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KAWAN FOOD BERHAD

Registration No. 200401001942 (640445-V)
(Incorporated in Malaysia)

PART A

**CIRCULAR TO SHAREHOLDERS
in relation to**

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

PART B

**STATEMENT TO SHAREHOLDERS
in relation to**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS
OWN ORDINARY SHARES**

The above proposals will be tabled as Special Business at the Twentieth (“20th”) Annual General Meeting (“AGM”) of Kawan Food Berhad (“the Company”). The 20th AGM of the Company will be conducted on a virtual basis through live streaming and online voting via Remote Participation and Electronic Voting (“RPEV”) facilities hosted at <https://investor.boardroomlimited.com> (Meeting platform) at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“Broadcast Venue”) on Wednesday, 26 June 2024 at 10.30 a.m. or any adjournment thereof.

The Notice of the 20th AGM of the Company together with the Proxy Form are set out in the Annual Report 2023 of the Company and this Circular/Statement can be downloaded from the Company’s website at <https://kawanfood.com/index.php/our-company/investor-relations/> or Bursa Securities’ website at https://www.bursamalaysia.com/market_information/announcements/company_announcement. For further information, please refer to the Notice and Administrative Details of the 20th AGM.

If you wish to appoint proxy to participate and vote remotely via the RPEV facilities on your behalf at the AGM, you may deposit the hard copy of the Proxy Form with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (please follow the procedures stipulated in the Administrative Details) on or before the date and time indicated below or any adjournment thereof. The lodging of Proxy Form will not preclude you from attending and voting in person at the 20th AGM should you subsequently wish to do so.

Last date and time for lodging of Form of Proxy	: Monday, 24 June 2024 at 10.30 a.m.
Date and time of the 20 th AGM	: Wednesday, 26 June 2024 at 10.30 a.m.

This Circular/Statement is dated 30 April 2024

DEFINITIONS

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

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Audit Committee”	:	Audit Committee of KAWAN FOOD BERHAD
“Board”	:	Board of Directors of KAWAN FOOD BERHAD
“Bursa Securities”	:	Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“CCM”	:	The Companies Commission of Malaysia
“CMSA”	:	Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof
“Constitution”	:	Constitution of KAWAN FOOD BERHAD, as amended from time to time
“Code”	:	Malaysian Code on Take-Overs and Mergers, 2016 as amended from time to time
“Director”	:	Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
“EPS”	:	Earnings per share
“Hot & Roll”	:	Hot & Roll Holdings Sdn. Bhd.
“Kawan” or “the Company”	:	Kawan Food Berhad
“Kawan Group” or “the Group”	:	Kawan and its subsidiaries
“Kawan Share(s)” or “Share(s)”	:	Ordinary Share(s) in Kawan
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
“LPD”	:	29 March 2024, being the latest practicable date prior to the printing and dispatch of this Circular/Statement

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“Major Shareholder”	:	Includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a person who has an interest or interests in one or more voting shares in the Company (or any other company which is its subsidiary or holding company) and the number or aggregate number of those shares is: (a) 10% or more of the total number of voting shares in the company; or (b) 5% or more of the total number of voting shares in the company where such person is the largest shareholder of the company. For the purpose of this definition, “interest in shares” shall have the meaning given in Section 8 of the Act.
“Maybank”	:	Maybank Securities Nominees (Asing) Sdn. Bhd. Exempt AN for VG Trustee Limited (Narvee F’ dation)
“MH Delight”	:	MH Delight Sdn. Bhd.
“NA”	:	Net assets
“Nagrecha”	:	Nareshchandra Gordhandas Nagrecha (Deceased)
“Narvee F’ dation”	:	Substantial Shareholder of Kawan, hold shares in Kawan via VG Trustee Limited (as Trustee of the Narvee F’ dation)
“Period of Mandate”	:	The period from the date of AGM, i.e. 26 June 2024 until the conclusion of the next AGM
“Person Connected”	:	Shall have the same meaning as in Chapter 1.01 of the Listing Requirements
“Proposed Renewal of Share Buy-Back Authority”	:	Proposed renewal of existing authority granted to the Company to purchase its own Shares of up to ten percent (10%) of the total number of issued shares of the Company in accordance with Section 127 of the Act and the Listing Requirements
“Proposed Renewal of Shareholders’ Mandate”	:	The proposed renewal of the existing shareholders’ mandate for the Kawan Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with Related Party or Parties in the ordinary course of business which are necessary for the Kawan Group’s day-to-day operations
“Purchased Shares”	:	Shares to be purchased by Kawan pursuant to the proposed authority for share buy-back authority
“Related Party or Parties”	:	A Director, major shareholder or persons connected with such Director or major shareholder as defined in Paragraph 10.02 of the Listing Requirements
“Related Party Transaction”	:	A transaction entered into by Kawan or its Subsidiaries which involves the interest, direct or indirect, of a Related Party
“Recurrent Related Party Transactions or RRPT”	:	Recurrent related party transaction of a revenue or trading nature which are necessary for the day-to-day operations and are in ordinary course of business of Kawan as specified in Section 2.4 of the Circular

“Registered Office”	:	The registered address of Kawan which is at 12 th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
“RM”	:	Ringgit Malaysia
“Rubicon”	:	Rubicon Food Products Limited
“Share Registrar”	:	The Share Registrar of Kawan, Boardroom Share Registrars Sdn. Bhd. which is at 11 th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
“Shana”	:	Shana Foods Limited
“Subsidiary Companies”	:	Subsidiaries of Kawan
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting shares in the Company and the number or the aggregate number of such shares is not less than 5% of the total number of all the voting shares in the Company
“Treasury Shares”	:	The Purchased Shares which are or will be retained in treasury by the Company and shall have the meaning given under Section 67A of the Act.
“VG Trustee Limited”	:	VG Trustee Limited as Trustee of the Narvee F’ dation

All references to “you” in this Circular/Statement are to the shareholders of the Company.

Unless specifically referred to, words denoting the singular shall, where applicable, include the plural and vice versa and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference to any legislation or guideline in this Circular/Statement is a reference to that legislation or guideline as amended or re-enacted from time to time.

Any reference to time of day in this Circular/Statement is a reference to Malaysian time, unless otherwise stated.

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PART A – CIRCULAR TO SHAREHOLDERS’ IN RELATION TO:**PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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PART B – STATEMENT TO SHAREHOLDERS’ IN RELATION TO:**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

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PART A

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE



KAWAN FOOD BERHAD
Registration No. 200401001942 (640445-V)
(Incorporated in Malaysia)

Registered Office:

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

30 April 2024

Board of Directors:

Mr. Gan Thiam Chai (*Executive Chairman*)
Mdm. Kwan Sok Kay (*Executive Director*)
Mr. Gan Thiam Hock (*Executive Director*)
Ms. Gan Ka Bien (*Executive Director*)
Dr. Nik Ismail Bin Nik Daud (*Senior Independent Non-Executive Director*)
Mr. Lim Hun Soon @ David Lim (*Independent Non-Executive Director*)
Mr. Eugene Hon Kah Weng (*Independent Non-Executive Director*)
Mr. Abdul Razak Bin Shakor (*Non-Independent Non-Executive Director*)

To: The Shareholders of KAWAN FOOD BERHAD

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

1. INTRODUCTION

The Company had, at the Nineteenth AGM held on 21 June 2023, obtained a mandate from its shareholders to enter into Recurrent Related Party Transactions with Related Parties that are necessary for the day-to-day operations in the ordinary course of business carried out on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. The said shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 20th AGM unless authority for its renewal is obtained from the shareholders of Kawan.

On 18 April 2024, the Company announced to Bursa Securities that the Board intends to seek its shareholders' approval for the Proposed Renewal of Shareholders' Mandate in accordance with Paragraph 10.09, Part E of Chapter 10 of the Listing Requirements.

The purpose of this Circular is to provide you with the relevant information on the Proposed Renewal of Shareholders' Mandate, to set out the recommendation of the Board and to seek your approval for the ordinary resolutions to be tabled at the forthcoming AGM. The notice of the AGM and the Proxy Form are included in the Annual Report of the Company for the financial year ended 31 December 2023.

2.0 DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Provisions under the Listing Requirements

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 our 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 Parties than those generally available to the public;
- (b) The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where, the Company with a share capital of RM60.0 million and above must immediately announce such RRPT where:
 - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or
 - (ii) the percentage ratios of such Recurrent Related Party Transactions is 1% or more;whichever is the higher;
- (c) Kawan's circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Securities;
- (d) In a meeting to obtain shareholders' mandate, the Related Party with any interest, direct or indirect ("**interested related party**") must not vote on the resolution in respect of the related party transaction; an interested related party who is a corporation, director or major shareholder must ensure that persons connected with it abstain from voting on the resolution in respect of the related party transaction; and where the interested related party is a person connected with a corporation, a director or shareholder must not vote on the resolution in respect of the related party transaction; and
- (e) Kawan shall immediately announce to Bursa Securities when the actual value of the Recurrent Related Party Transactions entered into by the Kawan Group exceeds the estimated value of the Recurrent Related Party Transactions disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Where Kawan has procured shareholders' mandate pursuant to the above, the provision of Paragraph 10.08 of the Listing Requirements shall not apply.

2.2 Principal business activities of Kawan

Kawan is principally an investment holding company whilst the principal activities of its subsidiary companies are set out in Appendix I of this Circular.

It is anticipated that the Group would, in the ordinary course of business, enter Recurrent Related Party Transactions. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

2.3 Classes of Related Parties

- 2.3.1** The Proposed Renewal of Shareholders' Mandate will apply to the following classes of Related Party or Parties and their relationships are described below:

Classes of Related Parties (continued)

Name of the Related Party	Place of Incorporation	Principal Activities	Relationship of Related Parties with Kawan
Shana	United Kingdom	Importation and distribution of processed packaged foods	<p>Mr. Nagrecha (Deceased)</p> <ul style="list-style-type: none"> - Shareholder of Shana who owns joint direct interest with Mdm. Veena Nagrecha of 97.5% shareholdings - Substantial Shareholder of Kawan who has an indirect interest of 17.71% in Kawan, representing 62,001,200 ordinary shares (deemed interested through VG Trustee Limited (as trustee of the Narvee F'dation) which has a direct interest of 17.71% in Kawan, via Maybank) of Kawan - Spouse of Mdm. Veena Nagrecha - Father of Anjalee Nagrecha and Neel Nagrecha <p><u>Person connected to Mr. Nagrecha (Deceased)</u></p> <p>Mdm. Veena Nagrecha</p> <ul style="list-style-type: none"> - Shareholder of Shana who owns joint direct interest with Mr. Nagrecha (Deceased) of 97.5% shareholdings - Beneficiary of the Narvee F'dation - Spouse of Mr. Nagrecha (Deceased) - Mother of Anjalee Nagrecha and Neel Nagrecha <p>Anjalee Nagrecha and Neel Nagrecha</p> <ul style="list-style-type: none"> - Directors of Shana - Children of Mr. Nagrecha (Deceased) and Mdm. Veena Nagrecha <p>Mr. Abdul Razak Bin Shakor</p> <ul style="list-style-type: none"> - Deemed interested by virtue of him being an associate of Mr. Nagrecha (Deceased) who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Mr. Nagrecha (Deceased) and Mdm. Veena Nagrecha

Name of the Related Party	Place of Incorporation	Principal Activities	Relationship of Related Parties with Kawan
Rubicon	Canada	Manufacture and distribution of soft drinks and importation and distribution of processed packaged foods	<p>Mr. Nagrecha (Deceased)</p> <ul style="list-style-type: none"> - Shareholder of Rubicon who owns 50% direct interest in Rubicon representing 50 common shares and 80,000 preference shares of Rubicon - Substantial Shareholder of Kawan who has an indirect interest of 17.71% in Kawan, representing 62,001,200 ordinary shares (deemed interested through VG Trustee Limited (as trustee of the Narvee F'dation) which has a direct interest of 17.71% in Kawan, via Maybank) of Kawan - Spouse of Mdm. Veena Nagrecha - Father of Anjalee Nagrecha and Neel Nagrecha <p><u>Person connected to Mr. Nagrecha (Deceased)</u></p> <p>Mdm. Veena Nagrecha</p> <ul style="list-style-type: none"> - Shareholder of Rubicon who owns 50% direct interest in Rubicon representing 50 common shares and 80,000 preference shares of Rubicon - Spouse of Mr. Nagrecha (Deceased) - Beneficiary of the Narvee F'dation - Mother of Anjalee Nagrecha and Neel Nagrecha <p>Anjalee Nagrecha and Neel Nagrecha</p> <ul style="list-style-type: none"> - Directors of Rubicon - Children of Mr. Nagrecha (Deceased) and Mdm. Veena Nagrecha <p>Mr. Abdul Razak Bin Shakor</p> <ul style="list-style-type: none"> - Deemed interested by virtue of him being an associate of Mr. Nagrecha (Deceased) who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Mr. Nagrecha (Deceased) and Mdm. Veena Nagrecha

Classes of Related Parties (continued)

Name of the Related Party	Place of Incorporation	Principal Activities	Relationship of Related Parties with Kawan
Hot & Roll	Malaysia	Retail of snack food	<p>Ms. Gan Ka Bien</p> <ul style="list-style-type: none"> - Director and Shareholder of Hot & Roll who owns 44.78% direct interest in Hot & Roll, representing 225,000 ordinary shares of Hot & Roll. - Director and Shareholder of Kawan who has direct interest of 0.03% in Kawan, representing 121,220 ordinary shares of Kawan - Daughter of Mr. Gan Thiam Chai and Mdm. Kwan Sok Kay - Siblings of Ms. Gan Ka Hui and Ms. Gan Ka Ooi <p><u>Persons connected to Ms. Gan Ka Bien</u></p> <p>Mr. Gan Thiam Chai</p> <ul style="list-style-type: none"> - Director and Substantial Shareholder of Kawan who has an indirect interest of 36.07% in Kawan, representing 126,257,402 ordinary shares (deemed interested through GFG (L) Foundation which has a direct interest of 36.07% in Kawan) of Kawan - Spouse of Mdm. Kwan Sok Kay - Father of Ms. Gan Ka Bien, Ms. Gan Ka Hui and Ms. Gan Ka Ooi <p>Mdm. Kwan Sok Kay</p> <ul style="list-style-type: none"> - Director and Substantial Shareholder of Kawan who has an indirect interest of 36.07% in Kawan, representing 126,257,402 ordinary shares (deemed interested through GFG (L) Foundation which has a direct interest of 36.07% in Kawan) of Kawan - Spouse of Mr. Gan Thiam Chai - Mother of Ms. Gan Ka Bien, Ms. Gan Ka Hui and Ms. Gan Ka Ooi <p>Ms. Gan Ka Hui</p> <ul style="list-style-type: none"> - Daughter of Mr. Gan Thiam Chai and Mdm. Kwan Sok Kay - Siblings of Ms. Gan Ka Bien and Ms. Gan Ka Ooi <p>Ms. Gan Ka Ooi</p> <ul style="list-style-type: none"> - Daughter of Mr. Gan Thiam Chai and Mdm. Kwan Sok Kay - Siblings of Ms. Gan Ka Bien and Ms. Gan Ka Hui

Classes of Related Parties (continued)

Name of the Related Party	Place of Incorporation	Principal Activities	Relationship of Related Parties with Kawan
MH Delight	Malaysia	Manufacturing & Trading Company	<p>Mdm. Lam Saw Kuan</p> <ul style="list-style-type: none"> - Director and owned 30% direct interest in MH Delight representing 30,000 ordinary shares of MH Delight - Shareholder of Kawan who has direct interest of 0.44% in Kawan, representing 1,534,366 ordinary shares of Kawan - Spouse of Mr. Gan Thiam Hock - Mother of Mr. Gan Meng Hoi, Mr. Gan Meng Hoo, Mr. Gan Meng Yeow and Ms. Gan Kha Yee - Sister of Mdm. Lam Sau Fan <p>Mr. Gan Meng Hoo</p> <ul style="list-style-type: none"> - Director and owned 10% direct interest in MH Delight representing 10,000 ordinary shares of MH Delight - Shareholder of Kawan who has direct interest of 0.10% in Kawan, representing 344,300 ordinary shares of Kawan - Son of Mr. Gan Thiam Hock and Mdm. Lam Saw Kuan - Siblings of Mr. Gan Meng Hoi, Mr. Gan Meng Yeow and Ms. Gan Kha Yee <p>Mr. Gan Meng Hoi</p> <ul style="list-style-type: none"> - Director and owned 10% direct interest in MH Delight representing 10,000 ordinary shares of MH Delight - Shareholder of Kawan who has direct interest of 0.13% in Kawan, representing 462,000 ordinary shares of Kawan - Son of Mr. Gan Thiam Hock and Mdm. Lam Saw Kuan - Siblings of Mr. Gan Meng Hoo, Mr. Gan Meng Yeow and Ms. Gan Kha Yee <p>Mdm. Lam Sau Fan</p> <ul style="list-style-type: none"> - Director and owned 25% direct interest in MH Delight representing 25,000 ordinary shares of MH Delight - Shareholder of Kawan who has direct interest of 0.01% in Kawan, representing 30,000 ordinary shares of Kawan - Sister of Mdm. Lam Saw Kuan - Sister-in-law of Mr. Gan Thiam Hock

Classes of Related Parties (continued)

Name of the Related Party	Place of Incorporation	Principal Activities	Relationship of Related Parties with Kawan
MH Delight	Malaysia	Manufacturing & Trading Company	<p><u>Person connected to Mdm. Lam Saw Kuan, Mr. Gan Meng Hoo, Mr. Gan Meng Hoi and Mdm. Lam Sau Fan</u></p> <p>Mr. Gan Thiam Hock</p> <ul style="list-style-type: none"> - Director and Substantial Shareholder of Kawan who has direct and indirect interest of 6.42% and 0.87% in Kawan, representing 22,462,133 and 3,028,666 ordinary shares of Kawan respectively - Spouse of Mdm. Lam Saw Kuan - Father of Mr. Gan Meng Hoi, Mr. Gan Meng Hoo, Mr. Gan Meng Yeow and Ms. Gan Kha Yee - Brother-in-law of Mdm. Lam Sau Fan <p>Mr. Gan Meng Yeow</p> <ul style="list-style-type: none"> - Shareholder of Kawan who has direct interest of 0.10% in Kawan, representing 344,000 ordinary shares of Kawan - Son of Mr. Gan Thiam Hock and Mdm. Lam Saw Kuan - Siblings of Mr. Gan Meng Hoi, Mr. Gan Meng Hoo and Ms. Gan Kha Yee <p>Ms. Gan Kha Yee</p> <ul style="list-style-type: none"> - Shareholder of Kawan who has direct interest of 0.10% in Kawan, representing 344,000 ordinary shares of Kawan - Daughter of Mr. Gan Thiam Hock and Mdm. Lam Saw Kuan - Siblings of Mr. Gan Meng Hoi, Mr. Gan Meng Hoo and Mr. Gan Meng Yeow

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2.4 Nature of Recurrent Related Party Transactions contemplated

Details of the Recurrent Related Party Transactions of a revenue or trading nature, which will be covered by the Proposed Renewal of Shareholders' Mandate in relation to the provision of, or obtaining from, the Related Party or Parties, products and services in the normal course of business of the Group, are as follows:

Proposed Renewal of Shareholders' Mandate

Transacting parties within the Kawan Group	Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Estimated value ⁽¹⁾ of transaction from the date of the forthcoming Twentieth AGM to the date of the Twenty First AGM (RM)	Actual value transacted from 21 June 2023 to 29 March 2024 (RM)	Estimated value of transaction as disclosed in the preceding year's Circular to Shareholders dated 28 April 2023 (RM)
Kawan Group	Shana	Purchase of frozen food products from Kawan Group	Mr. Nagrecha (Deceased) Mdm. Veena Nagrecha Anjalee Nagrecha Neel Nagrecha	34,000,000	21,761,312	30,000,000
Kawan Group	Rubicon	Purchase of frozen food products from Kawan Group	Mr. Nagrecha (Deceased) Mdm. Veena Nagrecha Anjalee Nagrecha Neel Nagrecha	15,000,000	8,392,144	15,000,000
Kawan Group	Hot & Roll	Purchase of frozen food products from Kawan Group	Mr. Gan Thiam Chai Mdm. Kwan Sok Kay Ms. Gan Ka Bien Ms. Gan Ka Hui Ms. Gan Ka Ooi	5,000,000	1,602,946	4,000,000

Proposed Renewal of Shareholders' Mandate (continued)

Transacting parties within the Kawan Group	Related Parties	Nature of Transaction	Interested Directors, Major Shareholders and Persons Connected	Estimated value ⁽¹⁾ of transaction from the date of the forthcoming Twentieth AGM to the date of the Twenty First AGM (RM)	Actual value transacted from 21 June 2023 to 29 March 2024 (RM)	Estimated value of transaction as disclosed in the preceding year's Circular to Shareholders dated 28 April 2023 (RM)
Kawan Group	MH Delight	Sales of frozen food products to Kawan Group	Mr. Gan Thiam Hock Mr. Gan Meng Hoo Mr. Gan Meng Hoi Mr. Gan Meng Yeow Ms. Gan Kha Yee Mdm. Lam Saw Kuan Mdm. Lam Sau Fan	3,500,000	1,264,029	3,500,000
Kawan Group	MH Delight	Purchase of frozen food products from Kawan Group	Mr. Gan Thiam Hock Mr. Gan Meng Hoo Mr. Gan Meng Hoi Mr. Gan Meng Yeow Ms. Gan Kha Yee Mdm. Lam Saw Kuan Mdm. Lam Sau Fan	1,500,000	2,684	1,500,000

Note:

- (1) The estimated value of the transactions is based on Management's estimate of the annual amount of the transaction according to prevailing, reasonable and market competitive prices obtained from the Related Party or Parties. Due to the nature of the transactions, the actual value of transactions may vary from the estimated value as disclosed above. Disclosure will be made in the 2024 Annual Report of the Company of the actual breakdown of the aggregate value of transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year ending 31 December 2024.
- (2) None of the actual value of the Recurrent Transactions has exceeded the estimated value by 10% or more.

2.5 Amount due and owing by Related Parties

As at 31 December 2023, the amount due and owing by related parties which have exceeded the credit term are as follows:

	Trade Receivables from Related Parties as at 31 December 2023
Exceeded Credit Term for:	(RM)
a period of 1 year or less	7,138,840.32
a period of more than 1 to 3 years	-
a period of more than 3 to 5 years	-
a period of more than 5 years	-

As at 29 March 2024, there is RM749,141.00 amount due or owing to the Company from the Related Parties carried forward from 31 December 2023. The Board of Directors is of the opinion that the above outstanding debts are collectable and has actively meeting with the Related Party. The management would monitor the outstanding debts and follow up with the Related Parties on the collection. There are no late payment charges or interest imposed on the above overdue trade receivables as the overdue amounts are not substantial.

2.6 Guidelines and review procedures for Recurrent Related Party Transactions

To ensure that Recurrent Related Party Transactions which are in the ordinary course of business are conducted at arm's length and based on normal commercial terms which are not more favourable to the Related Party or Parties than those generally available to the public and are not detrimental to the minority shareholders, the Recurrent Related Party Transactions shall be determined based on prevailing rates or prices of the goods (including where applicable, preferential rates or discounts accorded to a class or classes of customers) according to their usual commercial terms, business practices and policies or otherwise in accordance with other applicable industry norms or considerations.

To monitor the Recurrent Related Party Transactions, the following review procedures are implemented:-

- (a) The transactions with the Related Party or Parties will only be entered into after taking into account the pricing, quality of product and other related factors, which are generally on terms not more favourable to the Related Party or Parties than those extended to unrelated third parties and are not to the detriment of the minority shareholders;
- (b) The pricing and quality of products shall be at the prevailing market rates/prices of the product including where appropriate preferential rates and discounts accorded for bulk purchases (the same as are accorded to third party bulk purchase) and on product provider's usual commercial terms, and otherwise in accordance with applicable industry norm;
- (c) The terms and conditions on purchases and sales are determined by market force, under similar commercial terms for transaction with third parties which depend on the demand and supply of the products and subject to the availability of the products in the market;
- (d) The cost plus method will be used where appropriate in the determination of fair price or contract rates. This method determines the arm's length price or rate by adding an appropriate mark-up to the cost of production;

- (e) At least two (2) other contemporaneous transactions with unrelated third parties for similar products and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Party or Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products, or if the product is a propriety item), the transaction price will be determined by the Kawan Group based on similar costing method of pricing used for other products and/or quantities to ensure that the Recurrent Related Party Transaction is not detrimental to the Kawan Group; and
- (f) All Recurrent Related Party Transactions shall be reviewed at the meetings of Audit Committee. In the review of such transactions, the Audit Committee may, as they deem fit, request for additional information pertaining to the transactions from independent sources or advisers.

There are no specific thresholds for the approval of Recurrent Related Party Transactions. All the Recurrent Related Party Transactions within the Kawan Group are reviewed by Audit Committee and authorised by Board of Directors, provided always that the interest directors are abstained from deliberating and voting on the said resolution.

The Audit Committee has reviewed the guidelines and procedures mentioned above and are satisfied that the guidelines and procedures are sufficient to ensure that the Recurrent Related Party Transactions are:-

- undertaken in the ordinary course of business;
- carried out at arm's length and based on normal commercial terms consistent with the Group's usual business practices and policies;
- on terms not more favourable to the Related Party or Parties than those generally available to the public; and
- not detrimental to the minority shareholders of the Company.

In addition, the Internal Auditors had also reviewed and recommended the following guidelines and procedures to enhance the monitoring, tracking and identification of Recurrent Related Party Transactions:-

- (a) All Directors of the Company, major shareholders and persons connected with them are required to complete and acknowledge on the Related Party Disclosure Form on a periodic basis. A checklist will be used to monitor the completeness of Directors' and major shareholders' disclosure;
- (b) All transactions with related parties are communicated to the Finance Department on a timely basis. The Company Secretary shall furnish a list of all related parties to the Audit Committee on a quarterly or at a shorter interval basis for review. Correspondingly, the Finance Department will update the Company Secretary should they be aware of any related parties which are not reflected in the list. This would enable the Finance Department and the Company Secretary to register and identify Recurrent Related Party Transactions in a timely and orderly manner. The Finance Department shall be responsible for closely monitoring the transaction amounts with related parties;
- (c) The Finance Department will have a monitoring spreadsheet schedule and update the Recurrent Related Party Transactions on a monthly basis in order to detect promptly when the Recurrent Related Party Transactions estimates have been breached; and
- (d) Management has formalised policies and procedures relating to related parties transactions in order to facilitate clear communication of policies and procedures to staff, promote the application of policies and procedures on an uniform basis across the Company and support the control and monitoring of policies effectiveness in identifying and reporting Recurrent Related Party Transactions.

2.7 Statement by Audit Committee

The overall responsibility of determining whether the procedures for reviewing all Recurrent Related Party Transactions are appropriate, rest with the Audit Committee. The Audit Committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with.

The Audit Committee of Kawan has seen and reviewed the procedures as mentioned in paragraph 2.6 above and is satisfied that the procedures are sufficient to ensure that the Recurrent Transactions are undertaken on terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of Kawan. The Kawan Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner. The Audit Committee of Kawan Group conducts the review of these procedures and processes on a quarterly basis with the assistance of the Internal Auditors.

2.8 Validity period for the Proposed Renewal of Shareholders' Mandate

The Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed Renewal of Shareholders' Mandate would be passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) 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 shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

If the Audit Committee of the Company is satisfied with the continuous application of the Shareholders' Mandate to the Recurrent Related Party Transactions detailed in Sections 2.3 and 2.4 of this Circular, approval from the shareholders will be sought to renew the Shareholders' Mandate at each subsequent AGM thereafter.

2.9 Disclosure

Disclosure will be made in Kawan's Annual Report 2023 of the breakdown of the aggregate value of transactions conducted, types of transactions made, names of the Related Party or Parties involved in each type of the Recurrent Related Party Transactions and their relationship with Kawan pursuant to the Proposed Renewal of Shareholders' Mandate during the financial year, and in the Annual Report for the subsequent financial year that the Proposed Renewal of Shareholders' Mandate continues to be in force.

3. RATIONALE AND BENEFITS TRANSACTING WITH THE RELATED PARTY OR PARTIES

The rationale for the Proposed Renewal of Shareholders' Mandate and the benefits of the Kawan Group transacting with the Related Party or Parties are as follows:

- (a) To facilitate transactions of a revenue or trading nature with the Related Party or Parties which form part of the day-to-day operations of the Kawan Group in the ordinary course of business, undertaken at arm's length, on normal commercial terms and are not detrimental to the minority shareholders;
- (b) To avoid the impracticality of seeking shareholders' approval on a case by case basis before entering into business opportunities or Recurrent Related Party Transactions which are time-sensitive and/or confidential in nature, the Proposed Renewal of Shareholders' Mandate will enhance the Kawan Group's ability to pursue Recurrent Related Party Transactions without having to place the Group at a disadvantage as compared with its competitors who may not be required to obtain shareholders' approval; and

- (c) The Proposed Renewal of Shareholders' Mandate will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur and thus will reduce substantially administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the Group's corporate objectives.

4. CONDITIONS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate is conditional upon the approval being obtained from the shareholders of Kawan at the forthcoming 20th AGM.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The direct and indirect interest of interested Directors, interested Major Shareholders and interested Persons Connected to the Directors and Major Shareholders of the Kawan Group as at 29 March 2024 are as follows:

	No. of ordinary shares			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
<u>Interested Major Shareholders</u>				
GFG (L) Foundation	126,257,402	36.07	-	-
Mr. Gan Thiam Chai	-	-	126,257,402 ⁽²⁾	36.07
Mdm. Kwan Sok Kay	-	-	126,257,402 ⁽²⁾	36.07
Mr. Gan Thiam Hock	22,462,133	6.42	3,028,666 ⁽³⁾	0.87
VG Trustee Limited (as Trustee of the Narvee F'dation)	62,001,200	17.71	-	-
Mr. Nagrecha (Deceased)	-	-	62,001,200 ⁽⁴⁾	17.71
<u>Interested Directors</u>				
Mr. Gan Thiam Chai	-	-	126,257,402 ⁽²⁾	36.07
Mdm. Kwan Sok Kay	-	-	126,257,402 ⁽²⁾	36.07
Mr. Gan Thiam Hock	22,462,133	6.42	3,028,666 ⁽³⁾	0.87
Ms. Gan Ka Bien	121,220	0.03	-	-
<u>Interested Persons Connected to the Directors and Major Shareholders of Kawan</u>				
Ms. Gan Ka Hui	-	-	-	-
Ms. Gan Ka Ooi	-	-	-	-
Mr. Gan Meng Hoo	344,300	0.10	-	-
Mr. Gan Meng Hoi	462,000	0.13	-	-
Mr. Gan Meng Yeow	344,000	0.10	-	-
Ms. Gan Kha Yee	344,000	0.10	-	-

	No. of ordinary shares			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
<u>Interested Persons Connected to the Directors and Major Shareholders of Kawan (continued)</u>				
Mdm. Lam Saw Kuan	1,534,366	0.44	-	-
Mdm. Lam Sau Fan	30,000	0.01	-	-
Mdm. Veena Nagrecha	-	-	-	-
Anjalee Nagrecha	-	-	-	-
Neel Nagrecha	-	-	-	-

Note:

- (1) Based on the total number of issued shares of 350,071,980 Kawan Shares (excluding 13,364,600 Treasury Shares).
- (2) Deemed interested pursuant to Section 8 of the Act by virtue of his/her substantial shareholdings in GFG (L) Foundation.
- (3) Deemed interested in the shares by virtue of Section 59 of the Act, held through his children, namely Gan Meng Hoi, Gan Meng Yeow, Gan Meng Hoo and Gan Kha Yee who holds 462,000, 344,000, 344,300 and 344,000 ordinary shares respectively and his spouse, Lam Saw Kuan who holds 1,534,366 ordinary shares representing a total of 0.87% in the shareholdings of the Company.
- (4) Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Narvee F'dation.

The interested Directors, namely, Mr. Gan Thiam Chai, Mdm. Kwan Sok Kay, Mr. Gan Thiam Hock and Ms. Gan Ka Bien have abstained and will continue to abstain from deliberation and voting at Board Meetings of Kawan relating to recurrent related party transactions on the Proposed Renewal of Shareholders' Mandate concerning them and shall abstain from voting in respect of their direct and indirect shareholdings in the Company at the forthcoming 20th AGM approving the respective resolutions on the Proposed Renewal of Shareholders' Mandate.

The interested Directors have undertaken that they shall ensure that persons connected to them namely Ms. Gan Ka Hui, Ms. Gan Ka Ooi, Mr. Gan Meng Hoo, Mr. Gan Meng Hoi, Mr. Gan Meng Yeow, Ms. Gan Kha Yee, Mdm. Lam Saw Kuan and Mdm. Lam Saw Fan will abstain from voting at the 20th AGM in respect of their direct and indirect interest on the same.

The interested Major Shareholders, namely, Mr. Gan Thiam Chai and Mdm. Kwan Sok Kay (deemed interested by virtue of their substantial shareholdings in GFG (L) Foundation), Mr. Gan Thiam Hock and Mr. Nagrecha (Deceased) (deemed interested by virtue of his substantial shareholdings in Narvee F'dation) will abstain from voting on the Proposed Renewal of Shareholders' Mandate in respect of their direct and indirect shareholdings in the Company at the forthcoming 20th AGM approving the respective resolutions on the Proposed Renewal of Shareholders' Mandate.

The interested Major Shareholders have undertaken to ensure that persons connected to them namely Ms. Gan Ka Bien, Ms. Gan Ka Hui, Ms. Gan Ka Ooi, Mr. Gan Meng Hoo, Mr. Gan Meng Hoi, Mr. Gan Meng Yeow, Ms. Gan Kha Yee, Mdm. Lam Saw Kuan, Mdm. Lam Saw Fan, Mdm. Veena Nagrecha, Anjalee Nagrecha and Neel Nagrecha will abstain from voting at the 20th AGM on the respective resolutions on the Proposed Renewal of Shareholders' Mandate.

Save as disclosed above, none of the other Directors and/or Major Shareholders and persons connected to them, as defined in the Listing Requirements, have any interest direct or indirect in the Proposed Renewal of Shareholders' Mandate.

6. RECOMMENDATION BY DIRECTORS

The Board, save for Mr. Gan Thiam Chai, Mdm. Kwan Sok Kay, Mr. Gan Thiam Hock and Ms. Gan Ka Bien who shall abstain from voting on the resolutions pertaining to the Proposed Renewal of Shareholders' Mandate at the forthcoming 20th AGM, having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interest of the Kawan Group and its shareholders. Accordingly, save for Mr. Gan Thiam Chai, Mdm. Kwan Sok Kay, Mr. Gan Thiam Hock and Ms. Gan Ka Bien, your Directors recommend that you vote in favour of the ordinary resolutions for the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming 20th AGM.

7. AGM

The ordinary resolution to approve the Proposed Renewal of Shareholders' Mandate is set out as Special Business in the notice of the 20th AGM, which is enclosed in the Annual Report for the financial year ended 31 December 2023. The 20th AGM of the Company will be conducted on a virtual basis through live streaming and online voting via RPEV facilities hosted at <https://investor.boardroomlimited.com> (Meeting platform) at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 26 June 2024 at 10.30 a.m. or any adjournment thereof.

The Notice of the 20th AGM of the Company together with the Proxy Form are set out in the Annual Report 2023 of the Company and this Circular/Statement can be downloaded from the Company's website at <https://kawanfood.com/index.php/our-company/investor-relations/> or Bursa Securities's website at https://www.bursamalaysia.com/market_information/announcements/company_announcement. For further information, please refer to the Notice and Administrative Details of the 20th AGM.

If you wish to appoint proxy to participate and vote remotely via the RPEV facilities on your behalf at the AGM, you may deposit the hard copy of the Proxy Form with the Share Registrar of the Company, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (please follow the procedures stipulated in the Administrative Details) on or before the date and time indicated below or any adjournment thereof. The lodging of Proxy Form will not preclude you from attending and voting in person at the 20th AGM should you subsequently wish to do so.

8. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix II in this Circular for further information.

Yours faithfully
For and on behalf of the Board of Directors
KAWAN FOOD BERHAD

LIM HUN SOON @ DAVID LIM
Independent Non-Executive Director

PART B

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS
OWN ORDINARY SHARES**



KAWAN FOOD BERHAD
Registration No. 200401001942 (640445-V)
(Incorporated in Malaysia)

SHARE BUY-BACK STATEMENT

1. INTRODUCTION

The shareholders of Kawan had at the Nineteenth AGM held on 21 June 2023, granted approval for the Directors to purchase its own shares of up to 10% of the total number of issued shares of the Company. The said mandate shall in accordance with the Listing Requirements of Bursa Securities, lapse at the conclusion of the forthcoming AGM unless a fresh mandate is obtained from shareholders.

The Board had on 18 April 2024 made the announcement to Bursa Securities that the Company proposes to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority for the Company to purchase its own ordinary shares.

The aforesaid proposal if approved by the shareholders would become valid immediately upon the passing of the ordinary resolution at the forthcoming AGM and will expire at the conclusion of the next AGM of the Company unless the authority is further renewed by ordinary resolution passed at a general meeting (either unconditionally or subject to conditions) or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by ordinary resolution of the shareholders of the company in a general meeting, whichever occurs first.

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

2.1 General

The Board proposes to seek a renewal of the authority from its shareholders to purchase up to ten per centum (10%) of the total number of issued shares of the Company, through its appointed stockbroker on the market of Bursa Securities. There were no purchase, resale, cancellation or distribution as share dividend to shareholders in the previous 12 months preceding the date of this Statements.

As at LPD, the total number of issued shares of the Company was 363,436,580 Kawan Shares (including of 13,364,600 Treasury Shares). Hence, the maximum number of Kawan Shares which may be purchased and/or held as Treasury Shares by the Company is 22,979,058 Kawan Shares, excluding the 13,364,600 Kawan Shares already purchased and held as Treasury Shares.

In accordance with Paragraph 12.26 of the Listing Requirements, the Company may purchase its own shares in odd lots i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through a Direct Business Transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

The Proposed Renewal of Share Buy-Back Authority, once approved by the shareholders, will be effective immediately upon the passing of the ordinary resolution and shall be effective until:

- i. the conclusion of the next AGM of the Company (at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions);
- ii. upon the expiration of the period within which the next AGM is required by law to be held, or

- iii. unless revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The shareholders' approval for the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares on Bursa Securities. Rather, it will allow the Board to exercise the powers of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings.

2.2 Actual Share Buy-Back

The actual number of Shares that may be purchased, the total amount of funds to be utilised and the timing of the proposed transactions for the Company to purchase its own shares will depend on the availability of financial resources, relevant cost factors, market conditions and sentiments.

In accordance with Paragraph 12.09 of the Listing Requirements, Kawan will not purchase its own shares or hold any of its own shares as Treasury Shares if this results in the aggregate shares purchased or held to exceed 10% of the total number of issued shares of the Company.

2.3 Treatment of the Shares Purchased

In accordance with Section 127(4) of the Act, the Company may at its discretion, deal with the purchased Shares in the following manner:-

- i. cancel the Shares so purchased;
- ii. retain the Shares so purchased as Treasury Shares; or
- iii. retain part of the Shares so purchased as Treasury Shares and cancel the remainder Shares.

Upon each transaction to purchase its own Shares, an immediate announcement will be made to Bursa Securities and whether to cancel the Shares, retain them as Treasury Shares or proceed in a combination of both. An immediate announcement will also be made to Bursa Securities of any resale or cancellation of the purchased Shares. Where the purchased Shares were held as Treasury Shares, the Board may:-

- (a) distribute the shares as dividends to shareholders, such dividends to be known as "share dividends";
- (b) resell the shares or any of the shares in accordance with the relevant rules of the Bursa Securities;
- (c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
- (d) transfer the shares, or any of the shares as purchase consideration;
- (e) cancel the shares or any of the shares; or
- (f) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe.

The decision whether to retain the purchased Shares as Treasury Shares or to cancel the purchased Shares or a combination of both, will be made by the Board at the appropriate time.

The Board will be mindful of the interests of the Company and its shareholders in exercising the authority granted by the shareholders in deciding the final number of Shares to be purchased and thereafter cancelled and/or retained as Treasury Shares.

2.4 Purchase Price

In compliance with Paragraph 12.17 of the Listing Requirements, the Company may only purchase the Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for the Shares for the five (5) market days immediately before the purchase.

2.5 Resale Price

Pursuant to the provision of Paragraph 12.18 of the Listing Requirements, the Company may only resale the Treasury Shares on Bursa Securities or transfer the Treasury Shares pursuant to Section 127(17) of the Act at:

- i. a price which is not less than the weighted average market price for the Shares for the five (5) market days immediately before the resale or transfer; or
- ii. a discounted price of not more than 5% to the weighted average market price for the Shares for the five (5) market days immediately before the resale or transfer provided that:-
 - (a) the resale or transfer takes place no earlier than 30 days from the date of purchase; and
 - (b) the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

2.6 Historical Share Price

The monthly highest and lowest prices of the Shares as traded on Bursa Securities for the preceding twelve (12) months from April 2023 to March 2024 are as follows:-

Month	Shares	
	High (RM)	Low (RM)
2023		
April	2.22	1.95
May	1.99	1.81
June	1.98	1.81
July	1.91	1.68
August	1.84	1.74
September	1.90	1.77
October	1.92	1.84
November	1.88	1.78
December	1.85	1.78
2024		
January	1.85	1.79
February	1.83	1.78
March	1.83	1.79

(Source: <https://finance.yahoo.com/>)

The last transacted price of the Shares on 29 March 2024, being LPD prior to the printing of this Statement is RM1.82.

3. RATIONALE

The Proposed Renewal for Share Buy-Back Authority, if carried out, will enable the Company to purchase its own shares when appropriate and at prices that are viewed as favourable by the Board. The Proposed Renewal for Share Buy-Back Authority is expected to benefit the Company and its shareholders as follows:

- i. The Proposed Renewal for Share Buy-Back Authority will allow the Company to utilise its financial resources not immediately required for use to purchase its own shares from Bursa Securities. Depending on the funding cost for the purchase of its own shares, the Proposed Renewal for Share Buy-Back Authority may strengthen the EPS of the Company's shares and if so, it is expected to benefit the shareholders of the Company;
- ii. The Proposed Renewal for Share Buy-Back Authority is expected to reduce any unwarranted volatility of the Company's shares and assist to stabilize the supply, demand and price of the shares in the open market, thereby supporting the fundamental values of its shares;
- iii. The purchased shares may be held as Treasury Shares, and such shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in the reserves. The Treasury Shares may also be distributed as share dividends to shareholders as a reward to the shareholders of the Company;
- iv. If the Board resolves to cancel the purchased shares, the EPS of the Company is expected to be enhanced as a result of the reduction in the issued share capital of the Company, thereby enabling long term and genuine investors to enjoy any potential corresponding increase in the value of their investments in the Company.

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

4.1 Potential advantages

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

- i. Allows the Company the flexibility in achieving the desired capital structure, in terms of debt and equity composition and size of equity;
- ii. Allows the Company to take preventive measures against speculation, particularly when its shares are undervalued which would in turn stabilize the market price thereby enhancing investors' confidence; and
- iii. Other advantages of the Proposed Renewal of Share Buy-Back Authority are also outlined in Section 3 on the "Rationale" for the Proposed Renewal of Share Buy-Back Authority.

4.2 Potential disadvantages

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

- i. The Proposed Renewal for Share Buy-Back Authority will reduce the financial resources of the Group and may result in the Company foregoing other investment opportunities that may emerge in the future, or at the very least, deprive the Company and the Group of interest income that can be derived had the funds not been utilised for the Proposed Renewal for Share Buy-Back;
- ii. The Proposed Renewal for Share Buy-Back Authority can only be made out of retained profits of the Company and may result in the reduction of financial resources available for distribution to shareholders in the immediate future. However, the financial resources of the Group may increase if the Treasury Shares held are resold at prices higher than their purchase prices; and
- iii. In the event that the Proposed Renewal for Share Buy-Back Authority is funded by bank borrowings, the Company's net cash flow may decline to the extent of the interest cost associated with such borrowings.

Nevertheless, the Board is of the view that the Proposed Renewal for Share Buy-Back Authority is not expected to have any potential material disadvantage to the Group or its shareholders as it will be implemented only after in-depth consideration of the financial resources of the Group and the resultant impact on its shareholders.

The directors in exercising any decision on the Proposed Renewal for Share Buy-Back Authority will be mindful of the interest of the Company and its shareholders.

5. FUNDING

The Proposed Renewal of Share Buy-Back Authority will be funded by internally generated funds of the Company and/or borrowings. The amount of borrowings will depend on the financial resources available at the time of purchase(s). In the event that the Proposed Renewal of Share Buy-Back Authority is to be funded by borrowings, the Company will ensure its ability to repay such borrowings, and that such repayments will not have a material effect on its cash flows.

The actual number of the Company's shares to be purchased and the timing of any purchase, together with the treatment of the shares purchased would depend, *inter alia*, on 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 retained profits of the Company. Based on the Company's audited financial statements for the financial year ended 31 December 2023, the Company's retained profits stands at RM26,920,795.21. The Company's retained profits for the first quarter period ended 31 March 2024 stands at RM46,183,039.93.

6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Based on the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full, and the shares repurchased are cancelled or alternatively retained as treasury shares or both, the effect of the Proposed Renewal of Share Buy-Back Authority on the share capital, NA, EPS and working capital of Kawan are set out below:

6.1 Share Capital

In the event the maximum number of Kawan shares authorized under the Proposed Renewal of Share Buy-Back Authority are purchased and such purchased shares are cancelled, the total number of issued shares of Kawan will be as follows:

Total number of issued Shares as at LPD	No. of Shares 363,436,580
Less:	
Treasury Shares	(13,364,600)
Proposed Renewal of Share Buy-Back Authority (<i>assuming the shares purchased are subsequently cancelled in full</i>)	(22,979,058)
Resultant number of shares	<hr/> <u>327,092,922</u>

However, if all the Kawan Shares purchased under the Proposed Renewal of Share Buy-Back Authority are retained as Treasury Shares, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the capital of Kawan, although substantially all rights attached to the shares held as Treasury Shares would be suspended.

6.2 EPS

The effects of the proposed authority for share buy-back on the earnings and EPS of the Company will depend, *inter alia*, on the number of purchased shares, the purchase price and the effective funding cost of the purchase. The reduced number of the Company's shares applicable in computing the EPS subsequent to the purchase will generally have a positive impact, all else being equal, on the EPS of the Company.

6.3 NA

The effect of the share buy-back on the NA per share of the Company is dependent on the purchase price(s) of the shares bought, the number of shares purchased, the effective funding cost, if any, and the subsequent treatment of the shares so purchased. The NA of the Company will reduce if the shares bought back are cancelled. The NA per share of the Company will reduce if the purchase price exceeds the NA per share and the NA per share of the Company will increase if the purchase price is less than the NA per share at the time of purchase. In the event the shares bought back and held as Treasury Shares are subsequently resold, the NA of the Company will increase or reduce depending on whether a gain or loss is realised upon the resale. The quantum of the increase or reduction in NA will depend on the actual disposal price, the number of shares purchased, and the amount of retained Treasury Shares which are resold.

6.4 Working Capital

The purchase of shares, as and when carried out, will reduce the working capital and cash flow of the Company, the quantum of which will depend on the purchase price(s) of the shares bought back, the number of shares purchased and the effective funding cost to the Company.

6.5 Dividends

The Proposed Renewal of Share Buy-Back Authority is not expected to have any impact on dividend payments. The declaration of dividends will be determined by the Board after taking into consideration the performance of the Company, the cash flow and capital commitments of the Company. The buy-back of shares may reduce the distributable reserves available for dividends. However, the Board may distribute future dividends in the form of shares which have been bought back and retained as Treasury Shares.

6.6 Substantial Shareholders' and Directors' shareholdings

Based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at LPD and assuming that the Proposed Renewal of Share Buy-Back Authority is implemented up to the maximum of 10% of the issued share capital, and that the purchased shares are from shareholders other than the Directors and substantial shareholders of the Company, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholding of the Directors and substantial shareholders of the Company are set out below :

(i) Substantial Shareholders' shareholdings

The effect of the Proposed Renewal of Share Buy-Back Authority on the substantial shareholders' shareholdings of the Company are set out below:

	As at LPD				After the Proposed Renewal of Share Buy-Back Authority			
	Direct No. of Shares	% ⁽¹⁾	Indirect No. of Shares	% ⁽¹⁾	Direct No. of Shares	% ⁽²⁾	Indirect No. of Shares	% ⁽²⁾
GFG (L) Foundation	126,257,402	36.07	-	-	126,257,402	38.60	-	-

	As at LPD				After the Proposed Renewal of Share Buy-Back Authority			
	Direct No. of Shares	% ⁽¹⁾	Indirect No. of Shares	% ⁽¹⁾	Direct No. of Shares	% ⁽²⁾	Indirect No. of Shares	% ⁽²⁾
Gan Thiam Chai	-	-	126,257,402 ⁽³⁾	36.07	-	-	126,257,402 ⁽³⁾	38.60
Kwan Sok Kay	-	-	126,257,402 ⁽³⁾	36.07	-	-	126,257,402 ⁽³⁾	38.60
Gan Thiam Hock	22,462,133	6.42	3,028,666 ⁽⁴⁾	0.87	22,462,133	6.87	3,028,666 ⁽⁴⁾	0.93
VG Trustee Limited (as trustee of the Narvee F ['] dition)	62,001,200	17.71	-	-	62,001,200	18.96	-	-
Mr. Nagrecha (Deceased)	-	-	62,001,200 ⁽⁵⁾	17.71	-	-	62,001,200 ⁽⁵⁾	18.96

Notes:

- ⁽¹⁾ Based on the total number of issued shares of 350,071,980 Kawan Shares (excluding 13,364,600 Treasury Shares).
- ⁽²⁾ Assuming the Proposed Renewal Share Buy-Back Authority is implemented in full, i.e. ten percent (10%) of the total number of issued Shares so acquired from shareholders other than substantial shareholders, and the Purchased Shares are subsequently cancelled or held as Treasury Shares.
- ⁽³⁾ Deemed interested pursuant to Section 8 of the Act by virtue of his/her substantial shareholdings in GFG (L) Foundation.
- ⁽⁴⁾ Deemed interested in the shares by virtue of Section 59 of the Act, held through his children, namely Gan Meng Hoi, Gan Meng Yeow, Gan Meng Hoo and Gan Kha Yee who holds 462,000, 344,000, 344,300 and 344,000 ordinary shares respectively and his spouse, Lam Saw Kuan who holds 1,534,366 ordinary shares representing a total of 0.87% in the shareholdings of the Company.
- ⁽⁵⁾ Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Narvee F[']dition.

(ii) Directors' shareholdings

The effect of the Proposed Renewal of Share Buy-Back Authority on the Directors' shareholdings of the Company are set out below:

	As at LPD				After the Proposed Renewal of Share Buy-Back Authority			
	Direct No. of Shares	% ⁽¹⁾	Indirect No. of Shares	% ⁽¹⁾	Direct No. of Shares	% ⁽²⁾	Indirect No. of Shares	% ⁽²⁾
Gan Thiam Chai	-	-	126,257,402 ⁽³⁾	36.07	-	-	126,257,402 ⁽³⁾	38.60
Kwan Sok Kay	-	-	126,257,402 ⁽³⁾	36.07	-	-	126,257,402 ⁽³⁾	38.60
Gan Thiam Hock	22,462,133	6.42	3,028,666 ⁽⁴⁾	0.87	22,462,133	6.87	3,028,666 ⁽⁴⁾	0.93
Gan Ka Bien	121,220	0.03	-	-	121,220	0.04	-	-

	As at LPD				After the Proposed Renewal of Share Buy-Back Authority			
	Direct No. of Shares	% ⁽¹⁾	Indirect No. of Shares	% ⁽¹⁾	Direct No. of Shares	% ⁽²⁾	Indirect No. of Shares	% ⁽²⁾
Lim Hun Soon @ David Lim	10,137,028	2.90	-	-	10,137,028	3.10	-	-
Abdul Razak Bin Shakor	-	-	-	-	-	-	-	-
Dr. Nik Ismail Bin Nik Daud	-	-	-	-	-	-	-	-
Eugene Hon Kah Weng	-	-	-	-	-	-	-	-

Notes:

⁽¹⁾ Based on the total number of issued shares of 350,071,980 Kawan Shares (excluding 13,364,600 Treasury Shares).

⁽²⁾ Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. ten percent (10%) of the total number of issued Shares so acquired from shareholders other than the Directors, and the Purchased Shares are subsequently cancelled or held as Treasury Shares.

⁽³⁾ Deemed interested pursuant to Section 8 of the Act by virtue of his/her substantial shareholdings in GFG (L) Foundation.

⁽⁴⁾ Deemed interested in the shares by virtue of Section 59 of the Act, held through his children, namely Gan Meng Hoi, Gan Meng Yeow, Gan Meng Hoo and Gan Kha Yee who holds 462,000, 344,000, 344,300 and 344,000 ordinary shares respectively and his spouse, Lam Saw Kuan who holds 1,534,366 ordinary shares representing a total of 0.87% in the shareholdings of the Company.

7. PUBLIC SHAREHOLDING SPREAD

As at the LPD, the public spread of the Company is 35.68%. The public shareholding spread of the Company would be reduced to approximately 31.16% on the assumption that the Company implements the Proposed Renewal of Share Buy-Back Authority in full and the shares purchased are from the open market.

In this regard, the Company shall not buy-back any Shares if it results in the Company being in breach of the minimum public shareholding spread requirement of the Listing Requirements.

8. IMPLICATION OF THE CODE

As at LPD and based on the Register of Substantial Shareholders, the provisions on mandatory takeovers under the Code will not be triggered by any of the shareholders solely by reason of the Proposed Renewal of Share Buy-Back Authority being carried out in full.

However, an exemption from mandatory offer obligation may be granted by the Securities Commission under Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, subject to the Company and the parties acting-in-concert complying with the conditions stipulated in the Practice Note.

9. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders as a consequence of the Proposed Renewal of Share Buy-Back Authority as set out in Section 6.6 above, none of the Directors, substantial shareholders of the Company and/or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority or resale of the Treasury Shares (if any).

10. PURCHASE OF SHARES AND RESALE OF TREASURY SHARES

During the previous 12 months up to LPD, the Company had purchased 12,482,500 Kawan Shares and retained as Treasury Shares. Details of the share buy-back were as follows:-

Date	No. of Shares repurchased (unit)	Lowest price paid (RM)	Highest price paid (RM)	Average Price (RM)	Total Consideration paid (RM)
06.10.2023	156,500	1.82	1.82	1.82	284,527.96
09.10.2023	286,500	1.83	1.83	1.83	524,418.20
10.10.2023	734,200	1.84	1.84	1.84	1,354,481.53
11.10.2023	846,900	1.85	1.88	1.87	1,582,839.16
12.10.2023	614,100	1.86	1.87	1.87	1,148,317.87
13.10.2023	919,900	1.85	1.87	1.86	1,715,650.30
16.10.2023	157,100	1.84	1.85	1.85	291,146.44
17.10.2023	240,000	1.85	1.85	1.85	445,909.20
18.10.2023	31,600	1.85	1.85	1.85	58,887.30
19.10.2023	63,500	1.85	1.85	1.85	117,980.67
20.10.2023	265,000	1.85	1.86	1.86	494,788.27
23.10.2023	275,800	1.85	1.86	1.86	514,432.91
24.10.2023	88,000	1.84	1.84	1.84	162,616.34
25.10.2023	8,200	1.87	1.88	1.88	15,514.03
26.10.2023	917,200	1.86	1.87	1.87	1,721,750.42
27.10.2023	5,000	1.87	1.87	1.87	9,418.91
30.10.2023	15,500	1.86	1.86	1.86	29,040.63
01.11.2023	1,800	1.86	1.86	1.86	3,393.01
02.11.2023	200,000	1.86	1.86	1.86	373,599.60
03.11.2023	158,300	1.85	1.86	1.86	295,298.06
07.11.2023	414,500	1.85	1.87	1.86	774,722.87
08.11.2023	281,500	1.85	1.87	1.86	527,125.08
09.11.2023	232,700	1.86	1.87	1.87	435,487.45
10.11.2023	287,500	1.85	1.87	1.86	536,948.73
14.11.2023	696,600	1.84	1.88	1.86	1,304,704.82
17.11.2023	341,400	1.86	1.88	1.87	641,403.55
20.11.2023	120,000	1.88	1.88	1.88	226,570.48
21.11.2023	201,000	1.86	1.88	1.87	378,550.14
22.11.2023	325,800	1.87	1.88	1.88	614,362.57
23.11.2023	274,300	1.87	1.88	1.88	516,954.06
24.11.2023	199,200	1.87	1.88	1.88	375,110.55
27.11.2023	262,800	1.84	1.88	1.86	490,469.75
28.11.2023	198,000	1.86	1.88	1.87	372,978.24
29.11.2023	240,000	1.87	1.88	1.88	452,998.90
30.11.2023	159,700	1.86	1.88	1.87	301,041.30
01.12.2023	107,800	1.88	1.88	1.88	203,535.80
04.12.2023	205,400	1.87	1.88	1.88	387,457.85
05.12.2023	171,300	1.87	1.88	1.88	323,184.70
06.12.2023	137,500	1.87	1.88	1.88	259,541.70
07.12.2023	185,000	1.87	1.88	1.88	348,712.93

08.12.2023	145,600	1.87	1.88	1.88	274,678.89
12.12.2023	180,800	1.87	1.88	1.88	341,095.42
13.12.2023	200,000	1.84	1.88	1.86	375,032.31
14.12.2023	107,200	1.88	1.88	1.88	202,403.08
15.12.2023	106,000	1.88	1.88	1.88	200,137.63
18.12.2023	114,700	1.88	1.88	1.88	216,563.61
20.12.2023	133,000	1.88	1.88	1.88	251,116.14
21.12.2023	150,300	1.83	1.88	1.86	283,560.81
22.12.2023	110,400	1.87	1.88	1.88	208,434.96
24.01.2024	26,500	1.80	1.84	1.82	48,881.79
26.01.2024	13,300	1.82	1.82	1.82	24,383.51
31.01.2024	31,500	1.84	1.85	1.85	58,655.81
05.02.2024	20,300	1.8	1.82	1.81	37,155.30
06.02.2024	25,500	1.83	1.85	1.84	47,407.56
08.02.2024	90,300	1.83	1.85	1.84	167,715.30

** Inclusive transaction cost*

As at LPD, a total of 13,364,600 Kawan Shares were held as Treasury Shares. There was no resale or cancellation of Treasury Shares in the preceding 12 months.

11. DIRECTORS' RECOMMENDATION

The Board, after careful deliberation, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that the shareholders of the Company to vote in favour of the ordinary resolution in respect of the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM of the Company.

12. FURTHER INFORMATION

Shareholders of the Company are requested to refer to the Appendix II for further information.

Yours faithfully,
For and on behalf of the Board of Directors of
KAWAN FOOD BERHAD

GAN THIAM CHAI
Executive Chairman

DETAILS OF SUBSIDIARIES OF KAWAN ARE LISTED BELOW:

Name of Company	Place of Incorporation	Principal Activities	Effective Ordinary Equity Interest %
Kawan Food Manufacturing Sdn. Bhd.	Malaysia	Manufacturing and sales of frozen food products	100
KG Pastry Marketing Sdn. Bhd.	Malaysia	Investment property and rental of trucks and investment holding	100
Kawan Food Confectionery Sdn. Bhd.	Malaysia	Investment holding	100
KLBG Sdn. Bhd.	Malaysia	Manufacturing, trading, distributing and exporting food products	100
Kawan Food (Hong Kong) Limited	Hong Kong SAR	Trading and distribution of frozen food products	100
Kawan Food (Nantong) Co., Ltd.	People's Republic of China	Manufacturing and sales of frozen food products	100

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FURTHER INFORMATION**1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of Kawan who collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

The Board confirms that neither the Company nor any of its subsidiary companies is engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, nor is the Board aware of any material proceedings pending or threatened against the Company and/or subsidiaries companies or of any facts likely to give rise to any proceedings which might materially affect the position or business of the Company and/or its subsidiaries.

3. MATERIAL COMMITMENTS

Save for those as disclosed below, the Board has confirmed that to the best of its knowledge and belief, there are no material commitments incurred or known to be incurred by our Company or our Group which upon becoming enforceable may have material impact on the financial position of our Group.

Kawan's material commitments as at the 31 March 2024 are as follows:

	RM'000

-Approved and Contracted	3,487

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of Kawan which is located at the office of Boardroom Corporate Services Sdn. Bhd. at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia during normal office hours from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the 20th AGM:-

- a) The Constitution of the Company; and
- b) The audited consolidated financial statements of Kawan for the past two (2) financial years ended 31 December 2022 and 31 December 2023.

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