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

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**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

[Registration No. 199601017418 (389769-M)]

(Incorporated in Malaysia)

**PART A**

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO THE**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE**

**PART B**

**STATEMENT TO SHAREHOLDERS  
IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The above proposal will be tabled as Special Business at the Twenty-Seventh Annual General Meeting ("27<sup>th</sup> AGM") of the Company to be held at Adam Function Hall, Tiara Melaka Golf and Country Club, Jalan Gapam, Bukit Katil, 75760 Melaka on Wednesday, 23 August 2023 at 2.30 p.m. or adjournment of the AGM. The Notice of the 27<sup>th</sup> AGM together with the Form of Proxy is enclosed in the Annual Report of the Company which are dispatched together with these Circular and Statement.

The Form of Proxy must be completed and deposited in accordance with the instruction therein as soon as possible so as to arrive at the office of the Company's Share Registrar, Sectrars Management Sdn. Bhd. at Level 9-7, Menara Sentral Vista, No 150 Jalan Sultan Abdul Samad, Brickfields, 50470, Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof as Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of General Meeting to be put to vote by poll. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

These Circular and Statement are dated 20 July 2023

## DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this and for the purpose of These Circular and Statement only:

Act	: Companies Act, 2016 as amended from time to time and any re-enactment thereof
AGM	: Annual General Meeting
Apendo	: Apendo Capital Sdn Bhd [Registration No. 199701038580 (454080-U)]
Apendo Holding	Apendo Holding Sdn Bhd [Registration No. 198201010772 (90496-W)]
Board	: Board of Directors of OFIH
Bursa Securities	: Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
Chong Mah	: Syarikat Perniagaan Chong Mah Sdn Bhd [Registration No. 197801000519 (37551-M)]
Circular	: Circular to Shareholders dated 20 July 2023
CMSA	: Capital Markets and Services Act 2007, as amended, supplemented or modified from time to time
Code	: Malaysian Code on Take-Over and Mergers, 2016, as amended from time to time and any re-enactment thereof
Director(s)	: Shall have the same meaning given in Section 2(1) of the CMSA and for the purposed of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a director of OFIH or any other company which is its subsidiary or holding company or a chief executive officer of the Company, its subsidiary or holding company
EPS	: Earnings per share
Listing Requirements	: Main Market Listing Requirements of Bursa Securities including any amendments that may be made from time to time
LPD	: 11 July 2023, being the latest practicable date prior to the printing of these Circular and Statement
Constitution	: Constitution of the Company
Market Day(s)	: A day on which the stock market of Bursa Securities is open for trading of securities

## DEFINITIONS (CONT'D)

Major Shareholder(s)	<p>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:-</p> <p>a) 10% or more of the total number of voting shares in the Company; or</p> <p>b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company,</p> <p>For the purpose of this definition, “interest in shares” shall have the same meaning given in Section 8 of the Act.</p> <p>For the purpose of the Proposed Shareholders’ Mandate, it includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of the Company or any other company which is its subsidiary or holding company.</p>
Mandated Related Party	: Syarikat Perniagaan Chong Mah Sdn Bhd [Registration No.197801000519 (37551-M)]
NA	: Net assets attributable to ordinary equity holders of OFIH
OFI	: Oriental Food Industries Sdn Bhd [Registration No. 197801001259 (38289-A)] a wholly owned subsidiary of OFIH
OFIH Group or the Group	: OFIH and its wholly owned subsidiary company namely OFI
OFIH or the Company	: Oriental Food Industries Holdings Berhad [Registration No. 199601017418 (389769-M)]
OFM	: Oriental Food Marketing (M) Sdn Bhd [Registration No. 199701039212 (454712-U)]
Person(s) Connected	: Shall have the same meaning given in Paragraph 1.01, Chapter 1 of the Listing Requirements, in relation to a Director or Major Shareholder of a corporation, means such person who falls under any one (1) of the following categories:- <ul style="list-style-type: none"><li>i) a family member of the said Person;</li><li>ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;</li><li>iii) a partner of the said Person;</li></ul>

## DEFINITIONS (CONT'D)

	iv)	a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;
	v)	a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
	vi)	a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
	vii)	a body corporate which is a related corporation of the said Person.
Proposed Renewal of RRPT Mandate	:	Proposed renewal of shareholders' mandate granted on 25 August 2022 by the Shareholders of OFIH for the Group to enter into Recurrent Related Party Transactions
Proposed Renewal of Share Buy-Back Authority	:	Proposed renewal of authority for the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares of the Company at any point in time
Proposed Share Buy-Back	:	Proposed authority for the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares of the Company pursuant to Section 127 of the Act.
Purchased Shares	:	OFIH Shares to be purchased by the Company pursuant to the Proposed Share Buy-Back
Risk Management and Audit Committee	:	Risk Management and Audit Committee of OFIH
RRPT	:	Recurrent Related Party Transaction
RRPT or Recurrent Related Party Transactions	:	Recurrent related party transactions of a revenue or trading nature with Related Parties which are necessary for OFIH and its subsidiaries day-to-day operations and are in the ordinary course of business and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of OFIH

## DEFINITIONS (CONT'D)

Related Party/ Parties : A Director or Major Shareholder of OFIH or persons connected with such Director or Major Shareholder of OFIH

RM and sen : Ringgit Malaysia and sen respectively

Summer Legend Summer Legend Sdn Bhd  
[Registration No. 199601037822 (410175-U)]

Thung Shung : Thung Shung (M) Sdn Bhd  
[Registration No. 197701004798 (35664-V)]

All references to “we”, “us”, “our”, “ourselves”, or “OFIH” in these Circular and Statement are to Oriental Food Industries Holdings Berhad.

Unless otherwise stated, the information set out above in relation to the Major Shareholder(s), Director(s) and Person(s) Connected is as at the LPD.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.

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

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**PART A**

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**





**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

[Registration No. 199601017418 (389769-M)]

(Incorporated in Malaysia)

**Registered Office:**

No. 65, Jalan Usaha 7  
Ayer Keroh Industrial Estate  
75450 Melaka

20 July 2023

**Board of Directors**

Tan Sri Dato' Azizan Bin Husain	<i>Senior Non-Independent Non-Executive Chairman</i>
Datuk Seri Son Chen Chuan	<i>Group Managing Director</i>
Datuk Son Tong Leong	<i>Group Chief Executive Officer</i>
Datuk Son Tong Eng	<i>Executive Director</i>
Mr. Lim Keat Sear	<i>Non-Independent Non-Executive Director</i>
Mr. Chong Peng Khang	<i>Independent Non-Executive Director</i>
Ms. You Chen Kei	<i>Independent Non-Executive Director</i>

**To: The Shareholders of Oriental Food Industries Holdings Berhad**

Dear Sir/Madam,

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE ON RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**1. INTRODUCTION**

On 25 August 2022, the Company obtained a general mandate from its shareholders for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions with Related Parties which are necessary for the Group's day-to-day operations. This general mandate for Recurrent Related Party Transactions shall, in accordance with the Bursa Securities' Listing Requirements, lapse at the conclusion of the forthcoming Twenty-Seventh (27<sup>th</sup>) AGM which has been scheduled to be held on 23 August 2023 unless approval for its renewal is obtained from the shareholders of OFIH at the AGM. Such renewal, if obtained, shall continue to be in force until:

**YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF PART A TOGETHER WITH APPENDIX OF THESE CIRCULAR AND STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RRPT MANDATE AT THE FORTHCOMING TWENTY-SEVENTH (27<sup>th</sup>) AGM OF THE COMPANY.**

- (i) the conclusion of the next AGM of the Company at which time the authority shall lapse, unless by ordinary resolution passed at a general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to section 340(2) of the Companies Act, 2016 ("CA") (but must not extend to such extension as may be allowed pursuant to section 340(4) of the CA); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting.

whichever is the earlier.

On 23 May 2023, the Board of Directors of OFIH announced its intention to seek a renewal of the RRPT Mandate from the shareholders of the Company.

The purpose of this Circular and Statement is to provide shareholders with information pertaining to the above and to seek the shareholders' approval for the ordinary resolution pertaining to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming AGM.

## **2. REQUIREMENT OF THE MAIN MARKET LR**

### **2.1 Paragraph 10.09 of the Main Market LR**

Pursuant to Paragraph 10.09(1)(a) of the Main Market LR, a listed issuer with an issued and paid-up capital of RM60.0 million and above must immediately announce a RRPT as follows:

- (a) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
- (b) the percentage ratio of such RRPT or one per cent (1%) or more,

whichever is the higher.

Paragraph 2.4 of the PN12 of the Main Market LR states that where a listed issuer has obtained a shareholders' mandate in respect of any RRPT, the above disclosure obligation will not apply to the RRPT which are comprised in the mandate.

Pursuant to Paragraph 10.09(2) of the Main Market LR, a listed issuer may seek a mandate from its shareholders for RRPT subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market LR;
- (c) the listed issuer's circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;

- (d) in a meeting to obtain shareholders' mandate, the interested Directors, interested Major Shareholders or interested person connected with a Director or Major Shareholder; and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving transactions; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by ten per cent (10%) or more and must include the information as may be prescribed by Bursa Securities in its announcement.

## 2.2 Validity Period of the Proposed RRPT Mandate

The Proposed RRPT Mandate (if approved) will take effect from the date of passing of the Ordinary Resolution in relation thereto at the forthcoming AGM to be held on 24 August 2023 and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which time the authority shall lapse, unless by ordinary resolution passed at a general meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but such period shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

The ensuing section of these Circular and Statement set out the relevant information pertaining to the above for the consideration and approval by the shareholders at the forthcoming AGM.

## 3. DETAILS OF THE RECURRENT RELATED PARTY TRANSACTIONS

OFIG is an investment holding company whose wholly owned subsidiary namely OFI is principally engaged in the manufacturing and marketing for overseas market with wide range of snack food and confectioneries under brand names (*amongst others*) **ZESS, ROTA, SUPER RING** and **JACKER**.

Based on the financial year ended 31 March 2023, the Group's market constitution in terms of turnover includes approximately 45% of domestic sales and the remaining 55% of export/international sales including that of to Hong Kong, China, Japan, USA, Middle East, Taiwan, Mauritius and ASEAN countries. The distribution, sales and marketing of OFI's products in Malaysia are undertaken by OFM, a wholly owned subsidiary of OFI. OFI products are marketed through a network of dealers throughout the country. As at 11 July 2023, there are approximately 335 independent distributors and wholesalers in Peninsular Malaysia and 5 in East Malaysia. Furthermore to that, it is noted that Syarikat Perniagaan Chong Mah Sdn Bhd, one of OFI's major shareholder, is also one of the main distributors for the Group.

It is anticipated that the Group and Syarikat Perniagaan Chong Mah Sdn Bhd would, in the ordinary course of business, enter into the related party transactions as mentioned in Section 3.1 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

In view of the time-sensitive, confidential and frequent nature of such related party transactions, the Board is seeking shareholders' approval for the Proposed Renewal of RRPT Mandate for the Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 3.1 below, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the related party than those generally available to the public and which will not be to the detriment of the minority shareholders. The related party transactions will also be subjected to the review procedures set out in Section 4 below.

### 3.1 Class of Related Party and Nature of Transactions

#### a) Class of Related Party

The Proposed Renewal of RRPT Mandate will apply to transactions with Chong Mah, a company connected to a director and major shareholders of OFIH and persons connected with them. <sup>(1)</sup>

Notes:

- (1) Chong Mah, one of the major shareholders holding 14.30% shares in OFIH, is a company involved in the trading of snack food, confectionery and other goods and is controlled by Mr. Lim Keat Sear, a director and major shareholder of OFIH and persons connected with him. The shareholders of Chong Mah as at 11 July 2023 are as follows:

Shareholders	Shares held in Chong Mah	
	No. of Shares (Direct)	Percentage (%)
Lim Keat Sear *	510,416	28.19
Lim Soon Yong	99,144	5.47
Lim Soon Wei	99,143	5.47
Lim Siew Guat	173,474	9.58
Lim Chee Seng	115,649	6.39
Lim Guat Kee	115,649	6.39
Lee Gim Lan	115,649	6.39
Tan Ah Keat	28,547	1.57
Lim Kim Hwa	11,419	0.63
Chew Yoke Ling	11,419	0.63
Lee Teck Hock	20,000	1.10
Lee Kong Beng	170,139	9.40
Lee Kong Sheng	170,138	9.39
Lee Kong Hooi	170,139	9.40

Notes: \* They are also directors of Chong Mah.

The direct and indirect interests of interested director and major shareholders and persons connected in OFIH as at 11 July 2023 are as follows:

Interested Parties	No. of Ordinary Shares			
	Direct	%	Indirect	%
Chong Mah	34,324,188	14.30	3,152,000 <sup>(i)</sup>	1.31
Lim Keat Sear	2,935,012	1.22	49,232,896 <sup>(ii)</sup>	20.51
Thung Shung	11,756,708	4.90	-	-
Summer Legend	3,152,000	1.31	-	-

Notes:

- (i) Deemed interested for being a major shareholder of OFIH and also by virtue of its deemed interest in Summer Legend via its interest in Apendo Holding. The major shareholders of Summer Legend and Apendo Holding as at 11 July 2023 as per Table 1 and 2 below:
- ii) Deemed interested for being a director and major shareholder of OFIH and also by virtue of his shareholdings in Chong Mah and Thung Shung. Mr Lim Keat Sear also has deemed interest in Summer Legend via his major interest in Chong Mah through Apendo Holding as per Table 2 below. Thung Shung holds 4.90% interest in OFIH and Mr Lim Keat Sear is a director and major shareholder of Thung Shung. Mr Lim Keat Sear is deemed to have interest in Apendo Holding via Chong Mah. The major shareholders of Thung Shung as at 11 July 2023 as per Table 3 below:

**Table 1**

Shareholders	Shares held in Summer Legend	
	No. of Shares	Percentage (%)
Apendo Holding	1,899,998	99.99
Datuk Seri Son Chen Chuan	1	0.005
Datuk Son Tong Leong	1	0.005

**Table 2**

Shareholders	Shares held in Apendo Holding	
	No. of Shares	Percentage (%)
Datuk Seri Son Chen Chuan	433,084	22.09
Chong Mah	725,761	37.03
OFI	382,101	19.5
Datuk Son Tong Leong	94,931	4.84
Datuk Son Tong Eng	94,931	4.84
Lim Keat Sear	48,697	2.48
Son Kee Geok	36,945	1.89
Hoo Beng Lee	103,529	5.28
Lee Kong Hooi	40,221	2.05

**Table 3**

Shareholders	Shares held in Thung Shung	
	No. of Shares	Percentage (%)
Lim Keat Sear	124,482	21.83
Chuah Yew Seo	71,280	12.50
Lu Boon Mui	71,280	12.50
Lee Siew Geok	54,233	9.51
Lim Siew Guat	41,494	7.28
Lim Chee Seng	27,663	4.85
Lim Guat Kee	27,663	4.85
Lee Gim Lan	27,663	4.85
Lee Kong Beng	41,494	7.28
Lee Kong Sheng	41,494	7.28
Lee Kong Hooi	41,494	7.28

## b) Nature of Recurrent Related Party Transactions

The Proposed Renewal of RRPT Mandate will enable OFIH Group to undertake sales of snack food and confectionery products to Chong Mah by OFM for a total estimated value up to RM7.5 million from the date this shareholders' mandate is obtained until the conclusion of the next AGM of the Company. The value was arrived at after taking into consideration the total actual value of OFIH Group's sales with Chong Mah from the date of the existing mandate obtained to 11 July 2023 which was RM1,367,362.32 and the estimated value of RM7.5 million as indicated in the preceding year's circular. The transactions were conducted at arm's length so as to ensure that there is no question of conflict of interest involved. Furthermore, there was no deviation whereby the actual value transacted did not exceed the estimated value by 10% or more. Nevertheless, the estimated value mentioned above is subject to change depending on the demand of the products.

### **3.2 Rationale for the Proposed Renewal of RRPT Mandate**

#### **a) Rationale**

The related party transactions entered or to be entered into by the Group are all in the ordinary course of business. There are recurring transactions of revenue or trading nature, which are likely to occur with some degree of frequency and at any time from time to time.

In view of the time-sensitive nature and frequency of these transactions, it is impractical to seek shareholders' approval on a case-by-case basis before entering such related party transactions. As such, the Board seeks shareholders' mandate pursuant and subject to Paragraph 10.09 of the Listing Requirements for the related party transactions described in Section 3.1 above to allow the Group to enter into such recurrent related party transactions made on an arms' length basis and on normal commercial terms, which are not prejudicial to the interests of the shareholders whatsoever.

By obtaining the Proposed Renewal of RRPT Mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when related party transactions recurs will not arise. As such, this will inevitably reduce substantial administrative time, inconvenience and expenses associated with the convening of such meeting, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

#### **b) Benefits**

OFIH Group has a long-standing business relationship with Chong Mah. Chong Mah has been involved in the trading of snack food, confectioneries and other preserved foods for more than 30 years. Over the years Chong Mah has established a large clientele base. The transactions entered by the Group with Chong Mah is purely a normal sales transaction which enable Chong Mah to act as a marketing and distributing arm for OFIH Group's products, thus enables the Group's products to penetrate into Chong Mah's clientele base. This in return will generate income and contributes to the profitability of the Group. There's no amount due and owing to the Group by Chong Mah pursuant to the RRPT which exceeded the credit term given.

### **4. REVIEW METHODS OR PROCEDURES FOR RECURRENT RELATED PARTY TRANSACTIONS**

To ensure that such Recurrent Related Party Transactions ("RRPT") are conducted at arm's length and on normal commercial terms consistent with the Group's usual business practices and policies and will not in any manner whatsoever be prejudicial to shareholders, the management will ensure that transactions with the related party will only be entered into after due consideration on the quotation of price, level of service, quality of products, the corporate objectives of the Group, the requirement to protect market shares for its products in its local and overseas markets and other relevant factors. There are no specific thresholds for approval of RRPT within the Group but the above serves as guideline for determination by the appropriate level of authority as determined by senior management and/or the Board from time to time.

Besides, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In view of the wide customer base in our business, there is no issue on any difficulties or impossibilities of obtaining quotation or comparative pricing from unrelated third parties.



Furtherance to the above, where any Directors have an interest (direct or indirect) in any related party transaction, such Director (or his alternate, where applicable) shall abstain from voting on the matter. Likewise, where any member of the Risk Management and Audit Committee is interested in any transaction subject to the review of the said Committee, the member shall abstain from voting on any matter relating to any decisions to be taken by the said Committee in respect of such transaction.

Pursuant to Paragraph 10.09 of the Listing Requirements, in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving transactions. Interested directors shall also abstain from deliberating at board meetings in respect of the related party transactions in which they are interested.

Disclosure will be made in the annual report of the Company of the aggregate value of transactions conducted pursuant to the Proposed Renewal of RRPT Mandate during the financial year. Disclosure will also be made in the annual reports for subsequent financial years during which the shareholders' mandate remain in force.

The Proposed Renewal of RRPT Mandate, if approved at the AGM, will continue until the conclusion of the next AGM of the Company. Thereafter, approval shall be sought for the renewal of such mandate at each subsequent AGM subject to the satisfactory review by the Risk Management and Audit Committee.

The following will be implemented and observed in order to achieve the above:-

- (i) To notify the Company's subsidiaries of the Mandated Related Party and that all Recurrent Related Party Transactions are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders;
- (ii) All Recurrent Related Party Transactions will be reviewed by those who have no interest whatsoever in the respective transactions;
- (iii) A register will be maintained by the Company to record all Recurrent Related Party Transactions which are entered into pursuant to the Proposed Renewal of RRPT Mandate;
- (iv) The annual internal audit plan shall incorporate a review of all Recurrent Related Party Transactions entered into pursuant to the Proposed Renewal of RRPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;
- (v) The Board and Risk Management and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with and the review shall be done at every quarter together with the review of the financial results;
- (vi) The Board and the Risk Management and Audit Committee have reviewed the procedures and shall continue to review the procedures as and when required, with the authority to sub-delegate to individuals or committees within the Company, as they deem appropriate; and
- (vii) The price quoted to the related party is in accordance to the selling policy of the Company, which basically takes into consideration the length of relationship, the financial standing and the quantity purchased by the purchaser from time to time.

## **5. STATEMENT FROM RISK MANAGEMENT AND AUDIT COMMITTEE**

The Risk Management and Audit Committee has the overall responsibility of determining whether the procedures for reviewing the relevant Recurrent Related Party Transactions are appropriate. The Risk Management and Audit Committee has the authority to delegate such responsibility to such individuals within the Company as it shall deem fit. The Risk Management and Audit Committee will continue to call for half yearly reviews to ascertain whether the methods, procedures and guidelines established to monitor and ascertain that the Recurrent Related Party Transactions have been complied with. If it is determined that the methods and/or procedures stated in Section 4 are inadequate to ensure that the (i) Recurrent Related Party Transactions will be conducted at arm's length and on normal commercial terms, and (ii) such transactions are not prejudicial to the interests of the shareholders, the Company will obtain a fresh shareholders' mandate based on new methods and procedures.

The Risk Management and Audit Committee shall also have the discretion to request for additional limits to be allowed or for additional procedures to be followed if it considers such a request to be appropriate. In that event, such additional limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than any existing limits or procedures.

The Risk Management and Audit Committee of the Company has seen and reviewed the terms of the Proposed Renewal of RRPT Mandate and the procedures mentioned in Section 4 above. The Risk Management and Audit Committee is satisfied that the review procedures for Recurrent Related Party Transactions, as well as the half-yearly reviews to be made by the Risk Management and Audit Committee in relation thereto, are sufficient to ensure that the Recurrent Related Party Transactions will be made at arm's length and in accordance with the Group's normal commercial terms which are not more favourable to the related party than those generally available to the public and will not be to the detriment of the minority shareholders, and hence, not prejudicial to the shareholders nor disadvantageous to the Group and are not to the detriment of the minority shareholders.

## **6. CONDITIONS OF THE PROPOSED RENEWAL OF RRPT MANDATE**

The Proposed Renewal of RRPT Mandate is subject to shareholders' approval at the forthcoming AGM. The Mandate for the Recurrent Related Party Transactions being procured from the shareholders of the Company at the forthcoming AGM is subject to annual renewal and an aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the financial year shall be disclosed in the Company's annual report.

Disclosure will also be made in the annual reports for subsequent financial years during which the shareholders' mandate remain in force.

## **7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

Save as disclosed in Section 3.1 above, none of the other directors or major shareholders of OFIH or persons connected with them have any interests (direct or indirect) in the said Proposed Renewal of RRPT Mandate for Recurrent Related Party Transactions of a revenue or trading nature.

Lim Keat Sear holds directorship in OFIH and Chong Mah. He is deemed interested Major Shareholder by virtue of his direct and indirect interests in OFIH. Lim Keat Sear, the interested director and major shareholder of the Mandated Related Party and OFIH and persons connected with him, as mentioned in Section 3.1 will abstain from voting in respect of their direct and indirect shareholdings on the resolution approving the Proposed Renewal of RRPT Mandate. In this respect, Lim Keat Sear will abstain from Board deliberation and voting whilst, Chong Mah, Thung Shung, Summer Legend will abstain from voting in respect of the Proposed Renewal of RRPT Mandate.



In addition, the Mandated Related Party, a major shareholder of OFIH and person connected to it will also abstain from voting in respect of their direct and/or indirect interest/ shareholdings in the Proposed Renewal of RRPT Mandate. In this respect, Lim Keat Sear, Chung Mah, Thung Sung and Summer Legend will abstain from voting in respect of the Proposed Renewal of RRPT Mandate.

Consequently, the interested director will continue to abstain from Board deliberations in respect of the Proposed Renewal of RRPT Mandate in which he is interested. The interested director and major shareholders undertake to ensure that persons connected with them will abstain from voting, on the resolution at the AGM.

## **8. RECOMMENDATION FROM DIRECTORS**

The Board of Directors with the exception of Mr. Lim Keat Sear having considered all aspects of the Proposal is of the opinion that the Proposed Renewal of RRPT Mandate is in the best interest of the shareholders and the Company.

As such, the Board of OFIH (with the exception of Mr. Lim Keat Sear who has abstained from making a recommendation in respect of the Proposed Renewal of RRPT Mandate) recommends that you vote in favour of the resolution pertaining to the Proposed Renewal of RRPT Mandate to be tabled at the forthcoming AGM.

## **9. SPECIAL BUSINESS OF THE TWENTY-SEVENTH ANNUAL GENERAL MEETING**

The AGM, notice of which is enclosed in the Annual Report of the Company, will be held at Adam Function Hall, Tiara Melaka Golf and Country Club, Jalan Gapam, Bukit Katil, 75760 Melaka on Wednesday, 23 August 2023 at 2.30 p.m. or adjournment of the AGM, for the purpose of considering if thought fit, passing the resolution so as to give effect to the Proposed Renewal of RRPT Mandate under the Special Business in the AGM.

If you are unable to attend and vote in person at the AGM, please complete and return the "Form of Proxy" to the office of the Company's Share Registrar, Sectrars Management Sdn. Bhd. at Level 9-7, Menara Sentral Vista, No 150 Jalan Sultan Abdul Samad, Brickfields, 50470, Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof. The "Form of Proxy" should be duly completed strictly in accordance with the instruction printed therein. The lodging of the "Form of Proxy" will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

## **10. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I contained in these Circular and Statement for further information.

Yours faithfully,

For and on behalf of the Board of Directors of

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

**DATUK SERI SON CHEN CHUAN**

Group Managing Director

<b>END OF PART A OF THESE CIRCULAR AND STATEMENT</b>
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**PART B**

**STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK  
AUTHORITY**



## **ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

[Registration No. 199601017418 (389769-M)]  
(Incorporated in Malaysia)

### **STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

#### **1. INTRODUCTION**

At the 26<sup>th</sup> AGM of the Company held on 25 August 2022, the Company have obtained shareholders' approval to undertake the purchase of up to ten per centum (10%) of the total number of issued shares of the Company. The said authority shall lapse at the conclusion of the forthcoming AGM, unless the authority is further renewed.

On 23 May 2023, the Company announced its intention to seek approval from its shareholders for the Proposed Renewal of Share Buy-Back Authority at the forthcoming Twenty-Seventh (27<sup>th</sup>) AGM to be convened to purchase its own shares representing up to ten percent (10%) of the total number of issued shares of the Company.

The purpose of this Statement is to provide you with relevant details and information of the Proposed Renewal of Share Buy-Back Authority, together with the Board's recommendation and to seek your approval for the Ordinary Resolution in connection to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 27<sup>th</sup> AGM to be convened on Wednesday, 23 August 2023 at 2.30 p.m. of the Company. Notice of which is set out on page 2 to 7 of the Annual Report 2023 of the Company.

#### **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Company proposes to seek approval from the shareholders of the Company at the forthcoming 27<sup>th</sup> AGM for the renewal of authority for the proposed purchase of the Company's own shares from time to time up to ten percent (10%) of the total number of issued shares of the Company for the time being quoted on the Main Market of Bursa Securities.

In accordance with the provisions of Section 127 of the Act and other prevailing laws, rules, regulations, orders, guidelines and requirements governing the purchase of a company's own shares, the Company may, subject to the approval of its shareholders and the Constitution, purchase its own Shares listed on the Main Market of Bursa Securities through its appointed stockbroker(s) to be appointed at a later date.

The authority from shareholders, if renewed, shall be effective upon passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority at the 27<sup>th</sup> AGM of the Company to be convened and will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which time the authority will lapse, unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions; or

- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

## **2.1 Quantum**

The maximum aggregate number of Shares which may be purchased by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time.

As at LPD, the issued and paid-up share capital of the Company is RM120,000,000 comprising 240,000,000 OFIH Shares. The Proposed Share Buy-Back will then enable the Company to purchase up to 24,000,000 OFIH Shares, representing up to ten percent (10%) of the total number of issued shares of the Company.

The actual number of OFIH Shares to be purchased by the Company pursuant to the Proposed Share Buy-Back, will depend on, inter alia, market conditions and sentiments of Bursa Securities as well as the retained profits and financial resources available to the Company at the time of the purchase(s).

## **2.2 Funding**

The Proposed Share Buy-Back will be funded through internally generated funds and/or bank borrowings or a combination of both. In the event that the Company intends to purchase its own shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would not have any material effect on the cash flow of the Company.

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available. As at 31 March 2023, being the latest available audited financial statements, the audited retained profits of the Company amounted to RM5,186,459.03.

Based on the unaudited announced financial results for the fourth quarter that ended 31 March 2023, the retained profits of the Company amounted to RM5,186,459.03.

## **2.3 Regulatory Requirements**

The Proposed Renewal of the Share Buy-Back Authority is subject to the following requirements: -

- (a) The public shareholding spread of 25% of the total listed Shares (excluding treasury shares) of the Company is to be maintained at all times;
- (b) The purchase price of the Purchased Shares cannot be more than fifteen percent (15%) above the weighted average market price for OFIH Shares for the five (5) Market Days immediately prior to each purchase; and
- (c) If the Purchased Shares are subsequently resold on Bursa Securities, the selling price of the said Purchased Shares has to be:-
  - (i) not less than the weighted average market price of the OFIH Shares for the five (5) Market Days immediately prior to the resale; or

- (ii) not lower than five percent (5%) to the weighted average market price for the OFIH Shares for the five (5) Market Days immediately prior to the resale provided that:-
  - (aa) the resale takes place not earlier than thirty (30) days from the date of purchase; and
  - (bb) the resale price is not less than the cost of purchase of the Purchased Shares being resold.

## 2.4 Treatment of Purchased Shares

In accordance with Section 127 of the Act, the Company would be able to deal with the Purchased Shares in the following manner:-

- (a) the Purchased Shares could be cancelled; or
- (b) the Purchased Shares could be retained as treasury shares where the Directors of the Company may:-
  - i) distribute the shares as dividends to shareholders, such dividends to be known as “share dividends”;
  - ii) resell the shares or any of the shares in accordance with the prevailing Main Market Listing Requirements of Bursa Securities;
  - iii) transfer the shares, or any of the shares for the purposes of or under an employees’ share scheme;
  - iv) transfer the shares, or any of the shares as purchase consideration;
  - v) cancel the shares of any of the shares; or
  - vi) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe,
- (c) the Purchased Shares could in part be retained as treasury shares and in part be cancelled.

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions and otherwise will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares in the Company for any purpose, including without limiting the generality of this provision, the provisions of any law or requirement of the Constitution of the Company or the Listing Requirements on substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the results of a vote on a resolution at a meeting.

In the event that the Board decides to cancel the treasury shares, the issued capital of the Company shall be diminished by the shares so cancelled and the amount by which the Company’s issued capital is diminished shall be transferred to the capital redemption reserve of the Company. The cancellation of the shares shall not be deemed to be a reduction of share capital within the meaning of the Act.

In the event the Company retains the Purchased Shares as treasury shares, it may distribute the treasury shares as dividends to the shareholders and/or resell the Purchased Shares and utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital. The treatment of OFIH Shares so purchased and held as treasury shares, whether distributed as dividends, resold on the stock market of Bursa Securities or cancelled by the Company, will in turn depend on the availability of retained profits and cash flow of the Company.

As at the date of these Circular and Statement, the Board has yet to make a decision with regard to the treatment of the Purchased Shares, whether to retain as treasury shares or cancel them. Nevertheless, the Board will take into consideration the effect of such treatment on the OFIH Group in arriving at its decision. In addition, an immediate announcement will be made to Bursa Securities upon each purchase, cancellation and/or resale of Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

## **2.5 Public Shareholding Spread**

As at LPD, the public shareholding spread of the Company was 34.38%. The public shareholding spread is expected to be reduced to 27.09% assuming the Proposed Share Buy-Back is 24,000,000 OFIH Shares with the purchase from the market and all the OFIH Shares so purchased are cancelled. The Company will not undertake any share buy-back if that will result in breach of Paragraph 8.02(1) of the Listing Requirements which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of OFIH Shares by the Company.

## **3.0 RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority, if implemented, is expected to have the following potential benefits to the Company and its shareholders:

- (a) the Company is able to utilise its surplus financial resources which are not immediately required for other uses to purchase its own shares from the open market;
- (b) where the Purchased Shares are retained as Treasury Shares, the Board would have an option to distribute the Purchased Shares as shares dividends to reward shareholders of the Company;
- (c) the Purchased Shares may be held as Treasury Shares and resold in the open market to reap potential capital appreciation of the Shares without affecting the total issued and paid-up share capital of the Company;
- (d) the Company may be able to reduce any unwarranted volatility of its Shares and assist to stabilise the supply, demand and price of its Shares in the open market, thereby supporting the fundamental value of its Shares; and
- (e) Where the Directors resolve to cancel the OFIH Shares so purchased, the Company expects to enhance the EPS of the Group as a result of a lower number of OFIH Shares being taken into account for the purpose of computing the EPS, thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company.

#### **4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK**

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:-

- (a) allows the Company to utilise its financial resources to enhance the value of shareholders' investments in the Company if there are no immediate use, to purchase the OFIH Shares;
- (b) the Proposed Share Buy-Back may also stabilise the supply and demand of OFIH Shares traded on the stock market of Bursa Securities and mitigate the volatility of OFIH Share prices. The stability of OFIH Share prices is important to maintain investors' confidence to facilitate future fundraising exercises of the Company via the equity market;
- (c) the Proposed Share Buy-Back will provide opportunities for the Company to increase its financial resources if the purchased OFIH Shares which are retained as treasury shares are resold at prices higher than the purchase prices;
- (d) the resultant reduction of share capital base (in respect of Shares so purchased are then cancelled) is expected to improve the EPS, the NA per Share as well as the probability of declaring a higher quantum of dividend in future; and
- (e) in the event the treasury shares are distributed as share dividends, it will serve to reward the shareholders of OFIH.

The potential disadvantages of the Proposed of Share Buy-Back to the Company and its shareholders are as follows:-

- (a) the purchase of OFIH Shares pursuant to the Proposed Share Buy-Back, will reduce the financial resources of the Company and may result in the OFIH Group foregoing better investment opportunities that may emerge in the future;
- (b) the purchase may result in a reduction of the amount reserves available for distribution as dividends and/or bonus issue(s) to the shareholders if OFIH Shares so purchased are cancelled; and
- (c) in the event the Proposed Share Buy-Back is funded by bank borrowings, the Company's net cash flow may also decline due to the interest costs associated with such borrowings.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as any share buy-back will be undertaken only after in-depth consideration of the financial resources of OFIH and the resultant impact on its shareholders. The Board, in exercising any decision in implementing the Proposed Share Buy-Back will be mindful of the interests of the Company and its shareholders.

#### **5.0 PURCHASE OF SHARES AND RESALE AND/OR CANCELLATION OF TREASURY SHARES IN THE PREVIOUS TWELVE (12) MONTHS**

The Company had not made any purchase, resale and/or cancellation of treasury shares of the Company in the previous twelve (12) months preceding this Statement.



## 6.0 FINANCIAL EFFECTS TO THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back on the share capital, NA, earnings, working capital and dividends are set out below:-

### 6.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued and paid-up share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

Based on the issued and paid-up share capital of the Company as at LPD, and assuming that the maximum number of OFIH Shares (of up to ten percent (10%) of the total number of issued shares of the Company) authorised under the Proposed Share Buy-Back are purchased and cancelled, it will result in the issued and paid-up share capital of the Company being reduced as follows:-

	No. of OFIH Shares	RM
Existing issued and Paid-up Share Capital as at LPD	240,000,000	RM120,000,000.00
Assuming all the Purchased Shares pursuant to the Proposed Share Buy-Back are cancelled	(24,000,000)	(RM12,000,000.00)
Resultant issued and Paid-up Ordinary Share Capital	216,000,000	RM108,000,000.00

Conversely, if the Purchased Shares are retained as treasury shares, the Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of OFIH. Nevertheless, certain rights attached to the OFIH Shares such as voting, dividends and participation in other distributions will be suspended while they are held as treasury shares.

### 6.2 NA

The Proposed Share Buy-Back, if carried out, may increase or decrease the NA per Share depending on the purchase price(s) of the Shares to be purchased. The NA per Share will increase if the purchase price is less than the audited NA per Share but will decrease if the purchase price exceeds the audited NA per Share at the time the Shares are purchased.

For the Shares so purchased and kept as treasury shares, upon resale, the NA per Share will increase if the gain of the Shares resold has been realised. However, the quantum of the increase in NA per Share will depend on the selling prices of the treasury shares and the number of treasury shares resold.

### 6.3 Earnings

The effects of the Proposed Share Buy-Back on the earnings and EPS of the Group will depend on the purchase price(s) of the Shares, the quantum of Shares to be bought back and the effective funding cost to the Group to finance the Purchased Shares or any loss in interest income to the Group. Where the Shares so purchased are to be cancelled, the EPS of the Group will generally, all else being equal, increase as a result of the reduction in the issued and paid-up share capital of the Company.

#### **6.4 Working Capital**

The Proposed Share Buy-Back, if carried out, will reduce the working capital of OFIH Group. The quantum of the reduction of the working capital of OFIH Group would depend on the purchase price(s), number of shares purchased and the effective funding cost thereof.

However, for the Shares so purchased and kept as treasury shares, upon resale at a higher selling price than the initial purchase price, the working capital of OFIH Group will increase. Again the quantum of the increase in the working capital will depend on the number of treasury shares resold and the selling price.

#### **6.5 Dividends**

The Proposed Share Buy-Back, if carried out, may impact the Company's dividend policy as it may reduce the cash available, which may otherwise be used for the dividend payment. Nonetheless, if the shares purchased are retained as treasury shares, the dividend rate will also be increased with the suspension of the rights attaching to the Treasury Shares as to dividend entitlement. Moreover, the treasury shares so purchased may be distributed as dividends to shareholders of the Company if the Company so decides.

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## 7.0 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Registers of Directors' Shareholdings and Substantial Shareholders as at LPD and assuming that the Proposed Share Buy-Back is implemented up to the maximum of 10% of the total number of issued shares of the Company and that the Purchased Shares are from the shareholders other than the Directors and Substantial Shareholders of OFIH, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of OFIH are set out below:-

Name	Number of Shares held as at LPD			After Proposed Share Buy- Back^			
	Direct		Indirect	Director		Indirect	
	No. of Shares	Percentage		No. of Shares	Percentage	No. of Shares	Percentage
<b>DIRECTORS</b>							
Tan Sri Dato' Azizan Husain	-	-	-	-	-	-	-
Datuk Seri Son Chen Chuan	73,629,532	30.68	34,831,392 <sup>(i)</sup>	73,629,532	34.09	34,831,392 <sup>(i)</sup>	16.13
Datuk Son Tong Leong	7,546,900	3.14	-	7,546,900	3.49	-	-
Datuk Son Tong Eng	5,924,196	2.47	-	5,924,196	2.74	-	-
Lim Keat Sear	2,935,012	1.22	49,232,896 <sup>(ii)</sup>	2,935,012	1.36	49,232,896 <sup>(ii)</sup>	22.79
Chong Peng Khang	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>							
Datuk Seri Son Chen Chuan	73,629,532	30.68	34,831,392 <sup>(i)</sup>	73,629,532	34.09	34,831,392 <sup>(i)</sup>	16.13
Lim Keat Sear	2,935,012	1.22	49,232,896 <sup>(ii)</sup>	2,935,012	1.36	49,232,896 <sup>(ii)</sup>	22.79
Chong Mah	34,324,188	14.30	3,152,000 <sup>(iii)</sup>	34,324,188	15.89	3,152,000 <sup>(iii)</sup>	1.46

### Notes:-

- ^ Assuming that the Purchase of Share Buy-Back is implemented in full, i.e. 10% of the total number of the issued shares capital of the Company, the Purchased Shares are held as treasury shares and that the Directors and the substantial shareholders' shareholding in OFIH remain unchanged.
- (i) Deemed interested pursuant to Section 8(4) of the Act by virtue of his substantial shareholdings in Apendo and Summer Legend and disclosure made pursuant to Section 59(1)(C) of the Act by virtue of shares held by his children in the Company;
- (ii) Deemed interested pursuant to Section 8(4) of the Act by virtue of his shareholdings in Chong Mah, Thung Shung and Summer Legend via Chong Mah through Apendo Holding;
- (iii) Deemed interested pursuant to Section 8(4) of the Act by virtue of its shareholdings in Summer Legend via its interest in Apendo Holding.

## 8.0 IMPLICATIONS OF THE CODE

Pursuant to Practice Note 9 of the Code, in the event the Proposed Share Buy-Back results in any major shareholder and/or persons acting in concert with him:

- (a) holding more than thirty-three per centum (33%) of the voting shares or voting rights in the Company, the affected major shareholder and/or persons acting in concert with him will be obliged to make a mandatory offer for the remaining OFIH Shares not held by him; or
- (b) who already holds more than thirty-three per centum (33%) but not more than fifty per centum (50%) of the voting shares or voting rights in OFIH, increases his holding of the voting shares or voting rights of the Company by more than two per centum (2%) in any six (6) months period, the affected major shareholder and/or persons acting in concert with him will be obliged to make a mandatory offer for the remaining OFIH Shares not held by him.

Based on the shareholdings of the Substantial Shareholders as at LPD and assuming the purchase of the Company's own shares is carried out in full, the share buy-back exercise does not have any implication on the Code, the effects on the Substantial Shareholders are set out in Part B, Section 7.0 of this Statement.

As the Board has no intention for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory general offer under the Code by any of its substantial shareholders and/or parties acting in concert with them, the Board will ensure that only such number of OFIH Shares are purchased, retained as Treasury Shares, cancelled or distributed such that the Code will not be triggered.

The Board is aware of the requirements of the Code and will be mindful of the requirements when making any purchase of OFIH Shares pursuant to the Proposed Share Buy-Back.

## 9.0 HISTORICAL SHARE PRICES OF OFIH SHARES

The monthly highest and lowest transacted market prices of OFIH Shares for the past twelve (12) months preceding the date of this Statement are as follows:-

	High RM	Low RM
<b>2022</b>		
July	0.99	0.88
August	1.03	0.93
September	1.15	0.96
October	1.39	1.08
November	1.39	1.18
December	1.34	1.11
	High RM	Low RM
<b>2023</b>		
January	1.33	1.24
February	1.34	1.06
March	1.14	1.00
April	1.14	1.01
May	1.09	1.06
June	1.10	1.02

Last transacted market price on 11 July 2023 was RM1.08 *(being the latest date prior to the printing of these Circular and Statement)*

*(Source: Investing.com)*

#### **10.0 INTERESTED DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM**

Save for the proportionate increase in the percentage shareholdings of the Directors and substantial shareholders of OFIH as a result of the decrease in the issued and paid-up share capital after the Proposed Share Buy-Back, none of the Directors and/or substantial shareholders and/or persons connected to them, has any interest, directly or indirectly, in the Proposed Share Buy-Back and the subsequent resale of treasury shares, if any.

#### **11.0 APPROVALS REQUIRED**

The Proposed Renewal of Share Buy-Back Authority is subject to the approval of the shareholders of OFIH at the forthcoming AGM of the Company to be convened or at any adjournment thereof. Save for the approval of the shareholders of OFIH, there are no other approvals required for the Proposal.

#### **12.0 DIRECTORS' STATEMENT AND RECOMMENDATION**

Having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, the Board is of the opinion that the Proposed Renewal of Share Buy-Back Authority is fair, reasonable and in best interest of the Company and accordingly, recommends that shareholders vote in favour of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM of the Company.

#### **13.0 DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement has been reviewed and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, omissions of which would make any information, data or statement herein misleading.

#### **14.0 SPECIAL BUSINESS OF THE TWENTY-SEVENTH ANNUAL GENERAL MEETING**

The AGM, notice of which is enclosed in the Annual Report of the Company, will be held at Adam Function Hall, Tiara Melaka Golf and Country Club, Jalan Gapam, Bukit Katil, 75760 Melaka on Wednesday, 23 August 2023 at 2.30 p.m. or any adjournment of the AGM for the purpose of considering if thought fit, passing the resolution so as to give effect to the Proposed Renewal of Share Buy-Back Authority under the Special Business in the AGM.

If you are unable to attend and vote in person at the AGM, please complete and return the "Form of Proxy" to the office of the Company's Share Registrar, Sectrars Management Sdn. Bhd. at Level 9-7, Menara Sentral Vista, No 150 Jalan Sultan Abdul Samad, Brickfields, 50470, Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof. The "Form of Proxy" should be duly completed strictly in accordance with the instruction printed therein. The lodging of the "Form of Proxy" will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

#### **15.0 FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I of these Circular and Statement for further information.

<b>END OF PART B OF THESE CIRCULAR AND STATEMENT</b>
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**FURTHER INFORMATION****1. DIRECTORS' RESPONSIBILITY**

These Circular and Statement have been seen and approved by the Board of OFIH and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and Statement and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. MATERIAL CONTRACTS**

OFIH Group have not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the LPD.

**3. MATERIAL LITIGATION**

Neither OFIH nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which will have a material and/or adverse effect on the financial position or business of the Group and the Board of OFIH is not aware of any proceedings, claims or arbitration pending or threatened against OFIH and its subsidiary companies or any facts which is likely to give rise to any proceedings which may materially and/or adversely affect the positions and business of OFIH and its subsidiary companies.

**4. SERVICE CONTRACTS AND MANAGEMENT AGREEMENTS**

At the date of this Circular and Statement, there are no existing or proposed service contracts or management agreements entered/to be entered into between OFIH, its subsidiaries and other related parties.

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of following documents will be available for inspection at the Registered Office of the Company at No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka from Mondays to Fridays (except public holidays) from the date of these Circular and Statement up to and including the date of the forthcoming AGM:

- a) The Constitution of OFIH; and
- b) The Audited Financial Statements of OFIH and its Group for the past two (2) financial years ended 31 March 2022 and 31 March 2023.

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