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.

Bursa Malaysia Securities Berhad ("Bursa Malaysia") has not perused Part A of this Circular prior to its issuance as it is prescribed as an Exempt Circular and conducted limited review on Part B of this Circular.

Bursa Malaysia takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.

BATU KAWAN BERHAD (6292-U)

(Incorporated In Malaysia)

PART A

STATEMENT IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY

PART B

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Notice of Annual General Meeting is sent to you together with this Circular. The Annual General Meeting will be held at its Registered Office, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 17 February 2016 at 2.15 p.m.. Shareholders are advised to refer to the Notice of Annual General Meeting and the Proxy Form which are included in the 2015 Annual Report of the Company. 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 forty-eight (48) hours before the time set for the meeting.

This Circular is dated 30 December 2015

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.
"AGM"	:	Annual 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).
"CMSA"	:	Capital Markets & Services Act 2007, as amended from time to time.
"Code"	:	Malaysian Code on Take-Overs and Mergers 2010, as amended from time to time.
"Director(s)"	:	Shall have the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of BKB or its subsidiaries or holding company or a chief executive officer of BKB, its subsidiaries or holding company.
"EPS"	:	Earnings per share.
"Issued and Paid-up Share Capital"	:	RM435,951,000 consisting of 435,951,000 shares of RM1.00 each in BKB, of which 29,638,431 shares are held as treasury shares as at 1 December 2015.
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Malaysia, including any amendment that may be made from time to time and any Practice Notes issued in relation thereto.
"Major shareholder(s) "	:	A person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is: (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or (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. 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 six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of BKB or its subsidiaries or holding company as defined under paragraph 1.01 of the Listing Requirements.
"NA"	:	Net assets.
"Ordinary Resolution"	:	The ordinary resolution pertaining to the Proposed Renewal of Authority to Buy Back Shares or Proposed Shareholders’ Mandate, as the case may be.

"Person(s) Connected"	:	In relation to a Director or a Major Shareholder, mean such person(s) who fall(s) under one of the following categories: (a) a family member of the Director or Major Shareholder; (b) a trustee of a trust (other than a trustee for share scheme for employees or pension scheme) under which the Director, Major Shareholder or a member of the Director's or Major Shareholder's family is the sole beneficiary; (c) a partner of the Director, Major Shareholder or a partner of a person connected with that Director or Major Shareholder; (d) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder; (e) a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate or its Directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions, or wishes of the Director or Major Shareholder; (g) a body corporate or its Directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal to act; (h) a body corporate in which the Director, Major Shareholder and/or persons connected with him are entitled to exercise or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or (i) a body corporate which is a related corporation.
"Proposed Renewal of Authority to Buy Back Shares"	:	A Proposal by the Company to grant its Directors a general mandate to exercise the authority to carry out a share buy back not exceeding 10% of its own Shares or 43,595,100 shares of its issued and paid-up share capital as at 1 December 2015.
"Proposed Shareholders' Mandate"	:	Proposed shareholders' mandate for the BKB Group to enter into Recurrent Related Party Transactions of a revenue or trading nature with Related Parties in the ordinary course of business which are necessary for the BKB Group's day-to-day operations.
"Related Party(ies)"	:	A Director, major shareholder of BKB and/or person connected with such Director or Major Shareholder as defined under the Listing Requirements.
"Recurrent Related Party Transactions"	:	Related Party Transactions which are recurrent, of a revenue or trading nature and which are necessary for the BKB Group's day-to-day operations.
"Related Party Transaction(s)"	:	Transaction(s) entered into by the BKB Group which involves the interest, direct or indirect, of a Related Party.
"RM and sen"	:	Ringgit Malaysia and sen respectively.
"Shares"	:	Issued and paid-up shares of RM1.00 each in BKB.
"Substantial Shareholder"	:	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 5% of the aggregate of the nominal amounts of all the voting shares of the Company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act.

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PART B

CIRCULAR TO THE SHAREHOLDERS RELATING TO THE PROPOSED SHAREHOLDERS' MANDATE

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PART A

STATEMENT TO THE SHAREHOLDERS RELATING TO THE PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY

BATU KAWAN BERHAD (6292-U)

(Incorporated in Malaysia)

Registered Office:
Wisma Taiko
No. 1, Jalan
S.P. Seenivasagam
30000 Ipoh
Perak Darul Ridzuan

30 December 2015

Directors:
Tan Sri Dato' Seri Lee Oi Hian - *Non-Independent Non-Executive Chairman*
Dato' Lee Hau Hian - *Managing Director*
Dato' Yeoh Eng Khoon - *Senior Independent Non-Executive Director*
R. M. Alias - *Independent Non-Executive Director*
Dato' Mustafa bin Mohd Ali - *Independent Non-Executive Director*
Quah Chek Tin - *Independent Non-Executive Director*

To: The Shareholders of Batu Kawan Berhad

Dear Sir/Madam

PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY

1. INTRODUCTION

At the last AGM held on 16 February 2015, your Directors obtained shareholders' authorisation for the Company to buy back its own Shares ("Authorisation") up to 10% of the issued and paid-up share capital of BKB.

In accordance with Paragraph 12 of the Listing Requirements, the Authorisation shall lapse at the conclusion of the forthcoming AGM to be held on 17 February 2016, unless a new Authorisation is received.

Consequently, on 18 November 2015, the Company announced that your Directors propose to seek shareholders' approval for a fresh Authorisation to undertake the Proposed Renewal of Authority to Buy Back Shares at the forthcoming AGM, to be held on 17 February 2016.

The purpose of this Statement is to provide you with details of the Proposed Renewal of Authority to Buy Back Shares and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM.

2. THE PROPOSED RENEWAL OF AUTHORITY TO BUY BACK SHARES

Your Directors seek the authority from the shareholders of the Company to purchase its Shares on the Bursa Malaysia through its appointed stockbrokers (pursuant to Paragraph 12.16 of the Listing Requirements). Your Directors propose to allocate a maximum amount not exceeding the total retained earnings of the Company for the Proposed Renewal of Authority to Buy Back Shares. The audited retained earnings of the Company as at 30 September 2015 was RM625,934,692. For the Proposed Renewal of Authority to Buy Back Shares, the Company may buy back its own Shares up to 43,595,100 shares representing an amount not exceeding 10% of its Issued and Paid-up Share Capital. The Proposed Renewal of Authority to Buy Back Shares will be valid immediately upon the passing of the Ordinary Resolution up till the conclusion of the next AGM of BKB or the expiry of the period within which the next AGM is required by law to be held, unless earlier revoked or varied by Ordinary Resolution of the shareholders of the Company in a general meeting.

The Company may only purchase its Shares at a price which is not more than 15% above the weighted average market price on the Bursa Malaysia for the past five (5) market days immediately preceding the date of the purchase(s). The funding for the Proposed Renewal of Authority to Buy Back Shares will be from internal funds and/or borrowings. Any purchase(s) or resale(s) of the Shares will be made through the Company's stockbrokers in accordance to the Listing Requirements.

Under the Code, a director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer if his/their stake(s) in the company is/are increased to beyond 33% of its issued and paid-up share capital or if his/their existing shareholding(s) is/are between 33% and 50% and it increases by another 2% in any six (6) months' period.

In the event that the Proposed Renewal of Authority to Buy Back Shares results in the shareholding of any of the above parties being affected, the affected person will be obliged to make a mandatory offer for the above remaining Shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by the Securities Commission under Practice Note 9 Paragraph 24.1 of the Code, subject to the affected person and the parties acting in concert complying with certain conditions, if the obligation is triggered as a result of action outside their direct participation.

Your Directors are mindful of the requirements of the Code and will continue to be mindful of the requirements when making any purchase pursuant to the Proposed Renewal of Authority to Buy Back Shares.

When Shares are purchased by the Company, the Directors may resolve to cancel the Shares so purchased and/or retain the Shares so purchased to be held as treasury shares. Where the Directors resolve to cancel the Shares so purchased, the Company's Issued and Paid-up Share Capital shall be diminished by the cancellation of the Shares so purchased and the amount by which the Company's issued share capital is diminished shall be transferred to a capital redemption reserve. It is pertinent to note that the cancellation of Shares made pursuant to Section 67A of the Act shall not be deemed to be a reduction in share capital as the capital redemption reserve shall be treated as if it were part of shareholders' funds. Where the Directors resolve to retain the Shares so purchased as treasury shares, the Directors may distribute the treasury shares as share dividends to shareholders and/or resell the treasury shares on the Bursa Malaysia and/or cancel the treasury shares. While the Shares so purchased are held as treasury shares, the rights attached to them as to voting, dividends and participation in any other distribution or otherwise are suspended.

In the case of a resale of treasury shares, if any, the Company may only resell treasury shares on the Bursa Malaysia at a price which is not less than the weighted average market price of the Shares for the past five (5) market days immediately preceding the date of the resale(s) or not less than 5% below the weighted average market price for the Shares for the five (5) market days immediately prior to the resale provided that:

(a) the resale takes place no earlier than thirty (30) days from the date of purchase; and
(b) the resale price is not less than the cost of purchase of the shares being resold.

As at 1 December 2015, the public shareholding spread of the Company was 29.79%. Assuming that the Proposed Renewal of Authority to Buy Back Shares was carried out in full and the Shares so purchased were all cancelled on 1 December 2015, the pro-forma public shareholding of the Company would be 27.29%.

3. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY TO BUY BACK SHARES

The Proposed Renewal of Authority to Buy Back Shares, if exercised, is expected to potentially benefit the Company and its shareholders as follows:

- The Company would expect to enhance the EPS of the Group (in the case where the Directors resolve to cancel the Shares so purchased and/or retain the Shares in treasury and the treasury shares are not subsequently resold), and thereby long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company; and

- If the Shares bought back are kept as treasury shares, it will give the Directors an option to sell the Shares so purchased, at a higher price and therefore make an exceptional gain for the Company. Alternatively, the Shares so purchased can be distributed as share dividends to shareholders.

The Proposed Renewal of Authority to Buy Back Shares is not expected to have any potential material disadvantage to the Company and its shareholders as it will be exercised only after taking into consideration of the financial resources of the Group and of the resultant impact on its shareholders.

4. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY TO BUY BACK SHARES

The Proposed Renewal of Authority to Buy Back Shares, if exercised, will reduce the cash flow of BKB and may result in BKB having to forego other alternative investment opportunities which may emerge in the future, and it may reduce the financial resources of BKB for payment of dividends. Nevertheless, the Directors will be mindful of the interests of BKB and its shareholders when exercising the Proposed Renewal of Authority to Buy Back Shares.

Share Capital

The effect of the Proposed Renewal of Authority to Buy Back Shares on the Issued and Paid-up Share Capital of BKB assuming BKB buys and subsequently cancels up to 43,595,100 Shares, representing an amount not exceeding 10% of the existing Issued and Paid-up Share Capital as at 1 December 2015, is as follows:

	No. of ordinary shares of RM1 each	**RM**
Existing as at 1 December 2015	435,951,000	435,951,000
Less:		
Number of BKB Shares held as treasury shares as at 1 December 2015 if to be cancelled	29,638,431	29,638,431
Number of BKB Shares if to be cancelled pursuant to the Proposed Renewal of Authority to Buy Back Shares	13,956,669	13,956,669
Upon completion of the Proposed Renewal of Authority to Buy Back Shares	**392,355,900**	**392,355,900**

However, there should be no effect on the Issued and Paid-up Share Capital of BKB if the Shares so purchased are retained as treasury shares.

The following are the details of Shares bought back in the previous twelve (12) months (up to 1 December 2015). These shares are currently held as treasury shares and none of them were cancelled.

Date	**No. of Shares**	**Highest price paid per share RM**	**Lowest price paid per share RM**	**Average price paid per share RM**	**Total consideration RM**
December 2014					
3 Dec 2014	90,700	17.80	17.76	17.80	1,619,969.53
4 Dec 2014	70,800	17.72	17.68	17.71	1,258,070.81
5 Dec 2014	89,600	17.70	17.64	17.68	1,589,762.39
9 Dec 2014	72,500	17.50	17.50	17.50	1,273,136.88
10 Dec 2014	136,500	17.50	17.48	17.50	2,396,339.86
16 Dec 2014	40,900	17.00	16.94	16.99	697,453.90
17 Dec 2014	154,000	17.00	16.96	16.98	2,623,950.10

Date	No. of Shares	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share RM	Total consideration RM
January 2015					
February 2015					
5 Feb 2015	48,900	18.34	18.32	18.33	899,480.20
6 Feb 2015	10,900	18.36	18.32	18.34	200,761.32
10 Feb 2015	10,000	18.50	18.50	18.50	185,795.50
17 Feb 2015	1,000	18.46	18.46	18.46	18,595.30
25 Feb 2015	33,000	18.24	18.24	18.24	604,106.34
March 2015					
4 Mar 2015	45,900	18.30	18.20	18.24	840,372.24
5 Mar 2015	18,500	18.34	18.20	18.30	339,867.22
6 Mar 2015	26,500	18.34	18.34	18.34	487,813.84
9 Mar 2015	33,000	18.32	18.32	18.32	606,755.05
11 Mar 2015	12,400	18.34	18.30	18.32	228,130.10
16 Mar 2015	10,400	18.30	18.24	18.28	190,890.73
18 Mar 2015	8,000	18.32	18.30	18.31	147,130.45
26 Mar 2015	28,600	18.10	18.00	18.06	518,523.81
April 2015					
May 2015					
21 May 2015	66,000	18.24	18.06	18.20	1,205,581.93
June 2015					
5 Jun 2015	2,000	18.10	18.10	18.10	36,478.74
10 Jun 2015	51,000	18.10	18.10	18.10	926,529.01
11 Jun 2015	1,500	18.10	18.10	18.10	27,359.31
12 Jun 2015	35,500	18.18	18.16	18.18	647,826.22
16 Jun 2015	400	18.10	18.00	18.05	7,276.22
19 Jun 2015	10,500	18.20	18.18	18.20	191,949.94
26 Jun 2015	32,900	18.18	18.10	18.17	600,004.85
29 Jun 2015	21,300	18.16	18.12	18.12	387,546.69
July 2015					
6 Jul 2015	10,000	18.22	18.20	18.21	182,960.14
8 Jul 2015	8,900	18.30	18.26	18.29	163,482.16
9 Jul 2015	32,200	18.32	18.24	18.30	591,446.92
16 Jul 2015	369,831	18.38	18.36	18.38	6,820,332.71
22 Jul 2015	8,000	18.18	18.18	18.18	146,094.76
23 Jul 2015	23,100	18.20	18.18	18.18	421,726.69
28 Jul 2015	10,000	18.20	18.18	18.18	182,658.08
29 Jul 2015	20,000	18.20	18.18	18.19	365,346.84
August 2015					
4 Aug 2015	10,600	18.26	18.26	18.26	194,427.06
5 Aug 2015	34,200	18.26	18.22	18.26	626,763.23
10 Aug 2015	9,500	18.20	18.08	18.16	173,282.19
12 Aug 2015	59,000	18.10	18.08	18.09	1,071,450.68
September 2015					
17 Sep 2015	52,800	17.30	17.30	17.30	916,835.22
18 Sep 2015	209,300	17.30	16.44	16.79	3,526,204.05
22 Sep 2015	23,100	17.00	16.94	16.99	393,993.18
23 Sep 2015	10,000	16.82	16.82	16.82	168,957.37
October 2015					
7 Oct 2015	18,500	17.14	17.06	17.09	317,389.27
21 Oct 2015	10,000	17.30	17.30	17.30	173,778.15
November 2015					
23 Nov 2015	4,200	17.50	17.50	17.50	74,064.83

The treasury shares bought or to be bought back pursuant to the Proposed Renewal of Authority to Buy Back Shares shall not be entitled to any of the rights attached to the existing Shares of the Company as to voting, dividends and participation in other distribution and otherwise are suspended.

The aforesaid treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of shares in the Company for any purpose including, without limiting the generality of this provision, the provisions of any law or requirement of the articles of association of the Company or the listing rules of the Bursa Malaysia on the substantial shareholding, notices, the requisitioning of meetings, the quorum for a meeting and the results of a vote on a resolution at a meeting.

NA per share and EPS

The Proposed Renewal of Authority to Buy Back Shares will reduce the NA per share of the BKB Group if the purchase price exceeds the audited NA per share of the BKB Group at the time of the purchase and conversely will increase the NA per share of the BKB Group if the purchase price is less than the audited NA per share of the BKB Group at the time of purchase. The effects of the Proposed Renewal of Authority to Buy Back Shares on EPS of BKB Group would depend on the purchase price and number of Shares purchased.

The audited NA of the BKB Group as at 30 September 2015 was RM5.61 billion representing a NA per share of RM13.80.

Working Capital

The Proposed Renewal of Authority to Buy Back Shares, if exercised, will reduce the working capital of the Group to the extent of the amount of funds utilised for the purchase of the Shares.

Similarly, the working capital of the Group will increase to the extent of the amount of funds obtained from the resale of the Shares so purchased which are retained as treasury shares.

5. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the inadvertent increase in the percentage shareholding and/or voting rights of the shareholders of the Company as a consequence of the Proposed Renewal of Authority to Buy Back Shares, none of the Directors, substantial shareholders and persons connected with the Directors and/or substantial shareholders of the BKB Group have direct or indirect interest in the Proposed Renewal of Authority to Buy Back Shares and/or the resale of treasury shares, if any.

The proforma table below shows the equity interests held directly and indirectly in BKB by the Directors and substantial shareholders as at 1 December 2015 before and after the Proposed Renewal of Authority to Buy Back Shares (assuming it was carried out in full).

	No. of BKB shares held							
	Based on Issued Capital as at 1 December 2015 of 406,312,569 Shares (after excluding 29,638,431 Treasury Shares)				Based on Pro-forma Issued Capital as at 1 December 2015 of 392,355,900 (after excluding 43,595,100 Shares being cancelled) upon completion of Proposed Renewal of Authority to Buy Back Shares Shares			
	Direct		Deemed		Direct		Deemed	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Tan Sri Dato' Seri Lee Oi Hian	854,355	0.21	207,038,934[1]	50.96	854,355	0.22	207,038,934[1]	52.77
Dato' Lee Hau Hian	1,208,230	0.30	205,842,209[2]	50.66	1,208,230	0.31	205,842,209[2]	52.46
R. M. Alias	-	-	-	-	-	-	-	-
Dato' Mustafa bin Mohd Ali	-	-	-	-	-	-	-	-
Dato' Yeoh Eng Khoon	315,000	0.08	15,391,000[3]	3.79	315,000	0.08	15,391,000[3]	3.92
Quah Chek Tin	-	-	-	-	-	-	-	-
Substantial Shareholders								
Arusha Enterprise Sdn Bhd	191,554,667	47.14	5,875,700[4]	1.45	191,554,667	48.82	5,875,700[4]	1.50
Lembaga Kemajuan Tanah Persekutuan (FELDA)	27,369,750	6.74	-	-	27,369,750	6.98	-	-
Di-Yi Sdn Bhd	8,780,180	2.16	197,438,754[5]	48.59	8,780,180	2.24	197,438,754[5]	50.32
High Quest Holdings Sdn Bhd	8,262,955	2.03	197,438,754[5]	48.59	8,262,955	2.11	197,438,754[5]	50.32
Tan Sri Dato' Seri Lee Oi Hian	854,355	0.21	207,038,934[1]	50.96	854,355	0.22	207,038,934[1]	52.77
Dato' Lee Hau Hian	1,208,230	0.30	205,842,209[2]	50.66	1,208,230	0.31	205,842,209[2]	52.46
Wan Hin Investments Sdn Berhad	8,387	*	197,430,367[6]	48.59	8,387	*	197,430,367[6]	50.32
Grateful Blessings Inc	-	-	206,218,934[7]	50.75	-	-	206,218,934[7]	52.56
Cubic Crystal Corporation	-	-	205,701,709[8]	50.63	-	-	205,701,709[8]	52.43

Notes:

*	*Less than 0.01%.*
1	*Deemed interested through the shares of his children and by virtue of his deemed interests in Arusha Enterprise Sdn Bhd, Di-Yi Sdn Bhd (via Grateful Blessings Inc which is wholly-owned by Tan Sri Dato' Seri Lee Oi Hian), Malay Rubber Plantations (Malaysia) Sdn Bhd, Wan Hin Investments Sdn Berhad, Malay-Sino Formic Acid Sdn Bhd and Congleton Holdings Sdn Bhd.*
2	*Deemed interested through the shares of his child and by virtue of his deemed interests in Arusha Enterprise Sdn Bhd, High Quest Holdings Sdn Bhd (via Cubic Crystal Corporation which is wholly-owned by Dato' Lee Hau Hian), Malay Rubber Plantations (Malaysia) Sdn Bhd, Wan Hin Investments Sdn Berhad, Malay-Sino Formic Acid Sdn Bhd and Cengal Emas Sdn Bhd.*
3	*Deemed interested through the shares of his spouse and children and by virtue of his deemed interest in Yeoh Chin Hin Investments Sdn Bhd.*
4	*Deemed interested by virtue of its deemed interests in Malay Rubber Plantations (Malaysia) Sdn Bhd and Malay-Sino Formic Acid Sdn Bhd.*
5	*Deemed interested by virtue of its deemed interests in Wan Hin Investments Sdn Berhad, Arusha Enterprise Sdn Bhd, Malay Rubber Plantations (Malaysia) Sdn Bhd and Malay-Sino Formic Acid Sdn Bhd.*
6	*Deemed interested by virtue of its deemed interests in Arusha Enterprise Sdn Bhd, Malay Rubber Plantations (Malaysia) Sdn Bhd, and Malay-Sino Formic Acid Sdn Bhd.*
7	*Deemed interested by virtue of its deemed interests in Di-Yi Sdn Bhd.*
8	*Deemed interested by virtue of its deemed interests in High Quest Holdings Sdn Bhd.*

6. CANCELLATION AND RESALES MADE IN THE PREVIOUS TWELVE (12) MONTHS

BKB has not made any cancellation or resold its Shares in the previous twelve (12) months.

7. DIRECTORS' RECOMMENDATION

Your Directors, having considered all aspects of the Proposed Renewal of Authority to Buy Back Shares, are of the opinion that the Proposed Renewal of Authority to Buy Back Shares is in the best interests of the Company. Accordingly, your Directors **recommend that you vote in favour of the ordinary resolution pertaining to Proposed Renewal of Authority to Buy Back Shares** to be tabled at the forthcoming AGM.

8. AGM

The Ordinary Resolution to vote on the Proposed Renewal of Authority to Buy Back Shares has been incorporated into the Notice of AGM in the 2015 Annual Report of the Company which is sent to you together with this Circular. The AGM will be held at Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 17 February 2016 at 2.15 p.m.

If you are unable to attend the AGM in person, kindly complete and return the enclosed Proxy Form in accordance with the instructions printed therein to the Registered Office of BKB, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time fixed for the AGM. The completion, signing and returning of the Proxy Form will not, however, preclude you from attending and voting at the AGM should you find that you are subsequently able to do so.

9. FURTHER INFORMATION

Shareholders are requested to refer to Appendix III for further information.

Yours faithfully
for and on behalf of the Board of
BATU KAWAN BERHAD

DATO' YEOH ENG KHOON
Senior Independent Non-Executive Director

PART B

CIRCULAR TO THE SHAREHOLDERS RELATING TO THE PROPOSED SHAREHOLDERS' MANDATE

BATU KAWAN BERHAD (6292-U)

(Incorporated in Malaysia)

Registered Office:
Wisma Taiko
No. 1, Jalan
S.P. Seenivasagam
30000 Ipoh
Perak Darul Ridzuan

30 December 2015

Directors:
Tan Sri Dato' Seri Lee Oi Hian - *Non-Independent Non-Executive Chairman*
Dato' Lee Hau Hian - *Managing Director*
Dato' Yeoh Eng Khoon - *Senior Independent Non-Executive Director*
R. M. Alias - *Independent Non-Executive Director*
Dato' Mustafa bin Mohd Ali - *Independent Non-Executive Director*
Quah Chek Tin - *Independent Non-Executive Director*

To: The Shareholders of Batu Kawan Berhad

Dear Sir/Madam

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the last AGM held on 16 February 2015, the Company obtained shareholders' mandate to enter into Recurrent Related Party Transactions ("RRPT") of a revenue and trading nature. The mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM which will be held on 17 February 2016 unless the mandate is renewed.

On 18 November 2015, the Company announced to the Bursa Malaysia that it proposes to seek shareholders' approval for the Proposed Shareholders' Mandate in accordance with Part E, Paragraph 10.09 of the Listing Requirements.

The purpose of this Circular is to provide you with details of the Proposed Shareholders' Mandate, to set out the views of your Directors and to seek your approval for the Ordinary Resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM. The notice of AGM has been incorporated in the 2015 Annual Report of the Company which is sent to you together with this Circular.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 Listing Requirements

Pursuant to Part E, Paragraph 10.09 of the Listing Requirements, where Related Party Transactions of a revenue or trading nature which are necessary for its day-to-day operations are entered into between a listed company or its subsidiaries with a Related Party, the listed company may seek a shareholders' mandate in respect of such transactions subject to the following:

(a) The transactions are in the ordinary course of business, are on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders;

(b) The shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;

(c) Issuing of a Circular to Shareholders by the listed company; and

(d) Where it involves the interest of a Director, Major Shareholder or persons connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution approving the transactions. An interested Director or Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

Your Directors are now seeking the approval of the shareholders of the Company for the Proposed Shareholders' Mandate, which will allow the BKB Group, in its normal course of business, to enter into categories of Related Party Transactions referred to in paragraph 2.2(a) below with the classes of Related Party referred to in paragraph 2.2(b) below, provided that such transactions, if any, are made at the Group's normal commercial terms which are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

2.2 Proposed Shareholders' Mandate for Recurrent Related Party Transactions

BKB is an investment holding company. The activities of the BKB Group include business of producing palm products and natural rubber on its plantations, property development, manufacturing and sale of chemicals and general transport services, and investment holding. The companies in the BKB Group undertaking these activities are set out in Appendix I of this Circular.

It is envisaged that in the normal course of the Group's business, transactions of a revenue or trading nature between companies in the BKB Group and the Related Parties are likely to occur, which are necessary for its day-to-day operations and which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

(a) Categories of Recurrent Related Party Transactions

The types of Recurrent Related Party Transactions to be covered by the Proposed Shareholders' Mandate relate principally to the purchase and supply of materials and services in the ordinary course of the BKB Group's business operations [excluding RRPT for its listed subsidiary, Kuala Lumpur Kepong Berhad ("KLK") as approval for its RRPT shall be obtained from the shareholders of KLK].

(i) Purchase and sale of products and services which relate to core chemical business

In the course of the BKB Group's businesses, the BKB Group may enter into recurrent Related Party Transactions to purchase and sell products and services such as industrial and consumer chemicals and the provision of services which are necessary for its day-to-day operations. Transactions that may be carried out with Related Parties under this category include:

- Sale and purchase of raw materials (include industrial salt, bulk sulphur, sulphuric acid and caustic soda), finished goods (consist of liquid chlorine, caustic soda, hydrochloric acid, sulphuric acid, sulphur powder, oleum, aluminium sulphate, sodium silicate, ferric chloride, sodium hypochlorite and liquid sulphur) and storage tanks and packaging materials for use in the manufacturing and storage of industrial chemicals;
- Sale and purchase of consumable items such as diesel, lubricants and spare parts;
- Sale of waterworks treatment chemicals and industrial acids/alkali;
- Purchase of finished goods for resale to third parties;
- Sale and purchase of electricity;
- Sales rebates extended to a Related Party acting as a main distributor;

- Provision of oleum refinement processing services for use in the electronics industry;
- Provision of transport and haulage services; and
- Rental of transportation vehicles, motor vehicles, office premises, storage tanks and warehouse.

(ii) Procurement and provision of other products (include soda ash, barium carbonate and flocculants) and services (supply of manpower and technical expertise)

In the course of the BKB Group's businesses, it is anticipated that transactions with Related Parties under this category include transactions such as:

- Procurement of manpower and technical expertise
  Manpower and technical expertise are procured by the Group's subsidiaries and provided to Related Parties to maintain and operate their plant and machinery.

- Procurement of indirect materials
  Indirect materials are purchased by the Group's subsidiary companies from Related Parties to ensure their finished goods conform to the required specifications.

The inclusion of these categories of transactions in the Proposed Shareholders' Mandate will facilitate such transactions by the BKB Group with Related Parties that arise in the normal course of operations of the BKB Group.

(iii) Purchase and sale of fresh fruit bunches ("FFB") and palm products by/to a subsidiary company

(iv) Purchase of materials required for plantation operations

(v) Procurement of logistics services for delivery of palm products

Details of these Recurrent Related Party Transactions are described in Appendix II of this Circular.

(b) Classes of Related Party

The Proposed Shareholders' Mandate will apply to the following classes of Related Party:

(i) Directors and/or Major Shareholders; and
(ii) Persons connected with the Directors and/or Major Shareholders.

(c) Guidelines and Review Procedures

The BKB Group has established procedures to ensure that the Recurrent Related Party Transactions are conducted on normal commercial terms consistent with the Group's business practices and policies, are not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

The procedures established by the BKB Group are as follows:

(i) An updated list of Related Parties shall be circulated to the operating centres and subsidiaries from time to time for reference in ensuring that all transactions with such Related Parties are undertaken on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders. These include transacting at the prevailing market rates/prices of the services or products providers' usual commercial terms (including where appropriate, preferential rates and discounts accorded for bulk purchases which are the same as those accorded to third-party bulk purchases) and otherwise in accordance with applicable industry norms.

(ii) Wherever practicable and/or feasible, at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third party for the same or substantially similar type of products/services and/or quantities. In the event that such quotation or comparative pricing cannot be obtained, the Board and the Audit Committee will rely on their market knowledge of prevailing industry norms bearing in mind the urgency and efficiency or services to be provided or required to ensure that the Recurrent Related Party Transactions are not detrimental to the Company/Group.

(iii) All operating centres and subsidiaries shall review the existing information systems to ensure that features are incorporated into the systems for capturing information on Related Party Transactions at source, for instance, when purchase requisitions are raised.

(iv) Records shall be maintained to capture all the Recurrent Related Party Transactions which are entered into pursuant to the Proposed Shareholders' Mandate. Details of the Recurrent Related Party Transactions made during the financial year shall be submitted to the Group Finance Department monthly and compiled quarterly for the review by the Internal Auditor which thereafter, the Internal Auditor will report on the findings from the audits at the Audit Committee meetings for further disclosure in the Company's Annual Report.

(v) Any Director who has an interest or persons connected with him have an interest in a transaction, shall abstain from deliberation on the Board and from voting on the relevant resolution(s) in respect of the Recurrent Related Party Transactions.

(vi) The Audit Committee shall review the management's system and procedures to compile Related Party Transactions data and if necessary, may request the internal auditor to review such procedures.

(vii) Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the Recurrent Related Party Transactions from independent sources or advisers. An Audit Committee member who is interested in any transaction shall abstain from reviewing and approving the transaction.

(viii) Recurrent Related Party Transactions are reviewed and authorized by personnel of at least managerial level regardless of the value of transactions as there is no threshold for approval for the Recurrent Related Party Transactions, provided always that such personnel has no interest in the transaction and the said transaction has been approved pursuant to a shareholders' mandate obtained at an AGM for Recurrent Related Party Transactions of a Revenue or Trading Nature.

(d) Statement by Audit Committee

The Audit Committee is satisfied that the guidelines and review procedures for Related Party Transactions are sufficient to ensure that such Related Party Transactions will be carried out on normal commercial terms which are not prejudicial to the interests of shareholders, and that the terms of the Recurrent Related Party Transactions are not more favourable to the Related Party and are not detrimental to the minority shareholders of BKB.

The Audit Committee is of the view that BKB Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner. The Audit Committee shall review these procedures and processes annually.

(e) Validity period of the Proposed Shareholders' Mandate

The Proposed Shareholders' Mandate is subject to annual review. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall continue to be in force until:

(i) the conclusion of the next AGM of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next AGM meeting after the date it is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act);

(iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

(f) Disclosure

Disclosure will be made in accordance with Section 4.1.3 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year, amongst others, based on the following information:

(i) the type of the Recurrent Related Party Transactions; and
(ii) the names of the Related Parties involved in each type of the Recurrent Related Party Transactions made and their relationships with the Company

in the Company's Annual Report pursuant to the Proposed Shareholders' Mandate and in the Annual Reports for subsequent financial years that the Proposed Shareholders' Mandate continues to be in force.

(g) Amount Owing by Related Parties

As at the financial year ended 30 September 2015, the total amount due and owing to the BKB Group by its Related Parties arising from the RRPT which exceeded the credit terms were as follows:

Nature of RRPT	Principal amount due which exceeded the credit term (RM)			
	≤1 year	>1 to 3 years	>3 to 5 years	> 5 years
Sale of products and services	RM56,729	-	-	-

There were no interest and late payment charges imposed on the overdue amount as the Company had reviewed the outstanding amount and is of the opinion that the amount was part of the normal business transactions and are recoverable. The outstanding amount was recovered on 28 October 2015.

3. RATIONALE AND BENEFITS FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will facilitate transactions with Related Parties which are in the ordinary course of business of the BKB Group, are undertaken on normal commercial terms, are on terms not more favourable to the Related Party than those generally available to the public and are not to the detriment of the minority shareholders.

The Recurrent Related Party Transactions entered into by the BKB Group are intended to meet business needs at commercial terms which are not more favourable to the Related Party and would enhance its ability to explore beneficial business opportunities. The Proposed Shareholders' Mandate will enhance the BKB Group's ability to pursue business opportunities and operations which are time-sensitive in nature via the established relationships between the BKB Group and the Related Parties. Such relationships will also ensure that the BKB Group will continue to have support in the procurement of products and services of required quality.

For certain transactions, where it is vital that confidentiality be maintained, it would not be viable to obtain prior approval, as releasing details of the transaction prematurely will adversely affect and prejudice the BKB Group's interests and place the BKB Group at a disadvantage as compared with its competitors who may not require shareholders' approval to be obtained.

By obtaining the Proposed Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to make regular announcements to the Bursa Malaysia and to convene separate general meetings from time to time, to seek shareholders' approval as and when such Recurrent Related Party Transactions occur, would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the making of announcements or the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The BKB Group has long-standing business relationships with the Related Parties. The Related Parties are both good customers of the BKB Group as well as reliable suppliers of goods and services. The close cooperation between BKB Group and the Related Parties has reaped mutual benefits which is expected to continue to be beneficial to the business of the Group.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate should not have any impact on the share capital, net tangible assets, earnings, dividends and shareholding structure of BKB.

5. CONDITION OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is conditional upon approval being obtained from the shareholders of BKB at the forthcoming AGM.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

Save as disclosed below, none of the other Directors, Major Shareholders and/or persons connected with them has any interest, direct or indirect, in the Proposed Shareholders' Mandate.

The direct and indirect shareholdings of the interested Directors, Major Shareholders and/or persons connected with them in BKB as at 1 December 2015 are as follows:

	Based on Issued Capital as at 1 December 2015 of 406,312,569 Shares (after excluding 29,638,431 Treasury Shares)			
	Direct		**Deemed**	
	No. of Shares	**%**	**No. of Shares**	**%**
Directors				
Tan Sri Dato' Seri Lee Oi Hian	854,355	0.21	207,038,934[1]	50.70
Dato' Lee Hau Hian	1,208,230	0.30	205,842,209[2]	50.40
Major Shareholders				
Arusha Enterprise Sdn Bhd	191,554,667	47.14	5,875,700[3]	1.45
Di-Yi Sdn Bhd	8,780,180	2.16	197,438,754[4]	48.59
High Quest Holdings Sdn Bhd	8,262,955	2.03	197,438,754[4]	48.59
Tan Sri Dato' Seri Lee Oi Hian	854,355	0.21	207,038,934[1]	50.96
Dato' Lee Hau Hian	1,208,230	0.30	205,842,209[2]	50.66
Wan Hin Investments Sdn Berhad	8,387	*	197,430,367[5]	48.59
Grateful Blessings Inc.	-	-	206,218,934[6]	50.75
Cubic Crystal Corporation	-	-	205,701,709[7]	50.63

	Direct		Deemed	
	No. of Shares	%	No. of Shares	%
Persons Connected				
Malay Rubber Plantations (Malaysia) Sdn Berhad	2,792,250[8]	0.69	-	-
Malay-Sino Formic Acid Sdn Bhd	3,083,450[8]	0.76	-	-
Steppe Structure Sdn Bhd	2,224,250[9]	0.55	-	-
Congleton Holdings Sdn Bhd	780,000[10]	0.19	-	-
Cengal Emas Sdn Bhd	130,500[11]	0.03	-	-
Lee Oi Loon	10,000[12]	*	-	-
Lim Peng Hong	31,500[13]	0.01	-	-
Lee Jia Zhang	10,000[14]	*	-	-
Lee Guo Zhang	10,000[14]	*	-	-
Lee Su-Ling	10,000[14]	*	-	-
Lee Wen Ling	10,000[14]	*	-	-
Lee Yuan Zhang	10,000[15]	*	-	-

Notes:

* *Less than 0.01%.*

1 *Deemed interested through the shares of his children and by virtue of his deemed interests in Arusha Enterprise Sdn Bhd, Di-Yi Sdn Bhd (via Grateful Blessings Inc which is wholly-owned by Tan Sri Dato' Seri Lee Oi Hian), Malay Rubber Plantations (Malaysia) Sdn Bhd, Wan Hin Investments Sdn Berhad, Malay-Sino Formic Acid Sdn Bhd and Congleton Holdings Sdn Bhd.*

2 *Deemed interested through the shares of his child and by virtue of his deemed interests in Arusha Enterprise Sdn Bhd, High Quest Holdings Sdn Bhd (via Cubic Crystal Corporation which is wholly-owned by Dato' Lee Hau Hian), Malay Rubber Plantations (Malaysia) Sdn Bhd, Wan Hin Investments Sdn Berhad, Malay-Sino Formic Acid Sdn Bhd and Cengal Emas Sdn Bhd.*

3 *Deemed interested by virtue of its deemed interests in Malay Rubber Plantations (Malaysia) Sdn Bhd and Malay-Sino Formic Acid Sdn Bhd.*

4 *Deemed interested by virtue of its deemed interests in Wan Hin Investments Sdn Berhad, Arusha Enterprise Sdn Bhd, MalayRubber Plantations (Malaysia) Sdn Bhd and Malay-Sino Formic Acid Sdn Bhd.*

5 *Deemed interested by virtue of its deemed interests in Arusha Enterprise Sdn Bhd, Malay Rubber Plantations (Malaysia) Sdn Bhd and Malay-Sino Formic Acid Sdn Bhd.*

6 *Deemed interested by virtue of its deemed interests in Di-Yi Sdn Bhd.*

7 *Deemed interested by virtue of its deemed interests in High Quest Holdings Sdn Bhd.*

8 *Deemed interested through the shareholdings of Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian by virtue of Section 6A of the Act.*

9 *Deemed interested through the shareholdings of Dr. Lee Oi Kum, sister of Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian.*

10 *Deemed interested through the shareholdings of Tan Sri Dato' Seri Lee Oi Hian by virtue of Section 6A of the Act.*

11 *Deemed interested through the shareholdings of Dato' Lee Hau Hian by virtue of Section 6A of the Act.*

12 *Siblings to Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian.*

13 *Spouse to Madam Lee Oi Loon.*

14 *Children of Tan Sri Dato' Seri Lee Oi Hian.*

15 *Child of Dato' Lee Hau Hian.*

The interested Directors namely, Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian ("Interested Directors") have abstained and will continue to abstain from deliberating and voting on the resolution in respect of the Proposed Shareholders' Mandate at the relevant Board Meetings. The Interested Directors together with the Major Shareholders will also abstain from voting in respect of their direct and indirect interests in the Company on the Proposed Shareholders' Mandate at the forthcoming AGM. In addition, the Interested Directors and/or major shareholders have undertaken that they will ensure that persons connected with them will abstain from voting on the Proposed Shareholders' Mandate at the forthcoming AGM.

7. DIRECTORS' RECOMMENDATION

Your Directors (with the Interested Directors abstaining), having considered all aspects of the Proposed Shareholders' Mandate, are of the opinion that the Proposed Shareholders' Mandate is in the best interests of the Company. Accordingly, your Directors (with the Interested Directors abstaining themselves from making any recommendations on the Proposed Shareholders' Mandate), recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

8. AGM

The ordinary resolution to vote on the Proposed Shareholders' Mandate has been incorporated in the Notice of AGM in the Company's 2015 Annual Report which is sent to you together with this Circular. The AGM will be held at Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wendesday, 17 February 2016 at 2.15 p.m.

If you are unable to attend the AGM in person, kindly complete and return the enclosed Proxy Form in accordance with the instructions printed therein to the Registered Office of BKB, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia not less than forty-eight (48) hours before the time fixed for the AGM. The completion, signing and returning of the Proxy Form will not, however, preclude you from attending and voting at the AGM should you find that you are subsequently able to do so.

9. FURTHER INFORMATION

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

Yours faithfully
for and on behalf of the Board of
BATU KAWAN BERHAD

DATO' YEOH ENG KHOON
Senior Independent Non-Executive Director

APPENDIX I

ACTIVITIES OF THE BKB GROUP AS AT 1 DECEMBER 2015

The principal activity of the holding company, Batu Kawan Berhad, is that of investment holding.

The activities of its subsidiaries are as follows:

Name of subsidiaries	Effective % held	Principal activities
Kuala Lumpur Kepong Berhad	47	Business of producing and processing palm products and natural rubber
See Sen Chemical Berhad	61	Manufacturing of chemicals
See Sen Bulking Installation Sdn Bhd	61	Dormant
Malay-Sino Chemical Industries Sendirian Berhad	86	Manufacturing of chemicals
Malay-Sino Agro-Chemical Products Sdn Bhd	86	Manufacture and sale of methyl chloride
Circular Agency Sdn Bhd	86	General transportation services
North-South Transport Sdn Bhd	86	General transportation services
Malay-Sino Properties Sdn Bhd	86	Letting of storage warehouse facilities
Malay-Sino Chemical Holdings Berhad	86	Dormant
Batu Kawan Holdings Sdn Bhd	100	Investment holding
Caruso Enterprises Sdn Bhd	100	Dormant
Whitmore Holdings Sdn Bhd	100	Investment holding
Enternal Edge Sdn Bhd	100	Investment holding
Synergy Motion Sdn Bhd	100	Investment holding
PT Satu Sembilan Delapan (Incorporated in Indonesia)	92	Plantation
PT Tekukur Indah (Incorporated in Indonesia)	90	Plantation
BKB Overseas Investments Ltd (Incorporated in British Virgin Islands)	100	Investment holding
Caruso Ventures Pte Ltd (Incorporated in Singapore)	100	Investment holding
Caruso Australia Ventures Pty Ltd (Incorporated in Australia)	100	Investment holding
Caruso Epping Pty Ltd (Incorporated in Australia)	100	Trustee company
Caruso Epping Unit Trust (Established in Australia)	100	Joint venture for property development
Caruso Greenvale Pty Ltd (Incorporated in Australia)	100	Trustee company
Caruso Greenvale Unit Trust (Established in Australia)	100	Joint venture for property development
Vivaldi Victoria Pty Ltd (Incorporated in Australia)	100	Trustee company
Vivaldi Victoria Unit Trust (Established in Australia)	100	Joint venture for property development

APPENDIX II

DETAILS OF RECURRENT RELATED PARTY TRANSACTIONS

Recurrent related party transactions ("RRPT") of a revenue or trading nature in which the interested BKB Directors are Tan Sri Dato' Seri Lee Oi Hian ("LOH") and Dato' Lee Hau Hian ("LHH"):

(A) **BKB and its subsidiaries (#)**	(B) **Related Parties involved and nature of relationships**	(C) **Categories of transactions**	(D) **Actual value transacted(*) RM'000**	(E) **Estimated value(^) per existing Mandate RM'000**	(F) **Proposed estimated Mandate value(@) RM'000**
Malay-Sino Chemical Industries Sendirian Berhad ("MSCI") Group	See Sen Chemical Berhad ("SSCB") Group[3] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Purchases and sales of raw materials, finished goods, other products and services	3,599	7,000	7,000
		Provision of transportation services and rental of transport vehicles earned and incurred	2,515	6,000	6,000
		Purchases of electricity	4,423	10,000	10,000
	Taiko Marketing Sdn Bhd ("TMK") Group[6] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Sales and purchases of finished goods, raw materials, other products and services including transportation services	142,137	276,000	266,000
	Taiko Marketing (Singapore) Pte Ltd ("TMK(S)")[5] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Purchases and sales of products and services which relate to core chemical business	18,122	57,000	64,000
	Chlor-Al Chemical Pte Ltd ("CAC")[5] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Purchases and sales of raw materials, finished goods, other products and services including transportation services	6,791	22,000	22,000

(A) **BKB and its subsidiaries (#)**	(B) **Related Parties involved and nature of relationships**	(C) **Categories of transactions**	(D) **Actual value transacted(*) RM'000**	(E) **Estimated value(^) per existing Mandate RM'000**	(F) **Proposed estimated Mandate value(@) RM'000**
SSCB Group	MSCI Group[7] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Sales and purchases of raw materials, finished goods, other products and services	3,599	7,000	7,000
		Procurement of transportation services and rental of transport vehicles earned and incurred	2,515	4,000	6,000
		Sales of electricity	4,423	10,000	10,000
	TMK Group[6] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Purchases of raw materials, finished goods, other products and services	5,104	18,000	14,000
		Sales of finished goods and other products and services	46,625	91,000	91,000
	CAC[5] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Purchase and sale of products and services	10,363	15,000	23,000
	TCI Group [4] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Purchases and sales of products and services	536	10,000	6,000

(A) **BKB and its subsidiaries (#)**	(B) **Related Parties involved and nature of relationships**	(C) **Categories of transactions**	(D) **Actual value transacted(*)**	(E) **Estimated value(^) per existing Mandate**	(F) **Proposed estimated Mandate value(@)**
SSCB Group	BASF See Sen Sdn Bhd[8] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Sale of electricity and provision of other chemical-based products and services	5,462	7,000	22,000
PT Satu Sembilan Delapan	PT Taiko Persada Indoprima ("TPI")[5] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Purchase of materials required for plantations	NIL	10,000	15,000
	Kuala Lumpur Kepong Berhad ("KLK") Group[9] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Sales of fresh fruit bunches ("FFB") and palm products	44,259	420,000	377,000
	KLK Group[9] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Purchases of fresh fruit bunches ("FFB") and palm products	27,534	297,000	254,000
	KLK Group[9] <u>Related Parties</u> Interested major shareholders[1] Persons Connected[2]	Logistics charges incurred	1,060	14,000	21,000

Note:

\# *Excludes RRPT for its listed subsidiary, Kuala Lumpur Kepong Berhad ("KLK"), as approval for its mandate shall be obtained from the shareholders of KLK pursuant to Chapter 10 of the Listing Requirements.*

* *Column D - The actual value of RRPT did not exceed the estimated value as approved under the previous shareholders' mandate granted to the Company at the last AGM by 10% or more.*

The actual value transacted from the date of AGM on 16 February 2015 (the date on which the existing mandate was obtained up to 1 December 2015, being the latest practicable date prior to the printing of this Circular).

^ *Column E - Estimated value of RRPT for the period from 16 February 2015 to 17 February 2016 as disclosed in the preceding year's Circular to Shareholders dated 30 December 2014. The values are estimated based on forecast and the actual amount transacted may vary.*

@ *Column F - Estimated value of RPPT from 17 February 2016 to the date of next AGM. The values are merely indicative estimates which are based on past transaction values and the actual amount may differ.*

Details of the nature of relationships with Related Parties are as follows:

1. *Grateful Blessings Inc (which is wholly-owned by Tan Sri Dato' Seri Lee Oi Hian) and Cubic Crystal Corporation (which is wholly-owned by Dato' Lee Hau Hian) are substantial shareholders of Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd respectively, which in turn are indirect substantial shareholders of Wan Hin Investments Sdn Berhad ("WHI") and group. WHI is a substantial shareholder of Arusha Enterprise Sdn Bhd, a major shareholder of the Company. Accordingly all these parties are interested major shareholders of the Company by virtue of their deemed interests.*

2. *Persons connected as disclosed under Item 6 of Part B of this Circular are deemed interested in the RRPT by virtue of their relationships with the Directors, LOH and LHH.*

3. *<u>SSCB Group</u>*

   (a) SSCB is a 61% subsidiary company of BKB.
   (b) WHI, a company in which LOH and LHH have interests, is a substantial shareholder of SSCB. WHI is also a substantial shareholder of BKB.

4. *<u>TCI Group</u>*

   Taiko Chemical Industries Sdn Bhd ("TCI") is a person connected with LOH and LHH, who are Directors of BKB as their brother, Dato' Lee Soon Hian ("LSH"), is a major shareholder of TCI.

5. *<u>TMK(S) / CAC / TPI</u>*

   These companies are companies in which LSH is a deemed major shareholder.

6. *<u>TMK Group</u>*

   TMK is a company in which LSH is a major shareholder.

7. *<u>MSCI Group</u>*

   (a) MSCI is a 86% subsidiary company of BKB.
   (b) WHI is also a shareholder of MSCI.

8. *<u>BASF See Sen Sdn Bhd</u>*

   BASF See Sen Sdn Bhd is a 30% associate of SSCB.

9. *<u>KLK group</u>*

   (a) KLK is a 47% subsidiary company of BKB, following the adoption of FRS 10 Consolidated Financial Statements in financial year 2014.
   (b) Certain BKB Directors, LOH and LHH are major shareholders and directors of KLK.
   (c) WHI is a major shareholder of KLK.
   (d) All BKB Directors are common directors of KLK except Dato' Mustafa bin Mohd Ali and Mr Quah Chek Tin.

APPENDIX III

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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 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 Fridays (except public holidays) from the date of this Circular up to and including the date of the AGM:

(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 2014 and 2015.

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