

10. RELATED PARTY TRANSACTIONS

10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS

10.1.1 Related party transactions

Save as disclosed below, there are no existing or proposed material related party transactions, which involved the interest, direct or indirect, of our Directors, major shareholders and/or persons connected with them for the FYE Under Review and from 1 January 2025 up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value (RM'000)			From 1 January 2025 up to the LPD
				FYE 2022	FYE 2023	FYE 2024	
1.	CFI and Family Cereal	Dato' Saw and Saw Benson are our Directors.	(i) Lease of the SJ Warehouse by CFI from Family Cereal ⁽¹⁾	770 (Represents 1.99% of our Group's PAT)	840 (Represents 2.61% of our Group's PAT)	840 (Represents 2.00% of our Group's PAT)	560
		OCSB, Dato' Saw, Saw Benson and Saw Ee Chee are our major shareholders.	(ii) Transfer of assets from Family Cereal to CFI pursuant to the Asset Transfer Agreement (as defined below)	*	-	-	-
		Dato' Saw, Saw Benson and Saw Ee Chee are directors of Family Cereal.					
		OCSB, Dato' Saw, Saw Benson and Saw Ee Chee are major shareholders of Family Cereal.	(iii) Sales of malt and cereals, and non-dairy creamers to Family Cereal	737 (Represents 0.18% of our Group's revenue)	-	-	-
			(iv) Purchase of input materials from Family Cereal	7,467 (Represents 2.23% of our Group's cost of sales)	-	-	-

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No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value (RM'000)			From 1 January 2025 up to the LPD
				FYE 2022	FYE 2023	FYE 2024	
			(v) Payment of management fee to Family Cereal	204 (Represents 0.53% of our Group's PAT)	-	-	-
			(vi) Payment of packaging services to Family Cereal	1,043 (Represents 2.70% of our Group's PAT)	-	-	-
			(vii) Purchase of assets from Family Cereal	*	96 (Represents 0.07% of our Group's NA)	-	-
2.	CFI and Mylar	Dato' Saw and Saw Benson are our Directors. OCSB, Dato' Saw, Saw Benson and Saw Ee Chee are our major shareholders. Dato' Saw, Saw Benson and Saw Ee Chee are directors of Mylar. OCSB, Dato' Saw, Saw Benson and Saw Ee Chee are major shareholders of Mylar.	Lease of the SJ Factory from Mylar to CFI ⁽¹⁾	924 (Represents 2.39% of our Group's PAT)	1,008 (Represents 3.13% of our Group's PAT)	1,008 (Represents 2.40% of our Group's PAT)	672

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No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value (RM'000)			From 1 January 2025 up to the LPD
				FYE 2022	FYE 2023	FYE 2024	
3.	CFI and OCSB	Dato' Saw and Saw Benson are our Directors. OCSB, Dato' Saw, Saw Benson and Saw Ee Chee are our major shareholders. Dato' Saw, Saw Benson and Saw Ee Chee are directors and major shareholders of OCSB.	Leasing of the OCSB Warehouse to CFI ⁽¹⁾	-	100 (Represents 0.31% of our Group's PAT)	600 (Represents 1.43% of our Group's PAT)	400
4.	CFI and Ernsts (Shenzen) Co Ltd (" Ernsts ")	Dato' Saw and Saw Benson are our Directors. OCSB, Dato' Saw, Saw Benson and Saw Ee Chee are our major shareholders. OCSB, Dato' Saw, Saw Benson and Saw Ee Chee are major shareholders of Ernsts. Dato' Saw was a director of Ernsts. He has resigned on 19 June 2025.	(i) Sale of non-dairy creamers, functional lipid powders, and malt and cereals to Ernsts ⁽²⁾ (ii) Purchase of input materials from Ernsts	5,685 (Represents 1.38% of our Group's revenue) 350 (Represents 0.10% of our Group's cost of sales)	5,705 (Represents 1.55% of our Group's revenue) 216 (Represents 0.07% of our Group's cost of sales)	5,105 (Represents 1.29% of our Group's revenue) - -	3,063 -

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No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction value (RM'000)			From 1 January 2025 up to the LPD
				FYE 2022	FYE 2023	FYE 2024	
5.	LRTS Retail Sdn Bhd and CFI	Lum Ying Ling is our Director. Creador V is our major shareholder. Lum Ying Ling is a director of Loob Berhad and Loob Holding Sdn Bhd (a subsidiary of Loob Berhad). LRTS Retail Sdn Bhd is an indirect subsidiary of Loob Berhad. Loob Berhad is an investee company of Creador IV L.P., a fund managed by Creador Management IV Ltd, which is associated with Creador Management V Ltd, the general partner of Creador V.	Sale of our specialty food ingredients to LRTS Retail Sdn Bhd	16,465 (Represents 4.01% of our Group's revenue)	16,031 (Represents 4.37% of our Group's revenue)	14,657 (Represents 3.71% of our Group's revenue)	7,640

Notes:

* Insignificant amount

(1) The details of the respective tenancy agreements for SJ Factory, SJ Warehouse and OCSB Warehouse are as follows:

- (a) On 2 January 2025, Family Cereal (landlord) and CFI (tenant) had entered into a tenancy agreement for the leasing of the SJ Warehouse for a tenure of one year from 1 February 2025 to 31 January 2026 at the monthly rent of RM70,000. Subsequently, Family Cereal and CFI had on 24 September 2025 entered into another tenancy agreement for the leasing of the SJ Warehouse. Please refer to Note(1)(d) below for further details of the new tenancy agreement.
- (b) On 2 January 2025, Mylar (landlord) and CFI (tenant) had entered into a tenancy agreement for the leasing of the SJ Factory for a tenure of one year from 1 February 2025 to 31 January 2026 at the monthly rent of RM84,000. Subsequently, Mylar and CFI had on 24 September 2025 entered into another tenancy agreement for the leasing of the SJ Factory. Please refer to Note(1)(d) below for further details of the new tenancy agreement.

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- (c) On 2 January 2025, OCSB (landlord) and CFI (tenant) had entered into a tenancy agreement for the leasing of the OCSB Warehouse for a tenure of one year from 1 February 2025 to 31 January 2026 at the monthly rent of RM50,000. Subsequently, OCSB and CFI had on 24 September 2025 entered into another tenancy agreement for the leasing of the OCSB Warehouse. Please refer to Note(1)(d) below for further details of the new tenancy agreement.
- (d) The salient terms of the new tenancy agreements entered into for the leasing of the SJ Warehouse, SJ Factory and OCSB Warehouse are as follows:

	SJ Warehouse	SJ Factory	OCSB Warehouse
Parties	(i) Family Cereal as landlord (ii) CFI as tenant	(i) Mylar as landlord (ii) CFI as tenant	(i) OCSB as landlord (ii) CFI as tenant
Rental rate	RM70,000 per month	RM84,000 per month	RM50,000 per month
Tenure	Three years commencing from 1 February 2026, with an option to renew for a period of three years. No party shall be entitled to terminate the agreement before the tenure expires, unless prior written consent from the other party is obtained within six months prior to the date of termination of the agreement and subject to the terms and conditions of the tenancy agreement.	Three years commencing from 1 February 2026, with an option to renew for three terms of three years. No party shall be entitled to terminate the agreement before the tenure expires, unless prior written consent from the other party is obtained within six months prior to the date of termination of the agreement and subject to the terms and conditions of the tenancy agreement.	Three years commencing from 1 February 2026, with an option to renew for a period of three years. No party shall be entitled to terminate the agreement before the tenure expires, unless prior written consent from the other party is obtained within six months prior to the date of termination of the agreement and subject to the terms and conditions of the tenancy agreement.
Option to renew	Renewal shall be at the option of the tenant, with the revised rental rates to be determined based on prevailing market rental rates assessed by an independent valuer to be mutually appointed by the parties.		
Right of first refusal to purchase the properties	(i) During the tenure or Option Period (as defined below) and one year after the expiry of the tenure or Option Period, if the landlord proposes to novate, transfer, dispose of or otherwise deal with its interest in the relevant property, to third parties, the landlord shall grant to the tenant a right of first refusal to buy the relevant property.		

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	SJ Warehouse	SJ Factory	OCSB Warehouse
	<p>(ii) The landlord shall notify and offer to the tenant the sale of the relevant property (the “Offer”) stating inter alia, the purchase price (the “Purchase Price”) of the relevant property.</p> <p>(iii) The tenant shall within 60 days of being notified of the Offer, revert to the landlord on its decision on the acceptance of the Offer. The tenant shall within 14 business days from the date of the acceptance of the Offer, execute a sale and purchase agreement.</p> <p>(iv) If the tenant does not accept the Offer within the time period prescribed, the landlord shall be at liberty and is entitled to offer the relevant property to any third party without any further notice or consent and if the landlord does offer to such third party, the offer shall be on terms and conditions not more favourable than that offered to the tenant including the Purchase Price for the relevant property.</p>		
Grant of option to purchase the properties	<p>(i) The landlord grants to the tenant an exclusive option to purchase the relevant property at an option price to be determined based on the prevailing market rate assessed by an independent valuer to be mutually appointed by the parties (“Option”).</p> <p>(ii) The parties agree that the Option may be exercisable on the day immediately after commencement date of the tenancy up to expiry date of the tenancy (“Option Period”). If the tenant is desirous of exercising the Option anytime during the Option Period, the tenant shall give not less than three months written notice to the landlord advising the landlord of its intention to exercise the Option.</p>		
Sale of the properties by the landlord is subject to the tenancy	<p>If there is any transfer of ownership of the relevant property to any party, such transfer shall be subject to the existing tenancy, and the rights and obligations of the tenant thereunder shall remain valid, binding, and enforceable against the transferee.</p>		
Events of default	<p><u>Tenant’s default</u> On the occurrence of any one or more of the following events:</p> <p>(i) if the rental or any part thereof in arrears and remain unpaid by the tenant at any time for 30 days after becoming due whether formally demanded or not; or</p> <p>(ii) if there shall be any material breach, non-performance or non-observance by the tenant of any covenant or conditions contained in the tenancy agreement; or</p> <p>(iii) if the tenant goes into liquidation or receivership,</p>		

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	SJ Warehouse	SJ Factory	OCSB Warehouse
	<p>then the landlord may serve a termination notice ("Termination Notice") on the tenant requesting the tenant to remedy the breach within 30 days from the said Termination Notice ("Remedy Period"). If the tenant fails to remedy the breach within the Remedy Period, the landlord shall be at liberty to re-enter upon the relevant property or any part thereof to take possession of the relevant property and to terminate the tenancy but without prejudice to the right of action of the landlord in respect of any breach of the tenant's covenants in the tenancy agreement. In addition, the rental deposit shall be forfeited by the landlord as agreed liquidated damages.</p> <p><u>Landlord's default</u> On the occurrence of any one or more of the following events:</p> <p>(i) if there shall be any material breach, non-performance or non-observance by the landlord of any covenants or conditions contained in the tenancy agreement; or</p> <p>(ii) if the landlord goes into liquidation or receivership;</p> <p>then the tenant may serve a Termination Notice on the landlord requesting the landlord to remedy breach within the Remedy Period. If the landlord fails to remedy the breach within the Remedy Period, the tenant may terminate the tenancy but without prejudice to the right of action of the tenant in respect of any breach of the landlord's covenants in the tenancy agreement, including seeking any compensation, indemnity and/or damages for the loss of its business. In addition, the rental deposit (without interest) shall be refunded to the tenant and the landlord shall pay to the tenant an amount equivalent to the rental deposit as agreed liquidated damages.</p>		
Termination / Expiration of the tenancy	<p>At the expiry date of the tenancy, or on the occurrence of event of default or early termination of the tenancy by the tenant for whatever reason:</p> <p>(i) the tenant shall deliver vacant possession of the relevant property to the landlord; or</p> <p>(ii) if the tenant fails to deliver the vacant possession of the relevant property after the expiry date, the tenant is deemed to have tenanted the relevant property on month-to-month basis, at the monthly rental to be agreed between the parties until the date the tenant delivers vacant possession of the relevant property to the landlord.</p>		

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- (2) On 8 August 2025, Ernsts and CFI had entered into a distribution agreement whereby Ernsts was appointed as a non-exclusive distributor of CFI to distribute and sell food ingredients and food products manufactured by our Group in China. The agreement is valid for a period of one year from 8 August 2025 to 7 August 2026, with parties to negotiate the terms of renewal two months prior to the expiry of the agreement. The agreement may be terminated by either party if, among others, a receiver or manager has been appointed over the whole or any substantial part of either party's assets, changes in control over the business of either party and breach of the terms of the agreement. The purchase price of the finished goods sold by CFI are set out in the purchase order. The credit term granted by our Group to Ernsts is 30 days from the date of the invoice from CFI. Please refer to Section 11.1 of this Prospectus for further details on the distribution agreement.

On 28 February 2022, CFI had entered into an agreement with Family Cereal for the purchase of malt and cereal products manufacturing business from Family Cereal for a consideration of RM1.00 ("**Consideration**"). The Consideration was not based on the market value of the assets of Family Cereal and therefore not transacted on an arm's length basis. However, the terms of the transaction were not unfavourable to our Group. In addition, this was a one-off transaction which was completed on 1 February 2022 ("**Asset Transfer Agreement**").

Our Group has enhanced our related party transaction policy on 22 July 2025 whereby any future transactions between CFI and Family Cereal will be carried out on an arm's length basis and on terms which are not unfavourable to our Group.

Save as disclosed above, all the material related party transactions entered into by our Group which involved the interest, direct or indirect, of the Directors, major shareholders and/or persons connected with them during the FYE Under Review and from 1 January 2025 up to the LPD were transacted on arms' length basis and were based on terms and conditions which were not unfavourable to our Group.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders (which mandate would typically be renewed each time at our AGM) to enter into such recurrent transactions during the validity of the mandate. Accordingly, if our mandate is obtained from our shareholders, there is no need for us to seek separate shareholders' approval each time we wish to enter into such transactions during the mandate period.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate any potential conflict of interest situation, our Audit Committee will, among others, supervise and monitor any recurrent related party transaction and the terms thereof and report to our Board for further action. Please refer to Section 10.2 of this Prospectus for further details on the monitoring and oversight of related party transactions.

10.1.2 Transactions that are unusual in their nature or conditions

There are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Group was a party for the FYE Under Review and from 1 January 2025 up to the LPD.

10.1.3 Outstanding loans and/or financial assistance to or for the benefit of related parties

There are no outstanding loans and/or financial assistance that have been granted by our Group to or for the benefit of our related parties for the FYE Under Review and from 1 January 2025 up to the LPD.

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10.1.4 Upliftment of personal and corporate guarantees

Save as disclosed below, there are no other personal and corporate guarantees provided by the following parties to financial institutions to secure bank guarantees for performance and tender bonds of our Group:

Guarantor		Financial institution	Guaranteed amount (RM'000)
Dato' Saw		CIMB Islamic Bank Berhad	152,628
(i)	Dato' Saw	Maybank Islamic Berhad	46,000
(ii)	OCSB		46,000
(i)	Dato' Saw	HSBC Bank Malaysia Berhad	16,400
(ii)	Oriental Graphics Sdn Bhd		Charge over three properties located in Bayan Lepas, Penang owned by Oriental Graphics

As at the LPD, we have obtained consents from all the lenders above for the release and/or discharge of the said personal and corporate guarantees, subject to, among others, the following conditions:

- (i) our Company shall hold at least 20.00% to 51.00% shareholdings in CFI upon the successful listing of CFH;
- (ii) execution of fresh corporate guarantee by our Company in favour of the lenders;
- (iii) if our Listing is unsuccessful, to re-execute the personal guarantees and corporate guarantees with the respective lenders;
- (iv) Dato' Saw to remain as a director of CFI upon successful listing of our Company;
- (v) Dato' Saw and his family members shall have management control of our Company; and
- (vi) Dato' Saw and his family members shall remain as our substantial shareholders with collective shareholding (direct / indirect) of at least 20.00%.

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10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

Upon our Listing, our Audit Committee will, amongst others, review the terms of all related party transactions to ensure that the related party transactions are carried out on an arm's length basis and on terms which are not unfavourable to our Group.

If there are any proposed related party transactions that:

- (i) involve the interest, direct or indirect, of our Director(s), the interested Director(s) will disclose their interest to our Board, and the nature and extent of their interest including all matters in relation to the proposed related party transactions. The interested Director(s) will also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions; or
- (ii) requires the prior approval of our shareholders, our Directors, substantial shareholders and/or persons connected with them, which have any interest, direct or indirect, in the transaction, will abstain from voting in respect of his direct and/or indirect shareholdings.

Such interested Directors and/or substantial shareholders will also undertake to ensure that persons connected with them will abstain from voting on the resolution approving the proposed related party transaction at a general meeting.