

BATU KAWAN BERHAD

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Third ANNUAL GENERAL MEETING of Batu Kawan Berhad (“BKB” or “Company”) will be held at its Registered Office, Wisma Taiko, No. 1, Jalan S. P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Tuesday, 13 February 2018 at 2.30 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the year ended 30 September 2017 and the Directors’ and Auditors’ Reports thereon. *(Please refer Note 1)*
2. To approve the payment of a final single tier dividend of 45 sen per share for the year ended 30 September 2017. (Ordinary Resolution 1)
3. To re-elect the following Directors who retire in accordance with the Company’s Articles of Association:

Dato’ Lee Hau Hian (Ordinary Resolution 2)
Dato’ Yeoh Eng Khoon (Ordinary Resolution 3)
Tan Sri Rastam bin Mohd Isa (Ordinary Resolution 4)
4. To re-appoint the following Director whose term of office shall be expiring at the conclusion of this Annual General Meeting, as a Director of the Company:

R. M. Alias *(Please refer Note 2)* (Ordinary Resolution 5)
5. To approve the Directors’ fees for the year ended 30 September 2017 amounting to RM704,808 (2016: RM720,000). (Ordinary Resolution 6)
6. To approve the payment of Directors’ benefits (other than Directors’ fees) to Non-Executive Directors for the period from 31 January 2017 until the next Annual General Meeting to be held in 2019. *(Please refer Note 3)* (Ordinary Resolution 7)
7. To re-appoint Auditors and authorise the Directors to fix their remuneration. (Ordinary Resolution 8)
8. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolutions:
 - (a) **PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY** (Ordinary Resolution 9)

“THAT authority be given to the Company to buy back an aggregate number of shares in the Company (“Authority to Buy Back Shares”) as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that at the time of purchase, the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company and that the maximum funds to be allocated for the Authority to Buy Back Shares shall not exceed the latest audited retained profits of the Company;

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THAT the shares purchased by the Company pursuant to Authority to Buy Back Shares may be dealt with by the Directors in all or any of the following manner:

- (i) distribute the shares as share dividends to the shareholders; or
- (ii) resell the shares or any of the shares on Bursa Malaysia Securities Berhad; or
- (iii) transfer the shares or any of the shares for the purposes of or under an employees' share scheme; or
- (iv) transfer the shares or any of the shares as purchase consideration; or
- (v) cancel the shares or any of the shares; or
- (vi) sell, transfer or otherwise use the shares for such other purposes as allowed by the Companies Act 2016.

AND THAT the Directors be and are hereby empowered to do all such acts and things to give full effect to the Authority to Buy Back Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendment (if any) as may be imposed by the relevant authorities AND THAT such authority shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority."

- (b) **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** (Ordinary Resolution 10)

"THAT subject to the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into all arrangements and/or transactions as set out in Appendix II of the Circular to Shareholders dated 29 December 2017 involving the interests of Directors, major shareholders or persons connected with Directors or major shareholders ("Related Parties") of the Company and/or its subsidiaries provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the Group's day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of minority shareholders

("the Mandate").

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THAT such authority shall commence upon the passing of this ordinary resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following the Annual General Meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(1) of the Companies Act 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate.”

- (c) **PROPOSED ESTABLISHMENT OF A DIVIDEND REINVESTMENT PLAN THAT PROVIDES THE SHAREHOLDERS OF BATU KAWAN BERHAD (“BKB” OR “COMPANY”) WITH AN OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND(S) DECLARED BY BKB IN NEW ORDINARY SHARES OF BKB (“BKB SHARES”) (“PROPOSED DRP”)** (Ordinary Resolution 11)

“THAT subject to the approvals of the relevant regulatory authorities for the Proposed DRP being obtained and to the extent permitted by law, the Proposed DRP be and is hereby approved, and that the Board of Directors of the Company (“Board”) be and is hereby authorised:

- (i) to establish and implement the Proposed DRP;
- (ii) to determine, in their sole and absolute discretion, whether the Proposed DRP will apply to any cash dividend(s) (whether interim, final, special or any other cash dividend) declared and/or approved by the Company (“Dividend”) and the portion of such Dividend to which the option to reinvest such Dividend in new BKB Shares applies;
- (iii) to allot and issue such number of new BKB Shares from time to time as may be required to be allotted and issued pursuant to the Proposed DRP (“New Shares”) upon such terms and conditions as the Board may, in its absolute discretion deem fit and in the best interest of the Company, including but not limited to determining the issue price of the New Shares (“Issue Price”) and the extent of discount to be applied in relation to the Issue Price; and
- (iv) to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose such terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Proposed DRP, with full power to assent to any conditions, modifications, variations and/or amendments including amendments, modification, suspension and termination of the Proposed DRP as the Board may, in its absolute discretion, deem fit and in the best interest of the Company and/or may be imposed or agreed to by any relevant authorities;

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AND THAT the New Shares shall, upon allotment and issue, rank equally in all respects with the existing BKB Shares, save and except that the holders of the New Shares shall not be entitled to any dividends, rights, allotments and/or other distributions which are declared, made or paid, in respect of which the entitlement date is before the allotment of the New Shares issued pursuant to the Proposed DRP."

- (d) **PROPOSED ISSUANCE OF NEW SHARES IN RELATION TO THE PROPOSED DIVIDEND REINVESTMENT PLAN ("PROPOSED ISSUANCE OF NEWSHARES")** (Ordinary Resolution 12)

"THAT subject to the passing of Ordinary Resolution 11 above, and the approvals of all relevant regulatory authorities being obtained, where required, approval be and is hereby given to the Board to allot and issue such number of new ordinary shares of the Company ("New Shares") pursuant to the proposed Dividend Reinvestment Plan until the conclusion of the next Annual General Meeting of the Company, upon such terms and conditions as the Board may, in their sole and absolute discretion, deem fit and in the best interest of the Company;

PROVIDED THAT, the issue price of the New Shares which will be determined by the Board on the price fixing date to be determined, shall be the adjusted volume weighted average price ("VWAMP") for the five (5) market days immediately prior to the price fixing date after applying a discount of not more than ten percent (10%). The VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price.

AND THAT the Board be and is hereby authorised to do all such acts and enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of the Company, all such documents and impose any terms and conditions or delegate all or any part of its powers as may be necessary or expedient in order to give full effect to the Proposed Issuance of New Shares, with full power to assent to any conditions, modifications, variations and/or amendments, as the Board may, in its absolute discretion, deem fit and in the best interest of the Company and/or as may be imposed or agreed to by any relevant authorities."

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board
CHONG SEE TECK
YAP MOW KIEN
CHIEW CINDY
(Company Secretaries)

Ipoh,
Perak Darul Ridzuan,
Malaysia.

29 December 2017

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NOTES:

(1) **Audited Financial Statements**

This item is meant for discussion only as under Section 340(1) of the Companies Act 2016, the Audited Financial Statements are to be laid at the Annual General Meeting and do not require a formal approval of the shareholders. Hence, this matter will not be put forward for voting.

(2) **Re-appointment of Director**

The proposed Ordinary Resolution 5 is to seek shareholders' approval on the re-appointment of R. M. Alias who was re-appointed as a Director of the Company at the last Annual General Meeting held on 15 February 2017 pursuant to Section 129 of the repealed Companies Act, 1965 to hold office until the conclusion of this Annual General Meeting. The Companies Act 2016 (which repealed the Companies Act, 1965) no longer requires the continuation in office by a director over 70 years of age to be subject to shareholders' approval at an annual general meeting. Therefore, the proposed Ordinary Resolution 5, if passed, will enable him to continue his office as a Director of the Company following the conclusion of this Annual General Meeting and his continuation in office will thereafter be subject to retirement by rotation in accordance with the Company's Articles of Association.

(3) **Payment of Directors' benefits (excluding Directors' fees)**

The Company is seeking shareholders' approval for the following payment of benefits to its Non-Executive Directors pursuant to Section 230 of the Companies Act 2016, which came into effect on 31 January 2017, commencing 31 January 2017 until the conclusion of the next Annual General Meeting of the Company in 2019:

Type of Benefit/Allowance	Amount
Meeting Allowance (Board and Committees)	RM1,000 per meeting
Overseas Travelling Allowance	RM1,000 per day
Other Benefits	Business travel, insurance coverage, and other claimables and reimbursables for the purpose of enabling the Directors to perform their duties.

(4) **Voting by Poll**

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice shall be put to vote by poll.

(5) **Appointment of Proxy**

- (a) A member of the Company (other than an exempt authorised nominee) is entitled to appoint only one proxy to vote in his stead. The proxy may, but need not be a member of the Company.
- (b) Where a member of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (c) The instrument appointing a proxy, to be valid, must be deposited at the Registered Office of the Company at Wisma Taiko, No. 1, Jalan S. P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, not less than twenty-four (24) hours before the time set for holding the meeting.

(6) **Members Entitled to Attend**

Only members whose names appear on the Record of Depositors or Register of Members as at 7 February 2018 shall be entitled to attend or appoint proxies in his stead or in the case of a corporation, a duly authorised representative to attend and vote in his stead.

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(7) **Final Single Tier Dividend**

The final single tier dividend, if approved, will be paid to the shareholders on 15 March 2018. The entitlement date for the dividend shall be 21 February 2018.

A Depositor with Bursa Malaysia Depository Sdn Bhd shall qualify for entitlement to the dividend only in respect of:

- (a) securities deposited into the Depositor's Securities Account before 12.30 p.m. on 19 February 2018 in respect of securities which are exempted from mandatory deposit;
- (b) securities transferred into the Depositor's Securities Account before 4.00 p.m. on 21 February 2018 in respect of transfers; and
- (c) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

(8) **Proposed Renewal of Authority to Buy Back Shares**

Ordinary Resolution 9 proposed under Item 8(a) of the Agenda, if passed, will empower the Directors to buy back the Company's own shares. This authority will expire at the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company at a general meeting.

(9) **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

Ordinary Resolution 10 proposed under Item 8(b) of the Agenda, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature in the ordinary course of business made on normal commercial 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.

By obtaining the approval for the Proposed Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur is avoided which would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

(10) **Proposed Dividend Reinvestment Plan**

Ordinary Resolution 11 proposed under Item 8(c) of the Agenda, if passed, will provide shareholders with an opportunity to reinvest their cash dividends, which includes any interim, final, special or other cash dividend ("Dividend"), in new ordinary shares of the Company ("New Shares") instead of receiving it in cash. The Board may, at its absolute discretion determine whether to offer shareholders an option to reinvest such Dividends in New Shares ("Reinvestment Option") and where applicable, the portion of such Dividend to which the Reinvestment Option applies ("Electable Portion"). In this respect, the Electable Portion may encompass the whole Dividend declared or only a portion of the Dividend. In the event the Electable Portion is not applicable for the whole Dividend declared, the remaining portion of the Dividend ("Non-Electable Portion") will be paid in cash.

Shareholders shall have the following options in respect of the Reinvestment Option announced by the Board under the proposed Dividend Reinvestment Plan:

- (a) to elect to participate in the Reinvestment Option by reinvesting the entire Electable Portion in New Shares at an issue price to be determined on a price fixing date to be announced later and to receive the Non-Electable Portion in cash;
- (b) to elect to participate in the Reinvestment Option by reinvesting part of the Electable Portion in New Shares at the issue price and to receive the balance of the Electable Portion and Non-Electable Portion in cash; or
- (c) to elect not to participate in the Reinvestment Option and thereby receive the entire Dividend entitlement (both Electable Portion and Non-Electable Portion) in cash.

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(11) **Proposed Issuance of New Shares**

Ordinary Resolution 12 proposed under Item 8(d) of the Agenda, if passed, will give authority to the Directors to issue new shares of the Company in respect of the dividends to be declared, if any, under the Dividend Reinvestment Plan, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at subsequent Annual General Meeting.

For Ordinary Resolutions 9, 10, 11 and 12 mentioned above, further information is set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2017 Annual Report.