

BATU KAWAN BERHAD

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifty-Fourth Annual General Meeting of Batu Kawan Berhad (“BKB” or “Company”) will be held at WEIL Hotel, Ballroom 1, Level 6, 292 Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Tuesday, 19 February 2019 at 2.30 p.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the year ended 30 September 2018 and the Directors’ and Auditors’ Reports thereon. *(Please refer Note 1)*
2. To re-elect the following Directors who retire in accordance with the Company’s Constitution:

Tan Sri Dato’ Seri Lee Oi Hian (Ordinary Resolution 1)
Mr. Quah Chek Tin (Ordinary Resolution 2)
Dr. Tunku Alina Binti Raja Muhd Alias (Ordinary Resolution 3)
3. To approve the Directors’ fees for the year ended 30 September 2018 amounting to RM962,863 (2017: RM704,808). *(Please refer Note 2)* (Ordinary Resolution 4)
4. To approve the payment of Directors’ benefits (other than Directors’ fees) to Non-Executive Directors for the period from the Fifty-Fourth Annual General Meeting to the Fifty-Fifth Annual General Meeting of the Company to be held in 2020. *(Please refer Note 3)* (Ordinary Resolution 5)
5. To appoint Messrs BDO as Auditors of the Company in place of the retiring Auditors, Messrs KPMG PLT and to authorise the Directors to fix the remuneration of Messrs BDO. *(Please refer Note 4)* (Ordinary Resolution 6)
6. 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 7)

“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 interest 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 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."

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

(Ordinary Resolution 8)

"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 2018 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").

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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 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 NEW BKB SHARES (“DIVIDEND REINVESTMENT PLAN”)**

(Ordinary Resolution 9)

“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, of which the 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.”

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7. 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 MIOW KIEN
CHIEW CINDY
(Company Secretaries)

Ipoh,
Perak Darul Ridzuan,
Malaysia.

31 December 2018

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) **Payment of Directors' Fees to the Non-Executive Directors**

Having considered that the Non-Executive Directors' fees had been held constant over the past three (3) years and the Board Committees' fees had remained unchanged for more than seven (7) years, the Board had, at its meeting held in November 2018, approved the Remuneration Committee's recommendation for a proposed revision to the fees in accordance with the remuneration structure as follows:

	Board (RM per annum)	Audit and Risk Committee (RM per annum)	Other Board Committees (RM per annum)
Non-Executive Chairman	195,000	30,000	20,000
Non-Executive Director/Member	130,000	25,000	15,000

The payment of the Non-Executive Directors' fees in respect of the financial year ended 30 September 2018 will only be made if the proposed Ordinary Resolution 4 has been passed at the Fifty-Fourth Annual General Meeting.

(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 for the period from the Fifty-Fourth Annual General Meeting to the Fifty-Fifth Annual General Meeting of the Company to be held in 2020:

Type of Benefit/Allowance	Amount
Meeting Allowance (Board and Committees)	RM2,000 per meeting
Overseas Travelling Allowance	RM1,000 per day
Other Benefits	Business travel, medical, insurance coverage, and other claimables and reimbursables for the purpose of enabling the Directors to perform their duties.

(4) **Appointment of Auditors**

The Company's existing Auditors, Messrs KPMG PLT, were re-appointed as the Auditors of the Company at the Fifty-Third Annual General Meeting of the Company held on 13 February 2018 to hold office until the conclusion of the forthcoming Annual General Meeting.

Ordinary Resolution 6 proposed under Item 5 of the Agenda, if passed, will effect the appointment of Messrs BDO as the Auditors of the Company in place of the retiring Auditors, Messrs KPMG PLT. Messrs BDO shall hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be agreed between the Directors and Messrs BDO.

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Notice of Annual General Meeting (Continued)

- (5) **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.
- (6) **Appointment of Proxy**
- (a) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member shall not be entitled to appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
 - (b) Where the proxy form is executed by a corporation, it must be either under the hand of its officer or attorney duly authorised.
 - (c) If a member having appointed a proxy to attend a general meeting attends such meeting in person, the appointment of such proxy shall be null and void in respect of such meeting and his proxy shall not be entitled to attend such meeting.
 - (d) Where a member of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, who holds shares in the Company for multiple beneficial owners in one (1) 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.
 - (e) Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
 - (f) The instrument appointing a proxy and the power of attorney or other authority (if any), to be valid, must be deposited at the Registered Office of the Company at Bangunan Mayban Trust Ipoh, Level 9, No. 28, Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than twenty-four (24) hours before the time appointed for the taking of the poll.
- (7) **Members Entitled to Attend**
Only members whose names appear on the General Meeting Record of Depositors or Register of Members as at 11 February 2019 shall be entitled to attend or appoint proxies in his stead or in the case of a corporation, a duly authorised representative to attend, speak and vote in his stead.
- (8) **Proposed Renewal of Authority to Buy Back Shares**
Ordinary Resolution 7 proposed under Item 6(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 8 proposed under Item 6(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 Renewal of Authority for Directors to Allot and Issue New BKB Shares in relation to the Dividend Reinvestment Plan**
The shareholders had, at the Fifty-Third Annual General Meeting held on 13 February 2018, approved the authority for the Directors to allot and issue BKB Shares in relation to the Dividend Reinvestment Plan (“DRP”) and such authority will expire at the conclusion of the forthcoming Annual General Meeting.
- Ordinary Resolution 9 proposed under Item 6(c) of the Agenda, if passed, will give authority to the Directors to allot and issue BKB Shares pursuant to the DRP in respect of any dividends to be declared, and such authority shall expire at the conclusion of the next Annual General Meeting of the Company.

For Ordinary Resolutions 7, 8 and 9 mentioned above, further information is set out in the Circular to Shareholders of the Company which is despatched together with the Company’s 2018 Annual Report.