

**Oriental Holdings Berhad [Registration No. 196301000446 (5286-U)]
Response to stockholders at Extraordinary General Meeting of the Company
held on 30 August 2023**

Q1 from Lau Chuan Hooi

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

Answer:

Our Group does not have a policy of giving out e-vouchers/e-wallet to participating stockholders.

Q2 to Q4 from Lew Tuck Wai

- 2. Mercury Securities is of the opinion that "the Proposals are envisaged to be value accretive to the OHB Group." (Section 6.7 - Page 70 of IAL). However, the Proforma Effects on Earnings & EPS in Section 10.4 (page 75) of the Circular showed that the EPS of OHB Group reduced to 74.21 sen vs 80.34 sen prior to the Proposal. Please explain.**

Answer:

The pro forma effects on earnings and EPS as detailed in Section 10.4 of the Circular was illustrated based on historical figures (i.e. audited consolidated financial statements of OHB Group for the financial year ended ("FYE") 31 December 2022) after accounting for the estimated expenses for the Proposals and without taking into account the future prospects of the Group (in particular, the earnings) upon the completion of the Proposals.

It is pertinent to note that the Proposed Southern Perak Plantations Sdn Bhd ("SPP") Acquisition and the 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.

Further, as the majority part of the acquired lands has 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 ongoing plantation activities which, in turn, would enable OHB to generate immediate earnings and cash flows therefrom.

Additionally, as set out in the Independent Advice Letter (IAL), Selasih Permata Sdn Bhd ("SPSB") Group is profitable, with the majority of its oil palm plantation lands already planted with oil palm trees. As such, our Group envisaged that the Proposed SPSB Acquisition is to be earnings accretive. Following the completion of the Proposed SPSB Acquisition, OHB will obtain full control over the SPSB Group's sizeable plantation land bank and its ongoing business.

Whilst the Oriental Boon Siew (Mauritius) Pte Ltd (“OBS(M)”) Group is currently in a net liability position, we are of the opinion that the financial results of OBS(M) Group holds the potential to improve as and when the Group embarks on the cultivation of its sizeable unplanted oil palm lands. In this regard, the Proposed OBS(M) Acquisition is envisaged to generate long-term value for OHB as it allows OHB to derive income from its future cultivation plans over the unplanted oil palm lands.

- 3. The OBS(M) Estates in particular PPA Estate, DAM Estate, and SSL Estate have all reported massive losses in FY2022 mainly due to net foreign exchange losses as explained in Notes on pages 27-28 of the circular.**
- (1) With the full ownership of OBS(M) after the acquisition, is OHB Group required to consolidate all losses reported in OBS(M)?**
- (2) What is the net profit or loss reported by OBS (M) in FY2022?**

Answer:

- (1) Profits or losses of OBS(M) Group have been accounted for in the existing consolidation. The non-controlling interest portion has been disclosed under other comprehensive income.
- (2) The unconsolidated Profit After Tax (“PAT”) of OBS(M) Group for the FYE 2022 and the financial period ended 31 March 2023 amounted to approximately USD11.8 million and USD4.5 million respectively (Please refer to page 231 of the Circular for details).

- 4. The location permits for the 52,837 Ha uncertificated land held by OBS(M) have expired as at the LPD (Section 9.3 (ii) - page 68). In the worst case scenario, that the application of HGU is rejected by the Indonesian authorities, what will be the recourse to OHB Group as the 52,837 Ha formed more than 54% of land held by OBS(M)?**

Answer:

There are no anticipated liabilities to be borne by our Group arising from the failure to obtain the Kesesuaian Kegiatan Permanaftaan Ruang (“KKPR”) (if such remote circumstances materialise) as our costs of investments in OBS(M) Group have been previously fully impaired prior to the FYE 2020 due to the net liabilities position of OBS(M) Group over the years. Please refer to Section 9.3(ii), page 70 of the Circular for more details.

Q5 from Teh Peng Tin

- 5. How much does the company spend on this virtual EGM?
 Would the BOD kindly give Touch n Go e- wallet as a token of appreciation for attending today’s RPV?
 I would like to request a copy of the EGM’s circular documents.
 May I Know What is the rationale for this proposal? Please explain.**

Answer:

Our Board is of the view that the virtual EGM serves as an effective platform that can facilitate participation from stockholders who may not be able to attend in person. In that respect, the associated cost is deemed reasonable.

It is not our Group's practice to provide a token of appreciation to participants for attending RPV. A copy of the Circular has been arranged to be delivered to you.

Kindly refer to Section 5, pages 41 to 42 of the Circular for the rationale and justification for the Proposals.

Q6 to Q10 from Chua Song Yun

6. **Referring to the Penang, Pahang and Kedah's palm estates. If based on their 2022 results, when the CPO price is good, the purchase price seems to be on the high side of earning multiple. If based on their 2020 results, when the CPO price is average, it seems to be very expensive.**
- (a) **Are we acquiring into low-yielding assets?**
- (b) **What synergy do these assets will provide to the group?**
- (c) **Why do we need to bundle these assets into one transaction?**

Answer:

The acquisitions were undertaken on an en-bloc basis as stipulated by the Vendor. It should be noted that although the acquisitions are on an en-bloc, the management was successful in negotiating and transacting at a substantial discount to the total Revalued Net Assets Valuation ("RNAV") of the target assets. In terms of synergy, the acquisitions will allow OHB to expand its local plantation land bank and fully consolidate its interests in the Indonesian plantations (which OHB is familiar with).

7. **While we acquire the remaining 49.5% stake in OBS(M) for only RM1. However, OBS(M) seems to be not doing well and in net liabilities of RM373m.**
- (a) **Why OBS(M) is not doing well?**
- (b) **What is the reason for buying into OBS(M) considering we will assume 100% of its liability?**

Answer:

The net liabilities in OBS(M) reflect the cost of development (which was mostly funded by bank borrowings).

We believe that the operations of OBS(M) Group have reached an inflection point where we are starting to yield profitable results from the estates. OBS(M) Group has recorded Profit Before Tax and PAT (Please refer page 231 in the Circular) in respect of the financial period ending 31 March 2023. However, given the volatility in Crude Palm Oil ("CPO") prices and our commitment to develop the plantation land further, we are unable to give any profit guidance for OBS(M).

As explained in the Circular, the acquisitions would be on an en-bloc basis and OHB is poised to enjoy the prospects of yielding results from the OBS(M) plantations moving forward as and when the plantation matures.

8. What is the expected capex going forward for these acquired assets?

Answer:

The expected capital expenditure for year 2024 in relation to the acquired assets is approximately RM74.6 million.

9. Management had in the past AGMs mentioned that there are difficulties in planting the unplanted land, due to challenges in getting authority approvals and local unrest. Although there are 56,705 hectares of plantable area in the Indonesia palm estate; however, how much of this land can really be planted?

Answer:

Barring any unforeseen circumstances and subject to feasibility assessment, we believe that majority of the areas are plantable and the Group expects more than 50% of the plantable area can be cultivated.

10. Referring to the presentation, will the net cash of the group drop from RM1.24 billion to only RM12.8 million after the acquisition?

Answer:

The pro forma effects on the net cash as detailed in Section 10.2 (page 74) of the Circular is for illustration purposes only, after taking into consideration that the total purchase consideration will be partly funded via bank borrowings of approximately RM1.14 billion).

Q11 from Ho Yueh Weng

11. With this acquisition, what is our expected improvement in revenue & earnings going forward?

Answer:

The sizeable unplanted landbank that the Group will be able to develop on will generate long-term value for the Group going forward.

Q12 from Lee Zhen Hao

12. Please send a print EGM Circular to me at 2A Jln 10C/6, Setapak Indah, 53300 K-Lumpur.

Answer:

A copy of the EGM's circular has been arranged to be delivered to you.