

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

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

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**KAWAN FOOD BERHAD** 640455-V

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**in relation to the**

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

The Ordinary Resolution in respect of the above proposal will be tabled as Special Business at the Sixth Annual General Meeting of the Company. The Notice of the Sixth Annual General Meeting of KAWAN FOOD BERHAD to be held at Garuda 1 & 2, Golf Club, Holiday Inn Kuala Lumpur Glenmarie, 1, Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan on Tuesday, 15 June 2010 at 2.00 p.m. and the Form of Proxy are sent together with the Annual Report 2009. Shareholders are advised to refer to the Notice of the Annual General Meeting and the Form of Proxy. The Form of Proxy must be deposited at the Registered Office at Strategy Corporate Secretariat Sdn Bhd, Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan not later than 48 hours before the time set for holding the Annual General Meeting or any adjournment thereof.

Latest date and time for lodgement of Proxy Form  
Date and time of the AGM

13 June 2010 at 2.00 p.m.  
15 June 2010 at 2.00 p.m.

# DEFINITIONS

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

“Act”	: Companies Act 1965, as amended from time to time and any re-enactment thereof
“AGM”	: Annual General Meeting
“Board”	: Board of Directors of KAWAN FOOD BERHAD
“Bursa Malaysia”	: Bursa Malaysia Securities Berhad
“CEO”	: Chief Executive Officer
“Director”	: Shall have the meaning given in Section 4 of the Act 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.
“Goshenite”	: Goshenite Limited
“Kawan” or “the Company”	: Kawan Food Berhad
“Kawan Group” or “the Group”	: Kawan and its subsidiaries
“Listing Requirements”	: The Listing Requirements of Bursa Malaysia
“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 nominal amount of that share, or the aggregate of the nominal amounts of those shares is:-  (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or  (b) equal to or more than 5% 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 6A of the Act.
“Nagrecha”	: Nareshchandra Gordhandas Nagrecha
“Person Connected”	: In relation to a Director or a Major Shareholder or in relation to a Special Purpose Acquisition Company, a member of the Management team, means such person who falls under any one (1) of the following categories:  a) a family member of the Director, Major Shareholder or Management team member;  b) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder, Management team member, or a family member of the Director, Major Shareholder or Management team member, is the sole beneficiary;

- c) a partner of the Director, Major Shareholder, Management team member, or a partner of a Person Connected with that Director, Major Shareholder or Management team member;
- d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director, Major Shareholder or Management team member;
- e) a person in accordance with whose directions, instructions or wishes the Director, Major Shareholder or Management team member is accustomed or is under an obligation, whether formal or informal, to act;
- f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director, Major Shareholder or Management team member;
- g) a body corporate or its Directors whose directions, instructions or wishes the Director, Major Shareholder or Management team member is accustomed or under an obligation, whether formal or informal, to act;
- h) a body corporate in which the Director, Major Shareholder, or Management team member or Persons Connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or
- i) a body corporate which is a related corporation.

“Proposed Shareholders’ Mandate”	: The proposed shareholders’ mandate for 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
“Related Party or Parties”	: A Director, major shareholder or persons connected with such Director or major shareholder
“Recurrent Related Party Transactions”	: A transaction entered into by Kawan Group which involves the interest, direct or indirect, of a Related Party
“Rubicon”	: Rubicon Food Products Limited
“RM”	: Ringgit Malaysia
“Shana”	: Shana Foods Ltd.
“Subsidiary Companies”	: Subsidiaries of Kawan are as below:  Kawan Food Manufacturing Sdn. Bhd. KG Pastry Marketing Sdn. Bhd. Kayangan Manisan (M) Sdn. Bhd. Kawan Food Confectionery Sdn. Bhd. Kawan Food (Hong Kong) Limited Kawan Food (Nantong) Co., Ltd.
“Ved”	: Jayendra Janardan Ved

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**KAWAN FOOD BERHAD** 640455-V  
(Incorporated in Malaysia)

**Registered Office:-**

Unit 07-02, Level 7, Menara Luxor  
6B Persiaran Tropicana  
47410 Petaling Jaya  
Selangor Darul Ehsan

24 May 2010

**Board of Directors:-**

Mr. Gan Thiam Chai (Executive Chairman)  
Mdm. Kwan Sok Kay (Executive Director)  
Mr. Gan Thiam Hock (Executive Director)  
Mr. Nareshchandra Gordhandas Nagrecha (Non-Independent Non-Executive Director)  
Mr. Jayendra Janardan Ved (Non-Independent Non-Executive Director)  
Mr. Chen Seng Chong (Senior Independent Non-Executive Director)  
Mr. Lim Peng @ Lim Pang Tun (Independent Non-Executive Director)  
Mr. Soo Yoke Mun (Independent Non-Executive Director)

**To: The Shareholders of KAWAN FOOD BERHAD**

Dear Sir / Madam,

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

---

**1. INTRODUCTION**

This Circular is issued to seek your mandate for the Kawan Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with the Related Party or Parties as disclosed herein. These Recurrent Related Party Transactions are necessary for the Kawan Group's day to day operations and are in the ordinary course of business and on terms that are not more favourable to the Related Party or Parties than those generally available to the public.

In accordance to Part E, Paragraph 10.09 (2) of the Listing Requirements, Kawan may seek a shareholders' mandate in respect of Recurrent Related Party Transactions 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 aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09 (1) of the Listing Requirements;
- (c) Kawan's circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by Bursa Malaysia. The draft circular must be submitted to Bursa Malaysia together with a checklist showing compliance with such information;
- (d) In a meeting to obtain the shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) Kawan shall immediately announce to Bursa Malaysia 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 Malaysia 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 with regard to transactions as detailed in section 2 below.

The Board had, on 29 April 2010 announced that the Company proposes to seek the shareholders' mandate for the Recurrent Related Party Transactions at the forthcoming AGM.

The purpose of this Circular is to provide you with information on the Proposed Shareholders' Mandate and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming AGM; notice of which is enclosed in the Kawan's Annual Report 2009.

## 2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

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 into transactions of a revenue or trading nature with a related party or parties. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

### 2.1 Classes of Related Parties

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

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><b>Goshenite</b></p> <ul style="list-style-type: none"> <li>- Substantial shareholder of Kawan</li> <li>- 100% shareholder of Shana</li> </ul> <p><b>Mr. Nagrecha</b></p> <ul style="list-style-type: none"> <li>- 49% shareholder of Goshenite</li> <li>- Director of Kawan and deemed interest in Kawan through Goshenite</li> <li>- Director of Shana and deemed interest in Shana through his shareholdings in Goshenite, which owns 100% interest in Shana</li> </ul> <p><b>Mr. Ved</b></p> <ul style="list-style-type: none"> <li>- Deemed interested by virtue of him being person connected to Mr. Nagrecha</li> </ul>
Rubicon	Canada	Manufacture and distribution of soft drinks and importation and distribution of processed packaged foods	<p><b>Goshenite</b></p> <ul style="list-style-type: none"> <li>- Substantial shareholder of Kawan</li> <li>- 100% shareholder of Shana</li> </ul> <p><b>Mr. Nagrecha</b></p> <ul style="list-style-type: none"> <li>- 49% shareholder of Goshenite</li> <li>- Director of Kawan and deemed interest in Kawan through Goshenite</li> <li>- Director and 25% shareholder of Rubicon</li> </ul> <p><b>Mr. Ved</b></p> <ul style="list-style-type: none"> <li>- Deemed interested by virtue of him being person connected to Mr. Nagrecha</li> </ul>

## 2.2 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 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:-

Name of Company	Nature of Transaction	Name of Related Party	Estimated value from the date of AGM to the date of Next AGM (RM)
Shana	Purchase of frozen food products from Kawan Group	Mr. Nagrecha Mr. Ved	15,000,000
Rubicon	Purchase of frozen food products from Kawan Group	Mr. Nagrecha Mr. Ved	6,000,000

Note:

- o The estimates are based on the information available at the point of estimation and the value in respect of each transaction referred to above is an annual amount based on prevailing prices obtained from the Related Party or Parties which are reasonable market-competitive prices. The estimated amounts are derived from the sums incurred or received in the past years.
- o 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 2010 Annual Report of the Company of the actual breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year ended 31 December 2010.

## 2.3 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 sales of goods 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) The Internal Auditors of the Company will on a yearly basis review the adequacy of the procedures and processes of the Kawan Group to monitor, track and identify Recurrent Related Party Transactions.

All the Recurrent Related Party Transactions within the Kawan Group are reviewed and authorised by the Company's CEO, provided always that the CEO has no interest in the transaction and the said transaction has been approved pursuant to the shareholders' mandate obtained in the general meeting for the Recurrent Related Party Transactions.

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.

#### **2.4 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. Review and ascertainment of whether the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with will be conducted by the Audit Committee through the Internal Auditors at least once a year based on the Internal Auditors' Report.

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 an annual basis.

#### **2.5 Validity period for the Proposed Shareholders' Mandate**

The Proposed 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 Shareholders' Mandate was 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 it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) 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 Proposed Shareholders' Mandate to the Recurrent Related Party Transactions, approval from the shareholders will be sought to renew the Proposed Shareholders' Mandate at each subsequent AGM thereafter.

#### **2.6 Disclosure**

Disclosure will be made in the Company's Annual Report 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 the Company pursuant to the Proposed Shareholders' Mandate during the financial year, and in the Annual Report for the subsequent financial year that the Proposed Shareholders' Mandate continues to be in force.

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

The rationale for the Proposed 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 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 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 SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is conditional upon the approval being obtained from the shareholders of Kawan at the forthcoming 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 Kawan Group as at 30 April 2010 are as follows:-

	Direct	No. of ordinary shares of RM0.50 each		
		%	Indirect	%
<i>Interested Major Shareholder</i>				
Goshenite	28,800,000	24.00	–	–
<i>Interested Director and Major Shareholder</i>				
Nagrecha	–	–	28,800,000*	24.00
Ved	–	–	–	–

\* Deemed interest pursuant to Section 6A of the Companies Act, 1965 by virtue of his substantial shareholdings in Goshenite.

The interested Directors, Mr. Nagrecha and Mr. Ved have abstained and will continue to abstain from deliberation and voting at Board Meetings of Kawan on the Proposed Shareholders' Mandate and shall abstain from voting in respect of their direct and indirect shareholdings in the Company at the forthcoming AGM approving the resolution on the Proposed Shareholders' Mandate. The interested Directors have undertaken that they shall ensure that persons connected to them will abstain from voting at the AGM in respect of their direct and indirect interest on the same.

The interested Major Shareholders, Goshenite and Mr. Nagrecha will abstain from voting on the Proposed Shareholders' Mandate in respect of their direct and indirect shareholdings in the Company at the forthcoming AGM approving the resolution on the Proposed Shareholders' Mandate and the interested Major Shareholders have undertaken to ensure that persons connected to them will abstain from voting at the AGM on the resolution on the Proposed 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 Shareholders' Mandate.

## 6. RECOMMENDATION BY DIRECTORS

The Board, save for Mr. Nagrecha and Mr. Ved who shall abstain from voting on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM and 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 Kawan Group and its shareholders. Accordingly, save for Mr. Nagrecha and Mr. Ved, your Directors recommend that you vote in favour of the ordinary resolution for the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## 7. AGM

The ordinary resolution to approve the Proposed Shareholders' Mandate is set out as Special Business in the Notice of the AGM contained in Kawan's Annual Report 2009, which is sent to you together with this Circular. The AGM will be held at Garuda 1 & 2, Golf Club, Holiday Inn Kuala Lumpur Glenmarie, 1, Jalan Usahawan U1/8, 40250 Shah Alam, Selangor Darul Ehsan on Tuesday, 15 June 2010 at 2.00 p.m. for the purpose of considering and, if thought fit, passing the resolution to give effect to the Proposed Shareholders' Mandate.

If you are unable to attend and vote at the AGM in person, you are requested to complete the Form of Proxy as enclosed in the Annual Report 2009, sign and return it in accordance with the instructions printed thereon as soon as possible and in any event, so as to arrive at the Registered Office at Strategy Corporate Secretariat Sdn. Bhd., Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time and date of the AGM. The lodging of the Form of Proxy will not, however, preclude you from attending and voting at the 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 PENG @ LIM PANG TUN**  
Independent Non-Executive Director

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# APPENDIX I

## DETAILS OF SUBSIDIARIES OF KAWAN ARE AS BELOW:-

Name of company	Place of incorporation	Principal activities	Effective ordinary equity interest %
<b>Kawan Food Manufacturing Sdn. Bhd.</b>	Malaysia	Manufacturing and sales of frozen food products	100
<b>KG Pastry Marketing Sdn. Bhd.</b>	Malaysia	Trading and distribution of frozen food products	100
<b>Kayangan Manisan (M) Sdn. Bhd.</b>	Malaysia	Manufacturing and sales of food products	51
<b>Kawan Food Confectionery Sdn. Bhd.</b>	Malaysia	Dormant	100
<b>Kawan Food (Hong Kong) Limited</b>	Hong Kong	Trading and distribution of frozen food products	100
<b>Kawan Food (Nantong) Co., Ltd.</b>	China	Manufacturing and sales of frozen food products	100

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# APPENDIX II

## FURTHER INFORMATION

### 1. 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

Save as disclosed below, 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:-

*Georgetown Sessions Court Summons No. 52-3313-2004 Twenty First Grafix Sdn Bhd v Kawan Food Manufacturing Sdn Bhd ('KFM')*

By a summons and statement of claim of filed on 9 November 2004 and served on KFM, a wholly owned subsidiary of the Company, on 29 November 2004, Twenty First Grafix Sdn Bhd, an advertising consultant providing corporate and product branding services of products ("Consultant"), has claimed against KFM the sum of RM130,940 alleged as owing by KFM to the Consultant, pursuant to the work and services provided to KFM by the Consultant, as well as interest and costs on the claim.

The earlier hearing date on 10 March 2010 and 19 May 2010 have been vacated. The next hearing date has been fixed on 17 June 2010.

### 3. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Kawan Group within two years immediately preceding the date of this Circular.

### 4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Kawan at Strategy Corporate Secretariat Sdn. Bhd., Unit 07-02, Level 7, Menara Luxor, 6B Persiaran Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan during normal business hours on any working day from the date of this Circular up to and including the date of the AGM:-

- a) Memorandum and Articles of Association of Kawan;
- b) Audited consolidated financial statements of Kawan for the past two (2) financial years ended 31 December 2008 and 31 December 2009; and
- c) Material contracts referred to in paragraph 3 of this Appendix.

# APPENDIX III

## EXTRACT ORDINARY RESOLUTION

### *Ordinary Resolution 8*

#### **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

**"THAT** the Company and/or its subsidiaries be and are hereby authorised to enter into Recurrent Related Party Transactions of a revenue or trading nature as specified in Section 2.2 of the Circular to Shareholders dated 24 May 2010, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and on prices and terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders of the Company.

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Shareholders' Mandate.

**AND THAT** such authority shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier."

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**KAWAN FOOD BERHAD** (640455-V)

Lot 20, Jalan Pengapit 15/19, 40200 Shah Alam, Selangor Darul Ehsan, Malaysia

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