



# ANNUAL REPORT 2023



**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

Registration No.199601017418 (389769-M)

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## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Seventh Annual General Meeting ("27<sup>th</sup> AGM") of Oriental Food Industries Holdings Berhad will be convened and 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. to transact the following businesses:

### A G E N D A

#### ORDINARY BUSINESS

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2023 together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM330,000.00 for the financial year ended 31 March 2023. **(Resolution 1)**
3. To approve the proposed payment of Directors' remuneration and benefits (excluding Directors' fees) up to an amount of RM145,000.00 to the Directors with effect from 23 August 2023 until the next Annual General Meeting. **(Resolution 2)**
4. To re-elect the following Directors, each of whom retires by rotation in accordance to Clause 122 of the Constitution of the Company:
  - a) Datuk Son Tong Leong **(Resolution 3)**
  - b) Datuk Son Tong Eng **(Resolution 4)**
5. To re-elect Ms. You Chen Kei who retires in accordance to Clause 106 of the Constitution of the Company. **(Resolution 5)**
6. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 March 2024 and to authorise the Directors to determine their remuneration. **(Resolution 6)**

#### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

7. **Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016** **(Resolution 7)**

"THAT subject always to the Companies Act, 2016 ("the Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and the approval of the relevant government/regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company.

THAT in connection with the above, pursuant to Section 85 of the Act and Clause 72.1 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all New Shares issued from the exercise of the authority granted pursuant to Sections 75 and 76 of the Act.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."



## NOTICE OF ANNUAL GENERAL MEETING

**8. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")****(Resolution 8)**

"THAT authority be and is hereby given in line with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particulars of which are set out in Part A, Circular to Shareholders dated 20 July 2023, with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are generally available to the public and are not detrimental to the minority shareholders of the Company;

AND THAT such authority shall commence immediately upon the passing of this Resolution until:

- 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; or
- ii. the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- iii. revoked or varied by a Resolution passed by the shareholders of the Company at a general meeting.

whichever is earlier.

AND FURTHER, THAT the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Shareholders' Mandate in the best interest of the Company."

**9. Proposed Renewal of Share Buy-Back Authority for the Purchase by the Company of its Own Shares ("Proposed Renewal of Share Buy-Back Authority")****(Resolution 9)**

THAT, subject to the compliance with Section 127 of the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Board of Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that:-

- i. the aggregate number of shares purchased does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Malaysia as at the point of purchase;





## NOTICE OF ANNUAL GENERAL MEETING

- ii. 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 at the time of the purchase(s); and
- iii. the Board of Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividend.

THAT such authority shall commence upon the passing of this resolution and shall 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.

**AND THAT** authority be and is hereby given unconditionally and generally to the Board of Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation and/or retention and/or distribution and/or selling of all or any part of the purchased shares in accordance with the Companies Act, 2016, the provisions of the Constitution of the Company and the requirements and/or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/or regulatory authorities.”

- 10. To transact any other business of the Company which due notices shall be given in accordance with the Constitution of the Company and the Companies Act, 2016.

**BY ORDER OF THE BOARD**

**KARINA CHONG MEI YING** (LS 0009542) [SSM PC No. 201908000667]

**NIP CHEE SIEN** (MAICSA 7066996) [SSM PC No. 202008003954]

Joint Secretaries

Melaka

20 July 2023



## NOTICE OF ANNUAL GENERAL MEETING

### NOTES:

1. In regard of deposited securities, only members whose names appear in the Record of Depositors as at 15 August 2023 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.
2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualifications of the proxy.
3. A member may appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee 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.
5. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing proxy shall be deemed to confer authority to demand or join in demanding a poll.
7. The instrument appointing a proxy must be deposited 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 as Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Securities requires all resolutions set out in the Notice of General Meeting to be put to vote by poll.
8. Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
9. Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



## NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES:

## 1. Statutory Financial Statements for the financial year ended 31 March 2023

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Statutory Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

## 2. Resolution 2- Directors' remuneration and benefits (excluding Directors' fees)

Resolution 2 relates to the proposed payment of Directors' remuneration and benefits (excluding Directors' fees) to the Directors from 23 August 2023 until the next AGM of the Company, which comprise the followings:

Description	Chairman	Independent Non-Executive Directors & Non-Independent Non-Executive Directors	Executive Directors
Monthly Fixed Allowance	RM7,000.00 per month	Not Applicable	Not Applicable
Meeting Allowance for attendance of Board and Board Committee Meetings, and general meetings	RM1,000.00 per meeting	RM1,000 per meeting	Not Applicable
Monthly Claims	RM27,720.00 per annum	Not Applicable	Not Applicable

## 3. Resolution 7 – Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Resolution 7, if approved, will empower the Directors of the Company, from the date of the above AGM, authority to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next AGM of the Company.

The mandate is to provide flexibility to the Company to allot and issue new shares without the need to convene a separate general meeting to obtain shareholders' approval to eliminate any delay and avoid incurring additional cost. The purpose of this mandate is to facilitate the Company to undertake possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisitions.

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 72.1 of the Constitution will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the mandate.

The Mandate is as renewal of the Mandate granted by the members at the last AGM held on 25 August 2022. The Mandate granted at the last AGM was not utilised by the Company and thus, no proceeds were raised.

Should there be a decision to issue new shares after the mandate is obtained, the Company will make an announcement in respect thereof.



## NOTICE OF ANNUAL GENERAL MEETING

### 4. Resolution 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Resolution 8, if approved, will enable the Company and its subsidiaries to continue entering into the recurrent related party transactions of a revenue or trading nature with Syarikat Perniagaan Chong Mah Sdn. Bhd., which are necessary for its day-to-day operations and are in the ordinary course of business and on terms not more favourable to the related party than those generally available to the public and are not to be detriment of the minority shareholders of the Company. This authority unless revoked or varied at a General Meeting will expire at the next AGM.

Further information on the proposed Ordinary Resolution No. 8 is set out in Part A, Circular to Shareholders dated 20 July 2023 which is dispatched together with the Annual Report 2023 of the Company.

### 5. Resolution 9 – Proposed Renewal of Share Buy-Back Authority

The Resolution 9, if approved, will empower the Board of Directors to allocate an amount not exceeding the retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company from time to time on the market of Bursa Securities upon such terms and conditions as the Board of Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed 10% of the total issued and paid-up share capital of the Company. Further information on the proposed Ordinary Resolution No. 9 is set out in Part B, Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 20 July 2023 which is dispatched together with the Annual Report 2023 of the Company.

## STATEMENT ACCOMPANYING NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

### NAMES OF DIRECTORS STANDING FOR RE-ELECTION

#### 1. Resolution 3 and 4 - Re-election of Directors

The Directors who are retiring pursuant to Clause 122 of the Constitution of the Company and seeking for re-election at the forthcoming 27th AGM are as follows:

- (a) Datuk Son Tong Leong
- (b) Datuk Son Tong Eng

#### 2. Resolution 5 - Re-election of Director

The Director who are retiring pursuant to Clause 106 of the Constitution of the Company and seeking for re-election at the forthcoming 27th AGM are as follows:

- (a) Ms. You Chen Kei

Details of the above Directors are set out in the Directors' Profiles section, and their shareholdings in the Company, where applicable, are set out in the Analysis of Shareholdings section appearing on pages 14 to 16 and 108 to 109 respectively of the Company's Annual Report respectively.





# CHAIRMAN'S STATEMENT



## Dear Valued Shareholders,

On behalf of the Board of Directors and as Chairman of Oriental Food Industries Holdings Berhad (the “Company”, together with its subsidiaries, the “Group”) it’s my honour to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 March 2023 (“FYE 2023”).

I am pleased to report that the Group delivered a remarkable financial results for FYE 2023.

### Financial and Operations Review

We are delighted to share that the Group recorded a strong financial and operational performance in the financial year ended FY 2023. Revenue increased on a year-to-year basis from RM288.12 million in the financial year ended 31 March 2022 (“FY 2022”) to RM 360.01 million in FY 2023.

The Group’s predominant source of revenue stems from the snack food, biscuits, cakes, and confectioneries segment.

In terms of geographical segment, the Group’s mixed revenue stem from 43% local sales against 57% export sales.

The pre-tax profit of the Group increased compared to FY 2022. The Group recorded an increase of 1.98% in pre-tax profit from RM24.18 million in FY 2022 to RM24.66 million in FY 2023.

The Group’s total net profit attributable to the shareholders is RM19.13 million in FY 2023. This translates to basic earnings per share of 7.97sen.

In terms of our balance sheet, total loans and borrowings stood at a nominal amount of RM 3.60 million against the backdrop of shareholders’ fund of RM 231.20 million and cash and bank balances of RM 32.87 million. The Group’s good financial leverage has put the Group in a position that allows us to undertake further expansion activities.

### Dividends

In line with the commendable financial performance of the Group, the total dividend payout for the year amounted to RM 8.9 million of FY 2023’s net profits.



## CHAIRMAN'S STATEMENT

### Business Outlook & Strategies

I am proud of the progress we have made so far despite the challenges and changes which have caused profound impacts on the way we live, work and conduct our business. The Company is able to successfully blend and adapt to these changes while maintaining its track record as one of the leading biscuits, confectionaries and snack food manufacturers as evidenced by its strong financial performance.

With our in depth of knowledge in the industry, we remained optimistic that we will be able to maintain our position and continue drive our business forward in the forthcoming financial year.

The Group continues its efforts to upgrade its production lines, focuses on operating cost control and manages the business risks to stay competitive.

Our business has benefitted from the increase in product demand in the last financial year despite the Covid-19 pandemic and stiff competition in the food retail market in recent years. The Group takes pride of its ability to present its shareholders' value by maintaining its position in the industry. In addition, consumer brand loyalty is also reflected in the sales of our savory products, particularly products which carried the brand names "Super Ring" and "Jacker" which have continued to be the sought-after brands both in Malaysia and abroad.

In achieving the above, the Company has a good Research and Development ("R&D") team led by the Group Managing Director which is constantly striving for incremental product improvements and developing new products. The R&D and design divisions have both teamed up to introduce premium quality packaging as preserving the freshness of products and attractive packaging is equally important as the product itself.

The Company will soon be introducing new products to consumers under the brand name "ZESS". The products will soon be found on the shelves of most hypermarkets and established departmental stores both locally and overseas.

On the regional front, the Group aims to continue growing its sales volume by appointing more distributors in major overseas markets. Presently, Oriental Food products are sold to more than 40 countries, including highly-discerning consumer markets such as Japan and Australia.

As the Company is in good financial health, business and operations growth plans are underway with the expansion of its warehousing and production facilities.

The Group has continuously maintained its international certifications namely ISO 9001, ISO 22000, Halal and HACCP (Hazard Analysis and Critical Control Point) and is confident that all its products match the ever-demanding international health standards, quality and legal requirements. In the last financial year, the Company was successful in obtaining the Food Safety System Certification (FSSC 22000) Certification for food and feed safety/quality management, which is an internationally recognized scheme for food safety. In addition, the Company has also obtained the Indonesia SNI Certification National Standards for its products. The Company ensures that it manufactures only Halal products that have been certified by the Department of Islamic Development Malaysia ("JAKIM") and the relevant recognised Islamic authorities.

The Company maintains its e-commerce platform as an alternative outlet available to both local and overseas consumers. We believe that brands and social media can power connections. Therefore, our branding division maintains communication channels through social media in order to connect with consumers. This division also organises various promotions, contests and other fun-filled activities.

The Group is optimistic of its performance in the coming financial year given the strong fundamentals, track record, and the demonstrated capability of its employees, management and the Board.



## CHAIRMAN'S STATEMENT

Notwithstanding the above, we will not let our guard down and have an action plan in place, on the potential risk of inflationary pressures, the threat of new COVID variants and climate change.

### Corporate Social Responsibility ("CSR")

The Group recognises the need to give back to the communities in which it operates. This is evident through its corporate philanthropy efforts and emphasis on health, safety and environmental standards as detailed on pages 23-24 under Sustainability Statement.

The Group also operates with gender equality, ethical labour practices and creating a safe workplace.

### Corporate Governance

The pandemic has taught us some life-changing lessons. All of us have lived through the most extraordinary years in living memory, which have defined the way we live and work, and as for the Company its business strategies and directions which include a holistic, sustainable strategy aimed at providing long-term value for our stakeholders.

The circumstances have pushed us to rise above and beyond our limitations and continue our mission to incorporate sustainability agenda within our business, focusing on the environmental, social and governance (ESG) responsibilities.

In demonstrating the Company's goodwill and long-term environmental stewardship to all stakeholders, including customers, employees, and society, I am glad to report that the Company has in 2022 completed its solar panel projects for its manufacturing facilities as a commitment to reducing our carbon footprint and in support of decarbonisation.

It has long been our approach to remain mindful of our employees' well-being. Thus, the focus expands beyond physical well-being to focus on building a culture of holistic well-being including physical, emotional, financial, social, career, and purpose. Our aim to provide foreign workers with a proper, healthy and comfortable environment with adequate facilities will soon be realized by the end of 2023 with the completion of a three-storey workers' hostel within our premises.

The Board is committed to upholding the values of corporate governance by embracing the principles and best practices set out in the Malaysian Code of Corporate Governance.

It establishes business ethics to promote integrity among its employees and gain trust from key stakeholders, such as investors and consumers.

The Company's business is conducted with integrity, discipline, transparency and in a socially responsible manner. The Company's corporate governance efforts are outlined in the Corporate Governance Statement of this Annual Report.

### Acknowledgment

On behalf of my fellow Board members, I will to convey my warmest gratitude to our shareholders, consultants, suppliers, partners and business associates for their unwavering support as we stay focused on driving growth and value together.

I am delighted to report that during the year we welcomed Ms. You Chen Kei as Independent Non-Executive Director who was appointed to the Board on 23 May 2023. Ms. You bring valuable new and relevant skills and perspectives to our Board. My utmost appreciation also goes to my fellow Board members for their invaluable contributions and unwavering support.

Finally, on behalf of the Board, I wish to thank all of our amazing employees and teams across the business for all their perseverance, commitment and hard work during the year.

**TAN SRI DATO' AZIZAN BIN HUSAIN**  
Chairman



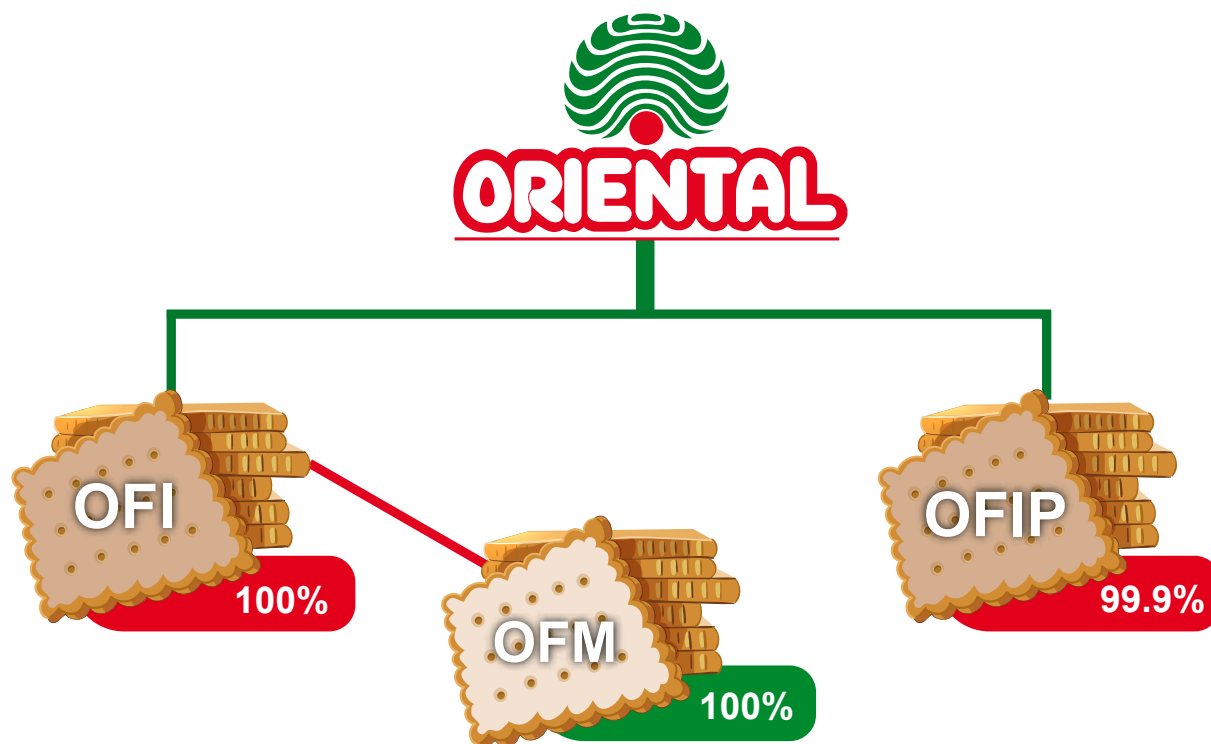
## CORPORATE STRUCTURE

Oriental Food Industries Holdings Berhad ("OFIH") was incorporated on 8 June 1996 in Malaysia under the Companies Act, 1965 as a public limited company. OFIH was listed on the Second Board of Bursa Malaysia Securities Bhd in August 2000 and subsequently transferred to the Main Board on 13 October 2003. Currently, OFIH is listed on the Main Market of Bursa Malaysia Securities Berhad.

OFIH is principally an investment holding company with a group of subsidiaries that are engaged in the following activities:

NAME OF MAJOR SUBSIDIARIES	EQUITY INTEREST (%)	PRINCIPAL ACTIVITIES
<b>Subsidiaries of OFIH</b> <ul style="list-style-type: none"> <li>• Oriental Food Industries Sdn. Bhd. ("OFI")</li> </ul>	100	Manufacturing and Marketing of Biscuits, Cakes, Snack Food and Confectioneries.
<ul style="list-style-type: none"> <li>• OFI Properties Sdn. Bhd. ("OFIP")</li> </ul>	99.99	Property Development.
<b>Subsidiary of OFI</b> <ul style="list-style-type: none"> <li>• Oriental Food Marketing (M) Sdn. Bhd. ("OFM")</li> </ul>	100	Sales and Marketing of Biscuits, Cakes, Snack Food and Confectioneries.

### OFIH Group Corporate Structure



— Major Subsidiaries

— Subsidiary of Oriental Food Industries Sdn. Bhd.





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Tan Sri Dato' Azizan bin Husain** (Chairman)  
Senior Non-Independent Non-Executive Director  
(Redesignated on 23 May 2023)

**Datuk Seri Son Chen Chuan**  
Group Managing Director

**Datuk Son Tong Leong**  
Group Chief Executive Officer

**Datuk Son Tong Eng**  
Executive Director

**Mr. Lim Keat Sear**  
Non-Independent Non-Executive Director

**Mr. Chong Peng Khang**  
Independent Non-Executive Director

**Ms. You Chen Kei**  
Independent Non-Executive Director

### AUDITORS

Crowe Malaysia PLT  
201906000005(LLP0018817-LCA) & AF1018  
52, Jalan Kota Laksamana 2/15  
Taman Kota Laksamana, Seksyen 2  
75200 Melaka, Malaysia  
Tel : +606 282 5995  
Fax : +606 283 6449

### CORPORATE HEAD OFFICE

No. 65, Jalan Usaha 7  
Air Keroh Industrial Estate  
75450 Melaka  
Tel : +606 231 0333  
Fax : +606 232 2066  
Email : info@ofi.com.my  
Websites : www.ofih.com.my  
: www.jacker.com.my

### JOINT COMPANY SECRETARIES

Ms. Karina Chong Mei Ying  
(LS 0009542)  
[SSM PC No. 201908000667]

Mr. Nip Chee Sien  
(MAICSA 7066996)  
[SSM PC No. 202008003954]

### REGISTERED OFFICE

No. 65, Jalan Usaha 7  
Air Keroh Industrial Estate  
75450 Melaka  
Tel : +606 231 0333  
Fax : +606 232 2066

### SHARE REGISTRAR

Sectrars Management Sdn Bhd  
Lot 9-7, Menara Sentral Vista  
No. 150, Jalan Sultan Abdul Samad Brickfields  
50470 Kuala Lumpur  
Malaysia  
Tel : +603 2276 6138  
Fax : +603 2276 6131

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
Public Bank Berhad  
CIMB Bank Berhad  
OCBC Bank (Malaysia) Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

**STOCK NAME** OFI

**STOCK CODE** 7107



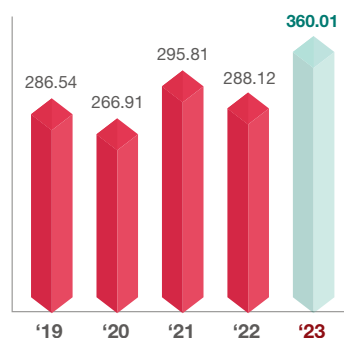


## GROUP FINANCIAL HIGHLIGHTS

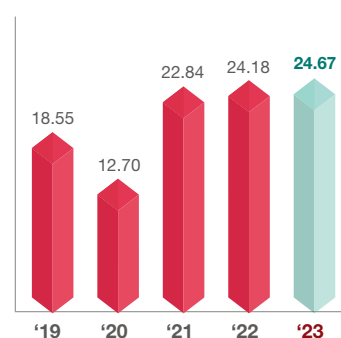
Income Statements RM'mil	2019	2020	2021	2022	2023
<b>Revenue</b>	<b>286.54</b>	<b>266.91</b>	<b>295.81</b>	<b>288.12</b>	<b>360.01</b>
Cost of sales	(235.29)	(221.57)	(241.97)	(236.64)	(305.56)
<b>Gross Profit</b>	<b>51.25</b>	<b>45.34</b>	<b>53.84</b>	<b>51.48</b>	<b>54.45</b>
Other operating income	2.71	1.68	0.54	4.11	3.07
Selling and distribution cost	(14.66)	(14.76)	(12.61)	(11.54)	(12.91)
Administrative expenses	(19.69)	(18.72)	(18.50)	(19.60)	(19.76)
Other operating expenses	-	-	-	-	-
<b>Profit from operations</b>	<b>19.61</b>	<b>13.54</b>	<b>23.27</b>	<b>24.45</b>	<b>24.85</b>
Finance cost	(1.06)	(0.84)	(0.43)	(0.27)	(0.18)
<b>Profit before tax</b>	<b>18.55</b>	<b>12.70</b>	<b>22.84</b>	<b>24.18</b>	<b>24.67</b>
Tax	(4.33)	(2.68)	(4.34)	(6.02)	(5.54)
<b>Profit after tax</b>	<b>14.22</b>	<b>10.02</b>	<b>18.50</b>	<b>18.16</b>	<b>19.13</b>
Non-controlling Interest	-	-	-	-	-
<b>Net Profit</b>	<b>14.22</b>	<b>10.02</b>	<b>18.50</b>	<b>18.16</b>	<b>19.13</b>
<b>Net dividend per share (sen)*</b>	1.50	1.80	1.90	2.80	3.70
<b>Earnings per share</b>	5.92	4.17	7.71	7.57	7.97
<b>Depreciation &amp; Amortisation</b>	11.96	12.61	12.87	13.76	13.81
<b>Number of Shares</b>	240.00	240.00	240.00	240.00	240.00
<b>EBITDA</b>	31.57	26.15	36.14	38.21	38.66

\* Dividend recognised/paid during the financial year and is excluding the dividend paid after the respective financial year end and final dividend proposed for the shareholders' approval

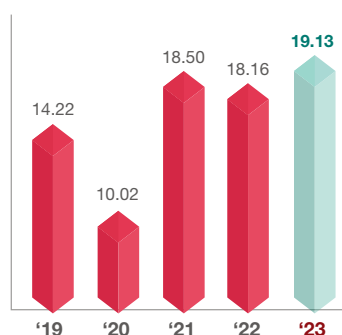
REVENUE (RM'mil)



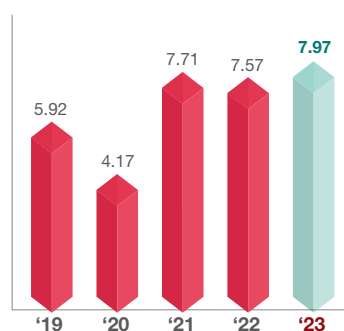
PROFIT BEFORE TAXATION (RM'mil)



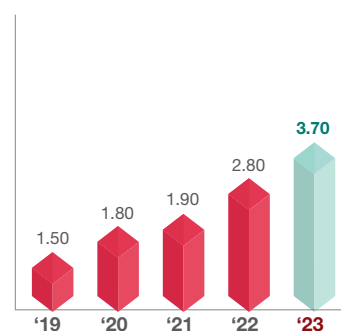
NET PROFIT (RM'mil)



EARNING PER SHARE (Sen)



DIVIDEND PER SHARE (Sen)



## PROFILE OF THE BOARD OF DIRECTORS

### **Tan Sri Dato' Azizan Bin Husain**

*79 years of age / Male / Malaysian*

*Senior Non-Independent Non-Executive Director  
(Redesignated on 23 May 2023)*

Tan Sri Dato' Azizan bin Husain ("Tan Sri Azizan") was appointed the Independent Non-Executive Chairman on 8 June 2000. Tan Sri Dato' Azizan who have served as a Senior Independent Non-Executive Director of the Company for a cumulative term of more than fourteen (14) years since 8 June 2000. In compliance with the MCCG 2021, he has been re-designated as a Senior Non-Independent Non-Executive Director with effect from 23 May 2023.

Tan Sri Azizan holds a B. A. Honours Degree and Diploma in Public Administration from the University of Malaya and a Post Graduate Diploma in Economics and Master in Urban and Regional Planning from the University of Colorado, Boulder, United States of America.

Tan Sri Azizan started his career with the Ministry of Agriculture, Malaysia in 1967 and retired in 1999 as the Secretary-General in the Ministry of Defence, Malaysia. Prior to his retirement, he gained vast experience from various departments in the civil service. During his years with the Government Service, he has served as Assistant Secretary with the Centre for Development Studies and Economic Planning Unit in Prime Minister's Department, Director of Economic Planning Unit, Sabah, Sabah State Director of Development, Deputy Secretary-General with Ministry of Land and Regional Development, Deputy Director-General (Sectoral) Economic Planning Unit with Prime Minister's Department, Director of Public Sector Companies Monitoring Division in the Ministry of Finance and Deputy Secretary-General (Operation) with the Ministry of Finance.

Tan Sri Azizan has attended all five (5) Board meetings held in the financial year.

Tan Sri Azizan does not hold shares in the Company and is not related to any Director and/or major shareholders of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

### **Datuk Seri Son Chen Chuan**

*76 years of age / Male / Malaysian*

*Group Managing Director*

Datuk Seri Son Chen Chuan ("Datuk Seri Son") was appointed the Managing Director on 8 June 2000 and is currently holding the position of Group Managing Director.

Datuk Seri Son is the founder of the Company and its subsidiaries ("the Group"). He is the driving force of the Group. With his decade of long experience in the industry and extensive knowledge gained throughout the years, he formulates and implements the Group's corporate strategy. He also develops new products for both local and overseas markets by ensuring high quality of products and packaging, keeping close contact with the local and overseas distributors to obtain suggestions and feedbacks on OFI's products. Datuk Seri Son had throughout the years foster close relationships with the suppliers and customers.

Datuk Seri Son has attended all four (4) Board meetings held in the financial year.

Datuk Seri Son is related to Datuk Son Tong Leong (son) and Datuk Son Tong Eng (son). He is a substantial shareholder in the Company by virtue of his direct and indirect interests in the shareholdings held by himself and his children and via his shareholding in Apendo Capital Sdn. Bhd. and Summer Legend Sdn. Bhd. Other than the recurrent related party transactions as disclosed on page 128, he does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.



## PROFILE OF THE BOARD OF DIRECTORS

### **Datuk Son Tong Leong**

*53 years of age / Male / Malaysian  
Group Chief Executive Officer*

Datuk Son Tong Leong was appointed to the Board on 8 June 2000 and is currently the Group Chief Executive Director. He holds a Bachelor's degree in Business from the Edith Cowan University, Australia.

He started his career back in 1994 as the Factory Manager of OFI and thereafter held the position of the General Manager of the Company in 1998.

Datuk TL Son oversees the overall corporate administration, human resources, marketing and operations of the Company. He maintains excellent relationship with staff of all levels, customers, suppliers and the Company's business partners. He also oversees the factory operations and ensures that production activities are carried out smoothly in compliance with international standards,

He has attended all four (4) Board meetings held in the financial year.

He is a shareholder of the Company and is related to Datuk Seri Son Chen Chuan (father) and Datuk Son Tong Eng (brother), all of whom are Directors of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

### **Datuk Son Tong Eng**

*52 years of age / Male / Malaysian  
Executive Director*

Datuk Son Tong Eng was appointed to the Board on 8 June 2000. He holds a Diploma in Mechanical Engineering from the Federal Institute of Technology, Kuala Lumpur.

He has more than ten (10) years of experience in the food industry and is currently the Executive Director of OFI. He oversees the factory operations and human resource related matters.

He has attended all four (4) Board meetings held in the financial year.

He is a shareholder of the Company and is related to Datuk Seri Son Chen Chuan (father) and Datuk Son Tong Leong (brother), all of whom are the Directors of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

### **Mr. Lim Keat Sear**

*72 years of age / Male / Malaysian  
Non-Independent Non-Executive Director*

Mr. Lim Keat Sear was appointed to the Board on 8 June 2000. He also serves as a member of the Nomination Committee, Remuneration Committee and Risk Management and Audit Committee.

He has been in the snack and confectionery business for more than twenty (20) years. He joined Syarikat Perniagaan Chong Mah Sdn. Bhd., a distributor of snack food and confectionery in 1973 and became a director of the Company in 1978.

Mr. Lim has attended all four (4) Board meetings held in the financial year.

He is a substantial shareholder of the Company by virtue of his direct and indirect interest via Syarikat Perniagaan Chong Mah Sdn. Bhd., Thung Shung (M) Sdn. Bhd. and Summer Legend Sdn. Bhd and is not related to any of the Directors of the Company. Other than the recurrent related party transactions as disclosed on page 128, he does not have any conflict of interest nor is he related to any of the Directors of the Company and has not been convicted of any offence within the past five (5) years.



## PROFILE OF THE BOARD OF DIRECTORS

### Mr. Chong Peng Khang

*43 years of age / Male / Malaysian  
Independent Non-Executive Director*

Mr. Chong Peng Khang was appointed to the Board on 22 September 2020. He also serves as the Chairman of Remuneration Committee and Risk Management and Audit Committee and a member of the Nomination Committee.

He holds a Bachelor Degree in Accounting from Multimedia University (MMU), Malaysia with 1st Class Honours. He also holds the professional qualification from the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA).

Mr. Chong began his career as an auditor with Deloitte Kassim Chan and subsequently Ernst & Young, involving in audit and business advisory of companies from various industries. His experience covers audit and assurance engagements, corporate reporting and compliance, taxation and wide-ranging overseas exposures.

He has also headed the accounting and finance division of a public listed company listed on the Main Market of Bursa Malaysia Securities Berhad and responsible for the corporate finance, accounting, tax and cash flow functions of the company and its subsidiaries.

He has then held several senior finance roles in some major Malaysian conglomerate companies covering industries from manufacturing, heavy and process equipment, energy and automotive.

He sits on the Board of Directors of DFCity Group Berhad (formerly known as Hock Heng Stone Industries Berhad) and TPC Plus Berhad.

He has attended all four (4) Board meetings held in the financial year.

Mr. Chong is not related to any of the Directors of the Company and has not been convicted of any offence within the past five (5) years.

### Ms. You Chen Kei

*32 years of age / Female / Malaysian  
Independent Non-Executive Director*

Ms. You Chen Kei was appointed to the Board on 23 May 2023. She also serves as the Chairman of Nomination Committee and a member of the Risk Management and Audit Committee and Remuneration Committee.

She holds a Bachelor Degree in Accounting, the professional qualification from the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA).

Ms. You began her career as an auditor with Ernst & Young Malaysia, involving in audit and business advisory having 5 years' experience as Group Accountant in other public listed companies. Her key accounting and financial competencies include but not limited to managing budget, risk management and business strategy reviews.

Presently, Ms. You is a Group Finance Manager of a multinational corporation in Melaka.

She is not related to any of the Directors of the Company and has not been convicted of any offence within the past five (5) years.



## PROFILE OF KEY SENIOR MANAGEMENT

### **Ms. Karina Chong Mei Ying**

52 years of age / Female / Malaysian  
Group Company Secretary

Ms. Karina Chong first joined the Group in 1996 to 2005 and thereafter re-joined on 1 February 2007. She holds a Bachelor of Laws (LL.B) degree from the University of London and is a Registered License Secretary with the Companies Commission of Malaysia. She has more than twenty-six (26) years of experience in her scope of duties and has been involved in various corporate exercises of the Group.

The company secretarial, legal, investor relations, human resources and administration divisions are under her purview. She reports to the Directors of the Group. She is also the Joint Company Secretary of the Group.

She does not hold shares in the Company and is not related to any Director and/or major shareholders of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

### **Ms. Yap Siew Kuan**

54 years of age / Female / Malaysian  
Group Accountant

Ms. Yap Siew Kuan joined the Company on 15 January 2015. She was a graduate of the Chartered Institute of Management Accountants and is a member of the Malaysian Institute of Accountants. She has thirty (30) years of experience in the accounting and audit line.

She is in charge of the corporate accounts and finances of the Group and reports to the Directors of the Company. She does not hold shares in the Company and is not related to any Director and/or major shareholders of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.





## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW OF THE GROUPS' BUSINESS AND OPERATIONS

Oriental Food Industries Holdings Berhad ("the Company" or "the Group") has made its mark in the snack food and confectionery manufacturing industry today as one of the companies holding the leading position in the said industry in Malaysia.

The Group remains focused on placing the needs and interests of its customers first by manufacturing an assortment of snack food and confectionery products that focuses on quality. Generally, these products can be divided into five (5) broad categories, which are snack food, wafer, biscuits, potato snacks and bakery products.

The Group has various product brand names, most of which are commercially strong and generating the required sales and profit both locally and overseas. Super Ring, Jacker, Rota and Oriental are currently well-known household brand names in Malaysia.

### FINANCIAL RESULTS AND FINANCIAL CONDITION

Despite undergoing a challenging year in 2022, the Group has managed to secure continued growth in revenue as seen in the financial year ended 31 March 2023 ("FY 2023") results as reflected in the table below:

	2023 RM'000	2022 RM'000	Y-O-Y RM'000	%
Revenue	360,013	288,124	71,889	24.95%
Gross Profit	54,447	51,484	2,963	5.76%
Profit Before Tax ("PBT")	24,663	24,184	479	1.98%
Financial Costs	186	267	81	30.34%
Profit After Tax ("PAT")	19,126	18,163	963	5.30%
Shareholders' Fund	231,196	220,820	10,376	4.70%
Total Assets	288,125	282,213	5,912	2.09%
Borrowings	3,603	5,650	2,047	36.23%
*Debt/ Equity (%)	-	-		
Earnings Per Share	7.97	7.57		
Net Assets Per Share	0.96	0.92		

\* The debt-to-equity ratio is Nil as the cash and cash equivalents exceeded the total external borrowings.

### REVENUE

The Group recorded higher revenue of RM360.01 million in the financial year 2023, an increase of 24.95% as compared to the previous financial year of RM288.12 million. The increase was due to higher sales from both local and export markets in the snack food and confectioneries segment.

Revenue information based on the geographical location of customers is as follows:

	Revenue			
	01.04.2022 - 31.03.2023 RM'000	%	01.04.2021 - 31.03.2022 RM'000	%
Malaysia	154,308	43%	129,311	45%
Asia	158,040	44%	123,973	43%
Others	47,665	13%	34,840	12%
Total reported segments	360,013	100%	288,124	100%



## MANAGEMENT DISCUSSION AND ANALYSIS

### NET PROFITS

The Group's profit after tax is higher at RM19.13 million as compared to RM18.16 million in the previous financial year. Earnings per share of the Group stood at 7.97 sen.

### FINANCIAL POSITION

The Group's financial position remains strong with total assets of RM288.13 million against total liabilities of RM56.93 million. The Group has a cash reserve of RM32.87 million at the financial year-end as compared to RM39.37 million in the previous financial year. The Group expects a positive contribution in the coming years from the investment made earlier by one of its major subsidiaries.

Net tangible assets per share, attributable to the owner improved to RM0.96 (2022: RM0.92). The debt/equity ratio of the Group stood at Nil (2022: Nil) and the shareholders' fund is RM231.20 million. The Group's liquidity, measured by the current ratio is 3.71.

### DIVIDEND

The Group has constantly declared a dividend payout for every quarter for the past years. The total dividend declared during the financial year 2023 was 3.7 sen (2022: 2.80 sen) per share.

### GROUP'S PROSPECTS

The sustainability of revenue growth is promising as the Group has a solid business foundation in this industry. The Group will continuously strive to pursue higher productivity and lower operation costs by improving efficiency through capital investment.

The Board expects that the performance of the Group will be satisfactory for the next financial year ending 31 March 2024, despite facing various challenges from the competitive and uncertain markets.



## SUSTAINABILITY STATEMENT

**“ We don’t have to engage in grand, heroic actions to participate in change. Small acts, when multiplied by millions of people, can transform the world. ”**  
– Howard Zinn, American historian –

Oriental Food Industries Holdings Berhad (“OFIH” or “the Company”) aspires to be the leader in corporate sustainability by having a business approach that creates added value for stakeholders focusing on the 3 pillars namely environment, social, and governance which are commonly referred to as ESG.

OFIH believes that the above can be achieved by raising awareness and continually embracing corporate responsibility values and sustainability management elements in its core values, work practices, and policy statements.

The core focus of OFIH’s sustainability framework is to evaluate the economic, environmental, and social risks and opportunities that are co-existent with the Company’s corporate governance framework and corporate social responsibilities which are also in line with Bursa Malaysia Securities Berhad’s Sustainability recommendation.

This Sustainability Statement provides an overview of the Group’s efforts and sustainability practices during the financial year to uphold stakeholders’ interests, promote a safe, healthy, and harmonious working environment and contribute to the community.

### GOVERNANCE STRUCTURE

The management and operations of OFIH Group are under the supervision of and leadership of Datuk Seri Son Chen Chuan, Group Managing Director and Datuk Son Tong Leong, Group Chief Executive Officer. The Top Management is assisted by the Senior Management, Departmental Managers and Head of Departments in the day-to-day operations of the OFIH Group.

The OFIH Group comprises three (3) subsidiary companies exercising different scope of duties as follows:

#### Subsidiaries of OFIH

- Oriental Food Industries Sdn. Bhd. (“OFI”)      Manufacturing and marketing of biscuits, cakes, snack food and confectioneries.
- OFI Properties Sdn. Bhd.      Property development.

#### Subsidiary of OFI

- Oriental Food Marketing (M) Sdn. Bhd.      Sales and marketing of biscuits, cakes, snack food and confectioneries.



## SUSTAINABILITY STATEMENT

### MATERIAL SUSTAINABILITY MATTERS

#### ECONOMIC

The Group is driven to ensure profitability in its business and has entrenched practices that support long-term economic growth without negatively impacting the social, environmental, and cultural aspects of the community. Business growth enables sustainability by encouraging consumer confidence, spending, and demand, all vital elements for positive progress for the Company.

The core business of the Company is manufacturing and marketing biscuits, cakes, snack food, and other confectionery products bearing renowned brand names i.e. “Super Ring”, “Jacker”, “Rota” and “Zess” which are being sold locally and overseas.

The Group ensures strict compliance with the principle of high standards of corporate ethics, the laws and regulations of Malaysia, and those of other countries in which its products are being exported.

In simple language, what quality means for us is “peace of mind” for our customers that the products they consume are safe as the company has adopted and maintains recognised international standards of compliance namely ISO 9001, ISO 22000, Food Safety, MESTI, Halal (Jakim), SNI Certification (Halal Indonesia), FSSC 22000 accreditation (Food Safety System Certification) and HACCP certifications.

The Group has a track record of an effective quality management system in place to meet the requirements of regulators, customers, and consumers. Its commitment to excellence and continuous quality improvement is further reflected in the Quality & Food Safety Policy and accreditations attained by the Group.

#### INTERNAL AND EXTERNAL AUDITS

The Group has put in place an internal audit system in ensuring the effectiveness and conformance of its Management System implementation which is aligned with internationally recognised global standards. Internal audits are conducted at least once a year. In addition, external audits are conducted annually by an accredited third-party certification body.

#### INTERNAL COMMUNICATION

Solid internal communication nurtures company culture and builds employee engagement. The Group actively engages its employees through various avenues, including regular staff communication channels held by senior management, for the effective flow of information and to ensure alignment of business goals and objectives across all levels of the workforce.

A hands-on management and pro-active presence of the Top Management is a source of encouragement and motivation for the team to promote problem-free, productive operations.

#### PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

The Group’s supply chain plays an important role in ensuring the effectiveness and efficiency of its operations. Procurement policy guides the assessment of suppliers/service providers in ensuring that they are chosen for their ability to consistently deliver over the long term and operate ethically and responsibly. An assessment of key suppliers is undertaken yearly to determine whether they meet the requirement to stay on the Approved Supplier List. As a result of such stringent control, the Company has a pool of trusted/reliable supplier base for the supply of its main materials to ensure that there is no disruption in its production process. The Group is committed to maintaining the highest integrity standards throughout our supply chain and expects professional and ethical conduct from its suppliers.



## SUSTAINABILITY STATEMENT

### RESEARCH AND DEVELOPMENT

The Research and Development (“R&D”) Team is personally led by the Group Managing Director, Datuk Seri Son Chen Chuan who is the founder and driving force of the Company.

R&D is an integral activity for the Company, as through such activities, continuous develop, design, and enhancement of products, packaging, and processes can be achieved.

Over the years OFIH's products have changed in terms of packaging, taste, and outlook to cater to the ever-changing consumer preferences.

Apart from the above, packaging has constantly been the main focus of the R&D team. It is one of the main aspects of protecting and maintaining the quality of its food products and indirectly supports the environment without damaging it and reducing wastage.

### SHAREHOLDERS' SUPPORT & COMMUNICATION

The Group believes clear communication is essential to build and maintain healthy relationships with shareholders. The Company ensures that material information about the Group is disclosed to all interested parties promptly.

The Group values its shareholders who have supported and invested in the Company; many of whom have stayed with the Company for many years. The Board of Directors appreciates its shareholders' loyalty as it creates an environment where trust and cooperation can thrive in the business. The annual general meeting has always been a good platform for direct communication between the board and shareholders.

In addition, an Investor Relations section is available on the Company's corporate website [<http://www.ofih.com.my/investor-centre>] consisting of up-to-date corporate information, announcements, and financial performance of the Company as a mode of communicating with shareholders whilst increasing awareness of the company within the investment community.

### TRANSPARENT COMMUNICATION

The Group has ensured to maintain a proper communication platform where an investor segment of its corporate website promotes transparency to shareholders and stakeholders. The Investor Relations section includes information such as corporate information, financial performance, and Bursa announcements. The Company has social media platforms to reach out to consumers and help communicate information on the Group's activities, products, and updates on business operations.

### RISK MANAGEMENT

The business world today is constantly changing with it being unpredictable and volatile, further complex with unexpected pandemics which are inevitable. As such, companies are faced with a variety of risks.

Therefore, the Risk Management and Audit Committee (RMAC) supported by an independent Internal Audit Team and a Risk & Sustainable Team at the Management level work hand-in-hand in identifying, minimizing uncertainties, and responding to and managing various risks.

The RMAC is chaired by an Independent Non-Executive Director as Chairman and consists of two (2) other members namely an Independent Non-Executive Director and a Non-Independent Non-Executive Director.

The RMAC meets at least four (4) times a year to discuss any potential and existing risk issues in the Group while reviewing its adequacy and effectiveness according to the current local and global business environment and reports them to the Board. The RMAC also holds closed-session meeting with the independent Internal Audit consultants at least once a year.





## SUSTAINABILITY STATEMENT

### CORPORATE GOVERNANCE PRACTICES

The Group is led by an effective board that assumes responsibility for its leadership and control and is collectively responsible for promoting its success by directing and supervising its affairs. The Directors take decisions objectively in the best interests of the Group through good Corporate Governance practices.

The Company has an integrated business management system where business units interact with each other effectively through an ERP system, and quality system through multiple ISO standards, without duplicating workload and to be aligned with the overall operation and business goals.

The integrated business management system ensures transparency, visibility, traceability, and cross-departmental collaboration where policies, procedures, and processes are documented, roles and responsibilities are established, and commitments are communicated.

The Company is also bound to a routine internal audit programme conducted by independent auditors not only to identify issues and vulnerabilities but also to provide an overview of the Company's corporate culture.

The Group has ensured that its Policies and Procedures are in place to strengthen its corporate governance drive as well as being an effective tool to guide the Management and all its stakeholders relating to some of the following areas:

- Corporate Disclosure Policy
- Whistle-Blowing Policy
- Corporate Social Responsibility, Environmental, and Sustainability Policy
- Anti-Bribery and Anti-Corruption Policy
- Fraud Policy

The Board and top-level management have taken proactive measures to ensure the Company's adherence to the Malaysian Anti-Corruption Commission's (MACC) corporate liability law.

The Group is committed to fighting corruption, enhancing integrity, and implementing good governance in its organization by taking appropriate and consistent steps to ensure that the Company does not engage in corrupt activities.

### SAFE WORK ENVIRONMENT

The Company recognises that a safe work environment is more than just preventing injuries or the spread of disease, it is about making employees' well-being a priority.

The Company creates awareness by conducting briefings and programmes to entrench the spirit of safety culture amongst its employees. It introduces practices and mindset in controlling the most significant risks associated with activities at the workplace.

### SAFETY & HEALTH

The Company's Safety, Health and Environment Committee ("SHE Committee") is entrusted with cultivating safe workplace practices, including developing and administering safety policies, conducting annual safety audits of our manufacturing sites, and ensuring compliance with Occupational Safety and Health Administration laws and regulations.

The Company has taken proactive action to ensure employees' safety. Safety and health are a group effort. As such, safety and health in the workplace also fall on the employees. Therefore, employees are given safety and health training from time to time to ensure that standards, rules, and regulations put in place by the Company have been adhered to for the benefit of both employers and employees. Employees are provided with safety equipment, PPE, and other safety devices for their protection.



## SUSTAINABILITY STATEMENT

### SAFETY & HEALTH (CONTINUED)

The SHE Committee regularly reviews safety performance results, occupational illness and injury incidents, workplace hazards, incident mitigation, and prevention measures and conducts regular inspections to check that safety and health standards are met. Personal protective equipment is provided to all concerned workers to reduce potential occupational hazard exposure. Contractors are expected to comply with our health, safety, and environmental standards, and briefings were held during the financial year.

The Company has ensured that the following exercises are implemented at all times:

- ii) Risk of exposure to COVID-19 is minimized;
- iii) Strict and effective Standard Operating Procedures ("SOP") and best practices as recommended by the Ministry of Health and the World Health Organization; and
- iiii) SOP and/or alternative business arrangements with customers, contractors, or suppliers to ensure smooth continuity of the business and operations.

To achieve a safe workplace, the Group implements the goals:

- **SAFE ENVIRONMENT AT WORKPLACE** – There shall be a periodic safety audit of the Company's premises to ensure that the premises are maintained as a safe work environment and to ensure full compliance with COVID-19 SOP.
- **SAFE WORK PRACTICES** – These standard operating procedures of work shall reflect safe working practices to reduce the possibility of harm to the employees, visitors, and contractors.
- **SAFETY AWARENESS** – To instill the importance of safety in employees through orientation programs in the initial stage of their employment.
- **PROVISION OF PPE** – Personal Protection Equipment shall be provided to all employees when necessary to ensure their safety and health at the workplace.
- **MANAGEMENT SUPPORT** – The Management shall direct and support all actions exercises towards securing the safety, health, and environment of the Company's employees.

The safety and health principles are also extended to contractors and visitors.

### MEASURES TO MITIGATE RISKS OF SERIOUS DISEASES

The Company has written protocols on Preventive Measures against COVID-19 and other communicable diseases, which consist of action plans and recommendations on the prevention, control, and mitigation of the risk of any diseases.

The Group prioritise its management of risks associated with food to protect public health by controlling such risks as effectively as possible through the selection and implementation of appropriate measures. All these measures are implemented through the Food Safety Procedures established by the Company.



## SUSTAINABILITY STATEMENT

## ENVIRONMENTAL PRESERVATION

“ ESG Investing: Put Your Money Where Your Values Are. ”

The Group continues its mission to improve and refine its environmental management systems as part of its corporate social responsibility.

Hence, it advocates active participation in environmental improvement and protection. OFIH capitalizes on its corporate citizen role to promote environmental preservation by taking environmental protection measures and considerations in its day-to-day manufacturing operations.

**(a) Use of Natural Gas in Manufacturing Processes**

The Company continues the use of natural gas in all its manufacturing processes for the reason that it is known to be environmentally friendly as it burns cleanly without the emission of any harmful gas, is lowest in carbon hydrocarbon, odourless, colourless, and non-toxic.

**(b) Water Treatment Plant**

OFIH maintains its water treatment plant to ensure that wastewater from its processes undergoes physical treatment followed by chemical treatment and subsequent biological treatment to remove contaminants and produce treated wastewater (or treated effluent) that is safer for the environment.

**(c) Management of Manufacturing Waste**

In the day-to-day production processes, waste is inevitable. However, Management is constantly looking into waste minimization by establishing processes and practices intended to reduce the amount of waste produced in its efforts to promote sustainability practices in waste management.

The Company ensures that the disposal of all its manufacturing waste is handled by government-approved and licensed contractors.

**d) Solar Energy**

The Company has commenced the use of solar energy at several of its manufacturing plants. Apart from showing a corporate commitment to reducing carbon emissions, the Group is confident that the installation of these solar panels is one of the effective ways to reduce operating costs.



## SUSTAINABILITY STATEMENT

## CONTRIBUTION TOWARD SOCIAL WELL-BEING

“ It's easier to take than to give. It's nobler to give than to take.  
The thrill of taking lasts a day. The thrill of giving lasts a lifetime. ”  
– Joan Marques (Author) –

## a) Giving Back to the Society

Giving back to the community is a priority and norm of the Group throughout the years.

Below are some of the many philanthropic efforts of the Company:

## i) Blood Donation Campaign

The Group continues to support national blood transfusion services, blood donor organizations, and other non-governmental organizations in strengthening and expanding their voluntary blood donor programmes by reinforcing national and local campaigns.



## ii) Food Supplies to Old Folks' Home

The Spending time with the elderly can help them feel valued.





## SUSTAINABILITY STATEMENT

## iii) School Events

The Company participates in many school events throughout the year.



## b) Internship Programme

The Group offers students and recent graduates the opportunity to gain direct practical experience with the Company through its Internship Programme. Interns who make a favourable impression are subsequently hired as permanent employees at the end of their assignment.

## c) Employment Culture

The Group hires employees across different races, genders, ethnicities and religions.





## SUSTAINABILITY STATEMENT

### d) Employee Career Growth through Educational Sponsorship & Training

The Company supports and encourages career growth through Education Assistance Programmes and Training. Deserving employees are awarded monetary funding to undergo various competency programmes.

All employees are provided with regular training and development programmes to enhance their performance, understanding, and success at work.

To upskill their knowledge, employees are empowered through training and development to keep abreast with the fast-changing market. Various training programmes are offered to employees to sharpen their management and technical skills to support personal effectiveness and business needs. Training Needs Analysis is conducted every year where employees discuss with their respective superiors to identify suitable training sessions and opportunities to maximize personal potential.

### e) Diversity and Ladies' Leadership

The Group strongly believes in equal opportunity at work, embraces diversity, and is against any form of discrimination. It aspires to maintain a fair workplace by developing, recruiting, and retaining a diverse workforce in an effort to create an environment in which personnel can develop and apply the widest possible competencies range and solutions without biased oppression or coercion. To achieve this goal, the Company promotes the right to work and advancement based on ability, merit, potential, and experience that is free from prejudice. The Group is strongly against discrimination against any person based on race, age, caste, nationality, religion, disability, gender, and political affiliation.

The Group believes in equality regardless of race or gender where female employees are given equal opportunities to progress and hold senior positions in various departments and divisions of the Company. Presently, the Group has female employees holding senior management and managerial positions. This serves as a source of inspiration to other employees to see female leadership and allows prospective employees as well as current employees to see that ascension in the company is possible.

### f) Work-Life Balance toward Sustainable Productivity

The Group acknowledges that a happy and satisfied workforce has a measurable impact on organizational profitability and hence, recognizes the importance of work-life balance that its employee needs between time allocated for work and other aspects of life.

### g) Team Work & Conducive Workplace

The Group cultivates a culture of openness in knowledge and information sharing. The Company promotes a positive working environment by making the working environment comfortable. It also encourages communication and collaboration and provides opportunities for career development.

The Group acknowledges that its successes are the results of its employees' collective energy and efforts at the workplace. Therefore, by providing a conducive workplace will help to improve employees' creativity and reduce stress to achieve optimum work efficiency.

The Group recognises the importance of ESG activities and will continue to further enhance its sustainability performance while ensuring total commitment to its stakeholders.

This Sustainability Statement was approved by the Board of Directors on 23 May 2023.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) observes the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) and ensures the highest standards of corporate governance is practiced throughout Oriental Food Industries Holdings Berhad’s group of companies (“the Group”) as a fundamental part of discharging its responsibilities to protect and enhance shareholders’ value and the financial performance of the Group.

This Corporate Governance Overview Statement (“CG Statement”) provides the summary of the Company’s corporate governance practices during the financial year ended 31 March 2023 with reference to the following three (3) principles set out in the MCCG 2021:

Principle A: Board leadership and effectiveness;

Principle B: Effective audit and risk management; and

Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders

The Group’s corporate governance structure has been developed and enhanced based on the principles and recommendations of best practices prescribed in the MCCG 2021. The Company has disclosed its application of each practice set out in MCCG 2021 in a prescribed format of Corporate Governance Report (“CG Report”) and the said CG Report can be viewed and downloaded in the Company’s corporate website [www.ofih.com.my](http://www.ofih.com.my).

This CG Statement is to be read together with CG Report, based on a prescribed format as outlined under paragraph 15.25(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”).

The Board is pleased to inform that the Company has established the following policies which can be viewed at the Company’s corporate website [www.ofih.com.my](http://www.ofih.com.my):

- (a) Board Charter
- (b) Code of Conduct
- (c) Board Remuneration Policy
- (d) Corporate Disclosure Policy
- (e) Whistle-Blowing Policy
- (f) Corporate Social Responsibility, Environmental and Sustainability Policy
- (g) Anti-Bribery and Anti-Corruption Policy
- (h) Fraud Policy
- (i) Terms of Reference of Risk Management & Audit Committee
- (j) Terms of Reference of Nomination Committee
- (k) Terms of Reference of Remuneration Committee

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I - BOARD RESPONSIBILITIES

#### 1. Supply Of Information

All Directors are provided with information on a timely basis. The agenda and Board Papers are circulated to the Board members prior to the meeting and if required, the Board may request additional information or clarification from the Management. The Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretaries and independent professional advisers whenever appropriate at the Company’s expense. Members of the Board are regularly updated on any new statutory and regulatory requirements.

#### 2. Board Charter and Code of Conduct

The Board Charter and Code of Conduct (“The Charter”) adopted by the Board guides the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Charter is subject to periodical review to ensure consistency with the Board’s strategic intent as well as relevant standards of corporate governance.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART I - BOARD RESPONSIBILITIES (CONTINUED)

##### *Board Charter and Code of Conduct (continued)*

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct guides the Directors on ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board is responsible to determine its optimised size in order to carry out its responsibility and authority effectively and efficiently.

The Charter will be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact in discharging the Board's responsibilities. The Board Charter and Code of Conduct were last reviewed and approved on 25 February 2021.

#### 3. Corporate Disclosure Policies

The Company has adopted a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

Apart from the above, the Company also has implemented a whistle-blowing policy programme. Through this program, employees are encouraged to discreetly disclose concerns about illegal, unethical or improper business conduct within the Company. In this manner, the employees can help the Company to monitor and keep track of such illegal, unethical or improper business conduct within the Company which otherwise may not be easily detected through normal processes or transactions.

This Policy is designed to facilitate employees to disclose any improper conduct (misconduct or criminal offence) through an internal channel. Such misconduct or criminal offences include (but are not limited to) the following:

- i) Whistle-Blowing Policy
- ii) Anti-Bribery and Anti-Corruption Policy
- iii) Fraud Policy

This Policy is for the employees to raise matters in an independent and unbiased manner. Employees are not required to prove the cases but rather to provide sufficient information for the management to take appropriate steps.

This Policy is administered by the Group's Top Management and overseen by the Risk Management and Audit Committee.

#### 4. Sustainability Strategy and Policy

The Board is committed to operating its business in accordance with environmental, social and economic responsibility. These include working within the laws to be innovative and demonstrate initiative to meet the requirements of various stakeholders.

The Company strives to achieve a sustainable long-term balance between meeting its business goals and preserving the environment, its commitments to sustainability are in the areas of workplace, marketplace, community and environment.

The strategies to promote sustainability and its implementation can be found on the Company's website.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### PART II - BOARD COMPOSITIONS

##### 5. Composition of the Board

As at the commencement of the financial year under review, the Board comprised of six (6) members, three (3) of whom were Executive Directors and three (3) Non-Executive Directors. The minimum one-third (1/3) requirement for Independent Directors to be on the Board was met as two (2) of the Non-Executive Directors were Independent Non-Executive Directors.

The Board currently has seven (7) members, three (3) of whom are Executive Directors and two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Director. The Board is led by Tan Sri Dato' Azizan Bin Husain, a Senior Non-Independent Non-Executive Chairman, while the executives are led by Datuk Seri Son Chen Chuan, the Group Managing Director.

The role of the Chairman and Group Managing Director of the Company are separated to ensure a balance of power and authority. The Non-Independent Non-Executive Chairman is responsible for the orderly conduct and effectiveness of the Board, whilst the Group Managing Director together with the Group Chief Executive Officer and Management ensures proper implementation of policies and strategies as adopted by the Board for the business operations of the Group.

The evaluation of the potential candidate for new directorship and director nominated for re-election are delegated to Nomination Committee ("NC") with the recommendation being made to the Board for decision. On the appointment of the new director, such new director is required to commit sufficient time to discharge his/her duty and responsibility with reasonable due care, skills and diligence. Members of the Board is expected to devote sufficient time and effort to discharge their respective responsibilities with reasonable due care, skills and diligence. Individual members of the Board are required to inform the Chairman before accepting the new appointment and to communicate the time he/she expects to spend for the new appointment.

The Board composition is governed by the Constitution of the Company. The Board shall comprise at least two (2) directors and not more than fifteen (15) directors, in accordance with the Constitution of the Company. Furthermore, in order to assert the independence element along with the check and balance role to the Board, at least two (2) Directors or one third (1/3) of the Board (whichever is higher), shall be independent, in accordance with the Main LR of Bursa Malaysia Securities Berhad ("Bursa Securities").

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, such Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek Shareholders' approval in the event it retains as an Independent Director. As for the retention of an Independent Director above twelve (12) years, the Board shall seek shareholders' approval through the two-tier voting process.

The retirement and re-election of Directors are in accordance with the Constitution of the Company, which provides that all Directors of the Company, including the Managing Director are subject to retirement. At least one-third (1/3) of the board members who have been longest in office are subject to retirement by rotation during the annual general meeting. A newly appointed Director shall retire at the next annual general meeting. A retiring Director is eligible for re-election.

The Non-Executive Directors are independent of the Management and major shareholders. Together, they play an important role by contributing their knowledge, advice and experience towards making an independent judgement on issues of strategies, performance, resources and standard of conduct.

The Directors' profiles are set out in pages 14-16 of this Annual Report.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## PART II - BOARD COMPOSITIONS

## 6. Board Meetings

The Board meets at least once a quarter. The Meeting agendas and a set of Board Papers are circulated to the Board at least seven (7) days before the Board Meetings to ensure that the Directors can peruse the matters for discussion and able to obtain further explanations, where necessary, to make informed decisions. Senior Management is invited to attend these meetings to explain and clarify matters, where necessary.

The Company Secretaries organise and attend all Board Meeting to ensure proper records of the proceedings.

Directors are given access to any information within the Company and are free to seek independent professional advice at the Company's expense, if necessary, in furtherance of their duties. All Directors also have access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are met and in accordance with all regulatory requirements.

There were four (4) meetings held during the financial year ended 31 March 2023, and the Directors' attendance were as follows:

Name of Director	Designation	No. of Board meetings attended	Percentage of Attendance (%)
Tan Sri Dato' Azizan Bin Husain	Chairman/ Senior Non-Independent Non-Executive Director <i>[Re-designated on 23 May 2023]</i>	4/4	100
Datuk Seri Son Chen Chuan	Group Managing Director	4/4	100
Datuk Son Tong Leong	Group Chief Executive Officer	4/4	100
Datuk Son Tong Eng	Executive Director	3/4	75
Mr. Lim Keat Sear	Non-Independent Non-Executive Director	4/4	100
Mr. Chong Peng Khang	Independent Non-Executive Director	4/4	100
Ms. You Chen Kei	Independent Non-Executive Director	<i>Note: Ms. You was appointed on 23 May 2023.</i>	

## 7. Appointment, Retirement and Re-election

The retirement and re-election of Directors are in accordance with the Constitution of the Company, which provides that all Directors of the Company, including the Managing Director are subject to retirement. At every Annual General Meeting ("AGM"), at least one-third (1/3) of the total Board members who have been longest in office are subject to retirement by rotation. Any newly appointed Directors during the year must offer themselves to the Shareholders for re-election at the first AGM following their appointment.

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. According to MCGG 2021, an Independent Director who has served for a cumulative term of more than nine (9) years would need to seek re-appointment at the AGM. Whereas, if the Board intends to retain the Independent Director after year-12, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

An Independent Director shall only remain as Independent Director if:

- i) The independence assessment conducted by the Nomination Committee (with such independent director being abstained from the deliberation if he is a member) based on the above procedure and criteria on such Independent Director determines that the independence of such Independent Director is preserved and is not deteriorated in any manner due to passage of time and reported as such to the Board; and



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## PART II - BOARD COMPOSITIONS (CONTINUED)

*Appointment, Retirement and Re-election (continued)*

- ii) The continuing of such Director as Independent Director is recommended by the Board, based on the independence assessment conducted by the Nomination Committee with the results of the independent assessment being disclosed in the notice to such general meeting, to the Shareholders for ratification to continue to act as Independent Director in a general meeting and the ordinary resolution for such agenda is ratified by the shareholders during such general meeting.

All Directors seeking for re-election/re-appointment need to be assessed by the Nomination Committee on their capability and suitability.

**8. Directors' Training**

The Group acknowledges the importance of continuous education and training to the Board members.

Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with the latest developments in the marketplace and new statutory and regulatory requirements.

Details of training attended by the Directors are as follows:

Name of Directors	Training Programmes	Date
Tan Sri Dato' Azizan Bin Husain	Directors Conflict of Interests	15.06.2023
Datuk Seri Son Chen Chuan	Directors Conflict of Interests	15.06.2023
Datuk Son Tong Leong	Directors Conflict of Interests	15.06.2023
Datuk Son Tong Eng	Directors Conflict of Interests	15.06.2023
Mr. Lim Keat Sear	Directors Conflict of Interests	15.06.2023
Mr. Chong Peng Khang	AOB Conversation with Audit Committees	07.04.2022
	Account Payable (AP) Automation	13.04.2022
	Key Amendments to Listing Requirements 2022	11.05.2022
	Candlestick Chart Patterns You-Must-Know in Today's Market	26.05.2022
	Sustainability Governance & Operationalising Sustainability	5 Aug 2022
	Toyota Style Problem Solving Model	26.08.2022 & 27.08.2022
	Driving Profitability Using the Activity Based Costing	18.10.2022
	AOB Conversation with Audit Committees - Session 2	06.12.2022
	Honda Corporate Governance Talk: Strengthening Governance in Local Supply Chain	07.12.2022
	Updates on Main Market Listing Requirements November 2022 - Enhanced Sustainability Disclosures	18.01.2023
	New Employment Act (Amendments 2022)	26.01.2023
	Get Ready for ISSB Sustainability Disclosure	14.03.2023
	MIA Webinar Series: Transfer Pricing Issues facing MNCs and Public Listed companies	22.08.2022
Ms. You Chen Kei	2023 Budget Seminar by MIA	16.03.2023





## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)****PART II - BOARD COMPOSITIONS (CONTINUED)*****Directors' Training (continued)***

All the Directors have attended at least one (1) training session during the financial year.

The Board is also regularly updated by the Company Secretaries on the latest amendments to the Main LR.

The Board will continually evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

**9. Board Committees**

The following Committees have been established to assist the Board to discharge its duties and responsibilities.

These committees operate under the following defined terms of reference:

- Risk Management and Audit Committee
- Nomination Committee
- Remuneration Committee

**(i) Risk Management and Audit Committee**

The role of the Risk Management and Audit Committee (RMAC) is to support the Board in overseeing the processes for the production of the financial data, review of the financial reports and internal control of the Group. The Risk Management and Audit Committee holds a meeting every quarter to review the financial reports of the Company.

The RMAC during the financial year comprised the following members:

Chairman	:	Mr. Chong Peng Khang (Independent Non-Executive Director)
Members	:	Tan Sri Dato' Azizan Bin Husain (Senior Independent Non-Executive Director) (Re-designated to Senior Non-Independent Non-Executive Director on 23 May 2023)
		Mr. Lim Keat Sear (Non-Independent Non-Executive Director)

The current composition of the RMAC with effect from 23 May 2023 are as follows:

Chairman	:	Mr. Chong Peng Khang (Independent Non-Executive Director)
Members	:	Mr. Lim Keat Sear (Non-Independent Non-Executive Director)
		Ms. You Chen Kei (Independent Non-Executive Director) (Appointed on 23 May 2023)



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)****PART II - BOARD COMPOSITIONS (CONTINUED)*****Board Committees (continued)*****(i) Risk Management and Audit Committee (continued)**

The Risk Management and Audit Committee comprises not less than three (3) members which fulfill the following requirements:

- (a) a majority must be Independent Directors.
- (b) at least one (1) member
  - i) must be a member of the Malaysian Institute of Accountants; or
  - ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
    - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967;
    - fulfills such other requirements as prescribed or approved by Bursa Securities.
- (c) Alternate Director shall not be appointed as a member of the Audit Committee.
- (d) The members of the Risk Management and Audit Committee shall elect a chairman from amongst themselves who shall be an Independent Director.

**Objective**

- a) The principal objectives of the Risk Management and Audit Committee is to assist the Board in fulfilling the following key responsibilities:
  - i) Assessing the risk management policies and procedures and internal control;
  - ii) Overseeing financial reporting;
  - iii) Evaluating the internal and external audit process; and
  - iv) Reviewing conflict of interest situations and related party transactions.
- b) Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities relating to corporate accounting, financial reporting practices, systems of risk management and internal control, the audit processes the Group and in monitoring the Group's Management of business/financial risk processes and accounting and financial reporting practices.
- c) Determine that the Company has adequate administrative, operational, and internal accounting controls and that the Group is operating in accordance with its prescribed procedures, codes of conduct and applicable legal and regulatory requirements.
- d) Serve as an independent and objective party in the review of the financial information presented by Management for distribution to shareholders and the general public.
- e) Provide direction, counsel and oversight over the internal audit function and the external auditors, to enhance their independence from Management.
- f) Provide assistance to the Board in setting and overseeing the Risk Management Framework of the Group and regularly assessing such Risk Management Framework to ascertain its adequacy and effectiveness.

There were four (4) meetings held during the financial year.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## PART II - BOARD COMPOSITIONS (CONTINUED)

## 9. Board Committees (continued)

## (ii) Nomination Committee

The Nomination Committee (NC) was set up by the Board to ensure it has an appropriate balance, size and the required mix of skills, experience and core competencies to govern the organisation towards achieving its intended goals and objectives. The nomination and election process of Board Members are set out in the Nomination and Election Process of Board Members published on the Company's website.

The members of the NC during the financial year were as follows:

Chairman	:	Tan Sri Dato' Azizan Bin Husain (Senior Independent Non-Executive Director) (Re-designated to Senior Non-Independent Non-Executive Director on 23 May 2023)
Members	:	Mr. Chong Peng Khang (Independent Non-Executive Director)
		Mr. Lim Keat Sear (Non-Independent Non-Executive Director)

The current composition of the NC with effect from 23 May 2023 are as follows:

Chairman	:	Ms. You Chen Kei (Independent Non-Executive Director) (Appointed on 23 May 2023)
Members	:	Mr. Chong Peng Khang (Independent Non-Executive Director)
		Mr. Lim Keat Sear (Non-Independent Non-Executive Director)

The Board delegated the annual assessment of the effectiveness of the Board as a whole, individual members and its Board Committees to the NC. The NC is required to carry out the assessments, at least once per financial year, in accordance with the structured assessment process established by the Board and to report annually assessment of the full Board.

The function of the NC are summarised as follows:-

- a) Consider and make recommendations on candidates for directorships proposed by the Managing Director or by any other Executive Directors or Directors or Shareholders;
- b) Recommend to the Board, Directors to fill the seat on Board Committees;
- c) Assess annually the following for recommendation the Board for approval:-
  - performance and effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual Director;
  - required mix of skills and experience and other qualities, including core competencies which non-Executive Directors should bring to the Board;
  - re-election of Directors pursuant with the Constitution of the Company;
  - independence of the Independent Directors as recommended by the MCCG 2021.

There were three (3) NC meetings held during the financial year.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## PART II - BOARD COMPOSITIONS (CONTINUED)

*Board Committees (continued)*

## (iii) Remuneration Committee

The Remuneration Committee (RC) during the financial year comprised the following members:

Chairman	:	Mr. Chong Peng Khang (Independent Non-Executive Director)
Members	:	Tan Sri Dato' Azizan Bin Husain (Senior Independent Non-Executive Director) (Re-designated to Senior Non-Independent Non-Executive Director on 23 May 2023)
		Mr. Lim Keat Sear (Non-Independent Non-Executive Director)

The current composition of the RC with effect from 23 May 2023 are as follows:

Chairman	:	Mr. Chong Peng Khang (Independent Non-Executive Director)
Members	:	Mr. Lim Keat Sear (Non-Independent Non-Executive Director)
		Ms. You Chen Kei (Independent Non-Executive Director) (Appointed on 23 May 2023)

The function of the RC is to recommend to the Board, the remuneration packages of the Group Managing Director, Group Chief Executive Officer, Executive Director and any other persons of the Group as the Committee is designated to consider.

The remuneration procedures are set out in the Board Remuneration Policy adopted by Board. The Directors' fees are recommended to the Board and are subject to the approval of the shareholders of the Company at a general meeting.

In discharging this responsibility, the RC had previously obtained the advice of an independent professional consultant on compensation for Top Management and Senior Directors at the expense of the Company.

There were four (4) RC meetings held during the financial year.

## 10. Remuneration of Directors

The aggregate remuneration of Directors for the financial year ended 31 March 2023 are as follows:

	Directors' fees		Salaries/ Allowances	Bonuses	Benefits- in-kind	Other emoluments	Total
	Company RM	Subsidiaries RM	(RM)	(RM)	(RM)	(RM)	(RM)
<b>Executive</b>	165,000	180,000	3,052,505	1,286,910	84,000	858,173	5,626,588
<b>Non-Executive</b>	165,000	-	77,000	-	-	-	242,000



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## PART II - BOARD COMPOSITIONS (CONTINUED)

*Remuneration of Directors (continued)*

The number of Directors of the Company whose total remuneration fall within the following band:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
• Less than RM50,000	-	-
• RM50,000 – RM100,000	-	2
• RM100,001 – RM150,000	-	1
• RM150,001 – RM200,000	-	-
• RM200,001 – RM250,000	-	-
• RM250,001 – RM300,000	-	-
• RM300,001 – RM350,000	-	-
• More than RM350,000	3	-

## 11. Remuneration Of Senior Management

The aggregate remuneration of senior management for the financial year ended 31 March 2023 are as follows:

	Salaries/ Allowances (RM)	Bonuses (RM)	Benefits-in- kind (RM)	Other emoluments (RM)	Total (RM)
Senior Management	333,760.00	118,790.00	9,000.00	-	461,550.00

Range of Remuneration	No. of Senior Management
• Less than RM50,000	-
• RM50,000 – RM100,000	-
• RM100,001 – RM150,000	-
• RM150,001 – RM200,000	1
• RM200,001 – RM250,000	-
• RM250,001 – RM300,000	1

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

## 1. Risk Management and Audit Committee

The Risk Management and Audit Committee comprises the following members:

Chairman	:	Mr. Chong Peng Khang (Independent Non-Executive Director)
Members	:	Ms. You Chen Kei (Non-Independent Non-Executive Director) [Appointed on 23 May 2023] Mr. Lim Keat Sear (Non-Independent Non-Executive Director)



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)*****Risk Management and Audit Committee (continued)***

The composition of the Risk Management and Audit Committee is in compliance with Paragraphs 15.09 and 15.10 of the MMLR. None of the members of the Risk Management and Audit Committee were former key audit partners and notwithstanding that, in order to uphold the utmost independence, the Board has no intention to appoint any former key audit partner as a member of the Risk Management and Audit Committee.

The Risk Management and Audit Committee members are financially literate, possess the appropriate level of expertise and experience and have a strong understanding of the Group's business in order to drive the success of the Group.

The Risk Management and Audit Committee assists the Board in reviewing and scrutinising the information in terms of the appropriateness, accuracy and completeness of disclosure and in ensuring that Group's financial statements comply with the applicable financial reporting standards for approval within the stipulated timeframe.

**2. Risk Management and Internal Control Framework**

The Board acknowledges the importance of internal control including risk management both at the strategy and operational level. The Board recognises its responsibility for a sound internal control system covering not only financial controls but also operational and compliance control as well as risk management.

The Group's Statement on Risk Management and Internal Control is set out on page [insert] of this Annual Report. The said Statement has been duly reviewed by the external auditors.

**3. Internal Audit Function**

The Board has established an internal audit function within the Group. The Group's internal audit function is outsourced to an independent professional firm, Needsbridge Advisory Sdn. Bhd. who reports directly to the Risk Management and Audit Committee.

The internal auditors report directly to Risk Management and Audit Committee who will evaluate the competency, independence and quality of the internal auditors annually.

The internal auditors present the annual audit plan to the Risk Management and Audit Committee and reports the findings of their internal audit activities to the Risk Management and Audit Committee upon completion of their assignment.

**4. Relationship with Auditors**

The Risk Management and Audit Committee maintains a transparent relationship with both internal and external auditors in seeking their professional advice and ensuring compliance with the applicable laws and regulations. The Audit Committee seeks regular assurance on the effectiveness of the internal control system through independent appraisal by the auditors in ensuring compliance with the applicable accounting standard in Malaysia. Liaison and unrestricted communication exist between the Risk Management and Audit Committee and the External Auditors.

In relation to the audit of the financial statements of the Company for the financial year ended 31 March 2023, the External Auditors have maintained their independence in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.





## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)*****Relationship with Auditors (continued)***

The scope of audit and emphasis are as follows:

- Revenue recognition arising from advertisement and promotional expenses claimed by customers
- Property, Plant and Equipment
- Inventories
- Trade receivables
- Contingent liabilities
- Reversal of deferred tax assets
- Other matters

The External Auditors were responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

**5. Financial Reporting**

The Board, assisted by the Risk Management and Audit Committee aims to present a balanced and understandable assessment of the Company's financial position and prospects through its annual audited financial statements and quarterly reports.

A statement by the Directors of their responsibilities in relation to the financial statements is set out on page 56 of this Annual Report.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****1. Relationship with Shareholders & Investors**

Shareholders' and investors' relationship is a matter of importance today. Effective communication will help to enhance the confidence of the shareholders and investors towards the Company. The Board communicates information on operations, activities and performance of the Group to the shareholders, investors and public via the following:

- a) The Annual Report, which contains the financial and operational review of the Group's business, corporate and financial information and the information on the Board and Committees.
- b) Various announcements made to Bursa Malaysia Securities Berhad.
- c) The website of the Company provides the updated information of the Company such as products and activities.

The AGM represents the principal forum for dialogue and interaction with all shareholders. At each AGM, the Board presents the progress and performance of the Group's business and invites shareholders to participate in the question and answer session.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

#### 2. Corporate Social Responsibilities (“CSR”)

The Company recognises the importance of CSR and has taken a proactive approach wherever possible to provide monetary and product contributions to governmental departments, non-profitable and charitable organisation.

The Company also organises educational factory tours for various educational and governmental institutions.

Further to the above, in support of the local institutes of higher learning, the Company accepts undergraduates to perform their industrial training in various departments at the factories owned by the Company.

At Company level, the Company hosts its annual dinner for all its local and foreign employees to foster good relationships and harmonious ties between all levels of employees of all races and as a token of recognition from the Top Management for the commitment and dedication of the employees.

#### 3. Conduct of General Meetings

The Board understands that the AGM is the principal forum for dialogue with shareholders and investors to provide opportunities shareholders and investors to raise questions pertaining to the business activities and prospects of the Group during the AGM.

The notice of AGM is circulated to the shareholders at least 28 days prior to the meeting in accordance to the practice 13.1 of the MCCG 2021. Each item of special business included in the notice of the meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

Shareholders are encouraged to post questions and to seek clarifications in relation to AGM’s agenda by way of posting the enquiries through our Contact section of our corporate website before the commencement of the AGM. These enquiries will be read out and answered at the AGM. All directors of the Company are present at the AGM to provide opportunity for shareholders to effectively engage with each director.

The Company will continue to explore the leverage of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at AGMs of the Company

Statement was approved by the Board of Directors on 23 May 2023.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of Oriental Food Industries Holdings Berhad (“the Company” or “OFIH”) acknowledges the importance of maintaining good risk management and internal control system within OFIH and its subsidiaries (collectively, “the Group”) and is pleased to provide the following statement on the state of the risk management and internal control systems which outlines the nature and scope of risk management and internal control systems of the Group for the financial year ended 31 March 2023 and up to the date of approval of this statement disclosed pursuant to Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Code on Corporate Governance. This statement was prepared by taking into account of the Statement on Risk Management and Internal Control: Guidelines for Director and Listed Issuers (“The Guidelines”) pursuant to Practice Note 9 of Main Market Listing Requirements. The scope of this Statement includes OFIH and all operating subsidiaries.

### A. BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group’s mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders’ interests and protecting the Group’s assets. The Board is to establish risk appetite of the Group based on the strategies, business objectives, internal and external business context, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment and governance framework that is embedded into the corporate culture, processes and strategies of the Group as well as to articulate and implement risk management and internal control system. The Board delegates the duty of identification, assessment, management of key risks and continuous monitoring and review to Group Chief Executive Officer who is assisted by Risk and Sustainability Management Team (“RSMT”) with Key Risk and Sustainability Officer (“KRSO”) acting as the Risk Management Function. The governance oversight role to review the adequacy and effectiveness of the risk management and internal control system within the Group is delegated to the Risk Management and Audit Committee (“RMAC”) by the Board through its terms of reference approved by the Board. Through the RMAC, the Board is kept informed of all significant risk events and control issues brought to the attention of the RMAC by the Group Chief Executive Officer, RSMT, KRSO, outsourced internal audit function and External Auditors.

The system of internal control covers inter-alia, control environment, risk identification and assessment, control activities, information and communication and monitoring activities. However, in view of the limitations that are inherent in any system of internal control, the system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

### B. RISK MANAGEMENT

The Board recognises that an important element of a sound risk management system is to have a structured risk management practice put in place to identify, evaluate and manage significant risks (including continuous monitoring and review of existing and emerging key risks) systematically faced by the Group during the financial year under review. The Board had put in place a formal Risk Management Framework with structured risk management structure and processes for the enterprise-wide risk management activities that are embedded throughout the Group. In addition, as an essential part of the compliance of certification in relation to quality management system ISO 9001:2015, risk-based quality management system is established and maintained to manage organizational quality risks and opportunities in a structured manner.

The principles, practices and process of Risk Management Framework established by the Board are, in material aspects, guided by ISO 31000:2018 – Risk Management Guidelines. Risk Management Framework clearly defines the risk management’s objectives and processes, along with clear roles and responsibilities of the Board, RMAC (the governance oversight role), RSMT, risk owners, KRSO (risk management function) and Internal Auditors.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**B. RISK MANAGEMENT (CONTINUED)**

The duties for the identification, evaluation and management of the key business risk (including continuous monitoring and review of existing and emerging key risks) are delegated to RSMT, led by Group Chief Executive Officer, during the financial year under review.

The roles and responsibilities of RSMT includes the following:

- a) Implement the risk management policy as approved by the Board;
- b) Implement the risk management process which includes the identification of key risks and devising appropriate action plan(s) in cases where existing controls are ineffective, inadequate or non-existence and communicate methodology to the risk owners;
- c) Ensuring that risk strategies adopted are aligned with the Group's organisational strategies. (e.g. vision/mission, corporate strategies/goals, etc.), risk management policy and process and risk appetite/tolerance;
- d) Continuous review and update of the Key Risk Profiles of the Group due to changes in internal business processes, business strategies or external environment and determination of management action plan, if required; and
- e) Update the Board, through the RMAC, on changes to the Key Risk Profiles on periodical basis (at least on annual basis) or when appropriate (due to significant change to the internal business processes, business strategies or external environment) and the course of action to be taken by management in managing the changes.

While the roles and responsibilities of risk owners, as defined in Risk Management Framework, are as follow:

- a) Manage the risks of the business processes under his/her control;
- b) Continuously identify risks and evaluate existing controls. If controls deemed ineffective, inadequate or non-existent, to establish and implement controls to reduce the likelihood and/or impact;
- c) To report to the RSMT of the emergence of new risks or change in the existing risks by updating the Key Risk Profiles on a timely manner;
- d) To assist the RSMT with the periodic update of the changes in the Key Risks Profile, management action plans and the status of these plans; and
- e) To ensure that staffs working under him/her understand the risk exposure of the relevant process under his/her duty and the importance of the related controls.

The structured risk management process as defined in Risk Management Framework is employed by RSMT and risk owners for risk identification, risk assessment, control identification, risk treatment and control activities. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established based on the risk appetite approved by the Board. Based on the risk management process, Risk and Opportunity Plans (a.k.a. Key Risks Profile) are compiled by the risk owners and reviewed by RSMT with relevant key risks identified and rated based on the agreed risk criteria and rating. Risk and Opportunity Plans are used for the identification of high residual risks which are above the risk appetite of the Group that requires RSMT and the Board's immediate attention and risk treatment (including implementing of appropriate control measures) as well as for future risk monitoring. As an important risk monitoring mechanism, the Risk and Opportunity Plans of the Group as well as assessment and treatment of emerging risks identified at strategic and operational level are reported to the RSMT and RMAC for review and its reporting to the Board.

As an important risk monitoring mechanism, RSMT and risk owners perform review of Risk and Opportunity Plans as well as identification and assessment of emerging risks identified at strategic and operational level on an annual basis or on more frequent basis (if circumstances required) and report to RMAC and the Board on the results of the review and assessment.

During the financial year under review, RSMT conducted a review and assessment exercise whereby existing key business risks of active business operations were reviewed and emerging risks were identified and assessed for incorporation into the Risk and Opportunity Plans for on-going risk monitoring and assessment.

At strategic level, business plans and business strategies with risks consideration are formulated by Group Managing Director and Group Chief Executive Officer and are presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. Update of the implementation progress of the approved strategies are discussed in subsequent Board meetings for follow-up and review.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### B. RISK MANAGEMENT (CONTINUED)

At operational level, respective Head of Departments (i.e. risk owners) are responsible for managing the risks within their department. Risk owners are responsible for adequate and effective operational monitoring and management by way of maintaining adequate and effective internal controls and the execution of risks and control procedures on a daily basis. Changes in the key risks faced by the Group or emergence of new risks and the corresponding internal controls are discussed during management meetings to determine the risk treatment and implementation of effective controls to manage the risk. Critical and material changes in the key risks faced by the Group or emergence of new key risks are escalated to the RSMT and Group Chief Executive Officer for the decision on the risk treatment and its implementation as well as its reporting to the RMAC and the Board.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan approved by the RMAC.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

### C. INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows:

#### i. Board of Directors/Board Committees

The role, functions, composition, operation and processes of the Board are guided by formal Board Charter whereby roles and responsibilities of the Board, Chairman, Group Managing Director and Group Chief Executive Officer are specified to preserve the independence of the Board from the Management.

Board Committees (i.e. RMAC, Remuneration Committee and Nomination Committee) are established to carry out duties and responsibilities delegated by the Board, governed by their respective written terms of reference, including but not limited to, oversight of business performance, financial reporting, risk management and board's remunerations and performance.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial to operational perspective. Business plans and business strategies are proposed by the Group Managing Director and Group Chief Executive Officer to the Board for review and approval after taking into account the risk consideration and responses.

#### ii. Integrity and Ethical Value

The tone from the top on integrity and ethical value are enshrined in formal Code of Conduct established and approved by the Board. The formal code forms the foundation of integrity and ethical value of the Group. Integrity and ethical value (including codes of conduct expected from employees to carry out their duties and responsibilities assigned) expected from the employees are incorporated in the Employee Handbook whereby the ethical behaviours expected from them are stated.

In order to bring the ethical value throughout the Group in line with the Code of Conduct, a formal Anti-Bribery and Corruption Policy had been put in place to prevent the risk of bribery and conflict of interest within the Group and a formal Fraud Policy was established to detect and prevent fraud incidents.

A formal Whistle-Blowing Policy is put in place by the Board and overseen by RMAC to provide a channel for employees and other stakeholders to confidentially bring to the attention of the RMAC Chairman any concerns related to matters covered by the Group's Code of Conduct, legal issues and accounting or audit matters. The Whistle-blowing Policy is implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, and other malpractices at the earliest opportunity.





## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**C. INTERNAL CONTROL SYSTEM (CONTINUED)****ii. Integrity and Ethical Value (continued)**

Compliance of Code of Conduct, Anti-Bribery and Corruption Policy and Fraud Policy are monitored via control activity monitoring mechanism implemented with non-compliances timely detected and investigated with appropriate corrective action, including but not limited to disciplinary actions.

**iii. Organisation Structure, Accountability and Authorisation**

The Group has a formal organisation structure, with clear lines of reporting and accountability, in place for planning, organising and executing the business operations of the Group to ensure its objectives are met. Formal Human Resource Policy Manual is put in place by the Management to ensure that suitably qualified staff are employed so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational efficiency. The establishment and communication of job responsibilities as well as accountability of performance and controls for key positions are further enhanced via the job descriptions established by the Management.

The authorisation requirements for key processes are incorporated in the control documentations and stated in the Group's policies and procedures.

**iv. Risk Assessment and Control Activities**

Risk assessment (including fraud and bribery risk) is performed by risk owners at scheduled interval or when there is change in internal and/or business context in accordance with Risk Management Framework. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board, i.e. the risk appetite.

The Group has documented policies and procedures that are periodically reviewed and updated to ensure its relevance to regulate key operations in compliance with its Halal certification, Hazard Analysis and Critical Control Points ("HACCP") certification, International Organisation for Standardisation ("ISO") 9001:2015 – Quality Management System certification and ISO 22000:2018 Food Safety Management certification and internal control requirements.

**v. Performance Measurement**

Key performance indicators are established by the Management for the monitoring of performance at scheduled interval by the Group Chief Executive Officer so that key business and operational aspects with material deviation can be identified and responses implemented timely. The performance of the Executive Directors are taken up at the board level whilst the performance of the senior management are being monitored by the Group Managing Director and Group Chief Executive Officer.

**vi. Succession Planning and Human Resource**

It is the Board's commitment that the Group to identify and satisfy the needs of employees to continuously develop their knowledge, skills and competency for personal development and corporate excellence. Succession plan is put in place to ensure key roles within the Group are supported by competent and calibre second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possible.

The Group has put in place formal Human Resource Policy Manual and Employee Handbook throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

Performance evaluation which forms are carried out for all levels of staff to identify performance gaps, training needs and to assist in talent development and form the basis of the increments and promotion. Training needs of employees are identified annually so that relevant trainings are provided to such employees to upgrade their knowledge and skill sets.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**C. INTERNAL CONTROL SYSTEM (CONTINUED)****vii. Information and Communication**

At operational level, clear reporting lines established across the Group and operation and management reports are prepared for dissemination of critical Information (including risk information) to relevant personnel throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Executive Directors' attention are highlighted for review, deliberation and decision on a timely basis.

The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerized enterprise resources planning systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information (including risk information) can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. Apart from that, relevant financial and management reports are generated for different level of the organization structure for review and decision making. The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

Communication of policies and procedures of the Group are conducted via written format, electronic mail system and in-house trainings by respective risk or control owners.

**viii. Monitoring and Review Activities**

- a. Daily management meetings of Head of Departments are held to review operational performance of key divisions/departments within the Group.
- b. Monthly review of the management accounts of the Company and its subsidiaries by the Executive Directors.
- c. Quarterly unaudited financial reports reviewed by RMAC together with management, and subsequently reported to the Board.
- d. Internal audit conducted by the outsourced internal audit function (which is reporting directly to the RMAC) based on key risk areas identified. The outsourced internal audit function assesses the adequacy and effectiveness of risk management and internal control in relation to specific governance, risk and control processes and highlights to the RMAC any potential risks may be posed to the Group based on the results of the audit work performed. Recommendations for improvement are proposed by the outsourced internal audit function to minimise the potential risks identified.
- e. Independent review of compliance with relevant laws and regulations in relation to specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies as well as significant control issues highlighted by the External Auditors as part of their statutory audits and the monitoring of compliance with ISO certification carried out by internal ISO auditors.
- f. Corrective actions are formulated and implemented for incidents of non-compliance and exceptions reported with its implementation monitored.

**D. INTERNAL AUDIT FUNCTION**

The Group relies on internal audit function to provide the Board and the Management with the required level of assurance that the governance, risk management, internal control system is operating adequately and effectively in mitigating organisational risks to achieve the Group's corporate objectives and in line with the risk appetite.

The Group's internal audit function is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn Bhd, which is reporting directly to the RMAC with the assurance required regarding the adequacy and integrity of the Group's system of internal control. The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review by the RMAC for its reporting to the Board for ultimate approval. RMAC met once with the outsourced internal function during the financial year under review without the presence of the Executive Directors and management where they are given the opportunity to raise any concern or professional opinion and thus, to be able to exert its functions independently.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**D. INTERNAL AUDIT FUNCTION (CONTINUED)**

The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to Institute of Internal Auditors during his annual renewal as Certified Internal Auditor. The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global.

The audit engagement of the outsourced internal audit function is governed by the engagement letter with key terms include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) manager, assisted by at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

The internal audit plan in respect to financial year 31 March 2023 was drafted by the outsourced internal audit function using risk-based approach that takes into consideration of the existing and emergent key business risks identified in the Group's Risk and Opportunity Plans, management's input and the assessment of the outsourced internal audit function. Such internal audit plan was presented to RMAC for review before recommending to the Board for approval. Scheduled internal audits were performed by the outsourced internal audit function based on the approved internal audit plan with any subsequent change to the approved plan and scope was referred to RMAC for review and its recommendation to the Board for approval prior to the commencement of the audit.

The internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes. The root causes of the internal audit observations are included as part of "Findings" or "Recommendations" and the recommendations from the outsourced internal audit function are formulated for improvement based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the standard operating procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented standard operating procedures and/or process flows. Thereafter, testing of controls through the review of the samples selected based on sample sizes for the respective audit areas calculated was in accordance with our predetermined formulation, subject to the nature of testing and verification of the samples.

During the financial year ended 31 March 2023, the outsourced internal audit function has conducted review for the following business processes in accordance with the internal audit plan approved by the RMAC:

- a. Procurement management (included purchasing planning, purchasing requisition and processing, supplier management, goods return management, capital expenditure management and payment processing) of Oriental Food Industries Sdn. Bhd.);
- b. Human resource management (included human resource management policy, human resource planning, recruitment management, resignation/termination/transfer management, performance evaluation procedure, career development and training management, succession planning, foreign worker management and compliance with law and regulations – human resources) of Oriental Food Industries Sdn. Bhd. and Oriental Food Marketing (M) Sdn. Bhd.; and compliance with applicable laws and regulations in relation to the business activities under review in respect of the Group's business operations located in Malaysia.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### D. INTERNAL AUDIT FUNCTION (CONTINUED)

Upon the completion of the internal audit works, internal audit reports which state internal audit findings, priority levels, risks/potential implications, recommendations, management responses/ action plans and person-in-charge together with dates of implementation were presented by the outsourced internal audit function to the RMAC for review and deliberation during RMAC meeting. Apart from the internal audit reports, updates on the implementation progress of management action plans as identified in the previous internal audit reports were also presented during the financial year under review to the RMAC to ensure action plans were satisfactorily implemented to address the individual risks associated with the findings. RMAC reported the results of the review and deliberation to the Board in order for the Board to discharge its responsibility to ensure that the risk management and internal controls are in place and working adequately and effectively to manage the risks within the risk appetite of the Group and for regulatory compliance.

During the financial year, aside from reporting on the audit findings and the status of agreed management action plans for previous internal audit reports, the resources, experience, competency and continuous professional development of the outsourced internal audit function were also reported by the outsourced internal audit function to RMAC for their review and assessment on the adequacy and effectiveness of the outsourced internal audit function. Based on the above review and reporting mechanism as well as review of the works performed and deliverables by the outsourced internal audit function together with the private session with the outsourced internal audit function during the financial year, RMAC is of the view that the scope, functions (including independence), competency, resources, authorities granted to the outsourced internal audit function as well as internal audit plan and processes are adequate to provide RMAC to draw reasonable assurance that governance, risk and control structures and processes of the Group is adequate and effective and that the results of the internal audit plan, processes or investigation undertaken is adequately communicated to RMAC and appropriate actions are taken on the recommendations of the outsourced internal audit function, if any.

The total costs incurred for the outsourced internal audit function for the financial year under review was amounted to RM31,800.00

In addition to the above, for the purpose of compliance with ISO 9001:2015, HACCP and ISO 22000:2018 Food Safety Management Systems, internal quality audits are carried out by in-house independent personnel and surveillance audit is conducted by an independent certification body to enable assurance of compliance with established ISO procedures to be drawn.

### E. ASSURANCE PROVIDED BY THE GROUP MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE DIRECTOR RESPONSIBLE FOR FINANCIAL MANAGEMENT

In line with the Guidelines, Group Managing Director, being the highest-ranking executive in the Company and Group Chief Executive Officer, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board in writing stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

### F. OPINION AND CONCLUSION

During the meetings of Board of Directors in the financial year under review, the performances of the Group were reviewed and deliberated by the Board, including, but not limited to, the adequacy and effectiveness of specific risk management and internal control system of the Group put in place to address potential business risks identified by the Board during such reviews and deliberation.

Through such reviews by the Board as well as the monitoring and review mechanism stipulated above coupled with independent audits conducted by outsourced internal audit function, other professionals and regulatory bodies and reported to the Board, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**F. OPINION AND CONCLUSION (CONTINUED)**

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's risk management and internal control systems. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

**G. ASSURANCE PROVIDED BY EXTERNAL AUDITORS**

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Risk Management and Internal Control Statement. The review was performed in accordance with Recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants. Based on their review, nothing has come to their attention to cause them to believe the Statement was not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

This statement was approved by the Board on 23 May 2023.





# RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

## COMPOSITION

### Members

As of the date of this Annual Report, the composition of the Risk Management and Audit Committee ("the Committee") is as follows:

- Chairman : Mr. Chong Peng Khang  
(Independent Non-Executive Director)
- Members : Mr. Lim Keat Sear  
(Non-Independent Non-Executive Director)
- Ms. You Chen Kei  
(Independent Non-Executive Director)  
(Appointed on 23 May 2023)

The composition of the Risk Management and Audit Committee complies with Chapter 15 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

### Secretaries

The Secretaries of Oriental Food Industries Holdings Berhad, Ms. Karina Chong Mei Ying and Mr. Nip Chee Sien are the Secretaries of the Committee.

### Membership

The Committee shall be appointed by the Board of Directors amongst the Directors of the Company and the following requirements must be met:-

- (a) The Committee must consist of not less than three (3) members;
- (b) The Committee is made up of non-executive directors with the majority of members must be Independent Directors;
- (c) The Chairman of the Committee must be an Independent Director;
- (d) At least one (1) member of the risk management and audit committee –
  - i. must be a member of the Malaysian Institute of Accountants; or
  - ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and:-
    - has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967;
    - is a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
    - fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").
- (e) Alternate director shall not be appointed as a member of the Committee.
- (f) The members of the Committee shall elect a chairman from amongst themselves who shall be an independent director.



## RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

### COMPOSITION (CONTINUED)

#### Membership (continued)

- (g) In the event of any vacancy in the Committee resulting in the non-compliance of subparagraphs 15.09(1) and 15.10 of the Main LR, the vacancy must be filled within three (3) months.
- (h) The former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Risk Management and Audit Committee based on the policy established by the Risk Management and Audit Committee.

### TERMS OF REFERENCE

The Terms of Reference ("TOR") of the Committee in line with the provisions of the Main LR and had included the following duties and responsibilities of the Committee, and where appropriate, the Committee shall report to the Board on the following:-

1. To review the maintenance of an effective accounting system and controls in the business process.
2. To review the Company's accounting policies and reporting requirements to ensure compliance with the relevant laws and standards.
3. To review the Company's compliance with relevant law and Main LR of Bursa Securities.
4. To review the scope of the external audit and internal audit to ensure no unjustified restrictions are imposed by the Management.
5. To review the assistance given by employees of the Company to the internal and external auditors.
6. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority to carry out its work.
7. To recommend the appointment and remuneration of external auditors.
8. To liaise directly with the external auditors, the Management and the Board as a whole, particularly concerning the Audit Plan and Audit Report.
9. To review the findings of internal and external auditors on internal controls and other audit comments.
10. To review the internal audit programme, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.
11. To review the quarterly results and year-end financial statements, before the approval by the Board of Directors, focusing particularly on:
  - (a) changes in or implementation of major accounting policy changes;
  - (b) significant matters highlighted including financial reporting issues, significant judgments made by the Management, significant and unusual events or transactions, and how these matters are addressed; and
  - (c) compliance with accounting standards and other legal requirements.
12. To review the contents of the Annual Report before submission to the Board.
13. To review any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.



## RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

### TERMS OF REFERENCE (CONTINUED)

14. To review any letter of resignation from the external auditors of the Company.
15. To review whether there is a reason (supposed by grounds) to believe that the Company's external auditors are not suitable for re-appointment.
16. To review the adequacy and effectiveness of risk management, internal control and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.
17. To review the Group's risk management policy and implementation of the risk management framework.
18. To review and recommend to the Board, the Director's Statement on Risk Management and Internal Control and any changes thereto.

The revised Terms of Reference of the Committee are available for reference on the Company's website at [www.ofih.com.my](http://www.ofih.com.my).

### ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year under review, a total of five (5) meetings were held and full attendances were recorded for members.

Details of the meetings are provided below:

#### Frequency of Meetings

Meetings shall be conducted at least four (4) times a year, or more frequently as circumstances dictate.

#### Quorum

A majority of the members, who are Independent Directors, present being not less than two (2), shall form a quorum.

#### Attendance at Meetings

There were five (5) Risk Management and Audit Committee Meetings held during the financial year ended 31 March 2023. The attendance records of each member are as follows:-

Name	Number of meetings attended
Mr. Chong Peng Khang	5/5
Tan Sri Dato' Azizan Bin Husain	5/5
Mr. Lim Keat Sear	5/5
Ms. You Chen Kei (appointed on 23 May 2023)	

The Internal Auditors and representatives of the External Auditors would normally attend the meetings. However, when deemed necessary, the Committee may invite the Board members or any other person to be in attendance to assist in its deliberations.

The Committee also met with the External and Internal Auditors without the presence of the Executive Directors.

The Committee carried out its duties for the year in accordance with its Terms of Reference.

The main duties undertaken by the Committee for the financial year are as follows:



## RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

### ACTIVITIES DURING THE FINANCIAL YEAR (CONTINUED)

#### Financial Results

Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements of the Group before tabled to the Board for its consideration and approval focusing mainly on changes in or implementation of significant accounting policies and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB"), significant matters highlighted including financial reporting matters, unusual events, transactions, judgements made by Management and other legal requirements, and the main factors contributing to the financial performance of the Group in terms of revenue and earnings. Discussed with Management and external auditors, and had obtained reasonable assurances that all changes in significant accounting policies had been implemented; applicable accounting standards approved by MASB, provisions of the Companies Act 2016 and requirements under the Main LR had been complied with; significant matters highlighted by the External Auditors including financial reporting matters, unusual events or transactions had been appropriately addressed; judgements made by Management had been assessed; and impact of any changes to the accounting policies and new accounting standards had been assessed and adopted, where relevant.

#### Internal Audit

The internal audit function of the Group was outsourced to a professional consulting firm, Needsbridge Advisory Sdn Bhd to undertake independent, objective and systematic reviews of the internal control systems to evaluate its adequacy and effectiveness. The outsourced Internal Auditors conduct the internal audit reviews according to the internal audit plan approved by the Committee.

The Committee carried out the following functions:

- (a) Reviewed and approved the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas and ensuring that key and high-risk areas were audited annually.
- (b) Reviewed the effectiveness of audit programmes, and the adequacy and suitability of the resource requirements and skill levels of the Internal Auditors for the year and assessed the performance of the Internal Audit Function.
- (c) Reviewed the internal audit reports, audit recommendations made and Management's response to these recommendations and actions taken to improve the system of internal control and procedures recommendations. Where appropriate, the Risk Management and Audit Committee had directed Management to rectify and improve control procedures and workflow processes based on the Internal Auditors' recommendations and suggestions for improvement.
- (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls had been addressed.
- (e) Reviewed recurrent related party transactions of a revenue or trading nature reports every quarter to compliance with the review procedures outlined in the Shareholders' Mandate and ensured that the transactions were undertaken on an arm's length basis and on normal commercial terms which were consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.
- (f) Reviewed the Statement on Risk Management and Internal Control which provided an overview of the state of internal controls within the Group before obtaining the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the External Auditors is set out on pages 42-49 of this Annual Report. The Committee was satisfied that the system of risk management and internal control in place throughout the Group as described in the Statement on Risk Management and Internal Control, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the Group's operations. The Committee also acknowledged that implementation measures were continuously taken to strengthen the system of risk management and internal control to safeguard the interests of stakeholders including shareholders' investments, and the Group's assets.



## RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

### ACTIVITIES DURING THE FINANCIAL YEAR (CONTINUED)

#### Internal Audit (continued)

- (g) Approved a budget of RM30,000.00 for the Internal Audit Function to effectively carry out its audit plan for the financial year ended 31 March 2023.
- (h) Approved the Risk Management and Audit Committee Report and recommended the same for Board's approval for inclusion in the Annual Report.

#### External Audit

- (a) Reviewed and discussed with External Auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB, and regulating requirements applicable to the Group; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.
- (b) Reviewed and discussed with External Auditors the results of the audit and the audit report in particular, significant accounting issues arising from the external audit and their opinion on the financial statements of the Group and of the Company.
- (c) Reviewed with External Auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.
- (d) Evaluated the performance and assessed the suitability and independence of the External Auditors during the year in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Risk Management and Audit Committee. The Risk Management and Audit Committee had received from the External Auditors written confirmation on their independence and disclosed their policies on independence, safeguards and procedures to address threats or perceived threats to their independence and objectivity, and that they were in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants (By-Laws) as adopted by the Malaysian Institute of Accountants.
- (e) Recommended to the Board the re-appointment of the External Auditors and their remuneration.
- (f) Reviewed and discussed the non-audit fees in respect of services rendered by the External Auditors. The non-audit fees for the financial year ended 31 March 2023 amounted to RM5,000.00.
- (g) Convened two (2) private session discussion meetings with the External Auditors without executive Board members and Management being present to discuss matters in relation to their review.

#### Compliance Management

The Committee ensures that the Company complies with the relevant laws, regulations, codes and standards.



## RISK MANAGEMENT AND AUDIT COMMITTEE REPORT

### ACTIVITIES DURING THE FINANCIAL YEAR (CONTINUED)

#### Risk Management

- (a) The Committee monitored the year-to-date progress on the achievement of the Company by reviewing the performance of the Company quarterly. The Risk Management and Audit Committee sought understanding from the Risk Management Team ("RMT") on the identified risk of each department and to prepare the necessary management action plan to tackle the risks identified.
- (b) The Committee assured the Board on the risk reporting and review activities that took place during the financial year.

#### Related Party Transactions

- (a) Reviewed related party transactions entered into by the Group and ensured that the transactions undertaken were in the best interest of the Group, fair, reasonable and on standard commercial terms, and not detrimental to the interest of the minority shareholders, and recommended the same for approval of the Board.
- (b) Reviewed the annual Shareholders' Mandate in relation to the recurrent related party transactions of a revenue or trading nature for shareholders' approval to undertake transactions that are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Group with related parties ("RRPTs"). The Committee ensured that the review procedures were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the Group had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose. The Management had assured the Committee that related party transactions and mandate for recurrent related party transactions complied with the Main LR and the Group's policies and procedures.





## STATEMENT OF DIRECTORS' RESPONSIBILITY

As required under the Companies Act, 2016, the Directors of Oriental Food Industries Holdings Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia to give a true and fair view of the financial position of the Group and the Company for the financial year ended 31 March 2023.

In preparing the financial statements for the financial year ended 31 March 2023, the Directors have:

- adopted suitable accounting policies and practices to ensure that they were consistently applied throughout the year;
- made judgements and estimates that are prudent and reasonable;
- ensured all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Additionally, the Directors relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records was accurate and reliable.

This statement is made in following a resolution of the Board of Directors dated 7 July 2023.



# FINANCIAL STATEMENTS



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## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	19,126,002	8,855,593

### Dividends

Dividends paid or declared by the Company since 31 March 2022 are as follows:-

	RM
<u>In respect of the financial year ended 31 March 2022:</u>	
A final dividend of RM0.012 per ordinary share, paid on 7 July 2022	2,880,000
<u>In respect of the financial year ended 31 March 2023:</u>	
A first interim dividend of RM0.005 per ordinary share, paid on 6 October 2022	1,200,000
A second interim dividend of RM0.01 per ordinary share, paid on 10 January 2023	2,400,000
A third interim dividend of RM0.01 per ordinary share, paid on 31 March 2023	2,400,000
	<u>8,880,000</u>

On 23 May 2023, the directors declared a fourth interim single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 31 March 2023 on 240,000,000 ordinary shares, amounting to approximately RM1,200,000 which was paid on 30 June 2023. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.



## DIRECTORS' REPORT

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Y. Bhg. Tan Sri Dato' Azizan bin Husain  
Datuk Seri Son Chen Chuan\*  
Datuk Son Tong Leong\*  
Datuk Son Tong Eng\*  
Lim Keat Sear  
Chong Peng Khang  
You Chen Kei (Appointed on 23.5.2023)

\*Directors of the Company and its subsidiaries.

### DIRECTORS' INTEREST

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

<i>The Company</i>	<b>1.4.2022</b>	<b>Number of ordinary shares</b>		<b>31.3.2023</b>
		<b>Bought</b>	<b>Sold</b>	
<i>Direct interest</i>				
Datuk Seri Son Chen Chuan	73,629,532	-	-	73,629,532
Datuk Son Tong Leong	7,546,900	-	-	7,546,900
Datuk Son Tong Eng	5,924,196	-	-	5,924,196
Lim Keat Sear	2,935,012	-	-	2,935,012
<i>Indirect interest</i>				
Datuk Seri Son Chen Chuan*	34,831,392	-	-	34,831,392
Lim Keat Sear^	49,232,896	-	-	49,232,896

\* Deemed interested by virtue of his direct shareholdings in Apendo Capital Sdn. Bhd. and Summer Legend Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act") and the shares held by child pursuant to Section 59(11)(c) of the Act.

^ Deemed interested by virtue of his direct shareholdings in Syarikat Perniagaan Chong Mah Sdn. Bhd., Summer Legend Sdn. Bhd. and Thung Shung (M) Sdn. Bhd. pursuant to Section 8 of the Act.

By virtue of their shareholdings in the Company, Datuk Seri Son Chen Chuan and Lim Keat Sear are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Act.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.



## DIRECTORS' REPORT

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 33 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM	The Company RM
Fees	510,000	330,000
Salaries, bonuses and other benefits	4,416,415	77,000
Defined contribution benefits	858,173	-
	<u>5,784,588</u>	<u>407,000</u>

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM84,000.

### INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Company were RM7,650,000 and RM14,000 respectively.

There was no indemnity given to or professional indemnity insurance effected for the auditors of the Company.

### ISSUE OF SHARES AND DEBENTURES

During the financial year:-

- (i) there were no changes in the issued and paid-up share capital of the Company; and
- (ii) there were no issues of debentures by the Company.



## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all bad debts had been written off and that adequate allowance had been made for impairment losses on receivables; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would require:
- (i) the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 12 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.





## DIRECTORS' REPORT

### AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM	The Company RM
Audit fees	140,000	35,000
Non-audit fees	5,000	5,000
	145,000	40,000

Signed in accordance with a resolution of the directors dated 7 July 2023.

**Datuk Seri Son Chen Chuan**

**Datuk Son Tong Leong**



## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Seri Son Chen Chuan and Datuk Son Tong Leong, being two of the directors of Oriental Food Industries Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 68 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 7 July 2023.

**Datuk Seri Son Chen Chuan**

**Datuk Son Tong Leong**

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Datuk Son Tong Leong, being the director primarily responsible for the financial management of Oriental Food Industries Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovementioned  
Datuk Son Tong Leong, NRIC Number: 700207-04-5183  
at Melaka  
in the State of Melaka  
on this 7 July 2023

**Datuk Son Tong Leong**

Before me



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 199601017418 (389769-M)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Oriental Food Industries Holdings Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Boards for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 199601017418 (389769-M)

### Key Audit Matters (continued)

We have determined the matter described below to be the key audit matter to be communicated in our report.

<b>Use of estimates in revenue recognition arising from advertising and promotional expenses claimed by customers</b> Refer to Note 3.1(f) and Note 3.20 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>The Group incurs advertising and promotional expenses to support, promote and develop the Group's brands. There are various types of arrangements with the customers for the advertising and promotional activities. Some of the arrangements are based on sales target and agreed rates ("trading term arrangements") and others are based on planned and agreed advertising and promotional activities on a yearly basis;</p> <p>We have identified this area as one of the key audit matter due to the diverse variety of trading term arrangements and the range of agreed rates, which involves significant judgement in ascertaining the nature and classification of the advertising and promotion expenses; and</p> <p>The abovementioned is also disclosed in Note 3.1(f) to the financial statements as one of the key assumptions used by management under the section of Key Sources of Estimation Uncertainty."</p>	<p>We have performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• Evaluated and tested the operating effectiveness of controls in relation to the authorisation of promotional activities and the determination of year end estimation;</li> <li>• Evaluated historical accuracy of the provisions for the planned and agreed advertising and promotional activities by considering the consistency of the Directors' judgement for recognising the provision and examined the utilisation or release of previously recorded provisions to the actual usage/ consumption of the advertising and promotional activities; and</li> <li>• Tested the provision of unclaimed advertising and promotional expenses to subsequent claims after the year end.</li> </ul>

### Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 199601017418 (389769-M)

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applies.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD  
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 199601017418 (389769-M)

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Malaysia PLT**

201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Melaka  
7 July 2023

**Piong Yew Peng**

03070/06/2025 J  
Chartered Accountant





# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Revenue</b>	4	360,013,325	288,123,714	9,518,507	7,454,736
Cost of sales		(305,566,591)	(236,639,609)	-	-
<b>Gross profit</b>		54,446,734	51,484,105	9,518,507	7,454,736
Other income	5	3,074,001	4,108,847	103	80
General and administrative expenses		57,520,735	55,592,952	9,518,610	7,454,816
Selling and distribution expenses		(20,346,768)	(19,258,019)	(662,993)	(661,774)
Finance costs	6	(12,908,299)	(11,536,888)	-	-
Reversal of net impairment losses/(Net impairment losses) on financial assets	7	(186,282)	(267,190)	-	-
<b>Profit before taxation</b>	8	583,804	(346,999)	-	-
Income tax expense	10	24,663,190	24,183,856	8,855,617	6,793,042
		(5,537,188)	(6,020,817)	(24)	(18)
<b>Profit after taxation</b>		19,126,002	18,163,039	8,855,593	6,793,024
Other comprehensive income					
<u>Items that will be reclassified subsequently to profit or loss</u>					
Fair value changes of equity investments		129,755	200,086	-	-
<b>Total comprehensive income for the financial year</b>		19,255,757	18,363,125	8,855,593	6,793,024
<b>Profit after taxation attributable to:-</b>					
Owners of the Company		19,126,002	18,163,039	8,855,593	6,793,024
<b>Total comprehensive income attributable to:-</b>					
Owners of the Company		19,255,757	18,363,125	8,855,593	6,793,024
<b>Earnings per share (sen)</b>					
Basic/Diluted	11	7.97	7.57		

The accompanying notes form an integral part of the financial statements.



# STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Investment in subsidiaries	12	-	-	125,468,751	125,468,751
Property, plant and equipment	13	104,507,462	107,595,037	-	-
Right-of-use assets	14	17,140,618	17,628,214	-	-
Investment properties	15	3,968,530	4,061,718	-	-
Land held for future property development	16	961,569	961,569	-	-
Investment securities	17	2,601,868	2,472,113	-	-
Deferred tax assets	26	1,972,100	1,890,400	-	-
		131,152,147	134,609,051	125,468,751	125,468,751
<b>Current assets</b>					
Inventories	18	50,481,447	42,804,738	-	-
Right of return asset		930,639	1,108,288	-	-
Trade receivables	19	67,106,861	58,212,175	-	-
Other receivables, deposits and prepayments	20	5,112,464	5,801,871	23,852	2,410,813
Current tax assets		468,324	305,605	-	-
Short-term investments	21	100,600	98,736	-	-
Cash and bank balances		32,772,789	39,272,087	90,429	104,261
		156,973,124	147,603,500	114,281	2,515,074
<b>Total assets</b>		288,125,271	282,212,551	125,583,032	127,983,825
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	22	120,000,000	120,000,000	120,000,000	120,000,000
Fair value reserve	23	2,229,430	2,099,675	-	-
Retained earnings		108,966,213	98,720,211	5,186,457	5,210,864
<b>Total equity</b>		231,195,643	220,819,886	125,186,457	125,210,864



STATEMENTS OF FINANCIAL POSITION  
AT 31 MARCH 2023

	Note	The Group		The Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current liabilities</b>					
Lease liabilities	24	210,863	499,716	-	-
Loans and borrowings	25	2,396,833	3,592,836	-	-
Deferred tax liabilities	26	12,092,400	12,682,500	-	-
		14,700,096	16,775,052	-	-
<b>Current liabilities</b>					
Trade payables	27	27,103,495	24,249,317	-	-
Refund liabilities		3,599,663	4,124,695	-	-
Contract liabilities	28	764,103	1,965,466	-	-
Other payables and accruals	29	7,900,710	10,026,105	395,445	2,771,735
Lease liabilities	24	584,873	473,437	-	-
Loans and borrowings	25	1,206,361	2,057,286	-	-
Current tax liabilities		1,070,327	1,721,307	1,130	1,226
		42,229,532	44,617,613	396,575	2,772,961
<b>Total liabilities</b>		56,929,628	61,392,665	396,575	2,772,961
<b>Total equity and liabilities</b>		288,125,271	282,212,551	125,583,032	127,983,825

The accompanying notes form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Group	Note	Share Capital RM	Fair Value Reserve RM	Retained Earnings RM	Total Equity RM
At 1 April 2021		120,000,000	1,899,589	87,277,172	209,176,761
Profit after taxation/ Total comprehensive income for the financial year		-	200,086	18,163,039	18,363,125
Dividends	30	-	-	(6,720,000)	(6,720,000)
At 31 March 2022/1 April 2022		120,000,000	2,099,675	98,720,211	220,819,886
Profit after taxation/ Total comprehensive income for the financial year		-	129,755	19,126,002	19,255,757
Dividends	30	-	-	(8,880,000)	(8,880,000)
At 31 March 2023		120,000,000	2,229,430	108,966,213	231,195,643

The Company	Note	Share Capital RM	Retained Earnings RM	Total Equity RM
At 1 April 2021		120,000,000	5,137,840	125,137,840
Profit after taxation/ Total comprehensive income for the financial year		-	6,793,024	6,793,024
Dividends	30	-	(6,720,000)	(6,720,000)
At 31 March 2022/1 April 2022		120,000,000	5,210,864	125,210,864
Profit after taxation/ Total comprehensive income for the financial year		-	8,855,593	8,855,593
Dividends	30	-	(8,880,000)	(8,880,000)
At 31 March 2023		120,000,000	5,186,457	125,186,457

The accompanying notes form an integral part of the financial statements.



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Note	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from operating activities</b>				
Profit before taxation	24,663,190	24,183,856	8,855,617	6,793,042
Adjustments for:				
Bad debts written off	1,400	106	-	-
Depreciation of property, plant and equipment	12,731,298	12,748,564	-	-
Depreciation of investment properties	93,188	93,190	-	-
Depreciation of right-of-use assets	985,823	914,967	-	-
Effect of change on lease termination	(4,081)	-	-	-
Fair value gain on short-term investments	(1,864)	(30,483)	-	-
Interest expense	148,496	222,570	-	-
Interest expense on lease liabilities	37,786	44,620	-	-
Interest income	(77,279)	(8,316)	(103)	(80)
Inventories written down	-	599,292	-	-
Inventories written off	59,734	1,795,570	-	-
Gain on disposal of property, plant and equipment	(153,836)	(298,377)	-	-
(Reversal)/Allowance of impairment losses on trade receivables	(583,804)	346,999	-	-
Unrealised loss on foreign exchange	174,650	359,671	-	-
Operating profit before working capital changes	38,074,701	40,972,229	8,855,514	6,792,962
Increase in inventories and right of return assets	(7,558,794)	(10,296,505)	-	-
(Increase)/Decrease in receivables	(9,748,422)	(9,449,508)	2,386,961	(1,205,698)
(Decrease)/Increase in payables and refund liabilities	(903,518)	4,796,208	(2,376,290)	1,208,427
Cash from operations	19,863,967	26,022,424	8,866,185	6,795,691
Income tax paid	(7,022,687)	(3,302,435)	(120)	(210)
Income tax refunded	-	3,305,237	-	-
Net cash from operating activities	12,841,280	26,025,226	8,866,065	6,795,481
<b>Cash flows (for)/from investing activities</b>				
Additional investments on short-term investments	1,864	30,483	-	-
Purchase of property, plant and equipment	31(a) (7,219,749)	(3,067,700)	-	-
Advanced payments to suppliers of property, plant and equipment	(597,035)	(2,594,645)	-	-
Proceeds from disposal of property, plant and equipment	183,700	299,500	-	-
Interest received	77,279	8,316	103	80
Net cash (for)/from investing activities	(7,553,941)	(5,324,046)	103	80



# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		The Group		The Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows for financing activities</b>					
Dividends paid		(8,880,000)	(6,720,000)	(8,880,000)	(6,720,000)
Interest paid		(186,281)	(267,190)	-	-
Repayment of loans and borrowings	31(b)	(2,046,928)	(3,986,381)	-	-
Repayment of lease liabilities	31(b)	(671,564)	(593,914)	-	-
Net cash for financing activities		(11,784,773)	(11,567,485)	(8,880,000)	(6,720,000)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(6,497,434)	9,133,695	(13,832)	75,561
<b>Cash and cash equivalents at beginning of the financial year</b>		39,370,823	30,237,128	104,261	28,700
<b>Cash and cash equivalents at end of the financial year</b>	31(d)	32,873,389	39,370,823	90,429	104,261

The accompanying notes form an integral part of the financial statements.





# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 1. General information

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business is located at No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 12 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 7 July 2023.

### 2. Basis of preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- (a) During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

#### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 3: Reference to the Conceptual Framework  
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use  
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract  
Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above accounting standards did not have any material impact on the Group's financial statements.

- (b) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16 : Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on financial statements of the Group upon their initial application.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies

#### 3.1 Critical accounting estimates and judgements

##### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

##### **(a) Depreciation of property, plant and equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### **(b) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

##### **(c) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables.

##### **(d) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information.

##### **(e) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.1 Critical accounting estimates and judgements (continued)

##### *Key Sources of Estimation Uncertainty (continued)*

##### **(f) Estimating variable consideration for returns, rebates, discounts and advertising and promotional expenses**

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of returns, rebates, discounts and advertising and promotional expenses.

The Group developed a statistical model for forecasting sales returns, rebates, discounts and advertising and promotional expenses. The model used the historical data of each product to come up with expected percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical pattern will impact the expected percentages estimated by the Group.

The Group updates its assessment of expected returns, rebates, discounts and advertising and promotional expenses annually and the refund liabilities are adjusted accordingly. Estimates of expected returns, rebates, discounts and advertising and promotional expenses are sensitive to changes in circumstances and the Group's past experience may not be representative of customers' actual returns, rebates, discounts and advertising and promotional expenses in the future.

##### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in financial statements other than as disclosed below:-

##### **(a) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

##### **(b) Revenue from contracts with customers**

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

##### **(i) Identifying performance obligations in a bundled sale of goods and delivery services**

The Group provides delivery services that are bundled together with the sale of goods to a customer. The delivery services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that both the goods and delivery of services are capable of being distinct. The Group also determined that the promises to transfer the goods and to provide delivery services are distinct within the context of the contract. The goods and delivery services are not inputs to a combined item in the contract. The Group is not providing a significant integration service because the presence of the goods and delivery services together in this contract do not result in any additional or combined functionality and neither the goods nor the delivery services modify or customise the other. In addition, the goods and delivery services are not highly interdependent or highly interrelated, because the Group would be able to transfer the goods even if the customer declined delivery.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.1 Critical accounting estimates and judgements (continued)

##### *Critical Judgements Made in Applying Accounting Policies (continued)*

#### (b) Revenue from contracts with customers (continued)

##### (i) Identifying performance obligations in a bundled sale of goods and delivery services (continued)

However, the identification of delivery services as a separate deliverable of bundled sales did not have any material impact on the amount and timing of revenue recognised and hence, these services are bundled together with the sale of goods to a customer and the Group accounted for the bundled sales as one deliverable and recognised revenue at a point in time.

##### (ii) Determining method to estimate variable consideration and assessing the constraint

Certain sale of goods include a right of return, rebates and discounts that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience.

#### 3.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.2 Basis of consolidation (continued)

##### (a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### (b) Changes in ownership interests in subsidiaries without change of control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

##### (c) Loss of control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.3 Functional and Presentation Currency

##### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's functional and presentation currency.

##### (b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### 3.4 Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.4 Financial instruments (continued)

##### (a) Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt instruments*

##### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

##### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

##### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.4 Financial instruments (continued)

##### (b) Financial liabilities

###### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

###### (ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

##### (c) Equity instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

###### Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

##### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.4 Financial instruments (continued)

##### (e) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

#### 3.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### 3.6 Investment properties

Investment properties are properties which are owned or right-of-use asset held to earn rental income or for capital appreciation or for both, but not for sale in ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. The principal annual rates used for this purpose are:-

Freehold land	Nil
Leasehold land	93 to 99 years
Leasehold commercial buildings	20 to 99 years

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.7 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditures that are directly attributable to the acquisition of the assets and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at cost less any impairment losses. Leasehold land and buildings are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	50 years
Plant and machinery	10 to 20 years
Other assets	5 to 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.8 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

#### 3.9 Land held for future property development

Land held for future property development represents right-of-use asset (leasehold land) on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle.

Land held for future property development is stated at the lower of cost and net realisable value.

The cost comprises specifically identified cost, including cost associated to the purchase of land and an appropriate of common infrastructure costs.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the land held for future property development will be the best available measure of the net realisable value.

Land held for future property development is transferred to property development cost category when development activities have commenced and are expected to be completed within the normal operating cycle.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.10 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition are accounted for as follows:

(a) Raw Materials

Raw materials consists of purchase cost on a weighted average basis.

(b) Finished goods and work in progress

Finished goods and work in progress consists of cost of direct materials and labour and a portion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### 3.11 Contract asset and contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

#### 3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

#### 3.13 Impairment

(a) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.13 Impairment (continued)

##### (a) Impairment of financial assets (continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

##### (b) Impairment of non-financial assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

#### 3.14 Employee benefits

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.15 Income taxes

##### (a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

##### (b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

#### 3.16 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### 3.17 Earning per ordinary share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.18 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions (MFRS 16) and measurement that have some similarities to fair value but are not fair value, such as net realisable value (MFRS 102).

#### 3.19 Contingent liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business.

#### 3.20 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.21 Revenue from contracts with customers

The Company is in the business of investment holding while the Group is in the business of manufacturing and sales of snack food and confectioneries. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

##### (a) Sales of goods

Revenue from sales of snack food and confectioneries is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 120 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. warranties) in determining the transaction price for the sale of goods, the Group considers the effect of variable considerations, the existence of significant financing component, non cash consideration and consideration payable to the customer, if any.

##### (i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

##### Right of returns

The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

##### Rebates and discounts

The Group provide a retrospective volume rebates, prompt payment discounts and other discounts to customers. Rebates and discounts are offset against amount payable by the customer. To estimate the variable consideration for the expected future rebates and discounts, the Group applies the expected value method. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 3. Significant accounting policies (continued)

#### 3.21 Revenue from contracts with customers (continued)

(a) Sales of goods (continued)

(ii) Significant financing component

Generally, the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the promised of transfer goods to the customer and when the customer pays for that goods will be one year or less.

(b) Assets and liabilities arising from rights of return

(i) Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

(ii) Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of the financial year.

#### 3.22 Other operating income

(a) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental income

Rental income from investment properties is accounted for on a straight-line method over the lease term.

(c) Dividend income

Dividend income from investment is recognised when the right to receive dividend payment is established.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 4. Revenue

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Revenue from contracts with customers</u>				
Sales of snack food and confectioneries	360,013,325	288,123,714	-	-
<u>Revenue from other sources</u>				
Dividend income	-	-	9,518,507	7,454,736
	360,013,325	288,123,714	9,518,507	7,454,736

### 5. Other income

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Effect of change on lease termination	4,081	-	-	-
Fair value gain on money market fund	1,864	30,483	-	-
Gain on foreign currency exchange - realised	1,516,344	1,445,032	-	-
Gain on disposal of property, plant and equipment	153,836	298,377	-	-
Insurance compensation	8,475	1,505,411	-	-
Interest income	77,279	8,316	103	80
Miscellaneous income	684,052	318,613	-	-
Lease income: - rental income from investment properties	628,070	502,615	-	-
	3,074,001	4,108,847	103	80

### 6. Finance costs

	The Group	
	2023 RM	2022 RM
Interest expense on financial liabilities that are not at fair value through profit or loss:		
- Term loans	148,184	222,542
- Bank overdrafts	312	28
- Lease liabilities	37,786	44,620
	186,282	267,190





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 7. (Reversal of net impairment losses)/Net impairment losses on financial assets

	The Group	
	2023 RM	2022 RM
Impairment losses:		
- Trade receivables (Note 19)	-	624,231
Reversal of impairment losses:		
- Trade receivables (Note 19)	(583,804)	(277,232)
	(583,804)	346,999

### 8. Profit before taxation

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation is arrived at after charging:-				
Auditors' remuneration:				
- audit fee:				
- current financial year	140,000	140,000	35,000	38,000
- over provision in the previous financial year	(13,000)	-	(5,000)	-
- non-audit fee	5,000	5,000	5,000	5,000
Bad debts written off	1,400	106	-	-
Depreciation:				
- investment properties (Note 15)	93,188	93,190	-	-
- property, plant and equipment (Note 13)	12,731,298	12,748,564	-	-
- right-of-use assets (Note 14)	985,823	914,967	-	-
Employees benefits expense (Note 9)	47,192,101	38,424,694	407,000	375,600
Inventories written down (Note 18)	-	599,292	-	-
Inventories written off (Note 18)	59,734	1,795,570	-	-
Lease expense:				
- short-term lease	16,935	9,350	-	-
Loss on foreign exchange:				
- unrealised	174,650	359,671	-	-

### 9. Employees benefits expense

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' non-fee emoluments (Note 32)	5,274,588	4,213,825	77,000	75,600
Directors' fees (Note 32)	510,000	480,000	330,000	300,000
Salaries, bonus and allowances	37,966,773	30,291,485	-	-
Defined contribution plan	2,320,615	2,010,490	-	-
Other employee benefits	1,120,125	1,428,894	-	-
	47,192,101	38,424,694	407,000	375,600



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 10. Income tax expense

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense:				
- current financial year	6,306,725	4,472,918	24	18
- (over)/under provision in the previous financial year	(97,737)	125,999	-	-
	6,208,988	4,598,917	24	18
Deferred tax expense (Note 26):				
- origination and reversal of temporary differences	(233,200)	1,396,800	-	-
- (over)/under provision in the previous financial year	(438,600)	25,100	-	-
	(671,800)	1,421,900	-	-
	5,537,188	6,020,817	24	18

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	24,663,190	24,183,856	8,855,617	6,793,042
Taxation at Malaysian statutory tax rate of 24% (2022 - 24%)	5,919,166	5,804,125	2,125,348	1,630,330
Non-deductible expenses	806,436	1,050,544	159,118	158,825
Non-taxable income	(193,289)	(7,316)	(2,284,442)	(1,789,137)
Expenses eligible for double deduction	(185,456)	(322,528)	-	-
Claim of reinvestment allowances	(273,332)	(655,107)	-	-
(Over)/Under provision of tax expenses in the previous financial year	(97,737)	125,999	-	-
(Over)/Under provision of deferred tax expenses in the previous financial year	(438,600)	25,100	-	-
Income tax expense for the financial year	5,537,188	6,020,817	24	18



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 11. Earnings per share

	The Group	
	2023 RM	2022 RM
Profit after taxation attributable to owners of the Company (RM)	19,126,002	18,163,039
Weighted average number of ordinary shares in issue	240,000,000	240,000,000
Basic earnings per ordinary share (sen)	7.97	7.57

The Company had not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

### 12. Investment in subsidiaries

	The Company	
	2023 RM	2022 RM
Unquoted shares, at cost	125,468,751	125,468,751

The details of the subsidiaries are as follows:-

Name of subsidiaries	Principal place of business /Country of incorporation	Percentage of issued share capital held by parent		Principal activities
		2023 %	2022 %	
Oriental Food Industries Sdn.Bhd.	Malaysia	100	100	Manufacturing and marketing of biscuits, cakes, snack food and confectioneries
OFI Properties Sdn. Bhd.	Malaysia	99.99	99.99	Property development
<i>Held through Oriental Food Industries Sdn. Bhd.:</i>				
Oriental Food Marketing (M) Sdn. Bhd.	Malaysia	100	100	Sales and marketing of biscuits, cakes, snack food and confectioneries



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 13. Property, plant and equipment

The Group	At 1.4.2022 RM	Additions (Note 31(a)) RM	Reclassification RM	Disposal RM	Depreciation Charges (Note 8) RM	At 31.3.2023 RM
<b>Carrying amount</b>						
Freehold land	1,150,000	-	-	-	-	1,150,000
Buildings	27,316,200	(28,551)	-	-	(914,731)	26,372,918
Renovation	1,287,830	191,631	-	-	(311,879)	1,167,582
Plant and machinery	68,643,281	3,444,220	33,740	-	(10,181,487)	61,939,754
Motor vehicles	2,411,031	275,000	-	(29,864)	(700,734)	1,955,433
Furniture, fittings and office equipment	3,185,016	145,502	-	-	(622,467)	2,708,051
Capital work-in-progress	3,601,679	5,645,785	(33,740)	-	-	9,213,724
	107,595,037	9,673,587	-	(29,864)	(12,731,298)	104,507,462



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 13. Property, plant and equipment (continued)

	At 1.4.2021 RM	Additions (Note 31(a)) RM	Disposal RM	Depreciation Charges (Note 8) RM	At 31.3.2022 RM
The Group					
Carrying amount					
Freehold land	1,150,000	-	-	-	1,150,000
Buildings	28,225,733	-	-	(909,533)	27,316,200
Renovation	1,588,276	-	-	(300,446)	1,287,830
Plant and machinery	77,213,268	1,622,327	(1,118)	(10,191,196)	68,643,281
Motor vehicles	1,809,245	1,290,000	(5)	(688,209)	2,411,031
Furniture, fittings and office equipment	3,602,104	242,092	-	(659,180)	3,185,016
Capital work-in-progress	3,567,939	33,740	-	-	3,601,679
	117,156,565	3,188,159	(1,123)	(12,748,564)	107,595,037



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 13. Property, plant and equipment (continued)

The Group	Cost RM	Accumulated depreciation RM	Carrying amount RM
At 31 March 2023			
Freehold land	1,150,000	-	1,150,000
Buildings	42,858,252	(16,485,334)	26,372,918
Renovation	3,196,092	(2,028,510)	1,167,582
Plant and machinery	178,413,798	(116,474,044)	61,939,754
Motor vehicles	7,935,729	(5,980,296)	1,955,433
Furniture, fittings and office equipment	18,831,027	(16,122,976)	2,708,051
Capital work-in-progress	9,213,724	-	9,213,724
	261,598,622	(157,091,160)	104,507,462
At 31 March 2022			
Freehold land	1,150,000	-	1,150,000
Buildings	42,886,803	(15,570,603)	27,316,200
Renovation	3,004,461	(1,716,631)	1,287,830
Plant and machinery	174,935,837	(106,292,556)	68,643,281
Motor vehicles	7,975,651	(5,564,620)	2,411,031
Furniture, fittings and office equipment	18,685,525	(15,500,509)	3,185,016
Capital work-in-progress	3,601,679	-	3,601,679
	252,239,956	(144,644,919)	107,595,037

The buildings and certain plant and machinery with aggregate carrying amount of RM21,332,000 (2022 - RM23,054,000) are pledged as security for bank borrowings as disclosed in Note 25 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

## 14. Right-of-use assets

The Group	At 1.4.2022 RM	Addition (Note 31(a)) RM	Modifications of Lease Due To Lease Liabilities RM	Derecognition Termination RM	Depreciation Charges (Note 8) RM	At 31.3.2023 RM
<b>2023</b>						
<b>Carrying amount</b>						
Leasehold land	16,689,212	-	-	-	(312,238)	16,376,974
Branch offices	59,599	22,734	11,501	(14,041)	(34,151)	45,642
Hostel for workers	879,403	218,818	328,133	(68,918)	(639,434)	718,002
<b>Total</b>	<b>17,628,214</b>	<b>241,552</b>	<b>339,634</b>	<b>(82,959)</b>	<b>(985,823)</b>	<b>17,140,618</b>
<b>2022</b>						
<b>Carrying amount</b>						
Leasehold land	17,001,450	-	-	-	(312,238)	16,689,212
Branch offices	19,792	-	73,833	-	(34,026)	59,599
Hostel for workers	623,433	676,913	160,079	(12,319)	(568,703)	879,403
<b>Total</b>	<b>17,644,675</b>	<b>676,913</b>	<b>233,912</b>	<b>(12,319)</b>	<b>(914,967)</b>	<b>17,628,214</b>





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 14. Right-of-use assets (continued)

	The Group	
	2023 RM	2022 RM
Analysed by :-		
Cost	23,032,320	22,883,146
Accumulated depreciation	(5,891,702)	(5,254,932)
	<u>17,140,618</u>	<u>17,628,214</u>

The Group leases a number of properties of which the leasing activity is summarised below:-

- (i) Leasehold land of land. The Group has entered into non-cancellable operating lease agreements for the use of land. The leases are for a period of 53 to 99 years. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land.
- (ii) Branch offices. The Group has leased three offices in Ipoh, Ulu Tiram and Kelantan respectively with 2 - 3 (2022 - 2) years contract and with an option to renew the lease after expiry. Lease payments are subject to increase to reflect current market rentals at time of renewal.
- (iii) Hostel for workers. The Group has entered into various tenancy agreements with houseowners for the use as hostels for accommodation of its workers. The leases are for a period of two years with option to renew at the end of contract.

The leasehold land with aggregate carrying amount of RM12,671,000 (2022 - RM12,931,000) are pledged as security for bank borrowings as disclosed in Note 25 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 15. Investment properties

	The Group	
	2023 RM	2022 RM
<b>Cost:-</b>		
At 1 April/31 March	4,890,549	4,890,549
<b>Accumulated depreciation:-</b>		
At 1 April	828,831	735,641
Depreciation during the financial year (Note 8)	93,188	93,190
At 31 March	922,019	828,831
<b>Net carrying amount</b>	<b>3,968,530</b>	<b>4,061,718</b>
<b>Represented by:-</b>		
Freehold land	412,471	412,471
Leasehold land	765,514	774,348
Leasehold commercial buildings	2,790,545	2,874,899
<b>Net carrying amount</b>	<b>3,968,530</b>	<b>4,061,718</b>
<b>Fair value</b>	<b>7,434,000</b>	<b>7,121,000</b>

- (a) Certain investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 3 years and an option that is exercisable by the customers to extend their leases for an average of 2 years.

The Group requires 2 months of advanced rental payments from the customers. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	The Group	
	2023 RM	2022 RM
Within 1 year	343,400	384,300
Between 1 and 2 years	114,580	173,000
Between 2 and 3 years	30,900	5,500
	<b>488,880</b>	<b>562,800</b>

- (b) The fair values of the investment properties are within level 3 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties. The most significant input into this valuation approach is the price per square foot of comparable properties.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 16. Land held for future property development

	The Group	
	2023 RM	2022 RM
<b>Cost</b>		
At 1 April/31 March	961,569	961,569
<b>Analysed by:-</b>		
Right-of-use assets (leasehold land)	961,569	961,569

### 17. Investment securities

	The Group	
	2023 RM	2022 RM
At 1 April, at fair value through other comprehensive income (FVOCI)	2,472,113	2,272,027
Fair value changes	129,755	200,086
At 31 March, at FVOCI	2,601,868	2,472,113

The investment in unquoted equity instruments represents ordinary shares that are not quoted on any active market and is stated at fair value.

### 18. Inventories

	The Group	
	2023 RM	2022 RM
Raw materials	38,783,756	33,272,631
Work-in-progress	84,362	39,709
Finished goods	11,613,329	9,492,398
	50,481,447	42,804,738
<b>Recognised in profit or loss:-</b>		
Inventories recognised as cost of sales	305,506,857	234,244,747
Inventories written down (Note 8)	-	599,292
Inventories written off (Note 8)	59,734	1,795,570



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 19. Trade receivables

	The Group	
	2023 RM	2022 RM
Third parties	69,715,747	61,578,262
A company in which a director has interest	300,261	126,864
	70,016,008	61,705,126
Less: Allowance for impairment losses	(2,909,147)	(3,492,951)
	67,106,861	58,212,175
Allowance for impairment losses:-		
At 1 April	3,492,951	3,145,952
Addition during the financial year (Note 7)	-	624,231
Reversal during the financial year (Note 7)	(583,804)	(277,232)
At 31 March	2,909,147	3,492,951

The Group's trade credit terms range from 30 to 120 days (2022 - 30 to 120 days).

### 20. Other receivables, deposit and prepayments

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Advanced payments to suppliers	1,017,234	570,410	-	-
Advanced payments to suppliers of property, plant and equipments	1,111,323	2,968,126	-	-
Third parties	701,840	106,606	-	-
Refundable deposits	926,624	980,610	-	-
Dividend receivable from a subsidiary	-	-	-	2,404,536
Staff loans	58,600	800	-	-
Prepayments	1,296,843	1,175,319	23,852	6,277
	5,112,464	5,801,871	23,852	2,410,813

Advanced payments to suppliers of property, plant and equipment will be offset against future purchase from the suppliers as a result of the receipts of the property, plant and equipment.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 21. Short-term investments

	The Group	
	2023 RM	2022 RM
Fair value through profit or loss financial assets		
Money market funds, at fair value (Note 31(d))	100,600	98,736

Investment in money market funds are highly liquid and readily convertible to cash.

The weighted average effective interest rates of investment in money market funds of the Group at the reporting date was 3.45% (2022 - 1.70%) per annum.

There is no maturity period for money market funds as these money are callable on demand.

### 22. Share capital

	The Group/The Company			
	2023	2022	2023	2022
Issued and fully paid-up	Number of shares		RM	RM
Ordinary shares	240,000,000	240,000,000	120,000,000	120,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

### 23. Fair value reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income.

	The Group	
	2023 RM	2022 RM
At 1 April	2,099,675	1,899,589
Net gain on equity investment designated at fair value through other comprehensive income	129,755	200,086
At 31 March	2,229,430	2,099,675



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 24. Lease liabilities

	The Group	
	2023 RM	2022 RM
At 1 April	973,153	668,561
Addition of lease liabilities	241,552	676,913
Change to lease modification	339,634	233,912
Derecognition due to lease termination	(82,959)	(12,319)
Effect of change on lease termination	(4,081)	-
Interest expense recognised in profit or loss (Note 6)	37,786	44,620
Repayment of principal	(671,563)	(593,914)
Repayment of interest expense	(37,786)	(44,620)
At 31 March	795,736	973,153
Analysed by:-		
Current liabilities	584,873	473,437
Non-current liabilities	210,863	499,716
	795,736	973,153

### 25. Loans and borrowings

	The Group	
	2023 RM	2022 RM
<b>Current</b>		
Term loans	1,206,361	2,057,286
<b>Non-current</b>		
Term loans	2,396,833	3,592,836
<b>Total loans and borrowings</b>		
Term loans	3,603,194	5,650,122

(a) The interest rate profile of the term loans are summarised below:-

	Effective interest rate	The Group	
		2023 RM	2022 RM
Floating rate term loans	4.30% (2022 - 3.32%)	3,603,194	5,650,122

(b) The term loans are secured by way of a corporate guarantee from the Company and charge over the Group's leasehold land and buildings and certain plant and machinery as disclosed in Note 13 and Note 14.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 26. Deferred tax (assets)/liabilities

The Group	At 1.4.2022 RM	Recognised in Profit or Loss (Note 10) RM	At 31.3.2023 RM
<b>2023</b>			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	14,835,900	(1,745,300)	13,090,600
Right-of-use assets	253,800	(40,600)	213,200
<i>Deferred Tax Assets</i>			
Unutilised reinvestment allowances	(1,309,500)	1,309,500	-
Unrealised loss on forex exchange	(33,300)	(41,900)	(75,200)
Provisions	(2,692,000)	(194,200)	(2,886,200)
Lease liabilities	(262,800)	40,700	(222,100)
	10,792,100	(671,800)	10,120,300

The Group	At 1.4.2021 RM	Recognised in Profit or Loss (Note 10) RM	At 31.3.2022 RM
<b>2022</b>			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	13,447,699	1,388,201	14,835,900
Right-of-use assets	161,600	92,200	253,800
<i>Deferred Tax Assets</i>			
Unutilised reinvestment allowances	(843,300)	(466,200)	(1,309,500)
Unrealised gain/(loss) on forex exchange	(79,900)	46,600	(33,300)
Provisions	(3,148,099)	456,099	(2,692,000)
Lease liabilities	(167,800)	(95,000)	(262,800)
	9,370,200	1,421,900	10,792,100

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances for financial reporting purposes:

	The Group	
	2023 RM	2022 RM
Deferred tax assets	(1,972,100)	(1,890,400)
Deferred tax liabilities	12,092,400	12,682,500
	10,120,300	10,792,100





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 27. Trade payables

The Group's trade credit terms range from 30 to 90 days (2022 - 30 to 90 days).

### 28. Contract liabilities

	The Group	
	2023 RM	2022 RM
Short-term advances for sales of goods	764,103	1,965,466

### 29. Other payables and accruals

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Third parties	2,518,389	3,406,848	-	-
Accrued operating expenses	4,507,142	3,464,824	395,445	371,735
Deposit received	121,760	116,200	-	-
Dividend payable	-	2,400,000	-	2,400,000
Sales tax payable	753,419	638,233	-	-
	7,900,710	10,026,105	395,445	2,771,735

### 30. Dividends

	The Group and The Company	
	2023 RM	2022 RM
Final single tier dividend of RM0.012 (2022 - RM0.012) per ordinary share in respect of the previous financial year	2,880,000	2,880,000
First interim single tier dividend of RM0.005 (2022 - RM0.001) per ordinary share in respect of the current financial year	1,200,000	240,000
Second interim single tier dividend of RM0.01 (2022 - RM0.005) per ordinary share in respect of the current financial year	2,400,000	1,200,000
Third interim single tier dividend of RM0.01 (2022 - RM0.01) per ordinary share in respect of the current financial year	2,400,000	2,400,000
	8,880,000	6,720,000

On 23 May 2023, the directors declared a fourth interim single-tier dividend of RM0.005 per ordinary share in respect of the financial year ended 31 March 2023 on 240,000,000 ordinary shares, amounting to approximately RM1,200,000 which was paid on 30 June 2023. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2024.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 31. Cash flow information

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2023 RM	2022 RM
<b>Property, plant and equipment</b>		
Cost of property, plant and equipment purchased (Note 13)	9,673,587	3,188,159
Less: Prepayments made in previous financial year	(2,453,838)	(120,459)
	<u>7,219,749</u>	<u>3,067,700</u>
<b>Right-of-use assets</b>		
Cost of right-of-use assets acquired (Note 14)	241,552	676,913
Less: Addition of new lease liabilities (Note 31(b))	(241,552)	(676,913)

- (b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group				
2023	Term loans RM	Lease liabilities RM	Bank overdrafts RM	Total RM
At 1 April	5,650,122	973,153	-	6,623,275
<u>Changes in Financing Cash Flows</u>				
Net repayment of borrowing principal	(2,046,928)	(671,563)	*	(2,718,491)
Repayment of borrowing interests	(148,184)	(37,786)	(312)	(186,282)
<u>Non-cash Changes</u>				
Acquisition of new leases (Note 31(a))	-	241,552	-	241,552
Modifications of leases	-	339,634	-	339,634
Interest expense recognised in profit or loss (Note 6)	148,184	37,786	312	186,282
Derecognition due to lease termination	-	(82,959)	-	(82,959)
Effect of change on lease termination	-	(4,081)	-	(4,081)
At 31 March	<u>3,603,194</u>	<u>795,736</u>	<u>-</u>	<u>4,398,930</u>

\* Bank overdrafts formed part of the cash and cash equivalents, therefore, no movement is presented.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 31. Cash flow information (continued)

(b) The reconciliations of liabilities arising from financing activities are as follows:- (continued)

#### The Group

	Term loans RM	Lease liabilities RM	Bank overdrafts RM	Total RM
<b>2022</b>				
At 1 April	9,636,503	668,561	-	10,305,064
<u>Changes in Financing Cash Flows</u>				
Net repayment of borrowing principal	(3,986,381)	(593,914)	*	(4,580,295)
Repayment of borrowing interests	(222,542)	(44,620)	(28)	(267,190)
<u>Non-cash Changes</u>				
Acquisition of new leases (Note 31(a))	-	676,913	-	676,913
Modifications of leases	-	233,912	-	233,912
Interest expense recognised in profit or loss (Note 6)	222,542	44,620	28	267,190
Derecognition due to lease termination	-	(12,319)	-	(12,319)
At 31 March	5,650,122	973,153	-	6,623,275

\* Bank overdrafts formed part of the cash and cash equivalents, therefore, no movement is presented.

(c) The total cash outflow for leases as a lessee are as follows:-

	<b>The Group</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
Interest paid on lease liabilities	37,786	44,620
Payment of lease liabilities	671,563	593,914
Payment of short-term leases	16,935	9,350
	<b>726,284</b>	<b>647,884</b>

(d) The cash and cash equivalents comprise the following:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
Cash and bank balances	32,772,789	39,272,087	90,429	104,261
Short-term investments (Note 21)	100,600	98,736	-	-
	<b>32,873,389</b>	<b>39,370,823</b>	<b>90,429</b>	<b>104,261</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 32. Key management personnel compensation

The key management personnel of the Group and of the Company comprise of executive directors and non-executive directors who are the executive directors of the subsidiaries.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<u>Executive:</u>				
Salaries, bonus and other emoluments	4,339,415	3,449,132	-	-
Fees	345,000	330,000	165,000	150,000
Contributions to defined contribution plan	858,173	689,093	-	-
Total executive directors' remuneration excluding benefits in kind	5,542,588	4,468,225	165,000	150,000
Benefits in kind	84,000	84,000	-	-
	5,626,588	4,552,225	165,000	150,000
<u>Non-executive:</u>				
Allowance	77,000	75,600	77,000	75,600
Fees:				
- current financial year	165,000	150,000	165,000	150,000
Total non-executive directors' remuneration	242,000	225,600	242,000	225,600
Total directors' remuneration excluding benefits in kind (Note 9)	5,784,588	4,693,825	407,000	375,600

### 33. Related party disclosures

#### (a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 33. Related party disclosures (continued)

#### (b) Significant related party transactions and balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

The Group	2023 RM	2022 RM
<b>Transaction with companies in which a director has interest:</b>		
Sales of goods to Syarikat Perniagaan Chong Mah Sdn. Bhd.	1,712,995	1,815,472
<b>The Company</b>	<b>2023 RM</b>	<b>2022 RM</b>
<b>Transaction with a subsidiary:</b>		
Dividends income received/receivable from Oriental Food Industries Sdn. Bhd.	9,518,507	7,454,736

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

### 34. Capital commitments

	The Group	
	2023 RM	2022 RM
Purchase of property, plant and equipment	2,570,567	1,759,125

### 35. Segment information

#### (a) Geographical location

	The Group	
	2023 RM	2022 RM
<b>Revenue:</b>		
Malaysia	154,308,199	129,310,592
Asia	158,039,686	123,973,373
Others	47,665,440	34,839,749
	360,013,325	288,123,714

In determining the geographical segments of the Group, sales are based on the country or region in which the customer is located.

No other segmental information such as segment assets, liabilities and results are presented as the Group is principally engaged in manufacturing and marketing of snack food and confectioneries which are carried out in Malaysia.

#### (b) Major customers

The Group has one overseas customer (2022 - one) that contributed more than 10% of the Group's revenue amounting to RM48,706,571 (2022 - RM35,629,304).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 36.1 Financial risk management policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

###### (i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of entity. The currency giving rise to the risk is primarily United States Dollar ("USD"), Euro ("EUR") and Chinese Renminbi ("RMB"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the exposure is at an acceptable level.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entity) based on the carrying amounts of the financial instruments at the end of the financial year is summarised below:-

<i>Foreign Currency Exposure</i>	<b>USD RM</b>	<b>EUR RM</b>	<b>RMB RM</b>	<b>TOTAL RM</b>
<b>The Group</b>				
<b>2023</b>				
<u>Financial Assets</u>				
Trade receivables	19,311,021	-	6,160,386	25,471,407
Other receivables	663,453	24,884	-	688,337
Cash and bank balances	19,893,290	11,207	791,613	20,696,110
	<b>39,867,764</b>	<b>36,091</b>	<b>6,951,999</b>	<b>46,855,854</b>
<u>Financial Liabilities</u>				
Trade payables	(619,827)	(1,650,365)	-	(2,270,192)
Other payables	(45,100)	(898)	(636)	(46,634)
	<b>(664,927)</b>	<b>(1,651,263)</b>	<b>(636)</b>	<b>(2,316,826)</b>
Currency Exposure	<b>39,202,837</b>	<b>(1,615,172)</b>	<b>6,951,363</b>	<b>44,539,028</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.1 Financial risk management policies (continued)

##### (a) Market Risk (continued)

##### (i) Foreign currency risk (continued)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entity) based on the carrying amounts of the financial instruments at the end of the financial year is summarised below (continued):-

<i><b>Foreign Currency Exposure</b></i>	<b>USD RM</b>	<b>EUR RM</b>	<b>RMB RM</b>	<b>TOTAL RM</b>
<b>The Group</b>				
<b>2022</b>				
<u>Financial Assets</u>				
Trade receivables	19,343,770	-	5,096,195	24,439,965
Other receivables	757,201	322,480	-	1,079,681
Cash and bank balances	26,207,141	23,754	1,816,816	28,047,711
	46,308,112	346,234	6,913,011	53,567,357
<u>Financial Liabilities</u>				
Trade payables	(603,140)	(280,827)	-	(883,967)
Other payables	(91,161)	(125,976)	(656)	(217,793)
	(694,301)	(406,803)	(656)	(1,101,760)
Currency Exposure	45,613,811	(60,569)	6,912,355	52,465,597





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.1 Financial risk management policies (continued)

##### (a) Market Risk (continued)

###### (i) Foreign currency risk (continued)

###### Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the financial year, with all other variables held constant:-

		The Group	
		2023 RM	2022 RM
<b>Effects on profit after taxation</b>			
USD/RM	- strengthened by 6% (2022: 2%)	1,787,649	693,330
	- weakened by 6% (2022: 2%)	(1,787,649)	(693,330)
EUR/RM	- strengthened by 4% (2022: 4%)	(49,101)	(1,841)
	- weakened by 4% (2022: 4%)	49,101	1,841
RMB/RM	- strengthened by 3% (2022: 3%)	158,491	157,602
	- weakened by 3% (2022: 3%)	(158,491)	(157,602)

###### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowing with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the financial year is disclosed in Note 25 to the financial statements.

		The Group	
		2023 RM	2022 RM
<b>Effects on profit after taxation</b>			
Increase in 93 basis points (2022 - 77 basis point)		(25,467)	(33,065)
Decrease in 93 basis points (2022 - 77 basis point)		25,467	33,065



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.1 Financial risk management policies (continued)

##### (a) Market Risk (continued)

###### (iii) Equity Price Risk

The Group's principal exposure to price risk arises mainly from changes in prices of money market funds and investment securities.

###### Price risk sensitivity analysis

Any reasonably possible change in the prices of money market funds and investments securities at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

##### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

###### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amount owing by 2 (2022 - 2) customers which constituted approximately 42% (2022 - 34%) of its trade receivables (including related parties) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the financial year is as follows:-

	The Group	
	2023 RM	2022 RM
Malaysia	26,790,903	23,320,579
Vietnam	19,630,994	19,186,484
China	8,786,644	6,877,061
Others	11,898,320	8,828,051
	<u>67,106,861</u>	<u>58,212,175</u>

###### (ii) Maximum Exposure to Credit Risk

At the end of the financial period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.1 Financial risk management policies (continued)

##### (b) Credit Risk (continued)

##### (iii) *Assessment of Impairment Losses*

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is more than 180 days past due.

##### *Trade Receivables*

The Group applies the simplified approach to measure expected credit losses which using a lifetime expected credit loss allowance for all trade receivables.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over 36 months (2022 - 36 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers trade receivables to settle their debts using the linear regressive analysis. The Group has identified the unemployment rate as the key macroeconomic factor of the forward-looking information.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.1 Financial risk management policies (continued)

##### (b) Credit Risk (continued)

##### (iii) Assessment of Impairment Losses (continued)

##### Trade Receivables (continued)

##### Allowance for Impairment Losses

The Group	Gross amount RM	Individual impairment RM	Collective impairment RM	Carrying amount RM
<b>2023</b>				
Current (not past due)	35,249,795	-	(264,296)	34,985,499
1 to 30 days past due	16,372,552	-	(130,741)	16,241,811
31 to 60 days past due	7,376,846	-	(123,419)	7,253,427
61 to 90 days past due	3,488,823	-	(117,112)	3,371,711
91 to 120 days past due	4,538,266	-	(187,585)	4,350,681
121 to 150 days past due	710,315	-	(231,152)	479,163
151 to 180 days past due	122,288	-	(52,977)	69,311
More than 181 day past due	1,891,629	-	(1,536,371)	355,258
Credit impaired	265,494	(265,494)	-	-
	70,016,008	(265,494)	(2,643,653)	67,106,861
<b>2022</b>				
Current (not past due)	26,858,231	-	(371,927)	26,486,304
1 to 30 days past due	16,424,782	-	(335,650)	16,089,132
31 to 60 days past due	6,596,888	-	(255,671)	6,341,217
61 to 90 days past due	3,966,019	-	(118,263)	3,847,756
91 to 120 days past due	4,395,061	-	(313,320)	4,081,741
121 to 150 days past due	1,785,731	-	(481,581)	1,304,150
151 to 180 days past due	219,038	-	(157,163)	61,875
More than 181 days past due	1,193,882	-	(1,193,882)	-
Credit impaired	265,494	(265,494)	-	-
	61,705,126	(265,494)	(3,227,457)	58,212,175

The movements in the loss allowances in respect of trade receivables are disclosed in Note 19 to the financial statements.

##### Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

##### Cash and bank balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.1 Financial risk management policies (continued)

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

##### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group 2023	Weighted average effective interest rate (%)	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 - 5 years RM
<u>Non-derivative financial liabilities</u>					
Trade payables	-	27,103,495	27,103,495	27,103,495	-
Other payables and accruals	-	7,147,291	7,147,291	7,147,291	-
Term loans	4.30	3,603,194	3,772,809	1,316,880	2,455,929
Lease liabilities	4.80	795,736	882,818	714,861	167,957
		38,649,716	38,906,413	36,282,527	2,623,886
<b>2022</b>					
<u>Non-derivative financial liabilities</u>					
Trade payables	-	24,249,317	24,249,317	24,249,317	-
Other payables and accruals	-	9,387,872	9,387,872	9,387,872	-
Term loans	3.32	5,650,122	6,056,635	2,204,170	3,852,465
Lease liabilities	4.80	973,153	1,008,473	524,442	484,031
		40,260,464	40,702,297	36,365,801	4,336,496



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.1 Financial risk management policies (continued)

##### (c) Liquidity Risk

##### *Maturity Analysis (continued)*

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year) (continued):-

The Company	Weighted average effective interest rate (%)	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM
<b>2023</b>				
<u>Non-derivative financial liabilities</u>				
Other payables and accrual	-	395,445	395,445	395,445
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries		*	6,020,054	6,020,054
		395,445	6,415,499	6,415,499
<b>2022</b>				
<u>Non-derivative financial liabilities</u>				
Other payables and accrual	-	2,771,735	2,771,735	2,771,735
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries		*	7,802,253	7,802,253
		2,771,735	10,573,988	10,573,988

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.2 Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

#### 36.3 Classification of financial instruments

	<b>The Group</b>		<b>The Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial assets</b>				
<u>Fair Value Through Other Comprehensive Income</u>				
Investment securities (Note 17)	2,601,868	2,472,113	-	-
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 21)	100,600	98,736	-	-
<u>Amortised Cost</u>				
Trade receivables (Note 19)	67,106,861	58,212,175	-	-
Other receivables and deposits (Note 20)	3,815,621	4,626,552	-	2,404,536
Cash and bank balances	32,772,789	39,272,087	90,429	104,261
	<b>103,695,271</b>	<b>102,110,814</b>	<b>90,429</b>	<b>2,508,797</b>
<b>Financial liabilities</b>				
<u>Amortised Cost</u>				
Lease liabilities (Note 24)	795,736	973,153	-	-
Term loans (Note 25)	3,603,194	5,650,122	-	-
Trade payables (Note 27)	27,103,495	24,249,317	-	-
Other payables and accruals (Note 29)	7,147,291	9,387,872	395,445	2,771,735
	<b>38,649,716</b>	<b>40,260,464</b>	<b>395,445</b>	<b>2,771,735</b>





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.4 Gains or (losses) arising from financial instruments

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Financial assets</b>				
<u>Equity Investments at Fair Value Through Other Comprehensive Income</u>				
Net gains recognised in other comprehensive income	129,755	200,086	-	-
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	1,864	30,483	-	-
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	2,482,931	680,636	103	80
<b>Financial liabilities</b>				
<u>Amortised cost</u>				
Net losses recognised in profit or loss	(662,355)	(201,147)	-	-

#### 36.5 Fair value information

The fair values of the financial assets and financial liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of financial period:-

The Group	Fair value of financial instruments carried at fair value			Total fair value	Total carrying amount
2023	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
<u>Financial assets</u>					
Other investments:					
- unquoted	-	-	2,601,868	2,601,868	2,601,868
Short-term investments					
- money market fund	-	100,600	-	100,600	100,600



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

### 36. Financial instruments (continued)

#### 36.5 Fair value information (continued)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of financial period (continued):-

The Group	Fair value of financial instruments carried at fair value			Total fair value RM	Total carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2022</b>					
<u>Financial assets</u>					
Other investments:					
- unquoted	-	-	2,472,113	2,472,113	2,472,113
Short-term investments					
- money market fund	-	98,736	-	98,736	98,736

#### (a) Fair value of financial instruments carried at fair value

- (i) The fair value of the unquoted equity investments is determined to approximate the net assets of the investee.
- (ii) The fair value of money market fund is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

The Group	Fair value of financial instruments not carried at fair value			Total fair value RM	Total carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2023</b>					
<u>Financial liabilities</u>					
Term loans	-	3,603,194	-	3,603,194	3,603,194

#### 2022

#### Financial liabilities

Term loans	-	5,650,122	-	5,650,122	5,650,122
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#### (b) Fair value of financial instruments not carried at fair value

- (i) The fair value, which are for disclosure purposes, have been determined using the following basis:-

The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rate or near the reporting date.



# ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2023

Total Number of Issued Shares	:	240,000,000
Issued and Fully Paid-up	:	RM120,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote Per Ordinary Share

## Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	17	1.10	335	0.00
100 - 1,000	258	16.74	144,950	0.06
1,001 - 10,000	732	47.50	3,889,247	1.62
10,001 - 100,000	443	28.75	14,505,100	6.04
100,001 - less than 5% of issued shares	89	5.78	113,506,648	47.30
5% and above of issued shares	2	0.13	107,953,720	44.98
	<b>1,541</b>	<b>100.00</b>	<b>240,000,000</b>	<b>100.00</b>

## Thirty Largest Shareholders as per Record of Depositors as at 30 June 2023

No.	Name of Shareholders	Total No. of Shares Held	%
1	Datuk Seri Son Chen Chuan	73,629,532	30.68
2	Syarikat Perniagaan Chong Mah Sdn. Bhd.	34,324,188	14.30
3	Thung Shung (M) Sdn. Bhd.	11,756,708	4.90
4.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund	9,246,600	3.85
5	Apendo Capital Sdn. Bhd	9,171,100	3.82
6	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock (7004011)	6,484,300	2.70
7	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	5,108,000	2.13
8	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datuk Son Tong Leong (MY1225)	4,900,000	2.04
9	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Citibank New York (Norges Bank 22)	4,823,900	2.01
10	Datuk Son Tong Eng	4,284,196	1.79
11	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (Aham Equity Fund)	3,020,400	1.26
12	Lim Keat Sear	2,935,012	1.22
13	Son Mei Chin	2,890,000	1.20
14	Son Kee Geok	2,869,396	1.20
15	Citigroup Nominees (Asing ) Sdn Bhd CBNY For Norges Bank (FI 17)	2,826,300	1.18
16	Lee Kong Hooi	2,283,900	0.95
17	Lim Siew Guat	2,259,800	0.94
18	Son Chew Pheng	2,167,800	0.90
19	Summer Legend Sdn Bhd	2,123,200	0.88
20	Lee Siew Geok	2,034,084	0.85
21	Chew Tee Yong	2,003,000	0.84
22	Chen Woei Heng	2,000,000	0.83
23	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Private Fund- Series 3	1,794,800	0.75
24	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Datuk Son Tong Eng	1,640,000	0.68



## ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2023

### Thirty Largest Shareholders as per Record of Depositors as at 30 June 2023 (continued)

No.	Name of Shareholders	Total No. of Shares Held	%
25	Ong Chin Chien	1,515,400	0.63
26	Chai Koon Khow	1,491,600	0.62
27	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Son Tong Leong	1,312,800	0.55
28	Apendo Capital Sdn.Bhd.	1,110,000	0.46
29	Ong Lay Huah	1,050,000	0.44
30	Summer Legend Sdn Bhd	1,028,800	0.43
<b>Total</b>		<b>204,084,816</b>	<b>85.03</b>

### Substantial Shareholders

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Seri Son Chen Chuan	73,629,532	30.68	34,831,392 <sup>(i)</sup>	14.51
Lim Keat Sear	2,935,012	1.22	49,232,896 <sup>(iii)</sup>	20.51
Syarikat Perniagaan Chong Mah Sdn. Bhd.	34,324,188	14.30	3,152,000 <sup>(iii)</sup>	1.31

#### Notes:

- (i) Deemed interested pursuant to Section 8(4) of the Companies Act, 2016 ("the Act") by virtue of his substantial shareholdings in Apendo Capital Sdn. Bhd. ("Apendo Capital") and Summer Legend Sdn. Bhd. ("Summer Legend") via Apendo Holding Sdn. Bhd. ("Apendo Holding") and disclosure made pursuant to Section 59(11)(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 Syarikat Perniagaan Chong Mah Sdn. Bhd. ("Chong Mah"), Thung Shung (M) Sdn. Bhd. ("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.

### Analysis of Shareholdings as at 30 June 2023

#### Directors Shareholdings

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Datuk Seri Son Chen Chuan	73,629,532	30.68	34,831,392 <sup>(i)</sup>	14.51
Lim Keat Sear	2,935,012	1.22	49,232,896 <sup>(iii)</sup>	20.51
Datuk Son Tong Leong	7,546,900	3.14	-	-
Datuk Son Tong Eng	5,924,196	2.47	-	-

#### Notes:

- (i) Deemed interested pursuant to Section 8(4) of the Act by virtue of his substantial shareholdings in Apendo Capital and Summer Legend via Apendo Holding and disclosure made pursuant to Section 59(11)(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.



## LIST OF PROPERTIES

No.	Description, Existing Use, Age of Building and Built Up Area	Location	Land Area (Square Metres)	Tenure	Date of Acquisition	Net Book Value as at 31.03.2023 (RM)
1.	Factory complexes, warehouses and an office block with a total built up area of approximately 26,972 square metres. The age of the buildings range approximately 11 to 24 years.	No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	40,660	Leasehold (99 years) expiring on 30 May 2072	24 Aug 2000	16,075,973
2.	Factory complexes with a total built up area of approximately 6,235 square metres. The age of the building range approximately 24 to 25 years	Plot No. 96A & 96B, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	9,519	Leasehold (99 years) expiring on 2 September 2078 & 13 January 2080 respectively	25 Nov 1993 (Plot No. 96A) 12 Nov 1990 (Plot No. 96)	1,922,664
3.	Factory complex with a built up area of approximately 4,896 square metres. The age of the buildings are approximately 34 years	No. 127-C, Jalan Usaha 9, Ayer Keroh Industrial Estate, 75450 Melaka	7,564	Leasehold (99 years) expiring 4May 2082	9 Sept 1998	1,586,689
4.	2 units of semidetached factory buildings with a total built up area of approximately 2,303 square metres. The age of the buildings are approximately 46 years	No. 85 & 86, Ayer Keroh Industrial Estate, 75450 Melaka.	4,140	Leasehold (99 years) expiring 30 May 2072	9 Sept 1998 (No. 85) 1980 (No. 86)	788,948
5.	2 units of 3-Storey Shop Office with a total built up area of approximately 662.21 square metres. The age of the buildings are approximately 26 years	No. 7, 7A & 7B and No. 9. 9A & 9B, Jalan Melaka Raya 11, Taman Melaka Raya, 75000 Melaka.	143 per unit	Leasehold (99 years) expiring 7 July 2093	19 Oct 1992 (No. 7, 7A & 7B) 21 Oct 1992 (No. 9, 9A & 9B)	358,696
6.	Vacant Land	Lot No. 6148, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka.	1,077	Freehold	4 Dec 1999	173,895
7	Vacant Land	Lot No. 6096, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka.	2,157	Freehold	4 Dec 1999	238,576



## LIST OF PROPERTIES

No.	Description, Existing Use, Age of Building and Built Up Area	Location	Land Area (Square Metres)	Tenure	Date of Acquisition	Net Book Value as at 31.03.2023 (RM)
8.	Semidetached factories with a built up area of approximately 478 square metres. The age of the building is approximately 18 years	No. 20, Jalan TPP 1/1A, Taman Industri Puchong, Batu 12, Jalan Puchong, 47100 Puchong, Selangor.	1,407	Freehold		1,185,832
9.	Industrial Land together with a factory building	No. 91, 92, 93, 94 & 95 (Lot 97), Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	42,640	Leasehold (99 years) expiring 30 May 2072	23 Jun 2014	20,323,339
10.	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 10 years	No. 21, 21-1, 21-2, Jalan Komersial TAKH 3, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring 15 February 2111	-	514,507
11.	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 10 years	No. 19, 19-1, 19-2, Jalan Komersial TAKH 3, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring 15 February 2111	-	514,507
12.	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 10 years	No. 8, 8-1, 8-2, Jalan Komersial TAKH 3, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring 15 February 2111	-	485,105
13.	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 10 years	No. 3, 3-1, 3-2; Jalan Komersial TAKH 2, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring 15 February 2111	-	485,105
14.	3-Storey Shop Office with a built up area of approximately 774 square metres. The age of the buildings are approximately 10 years	No. 1, 1-1, 1-2 Jalan Komersial TAKH 2, Taman Ayer Keroh Height, 75450 Melaka.	248	Leasehold (99 years) expiring 15 February 2111	-	623,706



## LIST OF PROPERTIES

No.	Description, Existing Use, Age of Building and Built Up Area	Location	Land Area (Square Metres)	Tenure	Date of Acquisition	Net Book Value as at 31.03.2023 (RM)
15.	2 units of Double Storey Shop Office with a built up area of approximately 384 square metres.	Unit No. 01-04 & 02-04 and 01-05 & 02-05, Jalan Tampoi, Pangsapuri Dwi Alif, Johor Bahru	384 per unit	Leasehold (99 years) expiring 17 September 2112	30 Jun 2015	2,088,550
16.	Single Storey Terrace House	No. 133, Lorong Setia 3, Taman Ayer Keroh Height, Ayer Keroh, 75450 Melaka	164	Leasehold (99 years) expiring 15 June 2075	23 May 2017	171,907
17.	Single Storey Terrace House	No. 198, Lorong Setia 5, Taman Ayer Keroh Height, Ayer Keroh, 75450 Melaka	163	Leasehold (99 years) expiring 15 June 2075	15 Mar 2017	169,915
18.	Single Storey Terrace House	No. 234, Lorong Setia 5, Taman Ayer Keroh Height, Ayer Keroh, 75450 Melaka	163	Leasehold (99 years) expiring 15 June 2075	11 Sep 2017	181,487
19.	Single Storey Terrace House	No. 480, Lorong Setia 4, Taman Ayer Keroh Height, Ayer Keroh, 75450 Melaka	163	Leasehold (99 years) expiring 15 June 2075	17 Oct 2017	184,227





## OTHER INFORMATION

### 1. Share Buyback

The Company did not make any share buyback during the financial year.

### 2. American Depositary Receipt (“ADR”) or Global Depositary Receipt (“GDR”) Programmes

During the financial year, the Company did not sponsor any ADR or GDR programmes.

### 3. Imposition of Sanctions and/or Penalties

During the financial year, there were no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

### 4. Audit and Non-Audit Fees

The audit and non-audit fees paid/payable to the external auditors by for services rendered to the Company and/or its subsidiaries for the financial year end 31 March 2023 are as follows:

	Group RM	Company RM
Audit Fees		
- Statutory auditors	140,000	35,000
Non-audit fees		
- Statutory auditors	5,000	5,000
<b>Total</b>	<b>145,000</b>	<b>40,000</b>

### 5. Variation in Results for the Financial Year

There was no deviation of ten percent (10%) or more between the profit after tax and minority interest stated in the announced unaudited results and the audited financial statements accounts of the Group for the financial year ended 31 March 2023.

### 6. Profit Guarantees

During the financial year, there was no profit guarantees given by the Company.

### 7. Material Contracts

Neither OFIH nor its subsidiary companies has entered into any other contract which are or may be material during the two (2) years preceding the date of this Circular, other than contract entered into in the ordinary course of business.



## OTHER INFORMATION

### 8. Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised by the Company in the financial year.

### 9. Valuation of Property, Plant and Equipment

There were no revaluations of property, plant and equipment. All property, plant and equipment were stated at cost less accumulated depreciation.

### 10. Recurrent Related Parties Transactions

Pursuant to a Shareholders' Mandate obtained on 25 August 2022, the Company and its' subsidiaries have carried out recurrent related party transactions with Syarikat Perniagaan Chong Mah Sdn. Bhd. for distribution and wholesales of snack food and confectioneries products for a total value of RM1,367,362.32 from the effective date of Shareholders' Mandate until the date of this Annual Report.

The Company is seeking a renewal of the Shareholders' Mandate for the Company and/or its subsidiaries to enter into a Recurrent Related Party Transactions with Related Parties under the Special Business in the forthcoming AGM.



# FORM OF PROXY

## ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD

[Registration No : 199601017418 (389769-M)]

(Incorporated in Malaysia)

No. of ordinary shares held

CDS Account No.

I/We, \_\_\_\_\_ NRIC No./Passport/Company No. \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full address)

being a Member/Members of ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD hereby appoint \*the Chairman of the meeting

or \_\_\_\_\_ NRIC No./ Passport /Company No. \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full address)

or failing him/her, \_\_\_\_\_ NRIC No./ Passport /Company No. \_\_\_\_\_  
(Full Name in Capital Letters)

of \_\_\_\_\_  
(Full address)

as \* my/our proxy/proxies to attend and vote for \*me/us and on \*my/our behalf at the 27<sup>th</sup> Annual General Meeting 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. and at every adjournment thereof to vote as indicated below:

No.	Ordinary Business		For	Against
1.	To approve the payment of Directors' fees amounting to RM330,000.00 for the financial year ended 31 March 2023	Resolution 1		
2.	To approve the proposed payment of Directors' remuneration and benefits (excluding Directors' fees) up to an amount of RM145,000.00 to the Directors with effect from 25 August 2023 until the next Annual General Meeting	Resolution 2		
3.	To re-elect the following Directors, each of whom retires by rotation in accordance with Clause 122 of the Constitution of the Company: 3.1 Datuk Son Tong Leong 3.2 Datuk Son Tong Eng	Resolution 3 Resolution 4		
4.	To re-elect the Ms. You Chen Kei who retired by rotation in accordance to Clause 106 of the Constitution of the Company.	Resolution 5		
5.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 March 2024 and to authorise the Directors to determine their remuneration.	Resolution 6		
<b>As Special Business</b>				
6.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Resolution 7		
7.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Resolution 8		
8.	To approve the Proposed Renewal of Share Buy-Back Authority	Resolution 9		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at this discretion.)

The proportion of my holdings to be represented by my \*proxy/proxies are as follows:-

First name Proxy %

Second name Proxy %

100%

In case of a vote taken by a show of hands, the First Proxy shall vote on \*my/our behalf. \*Strike out whichever is not desired.

As witness my hand \_\_\_\_\_ day of \_\_\_\_\_ 2023. \_\_\_\_\_

Signature

### NOTES:

- In regard of deposited securities, only members whose names appear in the Record of Depositors as at 15 August 2023 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.
- A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualifications of the proxy.
- A member may appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee 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.
- The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing proxy shall be deemed to confer authority to demand or join in demanding a poll.
- The instrument appointing a proxy must be deposited 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 forty-eight (48) 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 Securities requires all resolutions set out in the Notice of General Meeting to be put to vote by poll.
- Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting
- Personal Data Privacy:  
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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stamp

**THE SHARE REGISTRAR**  
**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**  
[Registration No. : 199601017418 (389769-M)]  
Level 9 - 7, Menara Sentral Vista  
No. 150, Jalan Sultan Abdul Samad  
Brickfields, 50470 Kuala Lumpur  
Malaysia

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**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

Registration No.199601017418 (389769-M)

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

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[www.ofih.com.my](http://www.ofih.com.my) | [www.jacker.com.my](http://www.jacker.com.my)

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