

**THIS STATEMENT/CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") on the perusal of draft circulars and other documents, Bursa Securities has not perused Part A of this Statement/Circular prior to its issuance as it is an Exempt Circular. Bursa Securities takes no responsibility for the contents of this Statement/Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement/Circular.



**PART A**

**SHARE BUY-BACK STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") OF GRAND-FLO BERHAD**

**PART B**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

**Collectively, the Proposed Renewal of Share Buy-Back Authority and the Proposed Shareholders' Mandate are referred to as "the Proposals"**

The Ordinary Resolutions in respect of the Proposals will be tabled at the Fourteenth Annual General Meeting ("14<sup>th</sup> AGM") of Grand-Flo Berhad ("Grand-Flo" or "Company") to be held at Greens 1, Golf Wing, Ground Floor, Tropicana Golf & Country Resort, Off Persiaran Tropicana, Jalan Tropicana Utama, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 30 May 2017 at 12.00 p.m.. The Notice of the 14<sup>th</sup> AGM together with the Proxy Form are enclosed in the Annual Report of the Company for the financial year ended 31 December 2016 which is despatched together with this Statement/Circular.

A member entitled to attend and vote at the 14<sup>th</sup> AGM is entitled to appoint a proxy or proxies to attend and to vote on his/her behalf. In such event, the Proxy Form should be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 14<sup>th</sup> AGM should you subsequently wish to do so.

This Statement/Circular is dated 28 April 2017

## DEFINITIONS

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

“Act”	: The Companies Act 2016 as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Audit Committee”	: Audit Committee of Grand-Flo
“Board”	: The Board of Directors of Grand-Flo
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CMSA”	: Capital Markets and Services Act 2007
“Code”	: Malaysian Code on Take-Overs and Mergers, 2016, including any amendment that may be made from time to time
“Director(s)”	: The meaning given in Section 2(1) of the CMSA and for the purpose of the Proposed Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive officer of Grand-Flo and/or its subsidiary or holding company
“EDCCS”	: Enterprise Data Collection and Collation System
“EPS”	: Earnings per Share
“Grand-Flo” or “Company”	: Grand-Flo Berhad (607392-W)
“Grand-Flo Group” or “Group”	: Collectively, Grand-Flo and its subsidiaries
“Grand-Flo Share(s)” or “Share(s)”	: Ordinary share(s) in Grand-Flo
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time
“LPD”	: 31 March 2017, being the latest practicable date prior to the printing of this Statement/Circular
“Major Shareholder”	: A person who has an interest or interests in one or more of the voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:  (a) ten percent (10%) or more of the aggregate of the nominal amounts of all the voting shares in the Company; or  (b) five percent (5%) or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.  For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act  For the purposes of the Proposed Shareholders’ Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company
“NA”	: Net assets
“Person(s) Connected”	: Person(s) connected as defined in Paragraph 1.01 of the Listing Requirements

## DEFINITIONS (cont'd)

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“Proposals”	: Proposed Renewal of Share Buy-Back Authority and Proposed Shareholders’ Mandate
“Proposed Renewal of Share Buy-Back Authority”	: Proposed renewal of the authority for the Company to purchase its own Shares of up to ten percent (10%) of the total number of issued shares of Grand-Flo
“Proposed Shareholders’ Mandate”	: Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for RRPT as set out in Part B of this Statement/Circular
“Purchased Share(s)”	: Grand-Flo Share(s) purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
“Recurrent Related Party Transaction(s)” or “RRPT”	: Related party transaction(s) which is/are recurrent, of a revenue or trading nature, which are necessary for the day-to-day operations of Grand-Flo Group within the ordinary course of business of Grand-Flo Group
“Related Party” or “Related Parties”	: A Director, Major Shareholder and/or Person Connected with such Director or Major Shareholder; and “Related Parties” shall be construed accordingly
“RM” and “sen”	: Ringgit Malaysia and sen respectively
“Treasury shares”	: Has the meaning given in Section 127(4) of the Act
“2016 Annual Report”	: Annual report of Grand-Flo for the financial year ended 31 December 2016

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

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

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(607392-W)

A Main Market listed company

(Incorporated in Malaysia)

**Registered Office:**

Third Floor No. 79 (Room A)  
Jalan SS21/60  
Damansara Utama  
47400 Petaling Jaya  
Selangor Darul Ehsan

28 April 2017

**Board of Directors:**

Tan Sri Datuk Adzmi bin Abdul Wahab (*Independent Non-Executive Chairman*)  
Tan Bak Hong (*Group Managing Director/Group President*)  
Yap Li Li (*Executive Director*)  
Cheng Ping Liong (*Executive Director*)  
Chuah Chew Hai (*Executive Director*)  
Tan Chuan Hock (*Non-Independent Non-Executive Director*)  
Cheong Kee Yoong (*Senior Independent Non-Executive Director*)  
Yu Chee Sing (*Independent Non-Executive Director*)

**To: The Shareholders of Grand-Flo**

Dear Sir/Madam,

**PART A - PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE TOTAL NUMBER OF ISSUED SHARES OF GRAND-FLO**

**PART B - PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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**INTRODUCTION**

On 15 June 2016, the shareholders of the Company had approved, inter alia, the renewal of authority for the Company to purchase up to ten percent (10%) of the total number of issued shares of the Company.

The shareholders of the Company had also on 15 June 2016 approved the shareholders' mandate for Grand-Flo Group to enter into the RRPT.

The above approvals shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for the renewals are obtained.

On 6 April 2017, the Board had announced to Bursa Securities that the Company intends to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority and Proposed Shareholders' Mandate at the forthcoming 14<sup>th</sup> AGM of the Company.

The purpose of this Statement/Circular is to provide you with relevant details and information pertaining to the Proposals together with the Board's recommendation, and to seek your approval for the ordinary resolutions to be tabled at the forthcoming 14<sup>th</sup> AGM of the Company. The notice convening the 14<sup>th</sup> AGM is set out in the 2016 Annual Report, the extract of which is despatched with this Statement/Circular.

**SHAREHOLDERS OF GRAND-FLO ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS STATEMENT/CIRCULAR BEFORE VOTING ON THE ORDINARY RESOLUTIONS PERTAINING TO THE PROPOSALS AT THE FORTHCOMING 14TH AGM.**

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**PART A**

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



## **1 PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Board proposes to seek its shareholders' approval for the renewal of the authority for the Company to purchase of up to ten percent (10%) of its total number of issued shares at any point in time, subject to compliance with the Act, rules, regulations and orders made pursuant to the Act, the provisions of the Company's Constitution and the Listing Requirements of Bursa Securities and any other relevant authority ("Prevailing Laws") at the time of purchase.

The approval from the shareholders for the Proposed Renewal of Share Buy-Back Authority would be effective immediately upon the passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back Authority at the forthcoming 14<sup>th</sup> AGM and shall be valid until:

- i. the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii. the expiration of the period within the next AGM of the Company after the date it is required by law to be held; or
- iii. revoked or varied by ordinary resolution passed by the shareholders at a general meeting of the Company

whichever occurs first.

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

The Proposed Renewal of Share Buy-Back Authority, if implemented, will enable Grand-Flo to utilise any of its financial resources, which is not immediately required for other uses, to purchase its own Shares from the open market. The Proposed Renewal of Share Buy-Back Authority is expected to stabilise the supply and demand, as well as the price of Grand-Flo Shares.

If the Grand-Flo Shares purchased are subsequently cancelled, the Proposed Renewal of Share Buy-Back Authority may strengthen the EPS of Grand-Flo. Consequently, long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company.

The Purchased Shares can also be held as treasury shares and resold on Bursa Securities at a higher price therefore realising a potential gain without affecting the total number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantage to the Company and its shareholders, and it will be implemented only after due consideration of the financial resources of Grand-Flo Group, and of the resultant impact on the shareholders of the Company. The Board will be mindful of the interests of Grand-Flo and its shareholders in undertaking the Proposed Renewal of Share Buy-Back Authority.

## **3 FUNDING FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority will be funded by internal funds of the Company and/or borrowings, the breakdown of which has not been determined at this juncture. In the event that the Proposed Renewal of Share Buy-Back Authority is to be financed by borrowings, the Company will ensure its capability of repaying such borrowings and that such repayment will not have a material effect on its cashflow. The actual number of Grand-Flo Shares to be purchased and the timing of any purchase, together with the treatment of Grand-Flo Shares purchased would depend on, inter alia, the prevailing market conditions, the availability of the Company's retained profits as well as its cash and funding position.

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits of the Company. The audited retained profits of the Company as at 31 December 2016 (being the latest available audited financial report of the Company) was RM23.27 million.

#### **4 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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

- i. allows the Company to take preventive measures against speculation particularly when its shares are undervalued, which would in turn, stabilise the market price of Grand-Flo Shares and hence, enhance investors' confidence;
- ii. allows the Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- iii. the Company may distribute any shares held as treasury shares as share dividends to reward the shareholders of the Company; and
- iv. the Company may realise potential gains from the resale of the treasury shares, if the Purchased Shares which are retained as treasury shares are resold at a higher price.

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

- i. The Proposed Renewal of Share Buy-Back Authority will reduce the financial resources of Grand-Flo and may result in the Group foregoing other investment opportunities that may emerge in the future; and
- ii. as the Proposed Renewal of Share Buy-Back Authority can only be made out of retained earnings of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Board, in exercising any decision on the purchase of Grand-Flo Shares pursuant to the Proposed Renewal of Share Buy-Back Authority and any subsequent resale of treasury shares on the Bursa Securities, will be mindful of the interest of the Company and its shareholders.

#### **5 EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

##### **5.1 Issued Share Capital**

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

The Proposed Renewal of Share Buy-Back Authority will however, result in the reduction of the issued share capital of the Company if the Purchased Shares are cancelled. Based on the issued share capital of the Company as at LPD, and assuming that the maximum number of Grand-Flo Shares (of up to ten percent (10%) of the total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority is set out as follows:

	<b>No. of Shares</b>	<b>RM</b>
<i>Issued share capital as at LPD</i>	483,115,711	48,311,571.10
<i>Maximum number of purchased shares cancelled</i>	48,311,571	4,831,157.10
<b>Resultant issued share capital</b>	<b>434,804,140</b>	<b>43,480,414.00</b>

On the other hand, if Grand-Flo Shares purchased are retained as treasury shares, resold or distributed to its shareholders, the Proposed Renewal of Share Buy-Back Authority will have no effect on the issued share capital of Grand-Flo.

## **5.2 Earnings and EPS**

The effects of the share buy-back on the earnings and EPS of Grand-Flo Group is dependent on the purchase price(s) of the Grand-Flo Shares, the number of Purchased Shares and the effective funding cost to Grand-Flo to finance the purchase of such Grand-Flo Shares or any loss in interest income to Grand-Flo or opportunity cost in relation to other investment opportunities. The effective reduction in the issued share capital of the Company pursuant to the Proposed Renewal of Share Buy-Back Authority will, generally, all else being equal, have a positive impact on the consolidated EPS of the Company.

## **5.3 NA and Working Capital**

The effects of the Proposed Renewal of Share Buy-Back Authority on the NA of the Group will depend on the purchase price for such Grand-Flo Shares and whether the Purchased Shares are cancelled or retained as treasury shares.

The effects of the Proposed Renewal of Share Buy-Back Authority on the NA of the Group, whether the Purchased Shares are cancelled or retained as treasury shares are as follows:

### **a. Purchased Shares are subsequently retained as treasury shares**

The NA of the Group would decrease if the Purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NA of our Group by the cost of the treasury shares.

If the Purchased Shares are resold on Bursa Securities, the NA of the Group would increase if Grand-Flo realises a gain from the resale, and vice-versa.

If the Purchased Shares were distributed as share dividends, the NA of the Group will decrease by the cost of the treasury shares.

### **b. Purchased Shares are subsequently cancelled**

If the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will reduce the NA per Grand-Flo Share if the purchase price per Grand-Flo Share exceeds the NA per Grand-Flo Share at the relevant point in time, and vice-versa.

The Proposed Renewal of Share Buy-Back Authority, as and when implemented, will reduce the working capital and cash flow of Grand-Flo Group, the quantum of which will depend on, amongst others, the purchase price(s) of Grand-Flo Shares and the number of Purchased Shares. The Proposed Renewal of Share Buy-Back Authority will affect the cash flow of the Group if it is wholly and/or partly financed by internally generated funds and result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase shares.

#### **5.4 Dividends**

The Proposed Renewal of Share Buy-Back Authority is not expected to have any impact on the dividend policy of the Board in recommending dividends, if any, to shareholders of Grand-Flo. However, as stated herein above, the Board may distribute future dividends in the form of the treasury shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority.

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## 5.5

### Substantial Shareholders' Shareholdings

Based on the Register of Substantial Shareholders as at LPD and assuming that the maximum number of Grand-Flo Shares (of up to ten percent (10%) of the total number issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased from shareholders other than the existing substantial shareholders of Grand-Flo, and all such shares purchased are cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing substantial shareholders of Grand-Flo by virtue of Section 127 (9) of the Act are set out below:

Substantial shareholder	As at LPD		After The Proposed Renewal of Share Buy-Back Authority					
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%	No. of Shares	%
Grand-Flo Corporation Sdn. Bhd.	73,861,852	15.48	-	-	73,861,852	16.99	-	-
Tan Bak Hong	21,168,636	4.44	(1)75,183,852	15.76	21,168,636	4.87	(1)75,183,852	17.29
Yap Li Li	1,322,000	0.28	(2)95,030,488	19.92	1,322,000	0.30	(2)95,030,488	21.86
Tan Chuan Hock	12,600,000	2.64	(3)12,000,000	2.52	12,600,000	2.90	(3)12,000,000	2.76
Silver Oak Management Ltd	30,000,000	6.29	-	-	30,000,000	6.90	-	-
Chong Poh Yoong	29,412,165	6.17	(4)7,765,000	1.63	29,412,165	6.76	(4)7,765,000	1.79
Chuah Chew Hai	7,765,000	1.63	(5)29,412,165	6.17	7,765,000	1.79	(5)29,412,165	6.76

Notes:

\* Excluding 6,093,900 treasury shares held by Grand-Flo as at LPD.

- (1) Deemed interested by virtue of the shares held by his spouse, Yap Li Li and both his and his spouse's interest in Grand-Flo Corporation Sdn Bhd.
- (2) Deemed interested by virtue of the shares held by her spouse, Tan Bak Hong and both her and her spouse's interest in Grand-Flo Corporation Sdn Bhd.
- (3) Deemed interested by virtue of his interest in AI Capital Sdn. Bhd.
- (4) Deemed interested by virtue of the shares held by her spouse, Chuah Chew Hai.
- (5) Deemed interested by virtue of the shares held by his spouse, Chong Poh Yoong.

Save for the resulting increase in percentage shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the substantial shareholders or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority or the resale of treasury shares, if any.

## 5.6

### Directors' Shareholdings

Based on the Register of Directors' Shareholdings as at LPD and assuming that the maximum number of Grand-Flo Shares (of up to ten percent (10%) of the total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased from shareholders other than the existing Directors of Grand-Flo, and all such shares purchased are cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors of Grand-Flo by virtue of Section 127 (9) of the Act are set out below:

Directors	As at LPD			After The Proposed Renewal of Share Buy-Back Authority		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%*		No. of Shares	%	
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-	-	-
Tan Bak Hong	21,168,636	4.44	(1)75,183,852	15.76	21,168,636	4.87
Yap Li Li	1,322,000	0.28	(2)95,030,488	19.92	1,322,000	0.30
Cheng Ping Liong	8,861,734	1.86	-	-	8,861,734	2.04
Chuah Chew Hai	7,765,000	1.63	(3)29,412,165	6.17	7,765,000	1.79
Tan Chuan Hock	12,600,000	2.64	(4)12,000,000	2.52	12,600,000	2.90
Cheong Kee Yoong	-	-	-	-	-	-
Yu Chee Sing	-	-	-	-	-	-
					(1)75,183,852	17.29
					(2)95,030,488	21.86
					-	-
					(3)29,412,165	6.76
					(4)12,000,000	2.76

Notes:

\* Excluding 6,093,900 treasury shares held by Grand-Flo as at LPD.

(1) Deemed interested by virtue of the shares held by his spouse, Yap Li Li and both his and his spouse's interest in Grand-Flo Corporation Sdn Bhd.

(2) Deemed interested by virtue of the shares held by her spouse, Tan Bak Hong and both her and her spouse's interest in Grand-Flo Corporation Sdn Bhd.

(3) Deemed interested by virtue of the shares held by his spouse, Chong Poh Yoong.

(4) Deemed interested by virtue of his interest in AI Capital Sdn. Bhd.

Save for the resulting increase in percentage shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the Directors or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority or the resale of treasury shares, if any.

## **6 PUBLIC SHAREHOLDING SPREAD**

The Proposed Renewal of Share Buy-Back Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

As at LPD, the Record of Depositors of Grand-Flo showed 261,016,344 Shares, representing 54.72% of its total number of issued shares were held by the public shareholders. The Company will endeavour to ensure that the Proposed Renewal of Share Buy-Back Authority will not breach Paragraph 12.14 of the Listing Requirements, which states that a listed corporation must not purchase its own shares on Bursa Securities if that purchase(s) will result in the listed corporation being in breach of the public shareholding spread requirements as set out under Paragraph 8.02(1) of the Listing Requirements.

## **7 PURCHASES AND RESALE OF GRAND-FLO SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS**

Shareholders are advised to refer to the information on Grand-Flo Shares purchased during the financial year ended 31 December 2016 as set out in Note 23 – Treasury Shares of the Audited Financial Statements for the financial year ended 31 December 2016 in the 2016 Annual Report of the Company which is despatched together with this Statement.

## **8 IMPLICATION OF THE CODE**

A person and any person acting in concert with him will be obliged to make a mandatory general offer (MGO) under Part III and subparagraph 10.1 of Practice Note 9 of the Code for the remaining ordinary shares of the Company not already owned by him/them if as a result of the Proposed Renewal of Share Buy-Back Authority:

- a. a person obtains control in the Company;
- b. a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) increases his holding of the voting shares or voting rights of the Company by more than 2% in any six (6)-month period; or
- c. a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) acquires more than 2% of the voting shares or voting rights of the Company when he knows or reasonably ought to know that the Company would carry out a share buy-back scheme.

In the event the Proposed Renewal of Share Buy-Back Authority is implemented in full and all the Shares acquired are cancelled, the pro forma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the substantial shareholders of Grand-Flo and persons connected to the substantial shareholders as at LPD are illustrated above in Section 5.5.

Based on Section 5.5, the Proposed Renewal of Share Buy-Back Authority has no implication to the shareholders of Grand-Flo with regard to the Code.

The Company intends to implement the Proposed Renewal of Share Buy-Back Authority in a manner that it will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when making any purchases of Grand-Flo Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

## **9 APPROVAL REQUIRED**

The Proposed Renewal of Share Buy-Back Authority is subject to the approval of Grand-Flo's shareholders to be obtained at the forthcoming 14<sup>th</sup> AGM of the Company.

**10 DIRECTORS' AND/OR SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the Directors, substantial shareholders of Grand-Flo, and/or person connected to them, as defined in the Listing Requirements, have any interest, whether directly or indirectly, in the Proposed Renewal of Share Buy-Back Authority.

**11 DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 14<sup>th</sup> AGM of the Company.

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**PART B**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO PROPOSED RENEWAL OF  
EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR  
RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

## **1 PROPOSED SHAREHOLDERS' MANDATE**

### **1.1 Details of the Proposed Shareholders' Mandate**

The Company is principally an investment holding company and engaged in the provision of information technology solutions. As at LPD, the principal activities of its subsidiaries are as follows:

- (i) supply and installation of EDCCS and hardware, information technology solutions, computer related accessories, integrating computer system and hardware;
- (ii) adhesive labels and stickers printing; and
- (iii) property development.

In the ordinary course of its business, the Company anticipates that the companies within the Group would, in the ordinary course of business, enter into certain RRPT with the Related Parties. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company may seek a shareholders' mandate in respect of RRPT which are necessary for its day-to-day operations subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:
  - (i) consideration, value of the assets, capital outlay or costs of the aggregated transactions is RM1.0 million or more; or
  - (ii) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%, whichever is higher;
- (c) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the relevant Related Party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements;
- (e) the Company immediately announces to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

In this regard, the Board proposes to seek shareholders' mandate for Grand-Flo Group to enter into arrangements or transactions with the Related Party, details of which are set out in Section 1.3 below, which are necessary for the day-to-day operations of Grand-Flo Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public.

If approved, the Proposed Shareholders' Mandate shall be valid for the period described in Section 1.5 below.

## 1.2 Principal activities of Grand-Flo Group

The Company is principally an investment holding company and engaged in the provision of information technology solutions. As at LPD, the principal activities of its subsidiaries and associates are as follows:

Name of company	Effective interest (%)	Principal activities
<b>Direct</b>		
Grand-Flo Electronic System Sdn Bhd	100	Supply and installation of EDCCS and hardware, information technology solutions, computer related accessories, integrating computer system and hardware
Grand-Flo Spritvest Sdn Bhd ("GFSSB")	100	Provision of information technology solutions specialising in automated data collection processes and mobile computing
Grand-Flo Data Centrix Sdn Bhd	100	Research and development of software application as well as provision of technical and maintenance services
Grand-Flo Capital Sdn Bhd	100	Investment Holding
Grand-Flo Development Sdn Bhd	100	Dormant
Innoceria Sdn Bhd ("ISB")	50	Property development
Labels Network Sdn Bhd	100	Investment holding and trading of price marker system, equipment and paper rolls
Grand-Flo (HK) Ltd.	100	Investment holding and provision of information technology solutions and related services
<b>Subsidiary of Grand-Flo Capital</b>		
Jalur Bina Sdn Bhd ("JBSB")	52	Property development
<b>Subsidiaries of Labels Network</b>		
Kopacklabels (PG) Sdn Bhd	80	Adhesive labels and stickers printing
Kopacklabels (M) Sdn Bhd	100	Dormant
<b>Subsidiaries of GF (HK)</b>		
CL Solutions Services Limited	100	Provision of supply chain solutions and related services
Victor Group Limited	100	Investment holding
<b>Subsidiary of Victor Group Limited</b>		
Guangzhou CL Solutions Limited	100	Provision of supply chain solutions and related services
<b>Associate</b>		
Simat Technologies Public Company Limited	18	Trading of computer hardware, software, network accessories and computer system development
<b>Associate of Labels Network</b>		
Simat Label Co., Ltd.	14	Adhesive labels and stickers printing

### 1.3 Related Parties and Nature of RRPT contemplated

In the normal course of Grand-Flo Group's businesses, transactions of a revenue or trading nature between companies in Grand-Flo Group and the Related Parties are likely to occur and are necessary for its day-to-day operations.

Transactions contemplated for which the Proposed Shareholders' Mandate (based on Grand-Flo Group's structure as at LPD) is sought are set out below:

(i) Existing Shareholders' Mandate

Transacting company	Related Party	Nature of transaction	Estimated <sup>(1)</sup> aggregate value during period of mandate <sup>(2)</sup> (RM'000)	Estimated Value as disclosed in the Circular of Shareholders dated 29 April 2016 (RM'000)	Actual value transacted from 15 June 2016 up to LPD (RM'000)	Interested Directors/ Major Shareholder/ persons connected to Directors or Major Shareholder
ISB	Metrio Development Sdn Bhd ("Metrio")	Property development project sales management fee charged by Metrio to ISB in respect of: (i) Project Management - planning, conceptual layout & design, construction supervision & management, authority submission and approval obtainment; and (ii) Sales & Marketing Management - market survey, sales & marketing plan & strategy, exhibition & road show, customer service and administrative support.	1,000	1,000	450	Chuah Chew Hai, an Executive Director of Grand-Flo and a Director of ISB is also a director and major shareholder of Metrio. Chong Poh Yoong, the spouse of Chuah Chew Hai and being a person connected to a Director, is also a director and major shareholder of Metrio.
JBSB	Metrio	Property development project sales management fee charged by Metrio to JBSB in respect of: (i) Project Management - planning, conceptual layout & design, construction supervision & management, authority submission and approval obtainment; and (ii) Sales & Marketing Management - market survey, sales & marketing plan & strategy, exhibition & road show, customer service and administrative support.	1,200	500	7	Chuah Chew Hai, an Executive Director of Grand-Flo is also a director and major shareholder of Metrio. Chong Poh Yoong, the spouse of Chuah Chew Hai and being a person connected to a Director, is also a director and major shareholder of Metrio.

Notes:

(1) The estimated values stated are determined by the Group's management. Actual transaction values may differ from the values stated.

(2) The validity period of the Proposed Shareholders' Mandate is from 30 May 2017 to the next AGM.

(ii) New Shareholders' Mandate

Transacting company	Related Party	Nature of transaction	Estimated <sup>(1)</sup> aggregate value during validity period of mandate <sup>(2)</sup> (RM'000)	Interested Directors/ Major Shareholder/ persons connected to Directors or Major Shareholder
GFSSB	Radiant Global ADC Sdn Bhd ("Radiant")	Sales and purchases of computer related products and services.	3,000	Tan Chuan Hock, a Non-Independent Non-Executive Director of Grand-Flo is a major shareholder of Radiant.

Notes:

(1) The estimated values stated are determined by the Group's management. Actual transaction values may differ from the values stated.

(2) The validity period of the Proposed Shareholder's Mandate is from 30 May 2017 to the next AGM.

#### 1.4 Basis of estimates

The abovementioned estimated values in respect of each transaction referred to above are based on prevailing prices obtained from the Related Parties which are reasonable market-competitive prices and are derived based on the normal level of transactions to be entered into by the Group for the period up to the conclusion of the next AGM. The estimated amounts are further based on the assumptions that current level of operations will continue and all external conditions remain constant. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value disclosed above.

#### 1.5 Validity period of the Proposed Shareholders' Mandate

The authority from the shareholders of Grand-Flo to undertake the Proposed Shareholders' Mandate, if granted, shall be effective upon the passing of the ordinary resolution for the Proposed Shareholders' Mandate at the forthcoming AGM until:

- (i) the conclusion of the next AGM of Grand-Flo following the general meeting at which this ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

#### 1.6 Review procedures for the RRPT

Grand-Flo has internal control systems to ensure that the RRPT are undertaken on an arm's length basis and on normal commercial terms consistent with Grand-Flo's usual business practices and policies, which are no more favourable to the interested parties than those extended to third parties/public and are not detrimental to the interest of the minority shareholders. The management of Grand-Flo will ensure that the RRPT with interested parties will only be transacted at the prevailing market rates/prices for the services or products on the usual commercial terms, or otherwise in accordance with applicable industry norms, after taking into account the pricing, the level of services, quality of products and other related factors.

The following methods and procedures have been implemented by Grand-Flo Group to ensure proper identification and reporting of RRPT as follows and to ensure that RRPT contemplated under the Proposed Shareholders' Mandate are undertaken on transaction prices and terms not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders:

- (i) Any tender, quotation or contract received from or proposed to be entered with a Related Party will be reviewed by the senior management who will ascertain if it is an approved RRPT. Such tender, quotation or contract will not be approved unless the terms offered to the Group are comparable with those offered by other unrelated parties for the same or substantially similar type of transactions. The transactions with a Related Party will only be entered into after taking into account the pricing, quality, deliverables, level of service and other related facts including competitors prices of similar products and services in the open market;
- (ii) All transactions entered into pursuant to the Proposed Shareholders' Mandate will be tabled to the Audit Committee for review on a quarterly basis. In its review of such transactions, the Audit Committee may, as it deems fit, request for additional information pertaining to the transactions from independent sources;
- (iii) Records will be maintained by the Company to capture all RRPT entered into pursuant to the Proposed Shareholders' Mandate to ensure that relevant approvals have been obtained and review procedures in respect of such transactions are adhered to;
- (iv) The Audit Committee has and shall continuously review the adequacy and appropriateness of the procedures, as and when required, with the authority to sub-delegate to individuals or committee within the Company as they deem appropriate;
- (v) The pricing for services and products to be provided/supplied and/or received is determined based on the Group's business practices and policies to ensure that prices and terms and conditions are based on competitive prices of similar products and services in the open market; and
- (vi) Where practicable and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for substantially similar products or services and/or quantities will be used as comparison to determine whether the price and terms offered to/by the Related Party are fair and reasonable and comparable to those offered to/by other unrelated third parties, for the same or substantially similar type of products/services and/or quantities.
- (vii) In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed transactions, the Audit Committee shall review the transaction price based on the usual business practices of the Group to ensure that the RRPT are not detrimental to the Company and the Group.

#### **1.7 Threshold for approval of RRPT**

There is no specific threshold for approval of RRPT within the Grand-Flo Group. All RRPT are subject to the same authority limit threshold established by the respective business units for its other business transactions where transactions of different nature and value are subject to approval by the appropriate level of authority as determined by senior management and/or the Board. Where a Director has an interest (direct or indirect) in an RRPT, such Director shall abstain from deliberating over such transaction.

In addition, the Audit Committee shall review and approve all aspects of the RRPT where the consideration, value of the assets, capital outlay or costs thereof, equal or exceed RM1,000,000, and ensure that they are conducted at arm's length basis. Whilst the senior management (Chief Executive Officer/General Manager/Head of Department) shall review RRPT of consideration less than RM1,000,000 and approve by a non-interested director.

## **1.8 Statement by the Audit Committee**

The procedures and processes of RRPT as set out in the sections above are and will be reviewed annually. The Audit Committee of the Company is of the view that the Grand-Flo Group has in place adequate procedures and processes to monitor, track and identify the RRPT in a timely and orderly manner.

The Audit Committee has also reviewed the RRPT and is of the opinion that the review procedures in Section 1.6 above are sufficient to ensure that RRPT are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

## **1.9 Disclosure in annual report**

Disclosure will be made in the Company's annual report in respect of the Proposed Shareholders' Mandate and in the annual reports for subsequent years that the Proposed Shareholders' Mandate continues to be in force in accordance with applicable accounting standards and Section 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:

- (i) the type of the RRPT made; and
- (ii) the names of the Related Party involved in each type of the RRPT made and their relationship with the Company.

## **1.10 Rationale for and benefits of the Proposed Shareholders' Mandate**

The rationale for and benefits of the Proposed Shareholders' Mandate to Grand-Flo Group are as follows:

- (i) the Proposed Shareholders' Mandate will empower the Group to enter into transactions with the Related Parties which are necessary in the day-to-day operations of the Group, undertaken at arm's length, normal commercial terms, are not more favourable to the Related Parties than those generally made available to the public and are not detrimental to the minority shareholders;
- (ii) the Proposed Shareholders' Mandate will eliminate the need for convening of general meetings on an ad hoc basis and hence will reduce substantially the administrative time, inconvenience and the expenses associated therewith;
- (iii) the RRPT entered into by the Group are intended to meet business needs at the best possible terms and to allow the Group to tap into the expertise of the Related Parties which will be of benefit to all the companies within the Group; and
- (iv) The benefits of transacting with Related Parties are that their experience and expertise in property development business enabled the Group to ride on their existing resources and immediately kick start the Group's property development business hence providing returns to maximise shareholders' value.

## **1.11 Effects of the Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate will not have any effect on the issued share capital, dividends and shareholdings of Grand-Flo and will not have any material effects on the net assets, gearing and earnings of Grand-Flo Group.

## **2 APPROVAL REQUIRED**

The Proposed Shareholders' Mandate is subject to the approval of Grand-Flo's shareholders to be obtained at the forthcoming 14<sup>th</sup> AGM of the Company.

### 3 DETAILS OF THE SUMS DUE AND OWING BY THE RELATED PARTIES

There was no amount due and owing to Grand-Flo Group by Related Party pursuant to RRPT which has exceeded the credit term. As such, the disclosures as required under Paragraphs 16A and 16B in Annexure PN12-A of the Listing Requirements are not applicable.

### 4 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDER AND/OR PERSONS CONNECTED TO THEM

The interests of the interested Directors and interested Major Shareholders of Grand-Flo and/or Person Connected to them who are interested in the Proposed Shareholders' Mandate as at LPD are as follows:-

Name	Direct		Indirect	
	No. of shares	%*	No. of shares	%*
Chuah Chew Hai, an Executive Director of Grand-Flo and a Director of ISB who is also a director and major shareholder of Metrio.	7,765,000	1.63	29,412,165 <sup>(1)</sup>	6.17
Chong Poh Yoong, the spouse of Chuah Chew Hai and being a person connected to a director who is also a director and major shareholder of Metrio.	29,412,165	6.17	7,765,000 <sup>(2)</sup>	1.63
Tan Chuan Hock, a Non-Independent Non-Executive Director who is a major shareholder of Radiant	12,600,000	2.64	12,000,000 <sup>(3)</sup>	2.52

Notes:-

\* Excluding 6,093,900 treasury shares held by Grand-Flo as at LPD.

<sup>(1)</sup> Deemed interested by virtue the shares held by his spouse, Chong Poh Yoong.

<sup>(2)</sup> Deemed interested by virtue the shares held by her spouse, Chuah Chew Hai

<sup>(3)</sup> Deemed interested by virtue of his interest in AI Capital Sdn. Bhd.

Save as disclosed above, none of the Directors and Major Shareholders of Grand-Flo and/or Persons Connected to them, have any interest, whether directly or indirectly, in the Proposed Shareholders' Mandate.

The interested Director, namely Mr. Chuah Chew Hai and Mr. Tan Chuan Hock, have abstained and will continue to abstain from Board's deliberation and voting in respect of the Proposed Shareholders' Mandate.

In addition, Mr. Chuah Chew Hai, Ms. Chong Poh Yoong and Mr. Tan Chuan Hock will abstain from deliberation and voting in respect of their direct and indirect shareholdings on the resolution deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM. Further, Mr. Chuah Chew Hai, Ms. Chong Poh Yoong and Mr. Tan Chuan Hock have undertaken to ensure that Persons Connected to them will abstain from deliberation and voting in respect of their direct and indirect shareholdings on the resolution deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM.

### 5 DIRECTORS' RECOMMENDATION

The Board (other than the interested Director), having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Group.

Accordingly, the Board (other than the interested Director) recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 14<sup>th</sup> AGM of the Company.



## **6 FOURTEENTH ANNUAL GENERAL MEETING**

The 14<sup>th</sup> AGM of Grand-Flo, the Extract of the Notice of 14<sup>th</sup> AGM of which is enclosed in this Statement/Circular, will be held at Greens 1, Golf Wing, Ground Floor, Tropicana Golf & Country Resort, Off Persiaran Tropicana, Jalan Tropicana Utama, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 30 May 2017 at 12.00 p.m. for the purpose of considering and, if thought fit, passing the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate as described therein.

If you are unable to attend and vote in person at the 14<sup>th</sup> AGM, you are requested to complete and return the Form of Proxy enclosed in the 2016 Annual Report in accordance with the instructions thereon as soon as possible and in any event so as to arrive at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll.

## **7 FURTHER INFORMATION**

Shareholders are advised to refer to the attached Appendix I for further information;

Yours faithfully,  
For and on behalf of the Board of  
**GRAND-FLO BERHAD**

**TAN BAK HONG**  
Group Managing Director / Group President

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of Grand-Flo who collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no other fact, the omission of which would make any statement herein misleading.

**2. MATERIAL CONTRACTS**

Neither Grand-Flo nor any of its subsidiaries has entered into any material contract, not being contracts entered into in the ordinary course of business, within the past two (2) years immediately preceding the date of this Circular.

**3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION**

As at LPD, neither Grand-Flo nor any of its subsidiaries is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, and the Directors of Grand-Flo do not have any knowledge of proceedings pending or threatened against Grand-Flo and/or its subsidiaries, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the financial position or business of Grand-Flo and/or its subsidiaries.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office of the Company at Third Floor, No. 79 (Room A), Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, during normal business hours from Monday to Friday (except for Public Holiday) from the date of this Circular up to and including the date of the AGM:

- (a) Constitution of Grand-Flo; and
- (b) Audited consolidated financial statements of Grand-Flo for the past two (2) financial years ended 31 December 2015 and 31 December 2016.

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EXTRACT OF NOTICE OF 14<sup>TH</sup> ANNUAL GENERAL MEETING OF GRAND-FLO**ORDINARY RESOLUTION 9****PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**

“THAT, subject always to the Companies Act, 2016 (“the Act”), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and the approvals of any other relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company’s issued share capital (“Grand-Flo Shares”) through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) the aggregate number of Grand-Flo Shares bought-back and/or held as treasury shares does not exceed ten percent (10%) of the total number of issued shares of the Company subject to a restriction that the issued share capital of the Company does not fall below the public shareholding spread requirement of the Listing Requirements;
- (ii) the maximum funds to be allocated for the share buy-back shall not exceed the aggregate of the retained earnings of the Company; and
- (iii) the Grand-Flo Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority are to be treated in any of the following manner:
  - (a) cancel the purchased Grand-Flo Shares;
  - (b) retain the purchased Grand-Flo Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or
  - (c) retain part of the purchased Grand-Flo Shares as treasury shares and cancel the remainder,

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

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the general meeting at which this resolution is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the Grand-Flo Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities;

AND FURTHER THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as they may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the Grand-Flo Shares.”

**ORDINARY RESOLUTION 10  
PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW  
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE  
OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

"THAT, authority be and is hereby given in line with Paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, for the Company and/or its subsidiaries to enter into any of the transactions with the related parties as set out in Section 1.3 of the Circular to Shareholders in relation to the Proposed Shareholders' Mandate dated 28 April 2017 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 those 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 annual general meeting ("AGM") of the Company following the general meeting at which the ordinary resolution for the Proposed Shareholders' Mandate was passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or
- (ii) the expiration of the period within which the next AGM after that date it is required by law to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they 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."