

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

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In line with the provisions of Practice Note No. 18 on Perusal of Draft Circulars and Other Documents, Bursa Malaysia has not perused this Circular as it falls under the category of Exempt Circulars as outlined in the aforesaid practice note.

BATU KAWAN BERHAD (6292-U)
(Incorporated In Malaysia)

CIRCULAR TO SHAREHOLDERS

in relation to

**PROPOSED AMENDMENTS TO
ARTICLES OF ASSOCIATION OF THE COMPANY**

And

NOTICE OF EXTRAORDINARY GENERAL MEETING

The Notice of Extraordinary General Meeting is sent to you together with this Circular. The Extraordinary General Meeting will be held at Wisma Taiko, 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Monday, 22 October 2012 at 10.00 a.m. Shareholders are advised to refer to the Notice of Extraordinary General Meeting and the Proxy Form which are included in this Circular. A member entitled to attend and vote at the meeting is entitled to appoint one proxy to attend and vote on his behalf. The Proxy Form should be completed and lodged at the Registered Office of the Company not less than 48 hours before the time set for the meeting.

This Circular is dated 28 September 2012

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DEFINITIONS

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

"Act"	:	Companies Act, 1965, as amended from time to time and any re-enactment thereof.
"EGM"	:	Extraordinary General Meeting.
"BKB" or "the Company"	:	Batu Kawan Berhad (6292-U).
"BKB Group" or "the Group"	:	BKB and its subsidiaries.
"Bursa Malaysia"	:	Bursa Malaysia Securities Berhad (635998-W).
"Directors"	:	Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 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 BKB or any other company which is a subsidiary or holding company or a chief executive officer of BKB, its subsidiary or holding company.
"Listing Requirements"	:	Bursa Malaysia's Main Market Listing Requirements, including any amendment that may be made from time to time and any Practice Notes issued in relation thereto.
"Major shareholder(s)"	:	<p>A person who has an interest or interests in one or more voting shares in a company and the nominal amounts of that share, or the aggregate of the nominal amounts of those shares, is:</p> <p>(a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the Company; or</p> <p>(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.</p> <p>For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act. "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 major shareholder of BKB as defined under paragraph 1.01 of the Listing Requirements (or any other company which is a subsidiary or holding company of BKB).</p>
"Proposed Amendments"	:	Proposed amendments to the Articles of Association of the Company.
"Substantial Shareholder"	:	<p>A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five percent (5%) of the aggregate of the nominal amounts of all voting shares of the Company.</p> <p>For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act.</p>

BATU KAWAN BERHAD (6292-U)
(Incorporated in Malaysia)

Registered Office:
Wisma Taiko
1, Jalan S.P.
Seenivasagam
30000 Ipoh
Perak Darul Ridzuan

28 September 2012

Directors:

Tan Sri Dato' Seri Lee Oi Hian – *Chairman/Non-Independent Non-Executive Director*
Dato' Lee Hau Hian - *Managing Director/Non-Independent Executive Director*
R.M. Alias – *Independent Non-Executive Director*
Tan Sri Datuk Seri Utama Thong Yaw Hong - *Independent Non-Executive Director*
Dato' Mustafa bin Mohd Ali - *Independent Non-Executive Director*
Dato' Yeoh Eng Khoon - *Independent Non-Executive Director*
Quah Chek Tin - *Independent Non-Executive Director*

To: The Shareholders of Batu Kawan Berhad

Dear Sir/Madam,

**PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
OF THE COMPANY (“PROPOSED AMENDMENTS”)**

1. INTRODUCTION

On 21 September 2012, the Company had announced that it will seek shareholders' approval in relation to the Proposed Amendments to the Company's Articles of Association.

As provided under the Practice Note 18 of the Listing Requirements, Bursa Malaysia has not perused this Circular prior to its issuance as the Proposed Amendments fall under the category of Exempt Circulars as outlined in the aforesaid Practice Note.

The purpose of this Circular is to provide the shareholders with the details of the Proposed Amendments together with the Board's recommendation thereto and to seek your approval for the Special Resolution to be tabled at the EGM of the Company.

2. DETAILS AND RATIONALE OF THE PROPOSED AMENDMENTS

The Proposed Amendments are made to amend the Company's Articles of Association so as to be consistent with the amended Listing Requirements of Bursa Malaysia and to provide flexibility and efficiency in procedures for the Company. The Proposed Amendments are also primarily to ensure that shareholders have access to Articles of Association which are updated and comprehensive.

Details of the Proposed Amendments are set out in Appendix I of this Circular for shareholders' information and approval.

3. EFFECT OF THE PROPOSED AMENDMENTS

The Proposed Amendments will not have any effect on the share capital or the shareholdings of the substantial shareholders of BKB.

4. APPROVAL OF THE PROPOSED AMENDMENTS

The approval of the shareholders at the forthcoming EGM will be sought for the Proposed Amendments in which it is required to be passed by way of a Special Resolution of the Company in a general meeting.

5. INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

None of the Directors and/or Major Shareholders of BKB or any persons connected to them (as defined in the Listing Requirements) has any interest, direct or indirect, in the Proposed Amendments.

6. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Amendments, is of the opinion that the Proposed Amendments are in the best interest of BKB and its shareholders and recommends that you vote in favour of the Special Resolution in relation to the Proposed Amendments to be tabled at the forthcoming EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If you are unable to attend and vote in person at the EGM, you are requested to complete, sign and return the Proxy Form enclosed in this Circular so as to arrive not later than 48 hours before the time set for the EGM. The Proxy Form should be completed strictly in accordance with the instruction contained therein. The lodging of a Proxy Form does not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

8. EGM

The forthcoming EGM of the Company will be held at at Wisma Taiko, 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Monday, 22 October 2012 at 10.00 a.m. for the purpose of considering and if thought fit, passing the Special Resolution as set out in the Notice of EGM to approve the Proposed Amendments.

9. FURTHER INFORMATION

Shareholders are advised to refer to Appendix II for further information.

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

TAN SRI DATO' SERI LEE OI HIAN
Chairman

APPENDIX I

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION OF THE COMPANY

Article	Existing Provision	Proposed Amendments	Rationale
4(3) Share Capital	No director shall participate in an issue of shares to employees unless shareholders in general meeting have approved of the specific allotment to be made to such director and unless he holds office in an executive capacity.	No director shall participate in a <u>share issuance scheme</u> unless shareholders in general meeting have approved the specific allotment to be made to such director. and unless he holds office in an executive capacity.	This article is inserted to be in compliance with Paragraph 7.03 of the Listing Requirements.
66B Appointment of proxy by authorized nominee Appointment of multiple proxies	Notwithstanding Article 70 where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	Notwithstanding Article 70 where a Member of the Company is an <u>exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account")</u> , as defined under the Central Depositories Act 1991 , it may appoint at least one proxy <u>there is no limit to the number of proxies which the exempt authorized nominee may appoint</u> in respect of each <u>securities omnibus account it holds with ordinary shares of the Company standing to the credit of the said securities account.</u>	Amendment in view of Paragraph 7.21(1) of the Listing Requirements.
66A(1) Authorized Nominee	New Provision	<u>An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.</u>	This article is inserted to be in compliance with Paragraph 7.21(2) of the Listing Requirements.

Article	Existing Provision	Proposed Amendments	Rationale
<p>66C</p> <p>Qualification and rights of proxy to speak</p>	<p>New Provision</p>	<p>a) <u>A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy.</u></p> <p>b) <u>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</u></p>	<p>This article is inserted to be in compliance with Paragraph 7.21A of the Listing Requirements.</p>
<p>75</p> <p>Extent of Authority</p>	<p>The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and generally to act at the Meeting for the Member giving the proxy, but no proxy, may speak at any Meeting.</p>	<p>The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and generally to act at the Meeting for the Member giving the proxy. but no proxy, may speak at any Meeting.</p>	<p>To be in line with the provision included in Article 66C.</p>
<p>89</p> <p>Power of Directors to borrow</p>	<p>The Directors may exercise all the powers of the company to borrow or secure money, and to mortgage or charge its property and to issue securities, whether outright or as a security for any debt, liability or obligation of the Company or of any third party; Provided that the Directors shall not issue any debenture or debenture stock without the prior approval of the Company in General Meeting.</p>	<p>The Directors may exercise all the powers of the Company to borrow or secure money, and to mortgage or charge its property and to issue securities, whether outright or as a security for any debt, liability or obligation of the Company or of any third party. Provided that the Directors shall not issue any debenture or debenture stock without the prior approval of the company in General Meeting.</p>	<p>To provide flexibility and efficiency in procedure.</p>

Article	Existing Provision	Proposed Amendments	Rationale
<p>120A Cash Distributions</p>	<p>New Provision</p>	<p><u>Notwithstanding Article 118, any cash distributions shall be paid via electronic transfer to the bank account provided by the securities holder or person entitles thereto who is named in the Register of Members and/or Record of Depositors.</u></p> <p><u>“Cash distributions” means cash payment made by the Company in respect of its securities which are listed and quoted for trading on the Exchange, as prescribed by the Exchange from time to time which include:</u></p> <ul style="list-style-type: none"> a) <u>Cash dividends;</u> b) <u>Payments of interest or profit rates on debt securities or sukuk respectively;</u> c) <u>Income distributions made by collective investment schemes;</u> d) <u>Capital repayments; and</u> e) <u>Cash payments in lieu of odd lots arising from distributions in specie.</u> 	<p>This article is inserted to be in compliance with Paragraph 8.26A of the Listing Requirements</p>

APPENDIX II

FURTHER INFORMATION

1. RESPONSIBILITY

This Circular has been seen and approved by the Directors and they 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 material facts, the omission of which will make any statement herein misleading.

2. MATERIAL LITIGATION

The BKB Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant and the Directors of BKB do not know of any proceedings, pending or threatened against the BKB Group or of any fact likely to give rise to any proceedings which might materially affect the position or business of the BKB Group.

3. MATERIAL CONTRACT

BKB and its subsidiary companies have not entered into any contract which is or may be material other than contracts entered into in the ordinary course of business during the two (2) years preceding the date of this Circular.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered Office of BKB during normal business hours on Mondays to Saturdays (except public holidays) from the date of this Circular up to and including the date of the EGM:

- a) Memorandum and Articles of Association of BKB; and
- b) the Audited Financial Statements of BKB for each of the past two (2) financial years ended 30 September 2010 and 2011.

BATU KAWAN BERHAD (6292-U)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Wisma Taiko, 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Monday, 22 October 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION:

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

“THAT the amendments to Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 28 September 2012 be and are hereby approved.”

BY ORDER OF THE BOARD

Chong See Teck
Md Shaizatul Azam
Company Secretaries

Ipoh
Perak Darul Ridzuan
Malaysia

28 September 2012

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to vote in his stead. A proxy need not be a member of the Company. For the purpose of determining a member who shall be entitled to attend and vote at the above meeting, the Company shall be requesting the Record of Depositors as of 15 October 2012. Only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxy to attend and vote on his/her stead.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Wisma Taiko, 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time set for the meeting.

Explanatory Note:

Special Resolution – Proposed Amendments to the Company’s Articles of Association

The proposed Special Resolution, if passed, will give authority to the Company to amend its Articles of Association in order to be consistent with the recently amended Listing Requirements of Bursa Malaysia Securities Berhad and to provide flexibility and efficiency in the Company’s procedures. Details are contained in the Circular to Shareholders dated 28 September 2012.

BATU KAWAN BERHAD (6292-U)
(Incorporated in Malaysia)

PROXY FORM

I/We,
of
being a member of BATU KAWAN BERHAD hereby appoint.....
.....NRIC/Passport No:

or failing him/her, *the Chairman of the Meeting, as my/our Proxy and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at Wisma Taiko, 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Monday, 22 October 2012 at 10.00 a.m or any adjournment thereof:

My/Our Proxy is to vote either on a show of hand or on a poll as indicated below with an "X":

	FOR	AGAINST
<u>SPECIAL RESOLUTION</u> Proposed Amendment to Articles of Association		

Date:

No. of Shares held:

CDS Account No:

.....
Signature(s) or Common Seal(s) of Member(s)

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Wisma Taiko, 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than 48 hours before the time set for the meeting.
3. Where this Proxy Form is executed by a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. In the case of joint holders, this Proxy Form signed by the first named shareholder in the register shall be accepted to the exclusion of the other registered joint holder(s) of the shares.
5. The proxy will vote or abstain at his discretion if no indication is given.

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STAMP

Company Secretaries
BATU KAWAN BERHAD
Wisma Taiko
1, Jalan S.P. Seenivasagam
30000 Ipoh
Perak Darul Ridzuan
Malaysia

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