAWS OF MAURITIUS (Cont'd)**

(o) that the Mauritian Subsidiaries do not carry out any business or activities which may be against public order or any Mauritius laws and regulations; and

(p) that no material documents have been withheld from us whether deliberately or inadvertently and that there is no other information known to the Mauritian Subsidiaries or any other parties acting on behalf not disclosed to us which would affect the certification expressed below.

**REPORT ON THE POLICIES ON FOREIGN INVESTMENTS, TAXATION AND REPATRIATION OF PROFITS FROM MAURITIUS**

4. Based upon the above assumptions and subject to the qualifications set out below, we report as follows:

Policies on Foreign Investments

(a) Under the Mauritius Non-Citizens (Property Restriction) Act 1975, a non citizen who wishes to acquire an immovable property in Mauritius must obtain an authorisation from the Ministry of Internal Affairs.

There are no restrictions under Mauritius laws against foreign investment in the business carry on by OBS(M) and Oriental Asia (Mauritius) Pte Ltd in Mauritius. 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 and regulated under the Mauritius Financial Services Act 2007.

Policies on Exchange Control and Repatriation of Profits

(b) 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).

(c) 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[1]. 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

[1] A Mauritius company shall satisfy the solvency test where -
(a) the company is able to pay its debts as they become due in the normal course of business; and
(b) the value of the company's assets is greater than the sum of -

(i) the value of its liabilities; and

(ii) the company's stated capital.

restrictions on the payment of dividends by a Mauritius company to a foreign shareholder.

(d) 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. Based on review of the respective Constitution, each of the Mauritius Subsidiaries is authorized to acquiring its own shares.

(e) 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.

Policies on Taxation

Corporate Income Tax

(f) A company holding a Global Business License shall be liable to income tax in Mauritius currently at the rate of 15% on all income, other than exempt income and it is entitled to claim as credit foreign tax suffered on its foreign income against Mauritius tax computed by reference to the same income.

(g) A company may be entitled to a partial exemption of 80% on foreign source dividend derived, provided the dividend has not been allowed as a deduction in the country of source and subject to meeting the economic substance requirements, as required under the Income Tax Act 1995 of Mauritius.

(h) A company may be entitled to a partial exemption of 80% on interest derived, subject to meeting the economic substance requirements, as required under the Income Tax Act 1995 of Mauritius.

(i) Foreign tax credit will not be allowed where a company has claimed the 80% (eighty percent) partial exemption of its foreign source dividend or interest, as the case may be.

(j) Each of the Mauritius Subsidiaries shall, at all times carry out its core income generating activities in, or from, Mauritius as required under the Income Tax Act 1995 of Mauritius be managed and controlled from Mauritius and be administered by a management company.

(k) Each of the Mauritius Subsidiary has applied and obtained tax residence certificate from the Mauritian Revenue Authority. The certificate is renewable annually subject to the directors and the secretary of the Mauritius Subsidiary providing an undertaking on behalf of the Mauritius Subsidiary to the tax authorities in respect of prescribed requirements to demonstrate that the Mauritius Subsidiary is centrally managed and controlled in Mauritius. In its determination whether the Mauritius Subsidiary is centrally managed and controlled in Mauritius, in compliance with the conditions attached to its licence and to statutory provisions laid in Section 71(3)(b) of the Financial Services Act 2007 of Mauritius the FSC will consider whether the Mauritius Subsidiary:

(i) has at all times at least two (2) resident directors of appropriate caliber and able to exercise independence of mind and judgment;

(ii) maintains, at all times, its principal bank account in Mauritius;

(iii) keeps and maintains, at all times, its accounting records at a registered office in Mauritius;

(iv) prepares its statutory financial statements and cause its financial statements to be audited in Mauritius; and

(v) provides for meetings of directors to include at least two (2) directors from Mauritius.

(l) In addition to the above, the Mauritius Revenue Authority further specified that to avail to partial exemption of income of the Mauritius Subsidiary, it must carries out its core income generating activities in Mauritius; employs directly or indirectly an adequate number of suitably qualified persons to conduct its core income generating activities in Mauritius; and incurs a minimum expenditure proportionate to its level of activities. As per Income Tax (Amendment No 2) Regulations 2018, the 'core income generating activities' includes agreeing funding terms, setting the terms and duration of any financing, monitoring and revising any agreements, and managing any risks.

Value-added tax

(m) The Value Added Tax Act of 1998 came in force on 1st July 1998. Value Added Tax of 15% shall be charged on a supply of goods in Mauritius, or a supply of services performed or utilized in Mauritius, which is not an exempt supply by taxable person who makes taxable supplies 6 million rupees or of specific profession or business.

Tax on dividends arising from investment in Mauritius

(n) Dividends paid by a company resident in Mauritius is an exempted income. There is no withholding tax payable in Mauritius in respect of dividends paid to the shareholders by a company resident in Mauritius.

Tax on interests arising from Mauritius

(o) A company may be entitled to a partial exemption of 80% on interest derived, subject to meeting the economic substance requirements, as required under the Income Tax Act 1995 of Mauritius. Interest paid to a non-resident, not carrying on any business in Mauritius by a company holding a Global Business Licence out of its foreign source income is tax exempt.

Sales of Mauritius shares

(p) Any Gains or profits derived from the sale of units, securities (including Mauritius shares) or debt obligations by a person is an exempted income.

5. Based upon the above assumptions and subject to the qualifications set out below, we are of the opinion that:

Due Incorporation of the Mauritian Subsidiaries

(a) Oriental Boon Siew (Mauritius) Pte Ltd is a private company limited by shares and is duly incorporated, validly existing and in good standing under the laws of Mauritius.

(b) Oriental Asia (Mauritius) Pte Ltd is a private company limited by shares and is duly incorporated, validly existing and in good standing under the laws of Mauritius.

Capacity of the Mauritian Subsidiaries and enforceability of agreements, representations and undertakings given by foreign counter-parties under the laws of Mauritius

(c) Oriental Boon Siew (Mauritius) Pte Ltd has full capacity, power and authority to conduct its business as presently conducted under the Global Business Licence and its constitutive documents and to enter into valid and binding agreements, make representations and commit to undertakings in its own name in Mauritius.

(d) Oriental Asia (Mauritius) Pte Ltd has full capacity, power and authority to conduct its business as presently conducted under the Global Business Licence and its constitutive documents and to enter into valid and binding agreements, make representations and commit to undertakings in its own name in Mauritius.

(e) None of the Mauritian Subsidiaries are a signatory to the SPAs and as such has not provided any representations or undertakings to OHB, which would otherwise require us to review or opinion on other than the particulars of OBSM and OAM as set out under Schedule 1 of the sale and purchase agreement for OBSM and sale and purchase agreement for Selasih Permata Sdn Bhd, respectively.

(f) To the extent the obligations expressed to be assumed by the parties under the SPAs constitute legal, valid and binding obligations of the parties thereto, enforceable in accordance with the terms of the SPAs under the laws of Malaysia by which it is expressed to be governed, then such obligations of the parties to complete the Proposed Acquisitions will be so treated by the courts in Mauritius and will be valid, binding and enforceable on the Mauritian Subsidiaries in accordance with its terms and conditions.

Ownership of Title to Shares in the Mauritian Subsidiaries

(g) The stated capital of OBSM is USD 8,000,000 represented by 8,000,000 ordinary shares of par value USD1 each credited as fully paid. OHB and Boon Siew Sdn Bhd are the registered shareholders holding 4,040,000 ordinary shares (representing 50.50% of total issued shares) and 3,960,000 ordinary shares (representing 49.50% of total issued shares), respectively in the issued share capital of OBSM.

(h) The stated capital of OAM is USD8,002,500 represented by 2,500 ordinary shares of par value USD1.00 each issued as fully paid share at USD1 each and 8,000,000 redeemable preference shares of par value USD0.01 each issued as fully paid share at USD 1 each (consisting of par value of USD0.01 and share premium of USD0.99 each) to Selasih Permata Sdn Bhd (representing 100% of total issued shares).

(i) Based on the Constitution of the Mauritian Subsidiaries, any transfer of shares by any shareholder shall be subject to the rights of pre-emption of other existing shareholders.

(j) Based on agreements made available to us on OBSM, the consent of United Overseas Bank Ltd shall be obtained for the transfer of Said Shares from Boon Siew Sdn Bhd to OHB.

(k) Based on agreements made available to us on OAM, the consent of Oversea-Chinese Banking Corporation Limited Labuan Branch shall be obtained for the transfer of 49.5% shares in Selasih Permata Sdn Bhd (holding 100% of shares of OAM) to OHB.

6. Qualifications

(a) We do not purport to be expert on and do not purport to be generally familiar with or qualified to express legal opinions based on any law other than the laws of Mauritius. We have made no investigation of, and we express no opinion as to, any law other than the law of Mauritius.

(b) This opinion relates only to the laws of the Republic of Mauritius as of the date hereof and as currently applied by the Mauritius courts, and is given on the basis that it will be governed by and construed in accordance with the laws of the Republic of Mauritius. We assume no obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the report made herein.

(c) The validity and enforceability of rights and remedies under the SPAs may be subject to limitations imposed by applicable Mauritius bankruptcy, insolvency, reorganisation, administration, moratorium, limitation and time-bar or other laws affecting the rights of creditors in general, and to any provision generally applicable under Mauritius law regarding the invalidation or revision of unfair contract terms.

(d) The Mauritius Courts will not give effect to any provision of a foreign law which infringes any principle of Mauritius public order or any mandatory provision of Mauritius law.

(e) Any exercise of a right by a party under the SPAs must not be made in bad faith or abusively and any abusive exercise of such right is subject to the provisions of Article 17 of the Civil Code.

(f) The Mauritius Courts may refuse to give effect to any provisions in an agreement which would involve the enforcement of any foreign revenue or penal law.

(g) This opinion merely covers matters considered by us from a legal perspective and we disclaim any skills or expertise in assessing any matter from an accounting, taxation, financial, statistical matter or its adequacy.

7. This opinion is addressed to OHB and is solely for OHB's own benefit in relation to the Proposed Acquisitions and is not to be used, circulated, quoted or otherwise referred to for any other purposes or relied upon by any other person without our prior written consent. Save that a copy of this opinion is permitted to be enclosed in the circular to stockholders of OHB to be issued in connection with the Proposed Acquisitions. This opinion does not constitute a recommendation to any stockholder of OHB as to how any stockholder should vote in respect of the Proposed Acquisitions.

Yours faithfully

Globalex Chambers
Soo Fon IP MIN WAN

**EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE CONSIDERATION OF SPSB AND PURCHASE CONSIDERATION OF OBS(M) PREPARED BY SCA**

Strategic Capital

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10 August 2023

The Board of Directors,
**Oriental Holdings Berhad**
1st Floor, 25B
Lebuh Farquhar
10200, Penang

**Strictly Private & Confidential**

Dear Sirs,

**FAIRNESS OPINION FOR THE PROPOSED ACQUISITIONS BY ORIENTAL HOLDINGS BERHAD ("OHB" OR THE "COMPANY") OF THE REMAINING EQUITY INTEREST IT DOES NOT ALREADY OWN IN TWO (2) PLANTATION COMPANIES, NAMELY SELASIH PERMATA SDN BHD AND ORIENTAL BOON SIEW (MAURITIUS) PTE LTD FOR A TOTAL CASH CONSIDERATION OF APPROXIMATELY RM646.93 MILLION ("EVALUATION")**

This expert report ("**Letter**") is prepared solely for the evaluation of the fairness of the total cash consideration of approximately RM646.93 million ("**Purchase Considerations**") for the proposed acquisitions of:-

i. the remaining 49.50% equity interest in Selasih Permata Sdn Bhd ("**SPSB**") for a purchase consideration of RM646.93 million ("**Proposed SPSB Acquisition**"); and
ii. the remaining 49.50% equity interest in Oriental Boon Siew (Mauritius) Pte Ltd ("**OBS(M)**") for a purchase consideration of RM1.00 ("**Proposed OBS(M) Acquisition**").

(SPSB and OBS(M) are collectively referred to as the "**Target**" or "**Target Group**") (Proposed SPSB Acquisition and Proposed OBS(M) Acquisition are collectively referred to as the **Proposed Acquisitions**").

The Letter is prepared pursuant to Chapter 10, Part F of Appendix 10B of Bursa Malaysia Securities Berhad's ("**Bursa Securities**") Main Market Listing Requirement and is for inclusion in the circular to shareholders of the Company in respect of, amongst others, the Proposed Acquisitions ("**Circular**").

## 1. INTRODUCTION

Strategic Capital Advisory Sdn Bhd ("**SCA**") has been appointed by the Board of Directors ("**Board**") of the Company as an Expert to undertake the Evaluation and for the issuance of this Letter, which shall be included in the Circular. SCA confirms that SCA and its employees do not have any direct or indirect financial interests in the Company or its subsidiaries and is not in a position that may affect our objectivity in performing this engagement, therefore confirming our independence to act as the Expert undertaking the Evaluation.

The purpose of this Letter is to set out our opinion in relation to the Evaluation and is subject to the limitations of our role and evaluation as explained herein. Other than for this intended purpose, this Letter should not be used for any other purpose and/or by any other persons and/or reproduced, wholly or partially, without our express written consent.

Should any information and/or section of our Letter is to be extracted, quoted and/or referenced in any document, the relevant paragraphs and/or sections of the said document shall be reviewed and consented in writing by us prior to the release of the said document to any party for any purposes. We shall not be liable for any damage or loss sustained or suffered by any parties as a result of any unauthorised circulation, publication, reproduction or use of this Letter or any part hereof.

## 2. BACKGROUD INFORMATION OF TARGET GROUP

### 2a. BACKGROUD INFORMATION OF 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 ordinary shares as at 31 May 2023. Currently, the major assets own by SPSB group are as follows:-

a) an oil palm estate located in Bangka Belitung Islands Province, Indonesia, measuring approximately 12,804.16 hectare ("**Ha**") ("**GML Estate**") and a 90 metric tonnes ("**MT**") per hour palm oil mill which is erected on the GML Estate ("**GML Oil Mill**") owned by PT Gunung Maras Lestari ("**GML**");
b) an oil palm estate located in Bangka Belitung Islands Province, Indonesia, measuring approximately 9,098.90 Ha ("**GSBL Estate**") and a 90 MT per hour palm oil mill which is erected on the GSBL Estate ("**GSBL Oil Mil**") owned by PT Gunungsawit Binalestari ("**GSBL**"); and
c) a 3-storey commercial property located at 319-323 Swanston Street, Melbourne, Victoria 3000 ("**OAA Property**") owned by Oriental Asia (Aust) Pty Ltd ("**OAA**").

*Note:*
*GML and GSBL are 92.50% owned subsidiaries of SPSB whilst OAA is a wholly-own indirect subsidiary of SPSB.*

The age profile of both the GML Estate and GSBL Estate as extracted from the valuation reports are summarised as follows:-

| | GML Estate (Ha) | (%) | GSBL Estate (Ha) | (%) |
|---|---|---|---|---|
| Immature plants (0-3 years) | 1,586.16 | *13.47* | 1,333.76 | *15.67* |
| Young mature plants (4-6 years) | 60.08 | *0.51* | 1,658.62 | *19.48* |
| Mature plants (7-18 years) | 1,190.78 | *10.11* | 41.70 | *0.49* |
| Old mature plants (>18 years) | 8,937.95 | *75.91* | 5,479.99 | *64.36* |
| Total planted area | 11,774.97 | *100.00* | 8,514.07 | *100.00* |

### 2b. BACKGROUD INFORMATION OF OBS(M)

OBS(M) was incorporated as a private limited company in Mauritius under the 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 United States Dollar ("**USD**") 8,000,000 comprising 8,000,000 ordinary shares as at 31 May 2023. Currently, the major assets own by OBS(M) group are as follows:-

a) an oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 11,888.88 Ha ("**SAP Estate**") owned by PT Surya Agro Persada ("**SAP**");
b) an oil palm estate located in Bangka Belitung Islands Province, Indonesia, measuring approximately 4,416.23 Ha ("**BSSP Estate**") and an 80 MT per hour palm oil mill which is erected on the BSSP Estate ("**BSSP Oil Mil**") owned by PT Bumi Sawit Sukses Pratama ("**BSSP**");
c) an oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 20,300.00 Ha ("**GSSL Estate**") owned by PT Gunung Sawit Selatan Lestari ("**GSSL**");
d) an oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 22,471.68 Ha ("**PPA Estate**") and a 60 MT per hour (extendable to 80 MT per hour) palm oil mill which is erected on the PPA Estate ("**PPA Oil Mill**") owned by PT Pratama Palm Abadi ("**PPA**");
e) an oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 9,435.06 Ha ("**DAM Estate**") owned by PT Dapo Agro Makmur ("**DAM**");

f) an oil palm estate located in South Sumatera Province, Indonesia, measuring approximately 7,000.79 Ha ("**SSL Estate**") owned by PT Sumatera Sawit Lestari ("**SSL**"); and

g) a 7-storey purpose-built hotel building, comprising 55 apartments with retail shops (on the ground floor) and multi-deck car park catering to 157 cars located at 315-319 Burwood Highway, Burwood East Victoria 3151 ("**OAM(A) Property**") owned by OAM (Aust) Pty Ltd ("**OAM(A)**").

*Note:*
*SAP, BSSP, GSSL, PPA and SSL are 90.00% indirect subsidiaries of OBS(M) whilst OAM(A) is a wholly-own indirect subsidiary of OBS(M).*

The age profile of the estates owned by OBS(M) as extracted from the valuation reports are summarised as follows:-

| | SAP Estate (Ha) | (%) | BSSP Estate (Ha) | (%) |
|---|---|---|---|---|
| Immature plants (0-3 years) | 240.84 | *8.84* | - | |
| Young mature plants (4-6 years) | 437.80 | *16.06* | 212.29 | *5.13* |
| Mature plants (7-18 years) | 2,046.48 | *75.10* | 3,927.90 | *94.87* |
| Old mature plants (>18 years) | - | - | - | - |
| Total planted area | 2,725.12 | *100.00* | 4,140.19 | *100.00* |

| | GSSL Estate (Ha) | (%) | PPA Estate (Ha) | (%) |
|---|---|---|---|---|
| Immature plants (0-3 years) | 250.50 | *8.53* | 221.81 | *5.60* |
| Young mature plants (4-6 years) | 660.61 | *22.49* | 961.90 | *24.28* |
| Mature plants (7-18 years) | 2,025.77 | *68.98* | 2,778.00 | *70.12* |
| Old mature plants (>18 years) | - | - | - | - |
| Total planted area | 2,936.88 | *100.00* | 3,961.71 | *100.00* |

| | DAM Estate (Ha) | (%) | SSL Estate (Ha) | (%) |
|---|---|---|---|---|
| Immature plants (0-3 years) | 56.08 | *4.31* | 307.32 | *14.60* |
| Young mature plants (4-6 years) | 42.72 | *3.28* | 1,247.08 | *59.25* |
| Mature plants (7-18 years) | 1,202.03 | *92.41* | 550.50 | *26.15* |
| Old mature plants (>18 years) | - | - | - | - |
| Total planted area | 1,300.83 | *100.00* | 2,104.90 | *100.00* |

## 3. TERMS OF REFERENCE

The basis of our opinion is the fair market value which is defined as the arms' length price at which such asset would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell, in an open and unrestricted market and both having reasonable knowledge of relevant facts. The concept of market value means the cash equivalent price of an asset being valued assuming the transaction took place under conditions existing at the date of valuation of the assets. The amount would not be considered market value if it was influenced by special motivations or characteristic of a typical buyer or seller.

**Date of Opinion**

The date of our opinion is 30 June 2023 (herein also referred to as the "**Date of Opinion**").

**Sources of Information**

The sources of information which we have used in our evaluation are as follows:

(i) The Company's announcement on the Proposed Acquisitions on 13 October 2022;
(ii) Conditional share sale agreement entered into between OHB and Boon Siew Sdn Bhd ("**BSSB**") dated 13 October 2022 for the Proposed SPSB Acquisition ("**SPSB SSA**");
(iii) Supplemental agreements dated 12 January 2023 and 12 April 2023 entered into between OHB and BSSB to amend and vary certain clauses in the SPSB SSA ("**Supplemental SPSB SSA**")

(iv) Conditional share sale agreement dated 13 October 2022 entered into between OHB and BSSB for the Proposed OBS(M) Acquisition ("**OBS(M) SSA**");
(v) Supplemental agreements dated 12 January 2023 and 12 April 2023 entered into between OHB and BSSB to amend and vary certain clauses in the OBS(M) SSA ("**Supplemental OBS(M) SSA**")
(vi) Audited financial statements of SPSB and OBS(M) for the financial years ended 31 December ("**FYE**") 2020, 2021 and 2022
(vii) Unaudited consolidated financial information of SPSB group and OBS(M) group for the FYE 2022 respectively;
(viii) Valuation reports dated 18 April 2023 prepared by KJPP Rengganis, Hamid & Rekan ("**KJPP RHR**"), the independent valuer appointed to carry out a formal valuation on the Indonesian subject properties pursuant to the Proposed Acquisitions. The valuation reports were peer reviewed by Knight Frank Malaysia Sdn Bhd ("**KFM**");
(ix) Valuation reports dated 28 March 2023 and 31 March 2023 prepared by M3 Property Australia Pty Ltd ("**M3property**"), the independent valuer appointed to carry out a formal valuation on the Australian subject properties pursuant to the Proposed Acquisitions. The valuation reports were peer reviewed by KFM;
(x) Representation and explanation by the management of the Target Group ("**Management**"); and
(xi) Other publicly available information in respect of the industry that the Target Group is involved in.

We have made all reasonable enquiries and conducted our own reviews, where possible, with regards to the information provided to us. We have also relied on the Management to exercise due care to ensure that all information and documents provided to us and that all relevant facts, information and representations necessary for our evaluation have been disclosed to us and that such information is accurate, valid and there is no omission of material facts, which would make any information provided to us incomplete, misleading or inaccurate.

Based on the reviews and enquiries made by us, we are satisfied that the information and documents provided by the Management to us are sufficient, reasonable and we have no reason to believe that any such information provided to us in untrue, inaccurate or misleading or the disclosure of which might reasonably affect our evaluation and opinion as set out in this Letter.

The Board has, individually and collectively, accepted full responsibility that all material facts, financial and other information in this Letter, and for the accuracy of the information in respect of the Proposed Acquisitions (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein incomplete, false and/or misleading.

We have not undertaken an independent investigation into the business of the Company and the Target Group. It should also be highlighted that the evaluation may be materially or adversely affected should the actual results or events differ from any of the bases and assumptions based upon in the relevant reports. As such, the adoption of such assumptions and projections does not imply that we warrant their validity or achievability. No representation or warranty, whether expressed or implied, is given by SCA that the information and documents provided will remain unaltered subsequent to the issuance of this Letter.

**Scope and Limitation of Review**

SCA was not involved in the formulation or any deliberation and negotiation on the terms and conditions of the Proposed Acquisitions or any corporate exercise intended to be undertaken by the Company. Our role as the Expert does not extend to us expressing an opinion on the commercial merits of the Proposed Acquisitions or any corporate exercise intended to be undertaken by the Company. The assessment of the commercial merits is solely the responsibility of the Board, although we may draw upon their views in arriving at our opinion. As such, where comments or points of consideration are included on matters, which may be commercially oriented, these are incidental to our overall evaluation and concern matters, which we may deem material for disclosure.

Further, our terms of reference do not include us rendering an expert opinion on legal, accounting and taxation issues relating to the Proposed Acquisitions.

Our work includes holding discussions with and making enquiries from the Management regarding representations made on the Target Group. We rely on the Management's oral and written representations as well as third party sources as explained in the relevant sections of this Letter. Accordingly, we make no representations as to the accuracy or completeness of the information provided and in no event shall we, our partners, principals, directors, shareholders, agents or employees are liable for any misrepresentations by the Management.

However, should SCA become aware of any significant change affecting the information contained in this Letter; being informed of any material changes in the subject matters which may have an impact on SCA's opinion or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive or that there is a material omission in this Letter, we will immediately notify the Board. If circumstances require, a supplementary Letter will be issued to the Board.

The management of the Company have, individually and collectively, accepted full responsibility for all material facts, financial and other information essential to our evaluation have been disclosed to us and are as set out in this Letter, and for the accuracy of the information in respect of the Evaluation (save for those in relation to our evaluation and opinion pertaining to the same) as prepared herein and confirmed that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts omitted which would make any statement herein incomplete, false and/or misleading.

## 4. SUMMARY OF FINANCIAL INFORMATION

4a A summary of the financial information of SPSB based on the audited financial statements from FYEs 2020 to 2022 are set out below:-

| | FYE 2020 | Audited<br>FYE 2021<br>RM'000 | FYE 2022 |
|---|---|---|---|
| Revenue | 3,172 | 56,767 | 1,686 |
| Profit before tax ("**PBT**") | 2,054 | 59,108 | 8,219 |
| Profit after tax ("**PAT**") | 2,028 | 59,104 | 8,185 |
| Share Capital | 70,675 | 70,675 | 70,675 |
| Net Asset ("**NA**") attributable to owner | 141,834 | 194,938 | 143,124 |
| Total borrowing | - | - | - |
| | | | |
| No of ordinary shares ('000) | 70,675 | 70,675 | 70,675 |
| Earnings per share ("**EPS**") (RM) | 0.03 | 0.84 | 0.12 |
| NA per Share (RM) | 2.01 | 2.76 | 2.03 |
| Current ratio (times) | 1,303.93 | 2,828.57 | 1,588.92 |
| Gearing ratio (times) | - | - | - |

The above financial statements of SPSB have been prepared in accordance with the Malaysian Financial Reporting Standards ("**MFRS**") and are not on a consolidated basis by virtue of the exemption provided by paragraph 4 of MFRS (Consolidated Financial Statements).

In view of the above and for illustrative purposes only, a summary of the unaudited consolidated financial information of SPSB group have been prepared by the Management based on the audited financial statements of SPSB and its subsidiaries for the past 3 financial years up to the FYE 2022 are as follows:-

| | FYE 2020 | Unaudited<br>FYE 2021<br>RM'000 | FYE 2022 |
|---|---|---|---|
| Revenue | 294,312 | 439,573 | 432,155 |
| PBT | 124,627 | 261,342 | 248,568 |
| PAT | 103,836 | 209,275 | 194,384 |
| Share Capital | 70,675 | 70,675 | 70,675 |
| NA attributable to owner | 1,294,449 | 1,504,082 | 1,560,591 |

| | FYE 2020 | Unaudited FYE 2021 RM'000 | FYE 2022 |
|---|---|---|---|
| Total borrowing | 134,920 | 126,845 | 120,065 |
| | | | |
| No of ordinary shares ('000) | 70,675 | 70,675 | 70,675 |
| EPS (RM) | 1.47 | 2.96 | 2.75 |
| NA per Share (RM) | 18.32 | 21.28 | 22.08 |
| Current ratio (times) | 9.87 | 9.49 | 9.60 |
| Gearing ratio (times) | 0.10 | 0.08 | 0.08 |

Management represented that there were no exceptional and/or extraordinary items reported in the unaudited consolidated financial information of SPSB group for the financial years under review. There have been no audit qualifications reported to the financial statements of SPSB group during the financial years under review.

Commentary:

FYE 2020

SPSB group recorded revenue of approximately RM294.31 million in the FYE 2020, which was relatively consistent with the revenue recorded in the previous financial year (FYE 2019: RM294.36 million).

SPSB group recorded a higher PBT of approximately RM124.63 million in the FYE 2020, representing an increase of approximately 75.78% or RM53.73 million, as compared to the PBT of approximately RM70.90 million recorded in the previous financial year. The increase in profits was mainly due to higher average selling price of Crude Palm Oil ("**CPO**") of RM2,326 per MT and Palm Kernel Oil ("**PKO**") of RM1,212 per MT in the financial year under review as compared to the average selling price of CPO of RM1,920 per MT and PKO of RM1,033 per MT in the previous financial year. Although the average selling prices of CPO and PKO have increased, the production volumes decreased during the financial year under review as compared to the previous financial year.

FYE 2021

SPSB group recorded a higher revenue of approximately RM439.57 million in the FYE 2021, representing an increase of approximately 49.36% or RM145.26 million, as compared to the revenue of approximately RM294.31 million recorded in the previous financial year.

The increase in revenue was mainly attributed to the higher average selling price of CPO and PKO recorded in the FYE 2021 of approximately RM3,320 per MT and RM2,041 per MT respectively, representing an increase of approximately 42.73% and 68.40% respectively, as compared to RM2,326 per MT and RM1,212 per MT respectively recorded in the FYE 2020.

As a result of SPSB group recording a higher revenue in the financial year under review, SPSB group recorded a higher PBT of approximately RM261.34 million in the FYE 2021, representing an increase of approximately 109.69% or RM136.71 million, as compared to the PBT of approximately RM124.63 million recorded in the previous financial year.

FYE 2022

SPSB group recorded a lower revenue of approximately RM432.16 million in the FYE 2022, representing a decrease of approximately 1.69% or RM7.42 million, as compared to the revenue of approximately RM439.57 million recorded in the previous financial year. The decrease in revenue was mainly attributed to lower CPO and PKO sales volume by 11.2% and 1.4% respectively, due to the dropped in volume of the production of Fresh Fruits Bunch ("**FFB**") despite higher price of CPO and PKO.

Additionally, SPSB group recorded a lower PBT of approximately RM248.57 million in the FYE 2022, representing a decrease of approximately 4.89% or RM12.77 million, as compared to the PBT of approximately RM261.34 million recorded in the previous financial year. This was mainly due to increase in estate cost, in particular, the manuring cost incurred during the financial year.

4b A summary of the financial information of OBS(M) based on the audited financial statements from FYEs 2020 to 2022 are set out below:-

| | FYE 2020 | Audited<br>FYE 2021<br>USD'000 | FYE 2022 |
|---|---|---|---|
| Revenue | - | - | - |
| PBT | 306 | 2,696 | 3,588 |
| PAT | 306 | 2,696 | 3,588 |
| Share Capital | 8,000 | 8,000 | 8,000 |
| Net liabilities (“**NL**”) attributable to owner | (26,834) | (24,137) | (20,549) |
| Total borrowing | 29,646 | 27,221 | 25,729 |
| | | | |
| No of ordinary shares ('000) | 8,000 | 8,000 | 8,000 |
| EPS (USD) | 0.04 | 0.34 | 0.45 |
| NL per Share (USD) | (3.35) | (3.02) | (2.57) |
| Current ratio (times) | 0.45 | 0.54 | 1.37 |
| Gearing ratio (times) | - | - | - |

The above financial statements of OBS(M) have been prepared in accordance with the International Financial Reporting Standards (“**IFRS**”) and are not on a consolidated basis by virtue of the exemption provided by paragraph 4 of IFRS.

In view of the above and for illustrative purposes only, a summary of the unaudited consolidated financial information of OBS(M) group have been prepared by the Management based on the audited financial statements of OBS(M) and its subsidiaries for the past 3 financial years up to the FYE 2022 are as follows:-

| | FYE 2020 | Unaudited<br>FYE 2021<br>USD'000 | FYE 2022 |
|---|---|---|---|
| Revenue | 55,246 | 81,351 | 90,365 |
| (Loss before tax)/PBT | (50,766) | 35,992 | 16,129 |
| (Loss after tax)/PAT | (48,858) | 32,685 | 11,799 |
| Share Capital | 8,000 | 8,000 | 8,000 |
| NL attributable to owner | (160,146) | (130,652) | (116,281) |
| Total borrowing | 452,599 | 424,999 | 368,225 |
| | | | |
| No of ordinary shares ('000) | 8,000 | 8,000 | 8,000 |
| (Loss per Share)/EPS (USD) | (6.11) | 4.09 | 1.47 |
| NL per Share (USD) | (20.02) | (16.33) | (14.54) |
| Current ratio (times) | 0.12 | 0.15 | 0.16 |
| Gearing ratio (times) | n.m | n.m | n.m |

*Note: n.m denotes not meaningful*

The Management represented that there were no exceptional and/or extraordinary items reported in the unaudited consolidated financial information of OBS(M) group for the financial years under review. There have been no audit qualifications reported to the financial statements of OBS(M) group during the financial years under review.

Commentary:

<u>FYE 2020</u>

OBS(M) group recorded a higher revenue of approximately USD55.25 million in the FYE 2020, representing an increase of approximately 14.06% or USD6.81 million, as compared to the revenue of approximately USD48.44 million recorded in the previous financial year.

The increase in revenue was mainly attributed to the higher average selling price of CPO and PKO recorded in the FYE 2020 of approximately USD592 per MT and USD314 per MT respectively, representing an increase of approximately 26.77% and 26.10% respectively, as compared to the average selling price for CPO and PKO of USD467 per MT and USD249 per MT respectively recorded in the FYE 2019.

OBS(M) group recorded a higher loss before tax of approximately USD50.77 million in the FYE 2020, representing a increase of approximately 148.75% or USD30.36 million, as compared to the loss before tax of approximately USD20.41 million recorded in the previous financial year.

The increase in losses was mainly due the net loss on foreign exchange of approximately USD17.60 million recorded in the FYE 2020 as compared to net gain on foreign exchange of approximately USD6.16 million recorded in the previous financial year. The net loss on foreign exchange of USD17.60 million incurred by OBS(M) group was mainly due to the unrealised foreign exchange losses of USD17.29 million recorded in the financial year under review, which arose mainly due to the weakening of the Indonesian Rupiah ("**IDR**") during the financial year under review against the Japanese Yen ("**JPY**") (which is the currency of the bank borrowings of OBS(M) group).

<u>FYE 2021</u>

OBS(M) group recorded a higher revenue of approximately USD81.35 million in the FYE 2021, representing an increase of approximately 47.24% or USD26.10 million, as compared to the revenue of approximately USD55.25 million recorded in the previous financial year. The increase in revenue was mainly attributed to the higher average selling price of CPO and PKO recorded in the FYE 2021 of approximately USD775 per MT and USD494 per MT respectively, representing an increase of approximately 30.91% and 57.32% respectively, as compared to the average selling price for CPO and PKO of USD592 per MT and USD314 per MT respectively recorded in the FYE 2020.

As a result of OBS(M) group recording a higher revenue in the financial year under review, OBS(M) Group recorded a PBT of approximately USD35.99 million in the FYE 2021, as compared to the loss before tax of approximately USD50.77 million recorded in the previous financial year. The increase in profits was mainly due to the net gain on foreign exchange of approximately USD40.23 million recorded in the FYE 2021 as compared to net loss on foreign exchange of approximately USD17.60 million recorded in the previous financial year. The net gain on foreign exchange of UD40.23 million recorded by OBS(M) group was mainly due to the unrealised foreign exchange gain of USD40.04 million recorded in the financial year under review, which arose mainly due to the strengthening of IDR against bank borrowings of OBS(M) group denominated in JPY.

<u>FYE 2022</u>

OBS(M) group recorded a higher revenue of approximately USD90.37 million in the FYE 2022, representing an increase of approximately 11.09% or USD9.02 million, as compared to the revenue of approximately USD81.35 million recorded in the previous financial year.

The increase in revenue was mainly attributed to higher average selling price of CPO and PKO recorded in the FYE 2022 of approximately USD887 per MT and USD543 per MT respectively, representing an increase of approximately 14.45% and 9.92% respectively, as compared to the average selling price for CPO and PKO of USD775 per MT and USD494 per MT respectively recorded in the FYE 2021.

OBS(M) group recorded a lower PBT of approximately USD16.13 million in the FYE 2022, as compared to the PBT of approximately USD35.99 million recorded in the previous financial year, representing a decrease of approximately 55.18% or USD19.86 million. The decrease in profits was mainly due to unrealised foreign exchange losses of USD7.50 million (2021: unrealised foreign exchange gains of USD40.04 million), resulting from weakening of IDR against SGD borrowings.

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## 5. INDUSTRY OUTLOOK

Overview and outlook of Malaysia Economy

Malaysia's gross domestic products ("**GDP**") grew 5.6% in the first quarter of 2023 as compared to 7.1% recorded in previous quarter. In terms of seasonally adjusted, GDP increased by 0.9% (Q4 2022: -1.7%). On the supply side, all economic sectors grew in this quarter especially services and manufacturing sectors. In addition, the performance was also reflected on the demand side, primarily driven by private final consumption expenditure and gross fixed capital formation. Overall, Malaysia's GDP at current prices was amounted to RM444.0 billion, while at constant prices was RM380.9 billion in this quarter. Construction sector eased at 7.4% as compared to 10.1% in the previous quarter. The sector rebounded with the growth of 2.9% (Q4 2022: -4.1%) in terms of seasonally adjusted.

The encouraging performance was supported by civil engineering at 15.9% (Q4 2022: 18.1%), followed by specialised construction activities which was expanded further to 8.7% (Q4 2022: 8.0%) in this quarter. Furthermore, non-residential buildings grew 6.4% compared to 10.7% in the previous quarter. Nevertheless, residential buildings recorded a contraction of 3.4% (Q4 2022: 2.8%) on this quarter.

(*Source: Gross Domestic Product First Quarter 2023, Ministry of Economic, Department of Statistics Malaysia*)

The Malaysian economy registered a strong growth of 7.0% in the fourth quarter of 2022 compared to 14.2% in the third quarter ("**3Q 2022**"), as support from the stimulus measures and low base effect waned. At 7.0%, the fourth quarter growth was still above the long-term average of 5.1%. On a quarter-to quarter seasonally adjusted basis, the economy registered a decline of 2.6% (3Q 2022: 1.9%). For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).

All economic sectors registered growth in the fourth quarter of 2022. The service sector expanded by 8.9% (3Q 2022: 16.7%), supported by consumer-related subsectors amid better labour market conditions and the continued recovery in tourism activities. The sector also benefitted from improvements in real estate and business service activities.

For 2023, the Malaysian economy is expected to expand at a more moderate pace, amid a challenging external environment. Growth will be driven by domestic demand, supported by the continued recovery in labour market and realisation of multi-year investment projects. The services and manufacturing sectors will continue to drive the economy.

Meanwhile, the slowdown in exports following weaker global demand will be partially cushioned by higher tourism activity. The balance of risks to Malaysia's growth outlook remains tilted to the downside. This stems from weaker-than-expected global growth, tighter financial conditions, further escalation of geopolitical conflicts, and worsening supply chain disruptions.

(*Source: Bank Negara Malaysia ("**BNM**") Quarterly Bulletin Fourth Quarter 2022*)

Despite the softened global growth, Malaysia's economy recorded a strong growth of 8.7% in 2022, exceeding the initial projection of 6.5%-7%, whereby real output value reached above the pre-pandemic level. Malaysia's economic growth is projected to moderate amid the signs of weakness in the global growth momentum. The growth will be mainly supported by steady domestic demand primarily private expenditure as well as initiatives under the Budget 2023 and development expenditure under the Twelfth Malaysia Plan, 2021-2025.

On the supply side, all economic sectors are expected to remain in the positive growth trajectory in 2023, driven by services and manufacturing sectors. However, downside risks such as prolonged geopolitical conflict, climate-related disasters and persistently high inflation are expected to further hampering the global economy growth, hence, affecting Malaysia's performance. Overall, the nation's gross domestic products is forecast to grow approximately 4.5% in 2023.

(*Source Updates on Economic & Fiscal Outlook and Revenue Estimates 2023, Ministry of Finance, Malaysia*).

Overview and outlook of the oil palm plantation in Indonesia

Palm oil production in Indonesia in the 2023/24 marketing year is expected to increase by 3% to 46 million tonnes compared to the previous year due to improved yields, according to a report issued by the United States Department of Agriculture ("**USDA**"). However, El Niño weather conditions could bring severe dryness in the second half of the year.

The USDA expected Indonesia's palm oil consumption in 2023/24 to rise by 5% to 19.9 million tonnes compared to the previous year due to increasing industrial and food use.

Assuming the Indonesian government maintains the blending rate at 35% and fuel use growth at 2%, palm oil consumption for industrial use is expected to reach 12.7 million tonnes for 2023/24. In the food sector, palm oil consumption in the country is projected to rise by 100,000 tonnes to 6.9 million tonnes in 2023/24 due to continued growing demand from households and the food industry.

The USDA forecast Indonesian palm oil exports at 28.5 million tonnes, a slight increase from the previous year's total of 28.4 million tonnes, due to continued demand from major markets such as India, China and Pakistan.

(*Source: https://www.ofimagazine.com/news/indonesian-palm-oil-production-forecast-to-rise-3-but-el-ni%C3%B1o-may-bring-severe-dryness-in-second-half-of-year*)

Overview and outlook of Australia Economy

Global growth is forecast to remain well below its historical average over the next two years, as high inflation and tighter monetary policy settings are expected to continue to weigh on demand. The forecast for growth in Australia's major trading partners has been revised up a little, largely because of an upward revision to the outlook for Chinese GDP growth. The previously very weak outlook for economic growth in major advanced economies has also been upgraded in response to stronger-than-expected economic activity data in early 2023; however, the outlook in these economies remains subdued.

Growth in Australian economic activity is expected to have slowed in the March quarter and is forecast to remain subdued through this year as higher interest rates, the higher cost of living and earlier declines in household wealth continue to weigh on growth.
The pace of growth is expected to increase gradually over the remainder of the forecast period as these headwinds fade. There has been a further upgrade to the population estimate, which mainly affects population growth in recent quarters rather than over the forecast period.

Consumer price inflation in Australia eased in the March quarter, confirming that inflation has passed its peak. Goods prices have accounted for most of the disinflation so far and this is forecast to continue over 2023 as the resolution of supply disruptions flows through to prices paid by consumers. By contrast, services and energy inflation remains strong and this is expected to continue in the near term. The outlook for inflation over coming years is similar to three months ago, although its composition has shifted. Non-housing inflation is expected to be slower because of downgrades to the outlook for activity, the labour market and labour costs. This is offset, however, by a stronger outlook for rent inflation, reflecting the strength in recent data and the upward revisions to the population growth estimate.

Inflation is expected to decline to around the top of the 2–3% target range over coming years. Inflation could turn out to be more persistent if productivity growth remains weak, the high inflation environment leads to firms expanding margins as their costs ease, there is greater feedback between higher prices and wages than expected, or if rents increase by more than expected. On the other hand, inflation could turn out to be lower than expected if the easing in goods inflation is faster or more widespread than anticipated, including because consumer spending is weaker.

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A key source of uncertainty for the domestic activity outlook is the competing forces affecting household spending. Household incomes have been supported by strong labour demand and higher population growth. But consumption growth has slowed recently as high inflation and rising interest rates have weighed on households' disposable incomes in real terms and household wealth has fallen alongside housing prices over the past year. Another important source of uncertainty for the Australian economy is the outlook for global growth. Most notably, there is uncertainty around the pace of disinflation and so the future path of monetary policy and economic growth abroad. While financial stability concerns related to banking sector stresses have subsided, they would pose downside risks to the global economic outlook if the situation were to deteriorate again and financial conditions were to tighten substantially.

*(Source: Reserve Bank of Australia ("**RBA**") – Statement on Monetary Policy – May 2023)*

**6. VALUATION METHODOLOGY**

**Basis and Method Used to Form Our Fairness Opinion**

In establishing our opinion on the fairness of the Purchase Considerations, SCA had considered various methodologies, which are commonly used for valuation of companies, taking into consideration the Target Group's future earnings generating capabilities, projected future cash flows, its sustainability as well as various business consideration and risk factors affecting its businesses. Among the vast variety of valuation methodologies, SCA has selected the Revalued Net Asset Valuation ("**RNAV**") methodology as the sole valuation methodology as it will more accurately reflect the value of the Target Group based on its underlying assets which are the Subject Properties (*as defined herein*) that have yet to be revalued.

The list below sets out a summary list of the material assets held within the group of the respective Target Group:-

| Target | Subject Properties |
|---|---|
| SPSB | GML Estate (with GML Oil Mill), GSBL Estate (with GSBL Oil Mill) and OAA Property. |
| OBS(M) | BSSP Estate (with BSSP Oil Mill), SAP Estate, GSSL Estate, PPA Estate (with PPA Oil Mill), DAM Estate, SSL Estate (collectively referred to as "**OBS(M) Estates**") and OAM(A) Property. |

GML Estate (with GML Oil Mill), GSBL Estate (with GSBL Oil Mill) and OBS(M) Estates are collectively referred to as the "**Indonesian Properties**") whilst OAA Property and OAM(A) Property are collectively referred to as the "**Australian Properties**").

(Indonesian Properties and Australian Properties are collectively referred to as the "**Subject Properties**")

**<u>RNAV</u>**

RNAV is commonly adopted valuation methodology in approaching valuations of asset-based companies where all or a substantial portion of its property-related assets are carried at its historical costs. RNAV takes into consideration any surplus and/or deficit arising from the revaluation of the material assets of a company to reflect their current market values, based on the assumption that the market values of the assets are realisable on willing-buyer willing-seller basis in the open market. It is computed in the following manner:-

RNAV = Current NA or NL value – contingent liabilities + fair value adjustment of its assets.

The RNAV is adjusted to take into consideration the valuation on the Subject Properties prepared by KJPP RHR and M3property (collectively referred to as the "**Valuers**") to reflect the fair market value of the Subject Properties. Computation of the RNAV is as follows:-

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| Target Group / Descriptions | SPSB group RM'000 | OBS(M) group RM'000 |
|---|---|---|
| NA as at 31 December 2022 [1] | 1,667,897 | (558,054) |
| Add: fair value adjustment for the Subject Properties [2] | 476,593 | 206,531 |
| **RNAV @ 100.00%** | **2,144,490** | (351,523) |
| **RNAV @ 49.50%** | **1,061,523** | **(174,004)** |
| **Purchase Considerations** | **646,931** | **#** |

Notes:-

[1] *Based on the unaudited consolidated accounts of the Target Group as there were no audited consolidated accounts prepared for the Target Group.*

[2] *Please refer to the ensuring sections for detailed information and discussion.*

\# *Being RM1.00*

RNAV analysis assumes, among other things, the existence of ready and committed buyers for each asset at the fully revalued basis, and that the sale can be conducted efficiently without any time constraint and without regard to other relevant market factors that may affect the sale process. In forming our opinion on the fairness and reasonableness of the Purchase Considerations, we had reviewed and taken note of the valuation certificates in respect of the Subject Properties. The valuation certifications in respect of the Subject Properties are appended in Appendix VIII of the Circular.

In order to arrive at the RNAV of the Target Group, the Company had appointed the Valuers to opine on the market value of the Subject Properties.

We note that the Valuation Certificates were prepared in accordance with Indonesia Valuation Standard (Standar Penilaian Indonesia) VII Edition – 2018 and (Standar Penilaian Indonesia 300 & 301- Revised Edition, the Australian Property Institute's Australia and New Zealand Valuation and Property Standard with reference made to the Asset Valuation Guidelines issued by the Securities Commission of Malaysia (where applicable). We have reviewed the qualifications of the Valuers, scope of engagement, methodologies and assumptions adopted as well as the resultant valuations. We have made all reasonable enquiries and conducted our own reviews, where possible, with regards to the valuation certificates and valuation reports provided to us, and are satisfied that the methodologies and assumptions provide a reasonable basis for the Valuers in arriving at their valuations. We also take note that KFM has performed a peer review on the valuation certificates and valuation reports for the Proposed Acquisitions.

In arriving at the RNAV of the Target Group, the following assumptions have been made in respect to the Target Group and the Subject Properties:-

a) The Target Group will continue as a going concern;

b) The Subject Properties are in good condition;

c) The Target Group is able to achieve its budget and the replanting of its plantation assets are implemented as planned;

d) There are existences of ready and committed buyers for each of the Subject Properties at its fully revalued basis and the sale can be conducted efficiently without any timing constraints and other relevant market factors which may affect the sale process;

e) All required license, certificates of occupancy, legislative or administrative consents or approvals from relevant authorities and the governments have been or can be obtained for use on which the market value is based on; and

f) There will be no material changes in overall global economic conditions, accounting policies and regulatory requirement, i.e. statutory tax rate of the respective countries that the Subject Properties are located.

Beside the Subject Properties, the remaining assets of the Target Group comprise mainly balance net book value ("**NBV**") of trade receivables, right of use assets, inventories, cash and cash equivalent, which the carrying value approximates its fair value.

In arriving at the market value of the Indonesian Properties, the KJPP RHR had adopted different methodologies for different assets. The description of the methodologies adopted by the KJPP RHR are as follows:

| Valuation methodology | General description |
|---|---|
| Market approach ("**Comparison**") | Estimates the value of an asset by analysing sales of similar assets within the neighbourhood and making adjustments to those sales for dissimilarities (physical, legal and economic) between each of the selected comparable and the asset under consideration.<br><br>A reconciliation of adjusted values and a selection of the more suitable comparable and a final decision will be made judgementally based on professional experience. |
| Depreciated replacement cost Approach ("**DRC**") | The value of the property is derived by adding the value of the asset to the depreciated replacement cost of all improvements. The asset value is obtained through comparison analysis on market activity of similar properties.<br><br>The replacement cost of the improvements is estimated based on current prices for component parts of the improvements that provide equivalent utility to the improvements being appraised.<br><br>The depreciation estimate is actually the difference between the open market value of the improvement and its replacements cost which are caused by physical deterioration, functional obsolescence and external obsolescence. |
| Income approach – Discounted cash flow ("**DCF**") methodology | Under this methodology, there are broadly three components: the expected cash inflows, the expected cash outflows and the present valuing of the net cash flow to adjust for the time value of money. The estimation of future annual cash flows are over an investment horizon from the date of valuation by reference to expected growth rates, operating expenses and terminal value. |
| Modified land residual method ("**MLR**") | This method seeks to value an asset based on the criteria of its highest and best use i.e. as a vacant land or as improved. |

**6.1a GML Estate and GSBL Estate**

In evaluating the market values of GML Estate and GSBL Estate, we have relied on the valuation performed by the valuer i.e. KJPP RHR.

| Components | Valuation method | Appraised value by KJPP RHR GML Estate RM'000 | GSBL Estate RM'000 |
|---|---|---|---|
| Plantation assets | | | |
| • Oil palm plantation (excluding land) | DCF | [a]243,691 | [a]154,861 |
| • Oil palm seeds | DRC | 1,371 | 1,653 |
| **Sub-total** | | **245,062** | **156,514** |
| Non-plantation assets | | | |
| • Effective (planted area) and excess (unplanted area) lands | MLR | [b]141,095 | [b]84,141 |
| • Others[c] | DRC and Comparison | 77,992 | 57,168 |
| **Sub-total** | | **219,087** | **141,309** |
| **Total** | | **464,149** | **297,823** |

*Notes:*
*(a) Being the value of existing oil palm trees on the estates.*
*(b) Being the value of lands of the estates at its highest and best use i.e. as vacant or as improved.*
*(c) Comprises mainly palm oil mill and site improvement.*

Strategic Capital

**Oil Palm Plantation**

We have reviewed the key bases and assumptions used in arriving at the valuation of the oil palm plantations of GML Estate and GSBL Estate. Our comments thereon are as follows:

| Key basis and assumptions | Justification |
|---|---|
| The oil palm plant's economic life is 25 years and is divided into 2 phases: Immature plants 3 years after planting and mature plants in the 4th year after planting for 22 years projection. | Oil palm trees generally produce viable volumes of FFB over a lifespan of 25 to 30 years. Although the oil palm trees may still be productive after 25 years, the economics of harvesting FFB from oil palms are significantly reduced given the low yields, coupled with higher cost of harvesting (grown higher).<br><br>We note that the KJPP RHR has assumed that there will no replanting at the end of the 25 years life span, due to the difficulty in estimating the associated costs in future for planting new oil palms and the actual replanting timing.<br><br>However, the basic land value at the end of the cropping life of the present crop has been considered. |
| Assumption of FFB production is based on S2 land class standard (Moderately suitable) for the GML Estate and S3 Land class standard (Marginally suitable) for the GSBL Estate, which is adjusted to the capability of the land in the plantation site. | This assumption is reasonable as the FFB production projections are based on the KJPP RHR's assessment of the suitability of the estates' lands for oil palm plantations. |
| FFB price is projected based on the KJPP RHR's analysis as follows:<br><br>**Year** — **Projected FFB Price** (**IDR'million / kg**)<br>1 — 2,251<br>2 — 2,133<br>3 — 2,140<br>4 — 2,147<br>5 and onward — 2,153 | KJPP RHR has obtained the FFB prices from the CPO price projections taken from the Economic Intelligence Unit, the World Bank and the actual CPO prices of the Commodity Futures Trading Supervisory Agency ("**BAPPEBTI**") for the projected base price for year 2023. Further, we note that the FFB price projection is within the range of historical FFB market prices over the past 3 years from 2020 to 2022 of between IDR1,751 million/kilogram ("**kg**") to IDR3,730 million/kg.<br>*(source: Valuation report by the KJPP RHR dated 18 April 2023 for the subject property).* |
| Costs assumptions are based on the calculation of the standards and norms that apply in the plantation. The costs estimate include the following:<br><br>(i) Oil palm plants upkeep costs;<br>(ii) Harvesting and transportation costs;<br>(iii) General charges;<br>(iv) Management fees;<br>(v) Replacement allowance; and<br>(vi) Capital expenditure cost. | We note that the estates' plantation costs were estimated after taking into account, amongst others, the historical plantation costs of the estates as well as the average plantation costs in Indonesia.<br><br>In that regard, we are of the view that the bases used in arriving at the cost estimates are reasonable. |
| Operating costs are assumed not to increase for the 1st year as it is assumed that costs are already using 2023 prices. Thereafter, operating costs are assumed to increase at 3.04% per annum onwards. | We note that the projected increase in operating costs at the rate of 3.04% p.a. is within the range of historical inflation rate in Indonesia over the past 5 years from 2018 to 2022 of between 1.6% to 4.2% *(source: Worldbank.org)*. |
| Discount rate of 11.4% | In evaluating the reasonableness of the discount rate of 11.4%, we have performed a comparative analysis by comparing the discount rate used of 11.4% against the Weighted Average Cost of Capital ("**WACC**") of listed companies in Indonesia that are mainly involved in the oil palm plantation business. |

| Key basis and assumptions | Justification |
|---|---|
| | The criteria so the selection of the comparable companies are as follows:-<br><br>(i) the market capitalisation of the respective comparable companies is between RM1.0 billion to RM15.0 billion as at the date of valuation of the subject property;<br>(ii) more than 50% of the comparable company' revenue are derived from oil palm plantation business; and<br>(iii) the comparable company is listed on the Indonesia Stock Exchange and was profitable for the past 2 financial years.<br><br>Based on the above criteria, a total of 5 companies were selected that are set out as follows:-<br><br>**Comparable Companies — Discount rate derived based on WACC**<br>*Astra Agro Lestari Tbk PT* — 14.3%<br>*Perusahaan Perkebunan London Sumatera Indonesia Tbk PT* — 16.6%<br>*Provident Investasi Bersama Tbk PT* — 13.4%<br>*Triputra Agro Persada PT* — 13.1%<br>*Sawit Sumbermas Sarana Tbk PT* — 9.0%<br><br>(collectively referred to as "**Indonesian Comparable Companies**")<br>*(Source: S&P Capital IQ based on Date of Opinion)*<br><br>We note that the discount rates adopted by the KJPP RHR fall within the range of the discount rates adopted by the Indonesian Comparable Companies as set out above. Accordingly, we are of the view that the discount rates adopted by the KJPP RHR is reasonable. |

Based on the above, the market value of the oil palm plantation derived from the DCF methodology is approximately RM671.97 million.

**Oil Palm Seeds**

The DRC method is being used to value the oil palm seeds as GML and GSBL conducts their own nursery activities. The replacement costs obtained with the composition consist of the cost of purchasing the seeds and other costs required according to the age of the seeds. The market value is obtained by deducting replacement costs and adjusting the condition of the seeds at the valuation date. As such, the market value of the oil palm seeds derived from the DRC method is approximately RM3.02 million.

**Non-Plantation Assets**

Non-plantation assets comprise mainly the following:

| Components | Appraised value by KJPP RHR | |
|---|---|---|
| | GML Estate<br>RM'000 | GSBL Estate<br>RM'000 |
| Lands: | | |
| • Effective land | 129,793 | 78,733 |
| • Excess land | 11,302 | 5,408 |
| **Sub-total** | **141,095** | **84,141** |

Strategic Capital

| Components | Appraised value by KJPP RHR GML Estate RM'000 | GSBL Estate RM'000 |
|---|---|---|
| Others[(a)] | 77,992 | 57,168 |
| **Total** | **219,087** | **141,309** |

*Note:*
*(a) Comprise mainly palm oil mill and site improvement.*

**Effective and excess lands**

The lands values were appraised by the KJPP RHR using the MLR method on the presumption that the lands will continue to be used for plantations activities i.e. its highest and best use.

The key bases and assumptions used in arriving at the valuation of the lands and our comments thereon are as follows:

| Key basis and assumptions | Justification |
|---|---|
| 10%-15% of the lands are unplanted as they are assumed to be put for use for infrastructure purposes. | We note that the provision of 10% to 15% of total land as unplanted area for infrastructure use is higher than the current percentage of unplanted land area of the GML Estate and GSBL Estate of approximately 8.0%. |
| The oil palm plant's economic life is 25 years and is divided into 2 phases: Immature plants 3 years after planting and mature plants in the 4$^{th}$ year after planting for 22 years projection.<br><br>Assumption of FFB production is based on S2 land class standard (Moderately suitable) for the GML Estate and S3 Land class standard (Marginally suitable) for the GSBL Estate, which is adjusted to the capability of the land in the plantation site. | We note from the KJPP RHR that the highest and best use of the effective and excess lands are for plantation activities and therefore, the key bases and assumptions used in arriving the estimated market values of effective and excess lands are consistent with those adopted in the KJPP RHR's evaluation of the market value of planted lands.<br><br>We took note of the KJPP RHR's analysis and are satisfied with the reasonableness of the key bases and assumptions used herein. |
| FFB price is projected based on the KJPP RHR's analysis as follows:<br><br>**Year** / **Projected FFB Price IDR'million / kg**<br>1 — 2,251<br>2 — 2,133<br>3 — 2,140<br>4 — 2,147<br>5 and onward — 2,153 | Same basis as per the valuation for the oil palm plantation |
| Costs assumptions are based on the calculation of the standards and norms that apply in the plantation. The costs estimate include the following:<br>(a) Oil palm plants upkeep costs<br>(b) Harvesting and transportation costs<br>(c) General charges<br>(d) Management fees<br>(e) Replacement allowance<br>(f) Capital expenditure cost | |
| Operating costs are assumed not to increase for the 1$^{st}$ year as it is assumed that costs are already using 2023 prices. Thereafter, operating costs are assumed to increase at 3.04% p.a. onwards. | |
| Discount rate of 11.4% | |

Based on the above, the market value of the oil palm plantation derived from the MLR methodology is approximately RM255.19 million.

**Other non-plantation assets**

The key bases and assumptions used in arriving at the valuation of buildings (including palm oil mill) and site improvements and our comments thereon are as follows:-

| Key Basis and Assumptions | Justification |
|---|---|
| The value of buildings and site improvement is obtained by first calculating the replacement cost of building and site improvement based on the prices of current components with similar levels of use, then deduct for the relevant depreciation costs, functional obsolescence and economic obsolescence. | We are of the view that this method is appropriate as there is no direct sale comparable of similar capacity, age, condition and location to provide exact indications of value.<br><br>Thus, resultant valuation to be derived would approximate the market value of the buildings and site improvements on the GML Estate and GSBL Estate, respectively. |
| The cost estimates comprise the following:<br><br>(i) direct costs comprising mainly material and labour costs; and<br>(ii) Indirect costs comprising:<br>• 11% value added tax (**"VAT"**)<br>• 10% contractor profit<br>• 1.5% building permit cost | We are satisfied with the reasonableness of the key bases and assumptions used in arriving at the valuation of non-plantation assets which comprise mainly buildings (including palm oil mill) and site improvements as these cost were estimated based on industry average cost. |

Based on the above, the market value of the oil palm plantation derived from the DRC and Comparison methodologies is approximately RM135.16 million.

**6.1 b. Investment in shares**

The SPSB group's investment in shares comprise the following:

| | NBV as at 31 December 2022 |
|---|---|
| | **RM'000** |
| Quoted shares | 39,462 |
| Unquoted shares | 14 |
| **Total** | **39,476** |

We have revalued the SPSB group's investment in quoted shares using the mark-to-market approach.

Based on the last traded market prices of the invested shares as at the Date of Opinion, the revaluation surplus arising from the revaluation is as follows:

| | (A)<br>NBV as at 31 Dec 2022 | (B)<br>Market value as at the valuation date | (C)=(A)-(B)<br>Revaluation Surplus |
|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** |
| Quoted shares | 39,462 | [(a)]42,755 | 3,293 |

*Note:*
*(a) The market prices of the respective quoted shares are extracted from S&P Capital IQ and the exchange rate for the respective currencies as at Date of Opinion as extracted from BNM.*

We did not perform a valuation on the unquoted shares in view that these unquoted shares contributed less than 1.0% to the total investment in shares. In this regard, the value of unquoted shares is ascribed based on its carrying amount as at 31 December 2022.

Strategic Capital

**6.1c. Investment Properties**

The SPSB group's investment properties comprise the following:

| | NBV as at 31 December 2022 |
|---|---|
| | RM'000 |
| OAA Property with total gross lettable area ("**GLA**") of 646 square metres ("**sqm**") | 79,744 |
| An office lot in Jakarta, Indonesia | 2,841 |
| **Total** | **82,585** |

**OAA Property**

In evaluating the market value of the OAA Property, we have relied on the valuation performed by the valuer i.e. M3property.

Based on the valuation certificate, the following valuation approaches used in arriving at the market value of the OAA Property and we are of the view that the valuation methodologies used are reasonable as:

**(a) Capitalisation of net income method (Primary method)**

Capitalisation of net income method is a commonly-used method of valuation to appraise the value of an income-generating property asset as such method of valuation would appraise the value of the property asset based on its estimated future earnings and cash flows; and

**(b) Comparison method**

The Comparison method is a commonly-used method of valuation when there are reasonable and sufficient comparable references for M3property to infer a comparative value for the target asset.

**Capitalisation of net income method**

We have reviewed the key bases and assumptions used in arriving at the valuation of the OAA Property under this method of valuation, and our comments thereon are as follows:

| Key bases and assumptions | Justification |
|---|---|
| The subject property is expected to generate an annual net income of Australian Dollar ("**AUD**") 0.9 million in perpetuity, which have been derived based on the following:<br><br>AUD'000<br>Gross income 1,265<br>Less: Outgoings (374)<br>**Net income 891** | Based on the subject property's GLA of 646 sqm, the projected net income implies a net income yield of AUD1,379/sqm.<br><br>We note that the projected net income yield of AUD1,379/sqm is consistent with the net income yield of the comparable commercial properties, which ranges from AUD232/sqm to AUD1,488/sqm and hence, the assumption is reasonable. |
| The capitalisation rate used is 3.3%. | We note that the capitalisation rate used is higher than the highest market yield of the comparable commercial properties of 3.0%, based on the Comparison method as discussed below. |

Based on the above, the market value of the OAA Property derived from the capitalisation of net income method is approximately RM80.00 million.

Strategic Capital

<u>Comparison method</u>

M3property had considered the following sales transactions in estimating the market value of the OAA Property:

| | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|
| Description | 7-storey commercial building located at 163 Swanston Street, Melbourne. | 2-storey commercial building located at 272 – 282 Lonsdale Street, Melbourne. | 4-storey commercial building located at 483 – 485 Elizabeth Street, Melbourne. |
| GLA | 1,508 sqm | 817 sqm | 707 sqm |
| Sale date | October 2022 | October 2022 | July 2022 |
| Sale price | AUD18,020,000 | AUD32,500,000 | AUD12,025,000 |
| Annual net income | AUD349,650 | AUD739,547 | AUD203,072 |
| Price per sqm | AUD11,950/sqm | AUD39,780/sqm | AUD17,008/sqm |
| Net income yield | AUD232/sqm | AUD1,488/sqm | AUD287/sqm |
| Market yield | 1.8% | 2.3% | 1.7% |

| | Comparable 4 | Comparable 5 | Comparable 6 |
|---|---|---|---|
| Description | 3-storey commercial building located at 27 – 31 Hardware Lane, Melbourne. | 2 2-storey commercial buildings located at 423 & 425 Elizabeth Street, Melbourne. | 4-storey commercial building located at 139 Collins Street, Melbourne. |
| GLA | 432 sqm | 282 sqm | 1,662 sqm |
| Sale date | March 2022 | August 2021 | November 2020 |
| Sale price | AUD7,420,000 | AUD11,000,000 | AUD68,000,000 |
| Annual net income | AUD176,470 | AUD256,946 | AUD2,078,402 |
| Price per sqm | AUD17,180/sqm | AUD39,007/sqm | AUD40,919/sqm |
| Net income yield | AUD409/sqm | AUD911/sqm | AUD1,251/sqm |
| Market yield | 2.5% | 2.3% | 3.0% |

We note that M3property had selected the comparable 2 and comparable 6 as the most comparable references to infer a comparative value to the subject property as, amongst others:

(1) comparable 2 is situated closest to the subject property; and

(2) comparable 6 has the higher sales pricing which may be appropriate for the subject property given that, amongst others, the subject property has a smaller capital value and lettable area.

Due to the lack of comparable sales since the RBA began increasing the cash rate in May 2022, M3property is aware that their research and involvement with other properties that the market yields for well leased investment properties have increased during this time, although the market evidence does not reflect a clearly defined trend.

Further, M3property is of the view that comparable 6 is the most comparable to OAA Property. Whilst it was sold prior to the recent increase in RBA's cash rate, it was also sold during COVID-19 when demand was more subdued. Hence, having regard to the available sales evidence and particular attributes of OAA Property, M3property have adopted a higher capitalisation rate at 3.3%.

In view of the above, M3property had adopted a valuation parameter of AUD42,000/sqm to appraise the valuation of the OAA Property.

Based on the subject property's GLA of 646 sqm, M3property appraised that the market value of the subject property under the Comparison method is approximately AUD27.1 million (or RM79.7 million).

Premised on the above, the market value of the OAA Property derived from the capitalisation of net income method is approximately RM80.00 million.

**Office lot in Jakarta, Indonesia**

We note from OHB that there was no property valuation being prepared for the office lot in Jakarta, Indonesia. Notwithstanding the foregoing, as the NBV of the office lot in Jakarta, Indonesia of RM2.8 million constitutes only 0.2% of the SPSB group's total assets as at 31 December 2022, and as such, we are of the view that any revaluation surplus/deficits are not expected to have a material impact on the equity valuation of SPSB.

RNAV of SPSB

After considering the valuation of the SPSB's Subject Properties as derived by the Valuers and the management of SPSB, the estimated RNAV of SPSB is as follows:-

| | Note | RM'000 |
|---|---|---|
| NA as at 31 December 2022 | 1 | 1,667,897 |
| Add: Revaluation surplus from the GML Estate and GSBL Estate | 2 | 473,099 |
| Add: Revaluation surplus from the OAA Property | 2 | 201 |
| Add: Revaluation surplus from the SPSB group's investment in shares | 3 | 3,293 |
| **RNAV @ 100.00%** | | **2,144,490** |
| **RNAV @ 49.50%** | | **1,061,523** |

Notes:-

[1] *The NA value is unaudited as there are no audited consolidated accounts being prepared for SPSB.*

[2]

| No | Subject Properties | Estimated Market Value (RM'000) | NBV as at 31 December 2022 (RM'000) | Revaluation surplus (RM'000) | Deferred tax (RM'000) | Net revaluation surplus (RM'000) |
|---|---|---|---|---|---|---|
| 1 | GML Estate | 464,149 | 58,992 | 405,157 | (89,135) [1] | 292,320 [3] |
| 2 | GSBL Estate | 297,823 | 47,263 | 250,560 | (55,123) [1] | 180,779 [3] |
| | | | | | Sub-total | 473,099 |
| 3 | OAA Property | 80,031 | 79,744 | 287 | (86) [2] | 201 |

*Note:*
- [1] *Based on an assumed statutory tax rate of Indonesia of 22%.*
- [2] *Based on an assumed statutory tax rate of Australia of 30%.*
- [3] *The SPSB Estates are 92.5%-owned by SPSB. Hence, the adjustment to net revaluation surplus is intended to reflect SPSB's 92.5%-proportionate share of the net revaluation surplus arising from the revaluation of the GML Estate and GSBL Estate.*

[3]

| Description | Estimated Market Value (RM'000) | NBV as at 31 December 2022 (RM'000) | Revaluation surplus (RM'000) | Deferred tax (RM'000) | Net revaluation surplus (RM'000) |
|---|---|---|---|---|---|
| Quoted shares | 42,755 | 39,462 | 3,293 | - [1] | 3,293 |

*Note:*
- [1] *The quoted shares are owned by Oriental Asia (Mauritius) Pte Ltd, a company incorporated in Mauritius. There is no capital gain tax in Mauritius.*

**Premised on the above, we are of the view that the purchase consideration of SPSB of RM646.9 million is <u>FAIR</u> as it is lower than the market value of 49.5% equity interest in SPSB of RM1,061.5 million.**

6.2.a OBS(M) Estates

In evaluating the market values of OBS(M) Estates, we have relied on the valuation performed by the valuer i.e. KJPP RHR

| Components | Valuation method | Appraised value by KJPP RHR SAP Estate | BSSP Estate | GSSL Estate |
|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 |
| Plantation assets | | | | |
| • Oil palm plantation (excluding lands) | DCF | 76,717 | 159,500 | 81,113 |
| • Oil palm seeds | DRC | - | - | 235 |
| Sub-total | | 76,717 | 159,500 | 81,348 |
| Non-plantation assets | | | | |
| • Effective and excess lands | MLR | 61,305 | 39,217 | 88,159 |
| • Others[1] | DRC and Comparison | 5,005 | 57,870 | 8,289 |
| Sub-total | | 66,310 | 97,087 | 96,448 |
| Total | | 143,027 | 256,587 | 177,796 |

| Components | Valuation method | Appraised value by KJPP RHR PPA Estate | DAM Estate | SSL Estate |
|---|---|---|---|---|
| | | RM'000 | RM'000 | RM'000 |
| Plantation assets | | | | |
| • Oil palm plantation (excluding lands) | DCF | 114,762 | 37,598 | 48,278 |
| • Oil palm seeds | DRC | 641 | 14 | 409 |
| Sub-total | | 115,403 | 37,612 | 48,687 |
| Non-plantation assets | | | | |
| • Effective and excess lands | MLR | 96,518 | 54,733 | 34,850 |
| • Others [1] | DRC and Comparison | 71,057 | 3,017 | 5,963 |
| Sub-total | | 167,575 | 57,750 | 40,813 |
| Total | | 282,978 | 95,362 | 89,500 |

*Note:*
[1] *Comprises mainly palm oil mill and site improvement*

**Oil Palm Plantation**

We have reviewed the key bases and assumptions used in arriving at the valuation of the oil palm plantations of OBS(M) Estates. Our comments thereon are as follows:

| Key basis and assumptions | Justification |
|---|---|
| The oil palm plant's economic life is 25 years and is divided into 2 phases: Immature plants 3 years after planting and mature plants in the 4th year after planting for 22 years projection. | Oil palm trees generally produce viable volumes of FFB over a lifespan of 25 to 30 years. Although the oil palm trees may still be productive after 25 years, the economics of harvesting FFB from oil palms are significantly reduced given the low yields, coupled with higher cost of harvesting (grown higher).<br><br>We note that the KJPP RHR has assumed that there will no replanting at the end of the 25 years life span, due to the difficulty in estimating the associated costs in future for planting new oil palms and the actual replanting timing.<br><br>However, the basic land value at the end of the cropping life of the present crop has been considered. |
| Assumption of FFB production is based on S3 Land class standard (Marginally suitable), which is adjusted to the capability of the land in the plantation site. | This assumption is reasonable as the FFB production projections are based on the KJPP RHR's assessment of the suitability of the land for oil palm plantation. |

| Key basis and assumptions | Justification |
|---|---|
| FFB price is projected based on the KJPP RHR's analysis as follows:<br><br>**Year** / **Projected FFB Price IDR'million / kg**<br>1: [a]2,338, [b]2,251<br>2: [a]2,215, [b]2,133<br>3: [a]2,223, [b]2,140<br>4: [a]2,229, [b]2,147<br>5 and onward: [a]2,236, [b]2,153<br><br>*Notes:*<br>*(a) For the SAP Estate, GSSL Estate, DAM Estate, SSL Estate and PPA Estate only.*<br>*(b) For the BSSP Estate only* | We note that the FFB price projection is within the range of historical FFB market prices in South Sumatera region over the past 3 years from 2020 to 2022 of between IDR1,748 million/kg to IDR3,728 million/kg (source: Valuation report by the KJPP RHR dated 18 April 2023 for the subject property). |
| Costs assumptions are based on the calculation of the standards and norms that apply in the plantation. The costs estimate include the following:<br><br>(i) Oil palm plants upkeep costs<br>(ii) Harvesting and transportation costs<br>(iii) General charges<br>(iv) Management fees<br>(v) Replacement allowance<br>(vi) Capital expenditure cost | We note that the estates' plantation costs were estimated after taking into account, amongst others, the historical plantation costs of the estates as well as the average plantation costs in Indonesia.<br><br>In that regard, we are of the view that the bases used in arriving at the cost estimates are reasonable. |
| Operating costs are assumed not to increase for the 1st year as it is assumed that costs are already using 2023 prices. Thereafter, operating costs are assumed to increase at 3.04% per annum onwards. | We note that the projected increase in operating costs at the rate of 3.04% p.a. is within the historical inflation rate in Indonesia over the past 5 years from 2018 to 2022 of between 1.6% to 4.2% *(source: Worldbank.org)* |
| Discount rate of 11.4% | The discount rate is within the range of the WACC of the Indonesian Comparable Companies of between 9.0% to 16.6% as set out in **6.1a** of this Letter. |

**Oil Palm Seeds**

The DRC method is being used to value the oil palm seeds as the respective companies conduct their own nursery activities. The replacement costs obtained with the composition consist of the cost of purchasing the seeds and other costs required according to the age of the seeds. The market value is obtained by deducting replacement costs and adjusting the condition of the seeds at the valuation date.

**Non-Plantation Assets**

Non-plantation assets comprise mainly the following:

| Components | Appraised value by KJPP RHR SAP Estate | BSSP Estate | GSSL Estate |
|---|---|---|---|
| | **RM'000** | **RM'000** | **RM'000** |
| Lands: | | | |
| • Effective land | 22,709 | 37,576 | 23,725 |
| • Excess land | 38,596 | 1,641 | 64,434 |
| **Sub-total** | **61,305** | **39,217** | **88,159** |
| Others[a] | 5,005 | 57,870 | 8,289 |
| **Total** | **66,310** | **97,087** | **96,448** |

| Components | Appraised value by KJPP RHR<br>PPA Estate | <br>DAM Estate | <br>SSL Estate |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| Lands: | | | |
| • Effective land | 31,403 | 10,383 | 15,822 |
| • Excess land | 65,115 | 44,350 | 19,028 |
| **Sub-total** | **96,518** | **54,733** | **34,850** |
| Others[(a)] | 71,057 | 3,017 | 5,963 |
| **Total** | **167,575** | **57,750** | **40,813** |

*Note:*
*(a) Comprises mainly palm oil mill and site improvement.*

**Effective and excess lands**

The lands values were appraised by the KJPP RHR using the MLR method on the presumption that the lands will continue to be used for plantations activities i.e. its highest and best use.

The key bases and assumptions used in arriving at the valuation of the lands and our comments thereon are as follows:

| Key bases and assumptions | Justification |
|---|---|
| 10%-15% of the lands are unplanted as they are assumed to be put for use for infrastructure purposes | Taking the current percentage of unplanted land area of the GML Estate and GSBL Estate as reference due to the similarity in terms of the Right to Cultivate (HGU), the provision of 10%-15% unplanted land area for infrastructure use is higher than the current percentage of unplanted land area of the GML Estate and GSBL Estate of approximately 8%. |
| The oil palm plant's economic life is 25 years.<br><br>Assumption of FFB production is based on S3 Land class standard (Marginally suitable) which is adjusted to the capability of the land in the plantation site. | We note from the KJPP RHR that the highest and best use of the effective and excess lands are for plantation activities and therefore, the key bases and assumptions used in arriving the estimated market values of effective and excess lands are consistent with those adopted in the KJPP RHR's evaluation of the market value of planted lands. |
| FFB price is projected based on the KJPP RHR's analysis as follows:<br>**Year** — **Projected FFB Price** (**IDR'million / kg**)<br>1 — [(a)]2,338, [(b)]2,251<br>2 — [(a)]2,215, [(b)]2,133<br>3 — [(a)]2,223, [(b)]2,140<br>4 — [(a)]2,229, [(b)]2,147<br>5 and onward — [(a)]2,236, [(b)]2,153<br>*Notes:*<br>*(a) For the SAP Estate, GSSL Estate, DAM Estate, SSL Estate and PPA Estate only.*<br>*(b) For the BSSP Estate only* | We took note of the KJPP RHR's analysis and are satisfied with the reasonableness of the key bases and assumptions used herein.<br><br>Same basis as per the valuation for the oil palm plantation |
| Costs assumptions are based on the calculation of the standards and norms that apply in the plantation. The costs estimate include the following:<br><br>(a) Oil palm plants upkeep costs<br>(b) Harvesting and transportation costs<br>(c) General charges<br>(d) Management fees<br>(e) Replacement allowance<br>(f) Capital expenditure cost | |

| Key bases and assumptions | Justification |
|---|---|
| Operating costs are assumed not to increase for the 1st year as it is assumed that costs are already using 2023 prices. Thereafter, operating costs are assumed to increase at 3.04% per annum onwards. | Same basis as per the valuation for the oil palm plantation |
| Discount rate of 11.4%. | |

**Non-Plantation Assets**

Other non-plantation assets comprise mainly buildings (including palm oil mill) and site improvements.

The key bases and assumptions used in arriving at the valuation of buildings (including palm oil mill) and site improvements and our comments thereon are as follows:-

| Key bases and assumptions | Justification |
|---|---|
| The value of buildings and site improvement is obtained by first calculating the replacement cost of building and site improvement based on the prices of current components with similar levels of use, then deduct for the relevant depreciation costs. | We are of the view that this method of valuation is reasonable as the estimated replacement costs represents the current cost required to purchase similar assets with similar utilities/functionality.<br><br>Thus, resultant valuation to be derived would approximate the market value of the buildings and site improvements on the OBS(M) Estates. |
| The cost estimates comprise the following:<br><br>(i) direct costs comprising mainly material and labour costs; and<br>(ii) Indirect costs comprising:<br>• 11% VAT<br>• 10% contractor profit<br>• 1.5% building permit cost | We are satisfied with the reasonableness of the key bases and assumptions used in arriving at the valuation of non-plantation assets which comprise mainly buildings (including palm oil mill) and site improvements as these cost were estimated based on industry average cost. |

In this regard, we have adopted the KJPP RHR's evaluation of the estimated market value of the OBS(M) Estates in arriving at the equity valuation of OBS(M).

**6.2.c Investment Property**

The OBS(M) group's investment property comprises a 7-storey purpose-built hotel building in Burwood East, Victoria, Australia ("**OAM(A) Property**") whereby it consists of:

(a) 55 serviced apartments with total GLA of 4,291 sqm ("**Hotel Component**"). The Hotel Component are currently leased to Quest Burwood East Tenancy Pty Ltd and operates as a Quest Apartment Hotel for a 10-year lease expiring on 19 May 2029 with 4 further terms or five years each (total of 20 years); and

(b) 2 retail premises with total GLA of 1,535 sqm ("**Retail Component**"). The Retail Components are currently tenanted to 2 tenants as follows:

| Tenant | GLA (sqm) | Tenancy period |
|---|---|---|
| T1 Fitness (gymnasium) | 944 | 5 years expiring on 30 Sep 2024 |
| Kieser Burwood East (physiotherapist clinic) | 591 | 10 years expiring on 29 Nov 2032 |

In evaluating the market value of the OAM(A) Property, we have relied on the valuation performed by the valuer i.e. M3property and we are of the view that the valuation methodologies used such as the DCF and capitalisation of net income method and the Comparison method are reasonable.

**DCF method**

M3property had adopted the DCF method as the primary method of valuation. In arriving at the valuation of the subject property under the DCF method, M3property had undertaken a 10-year cash flow projection on the subject property.

The key bases and assumptions used in arriving at the said cash flow projections together with our comments thereon are as follows:

| Key bases and assumptions | Justification |
|---|---|
| Income projection for the Hotel Component<br><br>M3property had assumed that over the 10 years projection period:<br><br>• the existing lease to Quest Apartment Hotel will be renewed upon expiry; and<br>• net income to be generated from the lease will grow at a compound annual growth rate ("**CAGR**") of 2.8%. | We are of the view that these assumptions are reasonable as the Quest Apartment Hotel provides a brand-new accommodation experience for both the corporate and leisure traveller. Centrally located with close connections to surrounding suburbs and 21km's East of Melbourne central Business District, the Quest Apartment Hotel is in close proximity to local business parks, Deakin University Burwood Campus and a number of local sporting stadiums.<br><br>Further, the Quest Apartment Hotel brand is rated as an upscale accommodation product offering by the STR Global Ratings system.<br><br>Based on the valuation report prepared by M3property, Tourism Research Australia is forecasting international visitor arrivals to steadily recover, despite weakening global economic conditions, over coming years to reach pre-pandemic levels in 2025. Demand from India and New Zealand is forecast to recover the most quickly. Risks to this forecast include the rate at which the China market recovers, the duration and severity of global economic headwinds, potential changes to traveller behaviour due to the war in Ukraine, potential hesitancies in travelling as a result of the pandemic, and the speed at which aviation supply returns to pre-pandemic levels.<br><br>M3property expects occupancy to trend upwards over the short to medium-term, given the remaining pent-up demand for travel and improving international visitation. Similarly, we expect average daily rate to trend upwards over the short to medium-term, due to a combination of high-quality new supply coming into the market which demands a higher rate and the evolving inflationary environment. |
| Income projection for the Retail Component<br><br>M3property had assumed that over the 10 years projection period:<br>• the probability of renewal of its existing tenancies are 50% respectively; and<br>• net income from the tenancies will grow at a CAGR of 3.8%. | |
| Capital Expenditure<br><br>The capital expenditure allowances include an annual allowance of 0.5% of the gross income as well as refurbishment allowances at expiry of leases/tenancy of AUD100/sqm. | This assumption is necessary to account for the future costs to be incurred for the defrayment of outgoings and regular maintenance costs of the subject property and the assumption used are reasonable as the annual outgoings were estimated based on current outgoings of the subject property. |
| Discount rate used is 6% | In evaluating the reasonableness of the discount rate of 6.0%, we have performed a comparative analysis by comparing the discount rate used of 6.0% against the WACC of listed companies in Australia that are mainly involved in the property management business.<br><br>The criteria so the selection of the comparable companies are as follows:-<br><br>(i) the market capitalisation of the respective comparable companies is between RM300.0 million to RM1.0 billion as at the date of valuation of the subject property; |

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| Key bases and assumptions | Justification |
|---|---|
| | (ii) more than 50% of the comparable company' revenue are derived from real estate management and sale business; and<br>(iii) the comparable company is listed on the Australia Stock Exchange and was profitable for the past 2 financial years.<br><br>Based on the above criteria, a total of 5 companies were selected that are set out as follows:-<br><br>Comparable Companies — Discount rate derived based on the WACC<br>*Garda Property Group* — 5.5%<br>*Aspen Group Limited* — 5.9%<br>*Eureka Group Holdings Limited* — 5.8%<br>*Elanor Commercial Property Fund* — 5.8%<br>*360 Capital REIT* — 5.8%<br><br>(collectively referred to as "**Australian Comparable Companies**")<br><br>*(Source: S&P Capital IQ based on Date of Opinion)*<br><br>We note that the discount rates adopted by M3property is slightly higher than the range of the discount rates adopted by the Australian Comparable Companies as set out above. Accordingly, we are of the view that the discount rates adopted by M3property is reasonable. |
| Terminal capitalisation rate at 5.8% | We note that the terminal capitalisation rate is based upon the factors including long term yield analysis for the class of asset of the subject property, as well as the age and anticipated condition of the property in 10 years, taking into account capital expenditure allowances in the cash flow projection. |

Premised on the above, the market value of the OAM(A) Property derived from the DCF method is approximately RM99.2 million.

Notwithstanding the above, we note that M3property had also adopted 2 other methods of valuation (i.e. the capitalisation of net income and Comparison methods as set out below) to arrive at the market value of the OAM(A) Property.

<u>**Capitalisation of net income method**</u>

We note that the capitalisation of net income method was also adopted as a primary method of valuation by M3property. The key bases and assumptions used in arriving at the valuation of the OAM(A) Property together with our comments thereon are as follows:

| Key bases and assumptions | Justification |
|---|---|
| The OAM(A) Property is expected to generate constant annual net income of approximately AUD1.9 million in perpetuity, which have been derived based on the following:<br><br>**AUD'000**<br>Gross income<br>Hotel Component — 1,896<br>Retail Component — 468<br>Less: Outgoings — (436)<br>**Net income** — **1,928** | We are of the view that these assumptions are reasonable as it can be supported by the market rental analysis for hotels as well as the retail rental evidence as set out in the valuation report prepared by M3property. |

| Key bases and assumptions | Justification |
|---|---|
| The capitalisation rate used is 5.5%. | We note that the capitalisation rate used of 5.5% is within the range of market yields of the comparable properties of between 5.2% to 8.5% that are set out in the following section (Comparison method). |

Premised on the above, the market value of the OAM(A) Property derived using the capitalisation of net income method is approximately RM101.9 million.

**Comparison method**

M3property had considered the following sales transactions in estimating the market value of the OAM(A) Property:

**(a) Hotel Component:**

| | Comparable 1 | Comparable 2 | Comparable 3 |
|---|---|---|---|
| Description | 64 serviced apartment hotel located at 77 Racecourse Road, Pakenham, Victoria. | 132 serviced apartment hotel located at 130 Logan Road, Woolloongabba, Queensland. | 63 serviced apartment hotel located at 16 Provan Street, Campbell, Australian Capital Territory. |
| No. of key | 64 | 132 | 63 |
| Sale date | December 2022 | August 2022 | May 2022 |
| Sale price | AUD15,800,000 | AUD43,800,000 | AUD18,000,000 |
| Price/key | AUD246,875 | AUD331,818 | AUD285,714 |
| Market yield | 5.9% | 6.5% | 6.3% |
| | **Comparable 4** | **Comparable 5** | **Comparable 6** |
| Description | 120 guest room hotel located at 874 Hume Highway, Bass Hill, NSW. | 65 room hotel located at 22 Bultje Street, Dubbo, NSW. | 206 guest room hotel located at 1 Queen Street, Melbourne, Victoria. |
| No. of key | 120 | 65 | 206 |
| Sale date | October 2021 | September 2021 | July 2020 |
| Sale price | AUD28,000,000 | AUD16,000,000 | AUD106,600,000 |
| Price/key | AUD233,333 | AUD246,153 | AUD517,476 |
| Market yield | 6.2% | 8.5% | 5.2% |
| | **Comparable 7** | **Comparable 8** | **Comparable 9** |
| Description | 111 serviced apartment located at 71 Epping Road, Macquarie Park, NSW. | 107 guest room hotel located at 701 Swanston Street (ex. Rydges on Swanston), Carlton, Victoria | A strata hotel located at 285 Sprinvale Rd, Glen Waverly, Victoria |
| No. of key | 111 | 107 | 200 |
| Sale date | March 2020 | September 2020 | August 2019 |
| Sale price | AUD46,000,000 | AUD35,000,000 | AUD90,300,000 |
| Price/key | AUD414,414 | AUD327,102 | AUD451,500 |
| Market yield | 5.5% | 5.3% | 5.3% |

**(b) Retail Component:**

| Property | Usage | Price |
|---|---|---|
| | | AUD/sqm |
| 261-263 Blackburn Road Mont Waverley | Gym | 5,895 |
| 2 Brentford Square, Forest Hill | Retail | 6,897 |
| 47 Marianne Way, Mount Waverley | Restaurant | 6,157 |
| 89 Kingsway, Glen Waverley | Retail | 16,902 |
| 415-417 Springvale Road, Forest Hill | Retail | 7,312 |

| Property | Usage | Price |
|---|---|---|
| | | AUD/sqm |
| 5 Hanover Road, Vermont South | Retail | 8,500 |
| 8/3-5 Gilda Court, Mulgrave | Office | 3,587 |
| 238 Springvale Road, Glen Waverley | Medical | 17,955 |
| 257 Burwood Highway, Burwood | Retail | 3,042 |
| 73 Railway Road, Blackburn | Restaurant | 4,411 |
| 16 Lakeside Drive Burwood East | Office | 5,618 |
| 45-47 Mahoney's Road, Forest Hill | Retail | 6,775 |
| 108 Middleborough Road, Blackburn South | Retail | 8,000 |
| 82 Kingsway, Glen Waverley | Retail / Take away food | 18,750 |
| 55-57 Railway Parade, North Glen Waverley | Take away food | 19,241 |

The sales evidence set out above indicates an adopted range of AUD4,050 to AUD4,350 per sqm of lettable area for the Retail Component and a range of AUD275,000 to AUD325,000 per key for the Hotel Component. In selecting appropriate rates for the subject, M3property has considered the sales evidence and the specific attributes of the subject property.

Based on the above, M3property has adopted the average of AUD300,000 per key for the Hotel Component and the average of AUD4,200 per sqm for the Retail Component. The market value of the OAM(A) Property under the Comparison method is approximately RM99.8 million.

We have adopted M3property's evaluation of the estimated market value of the OAM(A) Property of RM100.1 million in arriving at the RNAV of OBS(M).

RNAV of OBS(M)

After considering the valuation of the OBS(M)'s Subject Properties as derived by the Valuers and the management of OBS(M), the estimated RNAV of OBS(M) is as follows:-

| Descriptions | Note | RM'000 |
|---|---|---|
| NL as at 31 December 2022 | 1 | (558,054) |
| Add: Revaluation surplus from the OBS(M) Estates | 2 | 208,465 |
| Less: Revaluation surplus from the OAM(A) Property | 2 | (1,934) |
| **RNAV @ 100.00%** | | **(351,523)** |
| **RNAV @ 49.50%** | | **(174,004)** |

Notes:-

*[1] The NA value is unaudited as there are no audited consolidated accounts being prepared for OBS(M)*

*[2]*

| *No* | *Subject Properties* | *Estimated Market Value (RM'000)* | *NBV as at 31 December 2022 (RM'000)* | *Revaluation surplus/ (deficit) (RM'000)* | *Deferred tax (RM'000)* | *Net revaluation surplus (RM'000)* |
|---|---|---|---|---|---|---|
| *1* | *SAP Estate* | *143,027* | *91,060* | *51,967* | *(11,433) [1]* | *36,481 [3]* |
| *2* | *BSSP Estate* | *256,587* | *143,826* | *112,761* | *(24,807) [1]* | *79,158 [3]* |
| *3* | *GSSL Estate* | *177,796* | *132,752* | *45,044* | *(9,910) [1]* | *31,621 [3]* |
| *4* | *PPA Estate* | *282,978* | *225,656* | *57,322* | *(12,611) [1]* | *40,240 [3]* |
| *5* | *DAM Estate* | *95,362* | *78,147* | *17,215* | *(3,787) [1]* | *12,085 [3]* |
| *6* | *SSL Estate* | *89,500* | *76,850* | *12,650* | *(2,783) [1]* | *8,880 [3]* |
| | | | | | *Sub-total* | *208,465* |
| *7* | *OAM(A) Property* | *100,129* | *102,063* | *(1,934)* | *- [2]* | *(1,934)* |

*Note:*

*[1] Based on an assumed statutory tax rate of Indonesia of 22%.*

*[2] Assuming revaluation deficit is not subject to real property gain tax.*

*[3] The OBS(M) Estates are 90%-owned by OBS(M). Hence, the adjustment to net revaluation surplus is intended to reflect OBS(M)'s 90%-proportionate share of the net revaluation surplus arising from the revaluation of the OBS(M) Estates.*

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As the RNAV of OBS(M) results in a negative value, we have assigned a nominal value of RM1.0 to its estimated market value.

**Premised on the above, we are of the opinion that the Purchase Consideration of OBS(M) is FAIR.**

**7. LIMITATION**

It should be noted that the valuation in itself is highly dependent on, amongst others, the composition of business activities, scale of business operations, risk profile, assets base, accounting and tax policies, track record, future prospects, competitive environment, financial positions and that such business may have fundamentally different profitability objectives.

Notwithstanding the above, it should note that the market prices of the Subject Properties held by the Target Group may be affected by various factors, including but not limited to, liquidity risk (i.e. the process of selling and buying plantation asset and property can be time consuming) and valuation risk (i.e. the transacted price may not necessarily reflect the market value appraised by the Valuers of the Subject Properties).

Further, it should be noted that the RNAV approach implicitly includes the assumption that the Subject Properties may be disposed of by the Target Group at the price determined by the Valuers, on a willing buyer willing seller basis in an arm-length transaction with a third party.

The Valuers' valuations do not account for the effort, time, marketability, buyer demand, uncertainty relating to a property sale and potential transaction costs that would be required to dispose of the assets and realise the intrinsic value of the properties.

**8. CONCLUSION**

It should be recognised that the evaluation of any entity is always subject to a great deal of uncertainty and involves a high degree of subjectivity and element of judgement. Because of the susceptibility of valuations to inputs of the model applied, valuations can change quite quickly in response to market changes or changes in the surrounding circumstances, including the market outlook (whether in general or relating to the industry itself).

In establishing our opinion on the fairness of the Purchase Considerations, SCA has considered various valuation methodologies, which are commonly used for valuation, taking into consideration the Target Group's future earnings generating capabilities, projected future cash flows and its sustainability as well as various business considerations and risk factors affecting its business.

The valuation methodology considered and selected by SCA to opine of the fairness of the Purchase Considerations are based on RNAV, which are summarised as follows:-

| Target Group / Descriptions | SPSB group RM'000 | OBS(M) group RM'000 | Total RM'000 |
|---|---|---|---|
| NA as at 31 December 2022 | 1,667,897 | (558,054) | 1,109,843 |
| Add: fair value adjustment for the Subject Properties | 476,593 | 206,531 | 683,124 |
| **RNAV @ 100.00%** | **2,144,490** | **(351,523)** | **1,792,967** |
| **RNAV @ 49.50%** | **1,061,523** | **(174,004)** | **887,519** |
| **Purchase Considerations** | **646,931** | **#** | **646,931** |
| *Discount (%)* | *39.1* | | *27.1* |

# being RM1.00

**Premised on the above, we are of the opinion that the Purchase Considerations are FAIR, due to the followings:-**

- **The Purchase Consideration for the Proposed SPSB Acquisition, represents a discount of approximately 39.1% as compared to the market value derived based on RNAV of approximately RM1.1 billion; and**

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- **Since the Proposed OBS(M) Acquisition and the Proposed SPSB Acquisition are inter-conditional, it represents a discount of approximately 27.1% as compared to the combined market value derived based on the combined RNAV of the Target Group of approximately RM887.5 million.**

**9. RESTRICTIONS**

Save for the purpose stated herein, this Letter cannot be relied upon by any party other than the Company. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Letter, in whole or in part. We are not required to give testimony or to be in attendance in court with reference to the opinion herein provided.

Neither SCA nor any of its members or employees undertakes responsibilities arising in any way whatsoever to any person in respect of this Letter, including any error or omission therein, however caused, as a result of the unauthorised circulation, publication, reproduction or use of this Letter, or any part hereof.

Should SCA become aware of any significant change affecting the information contained in this Letter or have reasonable grounds to believe that any statement in this Letter is misleading or deceptive or have reasonable grounds to believe that there is material omission in this Letter, we will immediately notify the Board of the Company.

Yours faithfully
for and on behalf of
**STRATEGIC CAPITAL ADVISORY SDN BHD**

**NG WOON LIT**
Director

**TAN DAI LIANG, CFA**
Director

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES

**PRIVATE & CONFIDENTIAL**

**Oriental Holdings Berhad**
25-B Farquhar Street
10200 Georgetown
Penang

Date: 10th April 2023

Reference: V/COR/23/0036(A–D)

Dear Sir / Madam,

**VALUATION CERTIFICATE OF:-**
**I) BUKIT LANGKAP OIL PALM ESTATE, MUKIM 19, DISTRICT OF SEBERANG PERAI TENGAH, PULAU PINANG;**
**II) BENTONG OIL PALM ESTATE, MUKIM AND DISTRICT OF BENTONG, PAHANG DARUL MAKMUR;**
**III) THYE GROUP OIL PALM ESTATE, DISTRICT OF KUALA MUDA, KEDAH DARUL AMAN; AND**
**IV) SOUTHERN PERAK OIL PALM ESTATE (INCLUSIVE OF PALM OIL MILL), MUKIM HUTAN MELINTANG, DISTRICT OF BAGAN DATUK, PERAK DARUL RIDZUAN.**
**(HEREINAFTER COLLECTIVELY REFERRED TO AS THE "SUBJECT PROPERTIES" OR "ESTATES")**

We were instructed by Oriental Holdings Berhad (hereinafter referred to as the "**Client**") to ascertain the Market Value of the respective legal interests in the Subject Properties.

This valuation certificate is prepared for the submission to the Securities Commission Malaysia and / or Bursa Malaysia Securities Berhad for inclusion to the circular to stockholders of Oriental Holdings Berhad **in relation to the proposed acquisition from its related parties of the remaining equity interests Oriental Holdings Berhad does not already own in Southern Perak Plantations Sdn Bhd and the proposed acquisition of the Bukit Langkap Oil Palm Estate, Bentong Oil Palm Estate and Thye Group Oil Palm Estate.**

The valuation certificate is prepared in conformity with the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards published by the Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia. This valuation certificate is prepared in accordance with the general principles adopted and limiting conditions as enclosed at the end of our formal valuation report. For all intents and purposes, this valuation certificate should be read in conjunction with our formal valuation reports in relation to the Subject Properties.

The basis of valuation adopted is the **Market Value** which is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have conducted the site inspection on the Subject Properties on various occasions; the latest being on **13th March 2023**. As such, we have adopted **13th March 2023** as the material date of valuation.

In arriving at our opinion of the Market Value of the Subject Properties, we have considered the concept of **'Highest and Best Use'** for the respective Subject Properties; and for the purpose of this valuation, we have thus adopted the **Comparison Approach** as the primary method of valuation supported by **Income Approach by Discounted Cash Flow ("DCF") Method** as a check method. '**Highest and Best Use'** is defined as "the reasonable, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value".

Knight Frank Malaysia Sdn Bhd Co Reg. No. 200201017816 (585479-A) (VE (1) 0141)

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## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

Knight Frank

Brief details of the valuation methodology adopted are defined below:-

a) **Comparison Approach**
This approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value. In general, a property being valued (Subject Properties) is compared with sales of similar properties that have been transacted in the open market. Listings and offers may also be considered.

b) **Income Approach by DCF Method**
Under this approach, the value of a property (Subject Properties) is determined by the streams of present as well as the anticipated amount of cash inflow (gross income) that will be generated during the life span of the oil palm basing on the yield and the price of the fresh fruits bunch. The net annual income of the oil palm is derived by deducting the production costs such as harvesting and administration expenses from the total gross operating income before discounting the net income by an appropriate discount factor.

By using this method, the property (Subject Properties) together with the structures and improvements thereon are taken as comprising all entire assets or going concern and deemed as the complete entity to produce the annual oil palm volume which yields the essential revenue there from.

Summary of the appraised market values of the Subject Properties are attached below:-

| No. | Reference No. | Subject Property | Market Value |
|---|---|---|---|
| 1. | V/COR/23/0036(D) | Bukit Langkap Oil Palm Estate, Mukim 19, District of Seberang Perai Tengah, Pulau Pinang. | RM41,000,000 |
| 2. | V/COR/23/0036(B) | Bentong Oil Palm Estate, Mukim and District of Bentong, Pahang Darul Makmur. | RM132,000,000 |
| 3. | V/COR/23/0036(C) | Thye Group Oil Palm Estate, District of Kuala Muda, Kedah Darul Aman. | RM224,100,000 |
| 4. | V/COR/23/0036(A) | Southern Perak Oil Palm Estate (inclusive of Palm Oil Mill), Mukim Hutan Melintang, District of Bagan Datuk, Perak Darul Ridzuan. | RM478,000,000 |

Encl: General Principles Adopted and Limiting Conditions and Standard Terms of Business for Valuation

For and on behalf of
**KNIGHT FRANK MALAYSIA SDN BHD**
**(signed and sealed by)**

Knight Frank Malaysia Sdn Bhd
Knight Frank
VE(1)0141
200201017816 (585479A)

**OOI HSIEN YU**
**Registered Valuer, V-692**
**MRICS, MRISM, FPEPS, MMIPFM**
Date: 10th April 2023

**Notes:-**
i) Please note that this Certificate shall only be valid provided always that a signature of our authorised signatory and an official seal have been affixed hereto.

ii) The above valuation is peer reviewed by Knight Frank Malaysia Sdn Bhd (Head Office), Mr. Justin Chee Ting Hwang (Registered Valuer, V-774).

Knight Frank

## 1.0 V/COR/23/0036(D) - Bukit Langkap Oil Palm Estate

### 1.1 IDENTIFICATION OF SUBJECT PROPERTY

**Legal Description**

Lot 101, Lot 102, Lot 539, Lot 541, Lot 556, Lot 691, Lot 692, Lot 725, Lot 784, Lot 899 to Lot 904 (inclusive), Lot 1347 and Lot 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), GRN 177863 and GRN 177864 all located within Mukim 19, District of Seberang Perai Tengah, Pulau Pinang.

**Locality**

Located along Jalan Ara Kuda, Mukim 19, District of Seberang Perai Tengah, Pulau Pinang.

**Type of Property**

Seventeen (17) contiguous parcels of redevelopment land; currently operating as an oil palm estate known as Bukit Langkap Oil Palm Estate.

**Registered Proprietor**

**Lot 101**
Boon Tong Estates Sdn. Berhad; in respective of the above title.

**Lot(s) 691, 692 and 784**
Boon Tong Estates Sdn. Bhd; in respective of the above titles.

**Lot(s) 1347 and 1373**
Boontong Estates Sdn. Berhad; in respective of the above titles.

**All other Lot(s)**
Boontong Estates Sdn. Bhd; in respective of the above titles.

**Tenure**

Interest in perpetuity; in respect of all titles.

**Title Land Area**

77.51 hectares | 191.53 acres
Note: 1 hectare = 2.47105 acres

**Category of Land Use**

"Tiada"; in respect of all titles.

### 1.2 PROPERTY DESCRIPTION

**Location**

The Estate is located within Seberang Perai Tengah, Pulau Pinang; which is sited off the western (left) side of the Butterworth-Kulim Expressway, travelling from Seberang Perai town towards Kampung Lalang. Geographically, the Seberang Perai town is located approximately 11 kilometres due south-west of the Estate.

The Estate is located along Jalan Ara Kuda and is accessible from the Seberang Perai town via North-South Expressway, Butterworth-Kulim Expressway, Jalan Mengkuang, exiting towards Tasik Mengkuang, thereafter onto internal roads leading towards the Estate, all being well-maintained metalled roads.

**Site Description**

The Estate consisting of seventeen (17) separate agriculture land titles, when combined, forms an irregular in shape with a total combined title land area of 77.51 hectares (191.53 acres). It is generally bordered by neighbouring parcels of agricultural land, forest and residential settlements.

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 1.2 PROPERTY DESCRIPTION (CONT'D)

**Site Description (Cont'd)**

According to the Certified Plan No(s). PA13514, PA30601, PA30602, PA31910, PA7921, PA81933 and PA9873, we note that the total combined surveyed land area is 77.51 hectares.

**Planning**

The Estate is designated for agricultural use as expressly stipulated in the title document.

**Terrain**

The Estate is generally undulating and hilly north of Jalan Ara Kuda; whilst generally flat south of Jalan Ara Kuda in topography.

**Estate Composition**

| Items | Description | Areas (Hectares) | |
|---|---|---|---|
| **A** | **Planted Area** | | **45.20** |
| A1 | Mature Oil Palm | 11.70 | |
| A2 | Immature Oil Palm | 33.50 | |
| **B** | **Unplanted Area** | | **32.31** |
| B1 | Unplantable Area | 32.31 | |
| **Total Area** | | | **77.51** |

Source: Boontong Estates Sdn Bhd

**Fresh Fruit Bunches ("FFB") Historical Production**

The table below shows the historical production of FFB by Bukit Langkap Oil Palm Estate:-

| Year | Total Yield (MT) | Yield Per Hectare (MT/Ha) |
|---|---|---|
| 2022 | 137.89 | 7.98 |
| 2021 | 310.86 | 6.88 |
| 2020 | 309.30 | 6.84 |

Source: Boontong Estates Sdn Bhd

**Historical Yield**

The table overleaf shows a detailed extraction of the historical yields achieved by the Estate over a period of 7 years (2016 to 2022). The yields are shown according to the age profile of the respective fields. For clarity, we have also shown the planting material (i.e. breeds / clones) to show the yields achieved by specific breeds / clones of specific age.

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 1.2 PROPERTY DESCRIPTION (CONT'D)

**Historical Yield**

The table below summaries the historical achieved yields for the Estate as provided by Boontong Estates Sdn Bhd:-

| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Palm No | Planting Material | Age / Yield | Historical Yield (MT/ha) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| **2013Rp** | 2013 | 11.7 | 148 | 1,732 | AAR | Age | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | | | Yield | 4.90 | 15.80 | 22.18 | 21.87 | 26.43 | 26.57 | 30.83 |

Source: Boontong Estates Sdn Bhd

**Yield Projection**

The table shown overleaf is the estimated yield projections for Bukit Langkap Oil Palm Estate. The projection is provided by Boontong Estates Sdn Bhd. The basis of the projected yield is determined based on the planting age and planting material (breed / clone).

This information is derived from the 7 year historical yield of Bukit Langkap Oil Palm Estate. Using the 7 year historical yield as a benchmark, Boontong Estates Sdn Bhd provided us with the estimated yield projections.

Our analysis of the projections revealed that the projections are aligned with the 7 year historical record with an allowable variance of 2 - 3 metric tonnes per hectare. It is our view that with proper agronomic practices and proper manuring regimen, the projected yields are achievable and will be in line with historical production data.

As such, we have adopted the projected yield provided by Boontong Estates Sdn Bhd in our Income Approach by Discounted Cash Flow method as a basis for calculations. The twenty-two (22)-year yield projection for the Estate provided by Boontong Estates Sdn Bhd is tabulated overleaf:

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 1.2 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Year of Planting | Area (Ha) | Planting Material | Age / Yield | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| **2013Rp** | 2013 | 11.7 | AAR | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | Yield | 28.00 | 30.00 | 28.00 | 26.00 | 24.00 | 25.00 | 22.00 | 24.00 | 22.00 | 20.00 | 18.00 |
| **2019Rp** | 2019 | 33.5 | AAR | Age | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| | | | | Yield | 10.00 | 15.00 | 18.00 | 22.00 | 26.00 | 28.00 | 29.00 | 30.00 | 28.00 | 26.00 | 24.00 |

| Field No. | Year of Planting | Area (Ha) | Planting Material | Age / Yield | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 |
| **2013Rp** | 2013 | 11.7 | AAR | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | |
| | | | | Yield | 16.50 | 16.00 | 15.00 | 14.50 | 14.00 | | | | | | |
| **2019Rp** | 2019 | 33.5 | AAR | Age | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | | Yield | 25.00 | 22.00 | 24.00 | 22.00 | 20.00 | 18.00 | 16.50 | 16.00 | 15.00 | 14.50 | 14.00 |

Source: Boontong Estates Sdn Bhd

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## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 1.2 PROPERTY DESCRIPTION (CONT'D)

**Oil Extraction Rate / Kernel Extraction Rate**

The historical record of Oil Extraction Rate ("**OER**") and Kernel Extraction Rate ("**KER**") of Bukit Langkap Oil Palm Estate as provided by Boontong Estates Sdn Bhd are as follows:-

| Year | Oil Extraction Rate (%) | Kernel Extraction Rate (%) |
|---|---|---|
| 2022 | 19.50 | 5.00 |
| 2021 | 19.50 | 5.00 |
| 2020 | 19.50 | 5.00 |

Source: Boontong Estates Sdn Bhd

Based on our analysis of the above, we have concluded that the OER and KER for Bukit Langkap Oil Palm Estate falls between Grade A and B (closer to Grade A).

**Production Costs**

A summary of the historical production costs of Bukit Langkap Oil Palm Estate as provided by Boontong Estates Sdn Bhd are as follows:-

| Production Cost | 2020 | 2021 | 2022 |
|---|---|---|---|
| Quit Rent | RM3,049.00 | RM3,044.00 | RM3,044.00 |
| Cost of Upkeep & Maintenance | RM5,972.08 | RM5,748.23 | RM6,701.73 |
| Manuring & Harvesting | RM43,780.39 | RM54,169.28 | RM90,423.04 |
| General Charges (Administration & Staff Cost) | RM42,659.79 | RM43,964.49 | RM36,986.64 |

Source: Boontong Estates Sdn Bhd

### 1.3 MARKET VALUE

**Valuation Methodology**

In arriving at our opinion of the Market Value of the Bukit Langkap Oil Palm Estate based on redevelopment basis (lands intended for future development), we have considered the **Comparison Approach** as the only preferred and appropriate method of valuation after having noted sufficient comparable properties in the locality.

**Term of Reference**

**'HIGHEST AND BEST USE' IS DEFINED AS "THE REASONABLE, PROBABLE AND LEGAL USE OF VACANT LAND OR AN IMPROVED PROPERTY, WHICH IS PHYSICALLY POSSIBLE, APPROPRIATELY SUPPORTED, FINANCIALLY FEASIBLE, AND THAT RESULTS IN THE HIGHEST VALUE".**

**AT THE DATE OF INSPECTION, WE NOTE THAT THE ESTATE IS SURROUNDED BY PROPERTIES RELATED TO RESIDENTIAL AND COMMERCIAL USAGES IN NATURE; COMPRISING LANDED RESIDENTIAL DEVELOPMENT COUPLED WITH COMMERCIAL TERRACED SHOP / OFFICES, AS WELL AS LARGER PARCELS OF DEVELOPMENT LANDS. AS SUCH, A PROPERTY MUST ALWAYS BE APPRAISED IN TERMS OF ITS HIGHEST AND BEST USE. THE HIGHEST AND BEST USE CONCEPT HAS BEEN FURTHER INVESTIGATED IN THIS VALUATION AND REPORT BY CARRYING OUT AN ADDITIONAL COMPARISON APPROACH BY ANALYSING TRANSACTIONS OF DEVELOPMENT LAND PARCELS WITHIN THE SURROUNDINGS.**

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 1.3 MARKET VALUE (CONT'D)

**Term of Reference (Cont'd)** **WE ARE OF THE OPINION THAT, IF THE ESTATE WAS SOLD IN AN OPEN MARKET TODAY, POTENTIAL PURCHASERS WOULD MORE LIKELY RECOGNISE THE UNDERLYING DEVELOPMENT POTENTIAL, CONSIDERING THE LOCATION / ESTABLISHMENT, ACCESSIBILITY AND THE SURROUNDINGS PROPERTIES PREDOMINANTLY RELATED TO RESIDENTIAL AND COMMERCIAL USAGES IN NATURE. AS SUCH, WE HAVE ADOPTED THE MARKET VALUE DERIVED FROM THE COMPARISON APPROACH – 'HIGHEST AND BEST USE' – DEVELOPMENT LAND AS A FAIR REPRESENTATION IN OUR VALUATION.**

**Comparison Approach** Using the Comparison Approach, the following sales evidences, amongst others, were noted in the table attached below:-

| Sales Comparison and Analysis | | | |
|---|---|---|---|
| | Comparable 1 | Comparable 2 | Comparable 3 |
| Legal Description | Lot No(s) 430, 431 and 625 held under Title No(s). Geran Mukim 117, 118 and Geran 75995 respectively, all located within Bandar Lunas, District of Kulim, Kedah Darul Aman | Lot 1222 held under Title No. Geran 88843, Pekan Sungai Karangan, District of Kulim, Kedah Darul Aman | Lot 14709 Seksyen 39 held under Title No. Geran 216402, Bandar Kulim, District of Kulim, Kedah Darul Aman |
| Property Type | Three (3) parcels of vacant development land | A parcel of vacant development land | A parcel of vacant development land |
| Land Area | 34.36 hectares | 55.81 hectares | 61.55 hectares |
| Tenure | Interest in perpetuity; in respect of all titles | Interest in perpetuity | Interest in perpetuity |
| Date of Transaction | 3rd September 2020 | 5th July 2019 | 15th August 2018 |
| Consideration | RM24,056,586 | RM31,328,000 | RM36,450,309 |
| Analysis | RM700,128 per hectare | RM561,310 per hectare | RM592,194 per hectare |
| Vendor | Goh Kwee Tin | Sime Darby Plantation (Peninsular) Sdn Bhd | MBAS Jaya Sdn Bhd |
| Purchaser | N.H Development Sdn Bhd | Globalniew Properties Sdn Bhd | OIB Properties (K) Sdn Bhd |
| Remarks | N/A | Part of Comparable 2 has been acquired by the local authority in circa 1998 equating to an area approximately 3.91 hectares. Additionally, in 2017 a TNBwayleave was approved equating to approximately 2.62 hectares. Thus, the net land area taking into consideration these acquisitions / endorsements is 55.81 hectares. | N/A |
| Source | Jabatan Penilaian dan Perkhidmatan Harta (JPPH) | | |
| Adjustments | General adjustments were made for accessibility, land size, terrain / level and zoning | General adjustments were made for accessibility, location, terrain / level and zoning | General adjustments were made for prevailing market condition and terrain / level |
| Adjusted Values | RM525,096 per hectare | RM477,114 per hectare | RM497,443 per hectare |

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 1.3 MARKET VALUE (CONT'D)

**Valuation Justification**

In arriving at our opinion of the Market Value of the Estate using the Comparison Approach, we have made diligent adjustments for prevailing market condition and differences including location, land size, terrain / level and other relevant factors. Where information related to the subject comparable is available, we have considered and reflected adjustment (if any) accordingly. For the type of planting, we note that the comparables adopted are of similar category of planting (industrial crops) and as such no further adjustment were made.

Information relating to the composition (planting profile) and yield profile are specific to each plantation and such information are not publicly available unless it is a transaction of a public listed entity. Where information is not available, we relied on the physical site inspection to estimate the planting profile based on the height of the tree and the condition of the plantation and reflected adjustment (if any) accordingly.

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Although total adjustments (up to 25% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of accessibility, land shape, lot configuration, tenure, category of land use, zoning and etc) as compared to the Estate. With total effective adjustments made for all Comparable(s) (ranged between -10% to -25%); we have placed greater reliance on Comparable 1 as it is the most recent transaction and more similar to the Estate in terms of accessibility, land shape, lot configuration, tenure, category of land use and zoning. Thus, we have adopted the adjusted analysis of **RM525,096 per hectare** from Comparable 1 as fair representation after having made the necessary adjustments.

Based on the foregoing, we have thus adopted **RM41,000,000** (analysed to about **RM528,952 per hectare** over gross land area of 77.51 hectares (or 191.53 acres) in our valuation as a fair representation using Comparison Approach.

**Income Approach by DCF Method**

In undertaking this analysis, we have used a wide range of assumptions for the Subject Property including the long-term estimated FFB price along with the expected expenses during the DCF period. The following table outlines the parameters of calculation adopted in undertaking our assessment: -

| Summary of Parameters | |
|---|---|
| Long-Term Estimated FFB Price | RM610 / MT<br>After having benchmarked against the historical performance of the Estate coupled with the data published by Malaysian Palm Oil Board ("**MPOB**") on the market rate of FFB over the last 10 years. We have derived that the long term FFB rate of RM610/MT derived by averaging the 10 year record published by MPOB as a fair representation. |

Knight Frank

## 1.3 MARKET VALUE (CONT'D)

| Summary of Parameters (Cont'd) | |
|---|---|
| Quit Rent | RM3,038 per annum<br>We have adopted the quit rent charges from the current actual charges for the Estate. |
| Manuring & Harvesting | RM190 / MT<br>After having benchmarked against the historical analysis of manuring and harvesting expense of the plantation which ranges between RM142 / MT to RM251 / MT from 2020 to 2022; with an *average of RM189 / MT. Thus, RM190 / MT is deemed appropriate for manuring and harvesting. We further note that the manuring cost has increased in year 2022 due to external economic factors (i.e. Russian – Ukraine War and increase in raw material prices), however we were made to understand by the Client that the cost has now reduced to rates similar to the years before in 2020 and 2021. |
| General Charges (Administration & Staff Cost) | RM910 / ha<br>After having benchmarked against the historical analysis of general charges expense of the plantation which ranges between RM818 / ha to RM973 / ha from 2020 to 2022; with average of RM912 / ha. In view of the recent increase in general charges for year 2022, we were made to understand that the hike is due to the increase in the number of foreign workers. The increase in foreign workers is in line with the Estate's vision to maximise harvesting of crops from mature palms that are in their prime age; we have thus adopted RM910 / ha as the fair and reflective rate for general charges. |
| Cost of Upkeep & Maintenance | RM130 / ha<br>After having benchmarked against the historical analysis of cost of upkeep and maintenance of the plantation which ranges between between RM127 / ha and RM148 / ha from 2020 to 2022; with an *average of RM136 / ha. Thus, RM130 / ha is deemed appropriate for cost of upkeep and maintenance. |
| Growth Rate for Operating Expenses | 2.0% per annum<br>The growth rate for operating expenses is benchmarked against the rate of inflation |
| DCF Period | 22 years<br>The estimated economic life span of a palm oil plant is estimated to be about 25 years. Given the time that has lapsed, the remaining economic life of the palms is about 15 to 22 years. As such, a yield projection for a duration of the remaining economic life span is provided to us by Boontong Estates Sdn Bhd to reflect the economic life of the plantation. |
| Discount Rate | 8.0%<br>Discount rate is a risk-weighted factor used to calculate the net present value of the future cash flows from the asset till the time of exit. Our interpretation of the discount rate is based on the premise that the value of a dollar to be received in the future is equal to a dollar today minus some factor to account for the risk that the future dollar may not materialize (which can also be explained as opportunity cost, expected return of capital when invested elsewhere). A general way of determining the discount rate is to adopt the capitalisation rate together with the long-term growth rate or expected average annual appreciation of the asset. In general, the long-term growth rate / annual appreciation of a stabilised plantation is benchmarking against the rate of inflation (approximately 2.0%). |

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 1.3 MARKET VALUE (CONT'D)

| Summary of Parameters (Cont'd) | |
|---|---|
| Discount Rate (Cont'd) | As such, a discount rate of 8.0% is adopted for the Estate; which is the combination of 4.0% derived from Malaysia Government Securities (MGS) added with a 4.0% risk premium associated with the plantation activity. |
| Discount Rate for Vacant Agricultural Land & Unplantable Area Land Value | 4.0%<br>As mentioned above, a discount rate of 4.0% is adopted for vacant agricultural land and unplantable land area; which is the 4.0% discount rate for the vacant land is purely derived based on MGS and no risk element is associated with the ownership of vacant land. |
| Vacant Land Value (Exit Assumption) | 20.0% discount on plantation land value.<br>When the economic life of a specific planting block of the biological asset comes to an end, we have adopted a vacant land value. The vacant land value is determined by adopting recent transactions of vacant agricultural lands, where available.<br><br>For the Estate however, in the immediate and surrounding vicinity there was no suitable vacant agricultural land transactions. Hence, we have adopted the plantation land value which includes land and biological asset and further made a 20% discount to account for the biological assets which have exhausted their economic life leaving behind vacant land with improvement and infrastructure as the exit land assumption. The 20% discount was adopted based on our previous valuation experience in valuing plantations conducted in the past 10-12 years and professional judgement. |

Note:
* The average approach is considered as a more stabilized and sustainable approach in ascertaining the fair cost especially over the last 3 years due to variance cause by external economic factor (i.e., COVID-19). To show continuous growth in the cost of expenses, we have accounted a growth of 2.0% per annum in our computation.

**Reconciliation of Values**

'Highest And Best Use' is defined as "the reasonable, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value".

At the date of inspection, we note that the Estate is surrounded by properties related to residential and commercial usage in nature; comprising landed residential development coupled with commercial terraced shop / offices, as well as larger parcels of development lands. As such, a property must always be appraised in terms of its highest and best use. The Highest and Best Use concept has been further investigated in this valuation and report by carrying out via Comparison Approach by analysing transactions of development land parcels within the surroundings.

Knight Frank

## 1.3 MARKET VALUE (CONT'D)

**Reconciliation of Values (Cont'd)**

Highest and best use analysis evaluates each potential use of the property and its corresponding value. Continuing to use the property as an operating plantation (in its existing use basis) is valued at RM10,000,000 by Income Approach by DCF Method whilst based on its highest and best use potential as a redevelopment land results in a value of RM41,000,000 by Comparison Approach. Highest and best use analysis, therefore, concludes that the best use of the property is as parcels of redevelopment land (lands intended for future development).

**We are of the opinion that, if the Estate was sold in an open market today, potential purchasers would more likely recognise the underlying development potential, considering the location / establishment, accessibility and the surroundings properties predominantly related to residential and commercial usage in nature. As such, we have adopted the Market Value of RM41,000,000 derived from the Comparison Approach – 'Highest and Best Use' – redevelopment land basis as a fair representation in our valuation.**

**Market Value**

RM41,000,000 (Ringgit Malaysia Forty-One Million only).

For all intents and purposes, this Certificate should be read in conjunction with our Valuation Report as of 10th April 2023 bearing Reference No. V/COR/23/0036(D).

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## 2.0 V/COR/23/0036(B) – Bentong Oil Palm Estate

### 2.1 IDENTIFICATION OF SUBJECT PROPERTY

**Legal Description**

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). GRN 6523, GRN 8198, GRN 7814, GM 3017, GRN 9575, GM 3090, GRN 8033, GRN 9297, GM 3142, GM 1970, GM 1971, GM 2560, GM 2521, GM 2117, GRN 3609, GRN 3610, GRN 3611, GM 5589 to GM 5592 (inclusive) and GM 6167 to GM 6175 (inclusive) all located within Mukim and District of Bentong, Pahang Darul Makmur.

**Locality**

Located within Mukim and District of Bentong, Pahang Darul Makmur.

**Type of Property**

An oil palm estate.

**Registered Proprietor**

**Lot No(s). 1788, 1792 & 1793, 2882, 3544, 3733, 4157, 4553, 4795 to 4798 (inclusive), 4913, 4914, 5175, 5908 to 5920 (inclusive)**
Boontong Estates Sdn Bhd, in respect of above titles.

**Lot No(s). 5607, 5608 and 6032**
Boontong Estates Sdn Berhad, in respect of above titles.

**Tenure**

Interest in perpetuity; in respect of all titles.

**Titled Land Area**

1,704.68 hectares | 4,211 acres.
Note: 1 hectare = 2.47105 acres

**Category of Land Use**

"Pertanian"; in respect of all titles.

### 2.2 PROPERTY DESCRIPTION (CONT'D)

**Location**

The Estate is located within Bentong, Pahang; which is sited off the western (left) side of the Kuala Lumpur – Gua Musang Highway, travelling from Bentong town towards Raub town. Geographically, the Bentong town is located approximately 10 kilometres due south-east of the Estate.

The Estate is located along route 218 and is accessible from the Bentong town via Jalan Ah Peng, Jalan Padang, Jalan Tras, Lebuhraya Kuala Lumpur – Gua Musang, and thereafter onto route 218 leading towards the Estate, all being well-maintained metalled roads. Route 218 is an alternative road connecting Bentong town to Raub town.

**Site Description**

The Estate consisting of thirty (30) separate agriculture land titles, is irregular in shape with a total combined titled land area of 1,704.68 hectares (4,211 acres). It is generally bordered by neighbouring parcels of agricultural land and forest.

## 2.2 PROPERTY DESCRIPTION (CONT'D)

**Site Description (Cont'd)**

According to the Certified Plan No(s). PA 1393, PA 3768, PA 4505 PA 7858, PA 7861, PA 8452, PA 14205, PA 14258, PA 16180, PA 20142, PA 20316, PA 20317 and PA 63688, we note that the total combined surveyed land area is 1,704.68 hectares.

**Terrain**

The Estate is generally undulating and hilly in topography.

**TNB Wayleave Area**

Pursuant to the title searches extracted from the Pejabat Tanah dan Galian Pahang and Pejabat Tanah dan Daerah Bentong on the 28th March 2023, we note that part of the land in Lot No (s). 1788, 1792 & 1793, 2882, 3733, 5607,5608, 6032, 5908, 5909, 5917 and 5919 measuring 29.086 hectares has been utilised as transmission corridor for transmission lines (wayleave) under the Electricity Supply Act 1990. As such, the area which serve as the transmission corridor will have a nominal value in comparison to the remaining area of the Estate unaffected by the transmission corridor.

The area occupied by the Transmission Line (wayleave) has been endorsed on each of the title above. Our in-depth investigation with the Estate Manager further revealed, that the total area occupied by the TNB Wayleave is about 38.59 hectares, the area provided to us is based on a survey conducted by Boontong Estates Sdn Bhd.

**Land Acquisition**

Based on the title search extracted from the Pejabat Tanah dan Galian Pahang on the 28th March 2023, we further note that part of the land in Lot 2882 measuring 0.3716 hectares and 0.0715 hectares (0.4431 hectares in total) has been acquired under the Land Acquisition Act 1960. The notifications were done via Form K (Notice that formal possession has been taken of acquired land) and endorsed in the title documents vide presentation No(s). 37/1983 and 31/1984 registered on 28th January 1983 and 20th January 1984 respectively.

## 2.2 PROPERTY DESCRIPTION (CONT'D)

**Estate Composition**

| Items | Description | Areas (Hectares) | |
|---|---|---|---|
| **A** | **Planted Area** | | **1,240.04**(1) |
| A1 | Palms exceeding the economic life span | 171.05 | |
| A2 | Mature Oil Palm | 704.56 | |
| A3 | Immature Oil Palm | 364.43 | |
| **B** | **Unplanted Area** | | **464.20** |
| B1 | Replanting Area (Vacant) | 72.01(1) | |
| B2 | Unplantable Area | 340.50 | |
| B3 | Nursery | 6.00 | |
| B4 | TNB Wayleave | 38.59 | |
| B5 | Buildings and Infrastructure | 7.10 | |
| **Total Area** | | | **1,704.24** |

Source: Boontong Estates Sdn Bhd

Note:

(1) The total plantable area for Bentong Oil Palm Estate is 1,312.05 hectares (being the sum of (Planted Area (A) + Replanting Area (B1)).

**FFB Historical Production**

The table below shows the historical production of FFB by Bentong Oil Palm Estate:-

| Year | Total Yield (MT) | Yield Per Hectare (MT/ha) |
|---|---|---|
| 2022 | 14,233.22 | 15.41 |
| 2021 | 12,910.82 | 15.71 |
| 2020 | 10,817.51 | 11.71 |

Source: Boontong Estates Sdn Bhd

**Historical Yield**

The table overleaf shows a detailed extraction of the historical yields achieved by Bentong Oil Palm Estate over a period of 11 years (2012 to 2022). The yields are shown according to the age profile of the respective fields. For clarity, we have also shown the planting material (i.e. breeds / clones) to show the yields achieved by specific breeds / clones of specific age.

## 2.2 PROPERTY DESCRIPTION (CONT'D)

**Historical Yield (Cont'd)**

The table below summaries the historical achieved yields for the Estate as provided by Boontong Estates Sdn Bhd:-

| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age /Yield | Historical Yield (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 88 | 1988 | 5.80 | 117 | Chemara | Age | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 |
| | | | | | Yield | 26.60 | 22.92 | 19.82 | 25.29 | 21.63 | 20.30 | 24.99 | 22.50 | 31.45 | 28.84 | 25.61 |
| 90 | 1990 | 40.40 | 130 | Chemara | Age | 22 | 23 | 24 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 14.94 | 10.11 | 1.02 | | | | | | | | |
| 91 | 1991 | 34.40 | 131 | Chemara | Age | 21 | 22 | 23 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 11.52 | 7.88 | 0.72 | | | | | | | | |
| 92 | 1992 | 80.80 | 127 | Chemara/HRU | Age | 20 | 21 | (End of Economic Life) | | | | | | | | |
| | | | | | Yield | 11.50 | 2.69 | | | | | | | | | |
| 93A | 1993 | 40.30 | 131 | Chemara | Age | 19 | 20 | 21 | 22 | (End of Economic Life) | | | | | | |
| | | | | | Yield | 14.67 | 10.93 | 11.42 | 6.48 | | | | | | | |
| 93B | 1993 | 108.32 | 124 | Chemara/HRU | Age | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | (End of Economic Life) | | |
| | | | | | Yield | 21.64 | 20.78 | 17.51 | 17.54 | 14.96 | 17.31 | 15.05 | 5.57 | | | |
| 93C | 1993 | 27.29 | 127 | Chemara | Age | 19 | 20 | 21 | 22 | (End of Economic Life) | | | | | | |
| | | | | | Yield | 18.43 | 14.24 | 12.28 | 4.55 | | | | | | | |
| 94A | 1994 | 166.90 | 128 | Felda/Chemara | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | (End of Economic Life) | |
| | | | | | Yield | 12.93 | 9.91 | 8.06 | 10.00 | 14.90 | 8.96 | 9.13 | 7.62 | 3.43 | | |
| 94B | 1994 | 72.01 | 126 | Felda | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| | | | | | Yield | 18.65 | 18.32 | 15.61 | 16.11 | 14.03 | 12.99 | 11.70 | 9.78 | 9.15 | 7.91 | 5.67 |
| 94C/31 | 1994/95 | 79.54 | 122 | Fleda/OPRS | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 94C/77 | 1994/95 | 85.71 | | Fleda/OPRS | Yield | 17.12 | 15.29 | 13.43 | 16.68 | 12.80 | 12.92 | 10.98 | 9.46 | 9.29 | 11.63 | 9.78 |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 2.2 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age /Yield | Historical Yield (MT/ha) 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 95A | 1995 | 103.70 | 133 | Chemara | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | (End of Economic Life) | | | |
| | | | | | Yield | 14.47 | 11.95 | 9.78 | 10.89 | 10.45 | 8.65 | 4.75 | | | | |
| 95B | 1995 | 58.60 | 118 | Chemara | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | (End of Economic Life) |
| | | | | | Yield | 14.98 | 11.77 | 10.32 | 12.35 | 11.48 | 10.35 | 8.83 | 6.96 | 5.21 | 3.66 | |
| 96A | 1996 | 48.70 | 131 | Chemara/HRU | Age | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | (End of Economic Life) | |
| | | | | | Yield | 14.97 | 11.35 | 9.47 | 11.00 | 8.40 | 6.72 | 9.36 | 7.69 | 3.58 | | |
| 96C | 1996 | 65.55 | 117 | Chemara/HRU | Age | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | (End of Economic Life) | |
| | | | | | Yield | 14.24 | 11.74 | 11.25 | 11.31 | 8.65 | 5.42 | 5.33 | 2.29 | 0.23 | | |
| 97 | 1997 | 37.82 | 126 | Chemara/HRU | Age | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | | | Yield | 14.74 | 14.60 | 11.08 | 13.51 | 10.49 | 13.17 | 10.55 | 11.07 | 11.64 | 10.93 | 7.15 |
| 99 | 1999 | 8.50 | 133 | Chemara | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | | | Yield | 11.29 | 9.18 | 8.07 | 11.58 | 8.84 | 7.10 | 4.34 | 2.50 | 7.12 | 9.20 | 5.27 |
| 12A | 2012 | 34.80 | 116 | Yangambi | Age | (Immature) | | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | | | | | Yield | | | | 10.55 | 16.49 | 21.79 | 19.31 | 25.73 | 23.29 | 26.17 | 28.32 |
| 12B | 2012 | 91.71 | 126 | Yangambi/AA Hybrida | Age | (Immature) | | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | | | | | Yield | | | | 5.43 | 9.16 | 15.66 | 13.10 | 24.74 | 21.70 | 25.76 | 28.36 |
| 13A | 2013 | 55.65 | 120 | AA Hybrida 1S | Age | (Immature) | | | | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | | Yield | | | | | 8.48 | 16.70 | 18.38 | 28.05 | 24.17 | 29.80 | 33.20 |
| 13B | 2013 | 76.08 | 123 | AA Hybrida 1S | Age | (Immature) | | | | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | | Yield | | | | | 2.37 | 5.83 | 6.62 | 13.30 | 14.69 | 15.86 | 21.41 |
| 14 | 2014 | 81.55 | 121 | AA Hybrida 1S | Age | (Immature) | | | | | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | Yield | | | | | | 2.10 | 6.51 | 8.92 | 12.30 | 17.91 | 18.64 |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 2.2 PROPERTY DESCRIPTION (CONT'D)

**Yield Projection**

The table shown overleaf is the estimated yield projections for Bentong Oil Palm Estate. The projection is provided to us by Boontong Estates Sdn Bhd. The basis of the projected yield is determined based on the planting age and planting material (breed / clone).

This information is derived from the 11 year historical yield of Bentong Oil Palm Estate. Using the 11 year historical yield as a benchmark, Boontong Estates Sdn Bhd provided us with the estimated yield projections.

Our analysis of the projections revealed that the projections are aligned with the 11 year historical record with an allowable variance of 2 -3 Metric Tonnes per hectare. It is our view that with proper agronomic practices and proper manuring regimen, the projected yields are achievable and will be in line with historical production data.

As such, we have adopted the projected yield provided by Boontong Estates Sdn Bhd in our Income Approach by Discounted Cash Flow method as a basis for calculations. The twenty five (25)-year yield projection for the Estate provided by Boontong Estates Sdn Bhd is tabulated overleaf.

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## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 2.2 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age /Yield | Projections (MT/ha) 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12A | 2012 | 34.80 | 116 | Yangambi | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | | | | | Yield | 24.0 | 24.5 | 24.5 | 25.0 | 25.0 | 25.5 | 25.5 | 26.0 | 25.0 |
| 12B | 2012 | 91.71 | 126 | Yangambi/AA Hybrida | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | | | | | Yield | 24.0 | 24.0 | 24.5 | 24.5 | 25.0 | 25.0 | 25.5 | 26.0 | 25.5 |
| 13A | 2013 | 55.65 | 120 | AA Hybrida 1S | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| | | | | | Yield | 32.0 | 32.0 | 32.0 | 30.0 | 30.0 | 28.0 | 28.0 | 26.0 | 26.0 |
| 13B | 2013 | 76.08 | 123 | AA Hybrida 1S | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| | | | | | Yield | 20.5 | 21.0 | 21.0 | 21.5 | 24.5 | 24.5 | 25.0 | 25.0 | 25.5 |
| 14 | 2014 | 81.55 | 121 | AA Hybrida 1S | Age | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| | | | | | Yield | 19.0 | 19.5 | 19.5 | 20.0 | 20.5 | 20.5 | 21.0 | 21.5 | 21.5 |
| 15A | 2015 | 27.29 | 116 | Yangambi | Age | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | | Yield | 19.5 | 20.0 | 20.0 | 20.0 | 23.0 | 24.0 | 24.5 | 25.0 | 25.0 |
| 15B | 2015 | 38.73 | 131 | Yangambi | Age | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | | Yield | 16.0 | 16.5 | 17.0 | 17.5 | 18.0 | 18.0 | 18.5 | 19.0 | 19.5 |
| 16 | 2016 | 126.73 | 99 | Yangambi | Age | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | | | | | Yield | 16.0 | 16.0 | 16.5 | 17.0 | 17.5 | 18.0 | 18.0 | 18.5 | 19.0 |
| 18 | 2018 | 125.70 | 95 | Yangambi | Age | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | | | | | Yield | 12.5 | 13.5 | 14.5 | 15.0 | 16.0 | 16.5 | 17.5 | 18.0 | 18.0 |
| 19A | 2019 | 60.86 | 112 | Yangambi | Age | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | Yield | 8.0 | 12.0 | 14.0 | 16.0 | 20.0 | 21.0 | 21.5 | 22.5 | 23.0 |
| 19B | 2019 | 51.72 | 123 | Yangambi | Age | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | Yield | 8.0 | 12.0 | 14.0 | 16.0 | 20.0 | 21.0 | 21.5 | 22.0 | 23.0 |
| 20A | 2020 | 68.45 | 84 | Yangambi | Age | (Immature) | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | | | Yield | | 8.0 | 10.0 | 13.0 | 14.0 | 14.0 | 15.0 | 16.0 | 16.5 |
| 20B | 2020 | 81.80 | | Yangambi | Age | (Immature) | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | | | Yield | | 8.0 | 10.0 | 13.0 | 14.0 | 14.0 | 15.0 | 16.0 | 16.5 |
| 21 | 2021 | 58.60 | 125 | Yangambi | Age | (Immature) | | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | | | | | Yield | | | 8.0 | 10.0 | 12.0 | 13.0 | 14.0 | 15.0 | 16.0 |
| 22A | 2022 | 43.00 | 109 | Yangambi | Age | (Immature) | | | 4 | 5 | 6 | 7 | 8 | 9 |
| | | | | | Yield | | | | 8.0 | 10.0 | 11.0 | 13.5 | 15.0 | 16.5 |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 2.2 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age /Yield | Projections (MT/ha) 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12A | 2012 | 34.80 | 116 | Yangambi | Age | 20 | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | |
| | | | | | Yield | 24.5 | 24.0 | 23.5 | 23.0 | 22.5 | 22.0 | | | |
| 12B | 2012 | 91.71 | 126 | Yangambi/AA Hybrida | Age | 20 | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | |
| | | | | | Yield | 24.0 | 24.0 | 23.0 | 22.5 | 22.0 | 22.0 | | | |
| 13A | 2013 | 55.65 | 120 | AA Hybrida 1S | Age | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | |
| | | | | | Yield | 25.5 | 25.0 | 24.5 | 24.0 | 23.0 | 22.5 | 22.0 | | |
| 13B | 2013 | 76.08 | 123 | AA Hybrida 1S | Age | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | |
| | | | | | Yield | 24.0 | 22.5 | 22.5 | 22.0 | 20.0 | 18.0 | 17.0 | | |
| 14 | 2014 | 81.55 | 121 | AA Hybrida 1S | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) |
| | | | | | Yield | 21.0 | 19.5 | 19.0 | 19.0 | 18.5 | 18.5 | 18.0 | 17.0 | |
| 15A | 2015 | 27.29 | 116 | Yangambi | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | | | Yield | 25.5 | 26.0 | 25.5 | 25.0 | 24.5 | 24.5 | 24.0 | 23.0 | 22.0 |
| 15B | 2015 | 38.73 | 131 | Yangambi | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | | | Yield | 19.5 | 20.0 | 19.5 | 19.0 | 19.0 | 18.5 | 18.0 | 17.5 | 17.0 |
| 16 | 2016 | 126.73 | 99 | Yangambi | Age | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| | | | | | Yield | 19.0 | 19.5 | 20.0 | 19.5 | 19.0 | 18.5 | 18.5 | 18.0 | 17.5 |
| 18 | 2018 | 125.70 | 95 | Yangambi | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 18.5 | 19.0 | 19.0 | 19.5 | 20.0 | 19.5 | 19.5 | 19.0 | 18.5 |
| 19A | 2019 | 60.86 | 112 | Yangambi | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | | | Yield | 23.5 | 24.0 | 24.5 | 25.0 | 25.5 | 26.0 | 25.5 | 25.0 | 24.5 |
| 19B | 2019 | 51.72 | 123 | Yangambi | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | | | Yield | 23.5 | 24.0 | 24.5 | 25.0 | 25.5 | 26.0 | 25.5 | 25.0 | 24.5 |
| 20A | 2020 | 68.45 | 84 | Yangambi | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 17.0 | 17.5 | 18.0 | 18.5 | 19.0 | 19.5 | 20.0 | 19.5 | 19.0 |
| 20B | 2020 | 81.80 | | Yangambi | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 17.0 | 17.5 | 18.0 | 18.5 | 19.0 | 19.5 | 20.0 | 19.5 | 19.0 |
| 21 | 2021 | 58.60 | 125 | Yangambi | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | | | | | Yield | 16.5 | 17.0 | 17.5 | 18.0 | 18.5 | 19.0 | 19.5 | 20.0 | 20.5 |
| 22A | 2022 | 43.00 | 109 | Yangambi | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| | | | | | Yield | 18.0 | 20.0 | 21.0 | 22.2 | 22.8 | 23.6 | 23.9 | 24.4 | 25.5 |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 2.2 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age /Yield | Projections (MT/ha) 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 12A | 2012 | 34.80 | 116 | Yangambi | Age | (End of Economic Life) | | | | | | |
| | | | | | Yield | | | | | | | |
| 12B | 2012 | 91.71 | 126 | Yangambi/AA Hybrida | Age | (End of Economic Life) | | | | | | |
| | | | | | Yield | | | | | | | |
| 13A | 2013 | 55.65 | 120 | AA Hybrida 1S | Age | (End of Economic Life) | | | | | | |
| | | | | | Yield | | | | | | | |
| 13B | 2013 | 76.08 | 123 | AA Hybrida 1S | Age | (End of Economic Life) | | | | | | |
| | | | | | Yield | | | | | | | |
| 14 | 2014 | 81.55 | 121 | AA Hybrida 1S | Age | (End of Economic Life) | | | | | | |
| | | | | | Yield | | | | | | | |
| 15A | 2015 | 27.29 | 116 | Yangambi | Age | (End of Economic Life) | | | | | | |
| | | | | | Yield | | | | | | | |
| 15B | 2015 | 38.73 | 131 | Yangambi | Age | (End of Economic Life) | | | | | | |
| | | | | | Yield | | | | | | | |
| 16 | 2016 | 126.73 | 99 | Yangambi | Age | 25 | (End of Economic Life) | | | | | |
| | | | | | Yield | 17.0 | | | | | | |
| 18 | 2018 | 125.70 | 95 | Yangambi | Age | 23 | 24 | 25 | (End of Economic Life) | | | |
| | | | | | Yield | 18.0 | 17.5 | 17.0 | | | | |
| 19A | 2019 | 60.86 | 112 | Yangambi | Age | 22 | 23 | 24 | 25 | (End of Economic Life) | | |
| | | | | | Yield | 24.0 | 23.0 | 22.5 | 22.0 | | | |
| 19B | 2019 | 51.72 | 123 | Yangambi | Age | 22 | 23 | 24 | 25 | (End of Economic Life) | | |
| | | | | | Yield | 24.0 | 23.0 | 22.5 | 22.0 | | | |
| 20A | 2020 | 68.45 | 84 | Yangambi | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | |
| | | | | | Yield | 18.5 | 18.0 | 18.0 | 17.0 | 17.0 | | |
| 20B | 2020 | 81.80 | | Yangambi | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | |
| | | | | | Yield | 18.5 | 18.0 | 18.0 | 17.0 | 17.0 | | |
| 21 | 2021 | 58.60 | 125 | Yangambi | Age | 20 | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) |
| | | | | | Yield | 21.0 | 20.5 | 20.5 | 20.0 | 20.0 | 19.5 | |
| 22A | 2022 | 43.00 | 109 | Yangambi | Age | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | | | Yield | 25.0 | 24.4 | 23.6 | 22.4 | 22.0 | 21.5 | 20.5 |

Source: Boontong Estates Sdn Bhd

Knight Frank

## 2.2 PROPERTY DESCRIPTION (CONT'D)

**Oil Extraction Rate / Kernel Extraction Rate**

The historical record of Oil Extraction Rate ("**OER**") and Kernel Extraction Rate ("**KER**") of Bentong Oil Palm Estate as provided by Boontong Oil Palm Estates Sdn Bhd are as follows:-

| Year | Oil Extraction Rate (%) | | | |
|---|---|---|---|---|
| | Raub Oil Mill Sdn Bhd | Lipis Jaya Plantation Sdn Bhd | Kim Ma Oil Palm (Transport) Sdn Bhd | Bakti Mas Bina Sdn Bhd |
| 2022 | 19.80 | 19.65 | 19.85 | 19.85 |
| 2021 | 19.50 | 19.55 | 19.85 | 19.85 |
| 2020 | 19.50 | 19.25 | 19.50 | - |

| Year | Kernel Extraction Rate (%) | | | |
|---|---|---|---|---|
| | Raub Oil Mill Sdn Bhd | Lipis Jaya Plantation Sdn Bhd | Kim Ma Oil Palm (Transport) Sdn Bhd | Bakti Mas Bina Sdn Bhd |
| 2022 | 5.00 | 5.00 | 5.00 | 5.00 |
| 2021 | 5.25 | 5.00 | 5.00 | 5.00 |
| 2020 | 5.25 | 5.00 | 5.00 | - |

Source: Boontong Estates Sdn Bhd

Based on our analysis of the above, we have concluded that the OER and KER for Bentong Oil Palm Estate falls between Grade A and B (closer to Grade A).

**Production Costs**

A summary of the historical production costs of Bentong Oil Palm Estate as provided by Boontong Estates Sdn Bhd are as follows:-

| Production Cost | 2020 | 2021 | 2022 |
|---|---|---|---|
| Quit Rent | RM408,112.78 | RM296,929.41 | RM184,793.83 |
| Cost of Upkeep & Maintenance | RM797,267.55 | RM710,545.53 | RM764,160.44 |
| Manuring & Harvesting | RM2,071,134.23 | RM2,356,550.96 | RM3,087,004.66 |
| General Charges (Administration & Staff Cost) | RM2,119,916.84 | RM2,163,815.16 | RM2,573,385.54 |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 2.3 MARKET VALUE

**Valuation Methodology**

In arriving at our opinion of the Market Value of the Bentong Oil Palm Estate, we have adopted the **Comparison Approach** as the primary method supported by the **Income Approach by DCF Method** as a cross check method.

**Comparison Approach**

Using the Comparison Approach, the following sales evidences, amongst others, were noted in the table attached below and overleaf: -

| Sales Comparison and Analysis | | | |
|---|---|---|---|
| | Comparable 1 | Comparable 2 | Comparable 3 |
| Legal Description | Lot No(s). 54, 411, 456, 457, 1033, 1106, 1107, 1114, 1115, 1121, 1170, 1993 to 1995 (inclusive) and 2535 to 2541 (inclusive), held under Title No(s). Geran 9025, 8524, 8278, 6439, 6765, 10405 to 10407 (inclusive), 8140, 9979, 7313, 7790, 10066, 5270 to 5274 (inclusive), 5277 and 5288 respectively; all located within Mukim Semantan Hulu, District of Raub, Pahang Darul Makmur | Lot No(s). 358 to 360 (inclusive) and Lot 373 to 386 (inclusive) held under Title No(s). Geran 7631, Geran Mukim 759 to 764 (inclusive), Geran Mukim 940 to 945 (inclusive) and Geran Mukim 1033 respectively; all located within Mukim of Pelangai, District of Bentong, Pahang Darul Makmur | Lot 1122 and Lot 1243 held under Title No. Geran 6163 and Geran 7780 respectively; both located within Mukim Semantan Hulu, District of Raub, Pahang Darul Makmur |
| Property Type | Twenty-one (21) parcels of agriculture land cultivated with oil palms. | Seventeen (17) parcels of agriculture land cultivated with rubber trees | Two (2) parcels of agriculture land cultivated with oil palms |
| Land Area | 1,469.88 hectares | 93.89 hectares | 36.41 hectares |
| Tenure | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Consideration | RM123,011,487 | RM14,824,390 | RM4,450,000 |
| Date of Transaction | 23rd July 2019 | 19th July 2019 | 28th September 2018 and 22nd October 2018 |
| Analysis | RM83,688 per hectare | RM157,888 per hectare | RM122,220 per hectare |
| Vendor | Neoh Choo EE & Company Sdn Berhad | Low Boon Wah @ Lawrence Low + 7 | Anbalagan A/L Alagapan +3 |
| Purchaser | Vibrant Point Sdn Bhd | Virtual Star Sdn Bhd | Intan Spring Sdn Bhd |
| Source | Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / National Property Information Center (NAPIC) | Jabatan Penilaian dan Perkhidmatan Harta (JPPH) | |
| Adjustment | General adjustments were made for prevailing market condition, and terrain / level | General adjustments were made for prevailing market condition, land size and terrain / level. | General adjustments were made for prevailing market condition, accessibility, land shape, land size and others / adverse feature. |
| Adjusted Value | RM79,085 per hectare | RM82,891 per hectare | RM76,999 per hectare |

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## 2.3 MARKET VALUE (CONT'D)

**Valuation Justification**

In arriving at our opinion of the Market Value of the Estate using the Comparison Approach, we have made diligent adjustments for prevailing market condition and differences including prevailing market condition, location, land size, terrain / level, accessibility, shape and provision for Section 214A.

Where information related to the subject comparable is available, we have considered and reflected adjustment (if any) accordingly. For the type of planting, we note that the comparables adopted are of similar category of planting (industrial crops) and as such no further adjustment were made.

Information relating to the composition (planting profile) and yield profile are specific to each plantation and such information are not publicly available unless it is a transaction of a public listed entity. Where information is not available, we relied on the physical site inspection to estimate the planting profile based on the height of the tree and the condition of the plantation and reflected adjustment (if any) accordingly.

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Although total adjustments (up to 50% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location, land shape, terrain / level, lot configuration, category of land use and etc) as compared to the Estate. With total effective adjustments made for all Comparable(s) (ranged between -10% to -50%); we have placed greater reliance on Comparable 1 as latest transaction with least dissimilarities with the Estate after diligent adjustments have been made. Thus, we have adopted the adjusted analysis of **RM79,085 per hectare** from Comparable 1 as fair representation after having made the necessary adjustments.

Based on the foregoing, we have thus adopted **RM132,000,000** (analysed to about **RM77,454 per hectare** over gross land area of 1,704.24 hectares (or 4,211 acres) in our valuation as a fair representation using Comparison Approach.

**Income Approach by DCF Method**

In undertaking this analysis, we have used a wide range of assumptions for the Subject Property including the long-term estimated FFB price along with the expected expenses during the DCF period. The following table outlines the parameters of calculation adopted in undertaking our assessment: -

| Summary of Parameters | |
|---|---|
| Long-Term Estimated FFB Price | RM610 / MT<br>After having benchmarked against the historical performance of the Estate coupled with the data published by MPOB on the market rate of FFB over the last 10 years. We have derived that the long term FFB rate of RM610/MT derived by averaging the 10 year record published by MPOB as a fair representation. |

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

| Summary of Parameters (Cont'd) | |
| --- | --- |
| Quit Rent | RM497,124 per annum<br>We have adopted the quit rent charges from the current actual charges for the Estate. |
| Manuring & Harvesting | RM200 / MT<br>After having benchmarked against the historical analysis of manuring and harvesting expense of the plantation which ranges between RM191 / MT to RM216 / MT from 2020 to 2022; with an average(1) of RM196 / MT. Thus, RM200 / MT is deemed appropriate for manuring and harvesting. We further note that the manuring cost has increased in year 2022 due to external economic factors (i.e. Russian – Ukraine War and increase in raw material prices), however we were made to understand by the Client that the cost has now reduced to rates similar to the years before in 2020 and 2021. |
| General Charges (Administration & Staff Cost) | RM2,000 / ha<br>After having benchmarked against the historical analysis of general charges expense of the plantation which ranges between RM1,616 / ha to RM1,961 / ha from 2020 to 2022; with an average of RM1,742 / ha. In view of the recent increase in general charges for year 2022, we were made to understand by Boontong Estates Sdn Bhd that the hike is due to the increase in the number of foreign workers. The increase in foreign workers is in line with the Estate's vision to maximise harvesting of crops from mature palms that are in their prime age; we have thus adopted RM2,000 / ha as the fair and reflective rate for general charges. |
| Cost of Upkeep & Maintenance | RM580 / ha<br>After having benchmarked against the historical analysis of cost of upkeep and maintenance of the plantation which ranges between RM607 / ha to RM582 / ha from 2020 to 2022; with an average(1) of RM577 / ha. Thus, RM580 / ha is deemed appropriate for cost of upkeep and maintenance. |
| Growth Rate for Operating Expenses | 2.00% per annum<br>The growth rate for operating expenses is benchmarked against the rate of inflation. |
| DCF Period | 25 years<br>The estimated economic life span of a palm oil plant is estimated to be about 25 years. Given the time that has lapsed, the remaining economic life of the palms is about 0 to 25 years. As such, a yield projection for a duration of the remaining economic life span is provided by Boontong Estates Sdn Bhd to reflect the economic life of the plantation. |

## 2.3 MARKET VALUE (CONT'D)

| Summary of Parameters (Cont'd) | |
|---|---|
| Discount Rate | 8.0%<br>Discount rate is a risk-weighted factor used to calculate the net present value of the future cash flows from the asset till the time of exit. Our interpretation of the discount rate is based on the premise that the value of a dollar to be received in the future is equal to a dollar today minus some factor to account for the risk that the future dollar may not materialize (which can also be explained as opportunity cost, expected return of capital when invested elsewhere). A general way of determining the discount rate is to adopt the capitalisation rate together with the long-term growth rate or expected average annual appreciation of the asset. In general, the long-term growth rate / annual appreciation of a stabilised plantation is benchmarking against the rate of inflation (approximately 2.0%).<br><br>As such, a discount rate of 8.0% is adopted for the Estate; which is the combination of 4.0% derived from Malaysia Government Securities (MGS) added with a 4.0% risk premium associated with the plantation activity. |
| Discount Rate for Vacant Agricultural Land & Unplantable Area Land Value | 4.0%<br>As mentioned above, a discount rate of 4.0% is adopted for vacant agricultural land and unplantable land area; which is the 4.0% discount rate for the vacant land is purely derived based on MGS and no risk element is associated with the ownership of vacant land. |
| Vacant Agriculture Land Value | RM90,000 per hectare.<br>When the economic life of a specific planting block of the biological asset comes to an end, we have adopted a vacant land value as the exit assumption. The vacant land value is determined by adopting recent transactions of vacant agricultural lands, where available.<br><br>For Bentong Oil Palm Estate, there were evidences of vacant agricultural land transaction within the surrounding vicinity and hence we have considered and analysed the vacant land transaction evidences to derive the vacant land value. |

Note:

(1) The average approach is considered as a more stabilized and sustainable approach in ascertaining the fair cost especially over the last 3 years due to variance caused by external economical factor (i.e., COVID-19). To show continuous growth in the cost of expenses, we have accounted a growth of 2.0% per annum in our computation.

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 2.3 MARKET VALUE (CONT'D)

**Reconciliation of Value**

| Valuation Methodology | Derivation of Values |
|---|---|
| Comparison Approach | RM132,000,000 |
| Income Approach by DCF | RM135,000,000 |

In arriving at the Market Value of the Estate, we have considered the Comparison Approach as the preferred and appropriate method of valuation after having noted sufficient comparable properties in the locality.

The Income Approach is usually preferred and commonly used that provides a good guide to value for plantation assets; however, Income Approach has its limitations as it requires significant amount of data and relies on assumptions that can, in some cases, be inaccurate; resulting in difficulty in estimating the projections of future cash flow and terminal value. Hence, the Income Approach is used as a secondary check only.

As such we have adopted the Market Value derived from the Comparison Approach as a fair representation, supported by our Income Approach by DCF Method analysis.

**Market Value**

RM132,000,000 (Ringgit Malaysia One Hundred and Thirty Two Million only).

For all intents and purposes, this Certificate should be read in conjunction with our Valuation Report as of 10th April 2023 bearing Reference No. V/COR/23/0036(B).

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## 3.0 V/COR/23/0036(C) - Thye Group Oil Palm Estate

### 3.1 IDENTIFICATION OF SUBJECT PROPERTY

| | |
|---|---|
| **Legal Description** | Lot 146, Lot 242 and Lot 254 held under Title No(s). Geran 87078, 87085 and 87092, all located within locality of Sungkop, Mukim Teloi Kiri; Lot 243 and Lot 255 held under Title No(s) Geran 87086 and 87093, both located within locality of Sungkop, Pekan Bukit Selambau; Lot No(s). 275 to 278 (inclusive) and 3240 held under Title No(s). Geran 219278 to Geran 219281 (inclusive) and Geran 8068, all located within Mukim Teloi Kiri (identified as "**Thye Seng Division**"); Lot 2811 and Lot 2812 held under Title No(s). Geran 84839 and 84840, locality of Gurun, Bandar Gurun (identified as "**Thye Lye Division");** Lot No(s). 705 and 706, locality of Selambau Cengai Lama and Lot 872, locality of Selambau, held under Title No(s). Geran Mukim 5045 and 5046, Bandar Sungai Petani and Geran 34374 Mukim Sungai Petani (identified as "**Topang Division**"); Lot 974 to Lot 978 (inclusive) held under Title No(s). Geran Mukim 3968 to 3972 respectively, locality of Tanah Seribu, Mukim Sungai Petani (identified as "**Thye Hong Division**"); Lot 1473, Lot 1474 and Lot 1373 held under Title No(s). Geran Mukim 5362, 5363 and 5562 respectively, all located within locality of Selambau, Mukim Sungai Petani (identified as "**Banhong Division**"); Lot 10070 and Lot 8605 held under Title No. Geran Mukim 671 locality of Pekan Sungai Lalang, Bandar Sungai Lalang and Geran Mukim 1378 locality of Sungai Getah, Mukim Sungai Petani, respectively; all of the above located within District of Kuala Muda, Kedah Darul Aman. |
| **Location** | Located within District of Kuala Muda, Kedah Darul Aman. |
| **Type of Property** | An oil palm estate. |
| **Registered Proprietor** | **Lot No(s). 146, 242, 243, 254, 255, 275 to 278 (inclusive), 974 to 978 (inclusive), 3240, 2811, 2812, 705, 706, 872, 1373, 1473, 1474, and 8605**<br>Boontong Estates Sdn Bhd; in respect of above titles.<br><br>**Lot No. 10070**<br>Boontong Estates Sdn Berhad; in respect of above title. |
| **Tenure** | Interest in perpetuity; in respect of all titles. |
| **Title Land Area** | 1,681.00 hectares \| 4,153.84 acres.<br>Note: 1 hectare = 2.47105 acres |
| **Category of Land Use** | "Pertanian"; in respect of all titles. |

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## 3.2 PROPERTY DESCRIPTION

**Location**

The Thye Group Oil Palm Estate is a combination of 5 (five) larger divisions and 2 (two) small lots identified as Thye Seng, Thye Lye, Thye Hong, Banhong, Topang Divisions, Lot 10070 and Lot 8605. The Estate is located within Kuala Muda, Kedah; which is sited off the eastern (right) side of the North – South Expressway, travelling from Sungai Petani town towards Gurun town. Geographically, the Sungai Petani town is located approximately 15 kilometres due south-west of the Estate.

The Thye Seng, Thye Hong, Banhong, Topang Divisions, Lot 10070 and Lot 8605 are located along Jalan Sungai Lalang – Bukit Selambau (route K152) and is accessible from the Sungai Petani town via Jalan Badlishah, Jalan Utama Alor Setar – Sungai Petani and thereafter Jalan Sungai Lalang – Bukit Selambau. However, the Thye Lye Division is located along route K175 and is accessible from the Sungai Petani town via Jalan Badlishah, Jalan Utama Alor Setar – Sungai Petani and thereafter onto the slip road K683 Gurun Bypass leading towards route K175. Route K175 is an alternative road connecting Gurun town to Jeniang town.

**Site Description**

The Estate consisting of twenty-five (25) separate agriculture land titles, all of which are generally irregular in shape with a total combined titled land area of 1,681 hectares (4,153.84 acres). It is generally bordered by neighbouring parcels of agricultural land and forest.

According to the Certified Plan No(s). PA 174, PA 2072, PA 2473, PA 2959, PA 3180, PA 4229, PA 4350, PA 4508, PA 5746, PA 18917, PA 41958, PA 60370 and PA 372061, we note that the total combined surveyed land area is 1,682 hectares. For the purpose of our valuation and report, we have adopted the title land area of 1,681 hectares.

**Terrain**

The Estate is generally undulating and hilly in topography, save for Thye Hong Division, Lot 10070 and Lot 8605 which are generally flat.

**TNB Wayleave Area**

As of our date of inspection, we note that part of the land in Thye Seng Division, Thye Lye Division and Lot 10070 has been utilised as transmission corridor for transmission lines (wayleave) under the Electricity Supply Act 1990.

As such, the area which serve as the transmission corridor will have a nominal value in comparison to the remaining area of the Estate unaffected by the transmission corridor.

Pursuant to the title search conducted in the land office, we note that the area occupied by the Transmission Line (wayleave) has not been endorsed on any of the title documents. Our in-depth investigation with the Estate Manager further revealed, that the total area occupied by the TNB Wayleave is about 18.59 hectares, whereby the area provided to us is based on a survey conducted by Boontong Estates Sdn Bhd.

## 3.2 PROPERTY DESCRIPTION (CONT'D)

**Land Acquisition**

Based on the title search extracted from the Pejabat Tanah dan Galian Kedah on the 27th March 2023, 4th April 2023 and 9th April 2023, we further note that part of the land in Lot 242, Lot 243, Lot 255, Lot 275 to Lot 278 (inclusive), Lot 3240 and Lot 2812 measuring 12.40 hectares in total has been acquired under the Land Acquisition Act 1960. The notifications were done via Form K (Notice that formal possession has been taken of acquired land) and Form D (Declaration of intended acquisition) endorsed in the title documents vide presentation No(s). 11253/2001 and 2537/2005 registered on 20th December 2001 and 6th April 2005 respectively.

**Estate Composition**

| Items | Description | Areas (Hectares) | |
|---|---|---|---|
| **A** | **Planted Area** | | **1,628.16** |
| A1 | Palms exceeding the economic life span | 222.10 | |
| A2 | Mature Oil Palm | 1,160.46 | |
| A3 | Immature Oil Palm | 245.60 | |
| **B** | **Unplanted Area** | | **40.44** |
| B1 | Nursery | 1.00 | |
| B2 | TNB Wayleave | 18.59 | |
| B3 | Buildings and Infrastructure | 20.85 | |
| **Total Area** | | | **1,668.60** |

Source: Boontong Estates Sdn Bhd

**FFB Historical Production**

The table below shows the historical production of FFB by Thye Group Oil Palm Estate:-

| Year | Total Yield (MT) | Yield Per Hectare (MT/Ha) |
|---|---|---|
| 2022 | 18,795.81 | 11.54 |
| 2021 | 22,874.49 | 14.86 |
| 2020 | 20,144.86 | 13.73 |

Source: Boontong Estates Sdn Bhd

**Historical Yield**

The table overleaf shows a detailed extraction of the historical yields achieved by Thye Group Oil Palm Estate over a period of 11 years (2012 to 2022). The yields are shown according to the age profile of the respective fields. For clarity, we have also shown the planting material (i.e. breeds / clones) to show the yields achieved by specific breeds / clones of specific age.

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 3.2 PROPERTY DESCRIPTION (CONT'D)

**Historical Yield (Cont'd)**

The table below summaries the historical achieved yields for the Estate as provided by Boontong Estates Sdn Bhd:-

| Thye Lye Division | | | | | | Historical Yield (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 94D | 1994 | 22.8 | 149 | DXP | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| | | | | | Yield | 22.4 | 20.5 | 18.3 | 17.3 | 14.1 | 14.4 | 12 | 13.4 | 13.4 | 11.5 | 16.2 |
| 95B | 1995 | 44.5 | 142 | DXP | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| | | | | | Yield | 24.7 | 19.8 | 19.7 | 16.2 | 13 | 13.4 | 13.3 | 15.4 | 15.7 | 11.7 | 8.91 |
| 97A | 1997 | 70.7 | 132 | Chemara | Age | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | | | Yield | 26 | 23.1 | 21 | 22 | 14.9 | 20.6 | 17.1 | 14.1 | 14.4 | 15.7 | 10.18 |
| 97B | 1997 | 51.5 | 153 | Chemara | Age | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | | | Yield | 26 | 23.1 | 21 | 22 | 14.9 | 20.6 | 17.1 | 14.1 | 14.4 | 15.7 | 10.18 |
| 00A | 2000 | 72.8 | 142 | Chemara | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 24.5 | 18.9 | 19 | 19.8 | 13.7 | 17.1 | 14.9 | 12.2 | 12 | 12.9 | 10.78 |
| 00B | 2000 | 52 | 138 | Chemara | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 24.5 | 18.9 | 19 | 19.8 | 13.7 | 17.1 | 14.9 | 12.2 | 12 | 12.9 | 10.78 |
| 01A | 2001 | 62.4 | 135 | Chemara | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | | | Yield | 26.8 | 24.1 | 19.2 | 21 | 18.5 | 24.5 | 22.8 | 18.5 | 18.3 | 18.1 | 16.93 |
| 01B | 2001 | 22 | 134 | Chemara | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | | | Yield | 26.8 | 24.1 | 19.2 | 21 | 18.5 | 24.5 | 22.8 | 18.5 | 18.3 | 18.1 | 16.93 |
| 01C | 2001 | 47.3 | 134 | Chemara | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | | | Yield | 26.8 | 24.1 | 19.2 | 21 | 18.5 | 24.5 | 22.8 | 18.5 | 18.3 | 18.1 | 16.93 |
| 02A | 2002 | 40.6 | 136 | Chemara | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 28.4 | 24.7 | 20.6 | 21.5 | 15.9 | 24.9 | 20 | 18.3 | 17.2 | 18.3 | 17.06 |
| 02B | 2002 | 21.6 | 151 | Chemara | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 28.4 | 24.7 | 20.6 | 21.5 | 15.9 | 24.9 | 20 | 18.3 | 17.2 | 18.3 | 17.06 |
| 02C | 2002 | 26.2 | 148 | Chemara | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 28.4 | 24.7 | 20.6 | 21.5 | 15.9 | 24.9 | 20 | 18.3 | 17.2 | 18.3 | 17.06 |
| 02D | 2002 | 26.9 | 141 | Chemara | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 28.4 | 24.7 | 20.6 | 21.5 | 15.9 | 24.9 | 20 | 18.3 | 17.2 | 18.3 | 17.06 |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 3.2 PROPERTY DESCRIPTION (CONT'D)

| Thye Seng, Topang, Thye Hong, Banhong Divisions and Lot 10070 | | | | | | Historical Yield (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 98A | 1998 | 46.5 | 130 | Chemara | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| | | | | | Yield | 26.5 | 22.6 | 19.9 | 21.9 | 12.8 | 19.2 | 13.9 | 14.6 | 14 | 17.2 | 13.99 |
| 98B | 1998 | 43.8 | 133 | Chemara | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| | | | | | Yield | 26.5 | 22.6 | 19.9 | 21.9 | 12.8 | 19.2 | 13.9 | 14.6 | 14 | 17.2 | 13.99 |
| 98C | 1998 | 28.3 | 104 | Chemara | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| | | | | | Yield | 26.5 | 22.6 | 19.9 | 21.9 | 12.8 | 19.2 | 13.9 | 14.6 | 14 | 17.2 | 13.99 |
| 98D Topang | 1998 | 13.5 | 143 | Chemara | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| | | | | | Yield | 26.5 | 22.6 | 19.9 | 21.9 | 12.8 | 19.2 | 13.9 | 14.6 | 14 | 17.2 | 13.99 |
| 98E Banhong | 1998 | 13.5 | 125 | Chemara | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| | | | | | Yield | 26.5 | 22.6 | 19.9 | 21.9 | 12.8 | 19.2 | 13.9 | 14.6 | 14 | 17.2 | 13.99 |
| 99A | 1999 | 51.8 | 154 | Chemara | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | | | Yield | 28 | 24.6 | 21.4 | 25.9 | 13.7 | 19 | 15.9 | 14.2 | 12.5 | 16.3 | 14.45 |
| 99B | 1999 | 44.5 | 150 | Chemara | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | | | Yield | 28 | 24.6 | 21.4 | 25.9 | 13.7 | 19 | 15.9 | 14.2 | 12.5 | 16.3 | 14.45 |
| 99C | 1999 | 39.8 | 140 | Chemara | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | | | Yield | 28 | 24.6 | 21.4 | 25.9 | 13.7 | 19 | 15.9 | 14.2 | 12.5 | 16.3 | 14.45 |
| 99D | 1999 | 40.5 | 122 | Chemara | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | | | Yield | 28 | 24.6 | 21.4 | 25.9 | 13.7 | 19 | 15.9 | 14.2 | 12.5 | 16.3 | 14.45 |
| 00A | 2000 | 41.6 | 132 | Chemara | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 24.5 | 18.9 | 19 | 19.8 | 13.7 | 17.1 | 14.9 | 12.2 | 12 | 12.9 | 10.78 |
| 00B | 2000 | 47.4 | 148 | Chemara | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 24.5 | 18.9 | 19 | 19.8 | 13.7 | 17.1 | 14.9 | 12.2 | 12 | 12.9 | 10.78 |
| 00C | 2000 | 83.5 | 133 | Chemara | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 24.5 | 18.9 | 19 | 19.8 | 13.7 | 17.1 | 14.9 | 12.2 | 12 | 12.9 | 10.78 |
| 00D | 2000 | 41.6 | 130 | Chemara | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 24.5 | 18.9 | 19 | 19.8 | 13.7 | 17.1 | 14.9 | 12.2 | 12 | 12.9 | 10.78 |
| 00E | 2000 | 34.5 | 126 | Chemara | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 24.5 | 18.9 | 19 | 19.8 | 13.7 | 17.1 | 14.9 | 12.2 | 12 | 12.9 | 10.78 |
| 01 | 2001 | 58.1 | 136 | Chemara | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | | | Yield | 26.8 | 24.1 | 19.2 | 21 | 18.5 | 24.5 | 22.8 | 18.5 | 18.3 | 18.1 | 16.93 |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 3.2 PROPERTY DESCRIPTION (CONT'D)

| Thye Seng, Topang, Thye Hong, Banhong Divisions and Lot 10070 | | | | | | Historical Yield (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 02A | 2002 | 24.7 | 136 | Chemara | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 28.4 | 24.7 | 20.6 | 21.5 | 15.9 | 24.9 | 20 | 18.3 | 17.2 | 18.3 | 17.06 |
| 02B | 2002 | 23.2 | 133 | Chemara | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 28.4 | 24.7 | 20.6 | 21.5 | 15.9 | 24.9 | 20 | 18.3 | 17.2 | 18.3 | 17.06 |
| 02C | 2002 | 60.1 | 124 | Chemara | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | | | Yield | 28.4 | 24.7 | 20.6 | 21.5 | 15.9 | 24.9 | 20 | 18.3 | 17.2 | 18.3 | 17.06 |
| 15 | 2015 | 25.86 | 149 | AA Hybrida | Age | (Immature) | | | | | | | 4 | 5 | 6 | 7 |
| | | | | | Yield | | | | | | | | 5.4 | 17.7 | 21.8 | 26.49 |
| 17 | 2017 | 25.9 | 148 | Felda - Yangambi | Age | (Immature) | | | | | | | | 3 | 4 | 5 |
| | | | | | Yield | | | | | | | | | 0.9 | 13.3 | 25.6 |

Source: Boontong Estates Sdn Bhd

## 3.2 PROPERTY DESCRIPTION (CONT'D)

**Yield Projection**

The table shown overleaf is the estimated yield projections for Thye Group Oil Palm Estate. The projection is provided to by Boontong Estates Sdn Bhd. The basis of the projected yield is determined based on the planting age and planting material (breed / clone).

This information is derived from the 11 year historical yield of Thye Group Oil Palm Estate. Using the 11 year historical yield as a benchmark, Boontong Estates Sdn Bhd provided us with the estimated yield projections.

Our analysis of the projections revealed that the projections are aligned with the 11 year historical record with an allowable variance of 2 -3 Metric Tonnes per hectare. It is our view that with proper agronomic practices and proper manuring regimen, the projected yields are achievable and will be in line with historical production data.

As such, we have adopted the projected yield provided by Boontong Estates Sdn Bhd in our Income Approach by Discounted Cash Flow method as a basis for calculations. The twenty five (25)-year yield projection for the Estate provided by Boontong Estates Sdn Bhd is tabulated overleaf.

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## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 3.2 PROPERTY DESCRIPTION (CONT'D)

| Thye Lye Division | | | | | | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| 00A | 2000 | 72.8 | 142 | Chemara | Age | 23 | 24 | 25 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 14.0 | 13.0 | 12.0 | | | | | | | | |
| 00B | 2000 | 52 | 138 | Chemara | Age | 23 | 24 | 25 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 14.0 | 13.0 | 12.0 | | | | | | | | |
| 01A | 2001 | 62.4 | 135 | Chemara | Age | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | | |
| | | | | | Yield | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | | |
| 01B | 2001 | 22 | 134 | Chemara | Age | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | | |
| | | | | | Yield | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | | |
| 01C | 2001 | 47.3 | 134 | Chemara | Age | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | | |
| | | | | | Yield | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | | |
| 02A | 2002 | 40.6 | 136 | Chemara | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | |
| | | | | | Yield | 17.5 | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | |
| 02B | 2002 | 21.6 | 151 | Chemara | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | |
| | | | | | Yield | 17.5 | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | |
| 02C | 2002 | 26.2 | 148 | Chemara | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | |
| | | | | | Yield | 17.5 | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | |
| 02D | 2002 | 26.9 | 141 | Chemara | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | |
| | | | | | Yield | 17.5 | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 3.2 PROPERTY DESCRIPTION (CONT'D)

| Thye Lye Division | | | | | | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| 20A | 2020 | 84.4 | 126 | Felda - Yangambi | Age | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | | | | | Yield | 8.0 | 12.0 | 16.0 | 18.0 | 18.5 | 20.0 | 21.0 | 22.0 | 22.0 | 23.0 | 23.0 |
| 21A | 2021 | 72.2 | 125 | Felda - Yangambi | Age | (Immature) | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | | | Yield | | 8.0 | 12.0 | 16.0 | 18.0 | 18.5 | 20.0 | 21.0 | 22.0 | 22.0 | 23.0 |
| 22A | 2022 | 89 | 139 | Felda - Yangambi | Age | (Immature) | | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | | | Yield | | | 8.0 | 12.0 | 16.0 | 18.0 | 18.5 | 20.0 | 21.0 | 22.0 | 22.0 |

| Thye Lye Division | | | | | | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 |
| 20A | 2020 | 84.4 | 126 | Felda - Yangambi | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| | | | | | Yield | 23.5 | 23.0 | 21.0 | 20.0 | 18.0 | 17.0 | 17.0 | 15.0 | 14.0 | 13.5 | 14.0 |
| 21A | 2021 | 72.2 | 125 | Felda - Yangambi | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | | | Yield | 23.0 | 23.5 | 23.0 | 21.0 | 20.0 | 18.0 | 17.0 | 17.0 | 15.0 | 14.0 | 13.5 |
| 22A | 2022 | 89 | 139 | Felda - Yangambi | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | | | Yield | 23.0 | 23.0 | 23.5 | 23.0 | 21.0 | 20.0 | 18.0 | 17.0 | 17.0 | 15.0 | 14.0 |

| Thye Lye Division | | | | | | Projections (MT/ha) | | | |
|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2045 | 2046 | 2047 | |
| 20A | 2020 | 84.4 | 126 | Felda - Yangambi | Age | 25 | (End of Economic Life) | | |
| | | | | | Yield | 13.5 | | | |
| 21A | 2021 | 72.2 | 125 | Felda - Yangambi | Age | 24 | 25 | (End of Economic Life) | |
| | | | | | Yield | 14.0 | 13.5 | | |
| 22A | 2022 | 89 | 139 | Felda - Yangambi | Age | 23 | 24 | 25 | (End of Economic Life) |
| | | | | | Yield | 13.5 | 14.0 | 13.5 | |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 3.2 PROPERTY DESCRIPTION (CONT'D)

| Thye Seng, Topang and Banhong Divisions | | | | | | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| 98A | 1998 | 46.5 | 130 | Chemara | Age | 25 | (End of Economic Life) | | | | | | | | | |
| | | | | | Yield | 12.0 | | | | | | | | | | |
| 98B | 1998 | 43.8 | 133 | Chemara | Age | 25 | (End of Economic Life) | | | | | | | | | |
| | | | | | Yield | 12.0 | | | | | | | | | | |
| 98C | 1998 | 28.3 | 104 | Chemara | Age | 25 | (End of Economic Life) | | | | | | | | | |
| | | | | | Yield | 12.0 | | | | | | | | | | |
| 98D Topang | 1998 | 13.5 | 143 | Chemara | Age | 25 | (End of Economic Life) | | | | | | | | | |
| | | | | | Yield | 12.0 | | | | | | | | | | |
| 98E Banhong | 1998 | 13.5 | 125 | Chemara | Age | 25 | (End of Economic Life) | | | | | | | | | |
| | | | | | Yield | 12.0 | | | | | | | | | | |
| 99A | 1999 | 51.8 | 154 | Chemara | Age | 24 | 25 | (End of Economic Life) | | | | | | | | |
| | | | | | Yield | 13.0 | 12.0 | | | | | | | | | |
| 99B | 1999 | 44.5 | 150 | Chemara | Age | 24 | 25 | (End of Economic Life) | | | | | | | | |
| | | | | | Yield | 13.0 | 12.0 | | | | | | | | | |
| 99C | 1999 | 39.8 | 140 | Chemara | Age | 24 | 25 | (End of Economic Life) | | | | | | | | |
| | | | | | Yield | 13.0 | 12.0 | | | | | | | | | |
| 99D | 1999 | 40.5 | 122 | Chemara | Age | 24 | 25 | (End of Economic Life) | | | | | | | | |
| | | | | | Yield | 13.0 | 12.0 | | | | | | | | | |
| 00A | 2000 | 41.6 | 132 | Chemara | Age | 23 | 24 | 25 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 14.0 | 13.0 | 12.0 | | | | | | | | |
| 00B | 2000 | 47.4 | 148 | Chemara | Age | 23 | 24 | 25 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 14.0 | 13.0 | 12.0 | | | | | | | | |
| 00C | 2000 | 83.5 | 133 | Chemara | Age | 23 | 24 | 25 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 14.0 | 13.0 | 12.0 | | | | | | | | |
| 00D | 2000 | 41.6 | 130 | Chemara | Age | 23 | 24 | 25 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 14.0 | 13.0 | 12.0 | | | | | | | | |
| 00E | 2000 | 34.5 | 126 | Chemara | Age | 23 | 24 | 25 | (End of Economic Life) | | | | | | | |
| | | | | | Yield | 14.0 | 13.0 | 12.0 | | | | | | | | |
| 01 | 2001 | 58.1 | 136 | Chemara | Age | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | | |
| | | | | | Yield | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | | |

Source: Boontong Estates Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

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### 3.2 PROPERTY DESCRIPTION (CONT'D)

| Thye Seng, Topang and Banhong Divisions | | | | | | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| 02A | 2002 | 24.7 | 136 | Chemara | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | |
| | | | | | Yield | 17.5 | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | |
| 02B | 2002 | 23.2 | 133 | Chemara | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | |
| | | | | | Yield | 17.5 | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | |
| 02C | 2002 | 60.1 | 124 | Chemara | Age | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | | | |
| | | | | | Yield | 17.5 | 17.0 | 17.0 | 16.0 | 15.0 | | | | | | |
| 15 | 2015 | 25.86 | 149 | AA Hybrida | Age | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| | | | | | Yield | 26.5 | 25.0 | 24.0 | 24.0 | 22.0 | 24.0 | 23.0 | 23.0 | 21.0 | 21.0 | 20.0 |
| 17 | 2017 | 25.9 | 148 | Felda - Yangambi | Age | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | | Yield | 25.0 | 25.0 | 24.0 | 23.0 | 22.0 | 22.0 | 23.0 | 22.0 | 22.0 | 21.0 | 21.0 |

| Thye Seng, Topang and Banhong Divisions | | | | | | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Field No. | Year of Planting | Area (Ha) | Stands per Hectare | Planting Material | Age / Yield | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 |
| 15 | 2015 | 25.86 | 149 | AA Hybrida | Age | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | | | |
| | | | | | Yield | 18.0 | 18.0 | 16.0 | 16.0 | 15.0 | 14.0 | 13.0 | | | | |
| 17 | 2017 | 25.9 | 148 | Felda - Yangambi | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of Economic Life) | |
| | | | | | Yield | 20.0 | 18.0 | 18.0 | 16.0 | 16.0 | 15.0 | 14.0 | 13.0 | 12.0 | | |

Source: Boontong Estates Sdn Bhd

## 3.3 MARKET VALUE

**Valuation Methodology**

In arriving at our opinion of the Market Value for Thye Seng, Thye Lye, Topang and Banhong Divisions, we have adopted the **Comparison Approach** as a primary approach supported by the **Income Approach by DCF Method** as a check method, considering the current use of Thye Seng, Thye Lye, Topang and Banhong Divisions as the highest and best use as an agricultural land / palm oil plantation. However, in assessing the Market Value for Thye Hong Division, Lot 10070 and Lot 8605 (where the properties are located surrounded by developed establishments), we have adopted the Comparison Approach as the only preferred and appropriate method of valuation considering the underlying development potential of the properties as lands intended for future development being the highest and best use.

**Term of Reference**

**AT THE DATE OF INSPECTION, WE NOTE THAT THYE SENG, THYE LYE, TOPANG AND BANHONG DIVISIONS ARE PREDOMINANTLY SURROUNDED BY AGRICULTURE PROPERTIES IN NATURE; COMPRISING OF LARGE PLANTATION ESTATES AND SMALL HOLDING PLANTATION. WE ARE OF THE OPINION THAT, THE CURRENT USE OF THE ABOVE DIVISIONS ARE THE HIGHEST AND BEST USE, AND WE HAVE VALUED THE ABOVE DIVISIONS AS A PLANTATION.**

**WE FURTHER NOTE THAT THE THYE HONG DIVISION, LOT 10070 AND LOT 8605 ARE SURROUNDED BY PROPERTIES RELATED TO RESIDENTIAL AND COMMERCIAL USAGES IN NATURE; COMPRISING LANDED RESIDENTIAL DEVELOPMENT COUPLED WITH COMMERCIAL TERRACED SHOP / OFFICES, AS WELL AS LARGER PARCELS OF DEVELOPMENT LANDS. THE HIGHEST AND BEST USE CONCEPT HAS BEEN FURTHER INVESTIGATED IN THIS VALUATION AND REPORT BY CARRYING OUT AN ADDITIONAL COMPARISON APPROACH BY ANALYSING TRANSACTIONS OF DEVELOPMENT LAND PARCELS WITHIN THE SURROUNDINGS.**

**WE ARE OF THE OPINION THAT, IF THE THYE HONG DIVISION, LOT 10070 AND LOT 8605 WERE SOLD IN AN OPEN MARKET TODAY, POTENTIAL PURCHASERS WOULD MORE LIKELY RECOGNISE THE UNDERLYING DEVELOPMENT POTENTIAL, CONSIDERING THE LOCATION / ESTABLISHMENT, ACCESSIBILITY AND THE SURROUNDINGS PROPERTIES PREDOMINANTLY RELATED TO RESIDENTIAL AND COMMERCIAL USAGES IN NATURE. AS SUCH, WE HAVE ADOPTED THE MARKET VALUE DERIVED FROM THE COMPARISON APPROACH – 'HIGHEST AND BEST USE' – DEVELOPMENT LAND AS A FAIR REPRESENTATION IN OUR VALUATION.**

**Comparison Approach**

Using the Comparison Approach, the following sales evidences, amongst others, were noted in the table attached overleaf:-

## 3.3 MARKET VALUE (CONT'D)

| Sales Comparison and Analysis (Thye Seng, Thye Lye and Topang Divisions) | | | |
|---|---|---|---|
| | Comparable 1 | Comparable 2 | Comparable 3 |
| Legal Description | Lot No(s). 8601 and 8603 held under Title No. Geran 10854 and 10535, both located wihtin Mukim Sungai Petani, District of Kuala Muda, Kedah Darul Aman | Lot No. 25358 held under Title No. Geran 163616, Bandar Sungai Petani, District of Kuala Muda, Kedah Darul Aman | Lot No(s). 3776, 2557, 3774 and 2556 held under Title No(s). Geran 216728, 216729, 216731 and 216730 respectively, all located within Pekan Bukit Selambau, District of Kuala Muda, Kedah Darul Aman |
| Property Type | Two (2) parcels of agriculture land | A parcel of agriculture land | Four (4) parcels of agriculture land |
| Land Area | 83.2401 hectares | 72.4227 hectares | 155,2945 hectares |
| Tenure | Interest in perpetuity; in respect of all titles | Interest in perpetuity | Interest in perpetuity; in respect of all titles |
| Date of Transaction | 13th January 2020 | 17th June 2019 | 27th March 2018 |
| Consideration | RM16,508,394 | RM 24,165,500 | RM42,368,535 |
| Analysis | RM198,323 per hectare | RM333,673 per hectare | RM274,566 per hectare |
| Vendor | Taytex Plantation Sdn Bhd | Kai Sik Latex Products Sdn Bhd | Lim Boon Cheow +2 |
| Purchaser | TCC Plantation Sdn Bhd | IL Power Sdn Bhd | Tenaga Nasional Berhad |
| Source | Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Bursa Malaysia Securities Berhad | | |
| Adjustments | **Thye Seng Division**<br>General adjustments were made for land size<br><br>**Thye Lye Division**<br>General adjustments were made for location, land size and zoning<br><br>**Topang Division**<br>General adjustments were made for accessibility, land size and zoning | **Thye Seng Division**<br>General adjustments were made for prevailing market condition, location, land size, zoning and other adjustment factor<br><br>**Thye Lye Division**<br>General adjustments were made for prevailing market condition, location, land size and other adjustment factor<br><br>**Topang Division**<br>General adjustments were made for prevailing market condition, location, accessibility, land size and other adjustment factor | **Thye Seng Division**<br>General adjustments were made for prevailing market condition, land size and other adjustment factor<br><br>**Thye Lye Division**<br>General adjustments were made for prevailing market condition, location, land size , zoning and other adjustment factor<br><br>**Topang Division**<br>General adjustments were made for prevailing market condition, accessibility, land size, zoning and other adjustment factor |
| Adjusted Values | **Thye Seng Division**<br>RM138,826 per hectare<br><br>**Thye Lye Division**<br>RM109,077 per hectare<br><br>**Topang Division**<br>RM188,406 per hectare | **Thye Seng Division**<br>RM157,660 per hectare<br><br>**Thye Lye Division**<br>RM122,625 per hectare<br><br>**Topang Division**<br>RM245,250 per hectare | **Thye Seng Division**<br>RM172,976 per hectare<br><br>**Thye Lye Division**<br>RM144,147 per hectare<br><br>**Topang Division**<br>RM245,050 per hectare |

## 3.3 MARKET VALUE (CONT'D)

| Sales Comparison and Analysis (Banhong Division) | | | |
|---|---|---|---|
| | Comparable 4 | Comparable 5 | Comparable 6 |
| Legal Description | Lot No(s). 1376 and 1379 held under Title No. Geran Mukim 5273 and 5354, both located wihtin Mukim Sungai Petani, District of Kuala Muda, Kedah Darul Aman | Lot No. 1378 held under Title No. GM 4516, Bandar Sungai Petani, District of Kuala Muda, Kedah Darul Aman. | Lot No. 90069 held under Title No. HSD 129475, Bandar Sungai Petani, District of Kuala Muda, Kedah Darul Aman |
| Property Type | Two (2) parcels of agriculture land | A parcel of agriculture land | A parcel of agriculture land |
| Land Area | 10.8342 hectares | 5.8701 hectares | 6.0681 hectares |
| Tenure | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Date of Transaction | 27th April 2018 | 15th March 2018 | 19th November 2017 |
| Consideration | RM3,011,732 | RM1,428,000 | RM1,480,870 |
| Analysis | RM277,983 per hectare | RM243,266 per hectare | RM244,041 per hectare |
| Vendor | Ang Sang Jew +3 | Plakisnan A/L Malaiandhi | Teh Lin Ling +1 |
| Purchaser | Lee Puay Img @ Eng Puay | Teh Bing Sim +1 | Lu Choo Wai +1 |
| Source | Jabatan Penilaian dan Perkhidmatan Harta (JPPH) | | |
| Adjustments | General adjustment was made for prevailing market condition | General adjustment was made for prevailing market condition | General adjustment was made for prevailing market condition |
| Adjusted Values | RM291,882 per hectare | RM255,429 per hectare | RM268,445 per hectare |

| Sales Comparison and Analysis (Thye Hong Division, Lot 10070 and Lot 8605) | | | |
|---|---|---|---|
| | Comparable 7 | Comparable 8 | Comparable 9 |
| Legal Description | Lot PT 101052 held under Title No. HSD135563, Mukim Sungai Petani, District of Kuala Muda, Kedah Darul Aman | Lot No. 3127 held under Title No. Geran 25358, Bandar Sungai Petani, District of Kuala Muda, Kedah Darul Aman | Lot 65140 held under Title No. HSD 127766, Bandar Aman Jaya, District of Kuala Muda, Kedah Darul Aman |
| Property Type | A parcel of converted residential development land | A parcel of development land | A parcel of development land |
| Land Area | 7.0706 hectares | 41.9357 hectares | 35.5508 hectares |
| Tenure | Interest in perpetuity | Interest in perpetuity | Interest in perpetuity |
| Date of Transaction | 18th May 2021 | 28th April 2021 | 27th December 2017 |
| Consideration | RM7,500,000 | RM16,508,394 | RM30,000,000 |
| Analysis | RM1,060,737 per hectare | RM393,659 per hectare | RM843,863 per hectare |
| Vendor | State Secretary Kedah Incorporation | BDB Land Sdn Bhd | Seal City Sdn Bhd |
| Purchaser | Ekuiti Spektrum Sdn Bhd | BDB Setia Sdn Bhd | Tristar Bay Sdn Bhd |
| Source | Jabatan Penilaian dan Perkhidmatan Harta (JPPH) | | |

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## 3.3 MARKET VALUE (CONT'D)

| Sales Comparison and Analysis (Thye Hong Division, Lot 10070 and Lot 8605) (Cont'd) | | | |
|---|---|---|---|
| | Comparable 7 | Comparable 8 | Comparable 9 |
| Adjustments | **Thye Hong Division**<br>General adjustments were made for location, category of land use and other adjusment factor for notice on potential land acquisition<br><br>**Lot 10070**<br>General adjustments were made for location, category of land use and TNB Wayleave<br><br>**Lot 8605**<br>General adjustments is made for location, shape and category of land use | **Thye Hong Division**<br>General adjustments were made for location, land size and other adjustment factor for notice on potential land acquisition, related party transaction and Section 214ª of National Land Code.<br><br>**Lot 10070**<br>General adjustments is made for location, land size and other adjustment factor for TNB Wayleave, and Section 214ª of National Land Code.related party transaction<br><br>**Lot 8605**<br>General adjustments is made for location, land size, shape and other adjusment factor for related party transaction and Section 214ª of National Land Code. | **Thye Hong Division**<br>General adjustments were made for prevailing market condition, land size, accessibility and other adjusment factor for notice on potential land acquisition<br><br>**Lot 10070**<br>General adjustments were made for prevailing market consition, land size, accessibility and other adjusment factor for TNB Wayleave<br><br>**Lot 8605**<br>General adjustments were made for prevailing market condition, land size, accessibility and shape |
| Adjusted Values | **Thye Hong Division**<br>RM848,590 per hectare<br><br>**Lot 10070**<br>RM795,553 per hectare<br><br>**Lot 8605**<br>RM848,590 per hectare | **Thye Hong Division**<br>RM629,855 per hectare<br><br>**Lot 10070**<br>RM629,855 per hectare<br><br>**Lot 8605**<br>RM649,538 per hectare | **Thye Hong Division**<br>RM835,425 per hectare<br><br>**Lot 10070**<br>RM835,425 per hectare<br><br>**Lot 8605**<br>RM881,837 per hectare |

**Valuation Justification**

Based on our analysis of the data obtained from the sources listed herein before, we note that there were several recorded transactions of similar lands within the larger locality of the Estate depending on prevailing market condition, location, accessibility, land size, shape, category of land use, zoning and other relevant factors which include notice on potential land acquisition, TNB Wayleave and related party transaction.

Where information related to the subject comparable is available, we have considered and reflected adjustment (if any) accordingly. For the type of planting, we note that the comparables adopted are of similar category of planting (industrial crops) and as such no further adjustment were made.

Information relating to the composition (planting profile) and yield profile are specific to each plantation and such information are not publicly available unless it is a transaction of a public listed entity. Where information is not available, we relied on the physical site inspection to estimate the planting profile based on the height of the tree and the condition of the plantation and reflected adjustment (if any) accordingly.

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## 3.3 MARKET VALUE (CONT'D)

**Valuation Justification (Cont'd)**

**Thye Seng, Thye Lye and Topang Divisions**

Adjustments made to reflect the dissimilarities between the Estate and the Comparable(s) in the Comparison Approach shows that adjusted land value of the Comparable(s) range between RM138,826 per hectare to RM172,976 per hectare for the Thye Seng Division and RM109,077 per hectare to RM144,147 per hectare for the Thye Lye Division; whilst for Topang Division the adjusted land value for the Comparable ranges between RM188,406 per hectare to RM245,250 per hectare.

In reconciling our opinion of Market Value (Comparison Approach), we have placed greater emphasis on Comparable 1 (being the latest transaction with least dissimilarities) with the Estate after diligent adjustments have been made.

Having regards to the above, we have adopted **RM138,826 per hectare** for Thye Seng Division, **RM109,077 per hectare** for Thye Lye Division and **RM188,406 per hectare** for Topang Division as fair representation for Comparison Approach.

**Banhong Division**

Adjustments made to reflect the dissimilarities between the Estate and the Comparable(s) in the Comparison Approach shows that adjusted land value of the Comparable(s) range between **RM255,429 per hectare** to **RM291,882 per hectare** for the Banhong Division.

In reconciling our opinion of Market Value (Comparison Approach), we have placed greater emphasis on Comparable 4 (being the latest transaction) after diligent adjustments have been made.

Having regards to the above, we have adopted **RM291,882 per hectare** for Banhong Division as fair representation for Comparison Approach.

**Thye Hong Division, Lot 10070 and Lot 8605**

Adjustments made to reflect the dissimilarities between the Estate and the Comparable(s) in the Comparison Approach shows that adjusted land value of the Comparable(s) range between **RM629,855 per hectare** to **RM848,590 per hectare** for the Thye Hong Division and **RM629,855 per hectare** to **RM881,837 per hectare** for Lot 10070 and Lot 8605.

In reconciling our opinion of Market Value (Comparison Approach), we have placed greater emphasis on Comparable 9 as Comparable 9 is with least dissimilarities with Thye Hong Division, Lot 10070 and Lot 8605 after diligent adjustments have been made.

Having regards to the above, we have adopted **RM835,425 per hectare** for Thye Hong Division and Lot 10070 and **RM881,837 per hectare** for Lot 8605 as fair representation for Comparison Approach.

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 3.3 MARKET VALUE (CONT'D)

**Income Approach by DCF Method**

In undertaking this analysis, we have used a wide range of assumptions for the Subject Property including the long-term estimated FFB price along with the expected expenses during the DCF period. The following table outlines the parameters of calculation adopted in undertaking our assessment:-

| Summary of Parameters | |
|---|---|
| Long-Term Estimated FFB Price | RM610 / MT<br>After having benchmarked against the historical performance of the Estate coupled with the data published by MPOB on the market rate of FFB over the last 10 years. We have derived that the long term FFB rate of RM610/MT derived by averaging the 10 year record published by MPOB as a fair representation. |
| Quit Rent | RM231,380 per annum<br>We have adopted the quit rent charges from the current actual charges for the Estate. |
| Manuring & Harvesting | RM190 / MT<br>The historical analysis of manuring and harvesting expense of the plantation for the past 3 years ranges between RM170 / MT to RM304 / MT from year 2020 to 2022. We note that the manuring cost in year 2022 has increase significantly (circa 86%) as compared to year 2021. We note that the increase in manuring cost in year 2022 is due to external economic factors (i.e. Russian – Ukraine War and increase in raw material prices), however we were made to understand by the Client that the cost has now reduced and has somewhat normalised to the rates recorded in year 2021.<br>We have also analysed the increase in manuring cost for the other estates and oil palm plantation from year 2021 to 2022 and we note that the increase in year 2022 is circa. 30% - 37%.<br>As such we have ignored the 86% increase in costs for year 2022 recorded by the Estate and have adopted a normalise increase of 30% for the year 2022 for Thye Group Oil Palm Estate arriving at a 3-year average of RM192 / MT. Thus, rounding down to RM190 / MT which we deem is appropriate and fair for manuring and harvesting costs. |
| General Charges (Administration & Staff Cost) | RM1,750 / ha<br>The historical analysis of general charges expense of the plantation ranges between RM1,550 / ha to RM2,036/ ha from 2020 to 2022; with an average(1) of RM1,730/ ha. Thus, RM1,750 / ha is deemed appropriate for general charges. |
| Cost of Upkeep & Maintenance | RM500 / ha<br>The historical analysis cost of upkeep & maintenance of the plantation ranges between RM508 / ha to RM 547 / ha from 2020 to 2022; with an average(1) of RM497 / ha. Thus, RM500 / ha is deemed appropriate for cost of upkeep and maintenance. |
| Growth Rate for Operating Expenses | 2.00% per annum<br>The growth rate for operating expenses is benchmarked against the rate of inflation. |
| DCF Period | 25 years<br>The estimated economic life span of a palm oil plant is estimated to be about 25 years. Given the time that has lapsed, the remaining economic life of the palms is about 0 to 25 years. As such, a yield projection for a duration of the remaining economic life span is provided to us by the client to reflect the economic life of the plantation. |

## 3.3 MARKET VALUE (CONT'D)

| Summary of Parameters (Cont'd) | |
|---|---|
| Discount Rate | 8.0%<br>Discount rate is a risk-weighted factor used to calculate the net present value of the future cash flows from the asset till the time of exit.<br><br>Our interpretation of the discount rate is based on the premise that the value of a dollar to be received in the future is equal to a dollar today minus some factor to account for the risk that the future dollar may not materialize (which can also be explained as opportunity cost, expected return of capital when invested elsewhere). A general way of determining the discount rate is to adopt the capitalisation rate together with the long-term growth rate or expected average annual appreciation of the asset. In general, the long-term growth rate / annual appreciation of a stabilised plantation is benchmarking against the rate of inflation (approximately 2.0%).<br><br>As such, a discount rate of 8.0% is adopted for the Estate; which is the combination of 4.0% derived from MGS added with a 4.0% risk premium associated with the plantation activity. |
| Discount Rate for Vacant Agricultural Land & Unplantable Area Land Value | 4.0%<br>As mentioned above, a discount rate of 4.0% is adopted for vacant agricultural land and unplantable land area; which is the 4.0% discount rate for the vacant land is purely derived based on MGS and no risk element is associated with the ownership of vacant land. |
| Vacant Land Value at the End of Economic Life of Biological Asset | 20.0% discount on plantation land value<br>When the economic life of a specific planting block of the biological asset comes to an end, we have adopted a vacant land value. The vacant land value is determined by adopting recent transactions of vacant agricultural lands, where available.<br><br>For the Estate however, in the immediate and surrounding vicinity there was no suitable vacant agricultural land transactions. Hence, we have adopted the plantation land value which includes land and biological asset and further made a 20% discount to account for the biological assets which have exhausted their economic life leaving behind vacant land with improvement and infrastructure as the exit land assumption. The 20% discount was adopted based on our previous valuation experience in valuing plantations conducted in the past 10-12 years and professional judgement. |

Note:

(1) The average approach is considered as a more stabilized and sustainable approach in ascertaining the fair cost especially over the last 3 years due to variance caused by external economical factor (i.e., COVID-19). To show continuous growth in the cost of expenses, we have accounted a growth of 2.0% per annum in our computation.

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## 3.3 MARKET VALUE (CONT'D)

**Reconciliation of Value**

| Valuation Methodology | Derivation of Values |
|---|---|
| Comparison Approach | RM224,100,000 |
| Income Approach by DCF | RM175,000,000 |

In arriving at the Market Value of the Estate, we have considered the Comparison Approach as the preferred and appropriate method of valuation after having noted sufficient comparable properties in the locality.

The Income Approach is usually preferred and commonly used that provides a good guide to value for plantation assets; however, Income Approach has its limitations as it requires significant amount of data and relies on assumptions that can, in some cases, be inaccurate; resulting in difficulty in estimating the projections of future cash flow and terminal value. Hence, the Income Approach is used as a secondary check only. We further also note the variance in values between the Comparison Approach and Income Approach is due to the planting profile of the Estate which consist of majority old mature palms with short remaining life span.

As such we have adopted the Market Value derived from the Comparison Approach as a fair representation, supported by our Income Approach by DCF Method analysis.

**Market Value**

RM224,100,000 (Ringgit Malaysia Two Hundred Twenty Four Million and One Hundred Thousand only).

For all intents and purposes, this Certificate should be read in conjunction with our Valuation Report as of 10th April 2023 bearing Reference No. V/COR/23/0036(C).

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## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.0 V/COR/23/0036(A) - Southern Perak Oil Palm Estate (inclusive of Palm Oil Mill)

#### 4.1 IDENTIFICATION OF SUBJECT PROPERTY

| | |
|---|---|
| **Legal Description** | Lot 8365, Lot 39349 and Lot 38002 held under Title No(s). Pajakan Negeri 426527, Pajakan Negeri 426525 and Pajakan Negeri 426526, all located within Mukim Hutan Melintang, District of Bagan Datuk, Perak Darul Ridzuan. |
| **Locality** | Located off Jalan Kampung Bagan Lalang, Mukim Hutan Melintang, District of Bagan Datuk, Perak Darul Ridzuan, Malaysia. |
| **Type of Property** | An oil palm estate together with a palm oil mill. |
| **Registered Proprietor** | Southern Perak Plantations Sdn Bhd; in respect of all titles. |
| **Tenure** | Leasehold interest for a term of 99 years, expiring on 1st May 2118; in respect of all titles. |
| **Combined Title Land Area** | 3,645.40 hectares \| 9,007.97 acres.<br>Note: 1 hectare = 2.47105 acres |
| **Category of Land Use** | "Pertanian"; in respect of all titles. |

#### 4.2 PROPERTY DESCRIPTION

| | |
|---|---|
| **Location** | The Estate is located within Mukim Hutan Melintang, District of Bagan Datuk, Perak Darul Ridzuan; which is sited off east (left) side of the West Coast Expressway, travelling from Teluk Intan town towards Sabak. Geographically, the Estate is located approximately 13 kilometres and 24 kilometres, due north-west of Hutan Melintang town and Teluk Intan town, respectively.<br><br>The Estate is located off Jalan Kampung Bagan Lalang and is accessible from the Teluk Intan town via Jalan Maharajalela, Lebuh Persisiran Pantai Barat, Jalan Klang – Teluk Intan exiting towards Jalan Sungai Samak, thereafter onto internal roads leading towards the Estate, all being well-maintained metalled roads. |
| **Site Description** | Presently, the site accommodates three (3) separate agriculture land titles and the palm oil mill; collectively known as the Estate.<br><br>The three (3) separate agriculture land titles combined are irregular in shape with a total combined titled land area of 3,645.40 hectares (9,007.97 acres). It is generally bordered by neighbouring parcels of agricultural lands, forest and residential settlements.<br><br>According to the Certified Plan No. PA64426 and PA51352 - PA51356 (inclusive), we note that the total combined surveyed land area is 3,645.40 hectares. |
| **Terrain** | The Estate is generally flat in topography. |
| **Planning** | The Estate is designated for agricultural use as expressly stipulated in the title documents. |

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**4.2 PROPERTY DESCRIPTION (CONT'D)**

**Land Acquisition**

Based on the title search extracted from the Pejabat Tanah dan Galian Perak on 28th March 2023, we further note that Lot 39349 has been served a notice of intention to acquire under the Land Acquisition Act 1960 for an area measuring approximately 20.3709 square metres. The notification was done via Form D (Notice of intention to acquire the land) and endorsed in the title document vide Presentation No. 00N2167/2020, registered on 13th July 2020.

**Estate Composition**

| Items | Description | Areas (Hectares) | |
|---|---|---|---|
| **A** | **Planted Area** | | **3,508.32** |
| A1 | Palms exceeding the economic life span | 416.64 | |
| A2 | Mature Oil Palm | 2,444.82 | |
| A3 | Immature Oil Palm | 646.86 | |
| **B** | **Unplanted Area** | | 137.08 |
| B1 | Palm Oil Mill | 11.78 | |
| B2 | Oil Palm Nursery | 4.00 | |
| B3 | Buildings / roads | 121.30 | |
| **Total Area** | | | **3,645.40** |

Source: Southern Perak Plantations Sdn Bhd

**FFB Historical Production**

The record of harvested FFB as provided by Southern Perak Plantations Sdn Bhd are as follows:-

| Year | Total Yield (MT) | Yield Per Hectare (MT/Ha) |
|---|---|---|
| 2022 | 68,098.27 | 23.78 |
| 2021 | 68,688.43 | 23.21 |
| 2020 | 67047.91 | 21.06 |

Source: Southern Perak Plantations Sdn Bhd

**Estate Vehicles & Heavy Machinery**

Based on information made available to us, the following vehicles and machinery are available for use at the Estate:

a) 52 unit(s) tractors
b) 96 unit(s) trailers
c) 8 unit(s) pick-up trucks
d) 6 unit(s) motorcycles
e) The Palm Oil Mill

**Estate Buildings**

Based on our site inspection and information provided by Southern Perak Plantations Sdn Bhd, there are several building structures generally constructed of concrete framework with brick infill rendered externally and plastered internally scattered within the eastern and central portion of the Estate. These structures include Estate buildings which provide accommodation to the plantation workers, management office and storage area.

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

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### 4.2 PROPERTY DESCRIPTION (CONT'D)

**The Palm Oil Mill**

The Palm Oil Mill was original designed and installed by local contractors in 1983 with equipment sourced from local and foreign manufacturers, which was the appropriate technology at the time, with a capacity of 15 MT FFB /hour.

Subsequently, in 2001, the Palm Oil Mill was upgraded and expanded for a capacity of 30 MT FFB/hour. This upgrade included additional steriliser, digesters and screw presses, purifiers and sludge centrifuges, a new higher capacity boiler and steam turbine generator and general upgrades of all existing plant and to the electrical control systems.

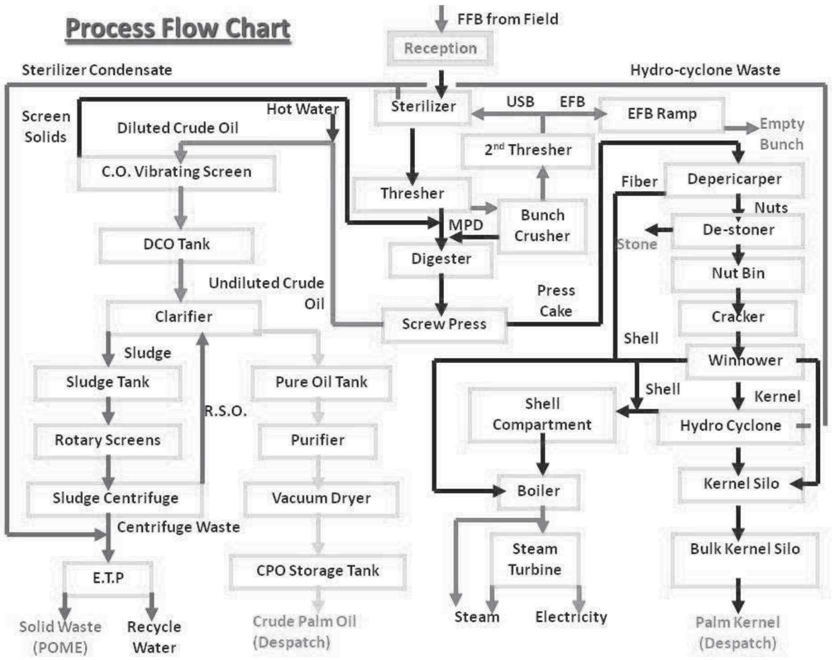
The palm oil storage has a capacity of 2,300 MT with tanker loading facility. The raw water and waste water treatment ponds were also upgraded.

All plant is fully operational, other than the original boiler and steam turbine which are still installed, and is in average condition for its age. There is planned routine maintenance in operation.

In compliance with revised Malaysian environmental standards, an electrostatic precipitator and boiler stack were installed in 2019.

The Palm Oil Mill is entirely supplied from the Estate which are in compliance with sustainable palm oil production.

The chart below illustrates the process on how the Palm Oil Mill functions.




Source: Southern Perak Plantations Sdn Bhd

## 4.2 PROPERTY DESCRIPTION (CONT'D)

**Oil Extraction Rate / Kernel Extraction Rate**

The historical record of Oil Extraction Rate ("**OER**") and Kernel Extraction Rate ("**KER**") of the Palm Oil Mill as provided by Southern Perak Plantations Sdn Bhd are as follows:-

| Year | Oil Extraction Rate (%) | Kernel Extraction Rate (%) | Crude Palm Oil Production (MT) | Palm Kernel Production (MT) |
|---|---|---|---|---|
| 2022 | 18.16 | 4.98 | 12,378.67 | 3,395.18 |
| 2021 | 17.91 | 5.11 | 11,877.80 | 3,389.90 |
| 2020 | 17.41 | 5.13 | 11,489.06 | 3,386.40 |

Source: Southern Perak Plantations Sdn Bhd

**Historical Yield**

The table overleaf shows a detailed extraction of the historical yields achieved by the Estate over a period of 11 years (2012 to 2022). The yields are shown according to the age profile of the respective fields. For clarity, we have also shown the planting material (i.e. breeds / clones) to show the yields achieved by specific breeds / clones of specific age.

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## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

**Historical Yield (Cont'd)**

The table below summaries the historical achieved yields for the Estate as provided by Southern Perak Plantations Sdn Bhd:-

| Field No. | Planting Material | Area (Ha) | Age / Yield | Historical Yield (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 10A-D/1995(RP)/2024(RP) | HMPB | 202.13 | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| | | | Yield | 22.03 | 20.76 | 20.38 | 20.73 | 14.38 | 22.26 | 19.05 | 22.97 | 19.28 | - | 19.88 |
| 7A/1996(RP)/2023(RP) | CH | 96.88 | Age | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| | | | Yield | 25.38 | 23.3 | 22.24 | 23.49 | 18.23 | 24.26 | 19.76 | 19.43 | 17.59 | 17.9 | 15.9 |
| 7A/1996(RP)/2023(RP) | CLONAL | | Yield | 30.12 | 30.12 | 38.8 | 33.65 | 20.75 | 28.57 | 23.36 | 26.91 | 27.67 | 25.95 | |
| 8E/1996(RP)/2023(RP) | CH | 98.22 | Age | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| | | | Yield | 25.34 | 24.20 | 24.04 | 24.62 | 19.42 | 24.54 | 19.27 | 17.08 | 17.60 | 18.70 | 16.07 |
| 10AB/1997(RP)/2024(RP) | CH | 40.82 | Age | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | Yield | 22.07 | 20.47 | 20.98 | 22.21 | 14.88 | 26.32 | 20.01 | 24.24 | 20.53 | 18.67 | 18.5 |
| 5ADE/97(RP)/2024(RP) | CH | 156.40 | Age | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | Yield | 22.43 | 22.10 | 19.86 | 23.40 | 17.84 | 1.57 | 19.88 | 18.42 | 18.14 | 15.23 | 14.35 |
| 5D/97(RP)/2024(RP) | CLONAL | 17.29 | Age | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | Yield | 23.74 | 23.83 | 22.01 | 22.46 | 19.32 | 21.39 | 17.31 | 17.88 | 17.46 | 15.61 | 13.59 |
| 1SN/99(RP)/2026(RP) | CH | 84.31 | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| | | | Yield | 21.39 | 22.01 | 18.62 | 20.35 | 19.35 | 22.18 | 20.23 | 17.79 | 18.08 | 17.82 | 17.96 |
| 1SN/2000(RP)/2025(RP) | CH | 199.74 | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| | | | Yield | 20.09 | 21.72 | 18.79 | 21.56 | 19.3 | 22.06 | 19.07 | 18.56 | 17.37 | 16.39 | 16.65 |
| 1SN/2001(RP)/2026(RP) | CH | 42.10 | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | Yield | 15.80 | 19.63 | 14.18 | 23.25 | 19.90 | 25.06 | 22.64 | 19.07 | 18.12 | 15.71 | 18.32 |
| 3SN/2001(RP)/2027(RP) | CH | 107.99 | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | Yield | 21.22 | 27.86 | 25.32 | 24.88 | 20.55 | 22.77 | 21.87 | 20.80 | 19.47 | 19.00 | 19.66 |
| 8AB/2001(RP)/2027(RP) | CH | 69.85 | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | Yield | 25.07 | 28.12 | 25.38 | 20.11 | 17.96 | 25.42 | 23.78 | 21.43 | 20.17 | 22.33 | 20.72 |
| L/2001(RP)/2027(RP) | CH | 2.49 | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | Yield | 30.91 | 33.33 | 31.01 | 29.25 | 21.83 | 33.11 | 31.30 | 29.25 | 26.21 | 23.82 | 23.07 |
| 6A/7BC/2002(RP)/2027(RP) | CH | 38.73 | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | Yield | 29.69 | 30.23 | 29.72 | 58.58 | 45.40 | 27.82 | 24.32 | 24.46 | 24.55 | 21.89 | 23.5 |

Source: Southern Perak Plantations Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Planting Material | Area (Ha) | Age / Yield | Historical Yield (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 4SN/2002(RP)/2028(RP) | CH | 24.92 | Age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| | | | Yield | 27.09 | 28.77 | 30.22 | 22.38 | 28.40 | 25.46 | 24.22 | 22.77 | 22.77 | 25.70 | 22.84 |
| 2A-F/2003(RP)/2028(RP) | CH | 114.26 | Age | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | | | Yield | 24.68 | 25.08 | 25.19 | 20.91 | 20.92 | 22.55 | 20.93 | 21.23 | 21.02 | 20.56 | 21.77 |
| 5D/2003(RP)/2028(RP) | CH | 2.76 | Age | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | | | Yield | 25.49 | 26.25 | 25.55 | 27.76 | 21.08 | 23.66 | 16.96 | 16.61 | 13.49 | 12.26 | 10.18 |
| 3SN/2003(RP)/2029(RP) | CH | 76.04 | Age | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | | | Yield | 29.88 | 30.61 | 28.65 | 29.32 | 24.01 | 25.90 | 25.20 | 24.97 | 23.83 | 26.17 | 25.96 |
| 4SN/2003(RP)/2029(RP) | CH | 147.81 | Age | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | | | Yield | 23.83 | 25.44 | 26.88 | 28.22 | 23.83 | 26.50 | 24.16 | 23.32 | 22.69 | 25.52 | 24.1 |
| 1A-F/2004(RP)/2029(RP) | CH | 66.84 | Age | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| | | | Yield | 33.78 | 33.58 | 32.43 | 28.97 | 24.36 | 30.42 | 25.82 | 26.61 | 26.43 | 25.38 | 24.82 |
| 2A-F/2004(RP)/2029(RP) | CH | 92.75 | Age | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| | | | Yield | 28.49 | 30.03 | 25.68 | 23.35 | 24.35 | 25.32 | 22.24 | 23.6 | 23.53 | 22.96 | 22.99 |
| 4SN/A-H/2004(RP)/2030(RP) | CH | 92.53 | Age | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| | | | Yield | 25.72 | 27.58 | 27.95 | 27.96 | 23.55 | 25.86 | 21.95 | 23.46 | 23.69 | 24.27 | 23.57 |
| 2A-F/2005(RP)/2030(RP) | FELDA | 109.71 | Age | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| | | | Yield | 30.85 | 33.37 | 30.19 | 28.1 | 26.28 | 26.89 | 22.53 | 23.96 | 21.84 | 21.82 | 23.66 |
| 3A-G/2005(RP)/2031(RP) | FELDA | 94.88 | Age | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| | | | Yield | 31.49 | 34.52 | 32.34 | 32.74 | 25.51 | 29.49 | 25.33 | 24.59 | 25.06 | 24.31 | 25.39 |
| 8C/2005(RP)/2031(RP) | FELDA | 20.06 | Age | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| | | | Yield | 35.89 | 30.75 | 34.23 | 33.06 | 20.74 | 29.38 | 24.94 | 19.43 | 21.57 | 24.17 | 24.42 |
| 2A-F/2006(RP)/2031(RP) | FELDA | 80.11 | Age | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | Yield | 33.54 | 37.02 | 36.27 | 32.78 | 31.69 | 32.61 | 27.72 | 1.25 | 27.8 | 28.04 | 29.14 |
| 8E/2006(RP)/2032(RP) | FELDA | 3.20 | Age | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | Yield | 33.52 | 32.74 | 33.44 | 36.75 | 30.42 | 38.86 | 31.24 | 28.78 | 30.08 | 30.02 | 28.62 |
| 6AB/2006(RP)/2031(RP) | FELDA | 56.15 | Age | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | Yield | 31.3 | 35.01 | 34.63 | 32.54 | 25.46 | 30.42 | 25.89 | 25.49 | 24.2 | 24.31 | 25.3 |

Source: Southern Perak Plantations Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Planting Material | Area (Ha) | Age / Yield | Historical Yield (MT/ha) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| 8E/2012(RP)/2038(RP) | FELDA | 1.42 | Age | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | | | Yield | 23.09 | 41.35 | 39.12 | 31.48 | 34.46 | 42.83 | 42.52 | 44.14 |
| 2014(RP)/2040(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB/ | 8.8 | Age | (Immature plantings / Newly planted areas) | | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | Yield | | | 16.73 | 23.78 | 35.82 | 34.52 | 32.61 | 34 |
| 5A/6BC/2016(RP)/2042(RP) | FELDA YANGAMBI | 108.39 | Age | (Immature plantings / Newly planted areas) | | | 2 | 3 | 4 | 5 | 6 |
| | | | Yield | | | | 8.90 | 23.97 | 27.38 | 32.68 | 36.35 |
| 9D/2017(RP)/2043(RP) | FELDA YANGAMBI | 75.34 | Age | (Immature plantings / Newly planted areas) | | | | 3 | 4 | 5 | 6 |
| | | | Yield | | | | | 2.28 | 19.54 | 29.48 | 32.45 |
| 6BC/2017(RP)/2043(RP) | FELDA YANGAMBI | 61.71 | Age | (Immature plantings / Newly planted areas) | | | | 2 | 3 | 4 | 5 |
| | | | Yield | | | | | 9.21 | 24.85 | 32.94 | 36.78 |
| 8CD/2017(RP)/2043(RP) | FELDA YANGAMBI | 139.81 | Age | (Immature plantings / Newly planted areas) | | | | 2 | 3 | 4 | 5 |
| | | | Yield | | | | | 9.16 | 22.37 | 33.88 | 36.08 |
| 8AB/2017(RP)/2043(RP) | FELDA YANGAMBI | 42.44 | Age | (Immature plantings / Newly planted areas) | | | | 2 | 3 | 4 | 5 |
| | | | Yield | | | | | 4.55 | 21.04 | 26.26 | 36.88 |
| 3A-J/2018(RP)/2046(RP) | FELDA YANGAMBI | 111.52 | Age | (Immature plantings / Newly planted areas) | | | | | | 3 | 4 |
| | | | Yield | | | | | | | 12.48 | 18.96 |
| 5BC/2020(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB/ | 190.17 | Age | (Immature plantings / Newly planted areas) | | | | | | | 2 |
| | | | Yield | | | | | | | | 10.25 |
| 7B/2020(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB/ | 40.57 | Age | (Immature plantings / Newly planted areas) | | | | | | | 2 |
| | | | Yield | | | | | | | | 5.75 |

Source: Southern Perak Plantations Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

**Yield Projection**

The table shown overleaf is the estimated yield projections for Southern Perak Oil Palm Estate. The projection is provided by Southern Perak Plantations Sdn Bhd. The basis of the projected yield is determined based on the planting age and planting material (breed / clone).

This information is derived from the 11 year historical yield of Southern Perak Oil Palm Estate. Using the 11 year historical yield as a benchmark, Boontong Estates Sdn Bhd provided us with the estimated yield projections.

Our analysis of the projections revealed that the projections are aligned with the 11 year historical record with an allowable variance of 2 -3 metric tonnes per hectare. It is our view that with proper agronomic practices and proper manuring regimen, the projected yields are achievable and will be in line with historical production data.

As such, we have adopted the projected yield provided by Southern Perak Plantations Sdn Bhd in our Income Approach by Discounted Cash Flow method as a basis for calculations.

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## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

**Yield Projection**

The table below summaries the projected yields for the Estate as provided by Southern Perak Plantations Sdn Bhd :

| Field No. | Planting Material | Area (Ha) | Age / Yield | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| 1SN/99(RP)/2026(RP) | CH | 84.31 | Age | 24 | 25 | (End of economic life) | | | | | | | | |
| | | | Yield | 18.00 | 17.00 | | | | | | | | | |
| 1SN/2000(RP)/2025(RP) | CH | 199.74 | Age | 23 | 24 | 25 | (End of economic life) | | | | | | | |
| | | | Yield | 17.00 | 18.00 | 18.00 | | | | | | | | |
| 1SN/2001(RP)/2026(RP) | CH | 42.10 | Age | 22 | 23 | 24 | 25 | (End of economic life) | | | | | | |
| | | | Yield | 18.00 | 18.00 | 18.00 | 18.00 | | | | | | | |
| 3SN/2001(RP)/2027(RP) | CH | 107.99 | Age | 22 | 23 | 24 | 25 | (End of economic life) | | | | | | |
| | | | Yield | 19.50 | 18.00 | 18.00 | 18.00 | | | | | | | |
| 8AB/2001(RP)/2027(RP) | CH | 69.85 | Age | 22 | 23 | 24 | 25 | (End of economic life) | | | | | | |
| | | | Yield | 19.00 | 19.00 | 18.00 | 18.00 | | | | | | | |
| L/2001(RP)/2027(RP) | CH | 2.49 | Age | 22 | 23 | 24 | 25 | (End of economic life) | | | | | | |
| | | | Yield | 20.00 | 19.50 | 19.00 | 19.00 | | | | | | | |
| 6A/7BC/2002(RP)/2027(RP) | CH | 38.73 | Age | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | | |
| | | | Yield | 22.49 | 23.00 | 22.00 | 21.00 | 20.00 | | | | | | |
| 4SN/2002(RP)/2028(RP) | CH | 24.92 | Age | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | | |
| | | | Yield | 24.00 | 25.00 | 23.00 | 22.50 | 22.50 | | | | | | |
| 2A-F/2003(RP)/2028(RP) | CH | 114.26 | Age | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | |
| | | | Yield | 21.50 | 23.00 | 23.00 | 22.00 | 22.50 | 21.00 | | | | | |
| 5D/2003(RP)/2028(RP) | CH | 2.76 | Age | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | |
| | | | Yield | 10.00 | 10.00 | 10.00 | 8.00 | 8.00 | 8.00 | | | | | |
| 3SN/2003(RP)/2029(RP) | CH | 76.04 | Age | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | |
| | | | Yield | 26.50 | 27.00 | 24.50 | 25.00 | 24.50 | 24.00 | | | | | |
| 4SN/2003(RP)/2029(RP) | CH | 147.81 | Age | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | |
| | | | Yield | 24.50 | 26.50 | 27.00 | 26.50 | 26.00 | 24.50 | | | | | |
| 1A-F/2004(RP)/2029(RP) | CH | 66.84 | Age | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | |
| | | | Yield | 23.00 | 24.00 | 23.00 | 22.00 | 22.50 | 21.00 | 20.00 | | | | |

Source: Southern Perak Plantations Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Planting Material | Area (Ha) | Age / Yield | Projections (MT/ha) 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2A-F/2004(RP)/2029(RP) | CH | 92.75 | Age | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | |
| | | | Yield | 24.50 | 24.00 | 23.00 | 22.00 | 22.50 | 21.00 | 20.00 | | | | |
| 4SN/A-H/2004(RP)/2030(RP) | CH | 92.53 | Age | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | |
| | | | Yield | 23.50 | 23.00 | 26.00 | 22.00 | 21.00 | 20.00 | 20.00 | | | | |
| 2A-F/2005(RP)/2030(RP) | FELDA | 109.71 | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | |
| | | | Yield | 24.50 | 25.00 | 24.00 | 23.00 | 23.00 | 22.00 | 21.00 | 20.00 | | | |
| 3A-G/2005(RP)/2031(RP) | FELDA | 94.88 | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | |
| | | | Yield | 24.50 | 25.00 | 23.00 | 23.50 | 23.50 | 22.00 | 21.00 | 20.00 | | | |
| 8C/2005(RP)/2031(RP) | FELDA | 20.06 | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | |
| | | | Yield | 24.50 | 24.00 | 24.00 | 23.00 | 22.50 | 22.00 | 21.00 | 20.00 | | | |
| 2A-F/2006(RP)/2031(RP) | FELDA | 80.11 | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | |
| | | | Yield | 28.50 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 | 20.00 | | |
| 8E/2006(RP)/2032(RP) | FELDA | 3.20 | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | |
| | | | Yield | 25.00 | 24.00 | 23.00 | 22.00 | 22.50 | 22.00 | 21.00 | 20.00 | 18.00 | | |
| 6AB/2006(RP)/2031(RP) | FELDA | 56.15 | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | |
| | | | Yield | 24.51 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 | 20.00 | | |
| 8E/2012(RP)/2038(RP) | FELDA | 1.42 | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| | | | Yield | 42.00 | 40.00 | 38.00 | 36.00 | 34.00 | 32.00 | 30.00 | 28.00 | 26.00 | 25.00 | 24.00 |
| 2014(RP)/2040(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB / | 8.8 | Age | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| | | | Yield | 33.52 | 30.00 | 31.00 | 33.00 | 31.00 | 30.00 | 29.00 | 28.00 | 27.00 | 26.00 | 25.00 |
| 5A/6BC/2016(RP)/2042(RP) | FELDA YANGAMBI | 108.39 | Age | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| | | | Yield | 34.00 | 32.00 | 33.00 | 34.00 | 36.00 | 36.00 | 32.00 | 31.00 | 30.00 | 29.00 | 28.00 |
| 9D/2017(RP)/2043(RP) | FELDA YANGAMBI | 75.34 | Age | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | Yield | 34.50 | 28.00 | 30.00 | 32.00 | 34.50 | 35.00 | 34.00 | 33.00 | 32.00 | 32.00 | 30.00 |
| 6BC/2017(RP)/2043(RP) | FELDA YANGAMBI | 61.71 | Age | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | Yield | 35.00 | 28.00 | 30.00 | 32.00 | 34.00 | 35.00 | 33.00 | 32.00 | 30.00 | 29.00 | 28.00 |

Source: Southern Perak Plantations Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Planting Material | Area (Ha) | Age / Yield | Projections (MT/ha) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| 8CD/2017(RP)/2043(RP) | FELDA YANGAMBI | 139.81 | Age | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | Yield | 36.50 | 28.50 | 25.00 | 33.00 | 35.00 | 36.00 | 33.00 | 33.00 | 32.00 | 32.00 | 30.00 |
| 8AB/2017(RP)/2043(RP) | FELDA YANGAMBI | 42.44 | Age | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | Yield | 34.99 | 28.00 | 30.00 | 33.00 | 37.00 | 35.00 | 34.00 | 33.00 | 32.00 | 32.00 | 30.00 |
| 3A-J/2018(RP)/2046(RP) | FELDA YANGAMBI | 111.52 | Age | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| | | | Yield | 24.50 | 22.00 | 25.00 | 28.00 | 30.50 | 32.00 | 32.00 | 33.00 | 33.00 | 32.00 | 31.00 |
| 5BC/2020(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB/ | 190.17 | Age | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | | | Yield | 21.00 | 19.00 | 22.00 | 25.00 | 30.00 | 33.00 | 34.00 | 33.00 | 32.00 | 31.00 | 30.00 |
| 7B/2020(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB/ | 40.57 | Age | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | | | Yield | 17.99 | 19.00 | 22.00 | 25.00 | 30.00 | 30.00 | 34.00 | 33.00 | 32.00 | 31.00 | 30.00 |
| 10A-D/2021(RP) | AA HYBRIDA 1S | 146.86 | Age | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | Yield | 0.00 | 18.00 | 20.00 | 26.00 | 31.00 | 30.00 | 33.00 | 33.00 | 34.00 | 33.00 | 33.00 |
| 9A/2021(RP) | AA HYBRIDA 1S | 49.40 | Age | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| | | | Yield | 0.00 | 18.00 | 20.00 | 26.00 | 31.00 | 30.00 | 33.00 | 33.00 | 34.00 | 33.00 | 33.00 |
| 9BC/2022(RP) | FELDA YANGAMBI | 105.84 | Age | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | Yield | 0.00 | 0.00 | 20.00 | 22.00 | 25.00 | 28.00 | 32.00 | 33.00 | 33.00 | 34.00 | 33.00 |
| 9ABC/2022(RP) | FELDA YANGAMBI | 149.66 | Age | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | Yield | 0.00 | 0.00 | 20.00 | 22.00 | 25.00 | 28.00 | 32.00 | 33.00 | 33.00 | 34.00 | 33.00 |
| 7A/1996(RP)/2023(RP) | FELDA YANGAMBI | 96.88 | Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | | | Yield | 0.00 | 0.00 | 0.00 | 20.00 | 23.00 | 26.00 | 30.00 | 32.00 | 33.00 | 34.00 | 34.00 |
| 8E/1996(RP)/2023(RP) | FELDA YANGAMBI | 98.22 | Age | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| | | | Yield | 0.00 | 0.00 | 0.00 | 20.00 | 23.00 | 26.00 | 30.00 | 32.00 | 33.00 | 34.00 | 34.00 |

Source: Southern Perak Plantations Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Planting Material | Area (Ha) | Age / Yield | Projections (MT/ha) | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 |
| 8E/2012(RP)/2038 (RP) | FELDA | 1.42 | Age | 22 | 23 | 24 | 25 | (End of economic life) | | | | | | | | | |
| | | | Yield | 22.00 | 21.00 | 20.00 | 20.00 | | | | | | | | | | |
| 2014(RP)/2040(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB/ | 8.8 | Age | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | | | | |
| | | | Yield | 24.00 | 23.00 | 22.00 | 21.00 | 19.00 | 18.00 | | | | | | | | |
| 5A/6BC/2016(RP)/2042(RP) | FELDA YANGAMBI | 108.39 | Age | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | | |
| | | | Yield | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 21.00 | 19.00 | 18.00 | | | | | | |
| 9D/2017(RP)/2043 (RP) | FELDA YANGAMBI | 75.34 | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | |
| | | | Yield | 29.00 | 29.00 | 28.00 | 27.00 | 26.00 | 24.00 | 23.00 | 21.00 | 20.00 | | | | | |
| 6BC/2017(RP)/2043(RP) | FELDA YANGAMBI | 61.71 | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | |
| | | | Yield | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 | 19.00 | 18.00 | | | | | |
| 8CD/2017(RP)/2043(RP) | FELDA YANGAMBI | 139.81 | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | |
| | | | Yield | 29.00 | 29.00 | 28.00 | 27.00 | 26.00 | 24.00 | 23.00 | 21.00 | 20.00 | | | | | |
| 8AB/2017(RP)/2043(RP) | FELDA YANGAMBI | 42.44 | Age | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | | |
| | | | Yield | 29.00 | 29.00 | 28.00 | 27.00 | 26.00 | 24.00 | 23.00 | 21.00 | 20.00 | | | | | |
| 3A-J/2018(RP)/2046(RP) | FELDA YANGAMBI | 111.52 | Age | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | | | |
| | | | Yield | 30.00 | 29.00 | 28.00 | 27.00 | 26.00 | 24.00 | 23.00 | 20.00 | 19.00 | 19.00 | | | | |
| 5BC/2020(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB/ | 190.17 | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | |
| | | | Yield | 30.00 | 29.00 | 28.00 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 | 19.00 | 19.00 | | |
| 7B/2020(RP) | AA HYBRIDA 1S(SEMI CLONAL)/UPB/ | 40.57 | Age | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) | |
| | | | Yield | 30.00 | 29.00 | 28.00 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 | 19.00 | 19.00 | | |
| 10A-D/2021(RP) | AA HYBRIDA 1S | 146.86 | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) |
| | | | Yield | 32.00 | 31.00 | 30.00 | 29.00 | 29.00 | 28.00 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 | |
| 9A/2021(RP) | AA HYBRIDA 1S | 49.40 | Age | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) |
| | | | Yield | 32.00 | 31.00 | 30.00 | 29.00 | 29.00 | 28.00 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 | |
| 9BC/2022(RP) | FELDA YANGAMBI | 105.84 | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | Yield | 33.00 | 32.00 | 31.00 | 30.00 | 29.00 | 28.00 | 28.00 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 |

Source: Southern Perak Plantations Sdn Bhd

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 PROPERTY DESCRIPTION (CONT'D)

| Field No. | Planting Material | Area (Ha) | Age / Yield | Projections (MT/ha) | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 | 2046 | 2047 | 2048 |
| 9ABC/2022(RP) | FELDA YANGAMBI | 149.66 | Age | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | (End of economic life) |
| | | | Yield | 33.00 | 32.00 | 31.00 | 30.00 | 29.00 | 28.00 | 28.00 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 | |
| 7A/1996(RP)/2023(RP) | FELDA YANGAMBI | 96.88 | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | Yield | 33.00 | 33.00 | 32.00 | 31.00 | 30.00 | 29.00 | 28.00 | 28.00 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 |
| 8E/1996(RP)/2023(RP) | FELDA YANGAMBI | 98.22 | Age | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| | | | Yield | 33.00 | 33.00 | 32.00 | 31.00 | 30.00 | 29.00 | 28.00 | 28.00 | 27.00 | 26.00 | 25.00 | 24.00 | 23.00 | 22.00 | 21.00 |

Source: Southern Perak Plantations Sdn Bhd

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## 4.3 MARKET VALUE

**Valuation Methodology**

In arriving at our opinion of the Market Value of the Southern Perak Oil Palm Estate (inclusive of the Palm Oil Mill), we have adopted the **Comparison Approach** as the primary method supported by the **Income Approach by DCF Method** as a cross check method. We note in arriving at our opinion of the Market Value of the Palm Oil Mill isolation, we have also relied upon the Cost Approach.

**Cost Approach (Palm Oil Mill in isolation)**

This approach provides an indication of value using the economic principle that a buyer will not pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction, unless undue time, inconvenience, risk or other factors are involved. This cost approach by summation method is founded on the economic principle of substitution and expressed in methodology as the value of the land plus the depreciated building value.

Further to the above, we have also relied upon the market knowledge with regards to the construction cost new of a Palm Oil Mill within South-East Asia and historical valuation records conducted by Knight Frank Malaysia, which ranges between RM600,000 MT/hour to RM1,000,000 MT/hour, depending on the production capacity from 30 MT/hour to 120 MT/hour.

A summary of construction cost new of the Palm Oil Mills within South-East Asia is provided below.

| Palm Oil Mill | Palm Oil Mill Capacity (MT/hour) | Year Built | Estimated New Replacement Cost | Analysis MT/hour | Cost Increase To Date Of Valuation | Analysis MT/hour |
|---|---|---|---|---|---|---|
| Engineering Procurement Budget Estimates New projects US$250,000/MTH | 40 | 2020 | RM40,000,000 | RM1,000,000 | 15% | RM1,150,000 |
| Private Company - Own Build- Indonesia | 45 | 2019 | RM39,000,000 | RM866,667 | 15% | RM996,667 |
| Veetar Palm Oil - Sabah | 90 | 2015 | RM63,000,000 | RM700,000 | 15% | RM805,000 |
| Government Palm Oil Company -Sabah | 60 | 2012 | RM47,000,000 | RM783,333 | 20% | RM940,000 |
| Government Palm Oil Company -Sabah | 90 | 2010/12 | RM70,000,000 | RM777,778 | 20% | RM933,333 |
| Listed Company - Sabah Palm Oil Mill No.2 | 30 | 2010 | RM28,000,000 | RM933,333 | 20% | RM1,120,000 |
| | | | | | AVERAGE | RM990,833 |
| | | | | | Say | RM1,000,000 |

Note: All Exclude Mandatory Environmental Electrostatic Precipitator.
Source: Contract Documents / Letter of Awards

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 MARKET VALUE (CONT'D)

The following table outlines the parameters of calculation adopted in undertaking our assessment below:-

| Summary of Parameters | | |
|---|---|---|
| **Building** | | **RM2,553,888** |
| **Plant & Machinery (30 MT/hour FFB Palm Oil Mill)** | | |
| Palm Oil Plant | RM11,000,000 | |
| Boiler & Power House | RM1,900,000 | |
| Electrostatic Precipitator System | RM1,100,000 | |
| Palm Oil Storage | RM400,000 | |
| Sludge Ponds | RM200,000 | |
| Weighbridges | RM80,000 | |
| Service Equipment | RM40,000 | |
| Laboratory Equipment | RM50,000 | |
| Raw Water & Water Treatment Plant | RM300,000 | |
| Mobile Plant | RM400,000 | |
| **Sub-Total** | RM15,470,000 | |
| | **say** | **RM15,500,000** |
| **Total Value of Palm Oil Mill** | | **RM18,053,888** |

Based on the foregoing, we have thus adopted **RM18,053,888** in our valuation as a fair representation of the Palm Oil Mill which has been incorporated into the Comparison Approach and Income Approach by Discounted Cash Flow Method to determine the combined Market Value of the Estate including the Palm Oil Mill.

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## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 MARKET VALUE (CONT'D)

**Comparison Approach** Using the Comparison Approach, the following sales evidences, amongst others, were noted in the table attached below and overleaf: -

| Sales Comparison and Analysis | | | |
|---|---|---|---|
| | Comparable 1 | Comparable 2 | Comparable 3 |
| Legal Description | Lot(s) 11652 and 12024 held under Title No(s). Pajakan Negeri 310075 and 310076, both wihtin Mukim Durian Sebatang, District Hilir Perak, Perak Darul Ridzuan | Lot 10052 and Lot 11501 held under Title No(s). PN 349423 and PN 309287, Mukim of Durian Sebatang, together with Lot 7280, 7281, 7258, 5936 and 7362 held under Title No(s). PN 290563, PN 290566, PN 290568, PN308136 and PN 286020, Mukim of Changkat Jong, all located within District of Hilir Perak, Perak Darul Ridzuan | Lot 11445 held under Title No. PN 362666, Mukim Durian Sebatang, Hilir Perak, Perak Darul Ridzuan |
| Property Type | Two (2) parcels of agriculture land | Seven (7) parcels of agriculture land together with a palm oil mill, existing workers' living quarters and site office. | A parcel of agriculture land |
| Land Area | 765.53 hectares | 3,641.82 hectares. | 1,184.02 hectares |
| Tenure | Leasehold interest for a term of 60 years, expiring 10th October 2045 (remaining unexpired term of 27 years) | Leasehold interest for a term of 60 years, with the following expiry dates:<br>➢ Lot 10052: 4th December 2035 (remaining unexpired term of 16 years)<br>➢ Lot 11501:14th December 2032 (remaining unexpired term of 13 years)<br>➢ Lot 7280, 7281 and 7258: 4th December 2035 (remaining unexpired term of 16 years)<br>➢ Lot 5936: 15th September 2035 (remaining unexpired term of 16 years)<br>➢ Lot 7362: 4th December 2035 (remaining unexpired term of 16 years) | Leasehold interest for a term of 99 years, expiring 18th August 2107 (remaining unexpired term of 92 years). |
| Consideration | RM87,015,164 | RM413,574,303 | RM110,591,460 |
| Date of Transaction | 19th November 2018 | 21st September 2018 | 1st October 2015 |
| Analysis | RM113,666 per hectare | RM113,563 per hectare | RM93,403 per hectare |
| Vendor | Tan Kok Cheng Plantations Sdn Bhd | ➢ Lot 5936: Syarikat Kaum Melayu Hilir Perak Sdn Bhd<br>➢ Lot 7362:Tahir, Rozlan and Tasariff Sdn Bhd<br>All other lots: Pinehill Plantations (Malaysia) Sdn Bhd | Stock Harvest Sdn Bhd |
| Purchaser | United Ganda Plantations Berhad | United Plantations Berhad | Maple Amalgamated Sdn Bhd |

## 4.3 MARKET VALUE (CONT'D)

| Sales Comparison and Analysis (Cont'd) | | | |
|---|---|---|---|
| | Comparable 1 | Comparable 2 | Comparable 3 |
| Remarks | The vendor has submitted the application to extend the lease to 99-years with Pejabat Tanah dan Galian Perak's approval (subject to premium paid and surrender of 10% of the land). | ➢ The vendor has submitted the application to extend the lease to 99-years with Pejabat Tanah dan Galian Perak's approval (subject to premium paid and surrender of 10% of the land).<br>➢ Comparable transacted together with existing palm oil mill, workers' living quarters and site office. Based on Bursa announcement dated 3rd September 2019, the transaction is deemed completed on the same day.<br>➢ Oil Palm Mill: Age 40-44 years old, 30MT/hr, Land Area 11.74 hectares | N/A |
| Source | Jabatan Penilaian dan Perkhidmatan Harta (JPPH) / Bursa Malaysia Securities Berhad | | |
| Adjustments | General adjustments were made for prevailing market condition, accessibility, land size and tenure. | General adjustments were made for prevailing market condition and tenure. | General adjustments were made for prevailing market condition, accessibility and land size. |
| Adjusted Value | RM125,317 per hectare | RM131,165 per hectare | RM107,414 per hectare |

**Valuation Justification**

In arriving at our opinion of the Market Value of the Estate using the Comparison Approach, we have made diligent adjustments for prevailing market condition and differences including prevailing market condition, accessibility, land size, tenure and other relevant factors.

Where information related to the subject comparable is available, we have considered and reflected adjustment (if any) accordingly. For the type of planting, we note that the comparables adopted are of similar category of planting (industrial crops) and as such no further adjustment were made.

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 MARKET VALUE (CONT'D)

**Valuation Justification (Cont'd)**

Information relating to the composition (planting profile) and yield profile are specific to each plantation and such information are not publicly available unless it is a transaction of a public listed entity. Where information is not available, we relied on the physical site inspection to estimate the planting profile based on the height of the tree and the condition of the plantation and reflected adjustment (if any) accordingly.

In view of limited recorded transactions of identical property in the immediate locality, we have resorted to adopt the selected Comparable(s) in our assessment by Comparison Approach; as it is merely impossible to identify exactly alike properties to referred to, hence appropriate adjustments are made to reflect the differences of the Comparable(s) and the property being valued.

Although total adjustments (up to 10% on selected Comparables) were considered and made for in our assessment, we are of the view that the selected Comparable(s) adopted are still considered relevant by virtue of the fact that all of the selected Comparable(s) are considered to have the closest land attributes (in terms of location, land shape, terrain / level, lot configuration, category of land use and etc) as compared to the Estate. With total effective adjustments made for all Comparable(s) (ranged between 0% to 10%); we have placed greater reliance on Comparable 2 as it is more similar to the Estate in terms of land size, palm age and had a Palm Oil Mill with similar age profile and configuration. Thus, we have adopted the adjusted analysis of **RM131,165 per hectare** from Comparable 2 as fair representation after having made the necessary adjustments.

Based on the foregoing, we have thus adopted **RM478,000,000** (analysed to about **RM131,124 per hectare** over gross land area of 3,645.40 hectares (or 9,009.97 acres) in our valuation as a fair representation using Comparison Approach.

**Income Approach by DCF Method**

In undertaking this analysis, we have used a wide range of assumptions for the Subject Property including the long-term estimated FFB price along with the expected expenses during the DCF period. The following table outlines the parameters of calculation adopted in undertaking our assessment: -

| Summary of Parameters | |
|---|---|
| Long-Term Estimated FFB Price | RM610 / MT<br>After having benchmarked against the historical performance of the Estate coupled with the data published by MPOB on the market rate of FFB over the last 10 years. We have derived that the long term FFB rate of RM610/MT derived by averaging the 10 year record published by MPOB as a fair representation. |
| Quit Rent | RM364,540 per annum<br>We have adopted the quit rent charges from the current actual charges for the Estate. |

## 4.3 MARKET VALUE (CONT'D)

| Summary of Parameters (Cont'd) | |
|---|---|
| Manuring & Harvesting | RM160 / MT<br>After having benchmarked against the historical analysis of manuring and harvesting expense of the plantation which ranges between RM128 / MT to RM145 / MT from 2020 to 2022; with an *average of RM163 / MT. Thus, RM160 / MT is deemed appropriate for manuring and harvesting. We further note that the manuring cost has increased in year 2022 due to external economic factors (i.e. Russian – Ukraine War and increase in raw material prices), however we were made to understand by the Client that the cost has now reduced to rates similar to the years before in 2020 and 2021. |
| General Charges (Administration & Staff Cost) | RM1,280 / ha<br>After having benchmarked against the historical analysis of general charges expense of the plantation which ranges between RM1,150 / ha to RM1,451 / ha from 2020 to 2022; with an *average of RM1,285 / ha. In view of the recent increase in general charges for year 2022, we were made to understand that the hike is due to the increase in the number of foreign workers. The increase in foreign workers is in line with the Estate's vision to maximise harvesting of crops from mature palms that are in their prime age; we have thus adopted RM1,280 / ha as the fair and reflective rate for general charges. |
| Cost of Upkeep & Maintenance | RM710 / ha<br>After having benchmarked against the historical analysis of cost of upkeep and maintenance of the plantation which ranges between between RM631 / ha to RM790 / ha from 2020 to 2022 with an *average of RM709 / ha. Thus, RM710 / ha is deemed appropriate for cost of upkeep and maintenance. |
| Growth Rate for Operating Expenses | 2.0% per annum<br>The growth rate for operating expenses is benchmarked against the rate of inflation. |
| Discounted Cash Flow Period | 26 years<br>The estimated economic life span of a palm oil plant is estimated to be about 26 years. Given the time that has lapsed, the remaining economic life of the palms is about 15 to 26 years. As such, a yield projection for a duration of the remaining economic life span is provided by Southern Perak Plantations Sdn Bhd to reflect the economic life of the plantation. |
| Discount Rate | 8.0%<br>Discount rate is a risk-weighted factor used to calculate the net present value of the future cash flows from the asset till the time of exit.<br>Our interpretation of the discount rate is based on the premise that the value of a dollar to be received in the future is equal to a dollar today minus some factor to account for the risk that the future dollar may not materialize (which can also be explained as opportunity cost, expected return of capital when invested elsewhere). A general way of determining the discount rate is to adopt the capitalisation rate together with the long-term growth rate or expected average annual appreciation of the asset.<br>In general, the long-term growth rate / annual appreciation of a stabilised plantation is benchmarking against the rate of inflation (approximately less than 2.0%).<br>As such, a discount rate of 8.0% is adopted for the Estate; which is the combination of 4.0% derived from Malaysia Government Securities ("**MGS**") added with a 4.0% risk premium associated with the plantation activity. |

## VALUATION CERTIFICATE FOR THE MALAYSIAN SUBJECT PROPERTIES (Cont'd)

### 4.3 MARKET VALUE (CONT'D)

| Summary of Parameters (Cont'd) | |
|---|---|
| Discount Rate for Vacant Agricultural Land & Unplantable Area Land Value | 4.0%<br>As mentioned above, a discount rate of 4.0% is adopted for vacant agricultural land and unplantable land area; which is the 4.0% discount rate for the vacant land is purely derived based on MGS and no risk element is associated with the ownership of vacant land. |
| Vacant Land Value (Exit Assumption) | 20.0% discount on plantation land value.<br>When the economic life of a specific planting block of the biological asset comes to an end, we have adopted a vacant land value. The vacant land value is determined by adopting recent transactions of vacant agricultural lands, where available.<br><br>For the Estate however, in the immediate and surrounding vicinity there was no suitable vacant agricultural land transactions. Hence, we have adopted the plantation land value which includes land and biological asset and further made a 20% discount to account for the biological assets which have exhausted their economic life leaving behind vacant land with improvement and infrastructure as the exit land assumption. The 20% discount was adopted based on our previous valuation experience in valuing plantations conducted in the past 10-12 years and professional judgement. |

Note:
* The average approach is considered as a more stabilized and sustainable approach in ascertaining the fair cost especially over the last 3 years due to variation cause by external economical factor (i.e., COVID-19). To show continuous growth in the cost of expenses, we have accounted a growth of 2.0% per annum in our computation.

**Reconciliation of Value**

| Valuation Methodology | Derivation of Values |
|---|---|
| Comparison Approach (inclusive of the Palm Oil Mill) | RM478,000,000 |
| Income Approach by DCF (inclusive of the Palm Oil Mill) | RM473,000,000 |

In arriving at the Market Value of the Estate, we have considered the Comparison Approach as the preferred and appropriate method of valuation after having noted sufficient comparable properties in the locality.

The Income Approach is usually preferred and commonly used that provides a good guide to value for plantation assets; however, Income Approach has its limitations as it requires significant amount of data and relies on assumptions that can, in some cases, be inaccurate; resulting in difficulty in estimating the projections of future cash flow and terminal value. Hence, the Income Approach is used as a secondary check only.

As such we have adopted the Market Value derived from the Comparison Approach as a fair representation, supported by our Income Approach by DCF Method analysis.

**Market Value** RM478,000,000 (Ringgit Malaysia Four Hundred and Seventy-Eight Million only).

For all intents and purposes, this Certificate should be read in conjunction with our Valuation Report as of 10th April 2023 bearing Reference No. V/COR/23/0036(A).