THIS CIRCULAR TO THE SHAREHOLDERS ("CIRCULAR") OF OCR GROUP BERHAD ("OCR" OR THE "COMPANY") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad ("**Bursa Securities**") takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

The Securities Commission Malaysia ("**SC**") had on 31 May 2024 notified that it has no further comments to the contents of this Circular in respect of the Proposed Exemptions and the IAL for the Proposed Exemptions as set out in Part B of this Circular. However, such notification shall not be taken to suggest that the SC agrees with the recommendation of the independent adviser or assumes responsibility for the correctness of any statements made, opinions expressed or reports contained in this Circular as well as the IAL. The SC takes no responsibility for the contents of this Circular as well as the IAL, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or part of the contents of this Circular as well as the IAL.

OCR GROUP BERHAD

Registration No: 199701025005 (440503-K)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Principal Adviser

Inter-Pacific Securities Sdn Bhd
Registration No. 197201001092 (12738-U)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Independent Adviser

BDO CAPITAL CONSULTANTS SDN BHD
Registration No. 199601032957 (405309-T)
(Incorporated in Malaysia)

The Extraordinary General Meeting ("**EGM**") of OCR will be conducted on a fully virtual basis through live streaming and online remote participation and voting using Remote Participation and Electronic Voting ("**RPEV**") facility via online meeting platform at www.swsb.com.my (Domain Registration No. with MYNIC: D1A403841) on Tuesday, 25 June 2024 at 3:30 p.m., or at any adjournment thereof. Please refer to the Notice of EGM and Administrative Guide on EGM in order to register, participate, speak and vote remotely via the RPEV.

The Notice of the EGM together with the Form of Proxy and the Administrative Guide on EGM are enclosed in this Circular and can be downloaded from the Company's website at www.ocrbhd.com/investor-relations/ or Bursa Malaysia Berhad's website at www.bursamalaysia.com.

If you decide to appoint a proxy or proxies to attend and vote on your behalf at the EGM, please complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and deposit at the office of the Company's Share Registrar, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so. Alternatively, you may deposit the Form of Proxy via email to ir@shareworks.com.my not less than 48 hours before the time set for holding the EGM.

Last day, date and time for lodging the Proxy Form	:	Sunday, 23 June 2024 at 3:30 p.m.
Day, date and time of the EGM	:	Tuesday, 25 June 2024, at 3:30 p.m.
Online meeting platform	:	www.swsb.com.my

This Circular is dated 10 June 2024

CIRCULAR TO SHAREHOLDERS
IN RELATION TO:-

PART A

(I) PROPOSED SETTLEMENT OF ADVANCES OWING BY STACK BUILDER SDN BHD, A 50.5%-OWNED SUBSIDIARY OF THE COMPANY, TO ONG KAH HOE ("OKH") AND TAN CHIN HOONG ("TCH") AMOUNTING TO RM43,296,795 TO BE SATISFIED ENTIRELY VIA THE ISSUANCE OF 618,525,646 NEW ORDINARY SHARES IN THE COMPANY ("OCR SHARES" OR "SHARES") AT THE ISSUE PRICE OF RM0.0700 PER SHARE ("PROPOSED SETTLEMENT");

(II) PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 1,336,348,534 NEW SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 1,336,348,534 FREE DETACHABLE WARRANTS IN THE COMPANY ("WARRANTS E") ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 2 WARRANTS E FOR EVERY 3 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED ("PROPOSED RIGHTS ISSUE WITH WARRANTS");

(III) PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ISSUED BY THE SECURITIES COMMISSION MALAYSIA ("SC") ("RULES") TO OKH, TCH AND PERSONS ACTING IN CONCERT WITH THEM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING OCR SHARES NOT ALREADY HELD BY THEM UPON THE COMPLETION OF THE PROPOSED SETTLEMENT ("PROPOSED EXEMPTION 1");

(IV) PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES TO OKH AND PERSONS ACTING IN CONCERT WITH HIM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR THE REMAINING OCR SHARES NOT ALREADY HELD BY THEM UPON THE COMPLETION OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS ("PROPOSED EXEMPTION 2")

(THE PROPOSED EXEMPTION 1 AND THE PROPOSED EXEMPTION 2 SHALL COLLECTIVELY BE REFERRED TO AS THE "PROPOSED EXEMPTIONS")

(THE PROPOSED SETTLEMENT, THE PROPOSED RIGHTS ISSUE WITH WARRANTS AND THE PROPOSED EXEMPTIONS SHALL COLLECTIVELY BE REFERRED TO AS THE "PROPOSALS")

PART B

INDEPENDENT ADVICE LETTER FROM BDO CAPITAL CONSULTANTS SDN BHD TO THE NON-INTERESTED SHAREHOLDERS OF OCR IN RELATION TO THE PROPOSED SETTLEMENT AND THE PROPOSED EXEMPTIONS

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

Act	-	Companies Act, 2016 of Malaysia, as amended from time to time and any re-enactment thereof
BDOCC or Independent Adviser	-	BDO Capital Consultants Sdn Bhd, being the independent adviser appointed to advise the non-interested Directors and non-interested Shareholders in relation to the Proposed Settlement and the Proposed Exemptions
BNM	-	Bank Negara Malaysia
Board	-	Board of Directors of the Company
Bukit Raja Land	-	A parcel of vacant leasehold land owned by Stack Builder, a 50.5%-owned subsidiary of OCR, measuring 100,900 square meters in Bukit Raja, Shah Alam held under Lot 96097, Pajakan Negeri 114156, Mukim Bukit Raja, District of Petaling, State of Selangor Darul Ehsan to be developed into Kyra by Stack Builder
Bursa Securities	-	Bursa Malaysia Securities Berhad
Bursa Depository	-	Bursa Malaysia Depository Sdn Bhd
Circular	-	This circular dated 10 June 2024 comprising Part A – Letter to Shareholders in relation to the Proposals and Part B – IAL from BDOCC to the non-interested Shareholders in relation to the Proposed Settlement and the Proposed Exemptions
CLS	-	Chan Lian Sei, an Executive Director of OCR as well as OKH's spouse and a presumed PAC to OKH pursuant to subsection 216(3) of the CMSA
CMSA	-	Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
Code	-	Malaysian Code on Take-Overs and Mergers, 2016, as amended from time to time
COVID-19	-	Coronavirus disease 2019
Deed Poll E	-	Deed poll constituting the Warrants E to be executed by the Company
Development Order	-	Planning permission for a proposed development (i.e. kebenaran merancang) of *Kyra* on the Bukit Raja Land, a submission plan of which was submitted to the Shah Alam City Council for approval on 5 February 2021 and was approved on 6 July 2022
Directors	-	The directors of the Company, and shall have the meaning given in subsection 2(1) of the CMSA
EGM	-	Extraordinary general meeting of the Company
Entitled Shareholders	-	Shareholders whose names appear in the Record of Depositors of the Company as at the close of business on the Entitlement Date in order to be entitled to participate in the Proposed Rights Issue with Warrants

Entitlement Date	-	A date to be determined by the Board and announced on the same day, on which the names of Shareholders must appear in the Record of Depositors of the Company as at the close of business on that date in order to be entitled to participate in the Proposed Rights Issue with Warrants
EPS	-	Earnings per share
ESOS	-	Employees' share options scheme of the Company involving up to 15% of the total number of issued Shares, which took effect on 10 July 2020 for a period of 5 years expiring on 9 July 2025
ESOS Options	-	Options granted under the ESOS pursuant to the by-laws governing the ESOS, where each holder of the ESOS Options can subscribe for 1 new Share for every 1 ESOS Option held
Exercise Period	-	A period of 3 years commencing from and including the date of issuance of the Warrants E to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issuance of the Warrants E
Foreign-Addressed Shareholders	-	Shareholders who have not provided to the Company a registered address or an address in Malaysia for the service of documents which will be issued in connection with the Proposed Rights Issue with Warrants
FPE	-	Financial period ended
FYE	-	Financial year ended
GDC	-	Gross development cost
GDV	-	Gross development value
GL	-	Gross loss
GP	-	Gross profit
IAL	-	Independent advice letter dated 10 June 2024 from BDOCC to the non-interested Shareholders in relation to the Proposed Settlement and the Proposed Exemptions as set out in Part B of this Circular
Interested Directors	-	(i) OKH, who is the Group Managing Director of OCR and a Major Shareholder as well as a party to the Proposed Settlement, the Proposed Exemption 1 and the Proposed Exemption 2; (ii) CLS, who is an Executive Director of OCR as well as OKH's spouse and a presumed PAC to OKH pursuant to subsection 216(3) of the CMSA; and (iii) TCH, who is a director and major shareholder of subsidiaries of OCR (namely Stack Builder and OCR Selayang) as well as a party to the Proposed Settlement and the Proposed Exemption 1
Interested Major Shareholder	-	OKH

Interpac or Principal Adviser	-	Inter-Pacific Securities Sdn Bhd
Kyra	-	A property development project undertaken by Stack Builder, a 50.5%-owned subsidiary of OCR, comprising 2,892 units of affordable housing under the Rumah Selangorku scheme with 88 retail lots together with other supporting common facilities / amenities sited thereon in Shah Alam
LAT	-	Loss after taxation
Listing Requirements	-	Main Market Listing Requirements of Bursa Securities, as amended from time to time
LPD	-	4 June 2024, being the latest practicable date before the date of this Circular
LPS	-	Loss per share
LTD	-	12 December 2023, being the last trading day before the date of the Settlement Agreement
Major Shareholder	-	Pursuant to Paragraph 1.01 of the Listing Requirements, a person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is:- (i) 10% or more of the total number of voting shares in the Company; or (ii) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purposes of this definition, "**interest**" shall have the meaning of "**interest in shares**" given in Section 8 of the Act. A Major Shareholder includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company, or any other corporation which is its subsidiary or holding company
Mandatory Offer	-	Take-over offer to be made pursuant to subsection 218(2) of the CMSA and subparagraphs 4.01(a) or 4.01(b) of the Rules for all the remaining Shares not already held by OKH or OKH and his PACs (as the case may be)
Market Day	-	Any day on which Bursa Securities is open for trading in securities
Maximum Potential Shareholdings Scenario	-	Assuming:- (i) OKH and his PACs subscribe in full for their entitlement of Rights Shares based on their direct shareholdings in OCR after the Proposed Settlement; (ii) none of the other Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants E; and (iii) OKH and his PACs exercise all their Warrants E.

Maximum Scenario	-	Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants
MCO	-	Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act, 1988 and the Police Act, 1967
Minimum Scenario	-	Assuming the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level
Minimum Subscription Level	-	Minimum subscription level of 337,003,420 Rights Shares together with 337,003,420 Warrants E which, if based on an illustrative issue price of RM0.035 per Rights Share, shall raise minimum proceeds of RM11.80 million
NA	-	Net assets
OCR or the Company	-	OCR Group Berhad
OCR Group or the Group	-	Collectively, the Company and its subsidiaries
OCR Selayang	-	OCR Selayang Industrial Park Sdn Bhd
OCR Shares or the Shares	-	Ordinary shares in the Company
Official List	-	A list specifying all securities which have been admitted for listing on the Main Market of Bursa Securities and not removed
OKH	-	Ong Kah Hoe, the Group Managing Director of OCR and a Major Shareholder as well as a party to the Proposed Settlement, the Proposed Exemption 1 and the Proposed Exemption 2
PACs	-	Persons acting in concert pursuant to subsection 216(3) of the CMSA as set out in **Sections 4.1.1 and 4.2.1, Part A** of this Circular (as the case may be)
PAT	-	Profit after taxation
Private Placement 2021 – 20%		A private placement exercise previously undertaken by the Company as first announced on 30 October 2020 which involved the issuance of 101,850,000 new Shares (representing approximately 20% of the then existing total number of issued Shares) and was completed on 18 May 2021, the details of which are set out in **Section 7, Part A** of this Circular
Private Placement 2022 – 30%	-	A private placement exercise previously undertaken by the Company as first announced on 5 October 2021 which involved the issuance of 204,000,000 new Shares (representing approximately 30% of the then existing total number of issued Shares) and was completed on 7 September 2022, the details of which are set out in **Section 7, Part A** of this Circular
Private Placement 2023 – 40%	-	A private placement exercise previously undertaken by the Company as first announced on 6 April 2023 which involved the issuance of 395,999,000 new Shares (representing approximately 40% of the then existing total number of issued Shares) and was completed on 29 November 2023, the details of which are set out in **Section 7, Part A** of this Circular

Proposals	-	Collectively, the Proposed Settlement, the Proposed Rights Issue with Warrants and the Proposed Exemptions
Proposed Exemption 1	-	Proposed exemption under subparagraph 4.08(1)(b) of the Rules to OKH, TCH and their PACs from the obligation to undertake a Mandatory Offer upon the completion of the Proposed Settlement as their collective shareholding in OCR will increase to more than 33%, as set out in **Section 2.5, Part A** of this Circular
Proposed Exemption 2	-	Proposed exemption under subparagraph 4.08(1)(b) of the Rules to OKH and his PACs from the obligation to undertake a Mandatory Offer upon the completion of the Proposed Rights Issue with Warrants as OKH's individual shareholding in OCR will increase to more than 33% and the collective shareholding of OKH and his PACs in OCR will increase by more than 2% within a 6 month period, as set out in **Section 3.4, Part A** of this Circular
Proposed Exemptions	-	Collectively, the Proposed Exemption 1 and the Proposed Exemption 2
Proposed Rights Issue with Warrants	-	Proposed renounceable rights issue of up to 1,336,348,534 Rights Shares together with up to 1,336,348,534 Warrants E on the basis of 2 Rights Shares together with 2 Warrants E for every 3 existing Shares held by the Entitled Shareholders on the Entitlement Date
Proposed Settlement	-	Proposed settlement of the Stack Builder Advances via the issuance of 618,525,646 Settlement Shares
Record of Depositors	-	A record of securities holders established by Bursa Depository under the Rules of Bursa Depository
Rights Shares	-	New Shares to be allotted and issued pursuant to the Proposed Rights Issue with Warrants
RM and sen	-	Ringgit Malaysia and sen respectively
Rules	-	Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the SC pursuant to Section 377 of the CMSA, as amended from time to time
Rules of Bursa Depository	-	Rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act, 1991, as amended from time to time
SC	-	Securities Commission Malaysia
Settlement Agreement	-	Conditional settlement agreement dated 13 December 2023 between OCR, Stack Builder, OKH and TCH for the Proposed Settlement
Settlement Shares	-	618,525,646 new Shares to be issued at the issue price of RM0.0700 per Settlement Share to OKH and TCH for the Proposed Settlement
Shareholders	-	Registered holders of OCR Shares
Share Issuance 2019	-	Share issuance exercise previously undertaken by the Company as first announced on 17 December 2019 which involved the issuance of 98,600,000 new Shares, raised a total of RM24.22 million which was completed on 2 November 2020

Stack Builder	-	Stack Builder Sdn Bhd, a 50.5%-owned subsidiary of OCR co-owned by TCH who holds 49.5% equity interest
Stack Builder Acquisition	-	Acquisition by OCR of 50.0% equity interest in Stack Builder from OKH for a purchase consideration of RM2,242,776 which was satisfied entirely via issuance of 11,804,084 new Shares to OKH, which was first announced on 9 July 2021 and subsequently completed on 24 November 2021
Stack Builder Advances	-	Advances amounting to RM43,296,795 owing by Stack Builder to OKH and TCH as at 30 September 2023
TEAP	-	Theoretical ex-all price
Undertaking	-	The irrevocable and unconditional written Undertaking from the Undertaking Shareholder dated 13 December 2023 pursuant to which the Undertaking Shareholder has irrevocably and unconditionally undertaken, amongst others, to apply and subscribe in full for his entitlement of the Rights Shares based on his direct shareholding in the Company after completion of the Proposed Settlement, details of which are set out in **Section 3.3, Part A** of this Circular
Undertaking Shareholder	-	OKH
TCH	-	Tan Chin Hoong, a director and major shareholder of subsidiaries of OCR (namely Stack Builder and OCR Selayang) as well as a party to the Proposed Settlement and the Proposed Exemption 1
VWAP	-	Volume-weighted average market price
WACC	-	Weighted average cost of capital
Warrants E	-	Free detachable warrants in the Company to be allotted and issued pursuant to the Proposed Rights Issue with Warrants

All references to "you" and "your" in this Circular are to the Shareholders.

In this Circular, words referring to the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations, unless otherwise specified. Any reference in this Circular to any statute, rules, regulation or rules of stock exchange is a reference to that statute, rules, regulation or rules of stock exchange 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 stated. Any discrepancies in the figures included in this Circular between amounts stated, actual figures and the totals thereof are due to rounding. "RM" and "sen" refer to Ringgit Malaysia and sen respectively.

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 the Company's and/or the Group's plans and objectives will be achieved.

APPENDICES

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

<table>
<tr><th>Key information</th><th>Description</th><th>Reference to Circular</th></tr>
<tr><td>Summary of the Proposals</td><td>
<u>Proposed Settlement</u>

The Proposed Settlement entails the settlement by OCR of the Stack Builder Advances amounting to RM43,296,795 via issuance of 618,525,646 Settlement Shares to OKH and TCH at the issue price of RM0.0700 per Settlement Share.

<u>Proposed Rights Issue with Warrants</u>

The Proposed Rights Issue with Warrants entails the issuance of up to 1,336,348,534 Rights Shares together with up to 1,336,348,534 Warrants E on a basis of 2 Rights Shares together with 2 Warrants E for every 3 existing Shares held by the Entitled Shareholders on the Entitlement Date to be determined.

<u>Proposed Exemption 1</u>

The Proposed Exemption 1 entails an exemption to OKH, TCH and their PACs from the obligation to undertake a Mandatory Offer upon the completion of the Proposed Settlement.

<u>Proposed Exemption 2</u>

The Proposed Exemption 2 entails an exemption to OKH and his PACs from the obligation to undertake a Mandatory Offer upon the completion of the Proposed Rights Issue with Warrants.
</td><td>Sections 2, 3 and 4 of Part A</td></tr>
<tr><td>Utilisation of proceeds from the Proposed Rights Issue with Warrants</td><td>
Based on an illustrative issue price of RM0.035 per Rights Share, the gross proceeds to be raised from the Proposed Rights Issue with Warrants are intended to be utilised in the following manner:-

<table>
<tr><th rowspan="2">Utilisation of proceeds</th><th rowspan="2">Intended timeframe for utilisation from completion of the Proposed Rights Issue with Warrants</th><th colspan="2">Minimum Scenario</th><th colspan="2">Maximum Scenario</th></tr>
<tr><th>RM'000</th><th>%</th><th>RM'000</th><th>%</th></tr>
<tr><td>(i) Repayment of borrowings</td><td>Within 3 months</td><td>5,000</td><td>42.4</td><td>5,000</td><td>10.7</td></tr>
<tr><td>(ii) Working capital</td><td>Within 12 months</td><td>3,000</td><td>25.4</td><td>3,000</td><td>6.4</td></tr>
<tr><td>(iii) Funding for existing and future property development projects</td><td>Within 12 months</td><td>2,665</td><td>22.6</td><td>37,642</td><td>80.5</td></tr>
<tr><td>(iv) Estimated expenses for the Proposals</td><td>Immediate</td><td>1,130</td><td>9.6</td><td>1,130</td><td>2.4</td></tr>
<tr><td colspan="2">Total</td><td>11,795</td><td>100.0</td><td>46,772</td><td>100.0</td></tr>
</table>
</td><td>Section 5 of Part A</td></tr>
<tr><td>Rationale for the Proposals</td><td>
<u>Proposed Settlement</u>

The Proposed Settlement will enable Stack Builder to reduce its indebtedness, thereby reducing the overall debt level and total liabilities of the Group. Further, the Proposed Settlement is expected to result in an increase in the total equity of the Group due to the increase in the share capital as a result of the issuance of the Settlement Shares to OKH and TCH pursuant to the Proposed Settlement. In turn, this is expected to result in an increase in the net assets of the Group and a decrease in the gearing ratio of the Group, thus enhancing the overall financial position of the Group.
</td><td>Section 6 of Part A</td></tr>
</table>

Key information	Description	Reference to Circular
Rationale for the Proposals (cont'd)	Proposed Rights Issue with Warrants The Board is of the opinion that the Proposed Rights Issue with Warrants is the most suitable means of fund-raising for the Company for the following reasons:- (i) it provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis without diluting the Entitled Shareholders' shareholdings; (ii) it provides the Entitled Shareholders with the option to either increase or maintain their equity participation in the Company by subscribing for the Rights Shares at a discount or to monetize their rights issue entitlements in the open market; (iii) other alternative means of fund-raising such as private placements are smaller in scale and dilutive; and (iv) it will enable the Group to raise the requisite funds without incurring additional interest expense from bank borrowings. The Warrants E which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares by providing them with an opportunity to exercise their Warrants E for new Shares at the Exercise Price, thus increasing their participation in the equity and future growth of the Company. Proposed Exemption 1 The Proposed Exemption 1 will relieve OKH, TCH and their PACs from the obligation to undertake the Mandatory Offer under the Rules, as it is not their intention to undertake such Mandatory Offer pursuant to the Proposed Settlement. Proposed Exemption 2 The Proposed Exemption 2 will relieve OKH and his PACs from the obligation to undertake the Mandatory Offer under the Rules, as it is not their intention to undertake such Mandatory Offer pursuant to the Proposed Rights Issue with Warrants.	Section 6 of Part A
Approvals required and conditionality	The Proposals are subject to approvals being obtained from the following:- (i) Bursa Securities, the approval of which was obtained on 4 June 2024; (ii) the non-interested Shareholders at the forthcoming EGM; and (iii) the SC for the Proposed Exemptions. The Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement but not *vice versa*. The Proposed Settlement and the Proposed Exemption 1 are inter-conditional. The Proposed Rights Issue with Warrants and the Proposed Exemption 2 are inter-conditional. The Proposed Rights Issue with Warrants shall only be implemented after completion of the Proposed Settlement.	Section 12 of Part A
Interests of Directors, Major Shareholders, chief executive of the Company and/or persons connected to them	Proposed Settlement and the Proposed Exemption 1 Save as disclosed below, none of the Directors, Major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Settlement and the Proposed Exemption 1:- (i) OKH, who is the Group Managing Director of OCR and a Major Shareholder, is also a party to the Proposed Settlement and the Proposed Exemption 1; (ii) CLS, who is an Executive Director of OCR, is also OKH's spouse and a presumed PAC of OKH pursuant to subsection 216(3) of the CMSA; and	Section 15 of Part A

<table>
<tr><th>Key information</th><th>Description</th><th>Reference to Circular</th></tr>
<tr><td>Interests of Directors, Major Shareholders, chief executive of the Company and/or persons connected to them (cont'd)</td><td>(iii) TCH, who is a director and major shareholder of subsidiaries of OCR (namely Stack Builder and OCR Selayang), is also a party to the Proposed Settlement and the Proposed Exemption 1.

<u>Proposed Rights Issue with Warrants and Proposed Exemption 2</u>

Save as disclosed below, none of the Directors, Major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Exemption 2:-

(i) OKH, who is the Group Managing Director of OCR and a Major Shareholder, is also a party to the Proposed Exemption 2;

(ii) CLS, who is an Executive Director of OCR, is also OKH's spouse and a presumed PAC to OKH pursuant to subsection 216(3) of the CMSA; and

(iii) TCH, who is a director and major shareholder of subsidiaries of OCR (namely Stack Builder and OCR Selayang), is also a presumed PAC to OKH pursuant to subsection 216(3) of the CMSA.

Further to the above, as the Proposed Rights Issue with Warrants and the Proposed Exemption 2 are inter-conditional, the Interested Directors are therefore also deemed to be interested in the Proposed Rights Issue with Warrants.

Save for the Interested Directors, none of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess Rights Shares applications) to which all Entitled Shareholders are similarly entitled.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of the Company pertaining to the Proposals. The Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

Further, the Interested Directors will also ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</td><td>Section 15 of Part A</td></tr>
<tr><td>Directors' statement and recommendation</td><td>The Board (save for the Interested Directors), having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation on all aspects of the Proposals, including the basis of and justification for the issue price of the Settlement Shares, the rationale, benefits and all other aspects of the Proposals as well as the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Settlement and the Proposed Exemptions, is of the opinion that the Proposals are:-

(i) in the best interests of the Company;

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

(iii) not detrimental to the interest of the non-interested Shareholders.

Accordingly, the Board (save for the Interested Directors) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.</td><td>Section 16 of Part A</td></tr>
</table>

Key information	Description	Reference to Circular
Audit Committee's Statement	The Audit Committee of the Company, having considered all aspects of the Proposed Settlement and the Proposed Exemptions, including the salient terms of the Settlement Agreement, the basis of and justification for the issue price of the Settlement Shares, the rationale, benefits and all other aspects of the Proposed Settlement and the Proposed Exemptions as well as the evaluation of the Independent Adviser, is of the opinion that the Proposed Settlement and the Proposed Exemptions are:- (i) in the best interest of the Company; (ii) fair, reasonable and on normal commercial terms; and (iii) not detrimental to the interest of the non-interested Shareholders. Notwithstanding that TCH is the 49.5% shareholder of Stack Builder, the Audit Committee is of the view that the Proposed Settlement in relation to TCH's portion of the Stack Builder Advances is fair due to the following:- (i) Without the Stack Builder Advances (whereby TCH's portion constitutes almost 50% of the total amount), Stack Builder would not have the financial capability to acquire the Bukit Raja Land back in December 2018. Further to that, Stack Builder would not have the opportunity to develop the Bukit Raja Land and in turn, OCR (via its 50.5% shareholding in Stack Builder) would not have the opportunity to derive any revenue or earnings from the development of the Bukit Raja Land. For information, the estimated GDV of Kyra represents 30.37% of the total estimated GDV of the 6 on-going projects undertaken by the OCR Group (including Kyra) of RM2.65 billion. Premised on that, Kyra is expected to make a significant revenue and earnings contribution to OCR in the next few years. (ii) Stack Builder is financially incapable of settling the Stack Builder Advances on its own at this juncture. (iii) Alternative avenues to settle the Stack Builder Advances may not be in the best interest of OCR. For example, one of the possible avenues to settle the Stack Builder Advances would be to liquidate the Bukit Raja Land. However, this may not be in the best interest of OCR in view of the following:- (a) Liquidating the Bukit Raja Land would mean cancellation of Kyra and therefore OCR (via its 50.5% shareholding in Stack Builder) would no longer be able to derive any revenue and earnings from the development of Kyra moving forward. In addition, the sudden and abrupt cancellation of a sizeable development project like Kyra may have adverse effects to market perception on the reputation of OCR as a property developer. As at the LPD Stack Builder has received 804 applications from prospective buyers for phase 1 of Kyra, which offers a total of 963 units. Out of these, 207 applicants have successfully been pre-qualified for loans with end-financiers. (b) Stack Builder has already incurred preliminary costs amounting to RM6.07 million as at the LPD towards the development of Kyra (e.g. professional costs, submission costs and processing fees in relation to applications for development order). These costs were fully funded via advances from OCR. If the development of Kyra is cancelled and the Bukit Raja Land is sold, some of these costs may not be recoverable and would be recognised as a loss to the OCR Group. (c) It may not be easy to sell the Bukit Raja Land at its fair market value within a timeframe that is acceptable to TCH. This would entail identifying a buyer, presumably an existing property developer, who would be willing to continue carrying on the development of Kyra (whereby the requisite development order and building plan approvals have been obtained) and therefore recognise the preliminary costs that Stack Builder has already incurred towards the development of Kyra in the value of the Bukit Raja Land.	Section 17 of Part A

Key information	Description	Reference to Circular
Audit Committee's Statement (cont'd)	(iv) Upon completion of the Proposed Settlement, Stack Builder will owe OCR an amount equivalent to the Stack Builder Advances. Such amount shall be non-interest bearing and have no fixed terms of repayment. Although there is no existing covenant whereby dividends to the shareholders of Stack Builder cannot be declared until the amount owing by Stack Builder to OCR is fully settled, the Audit Committee notes that OCR has:- (a) a controlling 50.5% equity interest in Stack Builder; (b) majority representation on the board of directors of Stack Builder. According to the terms of the shareholders' agreement dated 5 October 2021 between OCR and TCH, the board of directors of Stack Builder shall consist of 2 directors nominated by OCR and 1 director nominated by TCH. Currently, the board of directors of Stack Builder consists of 2 directors nominated by OCR (namely OKH and Ong Yew Ming) and TCH himself; and (c) OCR is in control over the operations of Stack Builder whereas TCH does not have any involvement in the operations of Stack Builder. Thus, by virtue of the above, OCR is in a position to ensure that all profits to be generated by Stack Builder shall first be diverted to fully settle the amount owing by Stack Builder to OCR. Accordingly, this means that no dividend shall be declared to the shareholders of Stack Builder until the amount owing by Stack Builder to OCR is fully settled. The Audit Committee has also taken note that BDOCC had considered the above and is still of the opinion that the Proposed Settlement and the Proposed Exemptions are:- (i) in the best interest of the Company; (ii) fair, reasonable and on normal commercial terms; (iii) not detrimental to the interest of the non-interested shareholders; and (iv) crucial to ensure that the development of Kyra can continue as planned.	Section 17 of Part A

PART A

LETTER TO SHAREHOLDERS IN RELATION TO THE PROPOSALS

OCR GROUP BERHAD
Registration No: 199701025005 (440503-K)
(Incorporated in Malaysia)

Registered Office

B-21-1, Level 21, Tower B
Northpoint Mid Valley City
No 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

10 June 2024

Board of Directors

YAM Tunku Azudinshah Ibni Tunku Annuar (Chairman / Independent Non-Executive Director)
Ong Kah Hoe (Group Managing Director)
Chan Lian Sei (Executive Director)
Hj. Abdullah Bin Abdul Rahman (Independent Non-Executive Director)
Julian Koh Lu Ern (Independent Non-Executive Director)

To: The Shareholders

Dear Sir / Madam,

(I) PROPOSED SETTLEMENT;
(II) PROPOSED RIGHTS ISSUE WITH WARRANTS; AND
(III) PROPOSED EXEMPTIONS

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

1. INTRODUCTION

On 13 December 2023, Interpac had, on behalf of the Board, announced that the Company had entered into the Settlement Agreement and that the Company proposes to undertake the Proposals.

On 4 June 2024, Interpac had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 4 June 2024, granted its approval for the following:-

(i) listing and quotation of the Settlement Shares, the Rights Shares and the Warrants E on the Main Market of Bursa Securities;

(ii) admission of the Warrants E to the Official List; and

(iii) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants E on the Main Market of Bursa Securities.

The approval of Bursa Securities is subject to the conditions as set out in **Section 12, Part A** of this Circular.

The Proposed Settlement is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and the Interested Major Shareholder as set out in **Section 15, Part A** of this Circular. Accordingly, the Company has appointed BDOCC on 13 December 2023 to act as the Independent Adviser to advise the non-interested Directors and non-interested Shareholders in relation to the Proposed Settlement and the Proposed Exemptions.

BDOCC has also been appointed as the Independent Adviser pursuant to subparagraph 4.08(3) of the Rules to advise the non-interested Directors and non-interested Shareholders on the Proposed Exemptions.

Further, the SC had on 31 May 2024 notified that it has no further comments to the contents of this Circular and the IAL as set out in **Part B of this Circular**. Such notification shall not be taken to suggest that the SC recommends the Proposed Exemptions or agrees with the recommendation of the Independent Adviser or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this Circular and the IAL.

THE PURPOSE OF PART A OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSALS AND TO SET OUT THE VIEWS AND RECOMMENDATIONS OF THE BOARD AS WELL AS TO SEEK YOUR APPROVAL FOR THE RESOLUTIONS PERTAINING TO THE PROPOSALS WHICH WILL BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED TOGETHER WITH THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART A OF THIS CIRCULAR TOGETHER WITH THE APPENDICES AND PART B CONSISTING OF THE IAL BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SETTLEMENT

2.1 Background information on Stack Builder

Stack Builder was incorporated in Malaysia on 30 October 2018 under the Act as a private limited company.

As at the LPD, Stack Builder is principally involved in property development. It currently owns the Bukit Raja Land as its sole major asset. The Bukit Raja Land is being developed into Kyra.

As at the LPD, the issued and paid-up share capital of Stack Builder is RM250,000 comprising 101 ordinary shares.

As at the LPD, the directors of Stack Builder are OKH, TCH and Ong Yew Ming respectively.

As at the LPD, the shareholders of Stack Builder and their shareholdings are as follows:-

		Direct		Indirect	
Shareholders	**Nationality / Place of Incorporation**	**No. of ordinary shares in Stack Builder**	**%**	**No. of ordinary shares in Stack Builder**	**%**
OCR	Malaysia	51	50.50	-	-
TCH	Malaysian	(1)50	49.50	-	-

Note:-

(1) For avoidance of doubt, TCH is the beneficial owner of his shareholding in Stack Builder and does not hold them on behalf of anyone else.

The financial information on Stack Builder for the past 4 financial years is summarised as follows:-

	Audited			
	FYE 31 December 2020	FYE 31 December 2021	FYE 31 December 2022	FYE 31 December 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Other income	-	9	-	-
Administrative expenses	(26)	(1,221)	(25)	(388)
Operating loss	**(26)**	**(1,212)**	**(25)**	**(388)**
Finance costs	-	(236)	-	(7)
Loss before tax	**(26)**	**(1,448)**	**(25)**	**(395)**
Tax expenses	-	(85)	-	-
LAT	**(26)**	**(1,533)**	**(25)**	**(395)**
Non-current assets				
Inventories	68,124	-	-	-
Property, plant and equipment	-	-	-	374
Right-of-use assets	-	-	-	86
Total non-current assets	**68,124**	**-**	**-**	**460**
Current assets				
Inventories	-	72,760	75,283	81,833
Other receivables and deposits	2,000	2,528	1,073	192
Bank balances	587	656	8	23
Total current assets	**2,587**	**75,944**	**76,364**	**82,048**
Total assets	**70,711**	**75,944**	**76,364**	**82,508**
Non-current liabilities				
Loans and borrowings	30,500	31,000	27,880	22,160
Lease liabilities	-	-	-	24
Total non-current liabilities	**30,500**	**31,000**	**27,880**	**22,184**
Current liabilities				
Loans and borrowings	-	2,997	6,234	9,232
Trade and other payables	40,237	43,422	43,506	52,688
Lease liabilities	-	-	-	78
Current tax liabilities	-	85	79	55
Total current liabilities	**40,237**	**46,504**	**49,819**	**62,053**
Total liabilities	**70,737**	**77,504**	**77,699**	**84,237**
Net liabilities	**(26)**	**(1,560)**	**(1,335)**	**(1,729)**

(i) Audited FYE 31 December 2023 vs Audited FYE 31 December 2022

Stack Builder's LAT for FYE 2023 increased by RM0.37 million as compared to FYE 2022. The significant increase in LAT as compared to FYE 2022 was mainly due to an increase in administrative expenses as a result of increase in staff cost, preliminary cost and marketing cost incurred for Kyra.

The net liabilities of Stack Builder for FYE 2023 increased by RM0.39 million or approximately 29.51% as compared to FYE 2022. The increase in net liabilities was mainly due to an increase in trade and other payables of RM9.18 million as a result of development costs in relation to Kyra payable to third parties. However, this was partially offset by the capitalisation of property development expenditure of RM6.55 million.

(ii) Audited FYE 31 December 2022 vs Audited FYE 31 December 2021

Stack Builder's LAT for the FYE 2022 decreased by RM1.50 million or approximately 98.37% as compared to FYE 2021. The decrease in LAT was mainly due to a decrease in administrative expenses as a result of a one-off bank charge for the early settlement of a term loan in FYE 2021.

The net liabilities of Stack Builder for FYE 2022 decreased by RM0.23 million or approximately 14.42% as compared to FYE 2021. The decrease in net liabilities was mainly due to the capitalisation of property development expenditure of RM2.52 million.

(iii) Audited FYE 31 December 2021 vs Audited FYE 31 December 2020

Stack Builder's LAT for the FYE 2021 increased by RM1.50 as compared to FYE 2020. The significant increase in LAT was mainly due to an increase in administrative expenses as a result of a one-off bank charge for the early settlement of a term loan in FYE 2021.

The net liabilities of Stack Builder for FYE 2021 increased by RM1.50 million or approximately 5679.76% as compared to FYE 2020. The increase in net liabilities was mainly due to an increase in loans and borrowings of RM3.50 million.

2.2 Background information on the Stack Builder Acquisition

Stack Builder is principally involved in property development, and currently owns the Bukit Raja Land as its sole major asset. Measuring 109,000 sqm, the Bukit Raja Land is being planned to be developed into Kyra. The Kyra project is a development of 2,892 units of affordable housing under the Rumah Selangorku scheme with 88 retail lots together with other supporting common facilities / amenities sited thereon in Shah Alam. The development order for phase 1 of Kyra has been obtained on 26 July 2023[(1)] and the building plan approval has been obtained on 14 December 2023. Further to that, the construction of phase 1 of Kyra has commenced on 6 May 2024.

Note:-

(1) Initially, the Development Order for Kyra was expected to be obtained by the 1st quarter of 2022 while the construction of Kyra was targeted to commence in 2022.

However, there was a delay in obtaining the Phase 1 development order for Kyra due to a condition imposed by Shah Alam City Council to subdivide the Bukit Raja Land, which was only completed on 23 May 2023.

The advertising permit for phase 1 of Kyra has been obtained on 5 April 2024 whilst construction has commenced on 6 May 2024. As at the LPD, the commencement date for phase 1 of Kyra and the expected commencement period for phase 2 and phase 3 of Kyra is as follows:-

Phases	No. of units	Commencement date / Expected commencement period
Phase 1	963	6 May 2024
Phase 2	1,085	4th quarter of 2024
Phase 3	844	2025
Total	**2,892**	

Stack Builder became a subsidiary of OCR on 24 November 2021 upon the completion of OCR's acquisition of 50.0% equity interest in Stack Builder from OKH for a purchase consideration of RM2,242,776[(1)] which was satisfied entirely via the issuance of 11,804,084 new Shares to OKH.

Note:-

(1) This was arrived at after taking into consideration 50.0% of the revalued NA value of Stack Builder of RM4.49 million based on the following:-

(i) unaudited net liabilities of Stack Builder as at 31 March 2021 of RM0.17 million (which include the outstanding amount of the Stack Builder Advances of RM41.59 million at that point in time); and

(ii) net revaluation surplus of RM4.66 million arising from the revaluation of the Bukit Raja Land (based on a valuation report prepared by an independent valuer, namely Knight Frank Malaysia Sdn Bhd) and deferred taxation arising from such revaluation.

For avoidance of doubt, apart from the settlement agreement dated 2 August 2021 between OKH, TCH and Stack Builder which was subsequently mutually terminated on 5 October 2021 (further details of which are set out in **Section 2.3, Part A** of this Circular, no arrangement was made on the settlement of the Stack Builder Advances at the point of the Stack Builder Acquisition.

Following the issuance of 11,804,084 new Shares to OKH, the direct shareholding of OKH has increased from 24,442,600 Shares to 36,246,684 Shares in the Company as illustrated below:-

	Before the Stack Builder Acquisition			
	Direct		Indirect	
Substantial Shareholders	**No. of Shares**	**%[(1)]**	**No. of Shares**	**%[(1)]**
Ong Kah Hoe	24,442,600	4.15	[(3)]41,678,800	7.07

	After the Stack Builder Acquisition			
	Direct		Indirect	
Substantial Shareholders	**No. of Shares**	**%[(2)]**	**No. of Shares**	**%[(2)]**
Ong Kah Hoe	36,246,684	6.03	[(3)]41,678,800	6.93

Notes:-

(1) Based on the issued share capital of 589,386,605 Shares before the Stack Builder Acquisition.

(2) Based on the enlarged issued share capital of 601,190,689 Shares after the Stack Builder Acquisition.

(3) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

The Stack Builder Acquisition was approved by the Shareholders at an EGM held on 17 November 2021. Further details on the Stack Builder Acquisition are set out in the circular to Shareholders dated 2 November 2021 issued by the Company, which can be downloaded from Bursa Malaysia's website at www.bursamalaysia.com.

Subsequently, OCR had on 11 August 2022 increased its equity interest in Stack Builder from 50.0% to 50.5% via its subscription of 1 new ordinary share in Stack Builder for a cash consideration of RM249,900. This was done to satisfy the minimum issued and paid-up capital requirement of RM250,000 for Stack Builder, being a property development company, to obtain an Advertising Permit and Developer's License pursuant to the Housing Development (Control and Licensing) Act 1966 (Act 118).

2.3 Background information on the Stack Builder Advances

The Stack Builder Advances were extended by OKH and TCH to Stack Builder in the past mainly to fund the following:-

(i) the acquisition of the Bukit Raja Land in December 2018 (which was funded via a combination of bank borrowings amounting to RM28.50 million and initial advances from OKH and TCH amounting to RM13.75 million each);

(ii) the incidental cost in relation to the acquisition of the Bukit Raja Land (which was funded via advances from OKH and TCH amounting to RM6.34 million and RM6.40 million respectively) which includes stamp duty paid for the transfer of ownership of the Bukit Raja Land of RM2.22 million, redemption sum paid to discharge the existing charge on the Bukit Raja Land of RM9.88 million and miscellaneous expenses of RM0.64 million; and

(iii) the monthly principal repayments and interest expenses in relation to the bank borrowings drawn down to part-finance the acquisition of the Bukit Raja Land ("**Bukit Raja Bank Loan**"). The details of the bank borrowings are as follows:-

Name of bank	**Facility**	**Tenure**	**Interest rate**	**Monthly principal repayment amount RM'000**	**Principal amount RM'000**
RHB Islamic Bank Berhad	Commodity Murabahah Term Financing-i	84 months	5.92%	520	31,000
RHB Islamic Bank Berhad	Commodity Murabahah Overdraft-i	Payable within two months from the completion of Kyra	6.70%	Bullet repayment upon expiry of Murabahah period	2,000

For information, based on (i) and (ii) above, the total cost of acquisition of the Bukit Raja Land amounts to RM68.74 million.

The Stack Builder Advances were extended by OKH and TCH to Stack Builder over several years as follows:-

Year	**Advances by OKH RM'000**	**Advances by TCH RM'000**	**Total RM'000**
2018	13,750	13,750	27,500
2019	-	-	-
2020	257	498	755
2021	8,338	6,656	14,904
2022	-	39	39
2023	-	9	9
Total	**22,345**	**20,952**	**(1)43,297**

Note:-

(1) This figure is derived from the following:-

(i) as at 31 March 2021, the outstanding amount of the Stack Builder Advances stood at RM41.59 million; and

(ii) from 1 April 2021 up to 30 September 2023, OKH and TCH have extended additional advances amounting to RM1.71 million.

The Stack Builder Advances are non-interest bearing and have no fixed terms of repayment. The Stack Builder Advances have been utilised by Stack Builder in the following manner:-

Utilisation of Stack Builder Advances	Advances by OKH RM'000	Advances by TCH RM'000	Total RM'000
Part-finance the acquisition of the Bukit Raja Land	13,750	13,750	27,500
Incidental cost in relation the acquisition of the Bukit Raja Land	6,336	6,400	12,736
Repayment of borrowings	1,943	772	2,715
Working capital(1)	315	30	346
Total	**22,345**	**20,952**	**43,297**

Note:-

(1) This includes, amongst others, land assessment fees, quit rent and professional fees (for earthwork consultancy, soil investigation and audit).

For information, previously the Company had on 2 August 2021 entered into a settlement agreement with OKH, TCH and Stack Builder for the proposed settlement by OCR of advances owing by Stack Builder to OKH and TCH amounting to RM41,590,181 to be satisfied entirely via issuance of new OCR Shares. At that time, the settlement was undertaken in conjunction with the Stack Builder Acquisition.

However, the said settlement agreement was mutually terminated on 5 October 2021. The parties had decided to terminate the settlement agreement at that point in time as it was expected that OKH and TCH will still continue to extend advances to Stack Builder even after completion of the Stack Builder Acquisition. Hence, since the amount owing by Stack Builder to OKH and TCH was expected to continue to increase moving forward, the parties decided to defer the settlement to a later date so that the entire amount could be fully settled.

Since the mutual termination of the settlement agreement on 5 October 2021, no arrangement has been made to settle any part of the Stack Builder Advances. Instead, since the Stack Builder Acquisition up to 30 September 2023, OKH and TCH have extended additional advances amounting to RM1.71 million to Stack Builder for working capital and to fund the monthly principal repayments and interest expenses in relation to the bank borrowings drawn down to part-finance the acquisition of the Bukit Raja Land. For avoidance of doubt, these additional advances form part of the Stack Builder Advances.

As at 30 September 2023, the amount owing by Stack Builder to OKH and TCH stood at RM43,296,795. Although the Stack Builder Advances are non-interest bearing and do not have a fixed term of repayment, the parties have decided to embark on the Proposed Settlement now in view that the Stack Builder Advances (which have been utilised to acquire the Bukit Raja Land as well as to service the monthly principal repayments and interest expenses in respect of the Bukit Raja Bank Loan) have been accumulating for more than 5 years and no amount has been repaid thus far.

Moving forward, Stack Builder's financial commitments (such as to service the monthly principal repayments and interest expenses in respect of the Bukit Raja Bank Loan) shall be funded via bank borrowings to be obtained and/or capital injection from shareholders as and when required.

If there is a need for advances from shareholders, such advances shall be extended in proportion to their respective shareholdings in Stack Builder. Further, the Board will ensure that the advances to be given will be fair and reasonable to OCR and will not be detrimental to the Company and its Shareholders pursuant to Paragraph 8.23(2)(a)(i) of the Listing Requirements.

Since there are no further amounts owing by Stack Builder to OKH and TCH after 30 September 2023, the Proposed Settlement constitutes full and final settlement of the entire amount owing by Stack Builder to OKH and TCH.

For information, the Bukit Raja Land is currently being developed by Stack Builder into 2,892 units of affordable housing under the Rumah Selangorku scheme with 88 retail lots together with other supporting common facilities / amenities sited thereon known as "Kyra" in Shah Alam, Selangor.

For information, OCR had previously undertaken several other acquisitions and settlement of advances which are detailed as follows:-

Acquisition / Settlement of advances	**Vendors / Creditors**	**First announcement date**	**Completion date**
Stack Builder Acquisition	OKH	9 July 2021	24 November 2021
Acquisition of 100% equity interest in Wonderland Projects Sdn Bhd ("**Wonderland Acquisition**")	OKH, Low Kin Kok, Chong Tze-Ban and Low Kien Poh (collectively, the "**Wonderland Vendors**")	9 July 2021	24 November 2021
Settlement of advances owing by Wonderland to the Wonderland Vendors ("**Settlement of Wonderland Advances**")	Wonderland Vendors	9 July 2021	24 November 2021
Acquisition of 50% equity interest in OCR Selayang Industrial Park Sdn Bhd ("**OCR Selayang Acquisition**")	OKH and Lee Wei Jack	8 November 2021	8 March 2022

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The purchase considerations / advances and the number of new Shares that have been issued to OKH arising from the above-mentioned corporate proposals are as follows:-

	Circular to Shareholders dated 2 November 2021			Circular to Shareholders dated 9 February 2022
	Stack Builder Acquisition	**Wonderland Acquisition**	**Settlement of Wonderland Advances**	**OCR Selayang Acquisition**
Purchase consideration / advances (RM)	2,242,776	5,318,273	9,853,713	14,116,205
OKH's portion (RM)	2,242,776	2,659,137	5,908,264	8,469,723
No. of Shares issued as settlement for the purchase consideration / advances	11,804,084	27,990,911	51,861,647	104,953,197
OKH's portion	11,804,084	13,995,455	31,096,127	62,971,918 (1)41,981,279 104,953,197
Issue price per Share (RM)	0.1900	0.1900	0.1900	0.1345

Note:-

(1) Includes Lee Wei Jack's portion. Pursuant to the OCR Selayang Acquisition, OKH was the sole nominee appointed collectively by the OCR Selayang Acquisition vendors (i.e. OKH and Lee Wei Jack) to receive and accept the Shares as consideration for the OCR Selayang Acquisition.

The changes in OKH's shareholding in OCR arising from the above-mentioned corporate proposals are as follows:-

	Before		After	
OKH's shareholding in OCR	**No. of Shares**	**(2)%**	**No. of Shares**	**(2)%**
Stack Builder Acquisition, Wonderland Acquisition and Settlement of Wonderland Advances	24,442,600 (direct)	4.15	81,338,266 (direct)	11.94
	(1)41,678,800 (indirect)	7.07	(1)41,678,800 (indirect)	6.12
	66,121,400	11.22	123,017,066	18.06

	Before		After	
OKH's shareholding in OCR	**No. of Shares**	**(3)%**	**No. of Shares**	**(3)%**
OCR Selayang Acquisition	81,338,266 (direct)	10.39	186,291,463 (direct)	20.98
	(1)41,678,800 (indirect)	5.32	(1)41,678,800 (indirect)	4.69
	123,017,066	15.71	227,970,263	25.67

Notes:-

(1) Deemed interest by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

(2) Based on the issued share capital of 589,386,605 Shares immediately before and 681,043,247 Shares immediately after the completion of the Stack Builder Acquisition, the Wonderland Acquisition and the Settlement of Wonderland Advances on 24 November 2021.

Pursuant to these corporate proposals, a total of 91,656,642 new Shares were issued (comprising 56,895,666 new Shares issued to OKH and 34,760,976 new Shares issued to the other Wonderland Vendors i.e. Low Kin Kok, Chong Tze-Ban and Low Kien Poh).

(3) Based on the issued share capital of 783,044,958 Shares (which has increased since 24 November 2021 due to the issuance of 102,000,000 new Shares pursuant to the Private Placement 2022 – 30% as well as 1,711 new Shares pursuant to the exercise of OCR warrants) immediately before and 887,998,155 Shares immediately after the completion of the OCR Selayang Acquisition on 8 March 2022.

Pursuant to the OCR Selayang Acquisition, a total of 104,953,197 Shares were issued to OKH. For information, OKH was the sole nominee appointed collectively by the OCR Selayang Acquisition vendors (i.e. OKH and Lee Wei Jack) to receive and accept the said shares as consideration for the OCR Selayang Acquisition).

Further details on the above-mentioned corporate proposals are set out in the circulars to Shareholders dated 2 November 2021 and 9 February 2022, which can be downloaded from Bursa Malaysia's website at www.bursamalaysia.com.

For information, subsequent to the completion of the abovementioned proposals, OCR had completed the following private placement exercises which resulted in the following dilution of OKH's shareholding in OCR:-

OKH's shareholding in OCR	Before		After	
	No. of Shares	**(2)%**	**No. of Shares**	**(2)%**
Private Placement 2022 – 30%	186,291,463 (direct)	20.98	186,291,463 (direct)	18.82
	(1)41,678,800 (indirect)	4.69	(1)41,678,800 (indirect)	4.21
	227,970,263	25.67	227,970,263	23.03

OKH's shareholding in OCR	Before		After	
	No. of Shares	**(3)%**	**No. of Shares**	**(3)%**
Private Placement 2023 – 40%	186,291,463 (direct)	18.82	186,291,463 (direct)	13.44
	(1)41,678,800 (indirect)	4.21	(1)41,678,800 (indirect)	3.01
	227,970,263	23.03	227,970,263	16.45

Notes:-

(1) Deemed interest by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

(2) Based on the issued share capital of 887,998,155 Shares and 989,998,155 Shares immediately before and after the completion of the Private Placement 2022 - 30%.

(3) Based on the issued share capital of 989,998,155 Shares and 1,385,997,155 Shares immediately before and after the completion of the Private Placement 2023 - 40%. Since then, there has been no further changes to the issued share capital of the Company up to the LPD.

2.4 Background information on the Proposed Settlement

The Proposed Settlement entails the settlement by OCR of the Stack Builder Advances via issuance of the Settlement Shares to OKH and TCH in the following manner:-

	Stack Builder Advances (RM)	Settlement Shares to be issued at the issue price of RM0.0700 each	%(1)	%(2)
OKH	22,344,957	319,213,668	23.03	15.92
TCH	20,951,838	299,311,978	21.60	14.93
Total	**43,296,795**	**618,525,646**	**44.63**	**30.85**

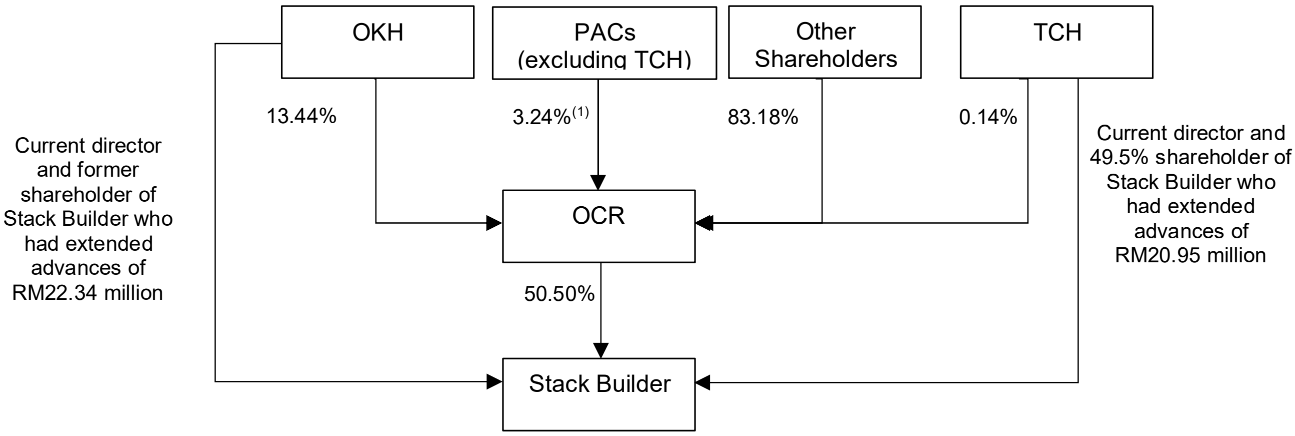
Note:-

(1) Based on the issued share capital of 1,385,997,155 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 2,004,522,801 Shares after the Proposed Settlement.

For information, the Settlement Shares to be issued to OKH and TCH represents 30.85% of the enlarged issue issued share capital of 2,004,522,801 Shares after the Proposed Settlement.

The corporate structure of OCR before the Proposed Settlement is depicted in the diagram below:-



Note:-

(1) Comprises the following:-

Name	No. of Shares	(1)%
Low Kin Kok	3,273,290	0.24
Low Kien Poh	69	(2)-
Chong Tze-Ban	17	(2)-
OCR Land Holdings Sdn Bhd	31,215,000	2.25
CLS	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.06
Tan Poo Yot	2,600,000	0.19
Ong Kah Wee	3,681,900	0.27
Ong Yew Ming	3,381,900	0.24
Total	**44,952,176**	**3.24**

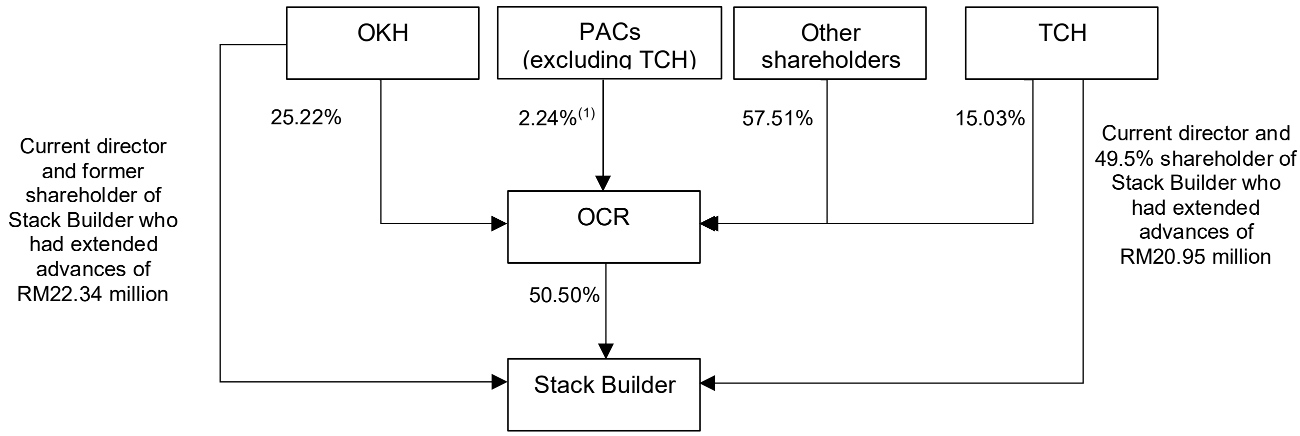
Subnotes:-

(1) Based on the issued share capital of 1,385,997,155 Shares as at the LPD.

(2) Less than 0.01%.

The salient terms of the Settlement Agreement are set out in **Appendix I** of this Circular.

The corporate structure of OCR after the Proposed Settlement is depicted in the diagram below:-



Note:-
(1) Comprises the following:-

Name	No. of Shares	(1)%
Low Kin Kok	3,273,290	0.16
Low Kien Poh	69	(2)-
Chong Tze-Ban	17	(2)-
OCR Land Holdings Sdn Bhd	31,215,000	1.56
CLS	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.04
Tan Poo Yot	2,600,000	0.13
Ong Kah Wee	3,681,900	0.18
Ong Yew Ming	3,381,900	0.17
Total	**44,952,176**	**2.24**

Subnotes:-
(1) Based on the enlarged issued share capital of 2,004,522,801 Shares after the Proposed Settlement.
(2) Less than 0.01%.

For avoidance of doubt, the Proposed Settlement essentially entails an assumption of the Stack Builder Advances by OCR. As a result, upon completion of the Proposed Settlement, Stack Builder will then now owe OCR an amount equivalent to the Stack Builder Advances. In addition, the total liabilities of Stack Builder and TCH's share in such liabilities (by virtue of his 49.5% shareholding in Stack Builder) still remain unchanged. As at the LPD, save for the Proposed Settlement, there is no arrangement, agreement or understanding between OCR, OKH and TCH or any other persons for the settlement of TCH's portion of the Stack Builder Advances as well as the settlement of the Stack Builder Advances that will be assumed by OCR upon completion of the Proposed Settlement. Moving forward, the source of repayment for the Stack Builder Advances is expected to be from the future profits to be derived from the Kyra project.

For information, based on the audited accounts of Stack Builder as at 31 December 2023, Stack Builder is in a net liability position of RM1.73 million. In addition, the Bukit Raja Land is already charged to RHB Islamic Bank Berhad to secure the Bukit Raja Bank Loan. Further to that, Stack Builder does not have any other assets of significant value that can be charged or pledged to obtain sufficient bank borrowings to repay the Stack Builder Advances. Thus, Stack Builder is financially incapable of settling the Stack Builder Advances on its own at this juncture.

In the event that Shareholders' approval is not obtained for the Proposed Settlement and the Proposed Settlement does not materialise, Stack Builder will have to re-engage OKH and TCH for the repayment of the Stack Builder Advances via other means to be mutually discussed and agreed upon. This might entail, amongst others, obtaining new borrowings (which would incur additional interest and increase the gearing level of the OCR Group) and/or the disposal of the Bukit Raja Land (which may not be favourable to OCR as it would mean cancellation of Kyra). Therefore, it is crucial for OCR to undertake the Proposed Settlement to ensure that the Stack Builder Advances can be repaid.

The development order for phase 1 of Kyra has been obtained on 26 July 2023 and the building plan approval has been obtained on 14 December 2023. Further to that, the sales of phase 1 of Kyra has been opened to the public following the obtainment of the advertising permit on 5 April 2024, whilst construction of phase 1 of Kyra has commenced on 6 May 2024. The development of phase 2 and phase 3 of Kyra is expected to commence in the 4th quarter of 2024 and year 2025 respectively.

With an estimated GDV of RM805 million against an estimated GDC of RM710 million, the development of Kyra is expected to contribute positively to the earnings of OCR over the next few years. For information, the estimated GDV of Kyra represents 30.37% of the total estimated GDV of the 6 on-going projects undertaken by the OCR Group (including Kyra) of RM2.65 billion. Premised on that, Kyra is expected to make a significant revenue and earnings contribution to OCR in the next few years.

As at the LPD, Stack Builder has received 804 applications from prospective buyers for phase 1 of Kyra, which offers a total of 963 units. Out of these, 207 applicants have successfully been pre-qualified for loans with end-financiers. With each unit priced at approximately RM0.29 million, this is expected to result in Stack Builder securing at least RM60.03 million in sales from Kyra. In turn, this indicates initial favourable response from the market towards the development of Kyra which augurs well for the success of the project and therefore its future earnings contribution to OCR.

If all the units under phase 1, phase 2 and phase 3 of Kyra (excluding retail lots which have not been finalised) are fully sold, this is expected to result in Stack Builder securing total sales of RM797.71 million as set out below:-

Kyra	Expected sales / GDV (RM'million)
Phase 1	287.09
Phase 2	299.62
Phase 3	211.00
Total	**797.71**

Liquidating the Bukit Raja Land would mean cancellation of Kyra and therefore OCR (via its 50.5% shareholding in Stack Builder) would no longer be able to derive any revenue and earnings from the development of Kyra.

Thus, OCR stands to gain from the Proposed Settlement as it would ensure that the development of Kyra can continue as planned. It would also avoid a sudden and abrupt cancellation of Kyra which in turn would result in sunk development costs which may not be recoverable as well as adverse effects on market perception and OCR's reputation as a property developer. Therefore, it is crucial for OCR to undertake the Proposed Settlement.

Please refer to **Section 17, Part A** of this Circular for the Audit Committee's statement pertaining to the fairness of the Proposed Settlement in relation to TCH's portion of the Stack Builder Advances.

2.5 Mandatory Offer implication

Pursuant to the Proposed Settlement, the collective shareholding of OKH, TCH and their PACs in the Company is expected to increase from 16.83% as at the LPD to 42.49% upon the issuance of the Settlement Shares to OKH and TCH. Further details on the changes in their individual shareholdings in the Company are set out in **Section 4.1.2, Part A** of this Circular.

As the collective shareholding of OKH, TCH and their PACs in the Company will increase to more than 33%, OKH, TCH and their PACs will trigger a Mandatory Offer[(1)] obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

As it is not the intention of OKH, TCH and their PACs to undertake such Mandatory Offer[(1)], OKH, TCH and their PACs intend to submit an application to seek the SC's approval for the Proposed Exemption 1 (further details of which are set out in **Section 4.1, Part A** of this Circular), subject to approval being obtained from the non-interested Shareholders for the Proposed Exemption 1 at the forthcoming EGM.

In this regard, the Proposed Settlement and the Proposed Exemption 1 are inter-conditional. If the non-interested Shareholders and/or the SC do not approve the Proposed Exemption 1, the Proposed Settlement will not proceed.

Note:-

(1) As at the LPD, apart from the ordinary shares in the Company, there are up to 207,899,573 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

Notwithstanding the above, the Company has undertaken not to grant any ESOS Options until the completion of the Proposals.

In view thereof, the Proposed Exemption 1 will not apply to the ESOS Options.

For avoidance of doubt, pursuant to the Proposed Settlement, the individual shareholdings of OKH and TCH are expected to increase from 13.44% and 0.14% respectively to 25.22% and 15.03% respectively. In view that their individual shareholdings are not expected to increase to more than 33% pursuant to the Proposed Settlement, none of them are individually expected to trigger a Mandatory Offer obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

2.6 Basis of determining and justification for the issue price of the Settlement Shares

The issue price of RM0.0700 per Settlement Share was agreed upon between the Company, OKH and TCH based on the 5-day VWAP of OCR Shares up to and including the LTD.

The issue price of RM0.0700 per Settlement Share represents:-

(i) the following discounts / premiums to the VWAP of OCR Shares:-

Up to and including the LPD	VWAP RM	Issue price RM	(Discount) / premium RM	%
5-day	0.0887	0.0700	(0.0187)	(21.08)
1-month	0.0818	0.0700	(0.0118)	(14.43)
3-month	0.0729	0.0700	(0.0029)	(3.98)
6-month	0.0675	0.0700	0.0025	3.70
12-month	0.0713	0.0700	(0.0013)	(1.82)

(ii) the following discounts to the NA per Share:-

As at	NA per Share RM	Issue price RM	Discount RM	%
31 December 2022 (audited)	0.18	0.0700	0.11	61.11
31 December 2023 (audited)	0.14	0.0700	0.07	50.00

Notwithstanding the above, the settlement of the Stack Builder Advances via the issuance of Settlement Shares allows the Group to conserve its cash to put the Group on a stronger financial footing to facilitate its existing property development and construction projects as set out in **Section 5(iii), Part A** of this Circular as well as day-to-day working capital.

2.7 Ranking of the Settlement Shares

The Settlement Shares shall, upon allotment and issuance, rank equally in all respects with the then-existing issued Shares, save and except that the holders of the Settlement Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Settlement Shares.

2.8 Listing and quotation for the Settlement Shares

The Settlement Shares will be listed and quoted on the Main Market of Bursa Securities.

2.9 Public shareholding spread

Pursuant to Paragraph 8.02(1) of the Listing Requirements, a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders.

The pro forma effects of the Proposed Settlement on the public shareholding spread of the Company are as follows:-

	As at the LPD		After the Proposed Settlement	
	No. of Shares	%(1)	No. of Shares	%(2)
Issued share capital	1,385,997,155	100.00	2,004,522,801	100.00
Less: Directors(3), substantial shareholders and their associates(4)				
- OKH	186,291,463	13.44	505,505,131	25.22
- TCH	1,883,900	0.14	301,195,878	15.03
- OCR Land Holdings Sdn Bhd	31,215,000	2.25	31,215,000	1.56
- Ong Kim Chong @ Ong Hwee Choo	800,000	0.06	800,000	0.04
- Tan Poo Yot	2,600,000	0.19	2,600,000	0.13
- Ong Kah Wee	3,681,900	0.27	3,681,900	0.18
- Ong Yew Ming	3,381,900	0.24	3,381,900	0.17
Public shareholding spread	**1,156,142,992**	**83.41**	**1,156,142,992**	**57.68**

Notes:-

(1) Based on the issued share capital of 1,385,997,155 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 2,004,522,801 Shares after the Proposed Settlement.

(3) Includes directors of the subsidiaries of the Company. For information, apart from OKH, TCH, Ong Kah Wee and Ong Yew Ming, none of the directors of the subsidiaries of the Company holds any Shares as at the LPD.
(4) For avoidance of doubt, the other PACs of OKH as set out in **Section 4.1.1, Part A** of this Circular (i.e. Low Kin Kok, Low Kien Poh and Chong Tze-Ban) are not deemed as associates to OKH pursuant to the definition set out in Paragraph 1.01 of the Listing Requirements. As such, they are not deemed as non-public shareholders for the purpose of computing the public shareholding spread of the Company.

2.10 Background information on TCH

Tan Chin Hoong, a Malaysian aged 40, graduated from Tunku Abdul Rahman University College with a Diploma in Accounting in 2002. Presently, Tan Chin Hoong is an executive director and sole shareholder of Diamond Pavilion Sdn Bhd, a company which is principally involved in forwarding services.

TCH is also the sole founder of Stack Builder. Apart from his current directorship and 49.5% shareholding in Stack Builder, TCH is also a director and 50.0% shareholder of OCR Selayang, a 50.0% owned subsidiary of OCR.

As at the LPD, his existing shareholdings in companies within the OCR Group is illustrated below:-

	TCH's shareholding in companies within the OCR Group			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
OCR	1,883,900	(1)0.14	-	-
Stack Builder	50	(2)49.50	-	-
OCR Selayang	500,000	(3)50.00	-	-

Notes:-
(1) Based on the issued share capital of 1,385,997,155 Shares as at the LPD.
(2) Based on the issued share capital of 101 ordinary shares in Stack Builder as at the LPD.
(3) Based on the issued share capital of 1,000,000 ordinary shares in OCR Selayang as at the LPD.

Apart from the above, TCH does not hold any other shares, directorships or roles in other companies within the OCR Group.

TCH is also currently involved as a managing director of a property development company, namely Greenview Pavilion Sdn Bhd which is developing a project known as Pavilion Residence, a freehold integrated development with single tower, 26 storeys high along with 78 residential units together with other supporting common facilities / amenities located in the heart of Seberang Perai.

TCH is a business partner of OKH by virtue of their common shareholdings in:-

(i) Stack Builder, prior to the Stack Builder Acquisition which was completed on 24 November 2021; and

(ii) OCR Selayang, prior to the OCR Selayang Acquisition which was completed on 8 March 2022. OCR Selayang, which is now a 50.0% subsidiary of OCR, is principally involved in property investment holding and receiving rental as income and property development.

Apart from the above, TCH and OKH do not have common shareholding in any other companies.

3. DETAILS OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS

3.1 Basis and number of Rights Shares and Warrants E to be issued

The Proposed Rights Issue with Warrants entails the issuance of up to 1,336,348,534 Rights Shares together with up to 1,336,348,534 Warrants E and is to be implemented on a renounceable basis of 2 Rights Shares together with 2 Warrants E for every 3 existing Shares held by the Entitled Shareholders on the Entitlement Date at an issue price to be determined and announced by the Board at a later date.

For avoidance of doubt, the Proposed Rights Issue with Warrants shall only be implemented upon the completion of the Proposed Settlement[1].

Note:-

(1) The Proposed Settlement would result in an enlarged total number of issued Shares. Thus, implementing the Proposed Rights Issue with Warrants upon the completion of the Proposed Settlement will allow the Proposed Rights Issue with Warrants to be undertaken at a larger scale and raise more proceeds. In turn, this enables the Group to raise sufficient funds to meet its funding requirements as set out in **Section 5, Part A** of this Circular.

In addition, OKH has provided a written undertaking to subscribe in full for his entitlement of the Rights Shares based on his direct shareholding in the Company after completion of the Proposed Settlement. This is meant to allow the Proposed Rights Issue with Warrants to be implemented at a minimum level of subscription, further details of the same are set out in **Section 3.3, Part A** of this Circular. Thus, implementing the Proposed Rights Issue with Warrants upon the completion of the Proposed Settlement will allow the Proposed Rights Issue with Warrants to be undertaken at a higher minimum level of subscription.

The basis of 2 Rights Shares together with 2 Warrants E for every 3 existing Shares was arrived at after taking into consideration, amongst others, the following:-

(i) the amount of proceeds to be raised from the subscription of the Rights Shares which is to be channelled towards the purposes as set out in **Section 5, Part A** of this Circular. The actual amount of proceeds to be raised is dependent on the final issue price of the Rights Shares and the level of subscription for the Proposed Rights Issue with Warrants; and

(ii) Paragraph 6.50 of the Listing Requirements which states that a listed issuer must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible equity securities (i.e., warrants and convertible preference shares), does not exceed 50% of the total number of issued shares of the listed issuer (excluding treasury shares and before the exercise of the convertible equity securities) at all times.

The actual number of Rights Shares and Warrants E to be issued will depend on the total number of issued Shares held by the Entitled Shareholders on the Entitlement Date after taking into consideration any new Shares that may be issued arising from the eventual subscription level for the Proposed Rights Issue with Warrants.

As at the LPD, the Company has 1,385,997,155 Shares in issue as well as up to 207,899,573 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS. Notwithstanding that, the Company has undertaken not to grant any ESOS Options until the completion of the Proposals.

Upon the issuance of 618,525,646 Settlement Shares pursuant to the Proposed Settlement, the Company would have an enlarged total number of 2,004,522,801 Shares in issue.

Further to the above, assuming that all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants E, the Proposed Rights Issue with Warrants would entail the issuance of up to 1,336,348,534 Rights Shares together with up to 1,336,348,534 Warrants E under the Maximum Scenario.

Notwithstanding the above, the Proposed Rights Issue with Warrants will be undertaken on the Minimum Subscription Level based on the Undertaking from the Undertaking Shareholder, details of which are set out in **Section 3.3, Part A** of this Circular. Based on the Minimum Subscription Level, the Proposed Rights Issue with Warrants would entail the issuance of an aggregate of 337,003,420 Rights Shares together with 337,003,420 Warrants E under the Minimum Scenario.

The total number of Rights Shares with Warrants E to be issued under the Proposed Rights Issue with Warrants is illustrated below:-

		Minimum Scenario	**Maximum Scenario**
		No. of Shares	**No. of Shares**
Total number of Shares as at the LPD		1,385,997,155	1,385,997,155
Settlement Shares to be issued		618,525,646	618,525,646
Enlarged total number of Shares after the Proposed Settlement		**2,004,522,801**	**2,004,522,801**
Rights Shares to be issued		(1)337,003,420	1,336,348,534
Enlarged total number of Shares after the Proposed Rights Issue with Warrants	**[A]**	**2,341,526,221**	**3,340,871,335**
Warrants E to be issued	**[B]**	(1)337,003,420	1,336,348,534
Percentage of [B] against [A]		**(2)14.39%**	**(2)40.00%**

Notes:-

(1) Based on the Minimum Subscription Level, further details of which are set out in **Section 3.3, Part A** of this Circular.

(2) Based on these percentages, the 50% threshold under Paragraph 6.50 of the Listing Requirements would not be breached as a result of the Proposed Rights Issue with Warrants. As such, the Proposed Rights Issue with Warrants would be in compliance with Paragraph 6.50 of the Listing Requirements.

The Rights Shares and the Warrants E will be provisionally allotted and issued to the Entitled Shareholders. The Entitlement Date shall be determined by the Board after obtaining all requisite approvals for the Proposed Rights Issue with Warrants.

The Warrants E are attached to the Rights Shares without any cost and will be issued only to the Entitled Shareholders and/or their renouncee(s) who subscribe for the requisite number of Rights Shares. Each Warrant E will entitle its holder to subscribe for 1 new Share at an exercise price to be determined by the Board at a later date. The Warrants E will be immediately detached from the Rights Shares upon the issuance and will be traded separately. The Warrants E will be issued in registered form and constituted by the Deed Poll E.

The entitlements for the Rights Shares together with the Warrants E are renounceable in full or in part. Accordingly, the Entitled Shareholders may fully or partially renounce their entitlements under the Proposed Rights Issue with Warrants.

However, the Rights Shares and Warrants E cannot be renounced separately and only the Entitled Shareholders and/or their renouncee(s) who successfully subscribe for the Rights Shares will be entitled to the Warrants E. As such, the Entitled Shareholders who renounce all of their Rights Shares entitlements shall be deemed to have renounced all the accompanying entitlements to the Warrants E to be issued together with the Rights Shares. If the Entitled Shareholders accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants E in proportion to their acceptance of their Rights Share entitlements.

Any Rights Shares which are not validly taken up shall be offered to other Entitled Shareholders and/or their renouncee(s) under excess Rights Shares applications. It is the intention of the Board to reduce the incidence of odd lots and to allocate excess Rights Shares in a fair and equitable manner and on a basis to be determined by the Board later.

Fractional entitlements arising from the Proposed Rights Issue with Warrants, if any, shall be disregarded and/or dealt with by the Board in such manner and on such terms and conditions as the Board in its absolute discretion may deem fit or expedient and in the best interests of the Company.

3.2 Indicative salient terms of Warrants E

Issuer	:	OCR
Issue size	:	Up to 1,336,348,534 Warrants E
Form and detachability	:	The Warrants E will be issued in registered form and constituted by the Deed Poll E. The Warrants E which are to be issued with the Rights Shares will immediately be detached from the Rights Shares upon allotment and issuance and will be traded separately on Bursa Securities.
Board lot	:	For the purpose of trading on Bursa Securities, a board lot of Warrants E shall be 100 units of Warrants E, or such other number of units as may be prescribed by Bursa Securities.
Tenure of the Warrants E	:	3 years commencing on and including the date of issuance of the Warrants E.
Exercise Period	:	The Warrants E may be exercised at any time within a period of 3 years commencing from and including the date of issuance of the Warrants E to the close of business at 5.00 p.m. (Malaysia time) on the Market Day immediately preceding the date which is the 3rd anniversary from the date of issuance of the Warrants E. Any Warrants E not exercised during the Exercise Period will thereafter lapse and cease to be valid for any purpose.
Exercise Price	:	The exercise price of the Warrants E ("**Exercise Price**") shall be determined by the Board at a later date after obtaining the relevant approvals but prior to the announcement of the Entitlement Date. Please refer to **Section 3.5(ii), Part A** of this Circular for information on the basis and justification of determining the Exercise Price. The Exercise Price and/or the number of Warrants E in issue during the Exercise Period shall however be subject to adjustments under circumstances prescribed in accordance with the provisions of the Deed Poll E.

Subscription rights	:	Each Warrant E shall entitle its registered holder to subscribe for 1 new Share at any time during the Exercise Period at the Exercise Price, subject to adjustments under circumstances prescribed in accordance with the provisions of the Deed Poll E.
Mode of exercise	:	The holders of the Warrants E are required to lodge a subscription form with the Company's share registrar, duly completed, signed and stamped together with payment by way of banker's draft or cashier's order drawn on a bank operating in Malaysia or by way of internet bank transfer for the electronic submission of subscription form via email to ir@shareworks.com.my for the aggregate of the Exercise Price payable when exercising their Warrants E to subscribe for new Shares. The payment of such fee must be made in Ringgit Malaysia.
Adjustments to the Exercise Price and/or the number of Warrants E	:	Subject to the provisions of the Deed Poll E, the Exercise Price and/or the number of unexercised Warrants E in issue may be subject to adjustments by the Board in consultation with an approved adviser appointed by the Company or the auditors in the event of any alteration in the share capital of the Company at any time during the tenure of the Warrants E, whether by way of, amongst others, rights issue, bonus issue, consolidation of shares, subdivision of shares or reduction of capital, in accordance with the provisions of the Deed Poll E.
Rights of the Warrant E holders	:	The Warrants E do not confer on their holders any voting rights or any right to participate in any form of distribution and/or offer of further securities in the Company until and unless such holders of Warrants E exercise their Warrants E for new Shares in accordance with the provisions of the Deed Poll E and such new Shares have been allotted and issued to such holders.
Ranking of the new Shares to be issued pursuant to the exercise of the Warrants E	:	The new Shares to be issued pursuant to the exercise of the Warrants E in accordance with the provisions of the Deed Poll E shall, upon allotment, issuance and full payment of the Exercise Price of the Warrants E, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares to be issued pursuant to the exercise of the Warrants E.
Rights of the Warrant E holders in the event of winding up, liquidation, compromise and/or arrangement	:	(i) Where a resolution has been passed for a members' voluntary winding-up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the Company with 1 or more companies, then for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which the Company is the continuing corporation) to which the holders of the Warrants E (or some other persons designated by them for such purpose by special resolution) shall be a party, the terms of such winding-up, compromise or arrangement shall be binding on all the holders of the Warrants E; and

	:	(ii) in any other cases, every Warrant E holder shall be entitled to exercise his/her Warrants E at any time within 6 weeks after the passing of such resolution for a members' voluntary winding up of the Company or within 6 weeks after the granting of the court order approving the winding-up, compromise or arrangement, whereupon the Company shall allot the relevant new Shares to the Warrant E holder credited as fully paid subject to the prevailing laws, and such Warrant E holder shall be entitled to receive out of the assets of the Company which would be available in liquidation if he/she had on such date been the holder of the new Shares to which he/she would have become entitled pursuant to such exercise and the liquidator of the Company shall give effect to such election accordingly. Upon the expiry of the above 6 weeks, all subscription rights of the Warrants E shall lapse and cease to be valid for any purpose.
Modification of rights of Warrant E holders	:	Save as otherwise provided in the Deed Poll E, a special resolution of the Warrant E holders is required to sanction any modification, alteration or abrogation in respect of the rights of the Warrant E holders.
Modification of Deed Poll E	:	Any modification to the terms and conditions of the Deed Poll E may be effected only by a further deed poll, executed by the Company and expressed to be supplemental to the Deed Poll E. Any of such modification shall however be subject to the approval of Bursa Securities (if so required). No amendment or addition may be made to the provisions of the Deed Poll E without the sanction of a special resolution unless the amendments or additions are required to correct any typographical errors or relate purely to administrative matters or are required to comply with any provisions of the prevailing laws or regulations of Malaysia or in the opinion of the Company, will not be materially prejudicial to the interests of the Warrant E holders.
Listing	:	The Warrants E will be listed and traded on the Main Market of Bursa Securities. The listing and quotation of the Warrants E on the Main Market of Bursa Securities is subject to a minimum of 100 holders of Warrants E holding not less than 1 board lot each.
Transferability	:	The Warrants E shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.
Deed Poll E	:	The Warrants E shall be constituted by the Deed Poll E.
Governing laws	:	The Warrants E and the Deed Poll E shall be governed by the laws and regulations of Malaysia.

3.3 Minimum Subscription Level and Undertaking

The Company intends to undertake the Proposed Rights Issue with Warrants based on the Minimum Subscription Level, which has been determined after taking into consideration the Undertaking that the Company has obtained from the Undertaking Shareholder, namely OKH who is the Group Managing Director of OCR and a Major Shareholder, on 13 December 2023.

Based on the Undertaking, OKH has undertaken to apply and subscribe in full for his entitlement of Rights Shares based on his direct shareholding in the Company after the completion of the Proposed Settlement.

Based on his direct shareholding of 505,505,131 Shares after the completion of the Proposed Settlement, this would entail the subscription of 337,003,420 Rights Shares together with 337,003,420 Warrants E as follows:-

	Existing direct shareholding as at the LPD		Direct shareholding after the Proposed Settlement		Minimum Rights Shares with Warrants E to be subscribed for pursuant to the Undertaking	
					Subscription based on entitlement	
Undertaking Shareholder	No. of Shares	%(1)	No. of Shares	%(2)	No. of Rights Shares	No. of Warrants E
OKH	186,291,463	13.44	(3)505,505,131	25.22	337,003,420	337,003,420

	Total Rights Shares with Warrants E to be subscribed for pursuant to the Undertaking		Assuming the Minimum Scenario			
Undertaking Shareholder	No. of Rights Shares	No. of Warrants E	No. of Shares held after the Proposed Rights Issue with Warrants	%(4)	No. of Shares held after the Proposed Rights Issue with Warrants and assuming full exercise of the Warrants E	%(5)
OKH	337,003,420	337,003,420	842,508,551	35.98	1,179,511,971	44.04

Notes:-

(1) Based on the issued share capital of 1,385,997,155 Shares as at the LPD.
(2) Based on the issued share capital of 2,004,522,801 after the Proposed Settlement.
(3) After taking into account the issuance of 319,213,668 Settlement Shares to OKH pursuant to the Proposed Settlement.
(4) Based on the enlarged issued share capital of 2,341,526,221 Shares under the Minimum Scenario.
(5) Based on the enlarged issued share capital of 2,678,529,641 Shares under the Minimum Scenario and assuming full exercise of the Warrants E.

Further to the above, the Company does not intend to procure any underwriting arrangement for the remaining Rights Shares not subscribed for by other Entitled Shareholders.

Based on an illustrative issue price of RM0.035 per Rights Share, this would raise gross proceeds of RM11.80 million under the Minimum Scenario to meet the Group's funding requirements in the manner as set out in **Section 5, Part A** of this Circular. Any shortfall in the Group's funding requirement for the respective projects are expected to be met via progress billings / progressive sales billings to be received, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required).

Pursuant to the written Undertaking dated 13 December 2023, the Undertaking Shareholder has:-

(i) irrevocably and unconditionally undertaken that he shall not sell or in any other way dispose of or transfer his existing equity interest in the Company or any part thereof during the period commencing from the date of the Undertaking up to the Entitlement Date; and

(ii) confirmed that he has sufficient financial means and resources to apply and subscribe in full for his entitlement of Rights Shares based on his direct shareholding in the Company after the completion of the Proposed Settlement.

Interpac has verified the sufficiency of financial resources of the Undertaking Shareholder for the purpose of subscribing for the Rights Shares pursuant to the Undertaking.

For illustrative purposes, assuming none of the other Entitled Shareholders subscribe for their entitlement of the Rights Shares, the Undertaking Shareholder will be subscribing for a total of 337,003,420 Rights Shares based on an illustrative issue price of RM0.035 per Rights Share.

For avoidance of doubt, pursuant to the written Undertaking dated 13 December 2023, the Undertaking Shareholder has also undertaken not to subscribe for any excess Rights Shares beyond his own entitlement.

The Undertaking is not expected to result in any breach in the public shareholding spread requirement by the Company under Paragraph 8.02(1) of the Listing Requirements, which stipulates that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. As at the LPD, the Company does not hold any treasury shares.

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The pro forma effects of the Proposed Rights Issue with Warrants on the public shareholding spread of the Company under the Minimum Scenario are as follows:-

	After the Proposed Settlement		(I) After the Proposed Rights Issue with Warrants		(II) After (I) and assuming full exercise of the Warrants E	
	No. of Shares	%(1)	No. of Shares	%(2)	No. of Shares	%(3)
Issued share capital	2,004,522,801	100.00	2,341,526,221	100.00	2,678,529,641	100.00
Less: Directors(4), substantial shareholders and their associates(5)						
- OKH	505,505,131	25.22	842,508,551	35.98	1,179,511,971	44.04
- TCH	301,195,878	15.03	301,195,878	12.86	301,195,878	11.24
- OCR Land Holdings Sdn Bhd	31,215,000	1.56	31,215,000	1.33	31,215,000	1.17
- Ong Kim Chong @ Ong Hwee Choo	800,000	0.04	800,000	0.03	800,000	0.03
- Tan Poo Yot	2,600,000	0.13	2,600,000	0.11	2,600,000	0.10
- Ong Kah Wee	3,681,900	0.18	3,681,900	0.16	3,681,900	0.14
- Ong Yew Ming	3,381,900	0.17	3,381,900	0.14	3,381,900	0.13
Public shareholding spread	**1,156,142,992**	**57.68**	**1,156,142,992**	**49.38**	**1,156,142,992**	**43.16**

Notes:-

(1) Based on the issued share capital of 2,004,522,801 Shares after the Proposed Settlement.

(2) Based on the enlarged issued share capital of 2,341,526,221 Shares under the Minimum Scenario.

(3) Based on the enlarged issued share capital of 2,678,529,641 Shares under the Minimum Scenario and assuming full exercise of the Warrants E.

(4) Includes directors of the subsidiaries of the Company. For information, apart from OKH, TCH, Ong Kah Wee and Ong Yew Ming, none of the directors of the subsidiaries of the Company holds any Shares as at the LPD.

(5) For avoidance of doubt, the other PACs of OKH as set out in **Section 4.1.1, Part A** of this Circular (i.e. Low Kin Kok, Low Kien Poh and Chong Tze-Ban) are not deemed as associates to OKH pursuant to the definition set out in Paragraph 1.01 of the Listing Requirements. As such, they are not deemed as non-public shareholders for the purpose of computing the public shareholding spread of the Company.

3.4 Mandatory Offer implications

Pursuant to the Proposed Rights Issue with Warrants, upon the issuance of the Rights Shares to OKH under the Minimum Scenario:-

(i) the individual shareholding of OKH in the Company is expected to increase from 25.22% after the completion of the Proposed Settlement to 35.98%. As the individual shareholding of OKH in the Company is expected to increase to more than 33%, OKH will trigger a Mandatory Offer(1) obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules; and

(ii) the collective shareholding of OKH and his PACs in the Company is expected to increase from 42.49% after the completion of the Proposed Settlement to 50.76%. As the collective shareholding of OKH and his PACs in the Company is expected to increase by more than 2% within a 6 month period, OKH and his PACs will trigger a Mandatory Offer(1) obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

Under the Maximum Potential Shareholdings Scenario, If OKH and his PACs subscribe in full for their entitlement of Rights Shares based on their direct shareholdings in the Company after the Proposed Settlement and none of the other Entitled Shareholders and/or their renouncee(s) subscribe for their respective entitlements of the Rights Shares:-

(i) the individual shareholding of OKH in the Company is expected to increase from 25.22% after the completion of the Proposed Settlement to 32.75%. As the individual shareholding of OKH in the Company is not expected to increase to more than 33%, OKH will not trigger a Mandatory Offer(1) obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules; and

(ii) the collective shareholding of OKH and his PACs in the Company is expected to increase from 42.49% after the completion of the Proposed Settlement to 55.18%. As the collective shareholding of OKH and his PACs in the Company is expected to increase by more than 2% within a 6 month period, OKH and his PACs will trigger a Mandatory Offer(1) obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

As it is not the intention of OKH and his PACs to undertake such Mandatory Offers(1), OKH and his PACs intend to submit an application to seek the SC's approval for the Proposed Exemption 2(2) (further details of which are set out in **Section 4.2, Part A** of this Circular), subject to approvals being obtained from the non-interested Shareholders for the Proposed Exemption 2 at the forthcoming EGM for the Proposals.

In this regard, the Proposed Rights Issue with Warrants and the Proposed Exemption 2 are inter-conditional. If the non-interested Shareholders and/or the SC do not approve the Proposed Exemption 2, the Proposed Rights Issue with Warrants will not be implemented.

Notes:-

(1) As at the LPD, apart from the ordinary shares in the Company, there are up to 207,899,573 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS.

Notwithstanding the above, the Company has undertaken not to grant any ESOS Options until the completion of the Proposals.

In view thereof, the Proposed Exemption 2 will not apply to the ESOS Options.

(2) Please take note that the Proposed Exemption 2 would:-

(i) exempt OKH from his individual obligation to undertake a Mandatory Offer arising from his subscription of Rights Shares pursuant to his Undertaking under the Minimum Scenario; and

(ii) exempt OKH and his PACs from their collective obligation to undertake a Mandatory Offer arising from OKH's subscription of Rights Shares pursuant to OKH's Undertaking under the Minimum Scenario.

However, the Proposed Exemption 2 would not exempt OKH from his individual obligation to undertake a Mandatory Offer if triggered via his exercise of Warrants E after completion of the Proposed Rights Issue with Warrants.

For avoidance of doubt:-

(i) none of the PACs has provided any undertaking to subscribe for any Rights Shares; and

(ii) the PACs have not decided whether to subscribe for any Rights Shares at this juncture.

Nevertheless, OKH and the PACs have each undertaken that they will not subscribe for any excess Rights Shares beyond their own respective entitlements.

3.5 Basis and justification of determining the issue price of the Rights Shares and the exercise price of the Warrants E

(i) Issue price of the Rights Shares

The issue price of the Rights Shares shall be determined and announced by the Board at a later date (before the announcement of the Entitlement Date) after taking into consideration, amongst others, the following:-

(a) the funding requirements of the Group as set out in **Section 5, Part A** of this Circular;

(b) the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount of between 20% and 40% to the TEAP of the Shares.

This discount range was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the intended utilisation as set out in **Section 5, Part A** of this Circular. Further, the Board has also considered the range of discounts typically adopted by other companies listed on Bursa Securities for rights issue exercises. For information, the discounts adopted by companies who had recently completed a rights issue of shares exercise with favourable subscription rates are set out below:-

Name of listed company and details of rights issue	Issue price RM	Discount to TEAP[(1)] %	Subscription rate %
Binastra Corporation Berhad 1 rights share for every 10 existing ordinary shares	0.800	39.39	131.29
Iconic Worldwide Berhad 2 rights shares for every 1 existing ordinary share and 2 warrants for every 3 rights shares subscribed	0.085	11.46	100.05
SC Estate Builder Berhad 2 rights shares for every 1 existing ordinary share	0.005	70.24	205.63
MMAG Holdings Berhad 6 rights shares for every 1 existing ordinary share and 1 warrant for every 2 rights shares subscribed	0.100	5.93	100.25

Note:-

(1) Computed based on the 5-day VWAP of the shares up to and including the last trading day prior to the first announcement of the rights issue or the price-fixing date (where applicable).

The illustrative issue price of RM0.035 per Rights Share represents a discount of 39.66% to the TEAP of the Shares of RM0.0580, calculated based on the 5-day VWAP of the Shares up to and including the LPD of RM0.0887 and assuming an illustrative exercise price of RM0.035 per Warrant E; and

(c) the rationale for the Proposed Rights Issue with Warrants, as set out in **Section 6.2, Part A** of this Circular.

(ii) Exercise price of the Warrants E

The exercise price of the Warrants E shall be determined and announced by the Board at a later date before the announcement of the Entitlement Date after taking into consideration, amongst others, the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the exercise price of the Warrants E such that the exercise price is at a discount of between 20% and 40% to the TEAP of the Shares.

The illustrative exercise price of RM0.035 per Warrant E represents a discount of 39.66% to the TEAP of the Shares of RM0.0580, calculated based on the 5-day VWAP of the Shares up to and including the LPD of RM0.0887 and assuming an illustrative issue price of RM0.035 per Rights Share.

3.6 Ranking of the Rights Shares and new Shares to be issued arising from the exercise of the Warrants E

3.6.1 Rights Shares

The Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Rights Shares.

3.6.2 New Shares to be issued arising from the exercise of the Warrants E

The new Shares to be issued arising from the exercise of the Warrants E shall, upon allotment, issuance and full payment of the exercise price of the Warrants E, rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares.

3.7 Listing and quotation for the Rights Shares, the Warrants E and new OCR Shares to be issued arising from the exercise of the Warrants E

The Rights Shares, the Warrants E as well as new OCR Shares to be issued pursuant to the exercise of Warrants E will be listed on the Main Market of Bursa Securities.

3.8 Foreign-Addressed Shareholders

An abridged prospectus together with its accompanying documents or any other documents to be issued in connection with the Proposed Rights Issue with Warrants are not intended to comply with the laws of any jurisdiction other than Malaysia and will not be lodged, registered or approved under applicable securities legislation of any jurisdiction other than Malaysia. Accordingly, the Proposed Rights Issue with Warrants will not be offered for subscription in any countries or jurisdictions other than Malaysia.

The abridged prospectus together with its accompanying documents or any other documents relating to the Proposed Rights Issue with Warrants will only be sent to the Entitled Shareholders who have a registered address or an address for service of documents in Malaysia as registered in the Record of Depositors on the Entitlement Date and will not be sent to Foreign-Addressed Shareholders as at the Entitlement Date.

Foreign-Addressed Shareholders who wish to provide Malaysian addresses should inform their respective stockbrokers to effect the change of address to send the documents to their address in Malaysia prior to the Entitlement Date.

Alternatively, such Foreign-Addressed Shareholders may collect the abridged prospectus from the Company’s share registrar who shall be entitled to request for such evidence as they deem necessary to satisfy themselves as to the identity and authority of the person collecting the abridged prospectus.

The Company will not make or be bound to make any enquiry as to whether the Entitled Shareholders have a registered address other than as stated in the Company’s Record of Depositors as at the Entitlement Date and will not accept or be deemed to accept any liability whether or not any enquiry or investigation is made in connection therewith.

Foreign-Addressed Shareholders may only exercise their rights in respect of the Proposed Rights Issue with Warrants to the extent that it would be lawful to do so and the Company and/or any of its advisers would not, in connection with the Proposed Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign-Addressed Shareholders may be subject to.

Foreign-Addressed Shareholders will be responsible for payment of any issue or transfer fees or costs, and any taxes or requisite payments due in such jurisdiction and the Company shall be entitled to be fully indemnified and saved harmless by such foreign applicants for any issue, transfer or any other taxes or duties as such persons may be required to pay. They will have no claims whatsoever against the Company, its share registrar and/or any of its advisers in respect of their rights or entitlements under the Proposed Rights Issue with Warrants. Such applicants should also consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to exercise their rights in respect of the Proposed Rights Issue with Warrants.

The Foreign-Addressed Shareholders shall be solely responsible to seek advice as to the laws of any jurisdiction to which they may be subject, and participation by such applicants in the Proposed Rights Issue with Warrants shall be on the basis of a warranty by such applicants that they are allowed to do so lawfully without the Company and/or the advisers being in breach of the laws of any jurisdiction.

Neither the Company nor any of its advisers to the Proposed Rights Issue with Warrants shall accept any responsibility or liability in the event that any acceptance by a Foreign-Addressed Shareholder of his/her rights in respect of the Proposed Rights Issue with Warrants is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Foreign-Addressed Shareholders who do not provide an address in Malaysia or who are not entitled to subscribe for the Rights Shares under the laws and jurisdiction to which they are subject, will have no claims whatsoever against the Company and/or any of its advisers in respect of their rights entitlements or any net proceeds arising from the Proposed Rights Issue with Warrants.

The Company reserves the right in its absolute discretion to treat any subscription for the Rights Shares as being invalid if it believes or has reason to believe that such subscription for the Rights Shares may violate applicable legal or regulatory requirements.

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4. DETAILS OF THE PROPOSED EXEMPTIONS

4.1 Proposed Exemption 1

4.1.1 Identity of the PACs

Pursuant to subsection 216(3) of the CMSA, the PACs of OKH and TCH in relation to the Proposed Exemption 1 are as follows:-

Name	Description of relationship
Low Kin Kok ("**LKK**")	Business partner of OKH[(1)]
Low Kien Poh ("**LKP**")	Business partner of OKH[(1)]
Chong Tze-Ban ("**CTB**")	Business partner of OKH[(1)]
OCR Land Holdings Sdn Bhd	A company controlled by OKH and his family
CLS	Spouse of OKH and Executive Director of OCR
Ong Kim Chong @ Ong Hwee Choo	Father of OKH
Tan Poo Yot	Mother of OKH
Ong Kah Wee	Brother of OKH
Ong Yew Ming	Sister of OKH

Note:-

(1) On 24 November 2021, OCR completed the acquisition of 100% equity interest in Wonderland Sdn Bhd from OKH, LKK, LKP and CTB. In respect thereof, LKK, LKP and CTB are deemed as OKH's PACs pursuant to subsection 216(3) of the CMSA.

4.1.2 Maximum potential shareholdings of OKH, TCH and their PACs pursuant to the Proposed Settlement

Pursuant to the Proposed Settlement, OKH will be receiving 319,213,668 Settlement Shares while TCH will be receiving 299,311,978 Settlement Shares.

In this regard, the maximum potential shareholdings of OKH, TCH and their PACs upon the completion of the Proposed Settlement (assuming none of the ESOS Options are granted and/or exercised into new Shares prior to the Proposed Settlement) is shown below:-

	As at the LPD		After the Proposed Settlement	
Name	**No. of Shares**	**[(1)]%**	**No. of Shares**	**[(2)]%**
OKH	186,291,463	13.44	[(3)]505,505,131	25.22
TCH	1,883,900	0.14	[(4)]301,195,878	15.03
LKK	3,273,290	0.24	3,273,290	0.16
LKP	69	[(5)]-	69	[(5)]-
CTB	17	[(5)]-	17	[(5)]-
OCR Land Holdings Sdn Bhd	31,215,000	2.25	31,215,000	1.56
CLS	-	-	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.06	800,000	0.04
Tan Poo Yot	2,600,000	0.19	2,600,000	0.13
Ong Kah Wee	3,681,900	0.27	3,681,900	0.18
Ong Yew Ming	3,381,900	0.24	3,381,900	0.17
	233,127,539	**16.82**	**851,653,185**	**42.49**
Other Shareholders	1,152,869,616	83.18	1,152,869,616	57.51
Total	**1,385,997,155**	**100.00**	**2,004,522,801**	**100.00**

Notes:-

(1) Based on the issued share capital of 1,385,997,155 Shares as at the LPD.

(2) Based on the enlarged issued share capital of 2,004,522,801 Shares upon the issuance of the Settlement Shares to OKH and TCH pursuant to the Proposed Settlement.
(3) After taking into account the issuance of 319,213,668 Settlement Shares to OKH pursuant to the Proposed Settlement.
(4) After taking into account the issuance of 299,311,978 Settlement Shares to TCH pursuant to the Proposed Settlement.
(5) Less than 0.01%.

As shown above, upon the issuance of the Settlement Shares to OKH and TCH pursuant to the Proposed Settlement, the collective shareholding of OKH, TCH and their PACs in the Company is expected to increase from 16.82% as at the LPD to 42.49%.

As the collective shareholding of OKH, TCH and their PACs in the Company is expected to increase to more than 33%, OKH, TCH and their PACs will trigger a Mandatory Offer obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

As it is not the intention of OKH, TCH and their PACs to undertake such Mandatory Offer, OKH, TCH and their PACs intend to submit an application to seek the SC's approval for an exemption from the obligation to undertake a Mandatory Offer upon the completion of the Proposed Settlement, subject to approval being obtained from the non-interested Shareholders for the same at the forthcoming EGM for the Proposals.

OKH, TCH and their PACs will abstain from voting in respect of their shareholdings in the Company, whether direct or indirect, on the resolutions pertaining to the Proposed Settlement and the Proposed Exemption 1 at the forthcoming EGM. In addition, OKH, TCH and their PACs will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to the Proposed Settlement and the Proposed Exemption 1 at the forthcoming EGM.

4.1.3 Dealings in Shares by OKH, TCH and their PACs

OKH, TCH and their PACs have declared and confirmed that they have not acquired any direct or indirect interest in any of the Shares during the past 6 months prior to the first announcement in relation to the Proposals on 13 December 2023.

4.2 Proposed Exemption 2

4.2.1 Identity of the PACs

Pursuant to subsection 216(3) of the CMSA, the PACs of OKH in relation to the Proposed Exemption 2 are as follows:-

Name	Description of relationship
Tan Chin Hoong	Business partner of OKH
LKK	Business partner of OKH(1)
LKP	Business partner of OKH(1)
CTB	Business partner of OKH(1)
OCR Land Holdings Sdn Bhd	A company controlled by OKH and his family
CLS	Spouse of OKH and Executive Director of OCR
Ong Kim Chong @ Ong Hwee Choo	Father of OKH
Tan Poo Yot	Mother of OKH
Ong Kah Wee	Brother of OKH
Ong Yew Ming	Sister of OKH

Note:-
(1) On 24 November 2021, OCR completed the acquisition of 100% equity interest in Wonderland Sdn Bhd from OKH, LKK, LKP and CTB. In respect thereof, LKK, LKP and CTB are deemed as OKH's PACs pursuant to subsection 216(3) of the CMSA.

4.2.2 Shareholdings of OKH and his PACs upon completion of the Proposed Rights Issue with Warrants

Pursuant to the Proposed Rights Issue with Warrants, OKH has provided the Undertaking whereby he will apply and subscribe in full for his entitlement of Rights Shares based on his direct shareholding in the Company after the completion of the Proposed Settlement.

In this regard, the shareholdings of OKH and his PACs upon completion of the Proposed Rights Issue with Warrants under the Minimum Scenario and assuming full exercise of the Warrants E is shown below:-

	After the Proposed Settlement		After the Proposed Rights Issue with Warrants		After assuming full exercise of the Warrants E	
Name	**No. of Shares**	**(1)%**	**No. of Shares**	**(2)%**	**No. of Shares**	**(4)%**
OKH	505,505,131	25.22	(3)842,508,551	35.98	(5)1,179,511,971	44.04
TCH	301,195,878	15.03	301,195,878	12.86	301,195,878	11.24
LKK	3,273,290	0.16	3,273,290	0.14	3,273,290	0.12
LKP	69	(6)-	69	(6)-	69	(6)-
CTB	17	(6)-	17	(6)-	17	(6)-
OCR Land Holdings Sdn Bhd	31,215,000	1.56	31,215,000	1.33	31,215,000	1.17
CLS	-	-	-	-	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.04	800,000	0.03	800,000	0.03
Tan Poo Yot	2,600,000	0.13	2,600,000	0.11	2,600,000	0.10
Ong Kah Wee	3,681,900	0.18	3,681,900	0.16	3,681,900	0.14
Ong Yew Ming	3,381,900	0.17	3,381,900	0.14	3,381,900	0.13
	851,653,185	**42.49**	**1,188,656,605**	**50.76**	**1,525,660,025**	**56.96**
Other shareholders	1,152,869,616	57.51	1,152,869,616	49.24	1,152,869,616	43.04
Total	**2,004,522,801**	**100.00**	**2,341,526,221**	**100.00**	**2,678,529,641**	**100.00**

Notes:-
(1) Based on the issued share capital of 2,004,522,801 Shares after the Proposed Settlement.
(2) Based on the enlarged issued share capital of 2,341,526,221 Shares upon the issuance of the Rights Shares to OKH under the Minimum Scenario.
(3) After taking into account the issuance of 337,003,420 Rights Shares to OKH pursuant to his Undertaking under the Minimum Scenario.
(4) Based on the enlarged issued share capital of 2,678,529,641 Shares after assuming full exercise of the Warrants E by OKH.
(5) After taking into account the issuance of 337,003,420 new Shares to OKH assuming full exercise of the Warrants E by OKH.
(6) Less than 0.01%.

As shown above, upon the issuance of the Rights Shares to OKH pursuant to the Proposed Rights Issue with Warrants under the Minimum Scenario:-

(i) the individual shareholding of OKH in the Company is expected to increase from 25.22% after the Proposed Settlement to 35.98%; and

(ii) the collective shareholding of OKH and his PACs in the Company is expected to increase from 42.49% after the Proposed Settlement to 50.76%.

As the individual shareholding of OKH in the Company is expected to increase to more than 33%, OKH will trigger a Mandatory Offer obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

In addition, as the collective shareholding of OKH and his PACs in the Company is expected to increase by more than 2% within a 6 month period, OKH and his PACs will trigger a Mandatory Offer obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

As it is not the intention of OKH and his PACs to undertake such Mandatory Offers, OKH and his PACs intend to submit an application to seek the SC's approval for an exemption from the obligation to undertake a Mandatory Offer upon completion of the Proposed Rights Issue with Warrants, subject to approvals being obtained from the non-interested Shareholders for the same at the forthcoming EGM for the Proposals.

OKH and his PACs will abstain from voting in respect of their shareholdings in the Company, whether direct or indirect, on the resolutions pertaining to the Proposed Rights Issue with Warrants and the Proposed Exemption 2 at the forthcoming EGM. In addition, OKH and his PACs will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to the Proposed Rights Issue with Warrants and the Proposed Exemption 2 at the forthcoming EGM.

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4.2.3 Maximum potential shareholdings of OKH and his PACs upon completion of the Proposed Rights Issue with Warrants

For illustration purposes, assuming:-

(i) OKH and his PACs subscribe in full for their entitlement of Rights Shares based on their direct shareholdings in the Company after the Proposed Settlement; and

(ii) none of the other Entitled Shareholders and/or their renouncee(s) fully subscribes for their respective entitlements of the Rights Shares,

the maximum potential shareholdings of OKH and his PACs upon completion of the Proposed Rights Issue with Warrants and assuming full exercise of the Warrants E is shown below:-

	After the Proposed Settlement		**After the Proposed Rights Issue with Warrants**		**After assuming full exercise of the Warrants E**	
Name	**No. of Shares**	**(1)%**	**No. of Shares**	**(2)%**	**No. of Shares**	**(4)%**
OKH	505,505,131	25.22	842,508,551	32.75	1,179,511,971	37.56
TCH	301,195,878	15.03	501,993,130	19.52	702,790,382	22.38
LKK	3,273,290	0.16	5,455,483	0.21	7,637,676	0.24
LKP	69	(6)-	115	(6)-	161	(6)-
CTB	17	(6)-	28	(6)-	39	(6)-
OCR Land Holdings Sdn Bhd	31,215,000	1.56	52,025,000	2.02	72,835,000	2.32
CLS	-	-	-	-	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.04	1,333,333	0.05	1,866,666	0.06
Tan Poo Yot	2,600,000	0.13	4,333,333	0.17	6,066,666	0.19
Ong Kah Wee	3,681,900	0.18	6,136,500	0.24	8,591,100	0.27
Ong Yew Ming	3,381,900	0.17	5,636,500	0.22	7,891,100	0.25
	851,653,185	**42.49**	**(3)1,419,421,973**	**55.18**	**(5)1,987,190,761**	**63.29**
Other shareholders	1,152,869,616	57.51	1,152,869,616	44.82	1,152,869,616	36.71
Total	**2,004,522,801**	**100.00**	**2,572,291,589**	**100.00**	**3,140,060,377**	**100.00**

Notes:-

(1) Based on the issued share capital of 2,004,522,801 Shares after the Proposed Settlement.

(2) Based on the enlarged issued share capital of 2,572,291,589 Shares upon the issuance of the Rights Shares to OKH and his PACs assuming OKH and his PACs apply and subscribe in full for their entitlement of Rights Shares based on their direct shareholdings in the Company after the Proposed Settlement.

(3) After taking into account the issuance of 567,768,788 Rights Shares to OKH assuming OKH and his PACs apply and subscribe in full for their entitlement of Rights Shares based on their direct shareholdings in the Company after the Proposed Settlement.

(4) Based on the enlarged issued share capital of 3,140,060,377 Shares assuming full exercise of the Warrants E by OKH and his PACs.

(5) After taking into account the issuance of 567,768,788 new Shares to OKH and his PACs assuming full exercise of the Warrants E by OKH and his PACs.

(6) Less than 0.01%.

As shown above, upon the issuance of the Rights Shares to OKH and his PACs pursuant to the Proposed Rights Issue with Warrants:-

(i) the individual shareholding of OKH in the Company is expected to increase from 25.22% after the Proposed Settlement to 32.75%; and

(ii) the collective shareholding of OKH and his PACs in the Company is expected to increase from 42.49% after the Proposed Settlement to 55.18%.

Under this scenario, as the individual shareholding of OKH in the Company is not expected to increase to more than 33%, OKH will not trigger a Mandatory Offer obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

However, as the collective shareholding of OKH and his PACs in the Company is expected to increase by more than 2% within a 6 month period, OKH and his PACs will trigger a Mandatory Offer obligation pursuant to subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

As it is not the intention of OKH and his PACs to undertake such Mandatory Offers, OKH and his PACs intend to submit an application to seek the SC's approval for an exemption from the obligation to undertake a Mandatory Offer upon completion of the Proposed Rights Issue with Warrants, subject to approval being obtained from the non-interested Shareholders for the same at the forthcoming EGM for the Proposals.

OKH and his PACs will abstain from voting in respect of their shareholdings in the Company, whether direct or indirect, on the resolutions pertaining to the Proposed Rights Issue with Warrants and the Proposed Exemption 2 at the forthcoming EGM. In addition, OKH and his PACs will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to the Proposed Rights Issue with Warrants, the Proposed Exemption 2 at the forthcoming EGM.

For avoidance of doubt, please take note that the Proposed Exemption 2:-

(i) would exempt OKH from his individual obligation to undertake a Mandatory Offer arising from the subscription of Rights Shares by OKH pursuant to his Undertaking under the Minimum Scenario, but would not exempt OKH from his obligation to undertake a Mandatory Offer should he subsequently choose to exercise his Warrants E after completion of the Proposed Rights Issue with Warrants resulting in an increase in his shareholding in the Company by more than 2% within any period of 6 months; and

(ii) would exempt OKH and his PACs from their collective obligation to undertake a Mandatory Offer arising from the subscription of Rights Shares by OKH pursuant to his Undertaking as well as by his PACs pursuant to their entitlement (if they choose to do so).

However, the Proposed Exemption 2 would not exempt OKH and his PACs from their obligation to undertake a Mandatory Offer should they choose to exercise their Warrants E after completion of the Proposed Rights Issue with Warrants resulting in an increase in their collective shareholdings in the Company by more than 2% within any period of 6 months. Should they choose to exercise their Warrants E in such manner, they would be obliged to undertake a mandatory take-over offer for all the remaining Shares, ESOS Options (if any) and Warrants E not already held by them at that point in time.

As at the LPD, OKH has not made a decision regarding the exercise of his Warrants E after the completion of the Proposed Rights Issue with Warrants.

4.2.4 Dealings in Shares by OKH and persons acting in concert with him

OKH and persons acting in concert with him have declared and confirmed that they have not acquired any direct or indirect interest in any of the Shares during the past 6 months prior to the first announcement in relation to the Proposals on 13 December 2023.

5. UTILISATION OF PROCEEDS FROM THE PROPOSED RIGHTS ISSUE WITH WARRANTS

The gross proceeds to be raised from the Proposed Rights Issue with Warrants (based on an illustrative issue price of RM0.035 per Rights Share) are intended to be utilised in the following manner:-

Utilisation of proceeds	Intended timeframe for utilisation from completion of the Proposed Rights Issue with Warrants[(3)]	Minimum Scenario		Maximum Scenario	
		RM'000	%	RM'000	%
(i) Repayment of borrowings	Within 3 months	5,000	42.4	5,000	10.7
(ii) Working capital	Within 12 months	3,000	25.4	3,000	6.4
(iii) Funding for existing and future property development projects	Within 12 months	2,665	22.6	37,642	80.5
(iv) Estimated expenses for the Proposals	Immediate	(1)1,130	9.6	(1)1,130	2.4
Total		**(2)11,795**	**100.0**	**46,772**	**100.0**

Notes:-

(1) If the actual expenses incurred are higher than this amount, the deficit will be funded via the amount earmarked for funding for existing and future property development projects. Conversely, any surplus of funds following payment of expenses will be utilised for funding for existing and future property development projects.

(2) Any additional proceeds raised in excess of this amount beyond the Minimum Scenario will be allocated to funding for existing and future property development projects.

(3) If the Company is unable to fully utilise the proceeds raised from the Proposed Rights Issue with Warrants in accordance with the intended timeframes set out herein, the timeframe for utilisation of proceeds that has been allocated for the respective purposes will be extended and announced as well as disclosed in the Company's quarterly financial results announcements as well as annual reports until the Company has fully utilised the proceeds.

Alternatively, the Company may also consider to revise the utilisation of proceeds, whether partly or wholly, to another purpose depending on the Group's requirements at that point in time. In such event, details of the proposed revision shall be announced and, if required under the Listing Requirements, Shareholders' approval will be obtained accordingly.

Pending the utilisation of the proceeds from the Proposed Rights Issue with Warrants, the unutilised proceeds shall be placed in interest-bearing deposits and/or money market financial instruments with licensed financial institutions. Any interest income or gains earned from such placements will be utilised for working capital in the same manner as set out in **Section 5(ii), Part A** of this Circular.

(i) Repayment of borrowings

As at the LPD, the total outstanding amount of the Group's borrowings stood at RM177.21 million which include overdraft, trade financing, bridging loan, term loans, trust receipts and revolving credit.

The OCR Group intends to utilise proceeds of RM5.00 million from the Proposed Rights Issue with Warrants towards the repayment of borrowings in the following manner:-

Type of borrowings	Outstanding amount as at the LPD RM'000	(1)Repayment amount RM'000	Estimated interest savings per annum RM'000
Overdraft(2)	10,392	5,000	(3)369
Trade financing	4,001	-	-
Bridging loan	7,197	-	-
Term loans	138,355	-	-
Revolving credit	15,000	-	-
Hire purchase liabilities	2,267	-	-
Total	**177,212**	**5,000**	**369**

Notes:-

(1) While our Group intends to allocate proceeds of up to RM5.00 million from the Proposed Rights Issue with Warrants to repay these borrowings, these borrowings are subject to prevailing interest rates, drawdown and repayment from time to time. As such, the outstanding principal amount of these borrowings at the point of repayment may differ from the current amount as at the LPD.

In this event, any surplus shall be reallocated for the repayment of other borrowings of our Group (i.e. bridging loan, term loans or revolving credit). Conversely, any shortfall shall be funded via internally generated funds.

(2) Our Group has allocated the funds to repay the overdraft mainly due to it bearing the highest interest rate among all of our Group's other borrowings.

(3) Based on an effective interest rate of 7.37% per annum.

For information, a cross default would not occur in the event of default in the payment of any of our Group's borrowings.

For the rest of our Group's borrowings that remain outstanding after the above-mentioned repayment, our Group intends to repay such outstanding borrowings via internally generated funds.

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(ii) Working capital

Our Group intends to utilise part of the proceeds from the Proposed Rights Issue with Warrants for working capital purposes in the following manner:-

Working capital	**RM'000**
Staff costs[1]	2,500
Other operating and administrative expenses[2]	500
Total	**3,000**

Notes:-

(1) As at the LPD, our Group has a total of 82 employees.

Moving forward, our Group expects its manpower requirements to increase in view of several upcoming property development projects to be undertaken, namely Kyra in Shah Alam, Vertex Kuantan City Centre in Pahang and OCR Logistics Hub in Shah Alam, which have a total combined GDV of RM2.05 billion. Further details on these projects are set out in **Section 5(iii), Part A** of this Circular below.

Thus, our Group plans to expand its headcount to cater for the growth of our Group's business in tandem with the above. The exact number of new employees to be hired cannot be determined at this juncture as it will depend on the progress of the property development projects to be undertaken by our Group moving forward as well as our Group's operational requirements at the relevant time.

(2) These include, amongst others, upkeep of office premises, rental and general administrative payments. The actual breakdown of these expenses cannot be determined at this juncture as it will depend on the actual operating and administrative requirements of our Group at the relevant time.

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(iii) Funding for existing and future property development projects

The Group intends to utilise the proceeds to be raised from the Proposed Rights Issue with Warrants mainly to fund its existing property development projects and other new property development projects to be undertaken by the Group in the future.

The Group intends to utilise the said proceeds for the following property development projects (the actual utilisation will depend on the funding requirements of the respective projects at the time of utilisation which cannot be determined at this juncture):-

No.	Project name / location	Estimated GDV RM'million	Estimated GDC RM'million(1)	Remaining cost to complete RM'million	Details	Commencement date(2)	Percentage of completion as at the LPD (%)	Expected completion period	Sales as at the LPD RM'million	Take up rate as at the LPD (%)	Take up rate as at the LPD RM' million
1.	Stellar Damansara, Petaling Jaya, Selangor	179.0	112.9	74.5	88 units of luxury condominium	10 December 2022	11.62	4th quarter 2025	112.4	63.8	114.2
2.	Kyra, Shah Alam, Selangor	805.0	710.0	(3)627.2	2,892 affordable housing units with retail space by phases:- Phase 1: 963 units Phase 2: 1085 units Phase 3: 844 units	6 May 2024	-	2029	(6)-	(6)Phase 1 – 83.5	Phase 1 – 231.6
3.	Vertex Kuantan City Centre, Pahang	337.6	259.7	(3)242.5	Mixed development comprising 34 retail outlets and 978 units of service apartment	(4)2nd half of 2024	(4)-	2027	(7)-	(7)-	-
4.	OCR Logistics Centre, Shah Alam	910.0	740.7	(3)575.8	4-storey of grade A logistic hub	(5)4th quarter of 2024	(5)-	2027	(7)-	(7)-	-
	Total	**2,231.6**	**1,823.3**	**1,520.0**							

Notes:-

(1) Excludes marketing cost, outright discounts to purchasers, overhead and administrative expenses.

(2) This represents the date of commencement of physical construction.

(3) Although construction of these projects has yet to commence, some preliminary cost has already been incurred and these include, amongst others, land related costs, professional costs, finance costs and other development costs (e.g. site clearing, submission costs and processing fees in relation to applications for development order).
(4) As at the LPD, the construction of Vertex Kuantan City Centre has yet to commence. Notwithstanding that, the development order and building plan approval for Vertex Kuantan City Centre have been obtained on 2 February 2018 and 18 September 2018 respectively. For information, the development of the project has been delayed mainly due to market demand factors as well as the increase in both material and labour expenses which had collectively affected the project's viability. Nonetheless, pending the funding to be raised from the Proposed Rights Issue with Warrants, the Group is anticipating to proceed with the development activities as planned in the 2nd half of 2024 and complete in 2027.
(5) As at the LPD, the construction of OCR Logistics Centre has yet to commence. The development order and building plan approval is targeted to be obtained in 2nd half of 2024. Further to that, pending the funding to be raised from the Proposed Rights Issue with Warrants, the development activities are expected to commence in 4th quarter of 2024 and complete in 4th quarter of 2026.
(6) The sales of phase 1 of Kyra has been opened to the public following the obtainment of the advertising permit on 5 April 2024.
(7) As at the LPD, these projects have yet to be launched.

For information, the Group is also involved in the following property development projects which are currently active as at the LPD:-

No.	Project name / location	Estimated GDV RM'million	Estimated GDC RM'million(1)	Remaining cost to complete RM'million	Details	Commencement date(2)	Percentage of completion as at the LPD (%)	Expected completion period	Sales as at the LPD RM'million	Take up rate as at the LPD (%)	Take up rate as at the LPD RM' million
1.	ISOLA @ KLCC, Kuala Lumpur(3)	270.9	166.1	16.4	140 units of high-end condominium	2 May 2017(4)	83.8	2nd half 2024(4)	212.6	84.3	228.3
2.	The Mate, Damansara Jaya, Selangor	145.0	96.3	43.5	244 units of signature suites high-rise development	29 March 2021	61.4	2nd half 2024	115.5	85.3	123.6
	Total	**415.9**	**262.4**	**59.9**							

Notes:-
(1) Excludes marketing cost, outright discounts to purchasers, overhead and administrative expenses.
(2) This represents the date of commencement of physical construction
(3) Due to the delay in construction works, OCR Group is expected to incur liquidated ascertained damages for delay in handling over completed units within the period stipulated in the respective sale and purchase agreements for the units. Notwithstanding this, the Group endeavours to ensure that the project will be delivered smoothly.
(4) ISOLA @ KLCC experienced a longer development period due to the halt in construction works during the COVID-19 pandemic.

Further, as at the LPD, the Group had recently completed the following property development project:-

No.	Project name / location	Estimated GDV RM'million	Estimated GDC RM'million[(1)]	Remaining cost to complete RM'million	Details	Commencement date[(2)]	Percentage of completion as at the LPD (%)	Completion date	Sales RM'million	Take up rate (%)	Take up rate RM'million
1.	PRIYA, Kuantan, Pahang	170.6	149.2	-	1,124 units of affordable landed developments	1 March 2018[(3)]	100.00	24 January 2024	170.3	100.0	170.6

Notes:-

(1) Excludes marketing cost, outright discounts to purchasers, overhead and administrative expenses.

(2) This represents the date of commencement of physical construction.

(3) PRIYA, Kuantan experienced a longer development period due to the half in construction works during the COVID-19 pandemic.

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For property development projects, the proceeds are expected to be utilised for, amongst others, payments to contractors, suppliers, consultants as well as payment to the relevant authorities.

The allocation of funding for each of the abovementioned property development projects cannot be determined at this juncture as it will be determined over the progress of the respective projects based on their current status, the balance funding requirement at the relevant point in time, the actual proceeds to be raised from the Proposed Rights Issue with Warrants as well as the availability and suitability of other funding options. Nevertheless, the total estimated balance GDC to be incurred for the abovementioned property development projects are expected to be higher than the total proceeds to be allocated from the Proposed Rights Issue with Warrants.

For information, the proceeds to be allocated as funding for the Group's existing and future property development projects under the Minimum Scenario are only RM2.67 million. Nevertheless, any shortfall in the Group's funding requirement for the respective projects are expected to be met via progress billings / progressive sales billings to be received, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required).

For avoidance of doubt, the proceeds to be raised are intended to be utilised mainly to meet any timing differential between the incurrence of development costs and the receipt of progress payments from the sale of the units. Thus, the estimated balance GDC to complete a property development project (as shown in the table above) does not necessarily reflect the funding requirements for that particular project.

As such, notwithstanding the Group's existing property development projects, the Group may, for strategic business and commercial reasons depending on the market conditions at the relevant point in time, allocate some of the proceeds to other new property development projects to be undertaken by the Group in the future. Such future property development projects have not been formulated at this juncture. Nevertheless, this will be subject to, amongst others, whether the funding requirements of the Group's existing property development projects can be met in a timely manner to ensure that their development progresses according to schedule.

(iv) Estimated expenses for the Proposals

The breakdown of the estimated expenses for the Proposals is set out below:-

Estimated expenses	**Amount RM'000**
Professional fees[(1)]	970
Fees to relevant authorities	90
Miscellaneous expenses (printing, advertising and contingencies)	70
Total	**1,130**

Note:-

(1) These include, amongst others, professional fees of the Principal Adviser, Independent Adviser, reporting accountants, solicitors, company secretaries and share registrar.

For avoidance of doubt, the Company did not allocate the proceeds raised from previous fund-raising exercises for settlement of the Stack Builder Advances as such proceeds have already been allocated and fully utilised for the intended purposes i.e. mainly to fund the Group's existing and future property development projects as set out in **Section 7, Part A** of this Circular.

Further to that, the Company does not intend to allocate the proceeds to be raised from the Proposed Rights Issue with Warrants for settlement of the Stack Builder Advances as the Company intends to allocate such proceeds mainly for the Group's existing and future property development projects as set out in **Section 5(iii), Part A** of this Circular, which are expected to contribute positively to the Group's earnings moving forward. In this regard, we wish to highlight that the Company wishes to settle the Stack Builder Advances by way of issuance of Settlement Shares as opposed to cash in order to conserve its cash to put the Group on a stronger financial footing to facilitate its existing and future property development and construction projects as well as day-to-day working capital.

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6. RATIONALE FOR THE PROPOSALS

6.1 Proposed Settlement

The Proposed Settlement will enable Stack Builder to reduce its indebtedness, thereby reducing the overall debt level and total liabilities of the Group. Further, the Proposed Settlement is expected to result in an increase in the total equity of the Group due to the increase in the share capital as a result of the issuance of the Settlement Shares to OKH and TCH to satisfy the Proposed Settlement. In turn, this is expected to result in an increase in the net assets of the Group and a decrease in the gearing ratio of the Group, thus enhancing the overall financial position of the Group.

For avoidance of doubt, the settlement of Stack Builder Advances was not made via cash as the Company wishes to conserve its cash to put the Group on a stronger financial footing to facilitate its existing and future property development and construction projects as well as day-to-day working capital.

Further to that, the settlement of Stack Builder Advances was not made via obtaining new bank borrowings as the Company wishes to avoid incurring additional interest expenses as well as conserve its cash level for the above-mentioned purposes instead of servicing monthly principal repayments and interest expenses.

Further details on the pro forma effects of the Proposed Settlement are set out in **Section 10, Part A** of this Circular.

6.2 Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants will enable the Company to raise funds and channel them towards the proposed utilisation as set out in **Section 5, Part A** of this Circular.

For information, the Company had previously undertaken several fund raising exercises over the past few years as set out in **Section 7, Part A** of this Circular which raised a total of RM98.63 million, out of which RM95.96 million have been allocated to fund the Group's existing and future property development projects. The reason for the Company undertaking these fund raising exercises over the past few years as well as the current Proposed Rights Issue with Warrants is mainly to support the amount of new projects being undertaken by the Group which in turn was spurred by favourable demand leading to high take-up rates for the Group's properties.

In this regard, we wish to highlight that high take-up rates do not immediately translate to available cash flow for the Group that can be channelled towards other new property development projects to be undertaken, as certain construction milestones have to be reached before the Group can receive payment from the customers. As such, the Group requires continuous funding to support the undertaking of new projects concurrently with the execution of existing projects.

The aggressive approach of continuously undertaking multiple projects also forms part of the Group's strategy to expand its "OCR" brand equity and reputation among consumers as well as establish a stronger foothold in the property market in Malaysia with increasing market share. In turn, this aggressive approach has accelerated the growth of the Group's business as evident by the more than quadrupling of its revenue from RM44.47 in FYE 31 December 2018 to RM208.35 million in FYE 31 December 2022.

However, during the interim period of FYE 31 December 2020 and FYE 31 December 2021, the Group recorded lower revenue and losses as it was adversely affected by the effects of the COVID-19 pandemic. Nevertheless, in tandem with the end of the COVID-19 pandemic, the Group has started to record higher revenue and turn profitable in FYE 31 December 2022.

Further to that, the Group recorded lower revenue and losses in the FYE 31 December 2023 which was partly contributed by one-off provision of liquidated ascertained damages to house buyers due to termination of underperforming main contractors during the pandemic period. Nevertheless, premised on the progress of the Group's ongoing projects as set out in **Section 5(iii), Part A** of this Circular, the Group is aiming to achieve higher revenue and turn profitable in the current FYE 31 December 2024. Further details on the historical financial information of the Group are set out in Appendix II of this Circular.

Moving forward, with the support from the additional funding to be raised from the Proposed Rights Issue with Warrants, the Group's existing and new property development projects are expected to contribute positively to the Group's earnings.

After due consideration of the various options available, the Board is of the opinion that the Proposed Rights Issue with Warrants is the most suitable means of fund raising for the Company for the following reasons:-

(i) Opportunity for Entitled Shareholders to participate in equity offering on a pro rata basis

The Proposed Rights Issue with Warrants provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis. It involves the issuance of new Shares without diluting the Entitled Shareholders' shareholdings in the Company provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants E subsequently.

(ii) Option for Entitled Shareholders to increase or maintain their equity participation at a discount or to monetize their rights issue entitlements in the open market

The Proposed Rights Issue with Warrants provides the Entitled Shareholders with the option to either increase or maintain their equity participation in the Company by subscribing for the Rights Shares at a discount or to monetize their rights issue entitlements in the open market.

(iii) Other alternative means of fund-raising such as private placements are smaller in scale and dilutive

By virtue of a rights issue being a pro rata equity offering, rights issues can be implemented on a larger scale as compared to conventional private placements, which are limited in scale by virtue of the dilutive impact to existing shareholders.

Given the quantum of the Group's funding requirements as set out in **Section 5, Part A** of this Circular and in view that the Group had recently completed a private placement exercise on 29 November 2023 as set out in **Section 7, Part A** of this Circular, the Proposed Rights Issue with Warrants appears to be the most appropriate equity fund-raising avenue at this juncture.

(iv) Rights issues do not tie down the Group with bank borrowings principal repayment and interests servicing

The Proposed Rights Issue with Warrants will enable the Group to raise the requisite funds without incurring additional interest expense from other means of funding such as bank borrowings, thereby minimising any potential cash outflow.

If the Group were to undertake bank borrowings and/or bonds issuance, the Group will be tied down with principal repayments as well as interests servicing and this may inhibit the Group's ability to conserve its cash flow for reinvestment and/or operational purposes.

The Warrants E which are attached to the Rights Shares are intended to provide an added incentive to Entitled Shareholders to subscribe for the Rights Shares. In addition, the Warrants E will provide Entitled Shareholders with an opportunity to increase their equity participation in the Company at the Exercise Price during the tenure of the Warrants E and will allow Entitled Shareholders to further participate in the future growth of the Company as and when the Warrants E are exercised.

The exercise of the Warrants E in the future will allow the Company to obtain additional funds without incurring additional interest expenses from borrowings. In turn, such proceeds are intended to be channelled to fund the Group's working capital in the same manner as set out in **Section 5(ii), Part A** of this Circular. Furthermore, the exercise of Warrants E will increase Shareholders' funds, thereby strengthening the financial position of the Company and providing the Company with flexibility in terms of the options available to meet its funding requirements.

6.3 Proposed Exemption 1

The Proposed Exemption 1 will relieve OKH, TCH and their PACs from the obligation to undertake the Mandatory Offer, as it is not their intention to undertake such Mandatory Offer.

Thus, the Proposed Exemption 1 is necessary and therefore inter-conditional with the Proposed Settlement as it allows OKH and TCH to receive the Settlement Shares as settlement of the Stack Builder Advances without having to undertake the Mandatory Offer.

6.4 Proposed Exemption 2

The Proposed Exemption 2 will relieve OKH and his PACs from the obligations to undertake the Mandatory Offer under the Rules, as it is not their intention to undertake such Mandatory Offer.

Thus, the Proposed Exemption 2 is necessary and therefore inter-conditional with the Proposed Rights Issue with Warrants as they allow the Undertaking Shareholder (i.e., OKH) to fulfill the Undertaking by subscribing for the Rights Shares without having to undertake the Mandatory Offer. In turn, the Undertaking ensures that the Company can at least achieve the Minimum Subscription Level for the Proposed Rights Issue with Warrants to raise funds for the purposes as set out in **Section 5, Part A** of this Circular.

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7. EQUITY FUND-RAISING EXERCISES UNDERTAKEN BY THE GROUP IN THE PAST 5 YEARS

Save as disclosed below, the Group has not undertaken any other equity fund-raising exercises in the past 5 years before the first announcement of the Proposed Rights Issue with Warrants. For information, OKH or any of his PACs did not participate in any of the fund-raising exercises disclosed below.

(i) Private Placement 2023 – 40%

On 29 November 2023, the Company completed a private placement exercise involving the issuance of 395,999,000 Placement Shares (representing approximately 40% of the then-existing total number of issued Shares before the private placement), raising a total of RM30.72 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 29 November 2023	Proposed utilisation RM'000	Actual utilisation as at LPD RM'000	Balance unutilised RM'000
(i) Funding for existing and future property development projects	Within 12 months	30,329	(1)30,329	-
(ii) Expenses for the Private Placement 2023 – 40%	Immediate	391	391	-
Total		**30,720**	**30,720**	**-**

Note:-

(1) The proceeds have been utilised for several projects in the following manner:-

Project	Actual utilisation RM'000
Isola @ KLCC, Kuala Lumpur	3,177
PRIYA, Kuantan	10,010
The Mate, Damansara Jaya	3,510
Kyra, Shah Alam	(1)3,375
Stellar Damansara, Petaling Jaya	3,204
Vertex Kuantan City Centre, Pahang	45
Yolo Signature Suites, Bandar Sunway	7,008
Total	**30,329**

Subnote:-

(1) This amount was utilised for amongst others, repayment of the Bank Loan, professional costs and authority fees.

(ii) Private Placement 2022 – 30%

On 7 September 2022, the Company completed a private placement exercise involving the issuance of 204,000,000 new Shares (representing approximately 30% of the then existing total number of issued Shares before the private placement), raising a total of RM21.81 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 7 September 2022	Actual proceeds raised RM'000	Amount utilised as at LPD RM'000	Balance unutilised RM'000
(i) Funding for existing and future property development projects	Within 24 months	20,870	(2)20,870	-
(ii) Expenses for the Private Placement 2022 – 30% and the Acquisitions(1)	Immediate	940	940	-
Total		**21,810**	**21,810**	**-**

Notes:-

(1) The "Acquisitions" entailed the acquisitions by OCR of 50% equity interest in Stack Builder and 100% equity interest in Wonderland Sdn Bhd, which were both completed on 24 November 2021. For information, the expenses incurred which were attributable to the Acquisitions amounted to RM0.61 million whilst RM0.33 million were attributable to the Private Placement 2022 – 30%.

(2) The proceeds have been utilised for several projects in the following manner:-

Project	Actual utilisation RM'000
Isola @ KLCC, Kuala Lumpur	826
PRIYA, Kuantan	13,498
The Mate, Damansara Jaya	770
Vertex Kuantan City Centre, Pahang	1,392
Yolo Signature Suites, Bandar Sunway	4,384
Total	**20,870**

(iii) Private Placement 2021 – 20%

On 18 May 2021, the Company completed a private placement exercise involving the issuance of 101,850,000 new Shares (representing approximately 20% of the then existing total number of issued Shares before the private placement), raising a total of RM21.88 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 18 May 2021	Actual proceeds raised RM'000	Amount utilised as at LPD RM'000	Balance unutilised RM'000
(i) Funding for existing and future property development projects	Within 24 months	21,815	(1)21,815	-
(ii) Expenses for the Private Placement 2021 – 20%	Immediate	65	65	-
Total		**21,880**	**21,880**	**-**

Note:-
(1) The proceeds have been utilised for several projects in the following manner:-

Project	Actual utilisation RM'000
Isola @ KLCC, Kuala Lumpur	5,010
PRIYA, Kuantan	14,044
The Mate, Damansara Jaya	1,900
Yolo Signature Suites, Bandar Sunway	861
Total	**21,815**

(iv) Share Issuance 2019

On 2 November 2020, the Company completed a share issuance exercise involving the issuance of 98,600,000 new Shares to Macquarie Bank Limited, raising a total of RM24.22 million.

The said proceeds have been utilised as follows:-

Utilisation of proceeds	Intended timeframe for utilisation from 2 November 2020	Actual proceeds raised RM'000	Amount utilised as at LPD RM'000	Balance unutilised RM'000
(i) Funding for existing and future property development projects	Within 24 months	23,569	(1)23,569	-
(ii) Expenses for the Share Issuance 2019	Immediate	650	650	-
Total		**24,219**	**24,219**	**-**

Note:-
(1) The proceeds have been utilised for several projects in the following manner:-

Project	Actual utilisation RM'000
Isola @ KLCC, Kuala Lumpur	2,972
PRIYA, Kuantan	13,175
The Mate, Damansara Jaya	809
Vertex Kuantan City Centre, Pahang	28
Yolo Signature Suites, Bandar Sunway	6,585
Total	**23,569**

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8. INDUSTRY OVERVIEW AND FUTURE PROSPECTS

8.1 Malaysian economy

Malaysia's economy remains resilient. The Gross Domestic Product ("**GDP**") is forecast to expand by approximately 4% in 2023 and between 4% and 5% in 2024. The Government of Malaysia ("**Government**") acknowledged the World Bank's forecast that Malaysia's growth will be 4.3% in 2024, which is slightly higher than its initial estimate. This is in line with Malaysia's 2024 growth projection, which will be achieved through robust domestic demand, effectively offsetting the challenges posed by the moderate global growth, supported by the implementation of measures in the new National Energy Transition Roadmap (NETR), New Industrial Master Plan 2030 (NIMP 2030), and the Mid-Term Review of the Twelfth Malaysia Plan (MTR of the Twelfth Plan).

Domestic demand continues to drive growth in an environment of increasing external uncertainties. In the first half of 2023, domestic demand registered a growth of 4.5% contributed by strong private and public expenditures. Domestic demand is expected to expand by 4.9% for the whole year, contributing 4.5 percentage point to GDP growth.

Public consumption registered a marginal growth of 0.8% in the first half of 2023 and is anticipated to record 1% for the whole year, supported by continued spending on emoluments. This is aligned with the continuous efforts by the Government to rationalise and optimise expenditure while upholding the quality of public service delivery. Furthermore, the Government continues to enhance value for money in the procurement of supplies and services, reflecting prudent spending.

The Consumer Price Index (CPI) grew by 2.8% from January to August 2023, attributed to moderating trend in global commodity prices; easing supply-related disruptions; existing price controls and provision of subsidies for selected items; as well as the lagged impact from the normalisation of overnight policy rate (OPR). Inflation is expected to moderate in the remaining months, while core inflation is expected to remain elevated relative to the long-term average. For the year, inflation is estimated to range between 2.5% to 3%.

As an open economy, Malaysia is not spared from external developments. Thus, the GDP is expected to moderate in 2023. Nonetheless, the economy is expected to strengthen in 2024 supported by expansion in all sectors and better prospect in global trade.

(Source: Economic Outlook 2024, Ministry of Finance)

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8.2 Property market in Malaysia

The Malaysian economy expanded by 3.0% in Q4 2023 (Q3 2023: 3.3%; Q2 2023: 2.9%), supported by expansion in domestic demand, improving labour market conditions, growth in investment activity, commodities and services sectors. Overall, the 2023 growth for the Malaysian economy normalised to 3.7%, after a strong growth registered in the previous year (2022: 8.7%).

Despite a challenging global financial and economic environment, the property market stayed resilient in 2023 supported by positive performance in all sub-sectors except agriculture compared to the previous year. In 2023, total transactions volume and value increased by 2.5% and 9.9% respectively to 399,008 transactions worth RM196.83 billion (2022: 389,107 transactions; RM179.07 billion; 2021: 300,497 transactions; RM144.87 billion). The residential sub-sector continued to contribute the largest share of transactions, recorded a marginal increase in both volume and value.

The industrial sub-sector recorded moderate growth in 2023, remained positive since Q3 2023 (increased by 10.7%), after experienced negative growth in first half 2023 (declined by 2.5%). It is in tandem to Department of Statistics Malaysia (DOSM), Malaysia's Industrial Production Index (IPI) for the year of 2023, which registered a marginal growth of 0.9% in 2023 as compared to 6.7% in 2022. All sectors posted positive growth namely electricity (2.5%); mining (0.8%) and manufacturing (0.7%).

Foreign Direct Investment (FDI) in Malaysia recorded a higher net inflow of RM926.30 billion in Q4 2023 as compared to Q3 2023 (RM914.90 billion). These investments were channelled mainly into the services sector with a value of RM468.40 billion (50.6%), followed by manufacturing (RM390.80 billion; 42.2%) and mining and quarrying (RM42.1 billion; 4.5%). The top three countries for FDI position were Singapore (RM207.70 billion; 22.4%), and Hong Kong (RM113.30 billion; 12.2%) and the United States of America (RM97.40 billion; 10.5%). Thus, the relaxation of Malaysia My Second Home (MM2H) program which was announced by the Government in December 2023 is on the right track to boost foreign investment in Malaysia particularly in real estate sector.

According to Malaysia Institute of Economic Research (MIER), the Consumer Sentiments Index (CSI) improved cautiously in Q4 2023, increased to 89.4 points (Q3 2023: 78.9 points), CSI still maintain in positive manner due to expected finances and employment improved, and expected inflation among consumers remains cautious and planned consumer spending bounce back. Correspondingly, Business Conditions Index (BSI) indicate similar trend, as the index increased to 89.0 points (Q3 2023: 79.7 points). The business confidence has increased in Q4 2023, mainly due to a rise in capital investment and Expected Index (EI) has improved. Contrarily, sales with both domestic and external orders reduced. Both CSI and BSI, on the same note, approaching the optimism 100 points threshold.

The growth in 2023 property market is highly supported by the implementation of various government initiatives and assistance and improving labour market conditions. Several initiatives which outlined under Budget 2023 by the government to a certain extent helped improve property market activities.

1. Full stamp duty exemption on instrument of transfer and loan agreement for the purchase of the first residential home priced up to RM500,000 by Malaysia citizens remained until 31 December 2025.
2. Increase of stamp duty remission from 50% to 75% for the purchase of the first residential properties priced between RM500,000 to RM 1 million by Malaysian citizens and applicable for sale and purchase agreements executed until 31 December 2023.
3. Full stamp duty exemption up to RM1 million and 50% stamp duty remission for the remaining balance on transfers of property by way of love and affection between family members (father to child and grandfather to grandson).

4. Allocation of RM460.2 million for the building of new homes and home renovations in rural areas.
5. Allocation of RM389.5 million will be channelled to the People's Housing Programme.
6. Allocation of RM358 million for the construction of affordable homes under Rumah Mesra Rakyat programme by Syarikat Perumahan Negara Berhad.
7. Allocation of RM462 million for the construction of 23,000 houses under Projek Perumahan Awam Malaysia.
8. Increase the guarantees of up to RM5 billion via Syarikat Jaminan Kredit Perumahan (SJKP) in assisting gig workers such as e-hailing workers in obtaining home financing up to RM500,000.

Overnight Policy Rate (OPR) was stagnant at 3.0% since May 2023, after an increase by 0.25 basis points from 2.75%, last increased in November 2022. The monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects, vigilant to ongoing developments to inform the assessment on the outlook of domestic inflation and growth as well as conducive to sustainable economic growth amid price stability. The current level of borrowing rate is seen heading to pre-pandemic rate at 3.00% in 2019, which the latest announced was in 24 January 2024.

On the demand side, mixed movements are shown in the indicators of residential and non-residential property demand. The loan applications for residential purchase indicate a slight decline of 0.7% as compared to 2022 (28.7%) whilst loan approvals increased marginally by 3.1%. Nevertheless, the situation differs for nonresidential property where loan applications and approval managed to register an increase of 29.6% and 14.8% respectively

(Source: Property Market Report 2023, Valuation and Property Services Department Malaysia, Ministry of Finance Malaysia)

8.3 Construction sector in Malaysia

The construction sector expanded by 11.9% (4Q 2023: 3.6%) with faster progress of civil engineering projects and stronger support from higher special trade activities.

(Source: The BNM Quarterly Bulletin in the 1st Quarter of 2024, Bank Negara Malaysia)

The value of construction work in the first quarter of 2024 recorded a notable surge of 14.2 per cent (Q4 2023: 6.8%) on a year-on-year basis, recorded to RM36.8 billion (Q4 2023: RM34.1 billion). Meanwhile, a quarter-on-quarter comparison showed the value of Construction work done increased by 7.7 per cent in the first quarter of 2024.

The increment was driven by positive momentum in all sub-sectors. The growth in the quarter was underpinned by improved expansion in the civil engineering sub-sector, which increased by 24.7 per cent (Q4 2023: 18.0%). The expansion was also supported by an increased in the special trade activities and the residential building sub-sector recorded double-digit growth at 11.8 per cent (Q4 2023: 0.3%) and 11.5 per cent (Q4 2023: 2.3%) respectively. In the meantime, the Non-residential buildings sub-sector also expanded at a faster pace of 3.8 per cent (Q4 2023: -1.9%).

Special trade activities and residential buildings sub-sectors rebounded in this quarter by recording positive growth in a quarter-on-quarter comparison of 12.4 per cent (Q4 2023: -2.4%) and 9.2 per cent (Q4 2023: -2.9%) respectively. In the meantime, Non-residential buildings and Civil engineering sub-sectors remained increased by 7.9 per cent (Q4 2023: 2.7%) and 5.8 per cent (Q4 2023: 5.6%).

Civil engineering sub-sector remained as the main contributor to the overall value of construction work done, holding the largest share of 41.1 per cent, followed by Non-residential buildings sub-sector with a share of 27.7 per cent, while Residential buildings and Special trade activities sub-sectors contributed 21.1 per cent and 10.0 per cent respectively

(Source: Quarterly Construction Statistics First Quarter 2024 published on 13 May 2024, Department of Statistics Malaysia)

The construction sector is anticipated to increase by 6.1 per cent in 2023 with all subsectors recording a better performance. The implementation of new projects, such as upgrading the Klang Valley Double Track ("**KDVT**") Phase 2 and acceleration of ongoing infrastructure projects, such which include East Coast Rail Link ("**ECRL**"), LRT 3 and fifth-generation cellular network ("**5G**") rollout would spearhead the civil engineering subsector.

(Source: Updates on Economic & Fiscal Outlook and Revenue Estimates 2023, published on 24 February 2023, Ministry of Finance of Malaysia)

8.4 Prospects and future plans of the Group

OCR Group is primarily involved in the property development, construction, project management consultation and related businesses. The Group is a real estate player focused on providing innovative homes in Klang Valley and strategic growth areas in Malaysia.

As at the LPD, the Group's existing property development projects and their details are as listed in **Section 5(iii), Part A** of this Circular.

In terms of the construction segment, OCR Construction Sdn Bhd, a wholly-owned subsidiary of the Company, is the main contractor for the YOLO Signature Suites development in Bandar Sunway, Selangor which is the main contributor to this segment's revenue in the latest audited financial results for the FYE 31 December 2023. Further details of the YOLO Signature Suites development are as follows:-

Project name / location	Contract value RM'million	Details	Project owner	Date of commencement[(1)]	Total construction cost incurred as at the LPD RM'million	Order book balance as at the LPD RM'million
YOLO Signature Suites, Bandar Sunway, Selangor	159.6	41-storey commercial building comprising office units, shop lots, commercial space and other ancillary facilities	OCR Properties (YOLO) Sdn Bhd	3 September 2018	119.3	-

Note:-
(1) This represents the date of commencement of physical construction.

The construction of YOLO Signature Suites, which commenced in September 2018, experienced a delay due to the temporary cessation of construction works during the COVID-19 pandemic following the MCO imposed by the Government. However, with the gradual easing of restrictions by the Government since 2021, the construction of YOLO Signature Suites has resumed in 3rd quarter of 2021 and was completed in the end of November 2023 and is currently pending the issuance of the Certificate of Completion and Compliance which is expected to be obtained in the 3rd quarter of 2024.

The Malaysian economic sentiment has improved, supported by progressive relaxation of containment measures and continued policy support, and is expected to continue its positive growth trajectory in 2024.

Although construction works have gradually resumed since the gradual relaxation of containment measures in 2021, the shortage in raw materials and manpower as well as their corresponding rise in costs have further affected the industry. Despite that, the Group has implemented a more robust approach in terms of procurement and contractor management to contain these costs whilst ensuring smooth delivery of its projects.

In 2023, the Group had begun the delivery of vacant possession of PRIYA, Kuantan and subsequently completed said delivery of vacant possession on 24 January 2024. Further to that, the Group is expected to do the same for The Mate at Damansara Jaya, and ISOLA @ KLCC development projects in 2nd half of 2024. Further to that, the sales of phase 1 of Kyra has been opened to the public following the obtainment of the advertising permit on 5 April 2024. In terms of new launches in the pipeline, the Group is currently closely monitoring the market condition and targets to launch new projects i.e. Vertex Kuantan City Centre in Kuantan and OCR Logistics Centre in Klang Valley in the 2nd half of 2024.

Premised on the Group's pipeline of existing projects and potential new launches moving forward as set out above, the prospects of the Group appear positive whereby the existing and future projects are expected to contribute positively to the future earnings of the Group.

8.5 Value creation and impact to the Company and its Shareholders

(i) Proposed Settlement

The Proposed Settlement via the issuance of the Settlement Shares as detailed in **Section 2.4, Part A** of this Circular would allow our Group to immediately settle the Stack Builder Advances to OKH and TCH without incurring significant cash outflow. This will allow any future cash flows to be channelled into the business operations of our Group, including to fund the Group's existing and future property development which are expected to contribute positively to our Group's earnings and create value to our Company and its Shareholders.

On the other hand, alternative sources of fund to settle the Stack Builder Advances may not be favourable. For example, Stack Builder may liquidate the Bukit Raja Land but this may not be favourable to our Group as it would mean cancellation of the Kyra which is expected to contribute positively to the Group's earnings. In addition, obtaining new bank borrowings would incur additional interest and increase the gearing level of our Group.

The Proposed Settlement is expected to result in an increase in the share capital and net assets of our Group as well as a reduction in the Group's gearing upon the issuance of the Settlement Shares to OKH and TCH. However, the Proposed Settlement is not expected to have any material impact on the earnings of our Group. Further details on the effects of the Proposed Settlement are set out in **Section 10, Part A** of this Circular.

Further to that, our minority Shareholders' equity interest will be diluted as a result of the increase in the total number of Shares upon the issuance of the Settlement Shares to OKH and TCH. Consequently, OKH, being the Group Managing Director of OCR and a Major Shareholder, and TCH as well as their PACs would be able to exert significant influence over the management and operations of the Company including but not limited to, elect the board of directors, influence major business decisions and dictate the direction and strategy of the Company.

(ii) Proposed Rights Issue with Warrants

The Proposed Rights Issue will allow our Group to mainly fund its existing and future property development projects as set out in **Section 5(iii), Part A** of this Circular. In turn, our Group's existing and future property development projects are expected to contribute positively to our Group's earnings moving forward, thus leading to creation of value for our Company and its Shareholders.

The Proposed Rights Issue with Warrants is expected to result in an increase in the share capital and net assets of our Group as well as a reduction in the Group's gearing upon the issuance of the Rights Shares to successful applicants. Further, the utilisation of proceeds for repayment of borrowings as set out in **Section 5(i), Part A** of this Circular is also expected to contribute to the lowering of the Group's gearing. However, the Proposed Rights Issue with Warrants is not expected to have any immediate material impact on the earnings of our Group apart from the expenses to be incurred for the Proposals. Further details on the effects of the Proposed Rights Issue with Warrants are set out in **Section 10, Part A** of this Circular.

(iii) Proposed Exemption 1 and Proposed Exemption 2

The Proposed Exemption 1 and the Proposed Exemption 2 are not expected to have any impact to the Company and its Shareholders save for the fact that they are necessary to facilitate the implementation of the Proposed Settlement and the Proposed Rights Issue with Warrants.

8.6 Adequacy of the Proposals in addressing the Company's financial concerns

After taking into consideration the utilisation of proceeds from the Proposed Rights Issue with Warrants as set out in **Section 5, Part A** of this Circular, the rationale for the Proposals as set out in **Section 6, Part A** of this Circular, the prospects and outlook of the property market and construction sector in Malaysia as set out in **Sections 8.3 and 8.4, Part A** of this Circular, the value creation to the Company and its Shareholders as set out in **Section 8.5, Part A** of this Circular as well as the effects of the Proposed Rights Issue with Warrants in **Section 10, Part A** of this Circular, the Proposals are adequate to address our Company's financial concerns at this juncture.

9. RISK FACTORS IN RELATION TO THE PROPOSALS

9.1 Non-completion of the Proposed Settlement

The completion of the Proposed Settlement is subject to, amongst others, the fulfilment of the conditions precedent as set out in the Settlement Agreement in such time and manner prescribed therein, failing which may result in the termination of the Settlement Agreement. Upon such termination, the Stack Builder Advances shall continue to be payable by Stack Builder to OKH and TCH.

For avoidance of doubt, in the event of non-completion of the Proposed Settlement, the Company will consider other avenues of repayment for the Stack Builder Advances including exploring other equity fund-raising exercises.

Further details on the salient terms of the Settlement Agreement are set out in Appendix I of this Circular.

9.2 Ability of the major Shareholder to exert significant influence over the Company and significant dilution to the remaining shareholders' shareholding in the Company

Upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants, the collective shareholdings of OKH and his PACs in the Company is expected to increase up to 55.18% (under the Maximum Potential Shareholdings Scenario), thereby gaining control of the Company. This would enable OKH, being the Group Managing Director of OCR and a Major Shareholder, and his PACs to exert significant influence over the management and operations of the Company including but not limited to, elect the board of directors, influence major business decisions, and dictate the direction and strategy of the Company.

In addition to the above, the issuance of the Settlement Shares to OKH and TCH pursuant to the Proposed Settlement and the issuance of the Rights Shares to OKH pursuant to the Proposed Rights Issue with Warrants under the Minimum Scenario would represent a significant dilution to the remaining Shareholders' shareholdings in the Company, thereby diminishing the minority Shareholders' rights.

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10. EFFECTS OF THE PROPOSALS

The Proposed Exemptions will not have any effect on the Company's share capital, the NA and gearing of the Group, the substantial shareholders' shareholdings in the Company and the earnings and EPS of the Company.

The effects of the Proposed Settlement and the Proposed Rights Issue with Warrants are illustrated in the ensuing sections.

10.1 Share capital

The pro forma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at LPD	1,385,997,155	275,177,931	1,385,997,155	275,177,931
New Shares to be issued pursuant to the Proposed Settlement	618,525,646	(1)43,296,795	618,525,646	43,296,795
Enlarged issued share capital after the Proposed Settlement	**2,004,522,801**	**318,474,726**	**2,004,522,801**	**318,474,726**
New Shares to be issued pursuant to the Proposed Rights Issue with Warrants	337,003,420	(2)11,795,120	1,336,348,534	(2)46,772,199
Enlarged issued share capital after the Proposed Rights Issue with Warrants	**2,341,526,221**	**330,269,846**	**3,340,871,335**	**365,246,925**
New Shares to be issued assuming full exercise of the Warrants E	337,003,420	(3)11,795,120	1,336,348,534	(3)46,772,199
Enlarged issued share capital	**2,678,529,641**	**342,064,966**	**4,677,219,869**	**412,019,124**

Notes:-
(1) Based on an issue price of RM0.07 per Settlement Share.
(2) Based on an illustrative issue price of RM0.035 per Rights Share.
(3) Based on an illustrative exercise price of RM0.035 per Warrant E.

10.2 NA and gearing

The pro forma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the NA and gearing of the Group are as follows:-

Minimum Scenario

	Audited as at 31 December 2023 RM'000	(I) After the Proposed Settlement[(1)] RM'000	(II) After (I) and the Proposed Rights Issue with Warrants[(2)(3)] RM'000	(III) After (II) and assuming full exercise of the Warrants E[(4)] RM'000
Share capital	275,178	318,475	317,161	342,065
Warrants reserve	-	-	13,109	-
Fair value reserve of financial assets	887	887	887	887
Share option reserve	-	-	-	-
Accumulated losses	(81,723)	[(5)](82,853)	(82,853)	(82,853)
Shareholders' equity / NA	194,342	236,509	248,304	260,099
Non-controlling interest	10,355	10,355	10,355	10,355
Total equity	**204,697**	**246,864**	**258,659**	**270,454**
No. of Shares in issue ('000)	1,385,997	2,004,523	2,341,526	2,678,530
NA per Share (RM)	0.14	0.12	0.11	0.10
Total borrowings (RM'000)	158,909	158,909	[(6)]153,909	153,909
Gearing (times)	0.78	0.64	0.60	0.57

Notes:-

(1) Based on the issuance of 618,525,646 Settlement Shares at the issue price of RM0.0700.

(2) Based on the issuance of 337,003,420 Rights Shares at an illustrative issue price of RM0.035 each together with 337,003,420 Warrants E.

(3) After accounting for the creation of warrant reserve based on the issuance of 337,003,420 Warrants E at an allocated fair value of RM0.0389 per Warrant E (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of RM1.13 million.

(4) Based on an illustrative exercise price of RM0.035 per Warrant E and after accounting for the reversal of warrant reserve.

(5) After accounting for the estimated expenses incidental to the Proposals of RM1.13 million.

(6) After accounting for the utilisation of proceeds from the Proposed Rights Issue with Warrants for repayment of borrowings pursuant to **Section 5(i), Part A** of this Circular.

Maximum Scenario

	Audited as at 31 December 2023 RM'000	(I) After the Proposed Settlement[1] RM'000	(II) After (I) and the Proposed Rights Issue with Warrants[2][3] RM'000	(III) After (II) and assuming full exercise of the Warrants E[4] RM'000
Share capital	275,178	318,475	313,263	412,019
Warrants reserve	-	-	51,984	-
Fair value reserve of financial assets	887	887	887	887
Share option reserve	-	-	-	-
Accumulated losses	(81,723)	[5](82,853)	(82,853)	(82,853)
Shareholders' equity / NA	194,342	236,509	283,281	330,053
Non-controlling interest	10,355	10,355	10,355	10,355
Total equity	**204,697**	**246,864**	**293,636**	**340,408**
No. of Shares in issue ('000)	1,385,997	2,004,523	3,340,871	4,677,220
NA per Share (RM)	0.14	0.12	0.08	0.07
Total borrowings (RM'000)	158,909	158,909	[6]153,909	153,909
Gearing (times)	0.78	0.64	0.52	0.45

Notes:-

(1) Based on the issuance of 618,525,646 Settlement Shares at the issue price of RM0.0700.

(2) Based on the issuance of 1,336,348,534 Rights Shares at an illustrative issue price of RM0.035 each together with 1,336,348,534 Warrants E.

(3) After accounting for the creation of warrant reserve based on the issuance of 1,336,348,534 Warrants E at an allocated fair value of RM0.0389 per Warrant E (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of RM1.13 million.

(4) Based on an illustrative exercise price of RM0.035 per Warrant E and after accounting for the reversal of warrant reserve.

(5) After accounting for the estimated expenses incidental to the Proposals of RM1.13 million.

(6) After accounting for the utilisation of proceeds from the Proposed Rights Issue with Warrants for repayment of borrowings pursuant to **Section 5(i), Part A** of this Circular.

10.3 Substantial shareholders' shareholdings

The pro forma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the substantial Shareholders' shareholdings in the Company based on the Register of Substantial Shareholders of the Company as at the LPD are as follows:-

Minimum Scenario

	As at the LPD				(I) After the Proposed Settlement			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
OKH	186,291,463	13.44	(5)41,678,800	3.01	505,505,131	25.22	(5)41,678,800	2.08
TCH	1,883,900	0.14	-	-	301,195,878	15.03	-	-

	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants E			
	Direct		Indirect		Direct		Indirect	
Substantial shareholders	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
OKH	842,508,551	35.98	(5)41,678,800	1.78	1,179,511,971	44.04	(5)41,678,800	1.56
TCH	301,195,878	12.86	-	-	301,195,878	11.24	-	-

Notes:-
(1) Based on the issued share capital of 1,385,997,155 Shares.
(2) Based on the enlarged issued share capital of 2,004,522,801 Shares after the Proposed Settlement.
(3) Based on the enlarged issued share capital of 2,341,526,221 Shares after the Proposed Rights Issue with Warrants.
(4) Based on the enlarged issued share capital of 2,678,529,641 Shares assuming the full exercise of the Warrants E.
(5) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

Maximum Scenario

Substantial shareholders	As at the LPD				(I) After the Proposed Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	[(1)]%	No. of Shares	[(1)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%
OKH	186,291,463	13.44	[(5)]41,678,800	3.01	505,505,131	25.22	[(5)]41,678,800	2.08
TCH	1,883,900	0.14	-	-	301,195,878	15.03	-	-

Substantial shareholders	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants E			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	[(3)]%	No. of Shares	[(3)]%	No. of Shares	[(4)]%	No. of Shares	[(4)]%
OKH	842,508,551	25.22	[(5)]69,464,666	2.08	1,179,511,971	25.22	[(5)]97,250,532	2.08
TCH	501,993,130	15.03	-	-	702,790,382	15.03	-	-

Notes:-

(1) Based on the issued share capital of 1,385,997,155 Shares.
(2) Based on the enlarged issued share capital of 2,004,522,801 Shares after the Proposed Settlement.
(3) Based on the enlarged issued share capital of 3,340,871,335 Shares after the Proposed Rights Issue with Warrants.
(4) Based on the enlarged issued share capital of 4,677,219,869 Shares assuming the full exercise of the Warrants E.
(5) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

Maximum Potential Shareholdings Scenario

Substantial shareholders	As at the LPD				(I) After the Proposed Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
OKH	186,291,463	13.44	(5)41,678,800	3.01	505,505,131	25.22	(5)41,678,800	2.08
TCH	1,883,900	0.14	-	-	301,195,878	15.03	-	-

Substantial shareholders	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants E			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
OKH	842,508,551	32.75	(5)69,464,666	2.70	1,179,511,971	37.56	(5)97,250,532	3.10
TCH	501,993,130	19.52	-	-	702,790,382	22.38	-	-

Notes:-

(1) Based on the issued share capital of 1,385,997,155 Shares.

(2) Based on the enlarged issued share capital of 2,004,522,801 Shares after the Proposed Settlement.

(3) Based on the enlarged issued share capital of 2,572,291,589 Shares upon the issuance of the Rights Shares to OKH and his PACs (including TCH) assuming OKH and his PACs (including TCH) apply and subscribe in full for their entitlement of Rights Shares based on their direct shareholdings in the Company after the Proposed Settlement.

(4) Based on the enlarged issued share capital of 3,140,060,377 Shares assuming the full exercise of the Warrants E by OKH and his PACs (including TCH).

(5) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

10.4 Earnings and EPS

The Proposed Settlement is not expected to have a material impact on the consolidated earnings of the Company. However, the EPS will be diluted as a result of the increase in the number of Shares in issue arising from the issuance of the Settlement Shares.

The effects of the Proposed Rights Issue with Warrants on the consolidated earnings and EPS of the Company will depend on, amongst others, the actual number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Proposed Rights Issue with Warrants.

Assuming that the consolidated earnings of the Group remain unchanged, the EPS of the Company will be diluted as a result of the increase in the number of Shares in issue arising from the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants E.

For illustration, based on the audited consolidated financial statements of the Company for the FYE 31 December 2023 and assuming the Proposed Settlement and the Proposed Rights Issue with Warrants had been completed at the beginning of that financial year, the pro forma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the consolidated losses and LPS of the Company are as follows:-

		(I)	**(II) After (I) and the Proposed Rights Issue with Warrants**		**(III) After (II) and assuming full exercise of the Warrants E**	
	Audited FYE 31 December 2023	**After the Proposed Settlement(1)**	**Minimum Scenario(2)**	**Maximum Scenario(3)**	**Minimum Scenario(4)**	**Maximum Scenario(5)**
LAT attributable to owners of the Company (RM'000)	(18,700)	(18,700)	(6)(19,830)	(6)(19,830)	(6)(19,830)	(6)(19,830)
Weighted average no. of Shares ('000)	1,121,299	1,739,825	2,076,828	3,076,173	2,413,831	4,412,522
LPS (sen)	(1.67)	(1.07)	(0.95)	(0.64))	(0.82)	(0.45)

Notes:-
(1) Based on the issuance of 618,525,646 Settlement Shares.
(2) Based on the issuance of 337,003,420 Rights Shares.
(3) Based on the issuance of 1,336,348,534 Rights Shares.
(4) Based on the issuance of 337,003,420 new Shares pursuant to the exercise of Warrants E.
(5) Based on the issuance of 1,336,348,534 new Shares pursuant to the exercise of Warrants E.
(6) After accounting for estimated expenses incidental to the Proposals of RM1.13 million assuming the estimated expenses are not capitalised.

The pro forma effects above have not taken into consideration any returns which may be generated from the utilisation of the proceeds to be raised from the Proposed Rights Issue with Warrants.

10.5 Convertible securities

As at the LPD, the Company has up to 207,899,573 ESOS Options which may be granted pursuant to the maximum allowable amount under the ESOS. Notwithstanding that, the Company has undertaken not to grant any ESOS Options until the completion of the Proposals.

Save for the above, the Company does not have any other outstanding convertible securities.

11. TENTATIVE TIMELINE

Subject to all relevant approvals being obtained, the Proposals are expected to be completed by the third quarter of 2024. The tentative timetable for the Proposals is as follows:-

Date	Events
End June 2024	• EGM for the Proposals
Early July 2024	• Approval from the SC for the Proposed Exemptions • Completion of Proposed Settlement • Announcement of the Entitlement Date
End July 2024	• Entitlement Date • Despatch of the abridged prospectus, notices of provisional allotment and rights subscription forms
Early August 2024	• Closing date of application for the Rights Shares with Warrants E
End August 2024	• Listing and quotation of the Rights Shares and Warrants E • Completion of the Proposed Rights Issue with Warrants

12. APPROVALS REQUIRED AND CONDITIONALITY

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

(i) Bursa Securities for the following:-

(a) listing and quotation of the Settlement Shares on the Main Market of Bursa Securities;

(b) admission of the Warrants E to the Official List;

(c) listing and quotation of the Rights Shares and Warrants E on the Main Market of Bursa Securities; and

(d) listing and quotation of the new Shares to be issued arising from the exercise of the Warrants E on the Main Market of Bursa Securities;

The approval by Bursa Securities for the above was obtained via its letter dated 4 June 2024, subject to the following conditions:-

		Status of compliance
(i)	Confirmation by Interpac on the compliance of at least 25% of the public shareholding spread requirements pursuant to Paragraph 8.02(1) of the Listing Requirements upon the listing and quotation of the Settlement Shares.	To be met
(ii)	Interpac and OCR must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposals.	To be met
(iii)	OCR to furnish Bursa Securities with the certified true copy of the resolutions passed by the Shareholders at the EGM approving the Proposals.	To be met
(iv)	Interpac and OCR to inform Bursa Securities upon the completion of the Proposals.	To be met
(v)	Interpac and OCR are required to provide a written confirmation that the terms of the Warrants E are in compliance with Paragraph 6.54(3) of the Listing Requirements.	To be met
(vi)	Interpac to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposals are completed.	To be met
(vii)	OCR and Interpac must observe and ensure full compliance with Paragraph 6.50 of the Listing Requirements at all times.	To be met
(viii)	OCR to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the Warrants E as at the end of each quarter together with a detailed computation of listing fees payable.	To be met
(ix)	Payment of additional listing fee, if any, based on the final issue price together with a copy of the details of the computation of the amount of listing fees payable.	To be met
(x)	To incorporate Bursa Securities' comments in respect of the draft Circular.	Met

(ii) the non-interested Shareholders for the Proposals at the forthcoming EGM; and

(iii) the SC for the Proposed Exemptions.

The Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement but not *vice versa*.

The Proposed Settlement and the Proposed Exemption 1 are inter-conditional.

The Proposed Rights Issue with Warrants and the Proposed Exemption 2 are inter-conditional.

The Proposed Rights Issue with Warrants shall only be implemented after completion of the Proposed Settlement.

Save for the above, the Proposals are not conditional upon any other corporate exercise / scheme being or proposed to be undertaken by the Company.

13. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Settlement pursuant to Paragraph 10.02(g) of the Listing Requirements is 44.63% computed based on the Stack Builder Advances of RM43.30 million over the market capitalisation of the Group of RM97.02 million, calculated based on the 5-day VWAP of OCR Shares up to and including the LTD of RM0.0700 and the number of existing Shares in the Company as at the LTD of 1,385,997,155 Shares.

14. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals, there are no other corporate exercises which have been announced by the Company but are pending completion before the date of this Circular.

15. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE OF THE COMPANY AND/OR PERSONS CONNECTED TO THEM

15.1 Proposed Settlement and the Proposed Exemption 1

Save as disclosed below, none of the Directors, Major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Settlement and the Proposed Exemption 1:-

(i) OKH, who is the Group Managing Director of OCR and a Major Shareholder, is also a party to the Proposed Settlement and the Proposed Exemption 1;

(ii) CLS, who is an Executive Director of OCR, is also OKH's spouse and a presumed PAC to OKH pursuant to subsection 216(3) of the CMSA; and

(iii) TCH, who is a director and major shareholder of subsidiaries of OCR (namely Stack Builder and OCR Selayang), is also a party to the Proposed Settlement and the Proposed Exemption 1.

15.2 Proposed Rights Issue with Warrants and Proposed Exemption 2

Save as disclosed below, none of the Directors, Major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Exemption 2:-

(i) OKH, being the Group Managing Director of OCR and a Major Shareholder, is also a party to the Proposed Exemption 2;

(ii) CLS, who is an Executive Director of OCR, is also OKH's spouse and a presumed PAC to OKH pursuant to subsection 216(3) of the CMSA; and

(iii) TCH, who is a director and major shareholder of subsidiaries of OCR (namely Stack Builder and OCR Selayang), is also a presumed PAC to OKH pursuant to subsection 216(3) of the CMSA.

Further to the above, as the Proposed Rights Issue with Warrants and the Proposed Exemption 2 are inter-conditional, the Interested Directors are therefore also deemed to be interested in the Proposed Rights Issue with Warrants.

Save for the Interested Directors, none of the Directors and/or major Shareholders, chief executive of the Company and/or persons connected to them have any interest, direct or indirect, in the Proposed Rights Issue with Warrants apart from their respective entitlements under the Proposed Rights Issue with Warrants (including the right to apply for additional Rights Shares via excess Rights Shares applications) to which all Entitled Shareholders are similarly entitled.

Accordingly, the Interested Directors have abstained and will continue to abstain from deliberating and voting at the relevant Board meetings of the Company pertaining to the Proposals. The Interested Directors will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

Further, the Interested Directors will also ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings in the Company (if any) on the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM.

The shareholdings of the Interested Directors in OCR as at the LPD are as follows:-

	Direct		Indirect	
Name	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**
OKH	186,291,463	13.44	(2)41,678,800	3.01
CLS	-	-	-	-
TCH	1,883,900	0.14	-	-

Notes:-

(1) Based on the issued share capital of 1,385,997,155 Shares as at the LPD.

(2) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

15.3 Shareholdings of OKH and persons connected to him

As at the LPD, the shareholdings of OKH and persons connected to him in the Company are as follows:-

	Direct		Indirect	
Name	**No. of Shares**	**(1)%**	**No. of Shares**	**(1)%**
OKH	186,291,463	13.44	(2)41,678,800	3.01
Persons connected to OKH				
OCR Land Holdings Sdn Bhd	31,215,000	2.25	-	-
CLS	-	-	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.06	(3)31,215,000	2.25
Tan Poo Yot	2,600,000	0.19	(4)31,215,000	2.25
Ong Kah Wee	3,681,900	0.27	(5)31,215,000	2.25
Ong Yew Ming	3,381,900	0.24	(6)31,215,000	2.25

Notes:-

(1) Based on the issued share capital of 1,385,997,155 Shares as at the LPD.

(2) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

(3) Ong Kim Chong @ Ong Hwee Choo is the father of OKH and is deemed interested by virtue of his interest in OCR Land pursuant to Section 8 of the Act.

(4) Tan Poo Yot is the mother of OKH and is deemed interested by virtue of her interest in OCR Land pursuant to Section 8 of the Act.

(5) Ong Kah Wee is the brother of OKH and is deemed interested by virtue of his interest in OCR Land pursuant to Section 8 of the Act.

(6) Ong Yew Ming is the sister of OKH and is deemed interested by virtue of her interest in OCR Land pursuant to Section 8 of the Act.

16. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board (save for the Interested Directors), having considered the current and prospective financial position, needs and capacity of the Group, and after careful deliberation and taking into consideration all aspects of the Proposals, including the basis of and justification for the issue price of the Settlement Shares, the rationale, benefits as well as the evaluation of the Independent Adviser on the fairness and reasonableness of the Proposed Settlement and the Proposed Exemptions, is of the opinion that the Proposals are:-

(i) in the best interest of the Company;

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

(iii) not detrimental to the interest of the non-interested Shareholders.

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

17. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company, having considered all aspects of the Proposed Settlement and the Proposed Exemptions, including the salient terms of the Settlement Agreement, the basis of and justification for the issue price of the Settlement Shares, the rationale, benefits and all other aspects of the Proposed Settlement and the Proposed Exemptions as well as the evaluation of the Independent Adviser, is of the opinion that the Proposed Settlement and the Proposed Exemptions are:-

(i) in the best interest of the Company;

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

(iii) not detrimental to the interest of the non-interested Shareholders.

Notwithstanding that TCH is the 49.5% shareholder of Stack Builder, the Audit Committee is of the view that the Proposed Settlement in relation to TCH's portion of the Stack Builder Advances is fair due to the following:-

(i) The Stack Builder Advances have been utilised by Stack Builder mainly to acquire the Bukit Raja Land as well as to service the monthly principal repayments and interest expenses in respect of the Bukit Raja Bank Loan.

Without the Stack Builder Advances (whereby TCH's portion constitutes almost 50% of the total amount), Stack Builder would not have the financial capability to acquire the Bukit Raja Land back in December 2018. Further to that, Stack Builder would not have the opportunity to develop the Bukit Raja Land and in turn, OCR (via its 50.5% shareholding in Stack Builder) would not have the opportunity to derive any revenue or earnings from the development of the Bukit Raja Land.

It is pertinent to note that TCH has been providing such advances to Stack Builder over a period of more than 5 years to enable the acquisition and development of the Bukit Raja Land without ever being repaid or earning a single interest. In view thereof, TCH is now requesting for his portion to be repaid.

(ii) Based on the audited accounts of Stack Builder as at 31 December 2023, Stack Builder is in a net liability position of RM1.73 million.

In addition, the Bukit Raja Land is already charged to RHB Islamic Bank Berhad to secure the Bukit Raja Bank Loan. Further to that, Stack Builder does not have any other assets of significant value that can be charged or pledged to obtain sufficient bank borrowings to repay the Stack Builder Advances.

Thus, Stack Builder is financially incapable of settling the Stack Builder Advances on its own at this juncture.

(iii) Alternative avenues to settle the Stack Builder Advances may not be in the best interest of OCR. For example, one of the possible avenues to settle the Stack Builder Advances would be to liquidate the Bukit Raja Land. However, this may not be in the best interest of OCR in view of the following:-

(a) Currently, the Bukit Raja Land is being developed into 2,892 units of affordable housing under the Rumah Selangorku scheme with 88 retail lots together with other supporting common facilities / amenities sited thereon known as Kyra in Shah Alam, Selangor.

The development order for phase 1 of Kyra has been obtained on 26 July 2023 and the building plan approval has been obtained on 14 December 2023. Further to that, the sales of phase 1 of Kyra have been opened to the public following the obtainment of the advertising permit on 5 April 2024, whilst construction of phase 1 of Kyra has commenced on 6 May 2024. The development of phase 2 and phase 3 of Kyra is expected to commence in the 4th quarter of 2024 and year 2025 respectively.

With an estimated GDV of RM805 million against an estimated GDC of RM710 million, the development of Kyra is expected to contribute positively to the earnings of OCR over the next few years. For information, the estimated GDV of Kyra represents 30.37% of the total estimated GDV of the 6 on-going projects undertaken by the OCR Group (including Kyra) of RM2.65 billion. Premised on that, Kyra is expected to make a significant revenue and earnings contribution to OCR in the next few years.

As at the LPD, Stack Builder has received 804 applications from prospective buyers for phase 1 of Kyra, which offers a total of 963 units. Out of these, 207 applicants have successfully been pre-qualified for loans with end-financiers. With each unit priced at approximately RM0.29 million, this is expected to result in Stack Builder securing at least RM60.03 million in sales from Kyra. In turn, this indicates initial favourable response from the market towards the development of Kyra which augurs well for the success of the project and therefore its future earnings contribution to OCR.

Liquidating the Bukit Raja Land would mean cancellation of Kyra and therefore OCR (via its 50.5% shareholding in Stack Builder) would no longer be able to derive any revenue and earnings from the development of Kyra moving forward.

In addition, the sudden and abrupt cancellation of a sizeable development project like Kyra may have adverse effects to market perception on the reputation of OCR as a property developer. Since Kyra has already garnered favourable initial market response based on the number of advance bookings received thus far, it is in the best interest of OCR to ensure that the project can continue as planned.

(b) Stack Builder has already incurred preliminary costs amounting to RM6.07 million as at the LPD towards the development of Kyra (e.g. professional costs, submission costs and processing fees in relation to applications for development order). These costs were fully funded via advances from OCR. If the development of Kyra is cancelled and the Bukit Raja Land is sold, some of these costs may not be recoverable and would be recognised as a loss to the OCR Group.

(c) It may not be easy to sell the Bukit Raja Land at its fair market value within a timeframe that is acceptable to TCH. This would entail identifying a buyer, presumably an existing property developer, who would be willing to continue carrying on the development of Kyra (whereby the requisite development order and building plan approvals have been obtained) and therefore recognise the preliminary costs that Stack Builder has already incurred towards the development of Kyra in the value of the Bukit Raja Land.

In view thereof, OCR, being its controlling shareholder, has proposed to settle the Stack Builder Advances on its behalf to ensure that the development of Kyra can continue as planned.

(iv) Upon completion of the Proposed Settlement, Stack Builder will owe OCR an amount equivalent to the Stack Builder Advances. Such amount shall be non-interest bearing and have no fixed tenure or terms of repayment.

Although there is no existing covenant whereby dividends to the shareholders of Stack Builder cannot be declared until the amount owing by Stack Builder to OCR is fully settled, the Audit Committee notes that OCR has:-

(a) a controlling 50.5% equity interest in Stack Builder;

(b) majority representation on the board of directors of Stack Builder. According to the terms of the shareholders' agreement dated 5 October 2021 between OCR and TCH, the board of directors of Stack Builder shall consist of 2 directors nominated by OCR and 1 director nominated by TCH.

Currently, the board of directors of Stack Builder consists of 2 directors nominated by OCR (namely OKH and Ong Yew Ming) and TCH himself; and

(c) OCR is in control over the operations of Stack Builder whereas TCH does not have any involvement in the operations of Stack Builder.

Thus, by virtue of the above, OCR is in a position to ensure that all profits to be generated by Stack Builder shall first be diverted to fully settle the amount owing by Stack Builder to OCR. Accordingly, this means that no dividend shall be declared to the shareholders of Stack Builder until the amount owing by Stack Builder to OCR is fully settled.

The Audit Committee has also taken note that BDOCC had considered the above and is still of the opinion that the Proposed Settlement and the Proposed Exemptions are:-

(i) in the best interest of the Company;

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

(iii) not detrimental to the interest of the non-interested shareholders.

Hence, the Audit Committee wishes to reaffirm their view that the Proposed Settlement in relation to TCH's portion of the Stack Builder Advances is not only fair, reasonable and in the best interest of OCR but also crucial to ensure that the development of Kyra can continue as planned.

18. INDEPENDENT ADVISER

The Proposed Settlement is deemed to be a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements by virtue of the interests of the Interested Directors as set out in **Section 15, Part A** of this Circular.

Accordingly, the Company has appointed BDOCC as the Independent Adviser in accordance with the Listing Requirements to undertake the following in relation to the Proposed Settlement:-

(i) comment as to:-

   (a) whether the Proposed Settlement is fair and reasonable so far as the non-interested Shareholders are concerned; and

   (b) whether the Proposed Settlement is to the detriment of the non-interested shareholders,

   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 shareholders on whether they should vote in favour of the Proposed Settlement; and

(iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in (i) and (ii) above.

BDOCC has also been appointed as the Independent Adviser pursuant to subparagraph 4.08(3) of the Rules to advise the non-interested Directors and non-interested Shareholders on the Proposed Exemptions.

The IAL from BDOCC is set out in Part B of this Circular. You should read and carefully consider the contents of this Circular (including the IAL) carefully before voting on the resolutions pertaining to the Proposed Settlement and the Proposed Exemptions to be tabled at the forthcoming EGM.

19. TRANSACTIONS WITH RELATED PARTIES IN THE PAST 12 MONTHS

Save for the recurrent related party transactions as set out in the circular to Shareholders dated 30 April 2024, there were no other related party transactions entered into between the Company and OKH (being an Interested Director) as well as persons connected to him for the 12 months preceding the LPD.

20. IMPLICATIONS FOR VOTING IN FAVOUR OF THE PROPOSED SETTLEMENT

Subsection 85(1) of the Act provides that:-

"Subject to the constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 12(3) of the Constitution of the Company states that:-

"

(a) Subject to the Act, the Listing Requirements and any direction to the contrary that may be given by the Company in General Meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of General Meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.

(b) The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company.

(c) The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution."

Subsection 85(1) of the Act, when read together with Clause 12(3) of the Constitution of the Company, may be construed to mean that all new shares or other convertible securities in the Company shall, before they are issued, be first offered to such persons who are entitled to receive notices from the Company of general meetings as at the date of the offer in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled ("**Pre-emptive Rights**").

Accordingly, in conjunction with the Proposed Settlement, we wish to seek the Shareholders' approval for a waiver of their Pre-emptive Rights pursuant to subsection 85(1) of the Act, read together with Clause 12(3) of the Constitution of the Company. Such waiver has been incorporated in the ordinary resolution pertaining to the Proposed Settlement to be tabled at the forthcoming EGM and set out in the Notice of EGM which is enclosed in this Circular. Essentially, this means that if the ordinary resolution pertaining to the Proposed Settlement is approved by the Shareholders at the forthcoming EGM, such approval is also tantamount to the Shareholders agreeing to waive their Pre-emptive Rights in respect of the new Shares to be allotted and issued by the Company pursuant to the Proposed Settlement.

21. EGM

The forthcoming EGM will be conducted on a fully virtual basis through live streaming and online remote participation and voting using Remote Participation and Electronic Voting ("**RPEV**") facility via online meeting platform at www.swsb.com.my (Domain Registration No. with MYNIC: D1A403841) provided by ShareWorks Sdn. Bhd. on Tuesday, 25 June 2024 at 3.30 p.m., or at any adjournment thereof for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposals.

The Notice of the EGM together with the Form of Proxy and the Administrative Guide on EGM are enclosed in this Circular and can be downloaded from the Company's website at www.ocrbhd.com/investor-relations/ or Bursa Malaysia Berhad's website at www.bursamalaysia.com.

If you decide to appoint a proxy or proxies to attend and vote on your behalf at the EGM, please complete and return the Form of Proxy in accordance with the instructions therein as soon as possible and deposit at the office of the Company's Share Registrar, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 48 hours before the time set for holding the EGM. The lodging of the Form of Proxy will not preclude you from participating, speaking and voting remotely at the EGM should you subsequently wish to do so. Alternatively, you may deposit the Form of Proxy via email to ir@shareworks.com.my not less than 48 hours before the time set for holding the EGM.

22. FURTHER INFORMATION

We advise you to refer to Part B of this Circular and the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of
OCR GROUP BERHAD

YAM TUNKU AZUDINSHAH IBNI TUNKU ANNUAR
Chairman / Independent Non-Executive Director

PART B

INDEPENDENT ADVICE LETTER FROM BDO CAPITAL CONSULTANTS SDN BHD TO THE NON-INTERESTED DIRECTORS AND NON-INTERESTED SHAREHOLDERS IN RELATION TO THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS

EXECUTIVE SUMMARY

All definitions used in this executive summary shall have the same meaning as the words and expressions defined in the "Definitions" section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to "you" are references to the non-interested Directors and non-interested Shareholders, whilst all references to "we", "us" or "our" in this IAL are references to BDOCC, being the Independent Adviser for the Proposed Settlement and Proposed Exemptions.

This executive summary highlights the salient points of this IAL. You are advised to read and understand this IAL in its entirety, together with the letter from the Board to the Shareholders in relation to the Proposals 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 Proposed Settlement and Proposed Exemptions.

You are also advised to carefully consider the recommendations contained in both letters before voting on the ordinary resolutions in respect of the Proposed Settlement and Proposed Exemptions to be tabled at the forthcoming EGM in relation to the Proposals.

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 advisers immediately.

1. INTRODUCTION

On 13 December 2023, Interpac had, on behalf of the Board, announced that the Company proposed to undertake the following:

(i) Proposed Settlement;
(ii) Proposed Rights Issue with Warrants; and
(iii) Proposed Exemptions.

The Proposed Rights Issue with Warrants shall only be implemented after completion of the Proposed Settlement.

The conditionality of the Proposals are summarised as follows:

(i) The Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement but not vice versa;
(ii) The Proposed Settlement and the Proposed Exemption 1 are inter-conditional; and
(iii) The Proposed Rights Issue with Warrants and Proposed Exemption 2 are inter-conditional.

The Proposed Settlement is deemed to be a related party transaction pursuant to paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholder as set out in **Section 15, Part A** of the Circular.

As at the LPD, OCR has a total issued share capital of 1,385,997,155 OCR Shares.

As at the LPD, OKH and his PACs hold a total of 233,127,539 Shares, representing approximately 16.82% shareholding in OCR.

Upon completion of the Proposed Settlement, the collective shareholdings of OKH, TCH and their PACs will increase from 16.82% (as at LPD) to 42.49% (i.e. exceeding 33%), thereby triggering a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

Pursuant to the Proposed Rights Issue with Warrants, a Mandatory Offer obligation will be triggered in the following manner:

(i) Under the Minimum Scenario,

(a) the individual shareholding of OKH in OCR will increase from 25.22% (upon completion of the Proposed Settlement) to 35.98% (upon completion of the Proposed Rights Issue with Warrants). As the individual shareholding of OKH in OCR will increase to more than 33%, OKH will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

Thereafter, assuming OKH exercises all his Warrants E, the individual shareholding of OKH will further increase to 44.04%. As the individual shareholding of OKH in OCR will increase by more than 2% within a 6-month period, OKH will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

(b) the collective shareholdings of OKH and his PACs in OCR will increase from 42.49% (upon completion of the Proposed Settlement) to 50.76% (upon completion of the Proposed Rights Issue with Warrants). As the collective shareholdings of OKH and his PACs in OCR will increase by more than 2% within a 6 month period, OKH and his PACs will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

Thereafter, assuming only OKH and his PACs exercises all their Warrants E, the collective shareholdings of OKH and his PACs will further increase to 56.96%. As the collective shareholdings of OKH and his PACs in OCR have already exceeded 50%, OKH and his PACs will not trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

(ii) Under the Maximum Potential Shareholdings Scenario,

(a) the individual shareholding of OKH in OCR will increase from 25.22% (upon completion of the Proposed Settlement) to 32.75% (upon completion of the Proposed Rights Issue with Warrants). As the individual shareholding of OKH in the Company is not expected to increase to more than 33%, OKH will not trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the individual shareholding of OKH will further increase to 37.56%. As the individual shareholding of OKH in OCR will increase by more than 2% within a 6-month period, OKH will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

(b) the collective shareholdings of OKH and his PACs in OCR will increase from 42.49% (upon completion of the Proposed Settlement) to 55.18% (upon completion of the Proposed Rights Issue with Warrants). As the collective shareholdings of OKH and his PACs in OCR will increase by more than 2% within a 6 month period, OKH and his PACs will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the collective shareholdings of OKH and his PACs will further increase to 63.29%. As the collective shareholdings of OKH and his PACs in OCR have already exceeded 50%, OKH and his PACs will not trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

As it is not the intention of OKH and his PACs to undertake such Mandatory Offer(s) as mentioned above, they intend to seek for the Proposed Exemption 1 and Proposed Exemption 2, as further summarised below:

(i) Proposed Exemption 1 refers to the exemption to be sought under subparagraph 4.08(1)(b) of the Rules by OKH, TCH and their PACs from the obligation to undertake a Mandatory Offer upon completion of the Proposed Settlement.

(ii) Proposed Exemption 2 refers to the exemption to be sought under subparagraph 4.08(1)(b) of the Rules by OKH and his PACs from the obligation to undertake a Mandatory Offer upon completion of the Proposed Rights Issue with Warrants.

For the avoidance of doubt, Proposed Exemption 2 do not exempt OKH and/or his PACs from the obligation to undertake a Mandatory Offer should he or any of his PACs choose to exercise his or their Warrants E after the completion of the Proposed Rights Issue with Warrants, which results in an increase of their individual or collective shareholdings in OCR by more than 2% within a 6-month period.

We also noted that OKH has not made a decision to exercise or dispose his Warrants E after the completion of the Proposals. Accordingly, in the event that OKH and/or his PACs decide to exercise his/their Warrants E after the completion of the Proposals, OKH and/or his PAC will observe and comply at all times with the relevant provisions of the CMSA, the Code and the Rules. Alternatively, in the event that OKH and/or his PAC decide to dispose all of his/their Warrants E after the completion of the Proposals, there would not be any instances where OKH and/or his PACs would trigger a Mandatory Obligation arising from the exercise of Warrants E. Based on the above, we are of the view that it is reasonable that no exemption of Mandatory Offer is being sought under subparagraph 4.08(1)(c) of the Rules by OKH and his PACs should he or any of his PACs choose to exercise his or their Warrants E after the completion of the Proposals.

An application for the Proposed Exemptions will be submitted to the SC by Interpac on behalf of OKH and his PACs after approval of the non-interested Shareholders for the Proposed Exemptions has been obtained at the forthcoming EGM to be convened for the Proposals.

In compliance with the Listing Requirements and the Rules, the Board (save for the Interested Directors) had on 13 December 2023 appointed us to act as the Independent Adviser to advise the non-interested Directors and non-interested Shareholders on the Proposed Settlement pursuant to paragraph 10.08 of the Listing Requirements and Proposed Exemptions pursuant to subparagraph 4.08(3)(g) of the Rules.

Pursuant to paragraph 3.07 of the Rules, we had on 14 December 2023 declared our independence from any conflict of interest or potential conflict of interest to the SC in relation to our appointment as Independent Adviser for the Proposed Exemptions.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC had, vide its letter dated 31 May 2024, notified it has no further comments to the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide you with our independent evaluation on the fairness and reasonableness of the Proposals on a holistic basis, together with our recommendation on whether you should vote in favour of the resolutions pertaining to the Proposed Settlement and Proposed Exemptions, subject to the scope and limitations specified herein. Nevertheless, you should rely on your own evaluation of the merits and demerits of the Proposed Settlement and Proposed Exemptions before making any decision on the course of action to be taken at OCR’s forthcoming EGM.

THIS IAL IS PREPARED SOLELY FOR YOU TO CONSIDER THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS AND SHOULD NOT BE USED OR RELIED UPON BY ANY OTHER PARTY OR FOR ANY OTHER PURPOSE WHATSOEVER.
YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS IN RESPECT OF THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS TO BE TABLED AT THE FORTHCOMING EGM IN RELATION TO THE PROPOSALS.

IF YOU HAVE ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN IN RELATION TO THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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2. EVALUATION OF THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS

In arriving at our conclusion and recommendation in respect of the Proposed Settlement and Proposed Exemptions, we have assessed the fairness and reasonableness of the Proposals on a holistic basis in accordance with Schedule 2: Part III of the Rules as well as the Best Practice Guide in relation to Independent Advice Letters issued by Bursa Securities, taking into consideration the following factors:

Area of Evaluation	Our Comments
<u>**Section 8 of this IAL**</u> Rationale of the Proposals	**(a) Rationale for the Proposed Settlement** **(i) The Proposed Settlement represents an opportunity for OCR Group to settle the Stack Builder Advances owing to OKH and TCH and allow Stack Builder to continue its development of the Kyra project** The Stack Builder Advances were extended by OKH and TCH to Stack Builder since 2018 mainly to fund the acquisition of Bukit Raja Land and other incidental cost in relation to the acquisition of the Bukit Raja Land. Accordingly, the Stack Builder Advances have been accumulating for more than 5 years and no amount has been repaid up to the LPD. As such, the Proposed Settlement represents an opportunity for OCR to settle the Stack Builder Advances owing to OKH and TCH. In the event that the Proposed Settlement is not undertaken, Stack Builder will have to re-engage OKH and TCH for the repayment of the Stack Builder Advances via other means to be mutually discussed and agreed upon. This might entail, amongst others, disposal of the Bukit Raja Land (which may not be favourable to OCR as it would mean cancellation of Kyra) and/or obtaining new bank borrowings (which would incur additional interest and increase the gearing level of the OCR Group). As at the LPD, Kyra is the second largest project of the Group in terms of GDV which represents approximately 30.37% of the total GDV of RM2.65 billion for all existing ongoing projects of OCR Group. The successful development of Kyra is expected to contribute positively to the Group's financial performance and would also allow the Group to strengthen its track record in affordable housing in which the Group had only 1 completed affordable housing project (i.e. PRIYA which was completed on 24 January 2024). Based on the above, we are of the view that the cancellation of Kyra would not bode well for OCR Group as the Group have already received favourable response for phase 1 of Kyra and such cancellation will also result in OCR losing any future revenue to be derived from the remaining units offered under phase 1 of Kyra as well as units to be offered under the phase 2 and phase 3 of Kyra. **(ii) Proposed Settlement represents the most appropriate method to settle the Stack Builder Advances** Having considered the available options to settle the Stack Builder Advances as set out in **Section 8.1(ii)** of this IAL, we are of the view that the settlement of the Stack Builder Advances by way of

Area of Evaluation	Our Comments
	issuance of Settlement Shares is reasonable and the most appropriate method for OCR Group to settle the Stack Builder Advances. **(iii) Financial Impact of the Proposed Settlement on OCR Group** The Proposed Settlement essentially entails an assumption of the Stack Builder Advances by OCR. As a result, upon completion of the Proposed Settlement, Stack Builder will now owe OCR instead of OKH and TCH an amount equivalent to the Stack Builder Advances. Accordingly, the total current liabilities of Stack Builder still remain unchanged. Prior to the implementation of the Proposed Settlement, the Stack Builder Advances of RM43.30 million is recognised as current liabilities in Stack Builder's financial statements. As Stack Builder is a 50.50% owned subsidiary of OCR, the Stack Builder Advances are recognised in full as the current liabilities in the consolidated financial statements of OCR Group. Upon completion of the Proposed Settlement, the Stack Builder Advances will be treated as an intercompany amount owing by Stack Builder to OCR. As intercompany transactions are eliminated at the Group consolidated financial statements of OCR Group, the current liabilities of OCR Group will reduce by RM43.30 million accordingly. **(iv) Implications to TCH and non-interested Shareholders arising from the Proposed Settlement** We noted that OCR intends to fully settle the Stack Builder Advances despite OCR only holding 50.50% equity interest in Stack Builder and TCH holding the remaining 49.50% equity interest in Stack Builder (Note: TCH is the beneficial owner of his shareholding in Stack Builder and does not hold them on behalf of anyone else). As the Proposed Settlement will result in Stack Builder owing OCR an amount equivalent to the Stack Builder Advances, the total liabilities of Stack Builder and TCH's share in such liabilities (by virtue of his 49.5% shareholding in Stack Builder) still remain unchanged. As at the LPD, save for the Proposed Settlement, there is no arrangement, agreement and understanding between OCR, OKH and TCH or any other persons for the settlement of TCH's portion of the Stack Builder Advances as well as the settlement of the Stack Builder Advances that will be assumed by OCR upon completion of the Proposed Settlement. Moving forward, the source of repayment for the Stack Builder Advances is expected to be from the future profits to be derived from the Kyra project. The approval of the Proposed Settlement and Proposed Exemption 1 by non-interested Shareholders would allow TCH to increase its shareholdings in OCR from from 0.14% (as at the LPD) to 15.03% (upon completion of the Proposed Settlement) without having to undertake the Mandatory Offer and TCH will emerge as a new substantial shareholder of the Group upon completion of the Proposed Settlement.

Area of Evaluation	Our Comments
	Save for the increase in TCH's shareholdings in OCR and the settlement of the Stack Builder Advances owing to TCH, TCH is not expected to derive any other benefits from the Proposed Settlement. Whilst we note that the Proposed Settlement will result in the collective shareholdings of the non-interested Shareholders in OCR to be diluted from 83.18% (as the LPD) to 57.51%, we are of the view that the settlement of the Stack Builder Advances to TCH is reasonable as TCH, who is the founder of Stack Builder and has since 2018 up to 2023 contributed advances to Stack Builder which was mainly used to fund the acquisition of the Bukit Raja Land. Accordingly, the Group will be able to benefit from the Bukit Raja Land which will be used for development of Kyra as further explained in **Section 8.1(i)** of this IAL The Proposed Settlement also represents an opportunity for OCR to exercise its fiscal responsibility to repay its funders. **Based on the above and the views provided by the Audit Committee as set out in Section 17, Part A of the Circular, we are of the view that there are merits for the Proposed Settlement.** For further details on the rationale of the Proposed Settlement, please refer to **Section 8.1** of this IAL. **(b) Rationale for the Proposed Rights Issue with Warrants** **(i) The repayment of bank borrowings can improve the financial position of OCR Group and also allow the Group to benefit from interest savings** We also noted that the Group intends to repay its borrowings amounting to RM5.00 million under the Minimum Scenario and Maximum Scenario via the proceeds from the Proposed Rights Issue with Warrants. As disclosed in **Section 5, Part A** of the Circular, the repayment of borrowings by the Group is estimated to result in interest savings of approximately RM0.369 million per annum. However, as interest expenses are tax deductible, the interest savings will result in a loss in benefits of interest tax shield of approximately RM0.089 million, based on the Malaysian statutory corporate tax rate of 24%. Notwithstanding the above, the Proposed Rights Issue with Warrants is still beneficial to the Group as the loss in benefits of interest tax shield is not material as the Group enjoys a net interest savings of RM0.280 million (net of interest tax shield). **(ii) Funding for property development projects** We view that the Group's strategy to allocate part of the proceeds from the Proposed Rights Issue with Warrants to be channelled to its property development projects is justifiable given that property development segment is the Group's core business which contributes to approximately 68.34% of the Group's total revenue in FYE 31 December 2023.

Area of Evaluation	Our Comments
	For information purposes, the proceeds to be allocated as funding for the Group's existing and future property development projects under the Minimum Scenario are only RM2.67 million. In the event the Proposed Rights Issue with Warrants is not implemented for whatsoever reason or there is any shortfall in the Group's funding requirement for the respective projects, the Group will fund the said projects via progress billings / progressive sales billings to be received, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required). **(iii) Proposed Rights Issue with Warrants is an appropriate avenue of fundraising for OCR Group** The Proposed Rights Issue with Warrants is an appropriate avenue of fundraising for OCR Group due to the following: (aa) The Proposed Rights Issue with Warrants would result in a lower proforma weighted average cost of capital ("**WACC**") and proforma gearing ratio (as opposed to the use of borrowings) which will improve the financial position of OCR Group. This would allow OCR Group to have flexibility in sourcing for funding alternatives in the future, if required; and (bb) The Proposed Rights Issue with Warrants would enable the Group to raise the requisite funds for the purposes as set out in **Section 5, Part A** of the Circular without incurring additional interest expense arising from the use of bank borrowings which will increase its gearing ratio and may negatively impact the future earnings of OCR Group. **(iv) Providing opportunity to all Entitled Shareholders to participate in the equity offering of OCR on a pro-rata basis without diluting the Entitled Shareholders' equity interest** Upon completion of the Proposed Settlement, we noted that: (i) The Proposed Settlement will result in the dilution of the shareholdings of non-interested Shareholders from 83.18% (as at LPD) to 57.51%; and (ii) OKH and his PACs will be able to increase their shareholdings in OCR prior to the implementation of the Proposed Rights Issue and have a larger entitlement to the Rights Shares. Notwithstanding the above, the Proposed Rights Issue with Warrants represents an opportunity for all Entitled Shareholders to further increase their equity participation in OCR Group's future growth and prospects at the same issue price and on a pro-rata basis as compared to other equity fund-raising activities that have a dilutive impact to the equity interest of shareholders (provided that all Entitled Shareholders subscribe in full for their respective entitlements pursuant the Proposed Rights Issue with Warrants). **Based on the above, we are of the view that there are merits for the Proposed Rights Issue with Warrants.**

<table>
<tr><th>Area of Evaluation</th><th>Our Comments</th></tr>
<tr><td></td><td>(c) Rationale for the Proposed Exemption 1

The Proposed Exemption 1 will relieve OKH, TCH and their PACs from the obligation to undertake a Mandatory Offer as a result of the Proposed Settlement. Without the Proposed Exemption 1, the Proposed Settlement will not be able to proceed as the Proposed Settlement and Proposed Exemption 1 are inter-conditional upon each other.

In the event the Proposed Settlement is not able to proceed, the Proposed Rights Issue with Warrants will also not be able to proceed as the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement.

Based on the above, we are of the view that there are merits for the Proposed Exemption 1.

(d) Rationale for the Proposed Exemption 2

In view that the Proposed Exemption 2 is inter-conditional with the Proposed Rights Issue with Warrants, the approval for the Proposed Exemption 2 is necessary to facilitate and ensure the successful implementation of the Proposed Rights Issue with Warrants and allow the Undertaking Shareholder (i.e. OKH) to fulfil his Undertaking by subscribing for the Rights Shares without having to undertake the Mandatory Offer. In turn, the Undertaking ensures OCR can at least achieve the Minimum Subscription Level for the Proposed Rights Issue with Warrants to raise funds for the purposes as set out in Section 5, Part A of the Circular.

Without the Proposed Exemption 2, OCR would not be able to implement the Proposed Rights Issue with Warrants and thus, OCR Group may need to raise the necessary funding required via borrowings for purposes as set out in Section 5, Part A of the Circular, which will result in additional interest expense and thereby reducing OCR Group's earnings.

Based on the above, we are of the view that there are merits for the Proposed Exemption 2.</td></tr>
<tr><td><u>Section 9 of this IAL</u>

Issue price of Settlement Shares, Rights Shares and exercise price of Warrants E</td><td>(a) Evaluation of issue price of Settlement Shares

The issue price of the Settlement Shares of RM0.0700:

(i) <u>equal</u> to the closing market price and five (5)-day VWAP of OCR Shares up to and including the LTD;

(ii) represents <u>premium</u> of 1.89% based on the one (1)-month VWAP of OCR Shares up to and including the LTD; and

(iii) represents <u>discounts</u> ranging between 9.68% to 10.49% based on the three (3)-month and six (6)-month VWAP of OCR Shares up to and including the LTD; and

(iv) represents <u>discounts</u> ranging between 46.15% to 61.11% based on the audited consolidated NA per OCR Share as at 31 December 2022, unaudited consolidated NA per OCR Share as at</td></tr>
</table>

Area of Evaluation	Our Comments
	30 September 2023 and proforma NA per OCR Share upon the completion of the Proposed Settlement. Based on the above, we are of the view that the issue price of the Settlement Shares is justifiable in view that: (i) the issue price of the Settlement Shares equal to the closing market price and five (5)-day VWAP of OCR Shares up to and including the LTD; and (ii) the issue price of the Settlement Shares of RM0.0700 which is based on the 5-day VWAP of OCR Shares up to and including the LTD (as compared to illustrative issue price of the Rights Shares of RM0.035) will result in a lesser number of Settlement Shares to be issued, hence resulting in a lower dilutive impact to the non-interested Shareholders. **(b) Evaluation of illustrative issue price of Rights Shares** The illustrative issue price of the Rights Shares of RM0.035 represents: (i) discounts ranging between 28.43% to 42.34% to the TEAP based on the closing market price, five (5)-day VWAP, one (1)-month, three (3)-month and six (6)-month VWAP of OCR Shares up to and including the LPD; and (ii) discounts ranging between 56.25% to 75.00% based on the audited consolidated NA per OCR Share as at 31 December 2023, unaudited consolidated NA per OCR Share as at 31 March 2024 and the proforma NA per OCR Share based on the Minimum Scenario and Maximum Scenario. We are of the view that the illustrative issue price of the Rights Shares is justifiable after taking into consideration the following factors: (i) the entitlements for the Proposed Rights Issue with Warrants are proportionate to the respective shareholdings of all Entitled Shareholders on the Entitlement Date; (ii) the pricing mechanism of the Rights Shares is acceptable as it is based on market-based approach; and (iii) all Entitled Shareholders have the same rights to subscribe for their entitlements to the Rights Shares at the same issue price, of which the issue price of the Rights Shares will be fixed at discount of between 20% to 40% to the TEAP based on the 5-day VWAP of OCR Shares up to and including the last trading day prior to the price-fixing date. **(c) Evaluation of illustrative exercise price of Warrants E** The Warrants E have a theoretical value of RM0.0392 (under the Minimum Scenario) and RM0.0389 (under the Maximum Scenario) computed based on the Trinomial option pricing model as at the LPD.

Area of Evaluation	Our Comments
	The illustrative exercise price of Warrants E of RM0.035 represents discounts ranging between 28.43% to 42.34% to the TEAP based on the closing market price, five (5)-day VWAP, one (1)-month, three (3)-month and six (6)-month VWAP of OCR Shares up to and including the LPD. Based on the illustrative exercise price of Warrants E, the Warrants E are in-the-money by RM0.0230 (i.e. the difference between Warrants E's illustrative exercise price of RM0.035 and the TEAP based on the 5-day VWAP of OCR Shares up to and including the LPD of RM0.0580) and accordingly, holders of Warrants E are in a net gain position immediately after exercising the Warrants E. We are of the view that the Board's basis of arriving at the illustrative exercise price of the Warrants E is justifiable in view that the Warrants E are to be issued for free to the non-interested Shareholders who successfully subscribe for the Rights Shares.
Section 10 of this IAL Salient Terms of the Settlement Agreement	We have reviewed the salient terms of the Settlement Agreement and have noted the following: (i) OCR, OKH, TCH and Stack Builder agree and acknowledge that the debt obligations of Stack Builder will be fully settled by the Company for and on behalf of Stack Builder by capitalising the entire Stack Builder Advances into the Settlement Shares; (ii) the Stack Build Advances would be deemed paid and settled in full by OCR upon completion of the Proposed Settlement; (iii) the issue price of RM0.0700 per Settlement Share was agreed upon between the Company, OKH and TCH based on the 5-day VWAP of OCR Shares up to and including the LTD; (iv) the conditions precedent of the Settlement Agreement are the requisite approvals required to be fulfilled by the parties within 6 months after the date of the Settlement Agreement to complete the Proposed Settlement; and (v) the termination clause of the Settlement Agreement protects the interest of the parties as it allows either party to terminate the Settlement Agreement in the event the other party is in material breach of any of their obligations set out in the Settlement Agreement. Based on the above, we are of the view that the salient terms of the Settlement Agreement are acceptable to the non-interested Directors and non-interested Shareholders.
Section 11 of this IAL Effects of the Proposals	The effects of the Proposals are summarised as follows: **(i) Issued share capital** As set out in **Section 10.1, Part A** of the Circular, the proforma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the share capital of OCR are as follows:

Area of Evaluation	Our Comments

	Minimum Scenario	Maximum Scenario
	No. of Shares	No. of Shares
Issued share capital as at LPD	1,385,997,155	1,385,997,155
New Shares to be issued pursuant to the Proposed Settlement	618,525,646	618,525,646
Enlarged issued share capital after the Proposed Settlement	**2,004,522,801**	**2,004,522,801**
New Shares to be issued pursuant to the Proposed Rights Issue with Warrants	337,003,420	1,336,348,534
Enlarged issued share capital after the Proposed Rights Issue with Warrants	**2,341,526,221**	**3,340,871,335**
New Shares to be issued assuming full exercise of the Warrants E	337,003,420	1,336,348,534
Enlarged issued share capital	**2,678,529,641**	**4,677,219,869**

We noted that the increase in OCR's issued share capital under the Minimum Scenario and Maximum Scenario is due to the issuance of the Settlement Shares and Rights Shares. In addition, we noted that OCR's issued share capital may further increase in the future when Warrants E are exercised into new OCR Shares.

(ii) NA and gearing

As set out in **Section 10.2, Part A** of the Circular, the proforma effects of the Proposed Rights Issue with Warrants on the NA and gearing of the Group are as follows:

	Audited as at 31 December 2023 RM'000	(I) After the Proposed Settlement RM'000	(II) After (I) and the Proposed Rights Issue with Warrants RM'000
Minimum Scenario			
Proforma NA	194,342	236,509	248,304
NA per Share (RM)	0.14	0.12	0.11
Gearing (times)	0.78	0.64	0.60
Maximum Scenario			
Proforma NA	194,342	236,509	283,281
NA per Share (RM)	0.14	0.12	0.08
Gearing (times)	0.78	0.64	0.52

Notwithstanding that the Proposals will result in a decrease in the Group's proforma NA per OCR Share due to the dilution effects of the Rights Shares, the Proposals is expected to improve the financial position of the Group as the proforma NA of OCR Group will increase from RM194.34 million as at 31 December 2023 to RM248.30 million

Area of Evaluation	Our Comments
	and RM283.28 million (upon completion of the Proposed Rights Issue with Warrants) under the Minimum Scenario and Maximum Scenario. In addition, the proforma gearing of OCR Group will also improve from 0.78 times as at 31 December 2023 to 0.60 times (under Minimum Scenario) and 0.52 times (under Maximum Scenario) upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants which is mainly due to the increase in shareholders' equity as a result of the issuance of Settlement Shares and Rights Shares and the assumed repayment of borrowings amounting to RM5.00 million pursuant to the proposed utilisation of proceeds for the Proposed Rights Issue with Warrants. **(iii) <u>Substantial Shareholders' shareholdings</u>** As set out in **Section 10.3, Part A** of the Circular, the proforma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the substantial Shareholders' shareholdings as at the LPD are as follows:

	As at the LPD^ (%)	(I) After the Proposed Settlement (%)	(II) After (I) and the Proposed Rights Issue with Warrants (%)
<u>Minimum Scenario</u>			
OKH	13.44	25.22	35.98
TCH	0.14	15.03	12.86
<u>Maximum Scenario</u>			
OKH	13.44	25.22	25.22
TCH	0.14	15.03	15.03

Note:
^ *Based on the issued share capital of 1,385,997,155 Shares.*

Under Minimum Scenario, OKH's shareholding in OCR will increase from 13.44% (as at the LPD) to 25.22% (upon completion of the Proposed Settlement) and thereafter increase to 35.98% (upon completion of the Proposed Rights Issue with Warrants) while TCH's shareholding in OCR will increase from 0.14% (as at the LPD) to 15.03% (upon completion of the Proposed Settlement) and thereafter reduce to 12.86% (upon completion of the Proposed Rights Issue with Warrants). Accordingly, TCH will emerge as a new substantial shareholder of the Group upon completion of the Proposed Settlement.

Under Maximum Scenario, assuming all Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, there will be no effect on the substantial Shareholders' percentage shareholdings in OCR as the Rights Shares will be allotted on a pro-rata basis to all Entitled Shareholders. It is pertinent for the non-interested Shareholders of OCR to note that their existing percentage shareholding would be diluted, should they choose not to subscribe for the Rights Shares.

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<tr><th>Area of Evaluation</th><th>Our Comments</th></tr>
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(iv) <u>Shareholdings of OKH and his PACs based on the Maximum Potential Shareholdings Scenario</u>

For illustrative purposes, the proforma shareholdings of OKH and his PACs based on the Maximum Potential Shareholdings Scenario are computed as follows:

	As at the LPD (%)	(I) After the Proposed Settlement (%)	(II) After (I) and the Proposed Rights Issue with Warrants (%)	(III) After (II) and assuming only OKH and PACs exercise all their Warrants E (%)
OKH and his PACs	16.82	42.49	55.18	63.29
Non-interested Shareholders	83.18	57.51	44.82	36.71

We noted that the aggregate shareholdings of OKH and his PACs in OCR will increase from 16.82% (as at the LPD) to 55.18% (upon completion of the Proposed Rights Issue with Warrants). Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the aggregate shareholdings of OKH and his PACs will further increase to 63.29%.

Accordingly, the aggregate shareholdings of the non-interested Shareholders will decrease from 83.18% (as at the LPD) to 44.82% (upon completion of the Proposed Rights Issue with Warrants). Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the aggregate shareholdings of the non-interested Shareholders will further decrease to 36.71%.

(v) <u>Earnings and EPS</u>

The Proposed Settlement will not have any effect on the earnings of OCR Group but the EPS of OCR Group will be diluted as a result of the increase in the number of OCR Shares in issue arising from the issuance of the Settlement Shares.

We noted that the effects of the Proposed Rights Issue with Warrants on the consolidated earnings and EPS of OCR Group will depend on, amongst others, the actual number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Proposed Rights Issue with Warrants. Assuming that the consolidated earnings of the Group remain unchanged, the EPS of the Company will be diluted as a result of the increase in the number of Shares in issue arising from the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants E.

Barring any unforeseen circumstances, the realisation of the benefits from the utilisation of the proceeds of the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings and

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<tr><th>Area of Evaluation</th><th>Our Comments</th></tr>
<tr><td></td><td>EPS of OCR Group. However, non-interested Shareholders should note that there is no certainty on the realisation of the benefits arising from the utilisation of the proceeds from the Proposed Rights Issue with Warrants.

Based on our overall assessment of Section 11.1 to Section 11.5 of this IAL, notwithstanding that the Proposals will result in a dilutive impact on the NA per OCR Share and EPS of OCR Group, the Proposals are expected to improve the proforma NA and gearing of the Group as well as contribute positively to the future earnings and EPS of the Group. As such, we are of the view that the overall effects of the Proposals are acceptable to the non-interested Directors and non-interested Shareholders.</td></tr>
<tr><td><u>Section 12 of this IAL</u>

Industry outlook and future prospects of OCR Group</td><td>We take cognisance of the industry overview and outlook of the Malaysian economy, property market in Malaysia, construction sector in Malaysia as well as the prospects and future plans of OCR Group as disclosed in Section 8, Part A of the Circular.

Based on the above and after taking into consideration the industry outlook and future prospects of OCR Group as set out in Section 12 of this IAL we are of the view that the outlook and prospects of OCR Group upon completion of the Proposals is positive.</td></tr>
<tr><td><u>Section 13 of this IAL</u>

Risk factors associated with the Proposals</td><td>In evaluating the Proposals, the non-interested Directors and non-interested Shareholders should carefully consider the risk factors as set out in Section 9, Part A of the Circular. Our comments on the risk factors relating to the Proposals are as follows:

(i) Non-completion risk of the Proposed Settlement

We noted that the completion of the Proposed Settlement is subject to the fulfilment of the terms and conditions as set out in the Settlement Agreement within the stipulated timeframe. If any of the conditions are not fulfilled, as the case may be, within the stipulated timeframe, the Proposed Settlement may be terminated, and all the potential benefits arising therefrom may not be materialised.

We are of the view that the non-completion risk for the Proposed Settlement is common aspect of similar proposals or arrangements. In the event that the conditions precedent are not fulfilled within the stipulated time period, the Settlement Agreement may be terminated and the Stack Builder Advances shall remain outstanding and payable by Stack Builder to OKH and TCH.

(ii) Ability of the major Shareholder to exert significant influence over the Company and significant dilution to the remaining Shareholders' shareholding in the Company

We noted that upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants, the collective shareholdings of OKH and his PACs in the Company is expected to increase up to 55.18% (under the Maximum Potential Shareholdings Scenario), thereby gaining control of the Company. This would enable OKH, being the Group Managing Director of OCR and a Major Shareholder, and his PACs to exert significant influence over the management and</td></tr>
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<tr><th>Area of Evaluation</th><th>Our Comments</th></tr>
<tr><td></td><td>operations of the Company including but not limited to, elect the board of directors, influence major business decisions, and dictate the direction and strategy of the Company.

In addition to the above, the issuance of the Settlement Shares to OKH and TCH pursuant to the Proposed Settlement and the issuance of the Rights Shares to OKH pursuant to the Proposed Rights Issue with Warrants under the Minimum Scenario would represent a significant dilution to the remaining Shareholders' shareholdings in the Company, thereby diminishing the minority Shareholders' rights.

While we note that OKH and his PACs will be able to exert significant influence over the management and operations of the Company under the Maximum Potential Shareholdings Scenario, OCR have in place a Board which comprises 3 independent Directors who are responsible to provide check and balance to the Board. As such, the independent Directors would have a duty to protect the interest of OCR and the non-interested Shareholders in relation to key business decisions made by the Company's management team.

While we noted that measures would be taken by OCR to mitigate such risks associated with the Proposals, no assurance can be given that the risk factors will not occur and give rise to material adverse impact on the business and operation of the Group, its financial performance or prospects thereon.</td></tr>
<tr><td><u>Section 14 of this IAL</u>

Implications arising from the voting outcome of the Proposed Exemptions</td><td>If non-interested Shareholders <u>vote in favour</u> of the Proposed Exemptions:

(i) It is noted that the Proposed Exemptions sought under subparagraph 4.08(1)(b) of the Rules by OKH and his PACs are subject to the approval of the non-interested Shareholders at the forthcoming EGM to be convened for the Proposals and it is a pre-requisite for approval by SC for the Proposed Exemptions. An approval from the SC for the Proposed Exemptions would then exempt OKH and his PACs from the obligation to undertake the Mandatory Offer.

(ii) The approval of the Proposed Exemptions would imply that non-interested Shareholders agree to waive their rights and exempt OKH and his PACs from the obligation to undertake the Mandatory Offer as a result of the Proposals.

(iii) In view that the collective shareholdings of OKH and his PACs will increase to more than 50% after the completion of Proposals (under the Minimum Scenario and Maximum Potential Shareholdings Scenario), moving forward OKH and his PACs could collectively further increase their voting shares or voting rights in OCR without incurring any further obligation to undertake a mandatory offer, provided that OKH and his PACs do not trigger such mandatory offer on an individual or single entity basis.

In addition, OKH, being the Group Managing Director of OCR and a Major Shareholder, and his PACs will also be able to exert significant influence over the management and operations of the Company including but not limited to, elect the board of directors, influence major business decisions, and dictate the direction and strategy of the Company.</td></tr>
</table>

Area of Evaluation	Our Comments
	(iv) The issuance of the Settlement Shares to OKH and TCH pursuant to the Proposed Settlement and the issuance of the Rights Shares to OKH pursuant to the Proposed Rights Issue with Warrants under the Minimum Scenario would represent a significant dilution to the remaining Shareholders' shareholdings in the Company. It is noted that the Proposed Exemption 1 and Proposed Exemption 2 sought under subparagraph 4.08(1)(b) of the Rules by OKH and his PACs are subject to the approval of the non-interested Shareholders at the forthcoming EGM to be convened for the Proposals. In the event that the non-interested Shareholders **vote against** the Proposed Exemptions, the implications to OCR Group are set out below: (i) Without the Proposed Exemption 1, the Proposed Settlement will not be implemented as the Proposed Settlement and Proposed Exemption 1 are inter-conditional. As such, in the event that Proposed Exemption 1 is not approved, OCR Group will not be able to realise the benefits from the Proposed Settlement. (ii) Without the Proposed Exemption 1, the Proposed Settlement will not be implemented, in turn, the Proposed Rights Issue with Warrants will also not be implemented as the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement. As such, in the event that Proposed Exemption 1 is not approved, OCR Group will not be able to realise the benefits from the Proposed Rights Issue with Warrants. (iii) Without the Proposed Exemption 2, the Proposed Rights Issue with Warrants will not be implemented as Proposed Exemption 2 and Proposed Rights Issue with Warrants are inter-conditional. As such, in the event that Proposed Exemption 2 is not approved, OCR Group will not be able to realise the benefits from the Proposed Rights Issue with Warrants. (iv) In view that the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement but not vice versa, in the event that the Proposed Exemption 2 is not approved, the Proposed Rights Issue with Warrants will not be implemented, however OCR will still be able to undertake the Proposed Settlement. (v) In the event that the Proposed Settlement is not implemented due to the reasons stated in (ii) and (iii) above, the Group will not be able to benefit from the Proposed Settlement. Arising from the above, Stack Builder will have to re-engage OKH and TCH for the repayment of the Stack Builder Advances via other means to be mutually discussed and agreed upon. This might entail, amongst others, disposal of the Bukit Raja Land and/or obtaining new bank borrowings.. (vi) In the event that the Proposed Rights Issue with Warrants is not implemented due to the reasons stated in (iii) and (iv) above, the Group will not be able to raise funds for the purposes as set out in **Section 5, Part A** of the Circular.

Area of Evaluation	Our Comments
	As such, the Group will not be able to enjoy the interest savings arising from the repayment of borrowings, as further explained in **Section 8.2(i)** of this IAL. In addition, the Group will not be able to utilise the proceeds from the Proposed Rights Issue with Warrants for working capital and funding of its property development projects. Arising from the above, the Group will need to explore other alternatives to fund its working capital and property development projects which include amongst others internally generated funds, bank borrowings, progress billings / progressive sales billings to be received and/or future fund-raising exercises to be undertaken (if required).

3. CONCLUSION AND RECOMMENDATION

The non-interested Directors and non-interested Shareholders should carefully consider the advantages and disadvantages of the Proposals based on all the relevant and pertinent factors including those set out in this IAL as well as those highlighted by the Board in its letter to the Shareholders in relation to the Proposals as set out in **Part A** of the Circular before voting on the ordinary resolutions in respect of the Proposed Settlement and Proposed Exemptions at the forthcoming EGM.

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposals holistically in accordance with Schedule 2: Part III of the Rules, taking into consideration the various factors as discussed in this IAL. The Proposed Exemptions (if granted by the non-interested Shareholders and granted by the SC) will allow OCR to undertake the Proposals (if they are also approved by the non-interested Shareholders).

Non-interested Shareholders should note that OCR intends to fully settle the Stack Builder Advances despite OCR only holding 50.50% equity interest in Stack Builder and TCH holding the remaining 49.50% equity interest in Stack Builder. As the Proposed Settlement will result in Stack Builder owing OCR an amount equivalent to the Stack Builder Advances, the total liabilities of Stack Builder and TCH's share in such liabilities (by virtue of his 49.5% shareholding in Stack Builder) still remain unchanged.

The approval of the Proposed Settlement and Proposed Exemption 1 by non-interested Shareholders would allow TCH to increase its shareholdings in OCR from 0.14% (as at the LPD) to 15.03% (upon completion of the Proposed Settlement) without having to undertake the Mandatory Offer and TCH will emerge as a new substantial shareholder of the Group upon completion of the Proposed Settlement.

Save for the increase in TCH's shareholdings in OCR and the settlement of the Stack Builder Advances owing to TCH, TCH is not expected to derive any other benefits from the Proposed Settlement.

Whilst we note that the Proposed Settlement will result in the collective shareholdings of the non-interested Shareholders in OCR to be diluted from 83.18% (as the LPD) to 57.51%, we are of the view that the settlement of the Stack Builder Advances to TCH is reasonable as TCH, who is the founder of Stack Builder and has since 2018 up to 2023 contributed advances to Stack Builder which was mainly used to fund the acquisition of the Bukit Raja Land. The Proposed Settlement is also crucial for OCR to settle the Stack Builder Advances and allow OCR Group to continue with the development of Kyra and gain from the potential benefits arising from development of Kyra. The Proposed Settlement also represents an opportunity for OCR to exercise its fiscal responsibility to repay its funders.

Having considered the available options to settle the Stack Builder Advances as set out in **Section 8.1(ii)** of this IAL, we are of the view that the settlement of the Stack Builder Advances by way of issuance of Settlement Shares is reasonable and the most appropriate method for OCR Group to settle the Stack Builder Advances.

Non-interested Shareholders should note that, if they do not subscribe to their rights entitlements under the Proposed Rights Issue with Warrants, this would cause:

(i) a significant dilution of the collective shareholdings of the non-interested Shareholders from 83.18% (as at the LPD) to 36.71% upon completion of the Proposals and assuming only OKH and his PACs exercise all their Warrants E under the Maximum Potential Shareholdings Scenario;

(ii) transfer of value in the form of the Rights Shares at a discount of 39.66% to the TEAP of OCR Shares based on five (5)-day VWAP of OCR Shares up to and including the LPD as well as discounts ranging between 56.25% to 75.00% based on the audited consolidated NA per OCR Share as at 31 December 2023 of RM0.14, unaudited consolidated NA per OCR Share as at 31 March 2024 of RM0.14 and the proforma NA per OCR Share based on the Minimum Scenario and Maximum Scenario of RM0.11 and RM0.08 respectively, to the participating Shareholders in the Proposed Rights Issue with Warrants based on the illustrative issue price of Rights Shares of RM0.035; and

(iii) transfer of value in the form of Warrants E at a theoretical value of RM0.0392 under the Minimum Scenario and RM0.0389 under the Maximum Scenario on the LPD respectively to the participating Shareholders in the Proposed Rights Issue with Warrants based on the illustrative exercise price of RM0.035.

In view of the conditionality of the Proposals, we have evaluated all the components of the Proposals to provide the non-interested Directors and non-interested Shareholders with a holistic view of the Proposals.

In summary, the potential advantages and disadvantages of the Proposals are as follows:

A) <u>Potential Advantages</u>

1) The Proposed Settlement and Proposed Exemption 1 are inter-conditional. As such voting in favour of the Proposed Exemption 1 facilitates the implementation of the Proposed Settlement, which in turn will allow OCR Group to reap the potential benefits arising from the Proposed Settlement as follows:

    (i) The Proposed Settlement represents an opportunity for OCR Group to settle the Stack Builder Advances and allow Stack Builder to continue its development of the Kyra project. As at the LPD, Kyra is the second largest project of the Group in terms of GDV which represents approximately 30.37% of the total GDV of RM2.65 billion for all existing ongoing projects of OCR Group. The successful development of Kyra is expected to contribute positively to the Group's financial performance and would also allow the Group to strengthen its track record in affordable housing in which the Group had only 1 completed affordable housing project (i.e. PRIYA which was completed on 24 January 2024).

    (ii) The Proposed Settlement is expected to improve the financial position of the Group as its proforma NA will increase and proforma gearing will decrease upon completion of the Proposed Settlement as further explained in **8.1(iii)** of this IAL. In addition, the Stack Builder Advances will be treated as an intercompany amount owing by Stack Builder to OCR. As intercompany transactions are eliminated at the Group consolidated financial statements of OCR Group, the current liabilities of OCR Group will reduce by RM43.30 million accordingly.

(iii) The issue price of the Settlement Shares of RM0.0700 which is based on the 5-day VWAP of OCR Shares up to and including the LTD (as compared to illustrative issue price of the Rights Shares of RM0.035) will result in a lesser number of Settlement Shares to be issued, hence resulting in a lower dilutive impact to the non-interested Shareholders.

2) The Proposed Rights Issue with Warrants and Proposed Exemption 2 are inter-conditional. As such voting in favour of the Proposed Exemption 2 facilitates the implementation of the Proposed Rights Issue with Warrants, which in turn will allow OCR Group to reap the potential benefits arising from the Proposed Rights Issue with Warrants as follows:

(i) Enable OCR Group to raise the required funding without incurring interest expense and higher gearing ratio arising from the use of borrowings. This would allow the OCR Group to conserve its cash from internally generated funds and the Group would be able to preserve its cash flows for other business requirements such as working capital for existing and future property development projects.

(ii) Enable OCR Group to repay its borrowings amounting to RM5.00 million under the Minimum Scenario and Maximum Scenario via the proceeds from the Proposed Rights Issue with Warrants which is estimated to result in interest savings of approximately RM0.369 million per annum. However, as interest expenses are tax deductible, the interest savings will result in a loss in benefits of interest tax shield of approximately RM0.089 million, based on the Malaysian statutory corporate tax rate of 24%. Notwithstanding the above, the Proposed Rights Issue with Warrants is still beneficial to the Group as the loss in benefits of interest tax shield is not material as the Group enjoys a net interest savings of RM0.280 million (net of interest tax shield).

(iii) Enable OCR Group to raise funds to its property development projects given that property development segment is the Group's core business which contributes to approximately 68.34% of the Group's total revenue in FYE 31 December 2023.

(iv) Provide an opportunity to all Entitled Shareholders to participate in an equity offering in OCR on a pro-rata basis without diluting the Entitled Shareholders' percentage of shareholding in OCR (provided that all Entitled Shareholders subscribe in full for their respective entitlement of the Rights Shares).

3) The Entitled Shareholders would be able to subscribe for the Rights Shares at the issue price with discount of between 20% to 40% to the TEAP of OCR Shares and be entitled to free Warrants E. The illustrative issue price of Rights Shares of RM0.035 represents a discount of 42.34% to the TEAP based on the closing market price of OCR Shares on the LPD and discounts ranging from 28.43% to 39.66% to the TEAP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAP of OCR Shares up to and including the LPD.

4) The free Warrants E attached to the Rights Shares will provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. Through the exercise of the Warrants E, the Entitled Shareholders will be able to further increase their equity participation in OCR while also providing additional funds to OCR Group. Alternatively, the Entitled Shareholders have the option to monetise their Warrants E via disposal in the open market.

5) Upon completion of the Proposals, the Group's financial position and capital base will be improved as its proforma NA will increase from RM194.34 million as at 31 December 2023 to RM248.30 million (under Minimum Scenario) and RM283.28 million (under Maximum Scenario).

   In addition, the Group's proforma gearing will also improve from 0.78 times as at 31 December 2023 to 0.60 times (under Minimum Scenario) and 0.52 times (under Maximum Scenario).

B) <u>Potential Disadvantages</u>

1) Upon completion of the Proposed Settlement, the Proposed Exemption 1 will allow the collective shareholdings of OKH and his PACs in OCR to increase from 16.82% (as at LPD) to 42.49% (upon completion of the Proposed Settlement) without being required to undertake the Mandatory Offer.

   Upon completion of the Proposed Rights Issue with Warrants but prior to the exercise of Warrants E, the Proposed Exemption 2 will further allow the collective shareholdings of OKH and his PACs in OCR to increase from 42.49% (upon completion of the Proposed Settlement) to 50.76% (under the Minimum Scenario) and 55.18% (under the Maximum Potential Shareholdings Scenario) without being required to undertake the Mandatory Offer.

   Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the collective shareholdings of OKH and his PACs will further increase to 56.96% (under the Minimum Scenario) and 63.29% (under the Maximum Potential Shareholdings Scenario) without being required to undertake the Mandatory Offer.

   Moving forward, OKH and his PACs could collectively further increase their voting shares or voting rights in OCR without incurring any further obligation to undertake a Mandatory Offer, provided that OKH and his PACs do not trigger such Mandatory Offer on an individual or single entity basis.

   For the avoidance of doubt, Proposed Exemption 2 do not exempt OKH and/or his PACs from the obligation to undertake a Mandatory Offer should he or any of his PACs choose to exercise his or their Warrants E after the completion of the Proposed Rights Issue with Warrants, which results in an increase of their individual or collective shareholdings in OCR by more than 2% within a 6-month period.

   As such, OKH and/or his PACs will need to observe and comply at all times with the relevant provisions of the CMSA, the Code and the Rules whenever OKH and/or his PACs exercise his / their Warrants E after the completion of the Proposals.

2) Should the collective shareholdings of OKH and his PACs in OCR increase to more than 50% after the Proposals, OKH and his PACs will have statutory control (ie. holding of more than 50% of voting shares or voting rights in a company) over OCR and as such, will be able to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share (unless OCR and his PACs are required to abstain from voting). In addition, OKH and his PACs will also be able to significantly influence the outcome of any special resolutions which require at least 75% votes (unless OKH and his PACs are required to abstain from voting).

3) The illustrative issue price of Rights Shares at RM0.035 per Rights Share represents discounts ranging between 28.43% to 39.66% to the TEAP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAP of OCR Shares up to and including the LPD. Accordingly, OKH and his PACs may obtain statutory control over OCR at a discount under the Minimum Scenario and Maximum Potential Shareholdings Scenario.

After taking into consideration the advantages and disadvantages of the Proposals, we are of the view that the advantages of the Proposals as a whole outweigh its disadvantages. Therefore, we are of the view that the Proposals as a whole are **FAIR and REASONABLE** and **NOT DETRIMENTAL** to the non-interested Directors and non-interested Shareholders.

Accordingly, we:-

(i) advise the non-interested Directors to recommend the non-interested Shareholders to **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Settlement and Proposed Exemptions to be tabled at OCR's forthcoming EGM in relation to the Proposals; and

(ii) recommend that the non-interested Shareholders **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Settlement and Proposed Exemptions to be tabled at OCR's forthcoming EGM in relation to the Proposals.

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS IN RESPECT OF THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS TO BE TABLED AT THE FORTHCOMING EGM.

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Date: 10 June 2024

To: The non-interested Directors and non-interested Shareholders

Dear Sir / Madam,

OCR GROUP BERHAD ("OCR" OR THE "COMPANY")

INDEPENDENT ADVICE LETTER TO THE NON-INTERESTED DIRECTORS AND NON-INTERESTED SHAREHOLDERS OF OCR IN RELATION TO THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS

This IAL is prepared for inclusion in the Circular to the Shareholders. All definitions used in this IAL shall have the same meaning as the words and expressions defined in the "Definitions" section of the Circular, except where the context otherwise requires or where otherwise defined in this IAL. All references to "we", "us" or "our" in this IAL are references to BDOCC, being the Independent Adviser for the Proposed Settlement and Proposed Exemptions.

1. INTRODUCTION

On 13 December 2023, Interpac had, on behalf of the Board, announced that the Company proposed to undertake the following:

(i) Proposed Settlement;
(ii) Proposed Rights Issue with Warrants; and
(iii) Proposed Exemptions.

The Proposed Rights Issue with Warrants shall only be implemented after completion of the Proposed Settlement.

The conditionality of the Proposals are summarised as follows:

(i) The Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement but not vice versa;
(ii) The Proposed Settlement and the Proposed Exemption 1 are inter-conditional; and
(iii) The Proposed Rights Issue with Warrants and the Proposed Exemption 2 are inter-conditional.

The Proposed Settlement is deemed to be a related party transaction pursuant to paragraph 10.08 of the Listing Requirements in view of the interests of the Interested Directors and Interested Major Shareholder as set out in **Section 15, Part A** of the Circular.

As at the LPD, OCR has a total issued share capital of 1,385,997,155 OCR Shares.

As at the LPD, OKH and his PACs hold a total of 233,127,539 Shares, representing approximately 16.82% shareholding in OCR.

Upon completion of the Proposed Settlement, the collective shareholdings of OKH, TCH and their PACs will increase from 16.82% (as at LPD) to 42.49% (i.e. exceeding 33%), thereby triggering a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

Pursuant to the Proposed Rights Issue with Warrants, a Mandatory Offer obligation will be triggered in the following manner:

(i) Under the Minimum Scenario,

(a) the individual shareholding of OKH in OCR will increase from 25.22% (upon completion of the Proposed Settlement) to 35.98% (upon completion of the Proposed Rights Issue with Warrants). As the individual shareholding of OKH in OCR will increase to more than 33%, OKH will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

Thereafter, assuming OKH exercises all his Warrants E, the individual shareholding of OKH will further increase to 44.04%. As the individual shareholding of OKH in OCR will increase by more than 2% within a 6-month period, OKH will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

(b) the collective shareholdings of OKH and his PACs in OCR will increase from 42.49% (upon completion of the Proposed Settlement) to 50.76% (upon completion of the Proposed Rights Issue with Warrants). As the collective shareholdings of OKH and his PACs in OCR will increase by more than 2% within a 6 month period, OKH and his PACs will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

Thereafter, assuming only OKH and his PACs exercises all their Warrants E, the collective shareholdings of OKH and his PACs will further increase to 56.96%. As the collective shareholdings of OKH and his PACs in OCR have already exceeded 50%, OKH and his PACs will not trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

(ii) Under the Maximum Potential Shareholdings Scenario,

(a) the individual shareholding of OKH in OCR will increase from 25.22% (upon completion of the Proposed Settlement) to 32.75% (upon completion of the Proposed Rights Issue with Warrants). As the individual shareholding of OKH in the Company is not expected to increase to more than 33%, OKH will not trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(a) of the Rules.

Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the individual shareholding of OKH will further increase to 37.56%. As the individual shareholding of OKH in OCR will increase by more than 2% within a 6 month period, OKH will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

(b) the collective shareholdings of OKH and his PACs in OCR will increase from 42.49% (upon completion of the Proposed Settlement) to 55.18% (upon completion of the Proposed Rights Issue with Warrants). As the collective shareholdings of OKH and his PACs in OCR will increase by more than 2% within a 6 month period, OKH and his PACs will trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the collective shareholdings of OKH and his PACs will further increase to 63.29%. As the collective shareholdings of OKH and his PACs in OCR have already exceeded 50%, OKH and his PACs will not trigger a Mandatory Offer obligation under subsection 218(2) of the CMSA and subparagraph 4.01(b) of the Rules.

As it is not the intention of OKH and his PACs to undertake such Mandatory Offer(s) as mentioned above, they intend to seek for the Proposed Exemption 1 and Proposed Exemption 2, as further summarised below:

(i) Proposed Exemption 1 refers to the exemption to be sought under subparagraph 4.08(1)(b) of the Rules by OKH, TCH and their PACs from the obligation to undertake a Mandatory Offer upon completion of the Proposed Settlement.

(ii) Proposed Exemption 2 refers to the exemption to be sought under subparagraph 4.08(1)(b) of the Rules by OKH and his PACs from the obligation to undertake a Mandatory Offer upon completion of the Proposed Rights Issue with Warrants.

For the avoidance of doubt, Proposed Exemption 2 do not exempt OKH and/or his PACs from the obligation to undertake a Mandatory Offer should he or any of his PACs choose to exercise his or their Warrants E after the completion of the Proposed Rights Issue with Warrants, which results in an increase of their individual or collective shareholdings in OCR by more than 2% within a 6-month period.

We also noted that OKH has not made a decision to exercise or dispose his Warrants E after the completion of the Proposals. Accordingly, in the event that OKH and/or his PACs decide to exercise his/their Warrants E after the completion of the Proposals, OKH and/or his PAC will observe and comply at all times with the relevant provisions of the CMSA, the Code and the Rules. Alternatively, in the event that OKH and/or his PAC decide to dispose all of his/their Warrants E after the completion of the Proposals, there would not be any instances where OKH and/or his PACs would trigger a Mandatory Obligation arising from the exercise of Warrants E. Based on the above, we are of the view that it is reasonable that no exemption of Mandatory Offer is being sought under subparagraph 4.08(1)(c) of the Rules by OKH and his PACs should he or any of his PACs choose to exercise his or their Warrants E after the completion of the Proposals.

An application for the Proposed Exemptions will be submitted to the SC by Interpac on behalf of OKH and his PACs after approval of the non-interested Shareholders for the Proposed Exemptions has been obtained at the forthcoming EGM to be convened for the Proposals.

In compliance with the Listing Requirements and the Rules, the Board (save for the Interested Directors) had on 13 December 2023 appointed us to act as the Independent Adviser to advise the non-interested Directors and non-interested Shareholders on the Proposed Settlement pursuant to paragraph 10.08 of the Listing Requirements and Proposed Exemptions pursuant to subparagraph 4.08(3)(g) of the Rules.

Pursuant to paragraph 3.07 of the Rules, we had on 14 December 2023 declared our independence from any conflict of interest or potential conflict of interest to the SC in relation to our appointment as Independent Adviser for the Proposed Exemptions.

Pursuant to subparagraph 4.08(3)(g) of the Rules, the SC had, vide its letter dated 31 May 2024, notified it has no further comments to the contents of this IAL. However, such notification shall not be taken to suggest that the SC agrees with our recommendation or assumes responsibility for the correctness of any statements made or opinions or reports expressed in this IAL.

The purpose of this IAL is to provide you with our independent evaluation on the fairness and reasonableness of the Proposals on a holistic basis, together with our recommendation on whether you should vote in favour of the resolutions pertaining to the Proposed Settlement and Proposed Exemptions, subject to the scope and limitations specified herein. Nevertheless, you should rely on your own evaluation of the merits and demerits of the Proposed Settlement and Proposed Exemptions before making any decision on the course of action to be taken at OCR’s forthcoming EGM.

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

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS IN RESPECT OF THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS TO BE TABLED AT THE FORTHCOMING EGM IN RELATION TO THE PROPOSALS.

IF YOU HAVE ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN IN RELATION TO THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS, YOU SHOULD CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, BANK MANAGER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

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2. SCOPE AND LIMITATIONS TO THE EVALUATION OF THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS

BDOCC was not involved in any formulation of or any deliberations and negotiations on the terms and conditions pertaining to the Proposed Settlement and Proposed Exemptions. Our scope as the Independent Adviser is limited to providing comments, opinions, information and recommendation in relation to the Proposed Settlement and Proposed Exemptions insofar as the non-interested Shareholders are concerned based on information and document as set out below:-

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

(ii) Settlement Agreement;

(iii) Other relevant information, document, confirmation and representation furnished to us by the Board, management and/or representatives of OCR; and

(iv) Other publicly available information which we deemed to be relevant, including but not limited to announcements, annual reports and audited consolidated financial statements of OCR.

We have relied on the Board and management of OCR to take due care to ensure that all information, documents, confirmation and representations provided to us to facilitate our evaluation and which have been used, referred to and/or relied upon in this IAL have been fully disclosed to us and are accurate, valid and complete in all material aspects.

After making all reasonable enquiries, as at the date of this IAL, we are satisfied with the sufficiency of information provided or available to us and have no reason to believe that the aforementioned information available to us is unreliable, incomplete, misleading and/or inaccurate.

In rendering our advice, we have taken note of the pertinent matters, which we believe are necessary and of importance to an assessment of the implications of the Proposed Settlement and Proposed Exemptions and therefore are of general concern to the non-interested Directors and non-interested Shareholders to consider and form their views thereon. Notwithstanding the foregoing, we have not given consideration to any specific investment objectives, financial situation, risk profile or particular needs of any individual non-interested Shareholder or any specific group of non-interested Shareholders. We recommend that any non-interested Shareholders who is / are in doubt as to the action to be taken in relation to the Proposals in the context of his individual investment objectives, financial situation, risk profile or particular needs to consult his respective stockbroker, bank manager, accountant, solicitor or other professional advisers immediately.

Our advice should be considered in the context of the entirety of this IAL. Our views expressed in this IAL are based on, amongst others, economic, market and other conditions prevailing, and the information and/or documents available to us as at the LPD or such other period as specified herein. Such conditions may change significantly over a short period of time. In addition, it should be noted that our evaluation and opinion expressed in this IAL do not take into account information, events or conditions arising after the LPD or such other period as specified herein, as the case may be.

We shall immediately disclose to the SC in writing and notify you by way of press notice and announcement through Bursa Securities if, after despatching this IAL, as guided by subparagraph 11.07(1) of the Rules, we become aware that this IAL:

(i) contains a material statement which is false or misleading;

(ii) contains a statement from which there is a material omission; or

(iii) does not contain a statement relating to a material development.

If circumstances require, we shall send a supplementary IAL to the non-interested Shareholders in accordance with subparagraph 11.07(2) of the Rules and the disclosures and announcements of such facts or statements shall be made before 9 a.m. on the next market day, pursuant to subparagraph 11.07(3) of the Rules.

3. DECLARATION OF CONFLICT OF INTEREST

BDOCC confirms that it is not aware of any existing conflict of interest or any circumstances which would or are likely to give rise to a possible conflict of interest by virtue of BDOCC's appointment as the Independent Adviser in respect of the Proposed Settlement and Proposed Exemptions.

Save as disclosed below and the current appointment as the Independent Adviser of the Proposed Settlement and Proposed Exemptions, we did not have any other professional relationship with OCR at any time during the past two (2) years prior to the date of this IAL.

- Appointment of BDO Tax Servies Sdn Bhd, an associated company of BDOCC, on 21 April 2023 for the preparation and submission of the company tax return for several subsidiaries and/or associate companies of OCR. The services provided are not related to the Proposals.

- Appointment of BDO Tax Servies Sdn Bhd, an associated company of BDOCC, on 20 October 2023 for consultation on transfer pricing services for several subsidiaries and/or associate companies of OCR.

The services provided are not related to the Proposals. In regards to the above, the total billed amount to OCR Group during the last twelve (12) months from the Announcement Date ("**Tax Fee**") does not contribute to more than 10% in revenue or profit of BDOCC and BDOCC Group, based on the latest audited financial statements for the FYE 31 December 2022 and the latest management accounts.

The total outstanding unpaid Tax Fee as at 13 December 2023, being the date of appointment of BDOCC as the Independent Adviser in relation to Proposed Settlement and Proposed Exemptions, does not contribute to more than 10% of in revenue or profit of BDOCC and BDOCC Group, based on the latest audited financial statements for the FYE 31 December 2022 and the latest management accounts.

4. CREDENTIALS, EXPERIENCE AND EXPERTISE OF BDOCC

BDOCC is a corporate advisory firm in Malaysia with a corporate finance advisory team which provides an extensive range of services to both the corporate and financial sectors as well as the investment community. The areas of expertise include valuation services, capital market transactions, mergers and acquisitions.

The credentials and experience of BDOCC as an Independent Adviser, where we have been appointed in the past two (2) years prior to the date of this IAL, include the following proposals:

(i) Appointment by MPHB Capital Berhad as the Independent Adviser in relation to the proposed disposal of 51% equity interest in MPI Generali Insurans Berhad to Generali Asia N.V. for a total cash consideration of RM485.00 million, subject to adjustments. Our Independent advice letter was issued on 28 June 2022;

(ii) Appointment by Citaglobal Berhad as the Independent Adviser in relation to the proposed acquisition of 100% equity interest in Citaglobal Engineering Services Sdn Bhd for a purchase consideration of RM140.00 million. Our independent advice letter was issued on 21 September 2022;

(iii) Appointment by Heng Huat Resources Group Berhad as the Independent Adviser for the conditional mandatory take-over offer by GH Consortium Sdn Bhd to acquire all the offer securities for a cash consideration of RM0.3771 per offer share and RM0.2971 per offer warrant. Our independent advice circular was issued on 31 October 2022;

(iv) Appointment by Iskandar Waterfront City Berhad as the Independent Adviser in relation to the proposed disposal of a piece of freehold vacant land for a cash consideration of RM53.24 million and settlement of debt owing by the company and its subsidiary amounting to RM50.76 million by way of set-off against the disposal consideration. Our independent advice letter was issued on 31 October 2022;

(v) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed sale and leaseback of 3 real property assets involving the interest of related parties. Our independent advice letter was issued on 22 November 2022;

(vi) Appointment by Comintel Corporation Bhd as the independent adviser for the unconditional mandatory take-over offer by JT Conglomerate Sdn Bhd to acquire the offer shares for a cash consideration of RM0.15 per offer share. Our independent advice circular was issued on 27 December 2022;

(vii) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed disposal of 2 parcel of land involving the interest of related parties. Our independent advice letter was issued on 22 March 2023;

(viii) Appointment by Tropicana Corporation Berhad ("**TCB**") as the Independent Adviser in relation to the proposed capitalisation of the advances amounting to RM180.00 million via issuance of new ordinary shares in TCB. Our independent advice letter was issued on 8 June 2023;

(ix) Appointment by DPS Resources Berhad as the independent adviser in relation to the proposed exemptions by Tan Sri (Dr) Sow Chin Chuan and persons acting in concert with him from the obligation to undertake a mandatory offer for the remaining shares and convertible securities in DPS Resources Berhad not already held by them. Our independent advice letter was issued on 14 June 2023;

(x) Appointment by PTT Synergy Group Berhad (**"PTT"**) as the Independent Adviser in relation to the proposed acquisition by PTT of the entire equity interest in Pembinaan Tetap Teguh Sdn Bhd for a total purchase consideration of RM152.00 million. Our independent advice letter was issued on 30 June 2023;

(xi) Appointment by KPJ Healthcare Berhad as the independent adviser in relation to the proposed renewal of lease of specialist medical centres involving the interest of related parties. Our independent advice letter was issued on 31 July 2023;

(xii) Appointment by Malaysian Bulk Carriers Berhad ("**MBC**") as the independent adviser in relation to the proposed acquisition of a piece of freehold land for a cash consideration of RM165.00 million, proposed joint venture between MBC and Golden Valley Ventures Sdn Bhd to jointly acquire and develop the land and proposed diversification of the existing principal activities of MBC and its subsidiaries to include industrial property development and property investment. Our independent advice letter was issued on 9 November 2023;

(xiii) Appointment by Berjaya Corporation Berhad as the independent adviser in relation to the proposed disposal of 100% equity interest in Berjaya Enviro Holdings Sdn Bhd to Naza Corporation Holdings Sdn Bhd for a cash consideration of RM700.00 million. Our independent advice letter was issued on 14 November 2023;

(xiv) Appointment by Ajiya Berhad as the independent adviser for the unconditional mandatory take-over offer by Chin Hin Group Berhad to acquire the offer shares for a cash consideration of RM1.53 per offer share. Our independent advice circular was issued on 26 December 2023; and

(xv) Appointment Comintel Corporation Bhd as the independent adviser for the proposed acquisition of construction equipment for a cash consideration of RM35.00 million and proposed renounceable rights issue to raise proceeds amounting to RM36.20 million which involves the interest of related parties. Our independent advice letter was issued on 8 February 2024.

Premised on the foregoing, BDOCC is capable and competent in carrying out its role and responsibilities as the Independent Adviser to advise the non-interested Shareholders in relation to the Proposed Settlement and Proposed Exemptions.

5. DETAILS OF THE PROPOSALS

The details of the Proposals are set out in the following sections in **Part A** of the Circular and should be read in its entirety by the non-interested Directors and non-interested Shareholders of OCR:

Proposals		Reference to Part A of the Circular
(i)	Proposed Settlement	Section 2
(ii)	Proposed Rights Issue with Warrants	Section 3
(iii)	Proposed Exemptions	Section 4

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED TO THEM

The interests of the directors, major shareholders and/or persons connected with them (together with their course of actions in relation to the Proposed Settlement and Proposed Exemptions) are set out in **Section 15, Part A** of the Circular.

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7. EVALUATION OF THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS

In arriving at our conclusion and recommendation, we have assessed and evaluated the fairness and reasonableness of the Proposed Exemptions on a holistic basis in accordance with paragraphs 8 to 10 under Schedule 2: Part III of the Rules where:

(i) In evaluating exemptions from mandatory offer obligations resulting from transactions involving the issuance of new securities or when a company purchases its own voting shares, a holistic approach should be taken in assessing whether the exemption is fair and reasonable and whether non-interested shareholders should vote for or against the exemption.

(ii) The independent adviser should discuss the purpose and effect of the exemption, that is, the substance of the transaction, particularly when the proposed exemption involves transactions that will result in the obtaining or consolidation of control. In such cases, the independent adviser should identify the advantages and disadvantages of the exemption to non-interested shareholders to enable them to decide on the proposed exemption. The independent adviser should also conclude whether the proposed exemption is 'fair and reasonable'.

(iii) Benefits of the exemption to the non-interested shareholders may include, but are not limited to, the following:

    (a) Long-term profit outlook of the offeree with the injection of additional capital;

    (b) Improved gearing of the offeree as a result of any reduction in debt;

    (c) Improved cashflow of the offeree as a result of the injection of working capital; or

    (d) Advantages of raising funds through equity as compared to other alternative financing avenues.

Accordingly, we have also considered the following factors in our evaluation of the Proposed Settlement and Proposed Exemptions:

Area of Evaluation		Section in this IAL
(i)	Rationale of the Proposals	8
(ii)	Issue price of Settlement Shares, Rights Shares and exercise price of Warrants E	9
(iii)	Salient terms of the Settlement Agreement	10
(iv)	Effects of the Proposals	11
(v)	Industry outlook and future prospects of OCR Group	12
(vi)	Risk factors associated with the Proposals	13
(vii)	Implications arising from the voting outcome of the Proposed Exemptions	14

8. RATIONALE OF THE PROPOSALS

8.1 Rationale for the Proposed Settlement

We take cognisance of the rationale of the Proposed Settlement as outlined in **Section 6.1, Part A** of the Circular.

We noted in **Section 2, Part A** of the Circular that the Proposed Settlement entails the issuance of Settlement Shares by OCR to settle the Stack Builder Advances amounting to RM43.30 million owing to OKH and TCH.

We also noted that the Stack Builder Advances have been extended by OKH and TCH to Stack Builder since 2018 and have been accumulating for more than 5 years and no amount has been repaid up to the LPD. The Stack Builder Advances were extended by OKH and TCH to Stack Builder in the past mainly to fund the acquisition of Bukit Raja Land and other incidental cost in relation to the acquisition of the Bukit Raja Land.

We further noted that since the mutual termination of the settlement agreement entered between OKH, TCH and Stack Builder on 2 August 2021 (as further explained in **Section 2.3, Part A** of the Circular), no further arrangement has been made to settle any part of the Stack Builder Advances up to the LPD.

Stack Builder is principally involved in property development, and currently owns the Bukit Raja Land as its sole major asset. Measuring 109,000 sqm, the Bukit Raja Land is being planned to be developed into Kyra. The Kyra project is a development of 2,892 units of affordable housing under the Rumah Selangorku scheme with 88 retail lots together with other supporting common facilities / amenities sited thereon in Shah Alam.

It is also noted that Stack Builder became a subsidiary of OCR on 24 November 2021 upon the completion of OCR's acquisition of 50.0% equity interest in Stack Builder from OKH for a purchase consideration of RM2,242,776[(1)] which was satisfied entirely via the issuance of 11,804,084 new Shares to OKH. Subsequently, OCR had on 11 August 2022 increased its equity interest in Stack Builder from 50.0% to 50.5% via its subscription of 1 new ordinary share in Stack Builder for a cash consideration of RM249,900.

Note:

(1) This was arrived at after taking into consideration 50.0% of the revalued NA value of Stack Builder of RM4.49 million based on the following:-

(i) unaudited net liabilities of Stack Builder as at 31 March 2021 of RM0.17 million (which include the outstanding amount of the Stack Builder Advances of RM41.59 million at that point in time); and

(ii) net revaluation surplus of RM4.66 million arising from the revaluation of the Bukit Raja Land (based on a valuation report prepared by an independent valuer) and deferred taxation arising from such revaluation.

<u>Our comments:</u>

(i) **The Proposed Settlement represents an opportunity for OCR Group to settle the Stack Builder Advances owing to OKH and TCH and allow Stack Builder to continue its development of the Kyra project**

As set out in **Section 2.1, Part A** of the Circular, Stack Builder is principally involved in property development and the Bukit Raja Land is its sole major asset. As at 31 December 2023, Stack Builder has an audited net liability position of RM1.73 million and did not generate any revenue. The development of Kyra by Stack Builder on the Bukit Raja Land has commenced on 6 May 2024 whereas the subsequent phase 2 and phase 3 is expected to commence in the 4th quarter of 2024 and 2025 respectively. The development of Kyra is expected to complete in 2029.

The Stack Builder Advances were extended by OKH and TCH to Stack Builder since 2018 mainly to fund the acquisition of Bukit Raja Land and other incidental cost in relation to the acquisition of the Bukit Raja Land. Accordingly, the Stack Builder Advances have been accumulating for more than 5 years and no amount has been repaid up to the LPD.

Without the Stack Builder Advances, Stack Builder would not have the financial capability to acquire the Bukit Raja Land back in December 2018 and would not have the opportunity to develop the Bukit Raja Land and in turn, OCR (via its 50.5% shareholding in Stack Builder) would not have the opportunity to develop the Bukit Raja Land and realise any potential benefits from the development of Kyra. As such, the Proposed Settlement represents an opportunity for OCR to settle the Stack Builder Advances owing to OKH and TCH.

Notwithstanding that the Stack Builder Advances are non-interest bearing and do not have a fixed term of repayment, we are of the view that the settlement of the Stack Builder Advances at this point of time is reasonable as there are no further amounts owing by Stack Builder to OKH and TCH after 30 September 2023 and that the OKH and TCH do not expect any further increase in the Stack Builder Advances after 30 September 2023. We further noted that Stack Builder does not have the financial capability to settle the Stack Builder Advances at this juncture.

In the event that the Proposed Settlement is not undertaken, Stack Builder will have to re-engage OKH and TCH for the repayment of the Stack Builder Advances via other means to be mutually discussed and agreed upon. This might entail, amongst others, disposal of the Bukit Raja Land (which may not be favourable to OCR as it would mean cancellation of Kyra) and/or obtaining new bank borrowings (which would incur additional interest and increase the gearing level of the OCR Group).

For information purposes, Kyra is a development project of 2,892 units of affordable housing under the Rumah Selangorku scheme with 88 retail lots together with other supporting common facilities / amenities sited thereon in Shah Alam with an estimated GDV of RM805 million and GDC of RM710 million respectively. As at the LPD, Kyra is the second largest project of the Group in terms of GDV which represents approximately 30.37% of the total GDV of RM2.65 billion for all existing ongoing projects of OCR Group.

We noted in **Section 2.4, Part A** of the Circular that as at LPD, Stack Builder has received 804 applications from prospective buyers clients out of 963 units offered under phase 1 of Kyra. Out of these, approximately 207 applicants have successfully been pre-qualified for loans with end-financiers. With each unit priced at approximately RM0.29 million, this is expected to result in Stack Builder securing at least RM60.03 million in sales from Kyra.

The successful development of Kyra is expected to contribute positively to the Group's financial performance and would also allow the Group to strengthen its track record in affordable housing in which the Group had only 1 completed affordable housing project (i.e. PRIYA which was completed on 24 January 2024).

Based on the above, we are of the view that the cancellation of Kyra would not bode well for OCR Group as the Group have already received favourable response for phase 1 of Kyra and such cancellation will also result in OCR losing any future revenue to be derived from the remaining units offered under phase 1 of Kyra as well as units to be offered under the phase 2 and phase 3 of Kyra.

We further noted the views provided by the Audit Committee as set out in **Section 17, Part A** of the Circular that Stack Builder has already incurred preliminary costs (eg. Professional costs, submission costs and processing fees for development order) amounting to RM6.07 million as at the LPD in relation to the development of Kyra. These cost were fully funded via advances from OCR. We are of the view that in the event that development of Kyra is cancelled, the preliminary cost incurred will become a sunk cost and its recoverability is dependent on whether the Group is able to sell the Bukit Raja Land at a price higher than its carrying cost. In addition, the Group will also suffer from the loss of manpower and time spent on all the preparation work and regulatory submissions in relation to development of Kyra which will not be recoverable.

(ii) Proposed Settlement represents the most appropriate method to settle the Stack Builder Advances

In evaluating the rationale of the Proposed Settlement, we have also considered other modes of settlement and whether the Proposed Settlement via issuance of Settlement Shares is the most appropriate method to settle the Stack Build Advances.

Settlement through borrowings

In the event that the Group were to obtain additional borrowings amounting to RM43.30 million to settle the Stack Builder Advances, the Group's proforma borrowings will increase from RM158.91 million as at (as at 31 December 2023) to RM202.21 million. The additional borrowings will place constraints on cash flows of the Group due to interest and principal repayments. For illustrative purposes, the additional borrowings will result in an estimated interest expenses of approximately RM3.03 million per annum based on the effective annual interest rate of 7.00% per annum.

Settlement through other proceeds raised from previous fundraising exercise and/or the Proposed Rights Issue with Warrants

It is noted that the Company did not allocate the proceeds raised from previous fund-raising exercises for settlement of the Stack Builder Advances as such proceeds have already been allocated and fully utilised for the intended purposes i.e. mainly to fund the Group's existing and future property development projects as set out in **Section 7, Part A** of the Circular.

Further to that, we noted that the Company does not intend to allocate the proceeds to be raised from the Proposed Rights Issue with Warrants for settlement of the Stack Builder Advances as the Company intends to allocate such proceeds mainly for the Group's existing and future property development projects as set out in **Section 5(iii), Part A** of the Circular.

Based on the above, we are of the view that the Group's decision to allocate the proceeds raised from previous fund-raising exercises and/or proceeds raised from the Proposed Rights Issue for the existing and future property development projects as set out in **Section 5(iii), Part A** of the Circular is reasonable as the Group's business is expanding which is evident by the growth in revenue from RM70.25 million in FYE 31 December 2018 to RM146.92 million in FYE 31 December 2023. The proceeds raised from these exercises are to support the new projects being undertaken by the Group which upon successful implementation will contribute positively to the Group's earnings.

Settlement through the Proposed Settlement

The Proposed Settlement via issuance of Settlement Shares would allow the Group to preserve its cash reserves for working capital requirements for its existing and future property development projects as set out in **Section 5, Part A** of the Circular. This would bode well for the Group as property development business is currently the main revenue driver of the Group whereby it contributed approximately 68.34% of the Group's revenue for the FYE 31 December 2023. For information purposes, the Group has recorded a positive operating cash flow of RM63.84 million for the FYE 31 December 2023 and its short-term deposits stood at RM28.65 million based on the unaudited consolidated financial statements as at 31 March 2024.

We also noted that OCR had in 2021 and 2022 issued new Shares to OKH pursuant to several acquisition exercises undertaken such as Stack Builder Acquisition, Wonderland Acquisition and OCR Selayang Acquisition as well as Settlement of Wonderland Advances to OKH as summarised in **Section 2.3, Part A** of the Circular (Collectively, referred as "**2021 and 2022 Corporate Exercises**").

In considering the fairness and reasonableness of the 2021 and 2022 Corporate Exercises which involved the issuance of new Shares as the mode of settlement by OCR to OKH, we have assessed the financial position and operating cashflow of OCR Group for FYE 31 December 2019 to 2022.

OCR Group	**< -------------------------- Audited ---------------------- >**			
	As at 31 December 2019 (RM'000)	**As at 31 December 2020 (RM'000)**	**As at 31 December 2021 (RM'000)**	**As at 31 December 2022 (RM'000)**
Cash and cash equivalents	21,454	35,593	30,932	24,151
Borrowings	80,021	87,309	122,453	137,199
Lease liabilities	649	683	-	355
Total borrowings and lease liabilities	80,670	87,992	122,453	137,554
Total equity	118,721	141,332	157,265	198,211
Gearing ratio (times)	0.68	0.62	0.78	0.69
Operating cash flow	(15,126)	(6,138)	(17,347)	(57,714)

Based on the above, we noted that the Group has been recording a negative operating cash flow of between RM6.14 million and RM57.71 million during FYE 31 December 2019 to 2022 and its total borrowings and lease liabilities have also been increasing from RM80.67 million as at 31 December 2019 to RM137.55 million as at 31 December 2022. The Group has also recorded a gearing ratio of between 0.62 times to 0.78 times during FYE 31 December 2019 to 2022.

Notwithstanding that the frequent issuance of new Shares pursuant to the 2021 and 2022 Corporate Exercises resulted in the dilution of non-interested Shareholders' shareholding in OCR, we are of the view that the recurring use of the same mode of settlement for the 2021 and 2022 Corporate Exercises (i.e. issuance of new Shares) is reasonable as OCR needs to preserve its cash for working capital requirements for its property development projects. In addition, in the event that the Group is to obtain additional borrowings as the consideration for the 2021 and 2022 Corporate Exercises, this would result in interest and principal repayments which will negatively impact the Group's cashflow.

Based on the above and having considered the available options to settle the Stack Builder Advances, we are of the view that the settlement of the Stack Builder Advances by way of issuance of Settlement Shares is reasonable and the most appropriate method for OCR Group to settle the Stack Builder Advances.

(iii) Financial Impact of the Proposed Settlement on OCR Group

In evaluating the rationale of the Proposed Settlement, we have also considered the financial impact of the Proposed Settlement on OCR Group and Stack Builder.

Financial impact on NA and gearing of OCR Group

As set out in **Section 10.2, Part A** of the Circular, the proforma effects of the Proposed Settlement on the NA and gearing of the Group are as follows:

	Audited as at 31 December 2023 RM'000	**After the Proposed Settlement(1) RM'000**
Shareholders' equity / NA	194,342	236,509
No. of Shares in issue ('000)	1,385,997	2,004,523
NA per Share (RM)	**0.14**	**0.12**
Total borrowings (RM'000)	158.909	158.909
Total equity (RM'000)	204,697	246,864
Gearing (times)	**0.78**	**0.64**

Note:
(1) Based on the issuance of 618,525,646 Settlement Shares at the issue price of RM0.0700.

Based on the above, notwithstanding that the Proposed Settlement will result in a decrease in the Group's proforma NA per OCR Share due to the dilution effects of the Settlement Shares, the Proposed Settlement is expected to improve the financial position of the Group as:

(i) the proforma NA of OCR Group will increase from RM194.34 million (as at 31 December 2023) to RM236.51 million (upon completion of the Proposed Settlement); and

(ii) the proforma gearing will improve from 0.78 times (as at 31 December 2023) to 0.64 times (upon completion of the Proposed Settlement).

Financial impact on earnings and EPS of OCR Group

The Proposed Settlement will not have any effect on the earnings of OCR Group but the EPS of OCR Group will be diluted as a result of the increase in the number of OCR Shares in issue arising from the issuance of the Settlement Shares.

For illustrative purposes, based on the audited consolidated financial statements of the Company for the FYE 31 December 2023 and assuming the Proposed Settlement had been completed at the beginning of FYE 31 December 2023, the proforma effects of the Proposed Settlement on the consolidated losses and LPS of OCR Group are as follows:-

	Audited FYE 31 December 2023	**After the Proposed Settlement(2)**
LAT attributable to owners of the Company (RM'000)	(18,700)	(18,700)
Weighted average no. of Shares ('000)	1,121,299	1,739,825
LPS (sen)	(1.67)	(1.07)

Based on the table above, we noted that the proforma LPS of OCR Group will decrease from 1.67 sen for the FYE 31 December 2023 to 1.07 sen upon completion of the Proposed Settlement mainly due to the increase in the number of OCR Shares in issue arising from the issuance of the Settlement Shares.

Other financial impact on Stack Builder and OCR Group

The Proposed Settlement essentially entails an assumption of the Stack Builder Advances by OCR. As a result, upon completion of the Proposed Settlement, Stack Builder will now owe OCR instead of OKH and TCH an amount equivalent to the Stack Builder Advances. Accordingly, the total current liabilities of Stack Builder still remain unchanged.

Prior to the implementation of the Proposed Settlement, the Stack Builder Advances of RM43.30 million is recognised as current liabilities in Stack Builder's financial statements. As Stack Builder is a 50.50% owned subsidiary of OCR, the Stack Builder Advances are recognised in full as the current liabilities in the consolidated financial statements of OCR Group.

Upon completion of the Proposed Settlement, the Stack Builder Advances will be treated as an intercompany amount owing by Stack Builder to OCR. As intercompany transactions are eliminated at the Group consolidated financial statements of OCR Group, the current liabilities of OCR Group will reduce by RM43.30 million accordingly.

(iv) Implications to TCH and non-interested Shareholders arising from the Proposed Settlement

We noted that OCR intends to fully settle the Stack Builder Advances despite OCR only holding 50.50% equity interest in Stack Builder and TCH holding the remaining 49.50% equity interest in Stack Builder (Note: TCH is the beneficial owner of his shareholding in Stack Builder and does not hold them on behalf of anyone else). As the Proposed Settlement will result in Stack Builder owing OCR an amount equivalent to the Stack Builder Advances, the total liabilities of Stack Builder and TCH's share in such liabilities (by virtue of his 49.5% shareholding in Stack Builder) still remain unchanged. As at the LPD, save for the Proposed Settlement, there is no arrangement, agreement and understanding between OCR, OKH and TCH or any other persons for the settlement of TCH's portion of the Stack Builder Advances as well as the settlement of the Stack Builder Advances that will be assumed by OCR upon completion of the Proposed Settlement.

The approval of the Proposed Settlement and Proposed Exemption 1 by non-interested Shareholders would allow TCH to increase its shareholdings in OCR from 0.14% (as at the LPD) to 15.03% (upon completion of the Proposed Settlement) without having to undertake the Mandatory Offer and TCH will emerge as a new substantial shareholder of the Group upon completion of the Proposed Settlement.

Save for the increase in TCH's shareholdings in OCR and the settlement of the Stack Builder Advances owing to TCH, TCH is not expected to derive any other benefits from the Proposed Settlement.

Whilst we note that the Proposed Settlement will result in the collective shareholdings of the non-interested Shareholders in OCR to be diluted from 83.18% (as the LPD) to 57.51%, we are of the view that the settlement of the Stack Builder Advances to TCH is reasonable as TCH, who is the founder of Stack Builder and has since 2018 up to 2023 contributed advances to Stack Builder which was mainly used to fund the acquisition of the Bukit Raja Land. Accordingly, the Group will be able to benefit from the Bukit Raja Land which will be used for development of Kyra as further explained in **Section 8.1(i)** of this IAL The Proposed Settlement also represents an opportunity for OCR to exercise its fiscal responsibility to repay its funders.

Based on the above and the views provided by the Audit Committee as set out in Section 17, Part A of the Circular, we are of the view that there are merits for the Proposed Settlement and that the Proposed Settlement is crucial for OCR to settle the Stack Builder Advances and allow OCR Group to continue with the development of Kyra and gain from the potential benefits arising from development of Kyra. As such, we are of the view that the Proposed Settlement is fair and reasonable and not detrimental to the non-interested Shareholders.

Non-interested Shareholders should also take note that fund-raising and/or corporate proposals which involves the issuance of new shares will result in the dilution of shareholding, which may have a negative impact on the share price of OCR. However, non-interested Shareholders should also take note that the performance of OCR's share price moving forward is dependent on various factors such as profitability of the Company, general market sentiment, liquidity and other macroeconomic factors that may affect the property and construction industry in Malaysia. Non-Interested Shareholders should also take into consideration the advantages and disadvantages of the Proposals as set out in Section 19 of this IAL.

Moving forward, we take note that Stack Builder's financial commitments (such as to service the monthly principal repayments and interest expenses in respect of the Bukit Raja Bank Loan) shall be funded via bank borrowings to be obtained and/or capital injection from shareholders as and when required. If there is a need for advances from shareholders, such advances shall be extended in proportion to their respective shareholdings in Stack Builder. We further noted that the Board will ensure that the advances to be given will be fair and reasonable to OCR and will not be detrimental to the Company and its Shareholders pursuant to Paragraph 8.23(2)(a)(i) of the Listing Requirements.

We further noted in **Section 17, Part A** of the Circular that upon completion of the Proposed Settlement, Stack Builder will owe OCR an amount equivalent to the Stack Builder Advances and such amount shall be non-interest bearing and have no fixed tenure or terms of repayment. Moving forward, the source of repayment for the Stack Builder Advances is expected to be from the future profits to be derived from the Kyra project.

While we note there is no existing covenant whereby dividends to the shareholders of Stack Builder cannot be declared until the amount owing by Stack Builder to OCR is fully settled, we are of the view that it is in the interest of OCR to cause Stack Builder to fully settle the Stack Builder Advances prior to any declaration of dividend as OCR will be able to benefit entirely from the settlement of the Stack Builder Advances whereas any declaration of dividend is to be shared proportionately to the shareholders of Stack Builder (ie. 49.50% of the dividend paid will be channeled to TCH). In addition, the settlement of debts prior to any declaration of dividend is also a good practice of fiscal prudence for Stack Builder as Kyra project is the only ongoing and sole income generating project for Stack Builder.

8.2 Rationale for the Proposed Rights Issue with Warrants

As disclosed in **Section 6.2, Part A** of the Circular, we noted that the Board is of the opinion that the Proposed Rights Issue with Warrants is the most suitable means of fund raising for OCR based on the following reasons:

(i) The Proposed Rights Issue with Warrants provides an opportunity for the Entitled Shareholders to participate in the equity offering of the Company on a pro-rata basis. It involves the issuance of new Shares without diluting the Entitled Shareholders' shareholdings in the Company provided that they subscribe in full for their respective entitlements under the Proposed Rights Issue with Warrants and exercise their Warrants E subsequently;

(ii) The Proposed Rights Issue with Warrants provides the Entitled Shareholders with the option to either increase or maintain their equity participation in the Company by subscribing for the Rights Shares at a discount or to monetise their rights entitlement in the open market;

(iii) By virtue of a rights issue being a pro rata equity offering, rights issues can be implemented on a larger scale as compared to conventional private placements, which are limited in scale by virtue of the dilutive impact to existing shareholders; and

(iv) The Proposed Rights Issue with Warrants will enable the Group to raise the requisite funds without incurring additional interest expense from other means of funding such as bank borrowings, thereby minimising any potential cash outflow.

We also noted from **Section 5, Part A** of the Circular that the total proceeds to be raised from the Proposed Rights Issue with Warrants based on the illustrative issue price of RM0.035 per Rights Share and their proposed utilisation is summarised as follows:

Utilisation of proceeds	Intended timeframe for utilisation from completion of the Proposed Rights Issue with Warrants	Minimum Scenario RM'000	Maximum Scenario RM'000
(i) Repayment of borrowings	Within 3 months	5,000	5,000
(ii) Working capital	Within 12 months	3,000	3,000
(iii) Funding for existing and future property development projects	Within 12 months	2,665	37,642
(iv) Estimated expenses for the Proposals	Immediate	1,130	1,130
Total		**11,795**	**46,772**

<u>Our comments:</u>

(i) The repayment of bank borrowings can improve the financial position of OCR Group and also allow the Group to benefit from interest savings

As set out in **Section 5, Part A** of the Circular, the total outstanding amount of OCR Group's borrowings as at LPD stood at RM177.21 million which include overdraft, trade financing, bridging loan, term loans, revolving credit and hire purchase liabilities.

We also noted that the Group intends to repay its borrowings amounting to RM5.00 million under the Minimum Scenario and Maximum Scenario via the proceeds from the Proposed Rights Issue with Warrants.

As disclosed in **Section 5, Part A** of the Circular, the repayment of borrowings by the Group is estimated to result in interest savings of approximately RM0.369 million per annum. However, as interest expenses are tax deductible, the interest savings will result in a loss in benefits of interest tax shield of approximately RM0.089 million, based on the Malaysian statutory corporate tax rate of 24%. Notwithstanding the above, the Proposed Rights Issue with Warrants is still beneficial to the Group as the loss in benefits of interest tax shield is not material as the Group enjoys a net interest savings of RM0.280 million (net of interest tax shield).

Notwithstanding that the Proposed Rights Issue with Warrants will result in a decrease in the Group's proforma NA per OCR Share due to the dilution effects of the Rights Shares, the Proposed Rights Issue with Warrants is expected to improve the financial position of the Group as:

(i) the proforma NA of OCR Group will increase from RM194.34 million as at 31 December 2023 to RM248.30 million and RM283.28 million (upon completion of the Proposed Rights Issue with Warrants) under the Minimum Scenario and Maximum Scenario, respectively; and

(ii) the proforma gearing will improve from 0.78 times as at 31 2023 to 0.60 times and 0.52 times (upon completion of the Proposed Rights Issue with Warrants) under the Minimum Scenario and Maximum Scenario, respectively.

The improved financial position would enhance the Group's ability to negotiate and secure funding arrangements for its existing and future property development projects.

We also noted that the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement.

We further noted in **Section 3.3, Part A** of the Circular that the Proposed Settlement would result in an enlarged total number of issued Shares. Thus, implementing the Proposed Rights Issue with Warrants upon the completion of the Proposed Settlement will allow the Proposed Rights Issue with Warrants to be undertaken at a larger scale and raise more proceeds. In turn, this enables the Group to raise sufficient funds to meet its funding requirements as set out in **Section 5, Part A** of the Circular.

In addition, OKH has provided a written undertaking to subscribe in full for his entitlement of the Rights Shares based on his direct shareholding in the Company after completion of the Proposed Settlement. This is meant to allow the Proposed Rights Issue with Warrants to be implemented at the Minimum Subscription Level, further details of the same are set out in **Section 3.3, Part A** of the Circular. Thus, implementing the Proposed Rights Issue with Warrants upon the completion of the Proposed Settlement will allow the Proposed Rights Issue with Warrants to be undertaken at a higher Minimum Subscription Level.

In the event that the Proposed Rights Issue with Warrants is not conditional upon the Proposed Settlement and that the Proposed Rights Issue with Warrants is implemented without the Proposed Settlement, the Group will not be able to raise sufficient funds to meet its funding requirements as out in **Section 5, Part A** of the Circular. While we note that the Company may undertake the rights issue exercise at a higher issue price to raise more funds, this would result in a higher subscription cost per Share for the Entitled Shareholders.

Based on the above, we are of the view that it is reasonable that the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement.

(ii) Funding for property development projects

We noted that OCR Group intends to utilise part of the proceeds from the Proposed Rights Issue with Warrants (i.e. RM2.67 million under the Minimum Scenario and RM37.64 million under the Maximum Scenario) to fund the property development projects as set out in **Section 5, Part A** of the Circular.

We view that the Group's strategy to allocate part of the proceeds from the Proposed Rights Issue with Warrants to be channelled to its property development projects is justifiable given that property development segment is the Group's core business which contributes to approximately 68.34% of the Group's total revenue in FYE 31 December 2023.

In addition, we also noted that:

(i) The approvals for the development order and building plan for Vertex Kuantan City Centre have been obtained on 2 February 2018 and 18 September 2018 respectively. While we note that construction of these projects has yet to commence, preliminary cost amounting to RM9.55 million has already been paid of which RM1.46 million was funded from previous fund-raising exercises. The preliminary cost incurred include, amongst others, land related costs, professional costs and other development costs (e.g. site clearing, submission costs and processing fees in relation to applications for development order). We further note that pending the funding to be raised from the Proposed Rights Issue with Warrants, the development activities are expected to commence in the 2nd half of 2024 and complete in 2027.

    We are of the view that the delay in the commencement of the development activities by 6 years is reasonable as the Company would need to take into consideration various factors such as funding requirements and manpower before starting the development activities for the said project. It is also noted that the Company required more time on the planning of the said project as COVID-19 pandemic had affected the property market outlook during the year 2020 and 2021.

(ii) The development order for phase 1 of Kyra has been obtained on 26 July 2023 and the building plan approval has been obtained on 14 December 2023. Further to that. construction of phase 1 of Kyra has commenced on 6 May 2024.

    We further noted from the management of OCR that phase 2 and phase 3 of Kyra is expected to be developed in the following period:

Development Phases of Kyra	Expected commencement period
Phase 2	4^{th} quarter of 2024
Phase 3	2025

    We are of the view that the expected timeframe to complete by 5 years is reasonable as the project involves 3 phases.

The abovementioned two (2) property development projects have an estimated GDV of RM337.6 million and RM805.0 million respectively. In view that the above 2 projects are expected to commence development activities in 2024, it is reasonable for the Group to raise funds via the Proposed Rights Issue with Warrants to partially fund the working capital requirements for the above 2 projects as well as other existing property development projects as set out in **Section 5(iii), Part A** of the Circular of which the actual utilisation will depend on the funding requirements of the respective projects at the time of utilisation.

For information purposes, the proceeds to be allocated as funding for the Group's existing and future property development projects under the Minimum Scenario are only RM2.67 million. In the event the Proposed Rights Issue with Warrants is not implemented for whatsoever reason or there is any shortfall in the Group's funding requirement for the respective projects, the Group will fund the said projects via progress billings / progressive sales billings to be received, internally generated funds, bank borrowings and/or future fund-raising exercises to be undertaken (if required).

(iii) The Proposed Rights Issue with Warrants is an appropriate avenue of fundraising for OCR Group

In assessing whether the Proposed Rights Issue with Warrants is an appropriate avenue of fundraising for OCR Group, we have considered the effects of the proforma gearing and WACC of OCR Group based on the following three (3) scenarios:

Existing Scenario	Based on the Group's existing capital structure as at 31 March 2024 which is the latest available unaudited quarterly report of OCR Group.
Equity Funding Scenario	**(a) <u>Minimum Scenario</u>** Based on the Group's proforma capital structure as at 31 March 2024 (under the Minimum Scenario) and assuming the following: (i) Completion of the Proposed Settlement and Proposed Rights Issue with Warrants; (ii) Repayment of borrowings of RM5.00 million pursuant to the proposed utilisation of the Proposed Rights Issue with Warrants; and (iii) Prior to exercise of any Warrants E. **(b) <u>Maximum Scenario</u>** Based on the Group's proforma capital structure as at 31 March 2024 (under the Maximum Scenario) and assuming the following: (i) Completion of the Proposed Settlement and Proposed Rights Issue with Warrants; (ii) Repayment of borrowings of RM5.00 million pursuant to the proposed utilisation of the Proposed Rights Issue with Warrants; and (iii) Prior to exercise of any Warrants E.
Debt Funding Scenario	<u>Without</u> the implementation of the Proposals and assuming a total amount of RM83.93 million^ will be borrowed by OCR Group for the settlement of the Stack Builder Advances, working capital and funding for existing and future property development projects (i.e. based on the utilisation of proceeds for the Proposed Rights Issue with Warrants under the Maximum Scenario as set out in **Section 5, Part A** of the Circular).

<u>Note:</u>

^ *The total amount of RM83.93 million assumed to be borrowed by OCR Group under the Debt Funding Scenario will be utilised for the following purpose:-*

(i) Settlement of Stack Builder Advances amounting to RM43.297 million; and

(ii) The intended utilisation of the proceeds raised under the Proposed Rights Issue (under the Maximum Scenario) which comprises the following:

a) working capital amounting to RM3.0 million; and

b) funding for existing and future property development projects amounting to RM37.64 million.

Gearing Ratio Analysis

The comparison of the proforma gearing ratio between the Existing Scenario, Equity Funding Scenario and the Debt Funding Scenario are illustrated in the table below:

OCR Group	Existing Scenario	< ---------------- Proforma ------------------ >		
		Equity Funding Scenario		Debt Funding Scenario
		Minimum Scenario	Maximum Scenario	
Total borrowings (RM'million)	182.14	177.14[(i)]	177.14[(i)]	266.07[(ii)]
Total equity (RM'million)	205.06	259.02	294.00	205.06
Gearing ratio (times)	0.89	0.68	0.60	1.30

Notes:

(i) Assuming repayment of borrowings of RM5.00 million.

*(ii) Assuming a total amount of RM83.93 million will be borrowed by OCR Group for settlement of the Stack Builder Advances, working capital as well as funding for existing and future property development projects (based on the utilisation of proceeds of Maximum Scenario as set out in **Section 5, Part A** of the Circular).*

Based on the above, we noted that the proforma gearing ratio under the Debt Funding Scenario is higher at 1.30 times as compared to the Equity Funding Scenario of 0.68 times and 0.60 times under the Minimum Scenario and Maximum Scenario, respectively.

WACC Analysis

The WACC is the minimum required rate of return that all capital providers (shareholders and lenders) should demand from a cash flow stream generated by the business, given the riskiness of the cash flows. WACC is computed by summing up the cost of each capital component (equity or debt) multiplied by its proportional weight. Accordingly, we have compared the proforma effects of OCR Group's WACC based on the Existing Scenario, Equity Funding Scenario and Debt Funding Scenario.

The proforma WACC of the Group is derived as follows:

$$WACC = \frac{E}{D + E}(K_e) + \frac{D}{D + E}(K_d)(1 - t)$$

Where:

- E - Market value of OCR's equity[(1)]
- D - Market value of OCR's debt[(2)]
- K_e - Cost of equity[(3)]
- K_d - Pre-tax cost of debt of OCR Group's borrowings, computed based on the effective annual interest rate of 7.00% as at LPD
- t - Corporate tax rate, which is based on the latest Malaysian statutory tax rate of 24%

Notes:

(1) Market value of OCR's equity for the 3 scenarios are as follows:

		< ---------------- Proforma ------------------ >		
		Equity Funding Scenario		Debt Funding Scenario RM' million
OCR Group	Existing Scenario RM' million	Minimum Scenario RM' million	Maximum Scenario RM' million	
Market value of OCR's equity	122.94[(i)]	135.81[(ii)]	193.77[(iii)]	122.94[(i)]

Notes:

(i) Based on OCR's market capitalisation as at the LPD, computed based on the 5-day VWAP of OCR Shares up to and including the LPD of RM0.0887 multiplied by the share capital of OCR as at the LPD of 1,385,997,155 OCR Shares.

(ii) Based on the TEAP of RM0.0580 computed based on the 5-day VWAP of OCR Shares up to and including the LPD multiplied by the enlarged share capital of OCR of 2,341,526,221 OCR Shares upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants (under the Minimum Scenario).

(iii) Based on the TEAP of RM0.0580 computed based on the 5-day VWAP of OCR Shares up to and including the LPD multiplied by the enlarged share capital of OCR of 3,340,871,335 OCR Shares upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants (under the Maximum Scenario).

(2) The market value of OCR's debt for the 3 scenarios are as follows:

		< ---------------- Proforma ------------------ >		
		Equity Funding Scenario		Debt Funding Scenario RM' million
OCR Group	Existing Scenario RM' million	Minimum Scenario RM' million	Maximum Scenario RM' million	
Market value of OCR's debt	182.14[(i)]	177.14[(i)(ii)]	177.14[(i)(ii)]	266.07[(i)(iii)]

Notes:

(i) Total borrowings of OCR Group based on the latest unaudited financial statements for the 3-month FPE 31 March 2024.

(ii) Assuming repayment of borrowings of RM5.00 million.

*(iii) Assuming a total amount of RM83.93 million will be borrowed by OCR Group for the settlement of the Stack Builder Advances, working capital as well as funding for existing and future property development projects (based on the utilisation of proceeds of Maximum Scenario as set out in **Section 5, Part A** of the Circular).*

*(3) Cost of equity ("**K_e**") represents the rate of return required by an investor on the cash flow streams generated by the Group given, amongst others, the risks associated with the cash flows. This is derived using the Capital Asset Pricing Model (**"CAPM"**) below:*

$$K_e = R_f + \beta(R_m - R_f)$$

K_e : *Cost of equity*
R_f : *Risk-free rate*
β : *Beta*
R_m : *Expected market return*

		< ---------------- Proforma ------------------ >		
		Equity Funding Scenario		***Debt Funding Scenario***
OCR Group	***Existing Scenario***	***Minimum Scenario***	***Maximum Scenario***	
K_e	*8.03%*	*7.79%*	*7.26%*	*8.97%*

The following parameters were adopted to arrive at OCR's K_e under the CAPM:

<table>
<tr><th>No</th><th>Parameter</th><th>Description</th></tr>
<tr><td>1</td><td>Risk-free rate of return ("R_f")</td><td>
Risk free rate of return represents the expected rate of return from a risk-free investment.
The best available approximation of the risk-free rate of return is the gross yield of 28-year Malaysian Government Securities. We are of the view that the longest tenure Malaysian Government Securities, rather than the shorter tenure Malaysian Government Securities, is appropriate to approximate the R_f on the assumption that OCR Group is going concern.
As extracted from the Bank Negara Malaysia website, the said yield is 4.1988%^ as at the LPD.
</td></tr>
<tr><td>2</td><td>Beta ("β")</td><td>
Beta is a measure of systematic risk of a security relative to the equity market portfolio, which is a proxy for a well-diversified portfolio. A beta of more than 1 indicates that the asset is riskier than the market and vice versa.
We have adopted the average unlevered beta of 0.311 which is derived based on the historical 3-year raw beta of the selected comparable companies of OCR which are listed on the Bursa Securities as follows:
<table>
<tr><th>Comparable companies of OCR</th><th>Market capitalisation as at LPD
(RM'million)</th><th>Unlevered beta as at LPD
(times)</th></tr>
<tr><td>Y&G Corporation Berhad</td><td>144.20</td><td>0.489</td></tr>
<tr><td>Country View Berhad</td><td>142.00</td><td>0.268</td></tr>
<tr><td>Pasdec Holdings Berhad</td><td>122.11</td><td>0.310</td></tr>
<tr><td>Gromutual Berhad</td><td>118.32</td><td>0.175</td></tr>
<tr><td>Average</td><td></td><td>0.311</td></tr>
</table>
(Source: Bloomberg)
The selection criteria that we have applied in identifying comparable companies are as follows:
(i) The revenue contribution from the property development segment represents at least 70% of the total revenue of the respective selected comparable companies; and
(ii) Market capitalisation of between RM110.0 million to RM150.0 million after taking into consideration the market capitalisation of OCR as at the LPD of RM131.67 million.
The unlevered beta is then re-levered based on the capital structure of OCR for the following scenarios:
<table>
<tr><th></th><th colspan="3">< -------------- Proforma -------------- ></th></tr>
<tr><th rowspan="2">Existing Scenario</th><th colspan="2">Equity Funding Scenario</th><th rowspan="2">Debt Funding Scenario</th></tr>
<tr><th>Minimum Scenario-Effects</th><th>Maximum Scenario-Effects</th></tr>
<tr><td>0.660^</td><td>0.618^</td><td>0.526^</td><td>0.822^</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>No</th><th>Parameter</th><th>Description</th></tr>
<tr><td></td><td></td><td>
<u>Note:</u>
^   The re-levered beta of OCR is computed using the formula as follows:
$$Relevered\ beta = Unlevered\ beta\ \times [1 + (1 - t) \times \frac{D}{E}]$$
Where:
<table>
<tr><td>Unlevered beta</td><td>Average unlevered beta of the selected comparable companies of 0.311 as at the LPD</td></tr>
<tr><td>t</td><td>Corporate tax rate, which is based on the latest Malaysian statutory tax rate of 24%</td></tr>
<tr><td>D</td><td>Market value of OCR’s debt:
<table>
<tr><th></th><th>RM million</th></tr>
<tr><td>Existing scenario</td><td>182.14</td></tr>
<tr><td>Equity Funding Scenario (Minimum scenario)</td><td>177.14</td></tr>
<tr><td>Equity Funding Scenario (Maximum scenario)</td><td>177.14</td></tr>
<tr><td>Debt-funding scenario</td><td>266.07</td></tr>
</table>
</td></tr>
<tr><td>E</td><td>Market value of OCR’s equity:
<table>
<tr><th></th><th>RM million</th></tr>
<tr><td>Existing scenario</td><td>122.94</td></tr>
<tr><td>Equity Funding Scenario (Minimum scenario)</td><td>135.81</td></tr>
<tr><td>Equity Funding Scenario (Maximum scenario)</td><td>193.77</td></tr>
<tr><td>Debt-funding scenario</td><td>122.94</td></tr>
</table>
</td></tr>
</table>
Please note that the selection of comparable companies are subjective and based on our judgement and the selected comparable companies may not be exactly comparable due to various factors, which include amongst others, size, risk profile, business model and management expertise.
</td></tr>
<tr><td>3</td><td>Expected market rate of return (“R_m”)</td><td>
Expected market rate of return is the expected rate of return for investing in a portfolio consisting of a weighted sum of assets representing the entire equity market.

In our opinion, the expected market rate of return for the FTSE Bursa Malaysia Top 100 Index is an indicator of the equity market return in Malaysia as it is a forward-looking estimate of market return. As extracted from Bloomberg, the expected market rate of return for the FTSE Bursa Malaysia Top 100 Index as at the LPD, which is based on the dividend discount model, is 10.008%.
</td></tr>
</table>

<u>Note:</u>

^   *Source from: https://fast.bnm.gov.my/fastweb/public/PublicInfoServlet.do?chkBox=04/06/2024&mode=DISPLAY&info=MGSINDI&screenId=PB030200&page=2*

In summary, after taking into consideration the Company's K_e and K_d, the proforma WACC and gearing of the Group for the scenarios mentioned above are as follows:

		< ---------------- Proforma ------------------ >		
		Equity Funding Scenario		***Debt Funding Scenario***
OCR Group	***Existing Scenario***	***Minimum Scenario***	***Maximum Scenario***	
WACC (%)	6.41%	6.39%	6.33%	6.47%
Gearing (Times)	0.89	0.68	0.60	1.30

Based on the table above, we noted that:

(a) Under the Minimum Scenario, OCR Group's proforma WACC will decrease from 6.41% to 6.39% and proforma gearing ratio will improve from 0.89 times to 0.68 times;

(b) Under the Maximum Scenario, OCR Group's proforma WACC will decrease from 6.41% to 6.33% and proforma gearing ratio will improve from 0.89 times to 0.60 times; and

(c) Under the Debt Funding Scenario, OCR Group's proforma WACC will increase from 6.41% to 6.47% and proforma gearing ratio will increase from 0.89 times to 1.30 times.

It is also pertinent to note that without the Proposed Rights Issue with Warrants, the Group would have to incur further interest expense under the Debt Funding Scenario, resulting in a higher annual cash outflow and thereby potentially reducing the Group's future earnings. For information purposes, the interest expense incurred by the Group for the FYE 31 December 2023 is approximately RM6.30 million.

For illustrative purposes, assuming the additional bank borrowing carries an effective annual interest rate of approximately 7.00% (i.e. based on OCR Group's effective annual interest rate for borrowings as at the LPD), the use of borrowings of RM83.93 million under the Debt Funding Scenario would result in an additional interest expense to the Group of approximately RM5.88 million per annum. However, as interest expense is tax deductible, the interest expense will result in the interest tax shield of approximately RM1.41 million, based on the Malaysian statutory corporate tax rate of 24%.

Summary

Premised on the above, we are of the view that the Proposed Rights Issue with Warrants is an appropriate avenue of fundraising for OCR Group due to the following:

(a) The Proposed Rights Issue with Warrants would result in a lower proforma WACC and proforma gearing ratio (as opposed to the use of borrowings) which will improve the financial position of OCR Group. This would allow OCR Group to have flexibility in sourcing for funding alternatives in the future, if required; and

(b) The Proposed Rights Issue with Warrants would enable the Group to raise the requisite funds for the purposes as set out in **Section 5, Part A** of the Circular without incurring additional interest expense arising from the use of bank borrowings which will increase its gearing ratio and may negatively impact the future earnings of OCR Group.

(iv) Providing opportunity to all Entitled Shareholders to participate in the equity offering of OCR on a pro-rata basis without diluting the Entitled Shareholders' equity interest

Upon completion of the Proposed Settlement, we noted that:

(i) The Proposed Settlement will result in the dilution of the shareholdings of non-interested Shareholders from 83.18% (as at LPD) to 57.51%; and

(ii) OKH and his PACs will be able to increase their shareholdings in OCR prior to the implementation of the Proposed Rights Issue and have a larger entitlement to the Rights Shares.

Pursuant to the Proposed Rights Issue with Warrants, we also noted that the Board intends to fix the issue price of the Rights Shares such that the issue price is at a discount of between 20% and 40% to the TEAP of the Shares based on the five (5)-day VWAP up to and including the last trading day before the price-fixing date. On the assumption that the final issue price of the Rights Shares is set below the issue price of the Settlement Shares of RM0.0700, it is noted that OKH and his PACs will be able to further increase their shareholdings in OCR at a lower price as compared to the issue price of the Settlement Shares (under the Minimum Scenario and/or the Maximum Potential Shareholdings Scenario).

Notwithstanding the above, the Proposed Rights Issue with Warrants represents an opportunity for all Entitled Shareholders to further increase their equity participation(1) in OCR Group's future growth and prospects at the same issue price and on a pro-rata basis as compared to other equity fund-raising activities that have a dilutive impact to the equity interest of shareholders (provided that all Entitled Shareholders subscribe in full for their respective entitlements pursuant the Proposed Rights Issue with Warrants).

The free Warrants E attached to the Rights Shares will also provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares while providing additional funds to OCR Group, through the exercise of Warrants E if they are in-the-money.

Further, the Warrants E will be listed on the Main Market of Bursa Securities, which will allow the Entitled Shareholders to monetise the Warrants E via disposal in the open market. The non-interested Shareholders should also take note that the value of Warrants E and the potential upside may be limited in the event the Warrants E are out-of-the-money.

Entitled Shareholders who do not take up the Rights Shares will have the opportunity to sell the rights entitlements in the market later when the Proposed Rights Issue with Warrants is implemented. However, the price of the rights entitlement may not trade at the intrinsic value(2) of the Rights Shares.

Notes:

(1) For information purposes, the proforma effects of the Proposed Rights Issue with Warrants on the shareholdings of the Entitled Shareholders are summarised below:

(i) Minimum Scenario

The collective shareholdings of OKH and his PACs in OCR will increase from 42.49% (upon completion of the Proposed Settlement) to 50.76% (upon completion Proposed Rights Issue with Warrants).

The collective shareholdings of the non-interested Shareholders in OCR will decrease from 57.51% (upon completion of the Proposed Settlement) to 49.24% (upon completion of the Proposed Rights Issue with Warrants).

(ii) Maximum Scenario

Under the Maximum Scenario, assuming all Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, there will be no effect on the shareholdings of the Entitled Shareholders as the Rights Shares will be allotted on a pro-rata basis to all Entitled Shareholders.

(iii) Maximum Potential Shareholdings Scenario

The collective shareholdings of OKH and his PACs in OCR will increase from 42.49% (upon completion of the Proposed Settlement) to 55.18% (upon completion of the Proposed Rights Issue with Warrants).

The collective shareholdings of non-interested Shareholders in OCR will decrease from 57.51% (upon completion of the Proposed Settlement) to 44.82% (upon completion of the Proposed Rights Issue with Warrants).

(2) Intrinsic value = (Stock price - rights subscription price) / number of rights needed to buy a share

Based on the above, we are of the view that there are merits for the Proposed Rights Issue with Warrants.

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8.3 Rationale for the Proposed Exemption 1

As disclosed in **Section 4, Part A** of the Circular, the Proposed Exemption 1 will relieve OKH, TCH and their PACs from the obligation to undertake a Mandatory Offer as a result of the Proposed Settlement.

Our comments:

As set out in **Section 6, Part A** of the Circular, we noted that:

(i) the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement but not vice versa; and

(ii) the Proposed Settlement and the Proposed Exemption 1 are inter-conditional.

As such, without the Proposed Exemption 1, the Proposed Settlement will not be able to proceed as the Proposed Settlement and Proposed Exemption 1 are inter-conditional upon each other.

In the event the Proposed Settlement is not able to proceed, the Proposed Rights Issue with Warrants will also not be able to proceed as the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement.

Accordingly, the potential benefits arising from the Proposed Settlement and Proposed Rights Issue with Warrants as detailed in **Sections 8.1 and 8.2** of this IAL will not materialise.

Based on the above, we are of the view that there are merits for the Proposed Exemption 1.

8.4 Rationale for the Proposed Exemption 2

As disclosed in **Section 4, Part A** of the Circular, the Proposed Exemption 2 will relieve OKH and his PACs from the obligation to undertake a Mandatory Offer as a result of the Proposed Rights Issue with Warrants.

Our comments:

In view that the Proposed Exemption 2 is inter-conditional with the Proposed Rights Issue with Warrants, the approval for the Proposed Exemption 2 is necessary to facilitate and ensure the successful implementation of the Proposed Rights Issue with Warrants and allow the Undertaking Shareholder (i.e. OKH) to fulfil his Undertaking by subscribing for the Rights Shares without having to undertake the Mandatory Offer. In turn, the Undertaking ensures OCR can at least achieve the Minimum Subscription Level for the Proposed Rights Issue with Warrants to raise funds for the purposes as set out in **Section 5, Part A** of the Circular.

Without the Proposed Exemption 2, OCR would not be able to implement the Proposed Rights Issue with Warrants and thus, OCR Group may need to raise the necessary funding required via borrowings for purposes as set out in **Section 5, Part A** of the Circular, which will result in additional interest expense and thereby reducing OCR Group’s earnings.

Based on the above, we are of the view that there are merits for the Proposed Exemption 2.

9. ISSUE PRICE OF SETTLEMENT SHARES, RIGHTS SHARES AND EXERCISE PRICE OF WARRANTS E

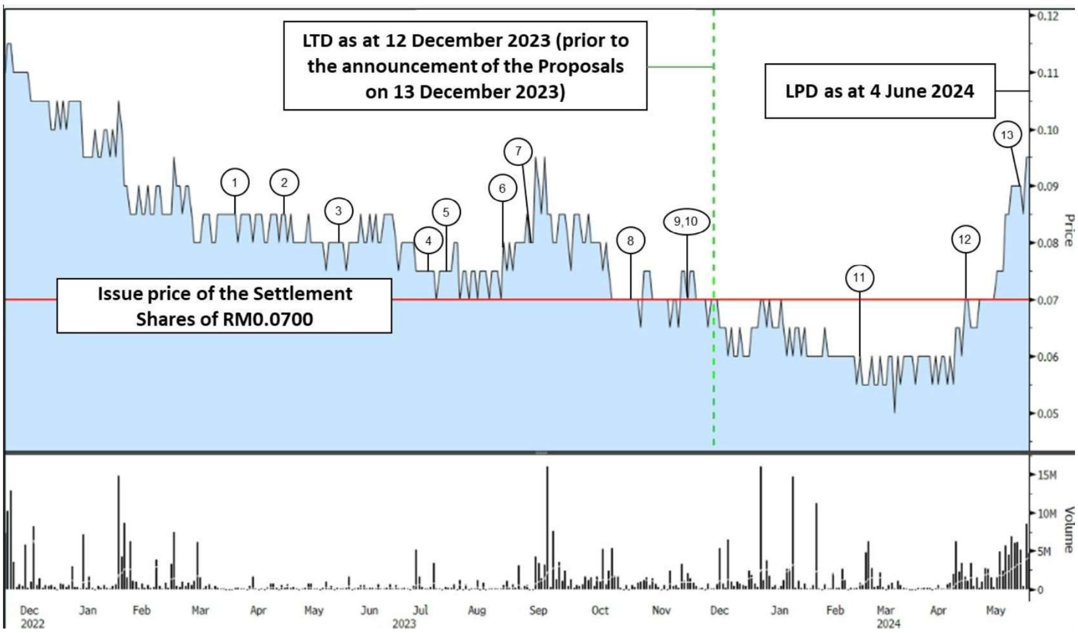
9.1 Evaluation of issue price of Settlement Shares

As disclosed in **Section 2.6, Part A** of the Circular, we noted that the issue price of the Settlement Shares of RM0.0700 per Settlement Share was fixed and agreed upon between the Company, OKH and TCH based on the 5-day VWAP of OCR Shares up to and including the LTD.

In evaluating the issue price of the Settlement Shares, we have considered the following:

(i) Comparison against the historical market prices of OCR Shares

The graph below sets out the historical closing market prices of OCR Shares for the past 12 months up to the LTD and up to the LPD:



(Source: Bloomberg)

The above information extracted from Bloomberg has been adjusted for the effects of any dividend and corporate exercise throughout the relevant period.

Throughout the past 12 months up to the LTD and up to the LPD, the principal activities of OCR have remained the same.

Save for November 2023 to April 2024, we noted that OCR Shares have been trading above the issue price of Settlement Shares of RM0.0700 for the past 12 months up to the LTD and up to the LPD.

Additionally, we are not aware of any particular reasons which might have led to the upward or downward movements of the market price of OCR Shares for the past 12 months up to the LTD and up to the LPD, but we noted the following material announcements made by OCR in Bursa Securities:

	Date	Events
1.	06.04.2023	Kenanga Investment Bank Berhad had on behalf of OCR announced that it proposes to undertake the Private Placement 2023 – 40%.

	Date	Events
2.	28.04.2023	Announcement of annual report on the consolidated financial results for the FYE 31 December 2022.
3.	30.05.2023	Announcement of quarterly report on the consolidated financial results for the 3-month FPE 31 March 2023.
4.	21.07.2023	Kenanga Investment Bank Berhad announced that OCR has resolved to fix the issue price for the first tranche of the issuance of new OCR Shares pursuant to Private Placement 2023 – 40% at RM0.08 per OCR Share.
5.	31.07.2023	Kenanga Investment Bank Berhad announced that OCR has resolved to fix the issue price for the second tranche of the issuance of new OCR Shares pursuant to Private Placement 2023 – 40% at RM0.08 per OCR Share.
6.	23.08.2023	Announcement of quarterly report on the consolidated financial results for the 6-month FPE 30 June 2023.
7.	11.09.2023	Kenanga Investment Bank Berhad announced that OCR has resolved to fix the issue price for the third tranche of the issuance of new OCR Shares pursuant to Private Placement 2023 – 40% at RM0.08 per OCR Share.
8.	31.10.2023	Kenanga Investment Bank Berhad announced that OCR has resolved to fix the issue price for the fourth tranche of the issuance of new OCR Shares pursuant to Private Placement 2023 – 40% at RM0.07 per OCR Share.
9.	29.11.2023	Kenanga Investment Bank Berhad announced that OCR has resolved to fix the issue price for the fifth tranche of the issuance of new OCR Shares pursuant to Private Placement 2023 – 40% at RM0.07 per OCR Share.
10.	29.11.2023	Announcement of quarterly report on the consolidated financial results for the 9-month FPE 30 September 2023.
11.	29.02.2024	Announcement of quarterly report on the consolidated financial results for the 12-month FYE 31 December 2023.
12.	30.04.2024	Announcement of annual report on the consolidated financial results for the FYE 31 December 2023.
13.	29.05.2024	Announcement of quarterly report on the consolidated financial results for the 3-month FPE 31 March 2024.

In addition, we have also compared the issue price of the Settlement Shares of RM0.0700 to OCR Shares based on the closing market prices or the respective VWAP over various timeframes up to and including the LTD as follows:

	Closing market price / VWAP	**Premium/(discount) of the issue price of Settlement Shares of RM0.0700 to the closing market price / VWAP**	
	RM	**RM**	**%**
Up to and including the LTD:			
Closing market price	0.0700	-	-
Five (5)-day VWAP	0.0700	-	-
One (1)-month VWAP	0.0687	0.0013	1.89
Three (3)-month VWAP	0.0782	(0.0082)	(10.49)
Six (6)-month VWAP	0.0775	(0.0075)	(9.68)
One (1)-year VWAP	0.0852	(0.0152)	(17.84)

(Source: Bloomberg)

(ii) Comparison against the consolidated NA per OCR Share

The comparison of the issue price of the Settlement Shares of RM0.0700 to the consolidated NA per OCR Share are as follows:

	Consolidated NA per OCR Share	**Premium/(discount) of the issue price of Settlement Shares of RM0.0700 to the consolidated NA per OCR Share**	
	RM	**RM**	**%**
Audited as at 31 December 2022	0.18(1)	(0.1100)	(61.11)
Unaudited as at 30 September 2023	0.16(2)	(0.0900)	(56.25)
Based on proforma NA of OCR Group (upon completion of the Proposed Settlement)	0.13(3)	(0.0600)	(46.15)

Notes:

(1) Computed based on the audited consolidated NA of the Group as at 31 December 2022 of RM182.86 million divided by total issued Shares of OCR as at 31 December 2022 of 989,998,155 Shares.

(2) Computed based on the unaudited consolidated NA of the Group as at 30 September 2023 of RM206.66 million divided by total issued Shares of OCR as at 30 September 2023 of 1,289,998,155 Shares.

(3) Computed based on the proforma consolidated NA of the Group of RM255.74 million divided by total issued Shares of OCR upon completion of the Proposed Settlement of 2,004,522,801 Shares.

Our comments:

In our evaluation of the issue price of the Settlement Shares, we are of the view that a period of not more than six (6) months up to the LTD is a more reasonable assessment period as it reflects the current market sentiment and the more recent market prices of OCR Shares.

Based on the analysis above, we noted that the issue price of the Settlement Shares of RM0.0700:

(i) equal to the closing market price and five (5)-day VWAP of OCR Shares up to and including the LTD;

(ii) represents premium of 1.89% based on the one (1)-month VWAP of OCR Shares up to and including the LTD; and

(iii) represents discounts ranging between 9.68% to 10.49% based on the three (3)-month and six (6)-month VWAP of OCR Shares up to and including the LTD; and

(iv) represents discounts ranging between 46.15% to 61.11% based on the audited consolidated NA per OCR Share as at 31 December 2022, unaudited consolidated NA per OCR Share as at 30 September 2023 and proforma NA per OCR Share upon the completion of the Proposed Settlement.

Notwithstanding that the issue price of Settlement Shares of RM0.0700 represents discounts ranging between 46.15% to 61.11% based on the audited consolidated NA per OCR Share as at 31 December 2022, unaudited consolidated NA per OCR Share as at 30 September 2023 and proforma NA per OCR Share (upon the completion of the Proposed Settlement), non-interested Shareholders should take note that NA per OCR Share represents the book value of the net asset of OCR and it may not accurately reflect the current market value of OCR after taking into consideration the illiquid nature of the Group's assets, such as property, plant and equipment as well as other non-current assets which may not be readily realised and converted into cash or cash equivalents.

As such, non-interested Shareholders should note that the comparison of the issue price of Settlement Shares against the closing market prices or the respective VWAP over various timeframes up to and including the LTD of OCR Shares would be a more appropriate approach as it takes into consideration of the market pricing of OCR Shares.

Based on the above, we are of the view that the issue price of the Settlement Shares is justifiable in view that:

(i) the issue price of the Settlement Shares equal to the closing market price and five (5)-day VWAP of OCR Shares up to and including the LTD; and

(ii) the issue price of the Settlement Shares of RM0.0700 which is based on the 5-day VWAP of OCR Shares up to and including the LTD (as compared to illustrative issue price of the Rights Shares of RM0.035) will result in a lesser number of Settlement Shares to be issued, hence resulting in a lower dilutive impact to the non-interested Shareholders.

9.2 Evaluation of illustrative issue price of Rights Shares

As disclosed in **Section 3.5, Part A** of the Circular, we noted that the issue price of the Rights Shares and exercise price of Warrants E shall be determined, fixed and announced by the Board at a later date (prior to the announcement of the Rights Shares Entitlement Date), after taking into consideration, amongst others, the following:

(i) the funding requirements of the Group as set out in **Section 5, Part A** of the Circular;

(ii) the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date.

The Board intends to fix the issue price of the Rights Shares and exercise price of Warrants E such that the issue price/exercise price is at a discount of between 20% and 40% to the TEAP of the Shares.

This discount range was determined by the Board after taking into consideration the need of the Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage subscription of the Rights Shares and to enable the Group to raise the necessary funds required for the intended utilisation as set out in **Section 5, Part A** of the Circular.

(iii) the rationale for the Proposed Rights Issue with Warrants, as set out in **Section 6.2, Part A** of the Circular.

As set out in **Section 3, Part A** of the Circular and for the purpose of illustration only, the Rights Shares are assumed to be issued at the illustrative issue price of RM0.035 and Warrants E are assumed to be at the illustrative exercise price of RM0.035. Based on the above, our evaluation on the illustrative issue price of the Rights Shares and exercise price of Warrants E are summarised below.

In evaluating the illustrative issue price of the Rights Shares, we have considered the following:

(i) Comparison of illustrative issue price of Rights Shares against the historical market prices and TEAP of OCR Shares

We have compared the illustrative issue price of the Rights Shares of RM0.035 to the TEAP of OCR Shares based on the closing market prices or the respective VWAP over various timeframes up to and including the LPD as follows:

	Closing market price / VWAP	TEAP(1)	Premium/(discount) of the illustrative issue price of Rights Shares of RM0.035 to the TEAP	
	RM	RM	RM	%
Up to and including the LPD:				
Closing market price	0.0950	0.0607	(0.0257)	(42.34)
Five (5)-day VWAP	0.0887	0.0580	(0.0230)	(39.66)
One (1)-month VWAP	0.0818	0.0551	(0.0201)	(36.48)
Three (3)-month VWAP	0.0729	0.0512	(0.0162)	(31.64)
Six (6)-month VWAP	0.0675	0.0489	(0.0139)	(28.43)
One (1)-year VWAP	0.0713	0.0506	(0.0156)	(30.83)

(Source: Bloomberg)

Note:

(1) TEAP is computed based on the following formula for the respective scenarios:

(i) Warrants E are in-the-money (i.e. Warrants E's exercise price is below the market price of OCR Shares)

$$TEAP = \frac{(A \times X) + (B \times Y) + (C \times Z)}{A + B + C}$$

A = Number of OCR Shares after the completion of the Proposed Settlement
B = Number of Rights Shares
C = Number of Warrants E
X = Respective closing market price / VWAPs of OCR Shares in the table above
Y = Illustrative issue price of Rights Shares
Z = Illustrative exercise price of Warrants E

For avoidance of doubt, the formula for the computation of the TEAP based on item (i) above will not be applicable in the event that that the illustrative exercise price of Warrants E is above the market price of OCR Shares).

(ii) *<u>Warrants E are out-of-money (i.e. Warrants E's exercise price is above the market price of OCR Shares) or at-the-money (i.e. Warrants E's exercise price is the same as the market price of OCR Shares)</u>*

$$TEAP = \frac{(A \times X) + (B \times Y)}{A + B}$$

A = Number of OCR Shares after the completion of the Proposed Share Settlement
B = Number of Rights Shares
X = Respective closing market price / VWAPs of OCR Shares in the table above
Y = Illustrative issue price of Rights Shares

For avoidance of doubt, the formula for the computation of the TEAP based on item (ii) above will not be applicable in the event that that the illustrative exercise price of Warrants E is below the market price of OCR Shares).

For information purposes only, on the assumption that the Board fixes the issue price of the Rights Shares at RM0.0349, being the issue price at the maximum discount of 40% to the TEAP of RM0.0580 based on the five (5)-day VWAP of OCR Shares up to and including the LPD, the discount of OCR Shares to the TEAP of OCR Shares based on the closing market prices or the respective VWAP over various timeframes up to and including the LPD are set out below:

	Closing market price / VWAP	**TEAP[(1)]**	**Premium/(discount) of the illustrative issue price of Rights Shares of RM0.0349 to the TEAP**	
	RM	**RM**	**RM**	**%**
<u>Up to and including the LPD:</u>				
Closing market price	0.0950	0.0607	(0.0258)	(42.50)
Five (5)-day VWAP	0.0887	0.0580	(0.0231)	(39.83)
One (1)-month VWAP	0.0818	0.0551	(0.0202)	(36.66)
Three (3)-month VWAP	0.0729	0.0512	(0.0163)	(31.84)
Six (6)-month VWAP	0.0675	0.0489	(0.0140)	(28.63)
One (1)-year VWAP	0.0713	0.0506	(0.0157)	(31.03)

<u>Note:</u>
*(1) Computation of TEAP is explained further in **Section 9.2(i)** of this IAL.*

(ii) Comparison of illustrative issue price of Rights Shares against the consolidated NA per OCR Share

The comparison of the illustrative issue price of the Rights Shares of RM0.035 to the consolidated NA per OCR Share are as follows:

	Consolidated NA per OCR Share	Premium/(discount) of the illustrative issue price of Rights Shares of RM0.035 to the consolidated NA per OCR Share	
	RM	RM	%
Audited as at 31 December 2023	0.14[1]	(0.1050)	(75.00)
Unaudited as at 31 March 2024	0.14[2]	(0.1050)	(75.00)
Based on proforma of OCR Group under the Minimum Scenario (upon completion of the Proposed Rights Issue with Warrants)	0.11[3]	(0.0750)	(68.18)
Based on proforma of OCR Group under the Maximum Scenario (upon completion of the Proposed Rights Issue with Warrants)	0.08[4]	(0.0450)	(56.25)

Notes:

(1) Computed based on the audited consolidated NA of the Group as at 31 December 2023 of RM194.34 million divided by total issued Shares of OCR as at 31 December 2023 of 1,385,997,155.

(2) Computed based on the unaudited consolidated NA of the Group as at 31 March 2024 of RM194.81 million divided by total issued Shares of OCR as at 31 March 2024 of 1,385,997,155.

(3) Computed based on the proforma consolidated NA of the Group of RM248.30 million divided by total issued Shares of OCR upon completion of the Proposed Rights Issue with Warrants (under the Minimum Scenario) of 2,341,526,221.

(4) Computed based on the proforma consolidated NA of the Group of RM283.28 million divided by total issued Shares of OCR upon completion of the Proposed Rights Issue with Warrants (under the Maximum Scenario) of 3,340,871,335.

Our comments:

In our evaluation of the illustrative issue price of the Rights Shares, we are of view that a period of not more than six (6) months up to the LPD is a more reasonable assessment period as it reflects the current market sentiment and the more recent market prices of OCR Shares.

Based on the analysis above, we noted that the illustrative issue price of the Rights Shares of RM0.035 represents:

(i) Discounts ranging between 28.43% to 42.34% to the TEAP based on the closing market price, five (5)-day VWAP, one (1)-month, three (3)-month and six (6)-month VWAP of OCR Shares up to and including the LPD; and

(ii) Discounts ranging between 56.25% to 75.00% based on the audited consolidated NA per OCR Share as at 31 December 2023, unaudited consolidated NA per OCR Share as at 31 March 2024 and the proforma NA per OCR Share based on the Minimum Scenario and Maximum Scenario.

Premised on the above, we are of the view that the illustrative issue price of the Rights Shares is justifiable after taking into consideration the following factors:

(i) the entitlements for the Proposed Rights Issue with Warrants are proportionate to the respective shareholdings of all Entitled Shareholders on the Entitlement Date;

(ii) the pricing mechanism of the Rights Shares is acceptable as it is based on market-based approach; and

(iii) all Entitled Shareholders have the same rights to subscribe for their entitlements to the Rights Shares at the same issue price, of which the issue price of the Rights Shares will be fixed at discount of between 20% to 40% to the TEAP based on the 5-day VWAP of OCR Shares up to and including the last trading day prior to the price-fixing date.

Non-interested Directors and non-interested Shareholders should take note that in general, a highly dilutive rights issue can be detrimental to the interests of shareholders who do not participate in the rights issue. The existing percentage shareholdings of non-participating Shareholders would be diluted accordingly as the value from the discount is transferred to the participating Shareholders.

The Entitled Shareholders and/or their renouncee(s) would need to incur cash outlay to subscribe for the Rights Shares based on the final issue price of the Rights Shares. It should also be noted that the illustrative issue price of the Rights Shares is purely for illustration purposes and the final issue price of the Rights Shares will be determined and fixed by the Board at a later date, after receipt of all relevant approvals but before the announcement of the Entitlement Date. Further, the actual discount to the TEAP of OCR Shares would depend on the final issue price of the Rights Shares. The discounts stated above are variable figures and may increase or decrease, depending on the final issue price of the Rights Shares and the TEAP of OCR Shares.

9.3 Evaluation of illustrative exercise price of Warrants E

In evaluating the illustrative exercise price of Warrants E, we have considered the following:

(i) Theoretical value of Warrants E

We have considered the theoretical value of Warrants E by adopting the Trinomial option pricing model based on the following parameters:

(a) Value of the underlying OCR Shares of RM0.0580, being the TEAP of OCR Shares computed based on the five (5)-day VWAP of OCR Shares up to and including the LPD of RM0.0887;

(b) Illustrative exercise price of Warrants E of RM0.035;

(c) Tenure of Warrants E of 3 years;

(d) Risk-free rate of 3.5689% based on the gross yield of 3-year Malaysia Government Securities as at the LPD (Source: Bank Negara Malaysia); and

(e) Historical one (1)-year volatility of OCR Shares up to and including the LPD of 86.910% (Source: Bloomberg).

Based on the above, the theoretical value of Warrants E as at the LPD (based on Trinomial option pricing model) is computed as RM0.0392 (under the Minimum Scenario) and RM0.0389 (under the Maximum Scenario) respectively.

Please note that the abovementioned theoretical value may not correspond to the actual market price of Warrants E upon listing on the Main Market of Bursa Securities. There can also be no assurance that an active market for Warrants E will develop, or if developed, that such market can be sustained.

(ii) Comparison of illustrative exercise price of Warrants E against TEAP of OCR Shares

In addition, we have also compared the illustrative exercise price of Warrants E of RM0.035 to the TEAP of OCR Shares based on the closing market prices or the respective VWAP over various timeframes up to and including the LPD as follows:

	Closing market price / VWAP	TEAP[(1)]	Premium/(discount) of the illustrative exercise price of Warrants E of RM0.035 to the TEAP	
	RM	RM	RM	%
Up to and including the LPD:				
Closing market price	0.0950	0.0607	(0.0257)	(42.34)
Five (5)-day VWAP	0.0887	0.0580	(0.0230)	(39.66)
One (1)-month VWAP	0.0818	0.0551	(0.0201)	(36.48)
Three (3)-month VWAP	0.0729	0.0512	(0.0162)	(31.64)
Six (6)-month VWAP	0.0675	0.0489	(0.0139)	(28.43)
One (1)-year VWAP	0.0713	0.0506	(0.0156)	(30.83)

(Source: Bloomberg)

Note:

*(1) Computation of TEAP is explained further in **Section 9.2(i)** of this IAL.*

(iii) Comparison of illustrative exercise price of Warrants E against the consolidated NA per OCR Shares

The comparison of the illustrative exercise price of Warrants E of RM0.035 to the consolidated NA per OCR Share are as follows:

	Consolidated NA per OCR Share RM	Premium/(discount) of the illustrative exercise price of Warrants E of RM0.035 to the consolidated NA per OCR Share	
		RM	%
Audited as at 31 December 2023	0.14[(1)]	(0.1050)	(75.00)
Unaudited as at 31 March 2024	0.14[(2)]	(0.1050)	(75.00)
Based on proforma of OCR Group under the Minimum Scenario (upon completion of the Proposed Rights Issue with Warrants)	0.11[(3)]	(0.0750)	(68.18)
Based on proforma of OCR Group under the Maximum Scenario (upon completion of the Proposed Rights Issue with Warrants)	0.08[(4)]	(0.0450)	(56.25)

Notes:

(1) Computed based on the audited consolidated NA of the Group as at 31 December 2023 of RM194.34 million divided by total issued Shares of OCR as at 31 December 2023 of 1,385,997,155.

(2) Computed based on the unaudited consolidated NA of the Group as at 31 March 2024 of RM194.81 million divided by total issued Shares of OCR as at 31 March 2024 of 1,385,997,155.

(3) Computed based on the proforma consolidated NA of the Group of RM248.30 million divided by total issued Shares of OCR upon completion of the Proposed Rights Issue with Warrants (under the Minimum Scenario) of 2,341,526,221.

(4) Computed based on the proforma consolidated NA of the Group of RM283.28 million divided by total issued Shares of OCR upon completion of the Proposed Rights Issue with Warrants (under the Maximum Scenario) of 3,340,871,335.

Our comments:

Based on the analysis above, we noted that the Warrants E have a theoretical value of RM0.0392 (under the Minimum Scenario) and RM0.0389 (under the Maximum Scenario) computed based on the Trinomial option pricing model as at the LPD.

In our evaluation of the exercise price of Warrants E, we are of view that a period of not more than six (6) months up to the LPD is a more reasonable assessment period as it reflects the current market sentiment and the more recent market prices of OCR Shares. Based on this, we noted that illustrative exercise price of Warrants E of RM0.035 represents:

(i) Discounts ranging between 28.43% to 42.34% to the TEAP based on the closing market price, five (5)-day VWAP, one (1)-month, three (3)-month and six (6)-month VWAP of OCR Shares up to and including the LPD; and

(ii) Discounts ranging between 56.25% to 75.00% based on the audited consolidated NA per OCR Share as at 31 December 2023, unaudited consolidated NA per OCR Share as at 31 March 2024 and the proforma NA per OCR Share based on the Minimum Scenario and Maximum Scenario.

Based on the illustrative exercise price of Warrants E, the Warrants E are in-the-money by RM0.0230 (i.e. the difference between Warrants E's illustrative exercise price of RM0.035 and the TEAP based on the 5-day VWAP of OCR Shares up to and including the LPD of RM0.0580) and accordingly, holders of Warrants E are in a net gain position immediately after exercising the Warrants E.

If the Warrants E are realised for a value, it would reduce the effective cost of subscribing for the Rights Shares as the Warrants E are to be issued for free to the Entitled Shareholders who successfully subscribe for the Rights Shares. On the basis of 2 free Warrants E for every 2 Rights Share subscribed, the theoretical value of RM0.0392 (under the Minimum Scenario) per Warrant E (based on Trinomial option pricing model) shall translate to a theoretical reduction of RM0.0392 in every Rights Share subscribed. Accordingly, such reduction in the effective cost of subscribing for the Rights Shares will add to the discount of the issue price of Rights Shares to the TEAP. The final issue price of the Rights Shares will be determined and fixed by the Board at a later date.

We also note that the illustrative exercise price of Warrants E is purely for illustration purposes and the final exercise price of Warrants E shall be determined and fixed by the Board at a later date. Further, the actual discount to the 5-day VWAP of OCR Shares and TEAP of OCR Shares would depend on the final exercise price of Warrants E and the actual discount shall be between 20% to 40% to the TEAP of the Shares based on the 5-day VWAP of the Shares up to and including the last trading day prior to the price-fixing date.

Premised on the above, we are of the view that the Board's basis of arriving at the illustrative exercise price of the Warrants E is justifiable in view that the Warrants E are to be issued for free to the non-interested Shareholders who successfully subscribe for the Rights Shares.

10. SALIENT TERMS OF THE SETTLEMENT AGREEMENT

We have reviewed the salient terms of the Settlement Agreement in its entirely and the following sets out a summary of the material terms of the Settlement Agreement and our comments. Non-interested Directors and non-interested Shareholders are advised to read the salient terms of the Settlement Agreement in its entirety as set out in **Appendix I** of the Circular.

<table>
<tr><th></th><th>Salient terms</th><th>BDOCC's comments</th></tr>
<tr><td>1.</td><td>Stack Builder Advances

OKH and TCH have, prior to the date of the Settlement Agreement, extended an aggregate amount of RM43,296,795 to Stack Builder for the purpose of funding an acquisition by Stack Builder the Bukit Raja Land from third parties as well as servicing the monthly repayment in relation to the bank borrowing obtained by Stack Builder from bank/financial institution to part-finance the acquisition of the Bukit Raja Land.

As at 30 September 2023, the Stack Builder Advances is payable by Stack Builder to OKH and TCH in the following proportions:

<table><tr><th>Parties</th><th>Stack Builder Advances (RM)</th></tr><tr><td>OKH</td><td>22,344,957</td></tr><tr><td>TCH</td><td>20,951,838</td></tr><tr><td>Total</td><td>43,296,795</td></tr></table></td><td>This term is reasonable as it clearly set out the amount of advances which are mutually agreed between OCR and OKH and TCH to be settled pursuant to the Proposed Settlement.</td></tr>
<tr><td>2.</td><td>Conditions Precedent

(a) The completion of the Proposed Settlement pursuant to the terms and subject to the conditions set out in the Settlement Agreement will in all respects be conditional upon the following conditions precedent ("Conditions Precedent") being fulfilled/obtained or waived by the Company to the extent permissible by law by 6 months after the date of the Settlement Agreement ("Cut-Off Date"):

(1) the Company having obtained the approval of its Shareholders at a general meeting to be convened for the Proposed Settlement and the issuance of Settlement Shares in accordance with the terms and conditions of the Settlement Agreement, and where required, the waiver of the pre-emptive rights by the Shareholders as provided under Section 85(1) of the Act;

(2) the Company having obtained the approval of Bursa Securities for the listing of and quotation for the Settlement Shares on the Main Market of Bursa Securities;

(3) the Company having obtained the approval or consent of the financiers/creditors of the Company and its group of companies for, inter alia, the Proposed Settlement and/or allotment and issuance</td><td>These terms are reasonable as the conditions precedents of the Settlement Agreement are the requisite approvals required to be fulfilled by the parties to complete the Proposed Settlement. Without obtaining any of the requisite approvals from the relevant parties in item (a)(1) to (5), OCR would not be able to implement the Proposed Settlement.

The time period of 6 months from the date of the Settlement Agreement to obtain the conditions precedent is reasonable as the Company has expected that the Proposals will be completed by the second quarter of 2024 as further explained in the tentative timeline for the Proposals in Section 11, Part A of the Circular.</td></tr>
</table>

	Salient terms	BDOCC's comments
	of the Settlement Shares, upon the terms and subject to the conditions of the Settlement Agreement, where required; (4) OKH and TCH having obtained the approval of SC in respect of the Proposed Exemption 1^; and (5) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties. ***Note:*** ^ *For avoidance of doubt, the Proposed Exemption 1 include the exemption to be sought by OKH, TCH and their PACs from the obligation to undertake a Mandatory Offer upon the completion of the Proposed Settlement.* (b) If: (1) on the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful; (2) on the expiry of the Cut-Off Date, any of the Conditions Precedent have not been obtained/fulfilled and have not been waived by the Company; or (3) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to the Company being terms and conditions which affect the Company, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the Company is not willing to accept such terms and conditions then imposed by the relevant authorities or persons, then the Company shall be entitled to terminate the Settlement Agreement by giving a notice of termination to that effect to the other parties and thereafter, the parties shall not have any further rights under the Settlement Agreement except in respect of any obligation under the Settlement Agreement which is expressed to apply after the termination of the Settlement Agreement and any rights or obligations which have accrued in respect of any breach of any of the provisions of the Settlement Agreement to any party prior to such termination.	These terms are reasonable and serves to protect the interest of OCR as they allow OCR to terminate the Settlement Agreement in the event of the occurrence of item (b) (1) to (3).
3.	**Manner of Settlement** OCR, OKH, TCH and Stack Builder agree and acknowledge that the debt obligations of Stack Builder will be fully settled by the Company for and on behalf of Stack Builder by capitalising the entire Stack Builder Advances into the Settlement Shares,	This term is reasonable and serves to protect the interest of OCR as the Stack Build Advances would be deemed paid

<table>
<tr><th></th><th>Salient terms</th><th>BDOCC’s comments</th></tr>
<tr><td></td><td>all credited as fully paid-up, and to be issued by the Company at the issue price of RM0.0700 per Settlement Share, in favour of OKH and TCH and/or such nominee(s) as OKH and TCH may direct in writing pursuant to the provisions of the Settlement Agreement.

The Issue Price, being RM0.0700 per Settlement Share, has been arrived at based on the 5-day VWAP of the Shares up to and including 12 December 2023, being the last trading day prior to the date of the Settlement Agreement.

The Company shall, on the business days falling 14 days from the date upon the Settlement Agreement becomes unconditional, allot and issued the Settlement Shares at the Issue Price in favour of OKH and TCH and/or such nominee(s) as OKH and TCH may direct in writing pursuant to the provisions of the Settlement Agreement:

<table>
<tr><th>Parties</th><th>Stack Builder Advances (RM)</th><th>No. of Settlement Shares</th></tr>
<tr><td>OKH</td><td>22,344,957</td><td>319,213,668</td></tr>
<tr><td>TCH</td><td>20,951,838</td><td>299,311,978</td></tr>
<tr><td>Total</td><td>43,296,795</td><td>618,525,646</td></tr>
</table>

The Settlement Shares shall, upon allotment and issuance, rank equally in all respects with each other and with the then existing Shares, save and except that the holder(s) of the Settlement Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Settlement Shares.</td><td>and settled in full by OCR upon completion of the Proposed Settlement.

This term is reasonable as the issue price of RM0.0700 per Settlement Share was agreed upon between the Company, OKH and TCH based on the 5-day VWAP of OCR Shares up to and including the LTD.

In addition, our evaluation on the issue price of the Settlement Share of RM0.0700 is set out in Section 9.1 of this IAL.

The period of 14 days from the completion of the Proposed Settlement is reasonable for OCR to make the necessary arrangement for the allotment and issuance of the Settlement Shares to OKH and TCH.</td></tr>
<tr><td>4.</td><td>Termination

(a) Each party will be entitled to, at any time prior to completion of the Settlement Agreement after any such default arises, immediately terminate the Settlement Agreement by a notice of termination to the other parties if –

(1) the other party(ies) commits any continuing or material breach of any of its obligations under the Settlement Agreement which is incapable of remedy, or if capable of remedy, is not remedied within 14 days of it being given notice to do so;

(2) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a</td><td>This term protects the interest of the parties as it allows either party to terminate the Settlement Agreement in the event the other party is in material breach of any of their obligations set out in the Settlement Agreement.</td></tr>
</table>

	Salient terms	BDOCC's comments
	resolution is passed for the winding-up of the other party(ies); (3) an administrator or receiver or receiver and manager is appointed over or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the other party(ies); (4) the other party(ies) becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors; (5) the other party(ies) ceases or threaten to cease or carries on the whole or any substantial part of its respective business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the Settlement Agreement); or (6) any of the warranties, representations and undertakings of the other party contained in the Settlement Agreement is found at any time to be materially untrue or inconsistent. (b) Following the giving of a notice of termination under paragraph 4(a) above by any party, then – (1) the Company shall, within 14 days after the date of the notice of termination, return to OKH and TCH all documents, delivered to it by or on behalf of the Company or Stack Builder; and (2) each of OKH and TCH shall, within 14 days after the date of the notice of termination, return to the Company or Stack Builder all documents, if any, delivered to it by or on behalf of OKH and TCH respectively, and whereupon OKH and TCH shall be entitled to exercise all of their rights and remedies to recover whatever sum that are due and payable by Stack Builder in connection with the Stack Builder Advances as at the date of the notice of termination. (c) Following the giving of a notice under paragraph 4(a) above, no party will have any further obligation under the Settlement Agreement to the other parties, save in respect of – (1) their respective obligations under paragraph 4(b) above;	

	Salient terms	BDOCC's comments
	(2) any obligation under the Settlement Agreement which is expressed to apply after the termination of the Settlement Agreement; and (3) any rights or obligations which have accrued in respect of the provisions of the Settlement Agreement to any party prior to such termination.	

Based on the above, we are of the view that the salient terms of the Settlement Agreement are acceptable to the non-interested Directors and non-interested Shareholders.

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11. EFFECTS OF THE PROPOSALS

We take cognisance of the effects of the Proposals in **Section 10, Part A** of the Circular.

We also note that the Proposed Exemption 1 and Proposed Exemption 2 on a standalone basis, will not have any effects on the share capital, NA, gearing, earnings and EPS, substantial Shareholders' shareholdings and convertible securities of OCR Group.

Our evaluation on the proforma effects of the Proposed Settlement and Proposed Rights Issue with Warrants on the share capital, NA, gearing, earnings and EPS, and substantial Shareholders' shareholdings of OCR Group are based on the Minimum Scenario and Maximum Scenario as further explained below:

Scenarios		Assumptions
Minimum Scenario	:	Assuming the Proposed Rights Issue with Warrants is undertaken on the Minimum Subscription Level.
Maximum Scenario	:	Assuming all the Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements under the Proposed Rights Issue with Warrants.

11.1 Share Capital

As set out in **Section 10.1, Part A** of the Circular, the proforma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the share capital of OCR are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Shares	Share capital RM	No. of Shares	Share capital RM
Issued share capital as at LPD	1,385,997,155	275,177,931	1,385,997,155	275,177,931
New Shares to be issued pursuant to the Proposed Settlement	618,525,646	(1)43,296,795	618,525,646	(1)43,296,795
Enlarged issued share capital after the Proposed Settlement	**2,004,522,801**	**318,474,726**	**2,004,522,801**	**318,474,726**
New Shares to be issued pursuant to the Proposed Rights Issue with Warrants	337,003,420	(2)11,795,120	1,336,348,534	(2)46,772,199
Enlarged issued share capital after the Proposed Rights Issue with Warrants	**2,341,526,221**	**330,269,846**	**3,340,871,335**	**365,246,925**
New Shares to be issued assuming full exercise of the Warrants E	337,003,420	(3) 11,795,120	1,336,348,534	(3)46,772,199
Enlarged issued share capital	**2,678,529,641**	**342,064,966**	**4,677,219,869**	**412,019,124**

Notes:
(1) Based on an issue price of RM0.07 per Settlement Share.
(2) Based on an illustrative issue price of RM0.035 per Rights Share.
(3) Based on an illustrative exercise price of RM0.035 per Warrant E.

Our Comments

We noted that the increase in OCR's issued share capital under the Minimum Scenario and Maximum Scenario is due to the issuance of the Settlement Shares and Rights Shares. In addition, we noted that OCR's issued share capital may further increase in the future when Warrants E are exercised into new OCR Shares.

11.2 NA and gearing

As set out in **Section 10.2, Part A** of the Circular, the proforma effects of the Proposed Settlement and Proposed Rights Issue with Warrants on the NA and gearing of the Group are as follows:

Minimum Scenario

	Audited as at 31 December 2023 RM'000	(I) After the Proposed Settlement(1) RM'000	(II) After (I) and the Proposed Rights Issue with Warrants(2)(3) RM'000	(III) After (II) and assuming full exercise of the Warrants E(4) RM'000
Share capital	275,178	318,475	317,161	342,065
Warrants reserve	-	-	13,109	-
Fair value reserve of financial assets	887	887	887	887
Share option reserve	-	-	-	-
Accumulated losses	(81,723)	(5)(82,853)	(82,853)	(82,853)
Shareholders' equity / NA	194,342	236,509	248,304	260,099
Non-controlling interest	10,355	10,355	10,355	10,355
Total equity	204,697	246,864	258,659	270,454
No. of Shares in issue ('000)	1,385,997	2,004,523	2,341,526	2,678,530
NA per Share (RM)	0.14	0.12	0.11	0.10
Total borrowings (RM'000)	158,909	158,909	(6)153,909	153,909
Gearing (times)	0.78	0.64	0.60	0.57

Notes:

(1) Based on the issuance of 618,525,646 Settlement Shares at the issue price of RM0.0700.

(2) Based on the issuance of 337,003,420 Rights Shares at an illustrative issue price of RM0.035 each together with 337,003,420 Warrants E.

(3) After accounting for the creation of warrant reserve based on the issuance of 337,003,420 Warrants E at an allocated fair value of RM0.0389 per Warrant E (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of RM1.13 million.

(4) Based on an illustrative exercise price of RM0.035 per Warrant E and after accounting for the reversal of warrant reserve.

(5) After accounting for the estimated expenses incidental to the Proposals of RM1.13 million.

*(6) After accounting for the utilisation of proceeds from the Proposed Rights Issue with Warrants for repayment of borrowings pursuant to **Section 5(i), Part A** of the Circular.*

Maximum Scenario

	Audited as at 31 December 2023 RM'000	(I) After the Proposed Settlement[(1)] RM'000	(II) After (I) and the Proposed Rights Issue with Warrants[(2)(3)] RM'000	(III) After (II) and assuming full exercise of the Warrants E[(4)] RM'000
Share capital	275,178	318,475	313,263	412,019
Warrants reserve	-	-	51,984	-
Fair value reserve of financial assets	887	887	887	887
Share option reserve	-	-	-	-
Accumulated losses	(81,723)	[(5)](82,853)	(82,853)	(82,853)
Shareholders' equity / NA	194,342	236,509	283,281	330,053
Non-controlling interest	10,355	10,355	10,355	10,355
Total equity	204,697	246,864	293,636	340,408
No. of Shares in issue ('000)	1,385,997	2,004,523	3,340,871	4,677,220
NA per Share (RM)	0.14	0.12	0.08	0.07
Total borrowings (RM'000)	158,909	158,909	[(6)]153,909	153,909
Gearing (times)	0.78	0.64	0.52	0.45

Notes:

(1) Based on the issuance of 618,525,646 Settlement Shares at the issue price of RM0.0700.

(2) Based on the issuance of 1,336,348,534 Rights Shares at an illustrative issue price of RM0.035 each together with 1,336,348,534 Warrants E.

(3) After accounting for the creation of warrant reserve based on the issuance of 1,336,348,534 Warrants E at an allocated fair value of RM0.0389 per Warrant E (computed based on the Trinomial option pricing model with data sourced from Bloomberg) and estimated expenses incidental to the Proposals of RM1.13 million.

(4) Based on an illustrative exercise price of RM0.035 per Warrant E and after accounting for the reversal of warrant reserve.

(5) After accounting for the estimated expenses incidental to the Proposals of RM1.13 million.

*(6) After accounting for the utilisation of proceeds from the Proposed Rights Issue with Warrants for repayment of borrowings pursuant to **Section 5(i), Part A** of the Circular.*

Our Comments

Based on the proforma financial effects above, we have further summarised the changes of the proforma consolidated NA per OCR Share based on the effects of the Proposed Settlement and Proposed Rights Issue with Warrants as follows:

	Consolidated NA per OCR Share as at 31 December 2023 (RM)	**Consolidated NA per OCR Share upon completion of Proposed Settlement (RM)**	**Consolidated NA per OCR Share upon completion of Proposed Rights Issue with Warrants (RM)**
Minimum Scenario	0.14	0.12	0.11
Maximum Scenario	0.14	0.12	0.08

Based on the above, we noted that the proforma NA per OCR Share will decrease from RM0.14 as at 31 December 2023 to RM0.12 upon completion of the Proposed Settlement which is mainly due to the issuance of Settlement Shares at an issue price of RM0.0700, which is below the proforma NA per OCR Share of RM0.14 as at 31 December 2023.

Thereafter, we noted that upon completion of the Proposed Settlement and:

(i) under the Minimum Scenario, the proforma NA per OCR Share will decrease from RM0.12 to RM0.11 upon completion of the Proposed Rights Issue with Warrants; and

(ii) under the Maximum Scenario, the proforma NA per OCR Share will decrease from RM0.12 to RM0.08 upon completion of the Proposed Rights Issue with Warrants;

which is mainly due to the issuance of the Rights Shares at an illustrative issue price of RM0.035, which is below the proforma NA per OCR Share of RM0.12 per OCR Share (upon completion of the Proposed Settlement).

Accordingly, the dilution effects of the Proposed Rights Issue with Warrants (under Minimum Scenario) and the Proposed Settlement are the same as they give rise to a dilution impact on the proforma NA per OCR Share of RM0.02. However, the dilution effects of the Proposed Rights Issue with Warrants (under Maximum Scenario) is larger than the Proposed Settlement as the Proposed Rights Issue with Warrants give rise to a dilution impact on the proforma NA per OCR Share of RM0.04 as compared to RM0.02 for the Proposed Settlement in view of the larger Shares issuance under the Maximum Scenario.

Notwithstanding that the Proposals will result in a decrease in the Group's proforma NA per OCR Share due to the dilution effects of the Rights Shares, the Proposals is expected to improve the financial position of the Group as the proforma NA of OCR Group will increase from RM194.34 million as at 31 December 2023 to RM248.30 million and RM283.28 million (upon completion of the Proposed Rights Issue with Warrants) under the Minimum Scenario and Maximum Scenario.

In addition, the proforma gearing of OCR Group will also improve from 0.78 times as at 31 December 2023 to 0.60 times (under Minimum Scenario) and 0.52 times (under Maximum Scenario) upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants which is mainly due to the increase in shareholders' equity as a result of the issuance of Settlement Shares and Rights Shares and the assumed repayment of borrowings amounting to RM5.00 million pursuant to the proposed utilisation of proceeds for the Proposed Rights Issue with Warrants.

11.3 Substantial Shareholders' shareholdings

As set out in **Section 10.3, Part A** of the Circular, the proforma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the substantial Shareholders' shareholdings as at the LPD are as follows:

(i) Minimum Scenario

Substantial Shareholders	As at the LPD				(I) After the Proposed Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	[(1)]%	No. of Shares	[(1)]%	No. of Shares	[(2)]%	No. of Shares	[(2)]%
OKH	186,291,463	13.44	[(5)]41,678,800	3.01	505,505,131	25.22	[(5)]41,678,800	2.08
TCH	1,883,900	0.14	-	-	301,195,878	15.03	-	-

Substantial Shareholders	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants E			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	[(3)]%	No. of Shares	[(3)]%	No. of Shares	[(4)]%	No. of Shares	[(4)]%
OKH	842,508,551	35.98	[(5)]41,678,800	1.78	1,179,511,971	44.04	[(5)]41,678,800	1.56
TCH	301,195,878	12.86	-	-	301,195,878	11.24	-	-

Notes:

(1) Based on the issued share capital of 1,385,997,155 Shares.
(2) Based on the enlarged issued share capital of 2,004,522,801 Shares after the Proposed Settlement.
(3) Based on the enlarged issued share capital of 2,341,526,221 Shares after the Proposed Rights Issue with Warrants.
(4) Based on the enlarged issued share capital of 2,678,529,641 Shares assuming the full exercise of the Warrants E.
(5) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

(ii) Maximum Scenario

Substantial Shareholders	As at the LPD				(I) After the Proposed Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(2)%	No. of Shares	(2)%
OKH	186,291,463	13.44	(5)41,678,800	3.01	505,505,131	25.22	(5)41,678,800	2.08
TCH	1,883,900	0.14	-	-	301,195,878	15.03	-	-

Substantial Shareholders	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming full exercise of the Warrants E			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(3)%	No. of Shares	(3)%	No. of Shares	(4)%	No. of Shares	(4)%
OKH	842,508,551	25.22	(5)69,464,666	2.08	1,179,511,971	25.22	(5)97,250,532	2.08
TCH	501,993,130	15.03	-	-	702,790,382	15.03	-	-

Notes:

(1) Based on the issued share capital of 1,385,997,155 Shares.
(2) Based on the enlarged issued share capital of 2,004,522,801 Shares after the Proposed Settlement.
(3) Based on the enlarged issued share capital of 3,340,871,335 Shares after the Proposed Rights Issue with Warrants.
(4) Based on the enlarged issued share capital of 4,677,219,869 Shares assuming the full exercise of the Warrants E.
(5) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act and his parents' and siblings' direct shareholdings in OCR.

Our Comments

Under Minimum Scenario, OKH's shareholdings in OCR will increase from 13.44% (as at the LPD) to 25.22% (upon completion of the Proposed Settlement) and thereafter increase to 35.98% (upon completion of the Proposed Rights Issue with Warrants) while TCH's shareholdings in OCR will increase from 0.14% (as at the LPD) to 15.03% (upon completion of the Proposed Settlement) and thereafter reduce to 12.86% (upon completion of the Proposed Rights Issue with Warrants). Accordingly, TCH will emerge as a new substantial shareholder of the Group upon completion of the Proposed Settlement.

Under Maximum Scenario, assuming all Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue, there will be no effect on the substantial Shareholders' percentage shareholdings in OCR as the Rights Shares will be allotted on a pro-rata basis to all Entitled Shareholders. It is pertinent for the non-interested Shareholders to note that their existing percentage of shareholding would be diluted, should they choose not to subscribe for the Rights Shares.

In addition, as set out in **Sections 2.9 and 3.3, Part A** of the Circular, the public shareholding spread of OCR will decrease from 83.41% (as at the LPD) to 57.68% (upon completion of the Proposed Settlement) and further decrease to 49.38% (upon completion of the Proposed Rights Issue with Warrants under the Minimum Scenario). Accordingly, upon completion of the Proposals, the public shareholding spread of OCR would still be in compliance with paragraph 8.02(1) of the Listing Requirements.

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11.4 Shareholdings of OKH and his PACs based on the Maximum Potential Shareholdings Scenario

The Maximum Potential Shareholdings Scenario is on the assumption that:

(i) OKH and his PACs subscribe in full for their entitlement of Rights Shares based on their direct shareholdings in OCR after the Proposed Settlement;

(ii) none of the other Entitled Shareholders and/or their renouncee(s) fully subscribe for their respective entitlements of the Rights Shares with Warrants E; and

(iii) assuming only OKH and his PACs exercise all their Warrants E.

For illustrative purposes, the proforma shareholdings of OKH and his PACs based on the Maximum Potential Shareholdings Scenario are computed as follows:

	As at the LPD				(I) After the Proposed Settlement			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%(1)	No. of Shares	% (1)	No. of Shares	%(8)	No. of Shares	%(8)
OKH	186,291,463	13.44	41,678,800(2)	3.01	505,505,131(9)	25.22	41,678,800(2)	2.08
PACs								
TCH	1,883,900	0.14	-	-	301,195,878(9)	15.03	-	-
Low Kin Kok	3,273,290	0.24	-	-	3,273,290	0.16	-	-
Low Kien Poh	69	-(3)	-	-	69	-(3)	-	-
Chong Tze-Ban	17	-(3)	-	-	17	-(3)	-	-
OCR Land Holdings Sdn Bhd	31,215,000	2.25	-	-	31,215,000	1.56	-	-
CLS	-	-	-	-	-	-	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.06	31,215,000(4)	2.25	800,000	0.04	31,215,000(4)	1.56
Tan Poo Yot	2,600,000	0.19	31,215,000(5)	2.25	2,600,000	0.13	31,215,000(5)	1.56
Ong Kah Wee	3,681,900	0.27	31,215,000(6)	2.25	3,681,900	0.18	31,215,000(6)	1.56
Ong Yew Ming	3,381,900	0.24	31,215,000(7)	2.25	3,381,900	0.17	31,215,000(7)	1.56
Total OKH and PACs	**233,127,539**	**16.82**			**851,653,185**	**42.49**		

	(II) After (I) and the Proposed Rights Issue with Warrants				(III) After (II) and assuming only OKH and PACs exercise all their Warrants E			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%[10]	No. of Shares	%[10]	No. of Shares	%[11]	No. of Shares	%[11]
OKH	842,508,551	32.75	69,464,666[2]	2.70	1,179,511,971	37.56	97,250,532[2]	3.10
PACs								
TCH	501,993,130	19.52	-	-	702,790,382	22.38	-	-
Low Kin Kok	5,455,483	0.21	-	-	7,637,676	0.24	-	-
Low Kien Poh	115	-[3]	-	-	161	-[3]	-	-
Chong Tze-Ban	28	-[3]	-	-	39	-[3]	-	-
OCR Land Holdings Sdn Bhd	52,025,000	2.02	-	-	72,835,000	2.32	-	-
CLS	-	-	-	-	-	-	-	-
Ong Kim Chong @ Ong Hwee Choo	1,333,333	0.05	52,025,000[4]	2.02	1,866,666	0.06	72,835,000[4]	2.32
Tan Poo Yot	4,333,333	0.17	52,025,000[5]	2.02	6,066,666	0.19	72,835,000[5]	2.32
Ong Kah Wee	6,136,500	0.24	52,025,000[6]	2.02	8,591,100	0.27	72,835,000[6]	2.32
Ong Yew Ming	5,636,500	0.22	52,025,000[7]	2.02	7,891,100	0.25	72,835,000[7]	2.32
Total OKH and PACs	**1,419,421,973**	**55.18**			**1,987,190,761**	**63.29**		

Notes:

(1) Computed based on the issued share capital of 1,385,997,155 OCR Shares as at the LPD.

(2) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd, pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in OCR.

(3) Negligible.

(4) Ong Kim Chong @ Ong Hwee Choo is the father of OKH and is deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act.

(5) Tan Poo Yot is the mother of OKH and is deemed interested by virtue of her interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act.

(6) Ong Kah Wee is the brother of OKH and is deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act.

(7) Ong Yew Ming is the sister of OKH and is deemed interested by virtue of her interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act.

(8) Based on the issued share capital of 2,004,522,801 Shares after the Proposed Settlement.

(9) After taking into account the issuance of 319,213,668 Settlement Shares to OKH and 299,311,978 Settlement Shares to TCH.

(10) Based on the enlarged issued share capital of 2,572,291,589 Shares upon the issuance of the Rights Shares to OKH and his PACs assuming OKH and his PACs apply and subscribe in full for their entitlement of Rights Shares based on their direct shareholdings in the Company after the Proposed Settlement.

(11) Based on the enlarged issued share capital of 3,140,060,377 Shares assuming full exercise of the Warrants E by OKH and his PACs.

Our Comments

Based on the table above, we noted that the aggregate shareholdings of OKH and his PACs in OCR will increase from 16.82% (as at the LPD) to 55.18% (upon completion of the Proposed Rights Issue with Warrants). Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the aggregate shareholdings of OKH and his PACs will further increase to 63.29%.

Accordingly, the aggregate shareholdings of the non-interested Shareholders will decrease from 83.18% (as at the LPD) to 44.82% (upon completion of the Proposed Rights Issue with Warrants). Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the aggregate shareholdings of the non-interested Shareholders will further decrease to 36.71%.

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11.5 Earnings and EPS

As disclosed in **Section 10.4, Part A** of the Circular, we noted that the Proposed Settlement will not have any effect on the earnings of OCR Group but the EPS of OCR Group will be diluted as a result of the increase in the number of OCR Shares in issue arising from the issuance of the Settlement Shares.

We noted that the effects of the Proposed Rights Issue with Warrants on the consolidated earnings and EPS of OCR Group will depend on, amongst others, the actual number of Rights Shares to be issued and the level of returns generated from the utilisation of the proceeds to be raised from the Proposed Rights Issue with Warrants. Assuming that the consolidated earnings of the Group remain unchanged, the EPS of the Company will be diluted as a result of the increase in the number of Shares in issue arising from the issuance of the Rights Shares and any new Shares arising from the exercise of the Warrants E.

For illustrative purposes, based on the audited consolidated financial statements of the Company for the FYE 31 December 2023 and assuming the Proposed Settlement and the Proposed Rights Issue with Warrants had been completed at the beginning of FYE 31 December 2023, the proforma effects of the Proposed Settlement and the Proposed Rights Issue with Warrants on the consolidated losses and LPS of OCR Group are as follows:-

	Audited FYE 31 December 2023	(I) After (I) and the Proposed Settlement[(1)]	(II) After (I) and the Proposed Rights Issue with Warrants		(III) After (II) and assuming full exercise of the Warrants E	
			Minimum Scenario[(2)]	**Maximum Scenario[(3)]**	**Minimum Scenario[(4)]**	**Maximum Scenario[(5)]**
LAT attributable to owners of the Company (RM'000)	(18,700)	(18,700)	(19,830)[(6)]	(19,830)[(6)]	(19,830)[(6)]	(19,830)[(6)]
Weighted average no. of Shares ('000)	1,121,299	1,739,825	2,076,828	3,076,173	2,413,831	4,412,522
LPS (sen)	(1.67)	(1.07)	(0.95)	(0.64)	(0.82)	(0.45)

Notes:

(1) Based on the issuance of 618,525,646 Settlement Shares.
(2) Based on the issuance of 337,003,420 Rights Shares.
(3) Based on the issuance of 1,336,348,534 Rights Shares.
(4) Based on the issuance of 337,003,420 new Shares pursuant to the exercise of Warrants E.
(5) Based on the issuance of 1,336,348,534 new Shares pursuant to the exercise of Warrants E.
(6) After accounting for estimated expenses incidental to the Proposals of RM1.13 million assuming the estimated expenses are not capitalised.

Our Comments

Based on the table above, we noted that the proforma LPS of OCR Group will decrease from 1.67 sen for the FYE 31 December 2023 to 0.95 sen (under Minimum Scenario) and 0.64 sen (under Maximum Scenario) upon completion of the Proposals mainly due to the increase in the number of OCR Shares in issue arising from the issuance of the Settlement Shares and Rights Shares.

Barring any unforeseen circumstances, the realisation of the benefits from the utilisation of the proceeds of the Proposed Rights Issue with Warrants is expected to contribute positively to the future earnings and EPS of OCR Group. However, non-interested Shareholders should note that there is no certainty on the realisation of the benefits arising from the utilisation of the proceeds from the Proposed Rights Issue with Warrants. We also wish to highlight that the property development projects to be undertaken by OCR Group is subject to risks and uncertainties which are not within the Group's control such as change in government policies, inflation, movement in interest rate and price fluctuation of construction raw materials and market demand. The occurrence of any or a combination of such events may impact the implementation of the property development projects and may affect the Group's financial performance.

Based on our overall assessment of Section 11.1 to Section 11.5 of this IAL, notwithstanding that the Proposals will result in a dilutive impact on the NA per OCR Share and EPS of OCR Group, the Proposals are expected to improve the proforma NA and gearing of the Group and contribute positively to the future earnings and EPS of the Group. As such, we are of the view that the overall effects of the Proposals are acceptable to the non-interested Directors and non-interested Shareholders.

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12. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OCR GROUP

We take cognisance of the industry overview and outlook of the Malaysian economy, property market in Malaysia, construction sector in Malaysia as well as the prospects and future plans of OCR Group as disclosed in **Section 8, Part A** of the Circular.

12.1 Overview and Outlook of the Malaysian Economy

Global growth is projected to moderate in 2023 and 2024 following slow growth in advanced economies; volatile financial market due to tightening monetary policy; prolonged geopolitical tensions; and increasing climatic changes. Nevertheless, inflation continues to soften as markets head towards supply chain stabilisation. In addition, world trade is projected to moderate in 2023 in line with weaker global demand. However, global trade is expected to increase in 2024 in tandem with improved trade activity in advanced economies, and emerging market and developing economies.

In the case of Malaysia, the economy continued to expand amid these persistent challenges in the external environment. During the first half of 2023, gross domestic product (**"GDP"**) posted a growth of 4.2% supported by resilient domestic demand, in particular private expenditure. The services sector, the largest contributor to the economy, continued to lead growth following higher tourist arrivals and improved consumer spending. The construction sector continued to expand in tandem with the acceleration of infrastructure projects and realisation of investment in non-residential and residential developments. These developments helped to cushion the negative impact from the external sector following slow external demand, particularly from Malaysia's major trading partners.

The increased external uncertainties will pose risks to the economic growth. Notwithstanding these challenges, the economy continues reaping the benefits from policies and initiatives undertaken over the years to enhance resilience and competitiveness. Overall, the economy is projected to expand moderately in the second half of the year as external demand is expected to remain low and high base effect from the previous year. Nevertheless, domestic demand will continue to drive growth. Hence, the GDP is anticipated to register a growth of approximately 4% in 2023.

For 2024, the economy is projected to grow within the range of 4% to 5%. The growth is envisaged to be broad-based, led by the services sector as intermediate and final services groups are anticipated to rise further driven by sustained domestic consumption and improved export activities. The retail trade, accommodation and restaurants as well as communication segments are expected to increase in line with consumption trend, while the wholesale trade segment and transport and storage subsector will benefit from higher trade-related activities.

Efforts will be intensified to strengthen Malaysia's agility in keeping pace with the fast-changing environment, which requires a paradigm shift and innovation culture to enhance economic growth. The continuation of strategic projects, digitalisation, improved productivity and advanced manufacturing will further stimulate the growth of the economy in the medium term. All economic sectors are expected to benefit from the recent policies such as National Energy Transition Roadmap, New Industrial Master Plan 2030 (**"NIMP 2030"**) and Mid-Term Review (**"MTR"**) of the Twelfth Malaysia Plan, which are in tandem with the Ekonomi MADANI framework. Looking ahead, effective implementation of these policies will further enhance economic growth and resilience as Malaysia navigates through the challenging global landscape.

(Source: Budget 2024, Economic Outlook 2024, Ministry of Finance Malaysia)

Headline and core inflation averaged 1.7% and 1.8% in the first quarter of 2024 respectively. Looking forward, inflation in 2024 is expected to remain moderate, broadly reflecting stable demand conditions and contained cost pressures. The outlook for the rest of the year is dependent on the implementation of domestic policy on subsidies and price controls, as well as global commodity prices and financial market developments. After incorporating the potential impact of subsidy rationalisation, headline and core inflation are projected to average between 2%−3.5% and 2%−3% for the year respectively.

The ringgit currently does not reflect Malaysia's economic fundamentals and growth prospects. External factors, namely shifting expectations of major economies' monetary policy paths and ongoing geopolitical tensions, have led to heightened volatility in both capital flows and exchange rates across the region, including the ringgit. The coordinated initiatives by the Government and Bank Negara Malaysia (**"BNM"**) with the Government-Linked Companies and Government-Linked Investment Companies, and corporate engagements have gained further traction, cushioning the pressure on the ringgit. BNM will continue to manage risks arising from heightened financial market volatility. Over the medium term, domestic structural reforms will provide more enduring support to the ringgit.

At the January and March 2024 Monetary Policy Committee (**"MPC"**) meetings, and also at the most recent meeting in May, the MPC maintained the Overnight Policy Rate (**"OPR"**) at 3.00%. At the current OPR level, the MPC deemed that the monetary policy stance remains supportive of the economy and is consistent with the current assessment of the inflation and growth prospects. The MPC remains vigilant to ongoing developments to inform the assessment on the outlook of domestic inflation and growth. The MPC will ensure that the monetary policy stance remains conducive to sustainable economic growth amid price stability.

(Source: BNM Quarterly Bulletin 1Q 2024, Bank Negara Malaysia)

12.2 Overview and Outlook of the Property Market in Malaysia

Despite a challenging global financial and economic environment, the property market stayed resilient in 2023 supported by positive performance in all sub-sectors except agriculture. In 2023, total transactions volume and value increased by 2.5% and 9.9% respectively to 399,008 transactions worth RM196.83 billion (2022: 389,107 transactions, RM179.07 billion).

Sectoral market activity performance showed upward movements. Residential, commercial, industrial and development land sub-sectors recorded year-on-year growths of 3.0%, 23.3%, 0.9% and 5.0% respectively, whereas agricultural sub-sector recorded otherwise, declined by 7.8% in volume.

Value of transactions recorded higher increase for all subsectors i.e. residential, commercial, industrial, agriculture and development land and others, each at 7.1%, 17.5%, 13.1%, 4.6% and 13.8% respectively.

The growth in 2023 property market is highly supported by the implementation of various government initiatives and assistance and improving labour market conditions. Several initiatives which outlined under Budget 2023 by the government to a certain extent helped improve property market activities.

The residential overhang situation improved as the numbers continued to reduce as compared to previous year. There were 25,816 overhang units worth RM17.68 billion recorded in Q4 2023, reduced by 7.0% and 4.0% in volume and value respectively against Q4 2022 (27,746 overhang units worth RM18.41 billion).

The unsold houses under construction improved in tandem as the numbers further declined to 51,132 units (2022: 57,649 units), dropped by 11.3%, meanwhile unsold houses not constructed recorded sharply decrease by 28.3% in number with 7,926 units (2022: 11,053 units).

The property market is expected to continue its momentum supported by various initiatives outlined by the government under Budget 2024, among others, easing the requirements of the Malaysia My Second Home Programme, imposing flat rate stamp duty on the transfer of land ownership documents by foreigners and providing guarantees of up to RM10 billion under the Skim Jaminan Kredit Perumahan.

(Source: Property Market Report 2023, Valuation and Property Services Department, Ministry of Finance Malaysia)

The real estate and business services subsector is poised to grow by 5.4% in 2024 attributed to sustained demand for professional services, particularly in the field of engineering following vigorous construction activities. In addition, the real estate segment is projected to improve owing to the increase in non-residential and residential property transactions.

The real estate segment is also anticipated to boost the subsector with various Government's initiatives primarily for the households in the B40 and M40 income groups. These initiatives include, but not limited to, the introduction the MADANI Neighbourhood scheme, continuation of 100% stamp duty exemption for first-time homeowners and the enhancement of loan scheme under the Syarikat Jaminan Kredit Perumahan Berhad.

(Source: Budget 2024, Economic Outlook 2024, Ministry of Finance Malaysia)

12.3 Overview and Outlook of the Construction Sector in Malaysia

The construction sector improved steadily by 6.8% in the first half of 2023 mainly driven by the civil engineering and special construction activities subsectors. The civil engineering subsector rebounded, supported by the acceleration of ongoing infrastructure and utilities projects, which include East Coast Rail Link and Large Scale Solar 4 projects. The non-residential buildings and residential buildings subsectors also registered positive growth in line with vibrant economic activities.

The sector is forecast to expand by 5.9% in the second half of the year supported by growth in all subsectors. The residential buildings subsector is anticipated to remain encouraging on the back of government's initiatives such as i-MILIKI and Housing Credit Guarantee Scheme in assisting first-time home buyers, spurring demand for home ownership. Similarly, the non-residential buildings subsector is envisaged to increase, particularly with the realisation of approved private investments. The continuous implementation of strategic infrastructure and utilities projects will further support the civil engineering subsector. For the year, performance of the sector is expected to remain steady and grow by 6.3%.

The construction sector is forecast to increase by 6.8% in 2024 following better performance in all subsectors. Civil engineering subsector continues to be bolstered by strategic infrastructure and utilities projects which include ongoing projects such as the Central Spine Road, the Pan Borneo Sabah Highway and acceleration of projects under the Twelfth Malaysia Plan, 2021 – 2025. Furthermore, a new solar power plant project under the Corporate Green Power Programme will support the subsector's growth. The implementation of NIMP 2030 is expected to further strengthen the performance of non-residential buildings subsector as the Plan will provide a platform to attract more investments into the country. In addition, the residential buildings subsector is projected to improve further in line with the government's effort to increase more affordable houses as outlined under the MTR of the Twelfth Plan and the MADANI Neighbourhood scheme, as well as new launching by the private sector.

(Source: Budget 2024, Economic Outlook 2024, Ministry of Finance Malaysia)

12.4 Prospects and future plans of OCR Group

Despite the setback in the property development and construction activities of OCR Group in 2020 and 2021 due to COVID-19, the Group has recovered and has seen its revenue increased from RM73.00 million in FYE 31 December 2020 to RM146.92 million in FYE 31 December 2023 mainly due to the recovery of the local property development and construction sector which is further explained in **Section 12.2 and Section 12.3** of this IAL.

In addition, the outlook of the local property development and construction sector is further supported by government initiatives such as the i-MILIKI and Housing Credit Guarantee Scheme which provides incentive to first-time home buyers and is aimed to increase demand for residential properties. This may also bode well for the Group who is currently involved in the Kyra affordable housing development project with an estimated GDV of RM805.0 million.

The completion of the Proposals will allow the Group to strengthen the Group's financial position and capital base through reduced gearing level, as well as the improved pro forma NA, which would improve the Group's financial position and enhance the Group's ability to negotiate and secure funding arrangements for its existing and future construction and property development projects.

Moving forward, we wish to highlight that the future plans and strategies undertaken and/or to be undertaken by the Group are subject to uncertainties which are not within the Group's control such as outbreak of war, government policies, interest rates, inflation, fluctuation in price of raw materials and changes in the global economic conditions. The occurrence of any of such events may materially impact the Group's operations and affect the Group's ability to implement the plans within the intended timeframe or such plans may not achieve the expected results.

Premised on the above, we are of the view that the outlook and prospects of OCR Group upon completion of the Proposals is positive.

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13. RISK FACTORS ASSOCIATED WITH THE PROPOSALS

In evaluating the Proposals, the non-interested Directors and non-interested Shareholders should carefully consider the risk factors as set out in **Section 9, Part A** of the Circular. Our comments on the risk factors relating to the Proposals are as follows:

(i) Non-completion risk of the Proposed Settlement

We noted that the completion of the Proposed Settlement is subject to the fulfilment of the terms and conditions as set out in the Settlement Agreement within the stipulated timeframe. If any of the conditions are not fulfilled, as the case may be, within the stipulated timeframe, the Proposed Settlement may be terminated, and all the potential benefits arising therefrom may not be materialised.

We are of the view that the non-completion risk for the Proposed Settlement is common aspect of similar proposals or arrangements. In the event that the conditions precedent are not fulfilled within the stipulated time period, the Settlement Agreement may be terminated and the Stack Builder Advances shall remain outstanding and payable by Stack Builder to OKH and TCH.

(ii) Ability of the major Shareholder to exert significant influence over the Company and significant dilution to the remaining Shareholders' shareholding in the Company

We noted that upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants, the collective shareholdings of OKH and his PACs in the Company is expected to increase up to 55.18% (under the Maximum Potential Shareholdings Scenario), thereby gaining control of the Company. This would enable OKH, being the Group Managing Director of OCR and a Major Shareholder, and his PACs to exert significant influence over the management and operations of the Company including but not limited to, elect the board of directors, influence major business decisions, and dictate the direction and strategy of the Company.

In addition to the above, the issuance of the Settlement Shares to OKH and TCH pursuant to the Proposed Settlement and the issuance of the Rights Shares to OKH pursuant to the Proposed Rights Issue with Warrants under the Minimum Scenario would represent a significant dilution to the remaining Shareholders' shareholdings in the Company, thereby diminishing the minority Shareholders' rights.

While we note that OKH and his PACs will be able to exert significant influence over the management and operations of the Company under the Maximum Potential Shareholdings Scenario, OCR have in place a Board which comprises 3 independent Directors who are responsible to provide check and balance to the Board. As such, the independent Directors would have a duty to protect the interest of OCR and the non-interested Shareholders in relation to key business decisions made by the Company's management team.

While we noted that measures would be taken by OCR to mitigate such risks associated with the Proposals, no assurance can be given that the risk factors will not occur and give rise to material adverse impact on the business and operation of the Group, its financial performance or prospects thereon.

In evaluating the Proposals, non-interested Shareholders should carefully consider the said risk factors and mitigating factors prior to voting on the resolutions pertaining to the Proposals at the forthcoming EGM. Non-interested Shareholders should also note that the risk factors mentioned in the Circular and this IAL are not meant to be exhaustive.

14. IMPLICATIONS ARISING FROM THE VOTING OUTCOME OF THE PROPOSED EXEMPTIONS

Pursuant to subparagraph 4.08(2) of the Rules, the SC may consider granting the Proposed Exemption if OKH and his PACs have satisfied the following conditions:

(i) there is no acquisition of OCR Shares or instruments convertible into OCR Shares and options in respect of OCR Shares (other than subscriptions for new OCR Shares or new instruments convertible into or options in respect of new OCR Shares which have been disclosed in the Circular) by OKH and his PACs in the six (6) months prior to the announcement of the Proposals on 13 December 2023, but subsequent to the negotiations, discussions or the reaching of understandings or agreements with the Board in relation to the Proposals until completion of the subscription ("**Disqualifying Transaction**"); and

(ii) approval has been obtained from the non-interested Directors in the Board meeting in relation to the Proposed Exemptions and non-interested holders of voting shares or voting rights of OCR at a meeting of the holders of the relevant class of voting shares or voting rights to waive their rights to receive the Mandatory Offer from OKH and his PACs. The voting at the forthcoming EGM in relation to the Proposals shall be conducted by way of poll.

Any exemption granted will be invalidated if OKH and/or his PACs have engaged or engages in a Disqualifying Transaction.

The implication of the non-interested Shareholders' votes on the Proposed Exemptions to be tabled at the forthcoming EGM are set out in **Sections 14.1 and 14.2** of this IAL.

14.1 If you <u>VOTE IN FAVOUR</u> of the Proposed Exemptions

(i) It is noted that the Proposed Exemptions sought under subparagraph 4.08(1)(b) of the Rules by OKH and his PACs are subject to the approval of the non-interested Shareholders at the forthcoming EGM to be convened for the Proposals and it is a pre-requisite for approval by SC for the Proposed Exemptions. An approval from the SC for the Proposed Exemptions would then exempt OKH and his PACs from the obligation to undertake the Mandatory Offer. Accordingly, the Proposed Exemption 1 is valid upon the issuance of Settlement Shares and Proposed Exemption 2 is valid upon the issuance of Rights Shares.

For the avoidance of doubt, Proposed Exemption 2 do not exempt OKH and/or his PACs from the obligation to undertake a Mandatory Offer should he or any of his PACs choose to exercise his or their Warrants E after the completion of the Proposed Rights Issue with Warrants, which results in an increase of their individual or collective shareholdings in OCR by more than 2% within a 6-month period.

As such, OKH and/or his PACs will need to observe and comply at all times with the relevant provisions of the CMSA, the Code and the Rules whenever OKH and/or his PACs exercise his / their Warrants E after the completion of the Proposals.

(ii) The approval of the Proposed Exemptions would imply that non-interested Shareholders agree to waive their rights and exempt OKH and his PACs from the obligation to undertake the Mandatory Offer as a result of the Proposals (which shall be undertaken at a price no lower than the highest price paid by OKH and his PACs for OCR Shares in the past 6 months preceding the commencement of the offer).

(iii) Voting in favour of the Proposed Exemptions do not in any way impede the Entitled Shareholders' right to participate in the Proposed Rights Issue with Warrants. However, should the Entitled Shareholders decide not to subscribe for their entitlements under the Proposed Rights Issue with Warrants, the Entitled Shareholders' percentage of shareholding in OCR will be diluted accordingly.

(iv) You should note the following effects on the shareholdings of OKH and his PACs upon completion of the Proposals:

(a) Minimum Scenario

The collective shareholdings of OKH and his PACs in OCR will increase from 16.82% (as the LPD) to 50.76% (upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants). Thereafter, assuming OKH exercises all his Warrants E, the shareholdings of OKH and his PACs will further increase to 56.96%.

(b) Maximum Potential Shareholdings Scenario

The collective shareholdings of OKH and his PACs in OCR will increase from 16.82% (as the LPD) to 55.18% (upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants). Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the collective shareholdings of OKH and his PACs will further increase to 63.29%.

In this regard, in view that the collective shareholdings of OKH and his PACs will increase to more than 50% after the completion of Proposals, moving forward OKH and his PACs could collectively further increase their voting shares or voting rights in OCR without incurring any further obligation to undertake a mandatory offer, provided that OKH and his PACs do not trigger such mandatory offer on an individual or single entity basis.

In addition, OKH, being the Group Managing Director of OCR and a Major Shareholder, and his PACs will also be able to exert significant influence over the management and operations of the Company including but not limited to, elect the board of directors, influence major business decisions, and dictate the direction and strategy of the Company.

(v) You should note the following effects on the shareholdings of the non-interested Shareholders upon completion of the Proposals:

(a) Minimum Scenario

The collective shareholdings of the non-interested Shareholders in OCR will decrease from 83.18% (as the LPD) to 49.24% (upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants). Thereafter, assuming only OKH exercises all his Warrants E, the collective shareholdings of non-interested Shareholders will further decrease to 43.04%.

(b) Maximum Potential Shareholdings Scenario

The collective shareholdings of non-interested Shareholders in OCR will decrease from 83.18% (as the LPD) to 44.82% (upon completion of the Proposed Settlement and Proposed Rights Issue with Warrants). Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the collective shareholdings of non-interested Shareholders will further decrease to 36.71%.

In this regard, non-interested Shareholders should note that by voting for the Proposed Exemptions, they could be forgoing the opportunity to receive a takeover offer from another person who may be discouraged from making a takeover offer in view of the potential dilution effects of the Warrants E.

14.2 If you <u>VOTE AGAINST</u> the Proposed Exemptions

It is noted that the Proposed Exemption 1 and Proposed Exemption 2 sought under subparagraph 4.08(1)(b) of the Rules by OKH and his PACs are subject to the approval of the non-interested Shareholders at the forthcoming EGM to be convened for the Proposals. In the event that the non-interested Shareholders vote against the Proposed Exemptions, the implications to OCR Group are set out below:

(i) Without the Proposed Exemption 1, the Proposed Settlement will not be implemented as the Proposed Settlement and Proposed Exemption 1 are inter-conditional. As such, in the event that Proposed Exemption 1 is not approved, OCR Group will not be able to realise the benefits from the Proposed Settlement as explained in **Section 8.1** of this IAL.

(ii) Without the Proposed Exemption 1, the Proposed Settlement will not be implemented, in turn, the Proposed Rights Issue with Warrants will also not be implemented as the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement. As such, in the event that Proposed Exemption 1 is not approved, OCR Group will not be able to realise the benefits from the Proposed Rights Issue with Warrants as explained in **Section 8.2** of this IAL.

(iii) Without the Proposed Exemption 2, the Proposed Rights Issue with Warrants will not be implemented as Proposed Exemption 2 and Proposed Rights Issue with Warrants are inter-conditional. As such, in the event that Proposed Exemption 2 are not approved, OCR Group will not be able to realise the benefits from the Proposed Rights Issue with Warrants.

(iv) In view that the Proposed Rights Issue with Warrants is conditional upon the Proposed Settlement but not vice versa, in the event that the Proposed Exemption 2 is not approved, the Proposed Rights Issue with Warrants will not be implemented, however OCR will still be able to undertake the Proposed Settlement.

(v) In the event that the Proposed Settlement is not implemented due to the reasons stated in (ii) and (iii) above, the Group will not be able to benefits from the Proposed Settlement.

Arising from the above, Stack Builder will have to re-engage OKH and TCH for the repayment of the Stack Builder Advances via other means to be mutually discussed and agreed upon. This might entail, amongst others, disposal of the Bukit Raja Land and/or obtaining new bank borrowings..

(vi) In the event that the Proposed Rights Issue with Warrants is not implemented due to the reasons stated in (iii) and (iv) above, the Group will not be able to raise funds for the purposes as set out in **Section 5, Part A** of the Circular.

As such, the Group will not be able the enjoy the interest savings arising from the repayment of borrowings as further explained in **Section 8.2(i)** of this IAL. In addition, the Group will also not be able to utilise the proceeds from the Proposed Rights Issue with Warrants for working capital and funding of its property development projects.

Arising from the above, the Group will need to explore other alternatives to fund its working capital and property development projects which include amongst others internally generated funds, bank borrowings, progress billings / progressive sales billings to be received and/or future fund-raising exercises to be undertaken (if required).

15. DIRECTORS' INTENTION TO VOTE

As at the LPD, save as disclosed below, none of the Directors have any interest (direct and indirect) in OCR. Accordingly, their intention to vote in relation to the Proposed Exemptions are as follows:

Name	Direct		Indirect		Intention to vote in relation to the Proposed Exemption 1	Intention to vote in relation to the Proposed Exemption 2
	No. of Shares	%[(1)]	No. of Shares	%[(1)]		
OKH	186,291,463	13.44	41,678,800[(2)]	3.01	Abstain[(3)]	Abstain[(3)]
CLS	-	-	-	-	Abstain[(3)]	Abstain[(3)]

Notes:

(1) Computed based on the issued share capital of 1,385,997,155 OCR Shares as at the LPD.

(2) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd, pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in OCR.

*(3) In view that he/she is an interested party (as set out in **Section 15, Part A** of the Circular), he/she shall abstain from voting in respect of his/her direct and/or indirect shareholding in OCR on the resolutions pertaining to the Proposed Exemptions at the forthcoming EGM in relation to the Proposals. In addition, he/she will undertake to ensure that persons connected with him/her will abstain from all deliberations and voting at Board meetings pertaining to the Proposed Exemptions and voting in respect of their direct and/or indirect shareholdings in OCR (if any) on the resolutions pertaining to the Proposed Exemptions to be tabled at the forthcoming EGM in relation to the Proposals.*

16. FUTURE PLANS OF OCR GROUP AND ITS EMPLOYEES

In accordance with paragraph 8, Schedule 2, Part II of the Rules, OKH and his PACs have confirmed that as at the LPD, they do not intend to effect any major change to the following:

(i) The continuation of the business of OCR Group;

(ii) The business of OCR Group, including any plans to liquidate any of the companies within the Group, sell any material assets or re-deploy the fixed assets of the Group or make any other major change in the business of OCR Group; and

(iii) The continued employment of the employees of OCR Group,

except where such changes are in the ordinary course of OCR Group's business or are necessary to rationalise or improve the Group's operations and/or financial performance and is in the best interest of OCR Group.

OKH and his PACs shall retain the flexibility at any time to consider any options which are in the best interest of OCR Group. OKH and his PACs intend to maintain the listing status of OCR on the Main Market of Bursa Securities.

17. RESPONSIBILITY STATEMENT

The Board has seen, reviewed and accepted this IAL. The Board, collectively and individually, accepts full responsibility for the accuracy of the information contained in this IAL (save for the assessment, evaluation and opinion of BDOCC) and confirms, after having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this IAL have been arrived at after due and careful consideration and there are no other facts not contained in this IAL, the omission of which would make any information in this IAL misleading.

The responsibility of the Board in respect of:

(i) The information relating to OKH and his PACs (as provided by OKH and his PACs) is limited to ensuring that such information is accurately reproduced in this IAL; and

(ii) The independent advice and expression of opinion by BDOCC in relation to the Proposals are limited to ensuring that accurate information in relation to OCR Group was provided to BDOCC for its evaluation of the Proposals and to ensure that all information in relation to OCR Group that are relevant to BDOCC's evaluation of the Proposals have been completely disclosed to BDOCC and that there is no material fact, the omission of which would make any information provided to BDOCC false or misleading.

18. FURTHER INFORMATION

The non-interested Shareholders are advised to refer to **Part A** of the Circular as well as the attached appendices for further information.

19. CONCLUSION AND RECOMMENDATION

The non-interested Directors and non-interested Shareholders should carefully consider the advantages and disadvantages of the Proposals based on all the relevant and pertinent factors including those set out in this IAL as well as those highlighted by the Board in its letter to the Shareholders in relation to the Proposals as set out in **Part A** of the Circular before voting on the ordinary resolutions in respect of the Proposed Settlement and Proposed Exemptions at the forthcoming EGM.

In arriving at our conclusion and recommendation, we have assessed and evaluated the Proposals holistically in accordance with Schedule 2: Part III of the Rules, taking into consideration the various factors as discussed in this IAL. The Proposed Exemptions (if granted by the non-interested Shareholders and granted by the SC) will allow OCR to undertake the Proposals (if they are also approved by the non-interested Shareholders).

Non-interested Shareholders should note that OCR intends to fully settle the Stack Builder Advances despite OCR only holding 50.50% equity interest in Stack Builder and TCH holding the remaining 49.50% equity interest in Stack Builder. As the Proposed Settlement will result in Stack Builder owing OCR an amount equivalent to the Stack Builder Advances, the total liabilities of Stack Builder and TCH's share in such liabilities (by virtue of his 49.5% shareholding in Stack Builder) still remain unchanged.

The approval of the Proposed Settlement and Proposed Exemption 1 by non-interested Shareholders would allow TCH to increase its shareholdings in OCR from 0.14% (as at the LPD) to 15.03% (upon completion of the Proposed Settlement) without having to undertake the Mandatory Offer and TCH will emerge as a new substantial shareholder of the Group upon completion of the Proposed Settlement.

Save for the increase in TCH's shareholdings in OCR and the settlement of the Stack Builder Advances owing to TCH, TCH is not expected to derive any other benefits from the Proposed Settlement.

Whilst we note that the Proposed Settlement will result in the collective shareholdings of the non-interested Shareholders in OCR to be diluted from 83.18% (as the LPD) to 57.51%, we are of the view that the settlement of the Stack Builder Advances to TCH is reasonable as TCH, who is the founder of Stack Builder and has since 2018 up to 2023 contributed advances to Stack Builder which was mainly used to fund the acquisition of the Bukit Raja Land. The Proposed Settlement is also crucial for OCR to settle the Stack Builder Advances and allow OCR Group to continue with the development of Kyra and gain from the potential benefits arising from development of Kyra. The Proposed Settlement also represents an opportunity for OCR to exercise its fiscal responsibility to repay its funders.

Having considered the available options to settle the Stack Builder Advances as set out in **Section 8.1(ii)** of this IAL, we are of the view that the settlement of the Stack Builder Advances by way of issuance of Settlement Shares is reasonable and the most appropriate method for OCR Group to settle the Stack Builder Advances.

Non-interested Shareholders should note that, if they do not subscribe to their rights entitlements under the Proposed Rights Issue with Warrants, this would cause:

(i) a significant dilution of the collective shareholdings of the non-interested Shareholders from 83.18% (as at the LPD) to 36.71% upon completion of the Proposals and assuming only OKH and his PACs exercise all their Warrants E under the Maximum Potential Shareholdings Scenario;

(ii) transfer of value in the form of the Rights Shares at a discount of 39.66% to the TEAP of OCR Shares based on five (5)-day VWAP of OCR Shares up to and including the LPD as well as <u>discounts</u> ranging between 56.25% to 75.00% based on the audited consolidated NA per OCR Share as at 31 December 2023 of RM0.14, unaudited consolidated NA per OCR Share as at 31 March 2024 of RM0.14 and the proforma NA per OCR Share based on the Minimum Scenario and Maximum Scenario of RM0.11 and RM0.08 respectively, to the participating Shareholders in the Proposed Rights Issue with Warrants based on the illustrative issue price of Rights Shares of RM0.035; and

(iii) transfer of value in the form of Warrants E at a theoretical value of RM0.0392 under the Minimum Scenario and RM0.0389 under the Maximum Scenario on the LPD respectively to the participating Shareholders in the Proposed Rights Issue with Warrants based on the illustrative exercise price of RM0.035.

In view of the conditionality of the Proposals, we have evaluated all the components of the Proposals to provide the non-interested Directors and non-interested Shareholders with a holistic view of the Proposals.

In summary, the potential advantages and disadvantages of the Proposals are as follows:

A) <u>Potential Advantages</u>

1) The Proposed Settlement and Proposed Exemption 1 are inter-conditional. As such voting in favour of the Proposed Exemption 1 facilitates the implementation of the Proposed Settlement, which in turn will allow OCR Group to reap the potential benefits arising from the Proposed Settlement as follows:

   (i) The Proposed Settlement represents an opportunity for OCR Group to settle the Stack Builder Advances and allow Stack Builder to continue its development of the Kyra project. As at the LPD, Kyra is the second largest project of the Group in terms of GDV which represents approximately 30.37% of the total GDV of RM2.65 billion for all existing ongoing projects of OCR Group. The successful development of Kyra is expected to contribute positively to the Group's financial performance and would also allow the Group to strengthen its track record in affordable housing in which the Group had only 1 completed affordable housing project (i.e. PRIYA which was completed on 24 January 2024).

(ii) The Proposed Settlement is expected to improve the financial position of the Group as its proforma NA will increase and proforma gearing will decrease upon completion of the Proposed Settlement as further explained in **Section 8.1(iii)** of this IAL. In addition, the Stack Builder Advances will be treated as an intercompany amount owing by Stack Builder to OCR. As intercompany transactions are eliminated at the Group consolidated financial statements of OCR Group, the current liabilities of OCR Group will reduce by RM43.30 million accordingly.

(iii) The issue price of the Settlement Shares of RM0.0700 which is based on the 5-day VWAP of OCR Shares up to and including the LTD (as compared to illustrative issue price of the Rights Shares of RM0.035) will result in a lesser number of Settlement Shares to be issued, hence resulting in a lower dilutive impact to the non-interested Shareholders.

2) The Proposed Rights Issue with Warrants and Proposed Exemption 2 are inter-conditional. As such voting in favour of the Proposed Exemption 2 facilitates the implementation of the Proposed Rights Issue with Warrants, which in turn will allow OCR Group to reap the potential benefits arising from the Proposed Rights Issue with Warrants as follows:

(i) Enable OCR Group to raise the required funding without incurring interest expense and higher gearing ratio arising from the use of borrowings. This would allow the OCR Group to conserve its cash from internally generated funds and the Group would be able to preserve its cash flows for other business requirements such as working capital for existing and future property development projects.

(ii) Enable OCR Group to repay its borrowings amounting to RM5.00 million under the Minimum Scenario and Maximum Scenario via the proceeds from the Proposed Rights Issue with Warrants which is estimated to result in interest savings of approximately RM0.369 million per annum. However, as interest expenses are tax deductible, the interest savings will result in a loss in benefits of interest tax shield of approximately RM0.089 million, based on the Malaysian statutory corporate tax rate of 24%. Notwithstanding the above, the Proposed Rights Issue with Warrants is still beneficial to the Group as the loss in benefits of interest tax shield is not material as the Group enjoys a net interest savings of RM0.280 million (net of interest tax shield).

(iii) Enable OCR Group to raise funds to its property development projects given that property development segment is the Group's core business which contributes to approximately 68.34% of the Group's total revenue in FYE 31 December 2023.

(iv) Provide an opportunity to all Entitled Shareholders to participate in an equity offering in OCR on a pro-rata basis without diluting the Entitled Shareholders' percentage of shareholding in OCR (provided that all Entitled Shareholders subscribe in full for their respective entitlement of the Rights Shares).

3) The Entitled Shareholders would be able to subscribe for the Rights Shares at the issue price with discount of between 20% to 40% to the TEAP of OCR Shares and be entitled to free Warrants E. The illustrative issue price of Rights Shares of RM0.035 represents a discount of 42.34% to the TEAP based on the closing market price of OCR Shares on the LPD and discounts ranging from 28.43% to 39.66% to the TEAP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAP of OCR Shares up to and including the LPD.

4) The free Warrants E attached to the Rights Shares will provide an added incentive to the Entitled Shareholders to subscribe for the Rights Shares. Through the exercise of the Warrants E, the Entitled Shareholders will be able to further increase their equity participation in OCR while also providing additional funds to OCR Group. Alternatively, the Entitled Shareholders have the option to monetise their Warrants E via disposal in the open market.

5) Upon completion of the Proposals, the Group's financial position and capital base will be improved as its proforma NA will increase from RM194.34 million as at 31 December 2023 to RM248.30 million (under Minimum Scenario) and RM283.28 million (under Maximum Scenario).

   In addition, the Group's proforma gearing will also improve from 0.78 times as at 31 December 2023 to 0.60 times (under Minimum Scenario) and 0.52 times (under Maximum Scenario).

B) <u>Potential Disadvantages</u>

1) Upon completion of the Proposed Settlement, the Proposed Exemption 1 will allow the collective shareholdings of OKH and his PACs in OCR to increase from 16.82% (as at LPD) to 42.49% (upon completion of the Proposed Settlement) without being required to undertake the Mandatory Offer.

   Upon completion of the Proposed Rights Issue with Warrants but prior to the exercise of Warrants E, the Proposed Exemption 2 will further allow the collective shareholdings of OKH and his PACs in OCR to increase from 42.49% (upon completion of the Proposed Settlement) to 50.76% (under the Minimum Scenario) and 55.18% (under the Maximum Potential Shareholdings Scenario) without being required to undertake the Mandatory Offer.

   Thereafter, assuming only OKH and his PACs exercise all their Warrants E, the collective shareholdings of OKH and his PACs will further increase to 56.96% (under the Minimum Scenario) and 63.29% (under the Maximum Potential Shareholdings Scenario) without being required to undertake the Mandatory Offer.

   Moving forward, OKH and his PACs could collectively further increase their voting shares or voting rights in OCR without incurring any further obligation to undertake a Mandatory Offer, provided that OKH and his PACs do not trigger such Mandatory Offer on an individual or single entity basis.

   For the avoidance of doubt, Proposed Exemption 2 do not exempt OKH and/or his PACs from the obligation to undertake a Mandatory Offer should he or any of his PACs choose to exercise his or their Warrants E after the completion of the Proposed Rights Issue with Warrants, which results in an increase of their individual or collective shareholdings in OCR by more than 2% within a 6-month period.

   As such, OKH and/or his PACs will need to observe and comply at all times with the relevant provisions of the CMSA, the Code and the Rules whenever OKH and/or his PACs exercise his / their Warrants E after the completion of the Proposals.

2) Should the collective shareholdings of OKH and his PACs in OCR increase to more than 50% after the Proposals, OKH and his PACs will have statutory control (ie. holding of more than 50% of voting shares or voting rights in a company) over OCR and as such, will be able to determine the outcome of ordinary resolutions which require a simple majority of 50% plus 1 share (unless OCR and his PACs are required to abstain from voting). In addition, OKH and his PACs will also be able to significantly influence the outcome of any special resolutions which require at least 75% votes (unless OKH and his PACs are required to abstain from voting).

3) The illustrative issue price of Rights Shares at RM0.035 per Rights Share represents discounts ranging between 28.43% to 39.66% to the TEAP based on the five (5)-day, one (1)-month, three (3)-month, six (6)-month and twelve (12)-month VWAP of OCR Shares up to and including the LPD. Accordingly, OKH and his PACs may obtain statutory control over OCR at a discount under the Minimum Scenario and Maximum Potential Shareholdings Scenario.

After taking into consideration the advantages and disadvantages of the Proposals, we are of the view that the advantages of the Proposals as a whole outweigh its disadvantages. Therefore, we are of the view that the Proposals as a whole are **FAIR and REASONABLE** and **NOT DETRIMENTAL** to the non-interested Directors and non-interested Shareholders.

Accordingly, we:-

(i) advise the non-interested Directors to recommend the non-interested Shareholders to **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Settlement and Proposed Exemptions to be tabled at OCR's forthcoming EGM in relation to the Proposals; and

(ii) recommend that the non-interested Shareholders **VOTE IN FAVOUR** of the ordinary resolutions in respect of the Proposed Settlement and Proposed Exemptions to be tabled at OCR's forthcoming EGM in relation to the Proposals.

YOU ARE ADVISED TO READ AND UNDERSTAND THIS IAL AND THE LETTER FROM THE BOARD TO THE SHAREHOLDERS IN RELATION TO THE PROPOSALS AS SET OUT IN PART A OF THE CIRCULAR TOGETHER WITH THE ACCOMPANYING APPENDICES, AND TO CAREFULLY CONSIDER THE RECOMMENDATIONS CONTAINED IN BOTH THE LETTERS BEFORE VOTING ON THE ORDINARY RESOLUTIONS IN RESPECT OF THE PROPOSED SETTLEMENT AND PROPOSED EXEMPTIONS TO BE TABLED AT THE FORTHCOMING EGM.

Yours faithfully
For and on behalf of
BDO CAPITAL CONSULTANTS SDN BHD

Eng Cha Lun
Executive Director - Advisory

INFORMATION OF OCR

1. HISTORY AND PRINCIPAL ACTIVITIES

OCR was incorporated in Malaysia on 28 July 1997 as a public limited company with the name of Takaso Resources Berhad and was listed on the then Second Board (now known as Main Market) of Bursa Securities on 16 March 1999. On 1 October 2015, OCR changed its name from Takaso Resources Berhad to O&C Resources Berhad and subsequently changed its name from O&C Resources Berhad to OCR on 19 December 2017.

OCR is an investment holding company, and the principal activities of its subsidiary companies are set out in **Section 5, Attachment I** of this IAL.

2. SHARE CAPITAL

2.1 Issued share capital

As at the LPD, the issued share capital of OCR is set out below:

	No. of Shares	RM
Issued share capital	1,385,997,155	275,177,931

As at the LPD, there is only 1 class of shares in OCR, which is the ordinary shares. All OCR Shares rank equally in terms of voting rights and entitlements to any dividends, rights, allotments and/or distributions (including any capital distributions) which may be declared, made or paid to shareholders.

2.2 Changes in the issued share capital

As at the LPD, there has been no change in the issued share capital of OCR since the end of FYE 2023 up to the LPD.

2.3 Convertible Securities

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

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholder of OCR and his shareholding in OCR is set out as below:

Name	Nationality / Country of incorporation	Direct		Indirect	
		No. of Shares	%(1)	No. of Shares	%(1)
OKH	Malaysian	186,291,463	13.44	41,678,800(2)	3.01

Notes:

(1) Computed based on the issued share capital of 1,385,997,155 OCR Shares as at the LPD.

(2) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd, pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in OCR.

4. DIRECTORS

As at the LPD, the Directors and their respective shareholdings in OCR are set out as below:

Name	Nationality	Designation	Address	Direct		Indirect	
				No. of Shares	%(1)	No. of Shares	%(1)
YAM Tunku Azudinshah Ibni Tunku Annuar	Malaysian	Chairman / Independent Non-Executive Director	17, Elitis Pinggiran Ancala Valencia, 47000 Sungai Buloh Selangor	-	-	-	-
OKH	Malaysian	Group Managing Director	No 7, Jalan PJU 1A/54B Damansara Idaman 47301 Petaling Jaya Selangor	186,291,463	13.44	41,678,800(2)	3.01
Chan Lian Sei	Malaysian	Executive Director	No 7, Jalan PJU 1A/54B Damansara Idaman 47301 Petaling Jaya Selangor	-	-	-	-
Hj Abdullah Bin Abdul Rahman	Malaysian	Independent Non-Executive Director	6, Jalan Bidai U8/13D, Bukit Jelutong, 40150 Shah Alam Selangor	-	-	-	-
Julian Koh Lu Ern	Malaysian	Independent Non-Executive Director	No. 33, Jalan SU 2B, Sering Ukay, 68000 Ampang Selangor	-	-	-	-

Notes:
(1) Computed based on the issued share capital of 1,385,997,155 OCR Shares as at the LPD.
(2) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd, pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in OCR.

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5. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

As at the LPD, the subsidiary companies of OCR are set out below:

Name	Country of incorporation	Effective equity interest (%)	Principal activities
Subsidiaries of OCR			
OCR Commerce Sdn Bhd	Malaysia	100	Dormant
OCR Construction Sdn Bhd	Malaysia	100	Construction of residential and commercial properties and property development
OCR Development (Kuantan) Sdn Bhd	Malaysia	70	Property development and property investment
Tristar City Sdn Bhd	Malaysia	100	Property development and property investment
Grand Superland Sdn Bhd ("**GSSB**")	Malaysia	100	Construction of residential and commercial properties and property development and investment holding
Pangkal Teguh Sdn Bhd	Malaysia	70	Construction of residential and commercial properties, property management and real estate
Kita Mampan Sdn Bhd ("**KMPSB**")	Malaysia	85	Construction of residential and commercial properties
O&C Makok Isola Sdn Bhd	Malaysia	50.01	Property development
Sunrise Meadow Sdn Bhd	Malaysia	100	Property development and property investment
Kirana Masyhur Sdn Bhd ("**KMSB**")	Malaysia	100	Dormant
OCR Properties (Kuantan) Sdn Bhd	Malaysia	90	Property development and property investment
OCR Ventures Sdn Bhd	Malaysia	100	Property development and property investment
OCR (The Mate) Sdn Bhd	Malaysia	100	Dormant
Junjung Simfoni Sdn Bhd	Malaysia	100	Dormant
OCR Land Development Sdn Bhd	Malaysia	100	Property development
Wonderland Projects Sdn Bhd	Malaysia	100	Property investment holding and leasing of temporary structure space to tenants
Stack Builder	Malaysia	50.495	Property development

INFORMATION OF OCR

Name	Country of incorporation	Effective equity interest (%)	Principal activities
OCR Selayang Industrial Park Sdn Bhd	Malaysia	50	Investment holding, receiving rental and property development
Subsidiary of KMSB			
Mampan Esa (Melaka) Sdn Bhd	Malaysia	100	Real estate management
Subsidiaries of GSSB			
Visi Anggun Properties Sdn Bhd	Malaysia	80	Dormant
Greatway Capital Sdn Bhd	Malaysia	100	Dormant
Serba Simfoni Sdn Bhd ("**SSSB**")	Malaysia	100	Dormant
OCR Avenue Sdn Bhd	Malaysia	100	Property investment
OCR Templer Sdn. Bhd	Malaysia	100	Property development
Subsidiary of KMPSB			
AES Builders Sdn Bhd Malaysia	Malaysia	100	Construction of residential and commercial properties
Subsidiary of SSSB			
Fotopop (M) Sdn Bhd	Malaysia	100	Dormant

As at the LPD, the associate companies of OCR are set out below:

Name	Country of incorporation	Effective equity interest (%)	Principal activities
Associate of KMSB			
Landasan Surimas Sdn Bhd ("**LSSB**")	Malaysia	40	Investment holding, project management consultation and construction

As at the LPD, the joint venture company of OCR is set out below:

Name	Country of incorporation	Effective equity interest (%)	Principal activities
Joint Venture company of LSSB			
Taraf Raya Sdn Bhd	Malaysia	70	Investment holdings, project management consultation and construction

INFORMATION OF OCR

6. PROFIT AND DIVIDEND RECORD

A summary of OCR Group's results based on the audited consolidated financial statements for the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and unaudited consolidated financial statements for the 3-month financial period ended ("**FPE**") 31 March 2024 are set out below:

	Audited				Unaudited
	FYE 31 December 2020 (RM'000)	FYE 31 December 2021 (RM'000)	FYE 31 December 2022 (RM'000)	FYE 31 December 2023 (RM'000)	3-month FPE 31 March 2024 (RM'000)
Revenue	72,994	44,803	208,354	146,918	33,975
Profit / (loss) before tax	(731)	(25,933)	5,663	(19,032)	856
PAT / (LAT)					
- attributable to owners of OCR	(2,220)	(25,923)	(8,039)	(18,700)	962
- attributable to the non-controlling interests of OCR	(459)	(1,476)	13,487	(998)	(106)
Weighted average number of OCR Shares ('000)	372,839	550,296	905,101	1,121,299	1,385,997
Basic earnings / (loss) per Share attributable to owners of OCR (sen)	(0.60)	(4.71)	(0.89)	(1.67)	0.07
Dividend paid per OCR Share (sen)	-	-	-	-	-

No dividends have been paid, declared or proposed by OCR for the past 4 financial years up to FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023 and unaudited 3-month FPE 31 March 2024.

As at the LPD, there were no other material exceptional items recorded for the past 3 financial years up to FYE 31 December 2023 and 3-month FPE 31 March 2024, save as disclosed below:

(i) One-off reversal of impairment loss on trade and other receivables amounting to RM1.32 million recorded in the 3-month FPE 31 March 2024;

(ii) One-off income from forfeiture of deposits arising from termination of sales of properties by customers amounting to RM1.5 million recorded in the FYE 31 December 2023;

(iii) One-off income from forfeiture of deposits arising from termination of sales of properties by customers amounting to RM0.98 million recorded in the FYE 31 December 2022; and

(iv) One-off expense arising from the granting of ESOS Options amounting to RM0.44 million recorded in the in FYE 31 December 2020.

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7. STATEMENT OF ASSETS AND LIABILITIES

The statement of assets and liabilities of OCR Group based on its audited consolidated financial statements for the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and unaudited consolidated financial statements for the 3-month FPE 31 March 2024 are set out below:

	Audited				Unaudited
	31 December 2020 (RM'000)	**31 December 2021 (RM'000)**	**31 December 2022 (RM'000**	**31 December 2023 (RM'000)**	**31 March 2024 (RM'000)**
ASSETS					
Non-current assets					
Property, plant and equipment	1,312	3,476	6,382	5,966	5,639
Right-of-use assets	11,534	10,588	10,629	10,209	10,063
Investment properties	1,771	22,529	27,188	191,310	193,299
Inventories	29,609	27,694	27,685	27,685	27,685
Investment in associates	392	344	142	546	546
Deferred tax assets	1,250	-	-	-	-
Trade and other receivables	15,709	19,436	18,539	6,137	7,661
Other investments	-	5,227	5,425	7,858	7,364
Total non-current assets	**61,577**	**89,294**	**95,990**	**249,711**	**252,257**
Current assets					
Inventories	90,960	173,216	181,004	206,489	201,784
Current tax assets	16	106	462	385	399
Trade and other receivables	101,664	100,336	159,128	118,346	129,566
Prepayments	1,002	1,299	305	455	-
Contract assets	58,630	35,325	19,433	13,540	13,325
Contract costs	8,654	7,610	8,056	12,071	12,866
Cash and short-term deposits	35,593	30,932	24,151	25,945	28,645
Total current assets	**296,519**	**348,824**	**392,539**	**377,231**	**386,585**
Total assets	**358,096**	**438,118**	**488,529**	**626,942**	**638,842**
EQUITY					
Share capital	156,003	211,100	244,458	275,178	275,178
Irredeemable convertible preference share	15,802	-	-	-	-
Other reserves	1,334	1,962	2,034	887	392
Accumulated losses	(31,130)	(55,937)	(63,635)	(81,723)	(80,761)
	142,009	157,125	182,857	194,342	194,809
Non-controlling interests	(676)	140	15,354	10,355	10,249
Total equity	**141,333**	**157,265**	**198,211**	**204,697**	**205,058**
LIABILITIES					
Non-current liabilities					
Lease liabilities	538	-	175	42	42
Loans and borrowings	44,849	68,052	88,613	104,999	124,865
Trade and other payables	28,149	26,598	20,762	81,687	81,281
Total non-current liabilities	**73,536**	**94,650**	**109,550**	**186,728**	**206,188**
Current liabilities					
Lease liabilities	144	-	181	235	165
Loans and borrowings	42,460	54,402	48,585	53,910	57,271
Current tax liabilities	3,089	1,390	156	231	208
Trade and other payables	96,266	127,552	129,931	171,579	151,392
Contract liabilities	1,268	2,859	1,915	9,562	18,560
Total current liabilities	**143,227**	**186,203**	**180,768**	**235,517**	**227,596**
Total liabilities	**216,763**	**280,853**	**290,318**	**422,245**	**433,784**
Total equity and liabilities	**358,096**	**438,118**	**488,529**	**626,942**	**638,842**

8. MATERIAL CHANGE IN FINANCIAL POSITION OF OCR GROUP

As at the LPD, the Board confirmed that there are no known material changes in the financial position of OCR Group subsequent to OCR's latest consolidated financial statements for the FYE 31 December 2023 and unaudited consolidated financial statements for the 3-month FPE 31 March 2024.

As at the LPD, within the knowledge of OKH, there are no known material changes in the financial position of OCR Group subsequent to OCR's latest consolidated financial statements for the FYE 31 December 2023 and unaudited consolidated financial statements for the 3-month FPE 31 March 2024.

9. ACCOUNTING POLICIES

Based on the audited financial statements of OCR for FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022 and FYE 31 December 2023, the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. There was no audit qualification for OCR's financial statements for the respective years under review.

There is no change in the accounting standards adopted by OCR, which would result in a material variation to the comparable figures for the audited consolidated financial statements of OCR for the FYE 31 December 2020, FYE 31 December 2021, FYE 31 December 2022, FYE 31 December 2023 and unaudited consolidated financial statements for the 3-month FPE 31 March 2023.

10. BORROWINGS

As at 31 March 2024, which is not more than 3 months preceding the LPD, OCR Group has total outstanding borrowings of approximately RM182.14 million, all of which are interest bearing, as follows:

	RM'000
Non-current	
Secured:	
Term loan	123,705
Hire purchase liabilities	1,160
Total non-current borrowings	124,865
Current	
Secured:	
Bank overdrafts	10,934
Revolving credit	15,000
Term loan	22,680
Trust receipt	4,483
Hire purchase liabilities	1,206
Share margin financing	2,968
Total current borrowings	57,271
Total borrowings	**182,136**

11. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Please refer to **Section 3, Appendix III** of the Circular for the details.

12. MATERIAL LITIGATION

Please refer to **Section 4, Appendix III** of the Circular for the details.

13. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into the ordinary course of business) that OCR Group has entered into during the 2 years immediately preceding the date of the announcement of the Proposals on 13 December 2023:

(i) OCR Avenue Sdn Bhd, an indirect subsidiary of the OCR had on 20 April 2022, entered into a joint venture agreement with Magna Ecocity Sdn Bhd to fund and undertake the development of a parcel of 99 years leasehold land measuring approximately 80,937 square meters (about 871,199 square feet) in Shah Alam, Selangor.

14. HISTORICAL PRICES

The highest and lowest closing market prices and the closing price at the end of each month of OCR Shares for the period commencing from 13 June 2023 (being 6 months before the announcement of the Proposals on 13 December 2023) up to the LPD are set out below:

	Closing market price		
	High	**Low**	**Last trading day of the month**
	RM	**RM**	**RM**
2023			
June (commencing from 13 June 2023)	0.085	0.080	0.080
July	0.080	0.070	0.075
August	0.080	0.070	0.080
September	0.095	0.075	0.080
October	0.085	0.070	0.070
November	0.075	0.065	0.075
December	0.075	0.060	0.060
2024			
January	0.070	0.060	0.060
February	0.065	0.055	0.060
March	0.060	0.050	0.060
April	0.070	0.055	0.070
May	0.095	0.065	0.095
June (up to the LPD)	0.095	0.095	0.095
Last traded price immediately preceding the date of the announcement of the Proposals (i.e. 12 December 2023)			0.070
Last traded price as at the LPD			0.095
Closing market prices from 13 June 2023 up to the LPD:			
Highest on 13 September 2023, 18 September 2023, 31 May 2024 and 4 June 2024			0.095
Lowest on 20 March 2024			0.050

(Source: Bloomberg)

INFORMATION OF OKH AND THE PACS

1. INFORMATION OF OKH

Name	Age	Nationality	Nature of relationship
OKH	50	Malaysian	• Group Managing Director of OCR • Major shareholder of OCR • Spouse of Chan Lian Sei

2. INFORMATION OF PACS

2.1 Information of PACs who are companies

OCR Land Holdings Sdn Bhd

(i) History and principal activities

OCR Land Holdings Sdn Bhd was incorporated in Malaysia on 18 April 1989 as a private limited company. OCR Land Holdings Sdn Bhd is principally involved in property investment, management and housing development.

(ii) Share capital

As at the LPD, the issued share capital of OCR Land Holdings Sdn Bhd is set out below:

	No. of Shares	RM
Issued share capital	7,000,000	7,000,000

As at the LPD, OCR Land Holdings Sdn Bhd does not have any convertible securities.

(iii) Substantial shareholders

As at the LPD, the substantial shareholders of OCR Land Holdings Sdn Bhd and their respective shareholdings in OCR Land Holdings Sdn Bhd are set out below:

Name	Direct		Indirect	
	No. of shares	%(1)	No. of shares	%(1)
OKH	2,450,000	35.00	4,550,000(2)	65.00
Ong Kim Chong @ Ong Hwee Choo	2,450,000	35.00	-	-
Tan Poo Yot	1,050,000	15.00	-	-
Ong Kah Wee	700,000	10.00	-	-
Ong Yew Ming	350,000	5.00	-	-

Notes:

(1) Computed based on the total issued share capital of OCR Land Holdings Sdn Bhd of 7,000,000 shares as at the LPD.

(2) Deemed interested by virtue of his interest in his parents and siblings' direct shareholdings in OCR Land Holdings Sdn Bhd.

(iv) Directors

As at the LPD, the directors of OCR Land Holdings Sdn Bhd and their respective shareholdings in OCR Land Holdings Sdn Bhd are set out below:

Name	Direct		Indirect	
	No. of shares	%(1)	No. of shares	%(1)
OKH	2,450,000	35.00	4,550,000(2)	65.00
Ong Kah Wee	700,000	10.00	-	-
Ong Yew Ming	350,000	5.00	-	-

Note:

(1) Computed based on the total issued share capital of OCR Land Holdings Sdn Bhd of 7,000,000 shares as at the LPD.

(2) Deemed interested by virtue of his interest in his siblings' direct shareholdings in OCR Land Holdings Sdn Bhd.

(v) Subsidiaries, associate companies and joint ventures of OCR Land Holdings Sdn Bhd

As at the LPD, the subsidiary company of OCR Land Holdings Sdn Bhd is set out below:

Name	Country of incorporation	Effective equity interest (%)	Principal activities
Subsidiary of OCR Land Holdings Sdn Bhd			
OCR Capital Sdn Bhd	Malaysia	100	Provision of financial services including licenced money lending, hire purchase and equipment leasing.

As at the LPD, OCR Land Holdings Sdn Bhd does not have any associate companies or joint ventures.

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2.2 Information of PACs who are individuals

Name	Age	Nationality	Nature of relationship
TCH	40	Malaysian	Business partner of OKH
Low Kin Kok	46	Malaysian	Business partner of OKH[(1)]
Low Kien Poh	43	Malaysian	Business partner of OKH[(1)]
Chong Tze-Ban	48	Malaysian	Business partner of OKH[(1)]
OCR Land Holdings Sdn Bhd	35	Malaysia	A company controlled by OKH and his family
Ong Kim Chong @ Ong Hwee Choo	78	Malaysian	Father of OKH
Tan Poo Yot	78	Malaysian	Mother of OKH
Chan Lian Sei	47	Malaysian	Spouse of OKH and Executive Director of OCR
Ong Kah Wee	45	Malaysian	Brother of OKH
Ong Yew Ming	49	Malaysian	Sister of OKH

Notes:

(1) On 24 November 2021, OCR completed the acquisition of 100% equity interest in Wonderland Projects Sdn Bhd from OKH, Low Kin Kok, Low Kien Poh and Chong Tze-Ban. In respect thereof, Low Kin Kok, Low Kien Poh and Chong Tze-Ban are deemed as OKH's PACs.

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FURTHER INFORMATION

1. DISCLOSURE OF INTERESTS AND DEALINGS IN SHARES

1.1 By OCR

(i) Dealing in own securities of OCR

OCR has not dealt, directly or indirectly, in its own voting shares or convertible securities of OCR during the period beginning 6 months before the date of the announcement of the Proposals on 13 December 2023 and ending on the LPD.

1.2 By the Directors

(i) Disclosure of interest in OCR

As at the LPD, save as disclosed below, the Directors do not have any other interest, direct or indirect, in any voting shares or convertible securities of OCR.

	Direct		Indirect		No. of ESOS Options held
	No. of shares	%(1)	No. of shares	%(1)	
YAM Tunku Azudinshah Ibni Tunku Annuar	-	-	-	-	-
OKH	186,291,463	13.44	41,678,800(2)	3.01	900,000
Chan Lian Sei	-	-	-	-	150,000
Hj Abdullah Bin Abdul Rahman	-	-	-	-	-
Julian Koh Lu Ern	-	-	-	-	-

Notes:
(1) Computed based on the issued share capital of 1,385,997,155 OCR Shares as at the LPD.
(2) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd, pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in OCR.

(ii) Dealings in securities of OCR

As at the LPD, the Directors have not dealt, directly or indirectly, in any voting shares or convertible securities of OCR during the period beginning 6 months before the announcement of the Proposals on 13 December 2023 and ending on the LPD.

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FURTHER INFORMATION

1.3 By OKH and his PACs

(i) Disclosure of interest in OCR

As at the LPD, save as disclosed below, OKH and his PACs do not have any other interest, direct or indirect, in any voting shares or convertible securities in OCR:

	Direct		Indirect	
	No. of shares	%(1)	No. of shares	%(1)
OKH	186,291,463	13.44	41,678,800(2)	3.01
PACS				
TCH	1,883,900	0.14	-	-
Low Kin Kok	3,273,290	0.24	-	-
Low Kien Poh	69	-(3)	-	-
Chong Tze-Ban	17	-(3)	-	-
OCR Land Holdings Sdn Bhd	31,215,000	2.25	-	-
Ong Kim Chong @ Ong Hwee Choo	800,000	0.06	31,215,000(4)	2.25
Tan Poo Yot	2,600,000	0.19	31,215,000(5)	2.25
Chan Lian Sei	-	-	-	-
Ong Kah Wee	3,681,900	0.27	31,215,000(6)	2.25
Ong Yew Ming	3,381,900	0.24	31,215,000(7)	2.25

Notes:

(1) Computed based on the issued share capital of 1,385,997,155 OCR Shares as at the IAL LPD.

(2) Deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd, pursuant to Section 8 of the Act and his parents and siblings' direct shareholdings in OCR.

(3) Negligible.

(4) Ong Kim Chong @ Ong Hwee Choo is the father of OKH and is deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act.

(5) Tan Poo Yot is the mother of OKH and is deemed interested by virtue of her interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act.

(6) Ong Kah Wee is the brother of OKH and is deemed interested by virtue of his interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act.

(7) Ong Yew Ming is the sister of OKH and is deemed interested by virtue of her interest in OCR Land Holdings Sdn Bhd pursuant to Section 8 of the Act.

(ii) Dealings in securities of OCR

Save as disclosed below, OKH and his PACs have not dealt, directly or indirectly, in any voting shares or convertible securities in OCR during the period beginning 6 months before the announcement of the Proposals on 13 December 2023 and ending on the LPD:

Name	Transaction Date	Nature of transaction	No. of OCR Shares	Transacted price per OCR Share (RM)(1)
Low Kien Poh	25.09.2023	Disposal of OCR Shares in open market	274,000	0.0822
Low Kien Poh	04.10.2023	Disposal of OCR Shares in open market	31,500	0.0850
Low Kien Poh	05.10.2023	Disposal of OCR Shares in open market	50,100	0.0850
Low Kien Poh	06.10.2023	Disposal of OCR Shares in open market	3,000	0.0850
Low Kien Poh	09.10.2023	Disposal of OCR Shares in open market	1,000	0.0850

FURTHER INFORMATION

Name	Transaction Date	Nature of transaction	No. of OCR Shares	Transacted price per OCR Share (RM)[1]
Low Kien Poh	10.10.2023	Disposal of OCR Shares in open market	200	0.0850
Low Kien Poh	05.12.2023	Disposal of OCR Shares in open market	13,200	0.0700
Low Kien Poh	05.12.2023	Disposal of OCR Shares in open market	274,000	0.0700
Low Kien Poh	07.12.2023	Disposal of OCR Shares in open market	5,300	0.0700
Low Kien Poh	08.12.2023	Disposal of OCR Shares in open market	207,500	0.0700
Low Kien Poh	14.12.2023	Disposal of OCR Shares in open market	2,000,000	0.0650
Low Kien Poh	15.12.2023	Disposal of OCR Shares in open market	209,400	0.0650
Low Kien Poh	18.12.2023	Disposal of OCR Shares in open market	232,500	0.0650
Low Kien Poh	19.12.2023	Disposal of OCR Shares in open market	140,500	0.0650
Low Kien Poh	20.12.2023	Disposal of OCR Shares in open market	400	0.0650
Low Kien Poh	26.12.2023	Disposal of OCR Shares in open market	200	0.0650
Low Kien Poh	02.01.2024	Disposal of OCR Shares in open market	900	0.0650
Low Kien Poh	03.01.2024	Disposal of OCR Shares in open market	200	0.0650
Low Kien Poh	04.01.2024	Disposal of OCR Shares in open market	350,000	0.0650
Low Kien Poh	05.01.2024	Disposal of OCR Shares in open market	1,065,900	0.0650
Low Kien Poh	25.04.2024	Disposal of OCR Shares in open market	798,700	0.0600
Low Kin Kok	23.06.2023	Disposal of OCR Shares in open market	189,800	0.0850
Low Kin Kok	12.07.2023	Disposal of OCR Shares in open market	250,000	0.0700
Low Kin Kok	03.08.2023	Disposal of OCR Shares in open market	130,000	0.0750
Low Kin Kok	09.08.2023	Disposal of OCR Shares in open market	370,000	0.0700
Low Kin Kok	28.08.2023	Disposal of OCR Shares in open market	26,000	0.0800
Low Kin Kok	29.08.2023	Disposal of OCR Shares in open market	399,400	0.0753
Low Kin Kok	30.08.2023	Disposal of OCR Shares in open market	74,600	0.0750
Low Kin Kok	04.09.2023	Disposal of OCR Shares in open market	2,300	0.0800
Low Kin Kok	05.09.2023	Disposal of OCR Shares in open market	397,700	0.0800
Low Kin Kok	29.09.2023	Disposal of OCR Shares in open market	100,000	0.0800
Low Kin Kok	07.11.2023	Disposal of OCR Shares in open market	500,000	0.0700
Low Kin Kok	28.11.2023	Disposal of OCR Shares in open market	200,000	0.0750
Low Kin Kok	08.12.2023	Disposal of OCR Shares in open market	300,000	0.0700
Low Kin Kok	05.01.2024	Disposal of OCR Shares in open market	500,000	0.0700

Name	Transaction Date	Nature of transaction	No. of OCR Shares	Transacted price per OCR Share (RM)(1)
Low Kin Kok	09.02.2024	Disposal of OCR Shares in open market	500,000	0.0600
Low Kin Kok	08.03.2024	Disposal of OCR Shares in open market	500,000	0.0550
Low Kin Kok	08.04.2024	Disposal of OCR Shares in open market	500,000	0.0550
Low Kin Kok	08.05.2024	Disposal of OCR Shares in open market	500,000	0.0650

Note:
(1) The transacted price per OCR Share excludes brokerage and other incidental costs.

1.4 By the persons with whom OCR or any persons acting in concert with it has any arrangement

As at the LPD, there are no persons with whom OCR or any persons acting in concert with it have entered into any arrangement, including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing pursuant to the Proposals.

1.5 By the persons with whom OCR or any persons acting in concert with it has borrowed or lent

As at the LPD, there are no persons with whom OCR or any persons acting in concert with it have borrowed or lent any voting shares or convertible securities of OCR.

1.6 By BDOCC

(i) Disclosure of interest in OCR

As at the LPD, BDOCC does not have any interest, whether direct or indirect, in any voting shares or convertible securities of OCR.

(ii) Disclosure of dealings in securities of OCR

BDOCC has not dealt, directly or indirectly, in the OCR Shares during the period beginning 6 months before the date of the announcement of the Proposals on 13 December 2023 and ending on the LPD.

(iii) Disclosure of interest in OCR by funds whose investments are managed by BDOCC on a discretionary basis

As at the LPD, BDOCC is not involved in the management of funds on a discretionary basis.

1.7 By the persons who have irrevocably committed themselves to vote in favour or against the Proposals

As at the LPD, there are no persons who have irrevocably committed themselves to vote in favour or against the Proposals.

FURTHER INFORMATION

1.8 By the persons with whom OKH and his PACs or any persons acting in concert with them have any arrangement

As at the LPD, there are no persons with whom OKH and his PACs or any persons acting in concert with them have entered into any arrangement, including any arrangement involving rights over shares, any indemnity arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing pursuant to the Proposals.

1.9 By the persons with whom OKH and his PACs or any persons acting in concert with them have borrowed or lent

As at the LPD, there are no persons with whom OKH and his PACs or any persons acting in concert with it have borrowed or lent any voting shares or convertible securities of OCR.

2. ARRANGEMENT AFFECTING DIRECTORS

(i) As at the LPD, no payments or other benefits will be made or given to any Director as compensation for loss of office or otherwise in connection with the Proposals.

(ii) As at the LPD, there are no agreements or arrangements between any Director and any other person which is conditional on or dependent upon the outcome of the Proposals or otherwise connected with the outcome of the Proposals.

(iii) As at the LPD, OKH and his PACs have not entered into any material contract in which any Director has a material personal interest.

(iv) As at the LPD, there are no agreements, arrangements or understanding existing between OKH and his PACs with any of the Directors or recent Directors, holders of voting shares or voting rights or recent holders of voting shares or voting rights of OCR having any connection with or dependence upon the Proposals.

3. SERVICE CONTRACTS

As at the LPD, neither OCR nor its subsidiaries have any service contracts with any Directors or proposed Directors, which have been entered into or amended within 6 months before the date of the announcement of the Proposals on 13 December 2023 or which are fixed term contracts with more than 12 months to run.

For the purpose of this section, the term “service contracts” excludes those expiring or determinable by the employing company without payment of compensation within 12 months from the date of this IAL.

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The salient terms of the Settlement Agreement are set out below:

(i) Stack Builder Advances

OKH and TCH have, prior to the date of the Settlement Agreement, extended an aggregate amount of RM43,296,795 to Stack Builder for the purpose of funding an acquisition by Stack Builder the Bukit Raja Land from third parties as well as servicing the monthly repayment in relation to the bank borrowing obtained by Stack Builder from bank/financial institution to part-finance the acquisition of the Bukit Raja Land.

As at 30 September 2023, the Stack Builder Advances is payable by Stack Builder to OKH and TCH in the following proportions:

Parties	Stack Builder Advances (RM)
OKH	22,344,957
TCH	20,951,838
Total	43,296,795

(ii) Conditions Precedent

(a) The completion of the Proposed Settlement pursuant to the terms and subject to the conditions set out in the Settlement Agreement will in all respects be conditional upon the following conditions precedent ("**Conditions Precedent**") being fulfilled/obtained or waived by the Company to the extent permissible by law by 6 months after the date of the Settlement Agreement ("**Cut-Off Date**"):

(1) the Company having obtained the approval of its Shareholders at a general meeting to be convened for the Proposed Settlement and the issuance of Settlement Shares in accordance with the terms and conditions of the Settlement Agreement, and where required, the waiver of the pre-emptive rights by the Shareholders as provided under Section 85(1) of the Act;

(2) the Company having obtained the approval of Bursa Securities for the listing of and quotation for the Settlement Shares on the Main Market of Bursa Securities;

(3) the Company having obtained the approval or consent of the financiers/creditors of the Company and its group of companies for, inter alia, the Proposed Settlement and/or allotment and issuance of the Settlement Shares, upon the terms and subject to the conditions of the Settlement Agreement, where required;

(4) OKH and TCH having obtained the approval of SC in respect of the Proposed Exemption 1; and

(5) any other approvals, waivers or consents of any authorities or parties as may be required by law or regulation or deemed necessary by the parties.

(b) If:

(1) on the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been refused and appeal or appeals to the relevant authorities or persons against such refusal have not been successful;

(2) on the expiry of the Cut-Off Date, any of the Conditions Precedent have not been obtained/fulfilled and have not been waived by the Company; or

(3) at any time prior to the expiry of the Cut-Off Date, any of the Conditions Precedent shall have been granted subject to terms and conditions which are not acceptable to the Company being terms and conditions which affect the Company, and further representations to the relevant authorities or persons to vary such terms and conditions have not been successful, and the Company is not willing to accept such terms and conditions then imposed by the relevant authorities or persons,

then the Company shall be entitled to terminate the Settlement Agreement by giving a notice of termination to that effect to the other parties and thereafter, the parties shall not have any further rights under the Settlement Agreement except in respect of any obligation under the Settlement Agreement which is expressed to apply after the termination of the Settlement Agreement and any rights or obligations which have accrued in respect of any breach of any of the provisions of the Settlement Agreement to any party prior to such termination.

(iii) Manner of Settlement

OCR, OKH, TCH and Stack Builder agree and acknowledge that the debt obligations of Stack Builder will be fully settled by the Company for and on behalf of Stack Builder by capitalising the entire Stack Builder Advances into the Settlement Shares, all credited as fully paid-up, and to be issued by the Company at the issue price of RM0.0700 per Settlement Share, in favour of OKH and TCH and/or such nominee(s) as OKH and TCH may direct in writing pursuant to the provisions of the Settlement Agreement.

The Issue Price, being RM0.0700 per Settlement Share, has been arrived at based on the 5-day VWAP of the Shares up to and including 12 December 2023, being the last trading day prior to the date of the Settlement Agreement.

The Company shall, on the business days falling 14 days from the date upon the Settlement Agreement becomes unconditional, allot and issued the Settlement Shares at the Issue Price in favour of OKH and TCH and/or such nominee(s) as OKH and TCH may direct in writing pursuant to the provisions of the Settlement Agreement:

Parties	Stack Builder Advances (RM)	No. of Settlement Shares
OKH	22,344,957	319,213,668
TCH	20,951,838	299,311,978
Total	**43,296,795**	**618,525,646**

The Settlement Shares shall, upon allotment and issuance, rank equally in all respects with each other and with the then existing Shares, save and except that the holder(s) of the Settlement Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to shareholders of the Company, the entitlement date of which is prior to the date of allotment and issuance of the Settlement Shares.

(iv) Termination

(a) Each party will be entitled to, at any time prior to completion of the Settlement Agreement after any such default arises, immediately terminate the Settlement Agreement by a notice of termination to the other parties if –

(1) the other party(ies) commits any continuing or material breach of any of its obligations under the Settlement Agreement which is incapable of remedy, or if capable of remedy, is not remedied within 14 days of it being given notice to do so;

(2) a petition is presented (and such petition is not stayed or struck-out within 30 business days of the petition being served) or an order is made or a resolution is passed for the winding-up of the other party(ies);

(3) an administrator or receiver or receiver and manager is appointed over or distress, attachment or execution is levied or enforced upon, any part of the assets or undertaking of the other party(ies);

(4) the other party(ies) becomes insolvent or is unable to pay its debts or admits in writing its inability to pay its debts as and when they fall due or enter into any composition or arrangement with its creditors or makes a general assignment for the benefit of its creditors;

(5) the other party(ies) ceases or threaten to cease or carries on the whole or any substantial part of its respective business (except for the purposes of a bona fide reconstruction or amalgamation which would not result or cause any failure or inability to duly perform or fulfil any obligation under the Settlement Agreement); or

(6) any of the warranties, representations and undertakings of the other party contained in the Settlement Agreement is found at any time to be materially untrue or inconsistent.

(b) Following the giving of a notice of termination under Paragraph (iv)(a) of this Appendix I by any party, then –

(1) the Company shall, within 14 days after the date of the notice of termination, return to OKH and TCH all documents, delivered to it by or on behalf of the Company or Stack Builder; and

(2) each of OKH and TCH shall, within 14 days after the date of the notice of termination, return to the Company or Stack Builder all documents, if any, delivered to it by or on behalf of OKH and TCH respectively,

and whereupon OKH and TCH shall be entitled to exercise all of their rights and remedies to recover whatever sum that are due and payable by Stack Builder in connection with the Stack Builder Advances as at the date of the notice of termination.

(c) Following the giving of a notice under Paragraph (iv)(a) of this Appendix I, no party will have any further obligation under the Settlement Agreement to the other parties, save in respect of –

(1) their respective obligations under Paragraph (iv)(b);

(2) any obligation under the Settlement Agreement which is expressed to apply after the termination of the Settlement Agreement; and

(3) any rights or obligations which have accrued in respect of the provisions of the Settlement Agreement to any party prior to such termination.

The following table sets out a summary of the historical financial information of the Group:-

	Audited			Unaudited	
	FYE 31 December 2021	**FYE 31 December 2022**	**FYE 31 December 2023**	**3-month FPE 31 March 2023**	**3-month FPE 31 March 2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	44,803	208,353	146,918	35,899	33,975
Cost of sales	(46,707)	(183,783)	(140,804)	(29,842)	(28,397)
(GL) / GP	**(1,904)**	**24,570**	**6,114**	**6,057**	**5,578**
Other income	812	1,752	4,197	1,017	1,661
Administrative expenses	(12,473)	(13,579)	(20,637)	(4,317)	(4,372)
Share of results of associates, net of tax	(3)	(4)	406	(1)	-
Net loss on impairment of financial instruments	(3,828)	(164)	(351)	-	-
Other expenses	(3,145)	(2,139)	(2,456)	(602)	(595)
Finance costs	(5,392)	(4,773)	(6,304)	(1,278)	(1,416)
(Loss) / Profit before tax	**(25,933)**	**5,663**	**(19,031)**	876	856
Tax expenses	(1,466)	(214)	(667)	(190)	-
(LAT) / PAT	**(27,399)**	**5,449**	**(19,698)**	**686**	**856**
(Loss) / Profit attributable to:-					
- owners of the Company	(25,923)	(8,038)	(18,700)	57	962
- non-controlling interest	(1,476)	13,487	(998)	629	(106)
(GL) / GP margin (%)	(4.25)	11.79	4.16	16.87	16.42
(LAT) / PAT margin (%)	(61.15)	2.62	(13.41)	1.91	2.52
Current ratio	1.87	2.17	1.60	2.35	1.70
Total borrowings[(1)]	122,453	137,199	158,909	165,305	182,136
Gearing ratio (times)	0.78	0.69	0.78	0.82	0.89
Weighted average no. of Shares in issue ('000)	550,296	905,101	1,121,299	989,998	1,385,977
(LPS) / EPS					
- basic (sen)	(4.71)	(0.89)	(1.67)	0.01	0.07
- diluted (sen)	(4.71)	(0.89)	(1.67)	0.01	0.07

Note:-

(1) Includes all interest-bearing debts.

(i) 3-month FPE 31 March 2024 vs 3-month FPE 31 March 2023

The Group's revenue for the 3-month FPE 31 March 2024 decreased by RM1.92 million or 5.36% as compared to the 3-month FPE 31 March 2023. The lower revenue was mainly due to the completion of a significant construction project in 2023 whereas the Group did not embark on any new construction project in the 3-month FPE 31 March 2024. Nevertheless, this decrease if partially offset by higher revenue from the property development segment of the Group as a result of the progress of the Group's ongoing property development projects.

In line with the lower revenue, the Group recorded a lower GP of RM5.58 million (GP margin of 16.42%) as compared to a GP of RM6.06 million (GP margin of 16.87% in the previous corresponding period.

Despite the lower GP, the Group recorded a higher PAT of RM0.86 million as compared to a PAT of RM0.69 million in the previous corresponding period. The higher PAT was partly contributed by a net reversal of impairment on trade and other receivables of RM1.32 million (3-month FPE 31 March 2023: RM0.04 million).

(ii) FYE 31 December 2023 vs FYE 31 December 2022

The Group's revenue for the FYE 31 December 2023 decreased by RM61.44 million or 29.49% as compared to the FYE 31 December 2022. The lower revenue was mainly due to the provision of liquidated ascertained damages to house buyers due to termination of underperforming main contractors during the pandemic period. Additionally, the Group has incurred additional development cost of RM10.00 million in completing PRIYA, Kuatan project mainly due to termination of underperforming main contractors during the pandemic period.

In line with the lower revenue, the Group recorded a lower GP of RM6.11 million (GP margin of 4.16%) as compared to a GP of RM24.57 million (GP margin of 11.79%) in the previous corresponding period.

In line with the lower GP, the Group registered a LAT of RM19.70 million for the FYE 31 December 2023 as compared to a PAT of RM5.45 million in the previous corresponding period. Apart from the lower GP, the LAT was also contributed by higher staff costs of RM9.22 million (FYE 31 December 2022: RM6.42 million) as a result of the increase in headcount to cater for the increase in the amount of property development projects in the Group's pipeline.

(iii) FYE 31 December 2022 vs FYE 31 December 2021

The Group's revenue for the FYE 31 December 2022 increased by RM163.55 million or 365.04% as compared to the FYE 31 December 2021. The higher revenue was mainly due to higher property sales and progress revenue arising from the lifting of the MCO. Additionally, the acquisition of OCR Selayang Industrial Park Sdn Bhd in 2022 contributed to the increased sales in FYE 31 December 2022.

In line with the higher revenue, the Group recorded a GP of RM24.57 million (GP margin of 11.79%) as compared to a GL of RM1.90 million (GL margin of 4.25%) in the previous corresponding period due to the same abovementioned reason.

In line with the higher GP, the Group recorded a PAT of RM5.45 million as compared to a LAT of RM27.40 million in the previous corresponding period. Apart from the higher GP, this was contributed by one-off income from forfeiture of deposits arising from termination of sales of properties by customers of RM0.98 million in FYE 31 December 2022. Moreover, there was a one-off net impairment loss on financial instruments of RM3.82 million in the previous FYE 31 December 2021.

(iv) FYE 31 December 2021 vs FYE 31 December 2020

The Group's revenue for the FYE 31 December 2021 decreased by RM28.19 million or 38.62% as compared to the FYE 31 December 2020. The lower revenue was mainly due to the COVID-19 pandemic and the continued implementation of the MCO which caused operations to be halted and resulted in slower progress billings for the property development and construction projects as well as less sales for development projects

In line with the lower revenue, the Group recorded a GL of RM1.90 million (GL margin of 4.25%) as compared to a GP of RM11.79 million (GP margin of 16.15%) in the previous corresponding period. Apart from the lower revenue, the GL was contributed by the revision of budgeted cost due to increase in direct marketing costs for the property development projects.

In line with the GL, the Group recorded a higher LAT of RM27.40 million as compared to a LAT of RM2.68 million in the previous corresponding period. Apart from the GL, the higher LAT was contributed by the net impairment loss on financial instruments of RM3.82 million compared to the reversal of impairment loss on financial instruments of RM3.68 million in the previous FYE 31 December 2020. The net impairment loss on financial instruments were mainly attributable to the impairment on trade receivables, impairment on other receivables and non-recoverable deposits and impairment on amount due from an associate company, namely AES Builders Sdn Bhd.

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board who collectively and individually accepts full responsibility for the accuracy of the information contained in this Circular. The Board confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular or other facts, the omission of which would make any statement in this Circular false or misleading.

Information on OKH, TCH and their PACs in this Circular was extracted from publicly available information and/or provided by OKH, TCH and their PACs. The responsibility of the Board is therefore limited to ensuring that such information is accurately reproduced in this Circular and the Board accepts no further or other responsibility in respect of such information.

2. CONSENTS AND CONFLICT OF INTEREST

2.1 Principal Adviser

Interpac, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Interpac is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Principal Adviser for the Proposals.

2.2 Independent Adviser

BDOCC, being the Independent Adviser for the Proposed Settlement and the Proposed Exemptions, has given and has not subsequently withdrawn its written consent to the inclusion of its name, its IAL and all references thereto in the form and context in which they appear in this Circular.

BDOCC is not aware of any conflict of interest which exists or is likely to exist in relation to its role as the Independent Adviser for the Proposed Settlement and the Proposed Exemptions.

3. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

3.1 Material commitments

As at the LPD, the Board confirmed that there are no material commitments incurred or known to be incurred by the Group.

3.2 Contingent liabilities

Save as disclosed below, as at the LPD, the Board confirmed that there are no other contingent liabilities incurred or known to be incurred by the Group which, upon becoming due or enforceable, may have a material impact on the financial results or position of the Group:-

Contingent liabilities	RM'000
Corporate guarantees extended:-	
- to financial institutions for credit facilities granted to subsidiaries of the Company	159,945
- to third party in respect of the supply of goods and credit for a project being undertaken by a subsidiary of the Company	3,000
Total	**162,945**

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, the Group is not involved in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of the Group:-

(a) OCR Construction Sdn Bhd ("OCSB") v Gold Prestige Development Sdn Bhd ("GPDSB")

OCSB, a wholly-owned subsidiary of the Company, had been appointed by GPDSB to provide the following services to GPDSB, commencing from 16 December 2016 for a period of 12 months ("**Services**"):-

(i) Construction project management service for an agreed fee of RM433,000 per month.

(ii) Additional services of sub-contracted administration, cost management and site management to GPDSB for a fee of RM60,000 per month.

Upon providing and completing the Services, OCSB issued interim progress claim and the respective tax invoices to GPDSB for a total sum of RM6,080,160. However, GPDSB had only made payment in respect of certain tax invoices and there is a total outstanding sum of RM2,778,290.

On 28 July 2022, OCSB filed a writ of summons and statement of claim against GPDSB for GPDSB's failure and/or negligence and/or omission to make payment to OCSB and/or GPDSB's breach of the terms of the contract at the Shah Alam High Court where OCSB sought, amongst others:-

(i) GPDSB to pay an outstanding sum of RM2,778,790;

(ii) late payment interest at the rate of 1.5% per month from the date of expiry of the relevant tax invoices in the sum of RM2,361,158.86 as at 28 July 2022; and

(iii) late payment interest at the rate of 1.5% per month on the outstanding sum of RM2,778,790 subsequent to 28 July 2022 until full and final settlement of the amount,

(collectively, "**Claims**").

On 11 September 2022, GPDSB has entered its defence whereby GPDSB disputed the validity of the Claims and terms of appointment of OCSB ("**Defence**"). Additionally, GPDSB requested for the case to be transferred to the construction court. On 26 September 2022, OCSB filed its reply to the Defence. The case was subsequently transferred to the construction court.

As at the LPD, the Court has fixed the case management on 2 July 2024 and trials on 12, 13, 19 and 20 December 2024.

The solicitors in charge are of the view that OCSB has a fair probability to succeed in the Claims.

(b) In the matter of an arbitration between O&C Makok Isola Sdn Bhd ("OCMI") and Jetson Construction Sdn Bhd ("JCSB")

OCMI, a 50.01% owned subsidiary of the Company, had awarded the contract to JCSB for the construction of the main building and external works ("**Works**") of Isola @ KLCC project for the contract sum of RM88,029,450.03 ("**Contract**").

JCSB has delayed the Works and committed various breaches of its obligations under the Contract, including, amongst others, the following:

(i) JCSB had failed, refused and/or neglected to proceed regularly and/or diligently with the Works, in particular, on the agreed scope of works;

(ii) JCSB had persistently failed, refused and/or neglected to comply with the architect's instructions; and

(iii) JCSB had failed to complete the Works provided under the agreed scope of works by the first completion date.

As a result of JCSB's continued defaults and breaches of the Contract, and subsequent determination of JCSB's employment by OCMI via its letter dated 23 September 2022 by reason of these continued defaults and breaches of the Contract, OCMI has suffered and continues to suffer loss, expenses and damages.

On 22 January 2024, OCMI commenced arbitration proceedings ("**Arbitration Proceedings**") against JCSB where OCMI is seeking to claim against JCSB for, amongst others, the following:

(i) an estimated sum of approximately RM30,879,626.14 or alternatively a sum to be assessed by the tribunal for the additional costs relating to the appointment of a replacement contractor to complete the Works;

(ii) liquidated damages;

(iii) reimbursement of all and any over payment of Works;

(iv) reimbursement of all advance payment made by OCMI under the Contract;

(v) general damages including loss and expense as a result of JCSB's breach of the Contract including for delay/failure to complete the Works and/or the agreed scope of works;

(vi) interest;

(vii) cost and expenses of the Arbitration Proceedings, including OCMI's legal costs and expenses; and

(viii) any further and/or other relief as the arbitrator deems fit to award,

(collectively, the "**Claims**").

On 23 May 2024, Pertubuhan Arkitek Malaysia notified the parties on the appointment of the sole arbitrator for the Arbitration Proceedings and requested the parties to make the payment of deposits for such appointment.

As the Arbitration Proceedings is still at the preliminary stage of the proceedings, the solicitors in charge will only be able to provide an opinion on the probable outcome of the Arbitration Proceedings and/or the Claims after the relevant documents are filed by the parties.

5. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of the Shares as transacted on Bursa Securities for the past 12 months preceding the date of this Circular as well as the last transacted market prices of the Shares on the relevant dates are as follows:-

	High RM	Low RM
2023		
June	0.085	0.075
July	0.080	0.065
August	0.080	0.065
September	0.095	0.075
October	0.085	0.065
November	0.075	0.065
December	0.075	0.055
2024		
January	0.075	0.055
February	0.065	0.055
March	0.060	0.045
April	0.070	0.055
May	0.095	0.065
Last transacted market price on 12 December 2023, being the last Market Day immediately prior to the first announcement of the Proposals	0.070	
Last transacted market price on the LPD	0.095	

(Source: Bloomberg)

6. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia during normal business hours from Mondays to Fridays (except public holidays) following the date of this Circular up to and including the date of the forthcoming EGM:-

(i) Constitution of the Company;

(ii) audited consolidated financial statements of the Company for the FYE 31 December 2022, FYE 31 December 2023 as well as the unaudited interim financial report of the Company for the 3-month FPE 31 March 2024;

(iii) Settlement Agreement referred to in **Appendix I** of this Circular;

(iv) letters of consent and conflict of interest referred to in **Section 2 of this Appendix III**;

(v) Undertaking referred to in **Section 3.3, Part A** of this Circular;

(vi) draft Deed Poll E; and

(vii) the relevant cause papers in respect of the material litigation referred to in **Section 4 of this Appendix III**.

OCR GROUP BERHAD
(Registration No. 199701025005 (440503-K))
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of OCR Group Berhad ("**OCR**" or the "**Company**") will be held on a fully virtual basis and entirely via remote participation and voting through an online meeting platform at www.swsb.com.my (Domain registration number with MYNIC: D1A403841) provided by ShareWorks Sdn. Bhd. on Tuesday, 25 June 2024 at 3:30 p.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolution by way of poll, with or without any modifications: -

ORDINARY RESOLUTION 1

PROPOSED SETTLEMENT OF ADVANCES OWING BY STACK BUILDER SDN BHD ("STACK BUILDER"), A 50.5%-OWNED SUBSIDIARY OF THE COMPANY, TO ONG KAH HOE ("OKH") AND TAN CHIN HOONG ("TCH") AMOUNTING TO RM43,296,795 TO BE SATISFIED ENTIRELY VIA THE ISSUANCE OF 618,525,646 NEW ORDINARY SHARES IN THE COMPANY ("OCR SHARES" OR "SHARES") AT THE ISSUE PRICE OF RM0.0700 PER SHARE ("PROPOSED SETTLEMENT")

"**THAT** subject to the passing of Ordinary Resolution 3 and the approvals of all relevant parties and/or authorities being obtained (if required) and the conditions precedent in the settlement agreement dated 13 December 2023 entered into between OCR, Stack Builder, OKH and TCH ("**Settlement Agreement**") being fulfilled and waived (as the case may be), approval be and is hereby given to the Company to settle the shareholders' advances with the total amount of RM43,296,795 owing by Stack Builder to OKH and TCH ("**Stack Builder Advances**") in the following proportions:-

(i) to OKH in the sum of RM22,344,957; and

(ii) to TCH in the sum of RM20,951,838,

upon the terms and subject to the conditions of the Settlement Agreement ;

THAT the Stack Builder Advances shall be fully settled by capitalising the entire Stack Builder Advances into 618,525,646 new Shares ("**Settlement Shares**"), all credited as fully paid-up, and to be issued by the Company at the issue price of RM0.0700 per Settlement Share;

THAT pursuant to the terms and conditions of the Settlement Agreement, approval and authority be and is hereby given to the Company to allot and issue the Settlement Shares to OKH and TCH in their respective proportion in accordance with the terms and conditions of the Settlement Agreement;

THAT the Settlement Shares shall, upon allotment and issuance, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Settlement Shares shall not be entitled to any dividends, rights, allotments and/or any other distributions which may be declared, made or paid to the shareholders of the Company ("**Shareholders**"), the entitlement date of which is prior to the date of allotment and issuance of such Settlement Shares;

THAT pursuant to Section 85(1) of the Companies Act, 2016 read together with Clause 12(3) of the Company's Constitution, it could possibly be construed that all new shares or other convertible securities in the Company shall, before issue, be offered to such persons for the time being holding shares in proportion as nearly as the circumstances admit, to the number of existing shares or securities to which they are entitled and accordingly, should this resolution for the allotment and issuance of the Settlement Shares be passed by shareholders of the Company, this resolution shall have the effect of the shareholders agreeing to waive their pre-emptive rights in respect of the Settlement Shares to be allotted and issued by the Company pursuant to the Proposed Settlement, provided however that if following the passing of this resolution, this paragraph is or is found to be in any way void, invalid or unenforceable, then this paragraph shall be ineffective to the extent of such voidness, invalidity or unenforceability and the remaining provisions of this resolution shall remain in full force and effect[(1)].

(1) Please refer to Section 20, Part A of the Circular to Shareholders of the Company dated 10 June 2024 in details for the provisions of Section 85(1) of the Companies Act, 2016 and Clause 12(3) of the Company's Constitution respectively.

AND THAT the Board of Directors of the Company ("**Board**") be and is hereby authorised and empowered to do all acts, deeds, things and execute, sign, deliver and cause to be delivered all necessary documents as the Board may consider necessary or expedient, and to take all such necessary steps to give effect and complete the Proposed Settlement with full powers to assent to and to adopt such conditions, variations, modifications and/or amendments in any manner as may be required or imposed by the relevant authorities in respect of the Proposed Settlement or as the Board may deem necessary or expedient; and deal with all such matters and to take such steps and do all acts and things in any manner as the Board may deem necessary or expedient to implement, finalise and give full effect to the Proposed Settlement, in the best interest of the Company."

ORDINARY RESOLUTION 2

PROPOSED RENOUNCABLE RIGHTS ISSUE OF UP TO 1,336,348,534 NEW ORDINARY SHARES IN THE COMPANY ("RIGHTS SHARES") TOGETHER WITH UP TO 1,336,348,534 FREE DETACHABLE WARRANTS IN THE COMPANY ("WARRANTS E") ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 2 WARRANTS E FOR EVERY 3 EXISTING SHARES HELD BY THE ENTITLED SHAREHOLDERS OF THE COMPANY ON AN ENTITLEMENT DATE TO BE DETERMINED ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"**THAT** subject to the passing of Ordinary Resolution 1 and Ordinary Resolution 4 as well as the approvals of all relevant parties and/or authorities being obtained (if required), including but not limited to the approval of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Board be and is hereby authorised to undertake the Proposed Rights Issue with Warrants as follows:-

(i) to provisionally allot and issue by way of a renounceable rights issue of up to 1,336,348,534 Rights Shares together with up to 1,336,348,534 Warrants E to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on an entitlement date to be determined by the Board ("**Entitlement Date**") ("**Entitled Shareholders**") and/or their renouncee(s), on the basis of 2 Rights Shares together with 2 Warrants E for every 3 existing Shares held on the Entitlement Date at an issue price to be determined by the Board and on such terms and conditions and in such manner as the Board may determine;

(ii) to enter into and execute the deed poll constituting the Warrants E ("**Deed Poll E**") and to do all acts, deeds and things as the Board may deem fit or expedient in order to implement, finalise and give effect to the Deed Poll E (including, without limitation, the affixing of the Company's company seal, where necessary);

(iii) to allot and issue the Warrants E in registered form to the Entitled Shareholders (and/or their renouncee(s), as the case may be) and Excess Applicants (as defined below), if any, who subscribe for and are allotted the Rights Shares, each Warrant E conferring the right to subscribe for 1 new Share at an exercise price to be determined by the Board on the Entitlement Date, subject to the provisions for adjustment to the subscription rights attached to the Warrants E in accordance with the provisions of the Deed Poll E;

(iv) to allot and issue such number of additional Warrants E pursuant to adjustments as provided for under the Deed Poll E ("**Additional Warrants E**") and to adjust from time to time the exercise price of the Warrants E as a consequence of the adjustments under the provisions of the Deed Poll E and/or to effect such modifications, variations and/or amendments as may be imposed, required or permitted by Bursa Securities and any other relevant authorities or parties (where required); and

(v) to allot and issue such number of new Shares credited as fully paid-up to the holders of Warrants E upon their exercise of the relevant Warrants E to subscribe for new Shares during the tenure of the Warrants E, and such further new Shares as may be required or permitted to be issued pursuant to the exercise of the Additional Warrants E and such adjustments in accordance with the provisions of the Deed Poll E;

THAT the Board be and is hereby authorised and empowered to determine and vary if deemed fit, necessary and/or expedient, the issue price of the Rights Shares and the exercise price of the Warrants E to be issued in connection with the Proposed Rights Issue with Warrants;

THAT any Rights Shares which are not validly taken up or which are not allotted for any reason whatsoever to the Entitled Shareholders and/or their renouncee(s) shall be made available for excess applications in such manner and to such persons ("**Excess Applicants**") as the Board shall determine at its absolute discretion;

THAT the Rights Shares, Warrants E and the new Shares to be issued pursuant to the exercise of the Warrants E and Additional Warrants E (if any) shall be listed on the Main Market of Bursa Securities;

THAT the proceeds of the Proposed Rights Issue with Warrants shall be utilised for the purposes as set out in Section 5, Part A of the Circular to Shareholders of the Company dated 10 June 2024 and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Board may deem fit, necessary and/or expedient or in the best interests of the Company, subject to the approval of the relevant authorities (where required);

THAT the Rights Shares shall, upon allotment, issuance and full payment of the issue price of the Rights Shares, rank equally in all respects with the then existing issued Shares, save and except that the holders of such Rights Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such Rights Shares;

THAT the new Shares to be issued arising from the exercise of the Warrants E (including the Additional Warrants E, if any) shall, upon allotment, issuance and full payment of the exercise price of the Warrants E (or the Additional Warrants E, if any), rank equally in all respects with the then existing issued Shares, save and except that the holders of such new Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to the Shareholders, the entitlement date of which is prior to the date of allotment and issuance of such new Shares to be issued arising from the exercise of the Warrants E (including the Additional Warrants E, if any);

THAT the Board be and is hereby entitled to deal with all or any of the fractional entitlements of the Rights Shares and the Warrants E arising from the Proposed Rights Issue with Warrants, which are not validly taken up or which are not allotted for any reason whatsoever, in such manner and to such persons as the Board may in its absolute discretion deem fit and in the best interest of the Company (including without limitation to disregard such fractional entitlements altogether);

THAT the Board be and is hereby empowered and authorised to do all acts, deeds and things, and to execute, enter into, sign, deliver and cause to be delivered for and on behalf of the Company all such transactions, arrangements, agreements and/or documents as it may consider necessary or expedient in order to implement, give full effect to and complete the Proposed Rights Issue with Warrants, with full powers to assent to and accept any conditions, modifications, variations, arrangements and/or amendments to the terms of the Proposed Rights Issue with Warrants as the Board may deem fit, necessary and/or expedient in the best interests of the Company or as may be imposed by any relevant authority or consequent upon the implementation of the aforesaid conditions, modifications, variations, arrangements and/or amendments and to take all steps as it considers necessary in connection with the Proposed Rights Issue with Warrants in order to implement and give full effect to the Proposed Rights Issue with Warrants;

AND THAT this Ordinary Resolution 2 constitutes specific approval for the issuance of securities in the Company contemplated herein which is made pursuant to an offer, agreement or option and shall continue in full force and effect until all Rights Shares, Warrants E (including Additional Warrants E, if any) and the new Shares to be issued pursuant to or in connection with the Proposed Rights Issue with Warrants have been duly allotted and issued in accordance with the terms of the Proposed Rights Issue with Warrants."

ORDINARY RESOLUTION 3

PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS ISSUED BY SECURITIES COMMISSION OF MALAYSIA ("SC") ("RULES") TO OKH, TCH AND PERSONS ACTING IN CONCERT WITH THEM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING OCR SHARES NOT ALREADY HELD BY THEM UPON COMPLETION OF THE PROPOSED SETTLEMENT ("PROPOSED EXEMPTION 1")

"**THAT** subject to the passing of Ordinary Resolution 1 and the relevant approvals from the Securities Commission Malaysia ("**SC**") and/or any other relevant authorities and/or parties being obtained (if required), including compliance with such conditions as may be imposed by the SC, approval be and is hereby given to OKH, TCH and persons acting in concert with them under subparagraph 4.08(1)(b) of the Rules to be exempted from the obligation to undertake a mandatory take-over offer to acquire all the remaining OCR Shares not already held by them upon completion to the Proposed Settlement;

AND THAT the Board be and is hereby authorised and empowered to sign and execute all documents, do all things and acts as may be required to give full effect to the Proposed Exemption 1 with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Exemption 1."

ORDINARY RESOLUTION 4

PROPOSED EXEMPTION UNDER SUBPARAGRAPH 4.08(1)(B) OF THE RULES TO OKH AND PERSONS ACTING IN CONCERT WITH HIM FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER FOR ALL THE REMAINING OCR SHARES NOT ALREADY HELD BY THEM UPON COMPLETION OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS ("PROPOSED EXEMPTION 2")

"**THAT** subject to the passing of Ordinary Resolution 2 and the relevant approvals from the SC and/or any other relevant authorities and/or parties being obtained (if required), including compliance with such conditions as may be imposed by the SC, approval be and is hereby given to OKH and persons acting in concert with him under subparagraph 4.08(1)(b) of the Rules to be exempted from the obligation to undertake a mandatory take-over offer to acquire all the remaining OCR Shares not already held by them upon completion of the Proposed Rights Issue with Warrants;

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give full effect to the Proposed Exemption 2 with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Exemption 2."

By Order of the Board
OCR GROUP BERHAD

TAN TONG LANG (SSM PC No. 202208000250/ MAICSA 7045482)
LIM WEN THENG (SSM PC No. 202308000441/ MAICSA 7073397)
Company Secretaries

Kuala Lumpur
10 June 2024

Notes:-

1. *A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead.*
2. *Where a member appoints two (2) proxies, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.*
3. *Where a member of the Company is an Exempt Authorised Nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provision of subsection 25A (1) of the (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.*
5. *The Form of Proxy must be deposited at the Share Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or email at ir@shareworks.com.my not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
6. *For the purposes of determining a member who shall be entitled to attend, speak and vote at the EGM, the Company shall be requesting the Record of Depositors as at 18 June 2024. Only a depositor whose name appears on the Record of Depositors as at 18 June 2024 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.*

OCR GROUP BERHAD
(Incorporated in Malaysia)

Administrative Details for the Extraordinary General Meeting ("EGM") of OCR Group Berhad

Meeting Day & Date	:	Tuesday, 25 June 2024
Time	:	3:30 p.m.
Online Meeting Platform	:	www.swsb.com.my hosted by ShareWorks Sdn. Bhd. in Malaysia (Domain registration number with MYNIC: D1A403841)
Platform for Communication	:	Shareholders may submit questions to the Board of Directors ("**Board**") prior to the EGM to ir@shareworks.com.my no later than 23 June 2024 on 3:30 p.m. or to use the Question and Answer ("**Q&A**") Platform to transmit questions to the Board via Remote Participation and Electronic Voting ("**RPEV**") Platform during live streaming.

VIRTUAL MEETING

The EGM will be held via an a fully virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting ("**RPEV**") Facility.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the Meeting as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

All Shareholders of the Company, whether Individual Shareholders, Corporate Shareholders, Proxy Holders, Authorised Nominees or Exempt Authorised Nominees who wish to attend the EGM will have to register to attend remotely by using the RPEV Facility, the details of which is set out below.

RPV Facility

1. The EGM will be conducted on a fully virtual basis through live streaming and online remote Voting. Should you wish to attend the EGM, you are required to register yourself using the RPEV Facility in accordance with the instructions as set out under paragraph 3 below.

   With the RPEV Facility, you may exercise your rights as a Shareholder to participate including to pose questions (in the form of real-time submission of typed texts) to the Board of Directors of the Company ("**Board**") and vote remotely at the EGM.

2. Individual Members are strongly encouraged to take advantage of the RPEV Facility to participate and vote remotely at the EGM. Please refer to the details as set out under RPEV Facility for information. If an Individual Shareholder is unable to participate in the online EGM, he/she is encouraged to appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Corporate Shareholders (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the EGM using the RPEV Platform. Corporate Members who wish to participate and vote remotely at the EGM must contact the poll administrator, ShareWorks Sdn. Bhd. ("**ShareWorks**") with the details set out below for assistance and will be required to provide the following documents to the Company no later than 23 June 2024 at 3:30 p.m.:

a. Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;

b. Copy of the Corporate Representative's or proxy's identity card (MyKad) (front and back)/Passport; and

c. Corporate Representative's or proxy's email address and mobile phone number.

If a Corporate Member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the EGM, the Corporate Member is encouraged to appoint the Chairperson of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

In respect of Nominee Company Members, the beneficiaries of the shares under a Nominee Company's CDS account are also strongly advised to participate and vote remotely at the EGM using RPEV Facility. Nominee Company Members who wish to participate and vote remotely at the EGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the EGM. Nominee Company must contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company no later than 23 June 2024 at 3:30 p.m.:

a. Form of Proxy under the seal of the Nominee Company;
b. Copy of the proxy's identity card (MyKad) (front and back)/Passport; and
c. Proxy's email address and mobile phone number.

If a Nominee Company Member is unable to attend the EGM, he/she is encouraged to request its Nominee Company to appoint the Chairperson of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

3. The procedures for the RPEV in respect of the live streaming and remote voting at the EGM is as follows:

Procedures		**Action**
BEFORE THE EGM		
(i)	Register as a user	• If you have already registered an account at the website, you are not required to register again. • Access website www.swsb.com.my • Click "**Login**" and click "**Register**" to sign up as a user. The registration will be open from 3.30 p.m. on 10 June 2024 and close at 3:30 p.m. on 23 June 2024. • Complete the registration process and upload softcopy of MyKAD (front and back) or Passport for foreign shareholders. • Read and agree to the terms & condition and thereafter submit your request.

		• Upon submission, kindly login to the valid email address and verify your user ID within **one (1) hour**. • Upon verification of the user ID, **ShareWorks** will send an email notification to approve you as a user. • After verification of your registration against the General Meeting Record of Depositors of the Company as at 18 June 2024, the system will send you an email to notify you if your registration is approved or rejected after 18 June 2024. • If your registration is rejected, you can contact **ShareWorks** or the Company for clarifications or to appeal.
ON THE EGM DAY		
(ii)	Login to www.swsb.com.my	• Login with your user ID and password for remote participation at the EGM at any time from 3:00 p.m. i.e. 30 minutes before the commencement of the EGM on Tuesday, 25 June 2024 at 3:30 p.m.
(iii)	Participate through Live Streaming	• Select the "**Virtual Meeting**" from main menu. • Click the "**Join Meeting**" located next to the event. You are required to provide your full name as per CDS records and your user registered email address. • Kindly click the video link and insert the password given to you in your email notification in order to join the live video streaming. • If you have any question for the Chairperson/ Board, you may use the Q&A platform to transmit your question. The Chairperson/Board will try to respond to all questions submitted by remote participants during the EGM. If time is a constraint, the responses will be emailed to you at the earliest possible time after the meeting ended. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
(iv)	Online remote voting	• Select "**Voting**" located next to the "**Join Meeting**" and indicate your votes for the resolutions that are tabled for voting. • Voting session will commence once the Chairperson of the Meeting declare that the voting platform is activated and will announce the completion of the voting session of the EGM.

		• Cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.
(v)	End of RPEV Facilities	• The RPEV Facilities will end and the Messaging window will be disabled the moment the Chairperson of the Meeting announces the closure of the EGM.

Proxy

If a member is unable to attend the EGM, he/she may appoint a proxy or the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please note that if an individual member has submitted his/her Form of Proxy prior to the EGM and subsequently decides to personally participate in the EGM via RPEV Facilities, the individual member shall proceed to contact ShareWorks or the Company with the details set out below to revoke the appointment of his/her proxy no later than 23 June 2024 at 3:30 p.m.

Poll Voting

The voting at the EGM will be conducted by poll in accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn Bhd as Scrutineers to verify the poll results.

The Scrutineers will verify and announce the poll results followed by the Chairperson declaration whether the resolution is duly passed.

Pre-Meeting submission of question to the Board
To administer the proceedings of the EGM in orderly manner, shareholders may before the EGM, submit questions to the Board to *ir@shareworks.com.my* **no later than Sunday, 23 June 2024, at 3:30 p.m.** The Board will endeavour to address the questions received at the EGM.

No Recording or Photography
Strictly **NO recording or photography** of the proceedings of the EGM is allowed.

No Door Gifts or e-Vouchers
There will be NO DISTRIBUTION of door gifts or e-vouchers.

Digital Copies of EGM Documents
1. Circular to Shareholders in relation to the Proposals

Enquiry
If you have any enquiry prior to the virtual meeting, please contact **Mr Kou / Mr Wai Kien** during office hours from 9:00 a.m. to 5:00 p.m. on Mondays to Fridays:
ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Telephone Number : 03-6201 1120
Email : ir@shareworks.com.my

OCR GROUP BERHAD
(Registration No: 199701025005 (440503-K))
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

*I/We ………
[Full name in block, NRIC/Passport/Company No.]
Tel:……………………………………of…………………………………………………………………………………
[Address]
………
[Address]
being a *member/member of OCR GROUP BERHAD hereby appoint:

Full Name (in Block):	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Email Address:			
Mobile Number:			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address:			
Mobile Number:			

or failing whom, the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Extraordinary General Meeting of the Company will be held on a fully virtual basis and entirely via remote participation and voting through an online meeting platform at www.swsb.com.my (Domain registration number with MYNIC: D1A403841) provided by ShareWorks Sdn. Bhd. on Tuesday, 25 June 2024 at 3:30 p.m. or at any adjournment thereof, and to vote as indicated below: -

	FOR	**AGAINST**
Ordinary Resolution 1 – Proposed Settlement		
Ordinary Resolution 2 – Proposed Rights Issue with Warrants		
Ordinary Resolution 3 – Proposed Exemption 1		
Ordinary Resolution 4 – Proposed Exemption 2		

Please indicate an "X" in the space provided below on how you wish your votes to be casted. If no specific instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Signed on this ………….day of ……………….. 2024.

____

Signature of Member(s)/Common Seal

Notes:-

1. *A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead.*
2. *Where a member appoints two (2) proxies, the appointment of such proxies shall not be valid unless the member specifies the proportion of his shareholding to be represented by each such proxy. There is no restriction to the qualification of the proxy.*
3. *Where a member of the Company is an Exempt Authorised Nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provision of subsection 25A (1) of the (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or signed by attorney so authorised.*
5. *The Form of Proxy must be deposited at the Share Registrar Office of the Company at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan or email at ir@shareworks.com.my not less than 48 hours before the time set for holding the meeting or any adjournment thereof.*
6. *For the purposes of determining a member who shall be entitled to attend, speak and vote at the EGM, the Company shall be requesting the Record of Depositors as at 18 June 2024. Only a depositor whose name appears on the Record of Depositors as at 18 June 2024 shall be entitled to attend and vote at the meeting or appoint proxy(ies) to attend, speak and vote on his/her stead.*

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AFFIX
STAMP

The Share Registrar of
OCR GROUP BERHAD
[Registration No. 199701025005 (440503-K)]
ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan
Tel No.: +603-6201 1120
Email : ir@shareworks.com.my

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