

BATU KAWAN BERHAD 196501000504 (6292-U)

SUMMARY OF PROCEEDINGS OF THE FIFTY-FIFTH (55TH) ANNUAL GENERAL MEETING OF THE COMPANY HELD AT WEIL HOTEL, BALLROOM 1, LEVEL 6, 292 JALAN SULTAN IDRIS SHAH, 30000 IPOH, PERAK DARUL RIDZUAN ON TUESDAY, 18 FEBRUARY 2020 AT 2.15 P.M.

PRESENT : Tan Sri Dato' Seri Lee Oi Hian – Chairman
Directors, members, proxies, corporate representatives and others are as per attendance list

1. COMMENCEMENT OF MEETING

The Chairman called the Meeting to order and extended a warm welcome to the attendees. The Company Secretary, Ms. Yap Miow Kien, confirmed that a quorum was present.

2. PRELIMINARY

The Chairman briefed the members that pursuant to the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), resolutions at the Meeting would be put to vote on a poll through electronic voting. The Company has appointed Boardroom Share Registrars Sdn Bhd as the Poll Administrator to conduct the polling process and Boardroom Corporate Services Sdn Bhd as the Scrutineers to verify and validate the poll results. The polling process for voting on the resolutions would be conducted upon completion of the deliberation of all items to be transacted at the Meeting.

3. NOTICE OF MEETING

On a proposal of a member, the Notice of Meeting dated 31 December 2019 was taken as read.

4. AUDITORS' REPORT

On a proposal of a member, the Auditors' Report was taken as read.

5. QUESTION AND ANSWER SESSION

The Chairman informed that the Company had responded to the questions raised by the Minority Shareholders Watch Group ("MSWG") in their letter dated 7 February 2020 for the Annual General Meeting. The replies thereto (a copy of the MSWG's letter together with the Company's reply dated 12 February 2020 are attached as **Appendix 1**) has been distributed to all members attending the Meeting. The MSWG representative confirmed that they do not need the replies to be read out at the meeting.

Thereafter, the floor was opened to further questions. A member requested the Company to consider disclosing the changes in the Company's share capital since incorporation in its Annual Report. The Chairman noted the member's request which will be considered.

The member further enquired on the intended treatment of the BKB shares bought back under share buybacks, as the Company has to-date purchased close to the permitted 10% of its issued share capital.

The Managing Director explained that the Company's share buybacks will enhance the earnings per share of the Group. The BKB shares bought back are currently kept as treasury shares and the Directors have the options of selling these treasury shares, cancelling them or distributing them as shares dividend to the members. However, the Board is likely to consider cancelling these treasury shares as it will enhance the Company's earnings per share.

There being no other questions, the Chairman concluded the question and answer session and proceeded to Agenda 1.

6. AUDITED FINANCIAL STATEMENTS AND REPORTS

The Chairman informed that the Audited Financial Statements for the year ended 30 September 2019 ("FY 2019"), together with the Directors' and Auditors' Reports thereon, are tabled in the Meeting for discussion only and are not required to be put forward for voting.

The Audited Financial Statements for the year ended 30 September 2019, together with the Directors' and Auditors' Reports thereon which were laid before the Meeting in compliance with Section 244(2)(a) of the Companies Act 2016 were duly received and there were no questions.

7. RE-ELECTION OF DIRECTORS

Dato' Lee Hau Hian and Dato' Yeoh Eng Khoon retire by rotation in accordance with the Company's Constitution and, being eligible, offered themselves for re-election.

A member proposed that the following resolution be put to a vote:

"THAT Dato' Lee Hau Hian, who retired in accordance with the Company's Constitution, be and is hereby re-elected a Director of the Company."

A member proposed that the following resolution be put to a vote:

"THAT Dato' Yeoh Eng Khoon, who retired in accordance with the Company's Constitution, be and is hereby re-elected a Director of the Company."

8. DIRECTORS' FEES

A member proposed that the following resolution be put to a vote:

"THAT the payment of Directors' fees of RM962,068/- in respect of the financial year ended 30 September 2019 to be divided amongst the Directors in such manner as the Directors may determine, be hereby approved."

9. DIRECTORS' BENEFITS

A member proposed that the following resolution be put to a vote:

"THAT the payment of Directors' benefits (other than Directors' fees) to the Directors for the period from the Fifty-Fifth Annual General Meeting to the Fifty-Sixth Annual General Meeting of the Company to be held in 2021 be hereby approved."

10. RE-APPOINTMENT OF AUDITORS

A member proposed that the following resolution be put to a vote:

"THAT BDO PLT be and are hereby re-appointed as Auditors of the Company at a remuneration to be fixed by the Directors and to hold office until the conclusion of the next Annual General Meeting."

11. SPECIAL BUSINESS

(a) ORDINARY RESOLUTION 6 - PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY

On the proposal of a member, the following resolution was put to a vote:

"THAT Ordinary Resolution 6 on the Proposed Renewal of Authority to Buy Back its Own Shares by the Company be passed."

(b) ORDINARY RESOLUTION 7 – PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On the proposal of a member, the following resolution was put to a vote:

"THAT Ordinary Resolution 7 on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature be passed."

(c) PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY ("BKB SHARES") IN RELATION TO THE DIVIDEND REINVESTMENT PLAN THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND ENTITLEMENTS IN BKB SHARES ("DIVIDEND REINVESTMENT PLAN")

On the proposal of a member, the following resolution was put to a vote:

"THAT Ordinary Resolution 8 on the Proposed Renewal of Authority for Directors to Allot and Issue New BKB Shares in relation to the Dividend Reinvestment Plan be passed."

12. ANY OTHER BUSINESS

The Meeting noted that the Company had not received any notice for transaction of any other business.

The Meeting then proceeded to electronic poll voting.

13. POLLING PROCESS

The Chairman informed that he has been appointed as proxy for several members and that he would vote in accordance with their instructions given.

Thereafter the members proceeded to vote electronically on the various resolutions using the electronic voting devices provided by the Share Registrars. The members were requested to return to their seats after casting their votes.

14. DECLARATION OF RESULTS

After the Scrutineers had certified the poll results and passed the results to the Board, the Chairman called the Meeting to order for the declaration of the poll voting results.

Based on the poll results as verified and validated by the Scrutineers, the Chairman declared all the resolutions tabled at the Meeting, **CARRIED** as follows:

Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Ordinary Business						
Resolution 1 Re-election of Dato' Lee Hau Hian who retires in accordance with the Company's Constitution	135	307,193,068	99.9932	3	21,021	0.0068
Resolution 2 Re-election of Dato' Yeoh Eng Khoon who retires in accordance with the Company's Constitution	129	307,111,068	99.9665	9	103,021	0.0335
Resolution 3 Approval of Directors' fees amounting to RM962,068 for the year ended 30 September 2019	138	307,214,089	100	0	0	0
Resolution 4 Approval of payment of Directors' benefits (other than Directors' fees) to Directors for the period from the Fifty-Fifth AGM to Fifty-Sixth AGM to be held in 2021	138	307,214,089	100	0	0	0

Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
Resolution 5 Re-appointment of BDO PLT as Auditors and authority to the Directors to fix their remuneration	138	307,214,089	100	0	0	0
Special Business						
Resolution 6 Proposed Renewal of Authority to Buy Back its Own Shares by the Company	138	307,214,089	100	0	0	0
Resolution 7 Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature	115	69,871,810	100	0	0	0
Resolution 8 Proposed Renewal of Authority to Allot and Issue new BKB Shares in relation to Dividend Reinvestment Plan	137	307,213,089	99.9997	1	1,000	0.0003

15. TERMINATION

There being no other business, the Meeting ended at 3.05 p.m. with a vote of thanks to the Chair.



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

7 February 2020

BY FAX/HAND

(Fax No: 605-240 8117)

The Board of Directors
Batu Kawan Berhad
Bangunan Mayban Trust Ipoh
Level 9, No. 28, Jalan Tun Sambanthan
30000 Ipoh, Perak

Attention: Ms Yap Miow Kien/ Mr Goh Swee Eng/ Ms Chiew Cindy
Company Secretaries

Dear Directors,

Re: 55th Annual General Meeting ("AGM") of Batu Kawan Berhad ("BKB" or the "Company") to be held on Tuesday, 18 February 2020

1. BKB's chlor-alkali subsidiary, Malay-Sino Chemical Industries, will implement a co-generation project to manage the cost of electricity, which is a key production cost component (page 21 of Annual Report 2019 ("AR2019")).
 - (a) What would be the expected capital expenditure to be incurred for the implementation the co-generation project?
 - (b) What would be the expected estimated percentage of energy cost saving, going forward?
 - (c) Does the co-generation project involve any of the renewable energy sources as an alternative energy source to BKB Group?
 - (d) Please provide some brief details in relation to the co-generation project that Malay-Sino Chemical Industries' is implementing.

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated In Malaysia • Company Reg 52489-M) No.: 20-0001022382 (524989-M)
Tingkat 11, Bangunan KWSP, No 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 KUALA LUMPUR.
Tel: (603): 2070 9090 Fax: (603): 2070 9107
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Batu Kawan Berhad

55th AGM, 18 February 2020

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2. The Industrial Chemicals division registered a 28% decline in PBT to RM95.12 million from RM133.38 million last year. This was due to a decline in selling prices of one the division's main chlor-alkali products i.e. caustic soda, as well as higher utilities cost as a result of the removal of a special industrial tariff and the Imbalance Cost Pass Through ("ICPT") surcharge by Tenaga Nasional Berhad (page 34 of AR2019).

How much was the imposition of the ICPT surcharge by Tenaga National Berhad?

3. In October 2019, Caruso Australia Ventures Pty Ltd further invested in a new residential development project situated in Pakenham, an established suburb on Melbourne's south eastern fringe (page 35 of AR2019).

(a) What is the total estimated amount to be invested in this new residential development project situated in Pakenham?

(b) When is the new residential development project expected to be completed?

(c) What would be the expected gross development value for the new residential development project situated in Pakenham?

4. With an expected oversupply of office space, Management will focus on maintaining a stable occupancy for Menara KLK, while trying to attract new tenants. As part of its leasing strategy for FY 2020, there will be improvements and refurbishment works done to ensure that the 10-year old building's facilities remain in good condition (page 36 of AR2019).

What is the estimated expenditure to be incurred for the improvements and refurbishment works?

Corporate Governance Matters

1. Dato' Yeoh Eng Khoon the Independent Director of the Company have served on the Board for a cumulative period of more than nine (9) years. Again, there is no resolution tabled to retain him as Independent Director of the Company.

We note the Company's explanation provided in the Corporate Governance Report on the departure from Practice Note 4.2.

Under Practice 4.2 of the Malaysia Code on Corporate Governance ("MCCG"), it is stated that "If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process".

Shareholders should be given the opportunity to participate in the re-election of the long serving Independent Director. The Board should deliberate the issue again and table the resolution on re-election of Independent Director who has served on the Board for more than nine years for shareholders' approval.

The Board should strive to adopt the Practices in the MCCG.

Please present the questions raised herein, and the related answers, to the shareholders present at the forthcoming AGM. At the same time, we await a written reply as soon as possible for our records.

Thank you.

Yours sincerely



Devanesan Evanson
Chief Executive Officer
DE/ECYL/BKB/AGM 2020

12 February 2020

BADAN PENGAWAS PEMEGANG SAHAM MINORITY BERHAD
Tingkat 11, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur

Dear Sirs,

BATU KAWAN BERHAD
FIFTY-FIFTH (55TH) ANNUAL GENERAL MEETING
ON 18 FEBRUARY 2020

We refer your letter dated 7 February 2020 in relation to our 55th Annual General Meeting, raising several questions that may be in the interests of minority shareholders and other stakeholders of the Group and the Company.

Following are our replies to your questions raised:

Strategic & Financial Matters

1. Q: "BKB's chlor-alkali subsidiary, Malay-Sino Chemical Industries, will implement a co-generation project to manage the cost of electricity, which is a key production cost component (page 21 of Annual Report 2019 ("AR2019))."

- (a) "What would be the expected capital expenditure to be incurred for the implementation of the co-generation project?"

The expected capital expenditure to be incurred for the implementation of the co-generation project is some RM40.0 million.

- (b) "What would be the expected estimated percentage of energy cost saving, going forward?"

The estimated percentage of energy cost savings is some 7% or RM8.0 million per year based on prevailing natural gas rate of RM33.45/MMBtu (1 million British Thermal Unit).

- (c) "Does the co-generation project involve any of the renewable energy sources as an alternative energy source to BKB Group?"

The co-generation project will not involve any usage of renewable energy source as the gas engines consume natural gas to produce electricity and steam.

- (d) **“Please provide some brief details in relation to the co-generation project that Malay-Sino Chemical Industries is implementing.”**

The co-generation plant comprises 2 units of Natural Gas internal combustion Kawasaki engines which have attained the MyHIJAU certification, Malaysia's official green recognition scheme endorsed by Ministry of Energy, Science, Technology, Environment & Climate Change.

Basically, electricity is generated from the combustion of natural gas in the gas engines and will produce electricity at 11 kV. The 9.4 MW electricity generated will be totally utilised by our Kemaman plant for its production of chlor-alkali products. Beside electricity generation, the co-generation plant will also provide steam, hot water and chilled water for the plant. The co-generation plant will have its own distribution network and will supplement our existing Tenaga Nasional Berhad's 33kV power grid supply.

2. **Q: “The Industrial Chemicals division registered a 28% decline in PBT to RM95.12 million from RM133.38 million last year. This was due to a decline in selling prices of the division's main chlor-alkali products i.e. caustic soda, as well as higher utilities cost as a result of the removal of a special industrial tariff and the Imbalance Cost Pass Through (“ICPT”) surcharge by Tenaga Nasional Berhad (page 34 of AR2019).”**

“How much was the imposition of the ICPT surcharge by Tenaga Nasional Berhad?”

In FY 2019, the total ICPT surcharge imposed by Tenaga Nasional Berhad was some RM6.0 million (In FY 2018, a net ICPT rebate of some RM2.0 million was received from Tenaga Nasional Berhad).

3. **Q: “In October 2019, Caruso Australia Ventures Pty Ltd further invested in a new residential development project situated in Pakenham, an established suburb on Melbourne's south eastern fringe (page 35 of AR2019).”**

- (a) **“What is the total estimated amount to be invested in this new residential development project situated in Pakenham?”**

The amount to be invested in the Pakenham project is estimated at AUD2.0 million or some RM6.0 million. This project is a joint development with the landowner and structured on a low capital model where upfront payment for the land is not required.

- (b) **“When is the new residential development project expected to be completed?”**

Subject to the approval process of the Precinct Structure Plan, the Pakenham project is expected to be fully completed by 2028.

- (c) **“What would be the expected gross development value for the new residential development project situated in Pakenham?”**

The gross development value for the Pakenham project is expected to be some AUD319.0 million.

4. Q: "With an expected oversupply of office space, Management will focus on maintaining a stable occupancy for Menara KLK, while trying to attract new tenants. As part of its leasing strategy for FY 2020, there will be improvements and refurbishment works done to ensure that the 10-year old building's facilities remain in good condition (page 36 of AR2019)."

"What is the estimated expenditure to be incurred for the improvements and refurbishment works?"

The estimated expenditure is some RM700,000 to be incurred for improvements and refurbishment works i.e. waterproofing works, building façade cleaning, repainting works, and upgrades of CCTV system, car park system and internet speed.

Corporate Governance Matters

1. Q: "Dato' Yeoh Eng Khoon the Independent Director of the Company has served on the Board for a cumulative period of more than nine (9) years. Again, there is no resolution tabled to retain him as Independent Director of the Company.

We note the Company's explanation provided in the Corporate Governance Report on the departure from Practice Note 4.2.

Under Practice 4.2 of the Malaysia Code on Corporate Governance ("MCCG"), it is stated that "If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process".

Shareholders should be given the opportunity to participate in the re-election of the long serving Independent Directors. The Board should deliberate the issue again and table the resolution on re-election of Independent Directors who have served on the Board for more than nine years for shareholders' approval.

The Board should strive to adopt the Practices in the MCCG."

The intended outcome of Practice 4.2 of the MCCG is for board decisions to be made objectively in the best interest of the company, taking into account diverse perspectives and insights. To mitigate the perception that long serving independent directors may no longer be objective, BKB has put in place robust measures to ensure that the independence of its independent directors is not compromised, and that the intended outcome is ultimately achieved.

In addition to the formal annual evaluation of Directors' performance by the Nomination Committee, the Board is able to observe the conduct, behaviour and values of its Independent Directors through regular interaction and discussions amongst themselves (for example at Board or Board Committee meetings, visits to operating centres, company social functions and conferences). This proximity to the Independent Directors is an advantage that other stakeholders do not have and puts the Board and the Nomination Committee in the best position to assess their independence.

There is no evidence that the length of service of Dato' Yeoh Eng Khoon who has served for more than nine (9) years, has adversely affected the performance of the Group. His experience, intellectual honesty, objectivity and independent judgment in carrying out his roles as Board and Board Committee members have in fact strengthened board decision-making. In essence, the intended outcome of the MCCG has been achieved, even if shareholders' approval has not been sought to retain him as an Independent Director.

Nevertheless, the Board takes cognisance of the reasoning behind Practice 4.2 of the MCCG and will continue to regularly review our current practices to ensure that they are in the best interest of the Company.

The above replies will be circulated to all the shareholders present at our upcoming 55th AGM. We look forward to MSWG's attendance on that day.

Thank you.

Yours faithfully,
BATU KAWAN BERHAD



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(Goh Swee Eng)
Chief Financial Officer