

ORIENTAL HOLDINGS BERHAD (5286-U)

Stock Name : **ORIENT**
Type : **TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
RELATED PARTY TRANSACTION**
Subject : **PROPOSED SUBSCRIPTION OF REDEEMABLE PREFERENCE
SHARES IN SUBSIDIARY**

1. INTRODUCTION

Oriental Holdings Berhad (“OHB”) wishes to announce that its wholly owned subsidiary, Oriental Rubber & Palm Oil Sdn Berhad (“ORPO”) intends to further subscribe 25,000,000 Redeemable Preference Shares (“RPS”) at an issue price of RM1 each in tranches in its 51% owned subsidiary, Oriental Boon Siew (M) Sdn Bhd (“OBS Malaysia”) (“Proposed Subscription”).

2. INFORMATION ON OHB, ORPO AND OBS MALAYSIA

2.1 OHB was incorporated in Malaysia under the Companies Ordinances 1940-1946 on 24 December 1963 as a limited company known as Oriental Holdings Limited. On 15 April 1966, OHB assumed its present name as a company limited by stocks.

The Company is principally engaged in investment holding and provision of management services. Its present issued share capital is RM620,393,638 comprising 620,393,638 ordinary stocks inclusive of 31,808 treasury stocks.

2.2 ORPO, a limited liability company, was incorporated in Malaysia under the Companies Ordinances 1940-1946 on 29 December 1965. It is wholly owned by OHB. Its present issued share capital is RM100 million comprising 30,000,000 ordinary shares and 70,000,000 RPS. The principal activities of the company are cultivation of oil palm, investment holding and leasing of land for car park. The Directors are Datuk Loh Kian Chong, Dato’ Robert Wong Lum Kong, DSSA, JP, CMJA (UK), Tan Kheng Hwee, Khoo Kay Jee, Tan Hui Ming, Dato’ Lim Kean Seng, and alternate Directors, Datin Loh Ean, Lim Ee Hean and Dato’ Sri Datuk Wira Tan Hui Jing.

2.3 OBS Malaysia, a limited liability company, was incorporated in Malaysia on 21 September 2007 under the Companies Act 1965. It is a 51% subsidiary of ORPO and the balance of 49% is owned by Boontong Estates Sdn. Bhd. (“BESB”). Its present issued share capital is RM409,000,000 comprising 339,000,000 ordinary shares and 70,000,000 RPS. The company is principally engaged in land reclamation and investment holding. The Directors are Datuk Loh Kian Chong, Dato’ Robert Wong Lum Kong, DSSA, JP, CMJA (UK), Tan Kheng Hwee, Dato’ Lim Kean Seng, Dato’ Sri Datuk Wira Tan Hui Jing and alternate Directors, Datin Loh Ean, Dato’ Seri Lim Su Tong and Wong Tet Look.

BESB is indirectly owned by Pacific Carnival Sdn Bhd (“PC”), a major stockholder of OHB holding 36.74% interest.

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3. RATIONALE FOR THE PROPOSED SUBSCRIPTION

The Proposed Subscription in stages is funded from the internal reserves of ORPO. The Proposed Subscription in OBS Malaysia is for working capital purposes and this will indirectly improve shareholders' wealth through minimising high cost borrowings leading to a concentrated focus on its business and operational development and future plans. Essentially, OHB Group is able to utilise its available funding to the benefits of its subsidiaries as well as to allow the company concerned to redeem the RPS as and when necessary. The above transaction would also address the inability of OBS Malaysia to obtain bank borrowings on clean basis on its own at this juncture in time.

4. FINANCIAL EFFECTS OF PROPOSED SUBSCRIPTION

The Proposed Subscription will not have any effect on the issued share capital and substantial stockholders' stockholding of OHB. The Proposed Subscription is not expected to have any material impact on Group's earnings, net assets and gearing of OHB for the financial year ending 31 December 2024.

The highest percentage ratio applicable to the transaction as per paragraph 10.02(g) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") is 0.330% based on the latest consolidated financial statements of OHB for financial year ended 31 December 2023.

The highest percentage ratio applicable to the aggregated transactions pursuant to paragraph 10.12 of the MMLR of Bursa Securities is 0.334%.

5. SALIENT TERMS OF THE AGREEMENT

No formal agreement has been entered into except the form of application for shares issued by ORPO.

6. APPROVAL OF SHAREHOLDERS AND RELEVANT GOVERNMENT AUTHORITIES

The Proposed Subscription is not subject to approval of any relevant regulatory authorities or the Company's stockholders except the approval of the shareholders of OBS Malaysia.

7. INTEREST OF DIRECTORS AND/OR MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH DIRECTORS OR MAJOR SHAREHOLDERS

None of the Directors and / or major stockholders and / or person connected with a Director or major stockholder have any interest, direct or indirect, in the Proposed Subscription, save as disclosed below:

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- (a) PC is a major stockholder of OHB holding 36.74% stake;
- (b) The Directors, namely, Datuk Loh Kian Chong, Dato' Robert Wong Lum Kong, DSSA, JP, CMJA (UK), Dato' Seri Lim Su Tong, Ms Tan Kheng Hwee and Dato' Sri Datuk Wira Tan Hui Jing (collectively "Interested Directors") are also indirect shareholders of BE via their respective owned family companies.
- (c) Datuk Loh Kian Chong, Dato' Seri Lim Su Tong, Dato' Sri Datuk Wira Tan Hui Jing, Loh Wei-Lyn and their persons connected are major stockholders of OHB via PC.

The Interested Directors have abstained from deliberation and voting on the Proposed Subscription at Board level.

8. RISKS FACTORS

The Board does not envisage any specific risk associated with the Proposed Subscription, as the Board is of the view that, barring any unforeseen circumstances, the respective subsidiaries will be able to service their obligations as and when these fall due.

9. STATEMENT BY THE AUDIT COMMITTEE AND BOARD OF DIRECTORS

The Audit Committee formed the view that the Proposed Subscription is in the best interest of the Group, fair, reasonable and not detrimental to the interest of the minority shareholders.

The Board of Directors (save and except for the Interested Directors) is of the opinion that the Proposed Subscription is in the best interest of the Company as the Group would be utilising its own cash resources to reduce the borrowings of OBS Malaysia resulting also in interest savings for the Group as well as to allow the company concerned to redeem the RPS as and when necessary.

10. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING TWLEVE (12) MONTHS

The amount transacted which involved the interest of the same related parties for the preceding last 12 months is RM0.27 Million.

11. ESTIMATED TIME FRAME FOR THE COMPLETION OF THE PROPOSED SUBSCRIPTION

The Proposed Subscription in tranches is expected to be completed by 31 December 2024.

This announcement is dated 30 May 2024.