

ORIENTAL INTEREST BERHAD
(Company No. 272144-M)
(Incorporated in Malaysia)

Summary of key discussion at the Twenty-Fifth Annual General Meeting of Oriental Interest Berhad (“OIB” or “the Company”) held at Dewan Bankuet Jubli Emas, Royal Kedah Club, Pumphong, 05250 Alor Setar, Kedah Darul Aman on Thursday, 22 November 2018.

Question	Answer																								
Strategic & Financial Matters																									
<p>It was disclosed on page 10 of the Annual Report that the oil palm yield has increased in FY2018. Please share the following information on the Plantation Business:</p> <p>(a) The Fresh Fruit Bunch Yield ("FFB") for FY2017 and FY2018;</p> <p>(b) The FFB production in metric ton ("MT") for FY2017 and FY2018;</p> <p>(c) The age profile of the oil palm trees by acreage; and</p> <p>(d) The Yield Per Hectare (in MT/Ha) for FY2017 and FY2018.</p>	<p>The FFB yield for FY 2017 and FY 2018 are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Description</th> <th style="text-align: center;">Unit</th> <th style="text-align: center;">FY 2017</th> <th style="text-align: center;">FY 2018</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">FFB harvested / produced</td> <td style="text-align: center;">MT</td> <td style="text-align: center;">2,501.96</td> <td style="text-align: center;">4,183.40</td> </tr> <tr> <td style="text-align: center;">FFB Yield (harvested per hectare)</td> <td style="text-align: center;">MT/Ha</td> <td style="text-align: center;">9.75</td> <td style="text-align: center;">16.30</td> </tr> </tbody> </table> <p>The age profile of oil palm trees by hectare are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Hectare</th> <th style="text-align: center;">98.80</th> <th style="text-align: center;">72.03</th> <th style="text-align: center;">85.79</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Age of oil palm trees (Years)</td> <td style="text-align: center;">20</td> <td style="text-align: center;">8</td> <td style="text-align: center;">4</td> </tr> </tbody> </table>	Description	Unit	FY 2017	FY 2018	FFB harvested / produced	MT	2,501.96	4,183.40	FFB Yield (harvested per hectare)	MT/Ha	9.75	16.30	Hectare	98.80	72.03	85.79	Age of oil palm trees (Years)	20	8	4				
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Question	Answer
<p>The increase in the Group's Trade and Other Receivables was mainly contributed by the Accrued Billings that has increased from RM43.3 million in FY2017 to RM145.6 million in FY2018, an increase of RM102.3 million or 236.3%.</p> <p>(a) Please explain the nature and reasons for the increase and what measures have been taken to reduce the amount.</p>	<p>During FY 2018, Accrued Billings increased by RM102.3 million as a result of the revenue recognised in profit or loss which exceeds billings to purchasers for Perumahan Penjawat Awam Malaysia (“PPAM”) projects that are offered to civil servants.</p> <p>The mode of billings for PPAM projects as stated in the Sale and Purchase Agreements (“SPAs”) are 10% of selling price upon signing of SPA and remaining 90% of selling price upon obtaining Certificate of Completion and Compliance (“CCC”). Thus, only 10% billings were issued and remaining provided as Accrued Billings during FY 2018.</p>
<p>(b) Have any of the Accrued Billings been impaired for non-collection? If yes, what is the amount?</p>	<p>There was no impairment for non-collection in respect of the Accrued Billings as billings will be raised only upon obtaining CCC for PPAM projects. As at the date of this letter, 80% of these Accrued Billings have been collected by OIB Group from Lembaga Pembiayaan Perumahan Sektor Awam and banks.</p>
<p>The Company recently acquired additional stakes in Aturan Cemerlang Sdn. Bhd (“ACSB”) and Brilliant Alliance Sdn Bhd (“BASB”), thereby raising the Company's equity interest in ACSB and BASB to 87.63% and 75.36% respectively.</p> <p>(a) Please explain the reasons for the acquisition of ACSB and BASB;</p>	<p>The acquisition of additional investment in ACSB and BASB will enable OIB to reap additional benefits arising from these companies’ future earnings.</p>
<p>(b) What was the basis of valuation of the acquired shares?</p>	<p>The basis of valuation for the acquired shares was on willing-buyer willing-seller basis taking into consideration the audited net assets value of these companies as at FY 2017.</p>

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(c) Who are the sellers of ACSB and BASB shares?	Thobrani Holdings Sdn. Bhd. and Lim Seong Wan and Lim Soo Bin as Executors for the Estate of Lim Eng Theng, deceased (“Executors for Lim Eng Theng”) were the sellers of the stakes in ACSB. The Executors for Lim Eng Theng were the seller of the stake in BASB.
<p>The Company acquired 11 parcels of adjoining freehold land at Barat Daya, Pulau Pinang for a purchase consideration of RM26,280,000 to be satisfied through a combination of cash amounting to RM1,314,000 and the issuance of 9,986,400 new ordinary shares of the Company at an issue price of RM2.50 each.</p> <p>(a) Why was the acquisition of the lands partly settled by issuance of new ordinary shares instead of redeemable preference shares of the Company as with the other land acquisitions?</p>	<p>The Company had negotiated the mode of settlement with the vendors separately with vendors indicating their preference of mode of payments.</p>
(b) What was the basis of valuation of the various freehold land?	The valuer adopted Comparison Approach as the basis of valuation for these 11 parcels of adjoining freehold land.
(c) What is the Gross Development Value of the freehold land?	The Company anticipates generating GDV of approximately RM114 million from these lands based on current development projections incorporating bungalows lots.

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Corporate Governance Matter	
<p>We noted that the Company in its Corporate Governance Report has stated that it has adopted Practice 4.3 of MCCG. However, we noticed in the explanation on application of the practice, it was stated that "In the event the Board intends to retain a Director as an Independent Non-Executive Director ('INED") after the latter has served a cumulative/consecutive term of nine (9) years, the Board must justify the decision and seek shareholders' approval at AGM (annual general meeting)"</p> <p>Step Up Practice 4.3 states that upon completing the 9-year tenure, the INED would have to vacate his/her position as an INED.</p> <p>Please take note of this.</p>	<p>We have taken note of this matter.</p>
<p>Para 15.02(1)(2), Part B, Chapter 15 of the Main Market Listing Requirement ("MMLR"), states that a listed issuer must ensure that at least 2 directors or 1 /3 of the board of directors of a listed issuer, whichever is the higher, are independent directors.</p> <p>If the number of directors of the listed issuer is not 3 or a multiple of 3, then the number nearest 1/3 must be used.</p>	<p>The Board of OIB currently comprised of seven (7) Directors with two (2) being the Independent Non-Executive Directors ("INEDs"). The number nearest to one-third (1/3) of seven (7) Directors for the computation of INEDs is 2.33 or 2 persons. Accordingly, the Company complies with para 15.02(1)(2) of the MMLR.</p>

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The Board has 7 directors, which includes two Independent Non-Executive Director ("INED"). This INEDs constitute only 28.6% of the board and it is less than 1/3 (33.3%).	