

BATU KAWAN BERHAD (6292-U)

Minutes of the Fiftieth (50th) Annual General Meeting of the Company held at its Registered Office, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan on Monday, 16 February 2015 at 2.15 p.m..

PRESENT	:	Tan Sri Dato' Seri Lee Oi Hian	-	Chairman
		Dato' Lee Hau Hian	-	Managing Director
		R.M. Alias		
		Dato' Yeoh Eng Khoon		
		Dato' Mustafa bin Mohd Ali		
		Mr. Quah Chek Tin		
		Shareholders in person, by proxies and by representatives as per attendance sheet		
IN ATTENDANCE	:	Ms. Yap Miow Kien)	Company Secretaries
		Mr. Chong See Teck)	
BY INVITATION	:	Mr. Chew Beng Hong)	
		Ms. Felicia Liew)	Representatives of
		Ms. Yau Wai Ling)	External Auditors, KPMG
		Mr. Liew Thien Fatt)	

1. COMMENCEMENT OF MEETING

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

2. NOTICE OF MEETING

On a proposal of the Chairman, the Notice of Meeting dated 30 December 2014 was taken as read.

3. AUDITORS' REPORT

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

4. AUDITED FINANCIAL STATEMENTS AND REPORTS

The Chairman informed that the Audited Financial Statements for the year ended 30 September 2014, together with the Directors' and Auditors' Reports thereon, were tabled in the Meeting for discussion only and were not required to be put forward for voting.

The Chairman went on to inform that the replies to the questions raised by the Minority Shareholder Watchdog Group (“MSWG”) in its letter dated 11 February 2015 to the Company had been distributed to all the shareholders attending the Meeting. In reply to a question by Mr. Vinodth Ram A/L Ramasamy, (the MSWG’s representative), Mr. Chong See Teck (the Group Financial Controller) explained that “blocked input tax” as stated in the reply to Question 2(b) included certain entertainment expenses, motor vehicles used by staff, medical expenses, wherein any GST input tax were not allowed to be deducted against the output tax and hence had to be absorbed by the Company.

The Chairman then asked shareholders whether they had any other questions to ask. Mr. Loke Mun Yee enquired as to how fixed income and commodity trading would affect the Company as a whole, particularly on its major subsidiary, Kuala Lumpur Kepong Berhad (“KLK”) and the latter’s European subsidiaries. The Chairman replied that any issues in relation to KLK’s operations in Europe should best be addressed at the KLK’s Annual General Meeting, as KLK’s Management was responsible to handle such issues accordingly.

Mr. Wan Heng Wah raised the following questions:

- Lower product off-takes by Lynas (Malaysia) Sdn. Bhd. (“Lynas”) were noted for the financial year ended 30 September 2014 for the plant in Kemaman. How long will the plant continue to receive compensation due to shortfall in Lynas’ product off-takes?
- What is the occupancy at Menara KLK in Petaling Jaya?

The Managing Director (“MD”), Dato’ Lee Hau Hian, clarified that the compensation arose from Lynas’ failure to take contracted “take-or-pay” volume of products. This compensation sum may not be sustainable as Lynas’ Management had started discussion with the Management of the subsidiary to review the supply contract.

The MD informed that Menara KLK is fully tenanted and The Edge is still a tenant.

There being no further questions, the Audited Financial Statements for the year ended 30 September 2014, together with the Directors’ and Auditors’ Reports thereon laid before the Meeting in compliance with Section 169 of the Companies Act, 1965 were duly received.

5. FINAL DIVIDEND

The Chairman informed the Meeting that the Directors had recommended a final single tier dividend of 45 sen per share for the financial year ended 30 September 2014.

On the proposal of Mr. Loke Mun Yee, it was RESOLVED, on a vote by a show of hands, THAT the payment of a final single tier dividend of 45 sen per share for the financial year ended 30 September 2014 to be paid on 19 March 2015 to all shareholders whose names appear on the Company’s Record of Depositors at the close of business on 23 February 2015, be and is hereby approved.

6. RE-ELECTION OF DIRECTORS

Dato’ Lee Hau Hian and Dato’ Yeoh Eng Khoon retired by rotation in accordance with the Company’s Articles of Association and, being eligible, offered themselves for re-election.

On the proposal of Mr. Loke Mun Yee, it was RESOLVED, on a vote by a show of hands, THAT Dato' Lee Hau Hian, who retired in accordance with the Company's Articles of Association, be and is hereby re-elected a Director of the Company.

On the proposal of the Chairman, it was RESOLVED, on a vote by a show of hands, THAT Dato' Yeoh Eng Khoo, who retired in accordance with the Company's Articles of Association, be and is hereby re-elected a Director of the Company.

7. RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129 OF THE COMPANIES ACT, 1965

The Chairman informed the Meeting that in accordance with Section 129(6) of the Companies Act, 1965, the re-appointments of R. M. Alias and Dato' Mustafa bin Mohd Ali as Directors, require approval by a three-fourths majority of the members present and voting at the Meeting.

On the proposal of Dato' Yeoh Eng Khoo, it was RESOLVED, on a vote by a show of hands, THAT R. M. Alias be re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company.

On the proposal of Ms. Lee Oi Loon, it was RESOLVED, on a vote by a show of hands, THAT Dato' Mustafa bin Mohd Ali be re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company.

8. DIRECTORS' FEE

On the proposal of Ms. Lee Oi Loon, it was RESOLVED, on a vote by a show of hands, THAT the Directors' fee of RM749,555/- in respect of the year ended 30 September 2014 be approved and that this amount be divided amongst the Non-Executive Directors as they deem fit.

9. RE-APPOINTMENT OF AUDITORS

The Auditors, KPMG retired and were available for re-appointment.

In reply to Mr. Loke Mun Yee, Mr. Chew Beng Hong, the representative from the External Auditors, KPMG, stated that KPMG has only acted as the External Auditors of the Company since their appointment at the previous Annual General Meeting held in 2014.

On the proposal of the Chairman, it was RESOLVED, on a vote by a show of hands, THAT KPMG be and are hereby re-appointed as Auditors of the Company at a remuneration to be fixed by the Directors and to hold office until the conclusion of the next Annual General Meeting.

10. SPECIAL BUSINESS

(a) ORDINARY RESOLUTION 8 - PROPOSED AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY

On the proposal of Mr. Wan Heng Wah, the following Ordinary Resolution 8 was taken as read:

“THAT authority be given to the Company to buy back an aggregate number of ordinary shares of RM1.00 each in the Company (“Authority to Buy Back Shares”) as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad (“Bursa Malaysia”) 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 pursuant to this resolution does not exceed 10% of the total issued and paid-up share capital of the Company and that the maximum fund to be allocated for the Authority to Buy Back Shares shall not exceed the latest audited retained profits of the Company AND THAT the Directors may resolve to cancel the shares so purchased and/or retain the shares so purchased as treasury shares which may be distributed as dividends to the shareholders of the Company and/or resold on Bursa Malaysia and/or cancelled;

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 amendment (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 (“AGM”) of the Company following the passing of this ordinary resolution 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 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 or any other relevant authority.”

On the proposal of the Chairman, it was RESOLVED, on a vote by a show of hands, THAT Ordinary Resolution 8 on the Proposed Authority to Buy Back its Own Shares by the Company be passed.

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

The Chairman declared his interest in the transactions contained in Ordinary Resolution 9. The Chair was then handed over to the Senior Independent Director, Dato’ Yeoh Eng Khoon.

Dato’ Yeoh Eng Khoon informed the Meeting that Tan Sri Dato’ Seri Lee Oi Hian and Dato’ Lee Hau Hian are interested parties in the transactions contained in Ordinary Resolution 9 and accordingly, these Directors, together with persons connected with them will not vote on this resolution.

On the proposal of Dato’ Yeoh Eng Khoon, the following Ordinary Resolution 9 was taken as read:

“THAT subject to the Companies Act, 1965 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 30 December 2014 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

("the 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 143(1) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; 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."

On the proposal of Dato' Yeoh Eng Khoon, it was RESOLVED, on a vote by a show of hands, THAT Ordinary Resolution 9 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature be passed.

The Chair was then returned to Tan Sri Dato' Seri Lee Oi Hian.

11. TERMINATION

There being no other business, the Meeting ended at 2.40 p.m. with a vote of thanks to the Chair.

CONFIRMED

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[CHAIRMAN]