

# BATU KAWAN BERHAD 196501000504 (6292-U)

Minutes of the Fifty-Seventh Annual General Meeting (“AGM”) of Batu Kawan Berhad (“BKB” or “Company”) held as a virtual meeting through live streaming from the Broadcast Venue at Menara KLK, Level 10, No. 1, Jalan PJU 7/6, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 17 February 2022 at 2.15 p.m.

## **Present at Broadcast Venue**

PRESENT	:	Tan Sri Dato’ Seri Lee Oi Hian	-	Chairman
		Dato’ Lee Hau Hian	-	Managing Director
		Mr. Quah Chek Tin	-	Independent Non-Executive Director
		Ms. Yap Miow Kien	-	Company Secretary

## **Present via video conferencing**

		Dato’ Yeoh Eng Khoon	-	Senior Independent Non-Executive Director
		Tan Sri Rastam bin Mohd Isa	-	Independent Non-Executive Director
		Dr. Tunku Alina binti Raja Muhd Alias	-	Independent Non-Executive Director
		Mr. Lee Yuan Zhang	-	Non-Independent Non-Executive Director
		Mr. Lim Ban Aik	-	Independent Non-Executive Director
		Dato’ Gan Ah Tee	-	Managing Partner of External Auditors, BDO PLT

The attendance of Members, proxies and corporate representatives via TIIH Online Website at <https://tiih.online> with Remote Participation and Voting (“RPV”) facilities was as per attendance sheet.

## **1. COMMENCEMENT OF MEETING**

The Chairman called the Meeting to order at 2.15 p.m. and extended to the participants a warm welcome to the Company’s second virtual AGM. He informed that the AGM is convened in adherence with the Guidance on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission.

The Chairman then introduced virtually the Board members and the representative of the External Auditors of the Company to all present.

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 via RPV. The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) as the Poll Administrator to conduct the polling voting process and Asia Securities Sdn. Berhad as the Scrutineers to verify and validate the polling results.

A short video on the procedures for online voting and for submission of questions via TIH Online was played by Tricor to those present at the AGM. The voting session had commenced since the start of the AGM at 2.15 p.m and would continue until the Chairman’s announcement of the end of the voting session.

## **3. AUDITED FINANCIAL STATEMENTS AND REPORTS**

The Chairman informed that the Audited Financial Statements for the year ended 30 September 2021, together with the Directors’ and Auditors’ Reports thereon, are not required to be put forward for voting. Thus, the Audited Financial Statements are tabled at the AGM for discussion only and for the Board to address any queries during the Question and Answer session.

The Audited Financial Statements for the year ended 30 September 2021, 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.

## **4. RE-ELECTION OF DIRECTORS**

The Chairman informed that the two (2) Directors who retire by rotation in accordance with the Company’s Constitution were eligible for re-election. The retiring Directors who offered themselves for re-election are Mr. Quah Chek Tin and Dr. Tunku Alina binti Raja Muhd Alias.

The Chairman further informed that Mr. Lee Yuan Zhang and Mr. Lim Ban Aik who were appointed during the year and retired in accordance with the Company’s Constitution, were eligible for re-election and they have offered themselves for re-election.

The resolutions on the above Directors’ re-elections were put to the Meeting for voting by e-polling after the conclusion of the tabling of all resolutions. The Chairman proceeded to the next agenda item.

## **5. DIRECTORS’ FEES**

The next agenda item was for the approval of payment of Directors’ fees of RM1,187,528 for the year ended 30 September 2021, to be divided amongst the Directors in such manner as the Directors may determine.

The resolution for the approval for Directors’ fees payment was put to the Meeting for voting by e-polling after the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next agenda item.

## 6. DIRECTORS' BENEFITS

Members' approval was sought on the payment of Directors' benefits (other than Directors' fees) to the Directors for the period from the Fifty-Seventh AGM to the next AGM to be held in 2023. These benefits include meeting allowances, overseas travelling allowance and other benefits such as medical, insurance coverage and business travel.

The resolution on the approval for Directors' benefits payment was put to the Meeting for voting by e-polling after the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next item.

## 7. RE-APPOINTMENT OF AUDITORS

The next item was to approve the re-appointment of BDO PLT ("BDO") as the Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. BDO had expressed their willingness to continue in office as Auditors of the Company.

The resolution on the re-appointment of BDO as the Auditors of the Company was put to the Meeting for voting by e-polling after the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next item.

## 8. SPECIAL BUSINESS

### (a) ORDINARY RESOLUTION 8 – PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY

The Chairman informed that the following Ordinary Resolution 8 was taken as read:

"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 and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares 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;

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 amendments (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 of the Company following the passing of this ordinary resolution or the expiry of the period within which the next Annual General Meeting 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.”

The resolution on Ordinary Resolution 8 on the Proposed Renewal of Authority to Buy Back its Own Shares by the Company was put to the Meeting for voting by e-polling after the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next item.

**(b) ORDINARY RESOLUTION 9 – PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The next item was to approve Ordinary Resolution 9 on the proposed renewal of shareholders’ mandate for recurrent related party transactions and to seek authority for the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with related parties which are necessary for the Company’s and/or its subsidiaries day-to-day operations and carried out in the ordinary course of business 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.

The Chairman informed that the following Ordinary Resolution 9 was taken as read:

“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 31 December 2021 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,

(“Mandate”).

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.”

The Chairman declared his interest in the transactions contained in Ordinary Resolution 9 and further informed the Meeting that Dato’ Lee Hau Hian and Mr. Lee Yuan Zhang are also interested parties in the transactions contained in Ordinary Resolution 9 and accordingly, they, together with persons connected with them will not vote on this resolution.

The resolution on Ordinary Resolution 9 on the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature was put to the Meeting for voting by e-polling after the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next item.

**(c) ORDINARY RESOLUTION 10 – 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”)**

The Chairman informed the Meeting that the members had, at the previous AGM held in 2021, authorised the Directors to allot and issue new BKB Shares under the Dividend Reinvestment Plan, and that such authority will expire at the conclusion of this AGM. He explained that Ordinary Resolution 10, if passed, would give authority to the Directors to allot and issue such BKB Shares pursuant to the Dividend Reinvestment Plan in respect of any dividends to be declared, and that such authority shall expire at the conclusion of the next AGM to be held in 2023.

The Chairman informed that the following Ordinary Resolution 10 was taken as read:

“THAT pursuant to the Dividend Reinvestment Plan (“DRP”) approved by the shareholders at the Annual General Meeting held on 13 February 2018 and subject to the approval of the relevant authorities (if any), approval be and is hereby given to the Company to allot and issue such number of BKB Shares pursuant to the DRP until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said BKB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price (“VWAMP”) of BKB shares immediately prior to the price-fixing date, which VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company.”

The resolution on Ordinary Resolution 10 on the Proposed Renewal of Authority for Directors to Allot and Issue New BKB Shares in relation to the Dividend Reinvestment Plan was put to the Meeting for voting by e-polling after the conclusion of the tabling of all resolutions.

The Chairman proceeded to the next item.

## 9. ANY OTHER BUSINESS

In reply to the Chairman, the Company Secretary confirmed that the Company had not received any notice for transaction of any other business at the Meeting.

## 10. QUESTION AND ANSWER SESSION

The Chairman informed that the Company had responded to questions raised by the Minority Shareholders Watch Group (“MSWG”) in their letter dated 10 February 2022 for the AGM. The questions and replies thereto (a copy of the MSWG’s letter together with the Company’s reply dated 14 February 2022 are attached as **Appendix 1**) were projected on the screen for members’ information.

Thereafter, the Chairman proceeded to address the questions received from members prior to the AGM, as well as questions received during the Meeting.

The Chairman informed that the responses to the remaining questions which was not answered at this Meeting would be posted on the Company’s website. With that, the Chairman concluded the question and answer session and proceeded to polling process.

The list of questions and the Company’s responses are set out in **Appendix 2**.

## 11. POLLING PROCESS

The Chairman reminded members to submit their votes via TIIH Online with RPV facilities (where members are able to cast their votes since the commencement of the AGM) as the voting session would continue for another 10 minutes. A video on the steps to cast a vote was shown on the screen.

For polling purposes, the Chairman declared the closure of the voting session for the AGM at 3.05 p.m. and the votes will be verified by the Scrutineers and validated before submitting to the Chairman for announcement.

## 12. DECLARATION OF RESULTS

After the Scrutineers had certified the poll results and submitted 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 and projected on the screen, the Chairman declared all the resolutions tabled at the Meeting as **CARRIED** as follows:

Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
<b>Ordinary Business</b>						
<b>Resolution 1</b> Re-election of Mr. Quah Chek Tin who retires by rotation in accordance with the Company's Constitution, as a Director of the Company	142	296,474,860	99.9776	10	66,573	0.0224
<b>Resolution 2</b> Re-election of Dr. Tunku Alina binti Raja Muhd Alias who retires by rotation in accordance with the Company's Constitution, as a Director of the Company	144	296,492,810	99.9836	8	48,623	0.0164
<b>Resolution 3</b> Re-election of Mr. Lee Yuan Zhang who was appointed during the year and retires in accordance with the Company's Constitution, as a Director of the Company	145	296,493,910	99.9840	7	47,523	0.0160

Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
<b>Resolution 4</b> Re-election of Mr. Lim Ban Aik who was appointed during the year and retires in accordance with the Company's Constitution, as a Director of the Company	148	296,541,281	99.9999	4	152	0.0001
<b>Resolution 5</b> Approval of payment of Directors' fees for the year ended 30 September 2021 amounting to RM1,187,528 (2020: RM920,000)	147	296,541,781	99.9991	6	2,652	0.0009
<b>Resolution 6</b> Approval of payment of Directors' benefits (other than Directors' fees) to Directors for the period from the Fifty-Seventh AGM to Fifty-Eighth AGM of the Company to be held in 2023	147	296,541,781	99.9991	6	2,652	0.0009
<b>Resolution 7</b> Re-appointment of BDO as Auditors of the Company for the financial year ending 30 September 2022 and authority to the Directors to fix their remuneration	149	296,544,281	99.9999	4	152	0.0001
<b>Special Business</b>						
<b>Resolution 8</b> Proposed Renewal of Authority to Buy Back its Own Shares by the Company	149	296,544,162	99.9999	3	250	0.0001
<b>Resolution 9</b> Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature	135	76,319,392	99.9998	4	152	0.0002



Resolution	Vote in Favour			Vote Against		
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%
<b>Resolution 10</b> Proposed Renewal of Authority for Directors to Allot and Issue new BKB Shares in relation to Dividend Reinvestment Plan	145	296,540,681	99.9987	8	3,752	0.0013

### 13. TERMINATION

There being no other business, the Meeting ended at 3.35 p.m. with a vote of thanks to the Chair.

CONFIRMED

SIGNED

.....  
[ CHAIRMAN ]

Bangunan Mayban Trust Ipoh, 30000 Ipoh  
Perak Darul Ridzuan



**MINORITY SHAREHOLDERS WATCH GROUP**  
*Shareholder Activism and Protection of Minority Interest*

10 February 2022

**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: 57<sup>th</sup> Annual General Meeting (“AGM”) of Batu Kawan Berhad (“BKB” or the  
“Company”) to be held on Thursday, 17 February 2022**

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In the interest of minority shareholders and all other stakeholders of the Company, we would like to raise the following questions: -

**Operational & Financial Matters**

1. CCM's chlor-alkali chemical business posted lower earnings y-o-y, which were attributable to lower caustic soda prices, higher production costs due to plant downtime in its Pasir Gudang (“PGW”) site and internal restructuring costs. One of its plants at PGW which commissioned in January 2020 was not able to operate at maximum capacity and thus suffered a capacity reduction throughout FY2021. The affected plant is expected to be restored to its full capacity in February 2022. (page 39 of AR2021)
  - (a) What were the main reasons that have caused the plant downtime at Pasir Gudang?
  - (b) What was the cost incurred to restore the affected plant to its full capacity?
  - (c) What is the status of the affected plant?

2. In relation to the Group's Australian property investments, the latest addition to BKB's portfolio is an investment in a 45-hectare parcel development situated in Derrimut, Tarneit (approximately 30km from Melbourne's CBD). (page 40 of AR2021)

What are the development plans for the 45-hectare parcel land?

3. For FY2021, real estate investments in Australia recorded a profit before tax of RM9.65 million (FY2020: RM4.16 million). Despite a series of lockdowns in Australia throughout the year, consumer confidence and property values have been holding up well. (page 40 of AR2021)

Given the huge increase in profit before tax from real estate investments in Australia and given that the property demand is expected to be sustainable, what is in the pipeline for the Group's Australian property investments for financial year ending 2022?

### **Corporate Governance Matters**

4. Two of the Independent Directors of the Company have served on the Board for a cumulative period of more than nine (9) years. Again, there were no resolutions tabled to retain them as Independent Directors of the Company.

We note the Company's explanation provided in the Corporate Governance Report for the departure on 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 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 2022

14 February 2022

**BADAN PENGAWAS PEMEGANG SAHAM MINORITY BERHAD**

Tingkat 11, Bangunan KWSP  
No. 3, Changkat Raja Chulan  
Off Jalan Raja Chulan  
50200 Kuala Lumpur

Attn: Mr Devanesan Evanson  
Chief Executive Officer

Dear Sirs

**BATU KAWAN BERHAD**  
**FIFTY-SEVENTH (57<sup>TH</sup>) ANNUAL GENERAL MEETING**  
**ON 17 FEBRUARY 2022**

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We refer your letter dated 10 February 2022 in relation to our 57<sup>th</sup> 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: “CCM’s chlor-alkali chemical business posted lower earnings y-o-y, which were attributable to lower caustic soda prices, higher production costs due to plant downtime in its Pasir Gudang (“PGW”) site and internal restructuring costs. One of its plants at PGW which commissioned in January 2020 was not able to operate at maximum capacity and thus suffered a capacity reduction throughout FY2021. The affected plant is expected to be restored to its full capacity in February 2022 (page 39 of AR2021).**

- (a) What were the main reasons that have caused the plant downtime at Pasir Gudang?**

*The particular plant was commissioned in January 2020 and previous management decided, for a particular piece of equipment, to use one of newer technology, supposedly with enhanced greener performance and better steam energy recovery. However, shortly after commissioning, parts of the equipment were found to be damaged during installation and failure to operate within its sensitive parameters. Replacement part for this equipment is being awaited as disruptions from the Covid pandemic has materially affected the overseas supplier’s ability to deliver the part in a timely manner.*

*Since BKB’s acquisition, operating procedures in the plant has been revamped and tightened to ensure reliable performance of all plant equipment.*

**(b) What was the cost incurred to restore the affected plant to its full capacity?**

*The cost of replacing the damaged components and restoring the affected plant to capacity are expected to be around RM1.3 million.*

**(c) What is the status of the affected plant?"**

*The production capacity and utilisation of the affected plant was about 50% for most of 2021. Subsequently from November 2021, due to remedial actions taken, the plant was running at 75% of its capacity. The replacement part is expected to be installed and the plant recommissioned in late February 2022, allowing the plant to be able to produce to 100% capacity.*

- 2. Q: "In relation to the Group's Australian property investments, the latest addition to BKB's portfolio is an investment in a 45-hectare parcel development situated in Derrimut, Tarneit (approximately 30km from Melbourne's CBD) (page 40 of AR2021).**

**What are the development plans for the 45-hectare parcel land?"**

*The Derrimut (Tarneit) development project was acquired with the land already having an approved development plan. Thus development work was able to proceed quickly and initial sales of the sub-divided sub-lots, with infrastructure, was launched in June 2021 to good response, due to its favorable location to neighboring shopping, education and transport facilities.*

*The entire project will comprise of 470 housing lots, with a targeted gross development value ("GDV") of AUD185.0 million, and is expected to complete by 2025-2026.*

- 3. Q: "For FY2021, real estate investments in Australia recorded a profit before tax of RM9.65 million (FY2020: RM4.16 million). Despite a series of lockdowns in Australia throughout the year, consumer confidence and property values have been holding up well (page 40 of AR2021).**

**Given the huge increase in profit before tax from real estate investments in Australia and given that the property demand is expected to be sustainable, what is in the pipeline for the Group's Australian property investments for financial year ending 2022?"**

*The pipeline in financial year 2022 for launching (for sales) new Australian development projects are planned to be:*

- *Launch of Heartford (Donnybrook) and Maple Grove (Pakenham) development projects; and*
- *Hand-over of completed construction of the Social Housing apartments in our Epping project (sales already committed).*

*The project launches are subjected to prevailing economic and market conditions in Australia, but the current outlook for property demand in 2022 remains promising as demand for landed property remains strong and interest rates are still at low.*

**Corporate Governance Matters**

1. Q: “Two of the Independent Directors of the Company have served on the Board for a cumulative period of more than nine (9) years. Again, there were no resolutions tabled to retain them as Independent Directors 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 adopt the Practices in the MCCG.”**

*The Company’s explanation for retaining two independent directors who have served more than 9 years has been given, as you have noted, in our Annual Report.*

*With the recent Bursa Malaysia’s change in the Main Market Listing Requirements which now limits the tenure of an independent director to not more than a cumulative tenure of 12 years as an independent director, the Board will review its practice vis-à-vis independent directors. All long serving independent directors of BKB impacted by this enhancement will either retire or be re-designated as non-independent directors by 1 June 2023.*

The above replies will be presented to all the shareholders present at our upcoming 57<sup>th</sup> AGM to be held on 17 February 2022. We look forward to MSWG’s attendance on that day.

Thank you.

Yours faithfully  
**BATU KAWAN BERHAD**

  
.....  
( Goh Swee Eng )  
Chief Financial Officer/  
Company Secretary

# BATU KAWAN BERHAD 196501000504 (6292-U)

## MATTERS DISCUSSED AT THE QUESTION-AND-ANSWER SESSION OF THE 57<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF THE COMPANY

### Questions submitted prior to the AGM

1. (a) **“Please give us some perspective of the prospects and challenges our Company is facing now and going forward; and how will it be tackling some of these challenges including on labor, climate?”**

*The Group is keeping its cost low in order to continue to be profitable. The goal for a plantation company is to drive efficiency for increasing yield. In this era, every company recognises the importance of ESG, particularly on climate change, for identifying strategic opportunities and meet competitive challenges.*

*As a plantation group, our initiatives surround mainly to control CO<sub>2</sub> emission and efficient recycling of bio-products (such as fertilisers).*

*The Plantation sector has also been affected by the labour shortage issue as the borders remain closed with restrictions on hiring foreign labour. Although the Malaysian Government has announced to bring in 32,000 foreign workers, talks between Indonesia and Malaysia are still ongoing for the plan.*

- (b) **“By now our Company would have fully ‘digested’ its recent acquisitions; have it met expectations to revenue and profit growth?”**

*Our Group has completed 2 major acquisitions, Chemical Company of Malaysia Berhad (“CCM”) and IJM Plantations Berhad (“IJMP”) [via our subsidiary, Kuala Lumpur Kepong Berhad (“KLK”).]*

*Full ‘digestion’ (or integration) of acquisitions will generally take some years as often transformation of the business – in terms of new ways of operating and behaving, adopting a new culture and instilling discipline – is required. The new behaviours and culture will take some time to be hard-wired.*

*For the CCM acquisition, current focus is on integrating CCM’s operations with BKB Chemical Group by undertaking comprehensive review of the businesses and operations of CCM as well as improving parts of their operations. Good progress has been made and initial results have been promising, with the acquired CCM businesses helped by favourable market conditions.*

*As for IJMP, KLK has completed the acquisition in September 2021. Management has visited their estates and improvement remedies are being put in place. The acquisition has met expectations in terms of revenue and profit growth due to the increase in commodity prices.*



- (c) **“What is our Board of Director’s outlook and view on higher palm oil prices and its price sustainability going forward?”**

*The CPO prices are currently at a high level of above RM5,000/mt and in the near term, prices should continue to be favourable. However, in the longer term, the CPO prices will depend on various factors such as the harvested output of competing oilseeds.*

- (d) **“How will the other oil grains’ coming harvests, impact the palm oil price trend?”**

*Last year was a favourable year for the Group. There was withered canola crop in Canada and a relatively tight soybean balance in the US at the end of its crop season last year. Current extreme dry weather has impacted areas in the South American soybean growing regions which resulted in a downward trend in their soybean crop. These factors have contributed to the push in the palm oil prices and along with increasing petroleum prices, CPO price is likely to sustain at high levels of RM5,000/mt.*

2. **“There was a recent posting in the internet that scientists have made major progress in transferring oil palm genes into microbes and these microbes can now produce palm oil efficiently without the need of plantations and thus the unnecessary destruction of our tropical forests/jungles. If such technology is realized on the large commercial scale anywhere in the world, how will our Company view such threats or opportunities going forward?”**

*The Group is aware of the report and is monitoring the updates. Palm oil supplies one-third of the world’s edible oil and hence it will require a huge facility to produce sufficient microbes in order to replace palm oil. Further, these microbes are still at an infant stage of development and although shown to have made some progress, it will be some time before microbes can be competitive against palm oil.*

### **Questions submitted during the Annual General Meeting**

1. **“Could you enlighten us the respective amounts of goodwill on acquisition of CCM and IJM.”**

*The amount of goodwill arise from the acquisition of CCM is some RM81.60 million. However, for acquisition of IJM, as KLK has carried out fair valuation of the assets in IJMP Group, there was no goodwill incurred.*

2. **“One of the reasons for the higher Industrial Chemical profits by 55% in FY2021 was due to the contribution from the newly acquired CCM.”**

- (a) **“How much was the contribution from CCM in FY 2021?”**

*Since the acquisition of CCM in December 2020, their 9 months FY 2021 pre-tax profit contribution of RM13.7 million has been consolidated into the Group’s accounts.*

- (b) **“What are budgeted Capex at CCM for FY2022?”**

*Budgeted capex for CCM for FY2022 will be approximately RM13.0 million.*

- (c) **“Will the Company consider listing the chemical business separately as it has been doing well since the acquisition of CCM?”**

*The priority now is to focus on the strengths and weaknesses of the chemical business, as well as concentrate on integrating CCM's operations into the BKB Chemical Group. Listing of the chemical business will only be considered at a time when it is in the best interest of the Group.*

3. (a) **“May I know, what is the Company's future Outlook?”**

*The Group expects to maintain a good performance for FY 2022, as reflected in the strength of the Group's first quarter results announced.*

- (b) **“How much is the impact due to MCO?”**

*The Group is fortunate that its business industries are not materially affected by MCO.*

4. **“How much is cost saving of this virtual AGM as compared to physical one?”**

*A virtual AGM costs not more than RM30,000, which cost about the same as a physical meeting.*

5. **“Will the Board consider giving door gift such e-voucher or e-wallets for those participating in this AGM as a token of appreciation?”**

*The Board appreciates the shareholders' participation in the Company's AGM but we do not have a “Door Gift” policy, either for physical or virtual meetings.*

6. **“Prosperity tax impact on the Group? In 2022?”**

*The prosperity tax will impact the Group, particularly on some major subsidiaries. However, the Company understands and accepts the rationale of the Malaysian Government for implementing this new tax requirement.*

7. (a) **“Will your Company propose bonus issue in view of tight liquidity and high price of the stock? Very pleased to read your announcement of 1<sup>st</sup> quarterly report that its profits has increased 73 per cent compared last quarter.”**

*The Company will continue to monitor its share price and may consider a bonus issue exercise, should the price increase insignificantly, taking into consideration the projected earnings and expected price-earnings ratio.*

- (b) **“What will the prosperity tax affect the net earnings for this year? Congratulations to the board of directors for far sight and excellent management to the Group.”**

*Please refer to our response for Question 6.*

- (c) **“However I notice the Company gearing ratio has also increased greatly, will the management try to reduce it and liabilities?”**

*Gearing ratio of the Group has increased arising from the 2 major acquisitions, CCM by BKB and IJMP via KLK, as quoted by the Managing Director. The favourable commodity prices should allow the company to be able to reduce the gearing ratio but this also will require the balancing with reasonable dividend payments to shareholders and preserving cashflow for the Group’s businesses.*

8. **“What is the outlook for the industrial chemical business this year?”**

*For the industrial chemical business, the Group is fortunate to benefit from strong prices for its products - caustic soda and chlorine-derived products. Caustic soda price has reached a historically high price although some price correction is expected to take place. At the same time, raw materials costs have also increased which will moderate the benefit of the high prices for its products through higher production costs.*

9. **“The Australian property investments contributed an improved profits of RM9.65 million in FY 2021 (page 40 of AR).”**

- (a) **“How much has the Group invested in the 9 property development projects in Australia?”**

*For the 9 property development projects in Australia, the Company has to-date invested some RM260.0 million. As the property developments come onstream in various stages, the Group expects a continuous profit return.*

- (b) **“What is the total investment in the 45 hectares parcel development in Derrimut, Tarneit, Australia?”**

*The Company has invested AUD4.5 million for its share of the development in Derrimut, Tarneit, Australia.*

10. **“Besides the above negative factors, Indonesia has passed the oil palm sale rules that 20 percent of production must be sold domestically at very much reduced prices. What will this affect the proceeds from the sale. In view of these negative factors, will the Company be able to maintain the same rate of profits and dividend payments. Can your board give some explanations on these matters? Thank you.”**

*The rule is governed by the Indonesia’s Domestic Market Obligation, which requires mandatory compliance. The mandatory volume required for local cooking oil demand will affect the profit margins but hopefully with the tightening of palm oil demand and supply, this would raise international prices and off-set the negative margins borne on the local portion sold.*

11. **“Is the board considering splitting the company’s shares or declare a bonus issue anytime soon? This would make the shares more affordable and liquid considering that the share price is now around RM 26 plus. The last bonus issue was in 2017.”**

*Please refer to our response for Question 7(a).*

12. **“The Company received RM465.526 million in dividends in FY2021 vs RM116,755 in FY2020.”**

(a) **“How much of the dividends received are non-KLK dividends and what are the source of the non-KLK dividends received.”**

*In FY 2021, the non-KLK dividends received amount to RM185 million, mainly from the Industrial Chemicals operating subsidiaries i.e. Malay-Sino Chemical Industries and See Sen Chemical Berhad.*

(b) **“How much are dividends/contributions from placement in debt instruments (page 149 - Note 21 of the AR).”**

*The contributions from placement in debt instruments referred to on Page 149 – Note 21 of the Annual Report amounted to RM1.46 million from placement in unit trust funds. Further details can be found on Page 134, Note 8 of Annual Report.*

(c) **“The Share Buy-Back disclosure in the Group Consolidated Statement of Cash Flows for FY2021 amounted to RM73.297 million (page 107 of the AR). However, the same Share Buy-Back figure in the Company's Statement of Cash Flows on page 110 showed a figure of RM59.377 million.”**

*The difference of RM13.9 million disclosed in the Share Buy-Back note in the Group Consolidated Statement of Cash Flows for FY2021 relates to the shares bought back by KLK of its own KLK shares while RM59.377 million relates to shares bought back by BKB of its own BKB shares.*

13. **“Can you please explain the RM851m – Purchase of shares from non-controlling interest” appearing under cash flows from investing activities. My apologies as my 1<sup>st</sup> question was in relation to the 1<sup>st</sup> qtr of 2022. Would appreciate your response nevertheless. Tq.”**

*RM800 million relates to the acquisition of IJMP's minority shares via the General Offer by KLK up to 31 December 2021 and RM51 million was for the purchase of shares from non-controlling interest of IJMP's subsidiaries.*

14. **“Any e-door gifts? Business outlook in next 3 months? Labour shortage issues. How to manage?”**

*For “Door Gift”, please refer to our response for Question 5.*

*For Business outlook, please refer to our response for Question 3(a).*

*For labour shortage issues, please refer to our response for Question 1(a) – Questions submitted prior to AGM.*

15. (a) **“Has the Group conducted a climate change assessment on how the rising sea levels will affect their estates?”**

*We have recently engaged an independent third party, KPMG Management & Risk Consulting Sdn Bhd, to review the Group's internal processes and sustainability gaps, particularly on ESG issues, and assist in benchmarking against peers and international sustainability frameworks.*

- (b) “What actions are being taken by KLK to minimise Climate Risks impact on the Group’s bottom-line?”**

*As a responsible corporate, KLK practices policies relating to No Deforestation, Protection of Peatland and High Conservation Value areas, and Zero-Burning. KLK’s palm oil mill by-products are totally used as organic fertiliser and boiler fuel, with the excess energy from the biogas power plant being sold to the national grid. This will reduce Greenhouse Gas emissions as well as operating costs.*

- 16. “Indonesia recently announced Domestic Market Obligation (“DMO”) (20% volume), and how would this affect its plantations in Indonesia?”**

*Please refer to our response for Question 10.*

- 17. “With the completion of the CCM acquisition, will there be any plan to restructure within CCM or the BKB Chemical Group?”**

*The Company is undertaking a comprehensive review of the businesses and operations of CCM, which includes reorganisation from time to time as well as initiatives to improve the profitability and sustainability of CCM’s businesses. Ultimately, CCM’s operations will be integrated into the BKB Chemical Group of businesses.*

- 18. “What is BKB long term plan? What will be the ideal % of plantation and manufacturing contributions to BKB Group results? Is BKB open to other business/investment opportunities beside plantation and chemical?”**

*The focus now is on integrating CCM’s and IJMP’s operations with BKB Chemical Group and KLK Group respectively. We do not rule out any further mergers and acquisitions if opportunity arises with good valuation and with good fit to the Group’s business.*

*The current percentage of plantation and manufacturing segments to BKB Group results are 52% and 26% respectively. Ideally, each segment will contribute materially to the Group with the diversified segments to counter different cycles in their respective industries. However, the Group historically started with plantation segment, before venturing into downstream manufacturing segment, and the plantation segment has naturally grown and now has become the major contributor to the BKB Group’s results.*

- 19. “Kindly consider giving door gift eg TNG as appreciation for our votes. It is a very small portion of your Directors fees and benefits.”**

*Please refer to our response for Question 5.*

- 20. “When are you going to give Bonus issue as a lot of co giving them latest Same Engineering 3 to 1 share.”**

*Please refer to our response for Question 7(a).*

- 21. “What is your succession planning as nowadays need technology and fresh innovation. Old ideas need to be phase out.”**

*The Board of Directors of BKB recognises the importance of succession planning. Given that succession planning entails more than just choosing a successor, the Board has been devoting considerable efforts to develop and review periodically the succession plans of the Company for the Chair, the Managing Director, the Directors and other executive officers, including the appointment, training and monitoring of such persons, based on the recommendations of the Nomination and Remuneration Committees. The Board also ensures that there are resources and appropriate measures in place to provide for orderly succession of Board members and Senior Management in order to meet the Group’s future needs.*

- 22. “May I ask why Menara KLK was originally owned by Batu Kawan and recently sold to KLK? Is there any good benefits from the sale?”**

*Since KLK is renting some 80% of Menara KLK’s office space for its Manufacturing and Property divisions, it would be more benefitting for KLK to own and operate the building for the long term. Through its shareholding in KLK, BKB will have an indirect interest in Menara KLK.*

- 23. “Dear Sir, please reward the loyal shareholders with e vouchers who are participating and supporting the resolutions of this AGM.”**

*Please refer to our response for Question 5.*

- 24. “For this year, is the net profit double or triple? Are we going to get double dividends or same like last year? If same like last year, then I assume that the net profit is not double. Can you justify your Directors Fees? Shareholders need to see net profit increase. Previous years are used as benchmark for you to improve.”**

*For the Company’s outlook, please refer to our response for Question 3(a).*

*For Directors’ Fees, the BKB Board has proposed for shareholders’ approval based on the recommendation by the BKB Remuneration Committee. The recommendations were made after having reviewed the remuneration structure of the Independent Non-Executive Directors with appropriate benchmarking to selected companies of the same industry and similar size. This is after taking in consideration the increasingly complex business environment and rising stakeholder expectations, and acknowledge the responsibilities and contribution required of Directors.*

- 25. “Good afternoon. May I know the reason why none of the 3 Directors and the Company Secretary in the RPV are NOT wearing any facial mask?”**

*The Board takes note of the standard operating procedures of the mandatory face mask requirements in public places. However, the AGM was conducted at a private Broadcast Venue, and physical distancing of the Directors and Company Secretary was observed.*

- 26. “I sincerely hope our labour management practices are in order. Hopefully no exploitation like in other Companies, that has been highlighted in the media. In case, we are in the malpractices category, please correct the situation immediately rather than going after the messenger.”**

*Our labour management practices are in order. Vaccinations have been made available to all workers and their dependents to ensure a safe living and working environments for all.*

- 27. “Our Company is a well managed Company. My full support for all the resolutions. Full confidence in our Management to deliver positive results.”**

*Thank you for the comment.*

- 28. “What happens to those small number of IJM Plantation shareholders who do not accept the offer of takeover till today?”**

*The IJMP shareholders who did not accept the takeover offer by KLK will remain as shareholders of IJMP.*

- 29. “How much does the Company spend on this virtual agm? Would the board kindly consider giving shareholders with e-wallet as a token of appreciation for attending today’s RPV.”**

*For virtual AGM, please refer to our response for Question 4.*

*For “Door gift”, please refer to our response for Question 5.*

- 30. “I would like to request a printed hard copy of the Company annual report. Thank you.”**

*A hard copy of the Company’s Annual Report will be sent to you.*

- 31. “May I know when the company going to propose Bonus Issues to reward shareholders in this year of Tiger”**

*Please refer to our response for Question 7(a).*

- 32. “What will the effect to the profit due to the higher USD and rising USD interest rates be as some of the company’s loans are in USD?”**

*We do not expect significant impact to Group’s profit as USD loan only accounted for 4% of the Group’s total borrowings.*

- 33. “I notice the company is very active in share buy back. Is the Management of the view that the company is undervalued?”**

*The share buyback exercise is expected to enhance the earnings per share of the Company and Group (in the case where the Directors resolve to cancel the Treasury Shares and/or retain them and not subsequently sold), and thereby investors are expected to enjoy a corresponding increase in the value of their investments in the Company. If BKB shares are bought back and kept as Treasury Shares, it will give the Directors an option to sell them at a higher price and thereby make an exceptional gain for the Company.*

- 34. “How many percentage of palm oil production affected in the group, as a result to Indonesia new domestic requirement.”**

*Please refer to our response for Question 10.*