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# **BATU KAWAN BERHAD**

**196501000504 (6292-U)**  
(Incorporated in Malaysia)

## **PART A**

### **STATEMENT TO SHAREHOLDERS 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 RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolutions in respect of the Proposed Renewal of Authority to Buy Back Shares and Proposed Renewal of Shareholders' Mandate will be tabled at the Fifty-Ninth Annual General Meeting ("**59<sup>th</sup> AGM**") of Batu Kawan Berhad ("**BKB**" or "**Company**") which will be held at Conference Room, Ground Floor, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 21 February 2024 at 3.00 p.m. The Notice of the 59<sup>th</sup> AGM of the Company together with the Proxy Form, are enclosed in the Abridged Annual Report 2023 and 2023 Annual Report of the Company.

In the event you wish to appoint a proxy, please complete, sign and return the Proxy Form not less than twenty-four (24) hours before the time appointed for taking of the poll or at any adjournment thereof, in accordance with the instructions printed therein. The duly completed Proxy Form should be deposited to the Company Share Registrar's office at Boardroom Share Registrars Sdn Bhd ("**Boardroom**"), 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or alternatively, electronically lodged through Boardroom's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).

**This Statement/Circular is dated 29 December 2023**

## DEFINITIONS

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Except where the context otherwise requires, the following definitions shall apply throughout this Statement/Circular where applicable:

“Act”	: Companies Act 2016, as amended from time to time and any re-enactment thereof.
“AGM”	: Annual General Meeting.
“BKB” or “Company”	: Batu Kawan Berhad.
“BKB Group” or “Group”	: BKB and its subsidiaries.
“BKB Shares”	: Ordinary shares of BKB.
“Board”	: Board of Directors of BKB.
“Boardroom”	: Boardroom Share Registrars Sdn Bhd.
“Bursa Securities”	: Bursa Malaysia Securities Berhad.
“CMSA”	: Capital Markets and Services Act 2007, as amended from time to time and any re-enactment thereof.
“Constitution”	: Constitution of BKB.
“Director”	: Has 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 subsidiary or holding company or a chief executive officer of BKB, its subsidiary or holding company.
“EPS”	: Earnings per share.
“Issued Share Capital”	: 399,535,463 BKB Shares (including 6,154,500 Treasury Shares) as at latest practicable date.
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, including any amendment that may be made from time to time and any Practice Notes issued in relation thereto.
“LPD”	: 1 December 2023, being the latest practicable date prior to the date of this Statement/Circular.
“Major Shareholder”	: A person who has an interest or interests in one (1) or more voting shares in the Company and the number or aggregate number of those shares is: (a) ten percent (10%) or more of the total number of voting shares in the Company; or (b) five percent (5%) or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company,  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 major shareholder of BKB or any other company which is its subsidiary or holding company.  For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
“NA”	: Net assets.

## DEFINITIONS *(cont'd)*

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- “Person Connected” : In relation to a Director or a Major Shareholder, means such person who falls under any one (1) 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 a share scheme for employees or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;
  - (c) a partner of the Director or Major Shareholder;
  - (d) a person, or where the person is a body corporate, the body corporate or its directors 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;
  - (e) a person, or where the person is a body corporate, the body corporate or its directors, 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 in which the Director, Major Shareholder or persons connected with him are entitled to exercise or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
  - (g) a body corporate which is a related corporation of the Director or Major Shareholder.
- “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 buyback not exceeding ten percent (10%) of its Issued Share Capital.
- “Proposed Shareholders’ Mandate” : Proposed renewal of 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” : A Director, Major Shareholder of BKB or its subsidiaries, or person connected with such Director or Major Shareholder.
- “Recurrent Related Party Transaction” : A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for the BKB Group’s day-to-day operations.
- “Related Party Transaction” : A transaction entered into by the BKB Group which involves the interest, direct or indirect, of a Related Party.
- “Rules on Take-overs” : Rules on Take-overs, Mergers and Compulsory Acquisitions 2016, as amended from time to time and any re-enactment thereof.
- “Shareholder” : Shareholder of BKB.
- “Statement/Circular” : This Circular/Statement to Shareholders dated 29 December 2023.
- “Substantial Shareholder” : A person who has an interest in one (1) or more voting shares in the Company and the number or the aggregate number of such shares, is not less than five percent (5%) of the total number of all the voting shares of the Company.
- For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.
- “Treasury Shares” : BKB Shares purchased and retained by the Company under the share buyback mandate of up to a maximum of ten percent (10%) of its total number of issued shares.

## Currency

- “RM and sen” : Ringgit Malaysia and sen respectively.

## **DEFINITIONS** *(cont'd)*

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Unless otherwise stated, the information set out in this Statement/Circular in relation to the Major Shareholder, Director and Person Connected with them is as at the LPD.

All references to “we”, “us”, “our” and “ourselves” mean the Company, or where the context otherwise requires, the Group. All references to “you” in this Statement/Circular mean the Shareholders of the Company, unless the context otherwise requires. All references in this Statement/Circular to an “affiliate” of any entity in the Group mean, in relation to such entity, any other person which is deemed to be related (as defined in the Act) to the said entity.

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference to any enactment in this Statement/Circular is a reference to that enactment as for the time being amended or re-enacted.

Any reference in time of day and date in this Statement/Circular is a reference to Malaysian time and date, unless otherwise stated.

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**PART A**

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE  
PROPOSED RENEWAL OF AUTHORITY TO BUY BACK SHARES**

# BATU KAWAN BERHAD

196501000504 (6292-U)  
(Incorporated in Malaysia)

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

29 December 2023

## **Directors:**

Tan Sri Dato' Seri Lee Oi Hian - *Chairman/Non-Independent Non-Executive Director*

Dato' Lee Hau Hian - *Managing Director/Non-Independent Executive Director*

Dato' Yeoh Eng Khoon - *Non-Independent Non-Executive Director*

Mr. Quah Chek Tin - *Non-Independent Non-Executive Director*

Dr. Tunku Alina Binti Raja Muhd Alias - *Senior Independent Non-Executive Director*

Mr. Lee Yuan Zhang - *Non-Independent Non-Executive Director*

Mr. Lim Ban Aik - *Independent Non-Executive Director*

Ms. Susan Yuen Su Min - *Independent Non-Executive Director*

## **To: The Shareholders of BKB**

Dear Sir/Madam,

## **PROPOSED RENEWAL OF AUTHORITY TO BUY BACK SHARES**

### **1. INTRODUCTION**

At the last AGM held on 23 February 2023, your Board obtained Shareholders' authorisation for the Company to buy back its own BKB Shares ("**Authorisation**") up to ten percent (10%) of the Issued 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 21 February 2024, unless a new Authorisation is received.

Consequently, on 22 November 2023, the Company announced that your Board proposes to seek shareholders' approval for a new Authorisation to undertake the Proposed Renewal of Authority to Buy Back Shares at the forthcoming AGM, to be held on 21 February 2024.

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 pertaining to the Proposed Renewal of Authority to Buy Back Shares to be tabled as Special Business at the forthcoming AGM.

### **2. THE PROPOSED RENEWAL OF AUTHORITY TO BUY BACK SHARES**

Your Board seeks the authority from Shareholders to purchase the BKB Shares on Bursa Securities through its appointed stockbrokers (pursuant to Paragraph 12.16 of the Listing Requirements). Your Board proposes 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 2023 was RM1,211,766,320. For the Proposed Renewal of Authority to Buy Back Shares, the Company may buy back its own BKB Shares up to 39,953,546 shares representing an amount not exceeding ten percent (10%) of its Issued Share Capital. The Proposed Renewal of Authority to Buy Back Shares will be valid immediately upon the passing of the ordinary resolution pertaining to the Proposed Renewal of Authority to Buy Back Shares 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 the said ordinary resolution of Shareholders in a general meeting.

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

Under the Rules on Take-overs, a director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory offer if his stake in the company is increased to beyond 33% of its issued share capital or if his existing shareholding is between 33% and 50% and it increases by another two percent (2%) in any 6-month 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 BKB Shares not held by him. However, an exemption from a mandatory offer obligation may be granted by the Securities Commission under Rule 4.15 Part B of the Rules on Take-overs, 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 Board is mindful of the requirements of the Rules on Take-overs 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 the BKB Shares are purchased by the Company, your Directors may resolve to cancel the BKB Shares so purchased or retain the BKB Shares so purchased to be held as Treasury Shares or retain part of the BKB Shares so purchased as Treasury Shares and cancel the remainder of the BKB Shares. Where your Directors resolve to cancel the BKB Shares so purchased or cancel any Treasury Shares, the Company's Issued Share Capital shall be diminished by the cancellation of the BKB Shares so purchased or cancellation of the Treasury Shares and the cost of the cancelled BKB Shares so purchased or cancelled Treasury Shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. It is pertinent to note that the cancellation of BKB Shares so purchased made pursuant to the Act shall not be deemed to be a reduction of share capital within the meaning of the Act. Where your Directors resolve to retain the BKB Shares so purchased as Treasury Shares, your Directors may:

- (a) distribute the Treasury Shares as share dividends to Shareholders; or
- (b) resell the Treasury Shares or any of the Treasury Shares on Bursa Securities; or
- (c) transfer the Treasury Shares or any of the Treasury Shares for the purposes of or under an employees' share scheme; or
- (d) transfer the Treasury Shares or any of the Treasury Shares as purchase consideration; or
- (e) cancel the Treasury Shares or any of the Treasury Shares; or
- (f) sell, transfer or otherwise use the Treasury Shares for such other purposes as allowed by the Act.

While the BKB Shares so purchased are held as Treasury Shares, the rights attached to them as to the attendance and voting at meetings, dividends and participation in any other distribution or otherwise, of the Company's assets are suspended.

An immediate announcement will be made to Bursa Securities in respect of your Directors' decision on the treatment of BKB Shares purchased.

In the case of a resale or transfer of Treasury Shares, the Company may only resell any Treasury Shares on Bursa Securities or transfer the Treasury Shares pursuant to Section 127(7) of the Act, at:

- (a) a price which is not less than the weighted average market price of the BKB Shares for the five (5) market days immediately before the resale or transfer; or
- (b) a discounted price of not more than five (5%) to the weighted average market price for the BKB Shares for the five (5) market days immediately before the resale or transfer provided that:
  - (i) the resale or transfer takes place no earlier than thirty (30) days from the date of purchase; and
  - (ii) the resale or transfer price is not less than the cost of purchase of the BKB Shares being resold or transferred.



As at LPD, the public shareholding spread of the Company was 30.02%. The Company will be mindful of the public shareholding spread requirement by the Listing Requirements before making any purchase of its own shares.

### **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 Shareholders as follows:

- The Company would expect to enhance the EPS of the Group (in the case where your Directors resolve to cancel the Treasury Shares and/or retain the Treasury Shares 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 BKB Shares bought back are kept as Treasury Shares, it will give your Directors an option to sell the Treasury Shares at a higher price and therefore make an exceptional gain for the Company.

### **4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY TO BUY BACK SHARES**

The Proposed Renewal of Authority to Buy Back Shares will enable the Company to utilise its surplus financial resources to purchase its own shares at prices which the Board views as favourable. It may stabilise the supply and demand of shares traded on the Bursa Securities and thereby support the Company's fundamental value.

The purchased shares held as treasury shares may be resold through the stock exchange of Bursa Securities with the intention of realising a potential gain without affecting the Issued Share Capital of the Company. The Treasury Shares may also be distributed to Shareholders as dividends and, if undertaken, would serve to reward the Shareholders of the Company.

However, 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, your Directors will be mindful of the interests of BKB and Shareholders when exercising the Proposed Renewal of Authority to Buy Back Shares. It will only be exercised after taking into consideration of the financial resources of the Group and of the resultant impact on Shareholders.

### **5. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY TO BUY BACK SHARES**

#### **5.1 Share Capital**

The effect of the Proposed Renewal of Authority to Buy Back Shares on the Issued Share Capital of BKB depend on whether the purchased shares are cancelled or retained as treasury shares. The Proposed Renewal of Authority to Buy Back Shares will result in a reduction of the total number of Issued Share Capital of the Company if the purchased shares are cancelled. However, there should be no effect on the Issued Share Capital of BKB if the BKB Shares so purchased are retained as treasury shares.

Based on the assumption that the Proposed Renewal of Authority to Buy Back Shares is implemented in full and all the purchased shares are cancelled, the effect on the number of Issued Share Capital of the Company is illustrated below:

	<b>No. of BKB Shares</b>
Existing as at LPD	399,535,463
Less:	
Number of BKB Shares if to be cancelled pursuant to the Proposed Renewal of Authority to Buy Back Shares (10%)	39,953,546
<b>Total Issued Share Capital after the Proposed Renewal of Authority to Buy Back Shares</b>	<b>359,581,917</b>

The following are the details of BKB Shares bought back in the previous 12 months (up to LPD).

	<b>No. of BKB Shares</b>	<b>Highest price paid per BKB share RM</b>	<b>Lowest price paid per BKB share RM</b>	<b>Average price paid per BKB share RM</b>	<b>Total consideration RM</b>
<b>DECEMBER 2022</b>					
2 Dec 2022	139,000	20.40	20.40	20.4000	2,840,286.28
5 Dec 2022	900	20.38	20.38	20.3800	18,394.35
6 Dec 2022	28,700	20.40	20.34	20.3948	586,970.69
14 Dec 2022	7,700	21.32	21.30	21.3174	164,604.87
15 Dec 2022	4,600	21.36	21.36	21.3600	98,532.24

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 BKB Shares as to voting, dividends and participation in other distribution and otherwise.

The aforesaid Treasury Shares shall not be taken into account in calculating the number or percentage of BKB 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 Constitution of the Company or the listing rules of Bursa Securities 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.

## **5.2 NA per BKB Share and EPS**

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

## **5.3 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 BKB Shares.

Similarly, the working capital of the Group will increase to the extent of the amount of funds obtained from the resale of the Treasury Shares.

## **5.4 Dividend**

The Proposed Renewal of Authority to Buy Back Shares will have the effect of increasing the effective dividend rate per ordinary share of the Company as dividends will be paid on the remaining Issued Capital of the Company (excluding Treasury Shares).

## 6. SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the inadvertent increase in the percentage shareholding and/or voting rights of the Shareholders 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 the 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 LPD 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 Share Capital as at LPD of 393,380,963 BKB Shares (after excluding 6,154,500 Treasury Shares)				Based on Pro-forma Issued Capital as at LPD of 359,581,917 (after excluding 39,953,546 Shares being cancelled) upon completion of Proposed Renewal of Authority to Buy Back Shares			
	← Direct →		← Deemed →		← Direct →		← Deemed →	
	No. of BKB Shares	%	No. of BKB Shares	%	No. of BKB Shares	%	No. of BKB Shares	%
<b>Directors</b>								
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	0.42	218,590,309 <sup>1</sup>	55.56	1,665,428	0.46	218,590,309 <sup>1</sup>	60.79
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419 <sup>2</sup>	54.88	1,583,444	0.44	215,924,419 <sup>2</sup>	60.04
Dato' Yeoh Eng Khoon	323,564	0.08	22,105,474 <sup>3</sup>	5.61	323,564	0.08	22,105,474 <sup>3</sup>	6.14
Mr. Quah Chek Tin	-	-	-	-	-	-	-	-
Dr. Tunku Alina Binti Raja Muhd Alias	-	-	-	-	-	-	-	-
Mr. Lee Yuan Zhang	10,271	*	-	-	10,271	*	-	-
Mr. Lim Ban Aik	6,200	*	5,000 <sup>4</sup>	*	6,200	*	5,000 <sup>4</sup>	*
Ms. Susan Yuen Su Min	-	-	-	-	-	-	-	-
<b>Substantial Shareholders</b>								
Arusha Enterprise Sdn Bhd	166,974,581	42.44	6,035,462 <sup>5</sup>	1.53	166,974,581	46.43	6,035,462 <sup>5</sup>	1.67
Wan Hin Investments Sdn Berhad	23,206,329	5.89	173,010,043 <sup>5</sup>	43.98	23,206,329	6.45	173,010,043 <sup>5</sup>	48.11
Yeoh Chin Hin Investments Sdn Berhad	22,012,000	5.59	-	-	22,012,000	6.12	-	-
Di-Yi Sdn Bhd	19,442,927	4.94	196,216,372 <sup>5</sup>	49.87	19,442,927	5.40	196,216,372 <sup>5</sup>	54.56
High Quest Holdings Sdn Bhd	16,316,780	4.14	196,216,372 <sup>5</sup>	49.87	16,316,780	4.53	196,216,372 <sup>5</sup>	54.56
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	0.42	218,590,309 <sup>1</sup>	55.56	1,665,428	0.46	218,590,309 <sup>1</sup>	60.79
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419 <sup>2</sup>	54.88	1,583,444	0.44	215,924,419 <sup>2</sup>	60.04
Dato Yeoh Eng Khoon	323,564	0.08	22,105,474 <sup>3</sup>	5.61	323,564	0.08	22,105,474 <sup>3</sup>	6.14
Grateful Blessings Inc	-	-	215,659,299 <sup>5</sup>	54.82	-	-	215,659,299 <sup>5</sup>	59.97
Grateful Blessings Foundation	-	-	215,659,299 <sup>5</sup>	54.82	-	-	215,659,299 <sup>5</sup>	59.97
Cubic Crystal Corporation	-	-	212,533,152 <sup>5</sup>	54.02	-	-	212,533,152 <sup>5</sup>	59.10
High Quest Anstalt	-	-	212,533,152 <sup>5</sup>	54.02	-	-	212,533,152 <sup>5</sup>	59.10

**Notes:**

\* Less than 0.01%.

<sup>1</sup> Deemed interest in the shares held by his children and a company by virtue of Section 8(4) of the Act. Tan Sri Dato' Seri Lee Oi Hian is also deemed to have an interest by virtue of Section 8(4) of the Act via other companies. Nevertheless, he does not have any economic or beneficial interest in the BKB Shares as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).

<sup>2</sup> Deemed interest in the shares held by his child and by virtue of Section 8(4) of the Act.

<sup>3</sup> Deemed interest in the shares held by his spouse and children, and by virtue of Section 8(4) of the Act.

<sup>4</sup> Deemed interest in the shares held by his spouse.

<sup>5</sup> Deemed interest by virtue of Section 8(4) of the Act.

## 7. CANCELLATION AND RESALE MADE IN THE PREVIOUS TWELVE (12) MONTHS

As at the LPD, the number of Treasury Shares held by the Company is 6,154,500. BKB has not made any cancellation or resold its Treasury Shares in the twelve (12) months preceding the LPD.

## 8. SHARE PRICES

The monthly highest and lowest prices of the BKB Shares traded on Bursa Securities for the previous twelve (12) months from December 2022 to November 2023 are as follows:

	High	Low
	RM	RM
<b>2022:</b>		
December	22.30	20.40
<b>2023:</b>		
January	22.80	22.34
February	23.10	21.10
March	21.10	21.80
April	21.86	21.14
May	21.80	20.76
June	21.16	20.32
July	21.32	20.88
August	21.40	20.30
September	20.40	19.94
October	21.00	20.10
November	20.76	20.20

*(Source: Bloomberg)*

The last transacted price of BKB Shares on 1 December 2023, being the LPD prior to the printing of this Statement, was RM20.30.

## 9. 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 the Proposed Renewal of Authority to Buy Back Shares** to be tabled at the forthcoming AGM.

## 10. 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 Abridged Annual Report 2023 and 2023 Annual Report of the Company. The AGM will be held at Conference Room, Ground Floor, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 21 February 2024 at 3.00 p.m.

In the event you wish to appoint a proxy, please complete, sign and return the Proxy Form not less than twenty-four (24) hours before the time appointed for taking of the poll or at any adjournment thereof, in accordance with the instructions printed therein. The duly completed Proxy Form should be deposited to the Company Share Registrar's office at Boardroom, 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or alternatively, electronically lodged through Boardroom's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).

The completion, signing and returning of 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.

**11. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully,  
For and on behalf of the Board  
**BATU KAWAN BERHAD**

**DR. TUNKU ALINA BINTI RAJA MUHD ALIAS**  
Senior Independent Non-Executive Director

**PART B**

**CIRCULAR TO SHAREHOLDERS IN RELATION TO  
THE PROPOSED SHAREHOLDERS' MANDATE**

# BATU KAWAN BERHAD

196501000504 (6292-U)  
(Incorporated in Malaysia)

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

29 December 2023

## **Directors:**

Tan Sri Dato' Seri Lee Oi Hian - *Chairman/Non-Independent Non-Executive Director*  
Dato' Lee Hau Hian - *Managing Director/Non-Independent Executive Director*  
Dato' Yeoh Eng Khoon - *Non-Independent Non-Executive Director*  
Mr. Quah Chek Tin - *Non-Independent Non-Executive Director*  
Dr. Tunku Alina Binti Raja Muhd Alias - *Senior Independent Non-Executive Director*  
Mr. Lee Yuan Zhang - *Non-Independent Non-Executive Director*  
Mr. Lim Ban Aik - *Independent Non-Executive Director*  
Ms. Susan Yuen Su Min - *Independent Non-Executive Director*

## **To: The Shareholders of BKB**

Dear Sir/Madam,

## **PROPOSED SHAREHOLDERS' MANDATE**

### **1. INTRODUCTION**

At the last AGM held on 23 February 2023, the Company obtained Shareholders' mandate to enter into Recurrent Related Party Transactions ("RRPTs"). The mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM which will be held on 21 February 2024 unless the mandate is renewed.

On 22 November 2023, the Company announced to Bursa Securities 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.

### **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;
- (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. 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 Shareholders 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 RRPTs**

BKB is an investment holding company and through its subsidiaries, is mainly involved in plantations, manufacture of oleochemicals, industrial chemicals, polymers, general transportation services, as well as asset property development and investment activities.

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 RRPTs**

The types of RRPTs 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 RRPTs for its listed subsidiary, Kuala Lumpur Kepong Berhad).

#### **(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 RRPTs 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, caustic soda, soda ash and aluminium hydroxide), finished goods (consist of liquid chlorine, caustic soda, hydrochloric acid, nitric acid, sulphuric acid, sulphur powder, molten sulphur, oleum, aluminium sulphate, sodium silicate, ferric chloride, sodium hypochlorite and polyaluminium chloride) and storage tanks and packaging materials for use in the manufacturing and storage of industrial chemicals;
- Sale and purchase of consumable items such as personal protective equipment wear, 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;
- Provision of oleum refinement processing services for use in the electronics industry;
- Provision of freight, transport and haulage services; and
- Rental of transportation vehicles, motor vehicles, office premises, land, storage tanks and warehouse.

#### **(ii) Procurement and provision of other products (include soda ash, sodium sulphite 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 procured to Related Parties to maintain and operate their plant and machinery; and
- Procurement of indirect materials  
Indirect materials are purchased by the Group's subsidiaries 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**
- (iv) Purchase of materials required for plantation operations**
- (v) Procurement of logistics services for delivery of palm products**

Details of these RRPTs 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 or Major Shareholders; and
- (ii) Persons Connected with such Directors or Major Shareholders.

**(c) Guidelines and Review Procedures**

The BKB Group has in place a Policy on Related Party Transactions ("**Policy**") to establish adequate procedures and processes to ensure that the RRPTs 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 Policy 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 and Risk Committee will rely on their market knowledge of prevailing industry norms bearing in mind the urgency and efficiency of services to be provided or required to ensure that the RRPTs are not detrimental to the Company or the BKB 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 RRPTs which are entered into pursuant to the Proposed Shareholders' Mandate. Details of the RRPTs 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 and Risk 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 in respect of the Proposed Shareholders' Mandate.
- (vi) The Audit and Risk 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 and Risk Committee may, as he deems fit, request for additional information pertaining to the RRPTs from independent sources or advisers. An Audit and Risk Committee member who is interested in any transaction shall abstain from reviewing and approving the transaction.

The Policy has also set out the guidelines on the approving authority practiced by the BKB Group in relation to the RRPTs, as follows:

Proposed Transaction	Material Threshold	Action Required
RRPTs	< 0.5% of Net Assets for the financial year	Approval by Management
	≥ 0.5% of Net Assets for the financial year	Review by the Audit and Risk Committee and approval by the Board

**(d) Statement by Audit and Risk Committee**

The Audit and Risk 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 RRPTs are not more favourable to the Related Party and are not detrimental to the minority Shareholders of BKB.

The Audit and Risk Committee is of the view that BKB Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner. The Audit and Risk 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; or
- (ii) the expiration of the period within which the next AGM meeting after the date it is required to be held pursuant to Section 340(1) of the Act [but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- (iii) revoked or varied by resolution passed by Shareholders in general meeting;

whichever is the earlier.

**(f) Disclosure**

Disclosure will be made in accordance with Section 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs made during the financial year, amongst others, based on the following information:

- (i) the type of the RRPTs made; and
- (ii) the names of the Related Parties involved in each type of the RRPTs made and their relationship 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 Owning by Related Parties**

As at the financial year ended 30 September 2023, there was no amount due and owing to the BKB Group by its Related Parties arising from the RRPTs which exceeded the credit terms.

**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 RRPTs 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 Bursa Securities and to convene separate general meetings from time to time, to seek Shareholders' approval as and when such RRPTs 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 will not have any impact on the share capital, NA, EPS, dividends and shareholding structure of BKB.

## 5. CONDITION PRECEDENT 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 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 Persons Connected with them in BKB as at LPD are as follows:

	Based on Issued Share Capital as at LPD of 393,380,963 BKB Shares (after excluding 6,154,500 Treasury Shares)			
	Direct		Deemed	
	No. of BKB Shares	%	No. of BKB Shares	%
<b>Directors</b>				
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	0.42	218,590,309 <sup>1</sup>	55.56
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419 <sup>2</sup>	54.88
Mr. Lee Yuan Zhang	10,271	*	-	-
<b>Major Shareholders</b>				
Arusha Enterprise Sdn Bhd	166,974,581	42.44	6,035,462 <sup>3</sup>	1.53
Wan Hin Investments Sdn Berhad	23,206,329	5.89	173,010,043 <sup>3</sup>	43.98
Di-Yi Sdn Bhd	19,442,927	4.94	196,216,372 <sup>3</sup>	49.87
High Quest Holdings Sdn Bhd	16,316,780	4.14	196,216,372 <sup>3</sup>	49.87
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	0.42	218,590,309 <sup>1</sup>	55.56
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419 <sup>2</sup>	54.88
Grateful Blessings Inc	-	-	215,659,299 <sup>3</sup>	54.82
Grateful Blessings Foundation	-	-	215,659,299 <sup>3</sup>	54.82
Cubic Crystal Corporation	-	-	212,533,152 <sup>3</sup>	54.02
High Quest Anstalt	-	-	212,533,152 <sup>3</sup>	54.02
<b>Persons Connected</b>				
Cengal Emas Sdn Bhd	3,380,996 <sup>4</sup>	0.85	-	-
Malay-Sino Formic Acid Sdn Bhd	3,167,290 <sup>5</sup>	0.80	-	-
Malay-Rubber Plantations (Malaysia) Sdn Bhd	2,868,172 <sup>5</sup>	0.72	-	-
Congleton Holdings Sdn Bhd	2,859,697 <sup>6</sup>	0.72	-	-
Steppe Structure Sdn Bhd	2,284,728 <sup>7</sup>	0.58	-	-
Ms. Lee Oi Loon	1,649,771 <sup>8</sup>	0.41	-	-
Dr. Lee Oi Kum	39,771 <sup>8</sup>	0.01	-	-
Mr. Lee Guo Zhang	40,500 <sup>10</sup>	0.01	-	-
Mr. Lim Peng Hong	31,500 <sup>9</sup>	*	-	-
Mr. Lee Jia Zhang	10,271 <sup>10</sup>	*	-	-
Ms. Lee Su Ling	10,271 <sup>10</sup>	*	-	-
Ms. Lee Wen Ling	10,271 <sup>10</sup>	*	-	-

**Notes:**

\* Less than 0.01%.

<sup>1</sup> Deemed interest in the shares held by his children and a company by virtue of Section 8(4) of the Act. Tan Sri Dato' Seri Lee Oi Hian is also deemed to have an interest by virtue of Section 8(4) of the Act via other companies. Nevertheless, he does not have any economic or beneficial interest in the BKB Shares as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).

- 2 *Deemed interest in the shares held by his child and by virtue of Section 8(4) of the Act.*
- 3 *Deemed interest by virtue of Section 8(4) of the Act.*
- 4 *Through the shareholdings of Dato' Lee Hau Hian by virtue of Section 8(4) of the Act.*
- 5 *Through the shareholdings of Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian by virtue of Section 8(4) of the Act.*
- 6 *Through the shareholdings of Tan Sri Dato' Seri Lee Oi Hian by virtue of Section 8(4) of the Act.*
- 7 *Through the shareholdings of Dr. Lee Oi Kum by virtue of Section 8(4) of the Act.*
- 8 *Siblings of Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian.*
- 9 *Spouse of Ms. Lee Oi Loon.*
- 10 *Children of Tan Sri Dato' Seri Lee Oi Hian.*

The interested Directors namely, Tan Sri Dato' Seri Lee Oi Hian, Dato' Lee Hau Hian and Mr. Lee Yuan Zhang (by virtue of him being Dato' Lee Hau Hian's son and hence a connected person) ("**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 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 Abridged Annual Report 2023 and 2023 Annual Report. The AGM will be held at Conference Room, Ground Floor, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 21 February 2024 at 3.00 p.m.

In the event you wish to appoint a proxy, please complete, sign and return the Proxy Form not less than twenty-four (24) hours before the time appointed for taking of the poll or at any adjournment thereof, in accordance with the instructions printed therein. The duly completed Proxy Form should be deposited to the Company Share Registrar's office at Boardroom, 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or alternatively, electronically lodged through Boardroom's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).

The completion, signing and returning of 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 the attached Appendices I and II for further information.

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

**DR. TUNKU ALINA BINTI RAJA MUHD ALIAS**  
Senior Independent Non-Executive Director

**FURTHER INFORMATION****1. DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement/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**

BKB Group is not engaged in any material litigation, claims and arbitration either as plaintiff or defendant and as at the date of this Statement/Circular, the Directors 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 Group has 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 Statement/Circular.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Registered Office of BKB, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia during normal business hours between Monday and Friday (except public holidays) from the date of this Statement/Circular up to and including the date of the AGM:

- (i) Constitution; and
- (ii) audited consolidated financial statements of BKB for the past two (2) financial years ended 30 September 2022 and 30 September 2023.

**DETAILS OF RECURRENT RELATED PARTY TRANSACTIONS**

Recurrent related party transactions (“RRPTs”) of a revenue or trading nature in which will be entered into by the Company and its subsidiaries are as follows:

(A) BKB and its subsidiaries(#)	(B) Related Parties involved and Nature of Relationships	(C) Categories of transactions	(D) Actual value transacted(*) RM'000	(E) Value(^) per existing Mandate RM'000	(F) Proposed Mandate value(@) RM'000
Malay-Sino Chemical Industries Sendirian Berhad (“Malay-Sino”) Group <sup>7</sup>	Taiko Marketing Sdn Bhd (“TMK”) Group <sup>6</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Sale and purchase of finished goods, raw materials, other products and services including transportation services	121,816	333,000	282,000
See Sen Chemical Berhad (“See Sen”) <sup>3</sup>	TMK Group <sup>6</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Purchase of raw materials, finished goods, other products and services	4,071	30,000	15,000
		Sale of finished goods and other products and services	32,392	83,000	80,000
Chemical Company of Malaysia (“CCM”) Group <sup>8</sup>	TMK Group <sup>6</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Sale and purchase of finished goods, raw materials, other products and services including transportation services	15,536	49,000	49,000
<b>BKB Group</b>	<b>TMK Group</b>	<b>TOTAL</b>	<b>173,815</b>	<b>495,000</b>	<b>426,000</b>
Malay-Sino Group	Taiko Marketing (Singapore) Pte Ltd [“TMK(S)”] <sup>5</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Purchase and sale of products and services which relate to core chemical business	11,005	70,000	21,000
See Sen	TMK(S) <sup>5</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Purchase of raw materials, finished goods, other products and services	0	9,000	5,000

(A) BKB and its subsidiaries(#)	(B) Related Parties involved and Nature of Relationships	(C) Categories of transactions	(D) Actual value transacted(*) RM'000	(E) Value(^) per existing Mandate RM'000	(F) Proposed Mandate value(@) RM'000
CCM Group	TMK(S) <sup>5</sup> <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Purchase of raw materials, finished goods, other products and services	3,876	43,000	8,000
Malay-Sino Group	Chlor-Al Chemical Pte Ltd ("CAC") <sup>5</sup> <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Sale and purchase of raw materials, finished goods, other products and services including transportation services	21,427	13,000	65,000
See Sen	CAC <sup>5</sup> <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Purchase and sale of products and services	4,972	10,000	10,000
CCM Group	CAC <sup>5</sup> <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Purchase and sale of products and services	33,640	36,000	94,000
<b>BKB Group</b>	<b>Stafford Capital Ltd Group</b>	<b>TOTAL</b>	<b>74,920</b>	<b>181,000</b>	<b>203,000</b>



(A) BKB and its subsidiaries(#)	(B) Related Parties involved and Nature of Relationships	(C) Categories of transactions	(D) Actual value transacted(*) RM'000	(E) Value(^) per existing Mandate RM'000	(F) Proposed Mandate value(@) RM'000
See Sen	Taiko Chemical Industries Sdn Bhd ("TCI") Group <sup>4</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Purchase and sale of products and services	7,666	34,000	31,000
CCM Group	Taiko Chemical Industries Sdn Bhd ("TCI") Group <sup>4</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup> Persons Connected <sup>2</sup>	Purchase and sale of products and services	341	0	400
<b>BKB Group</b>	<b>TCI Group</b>	<b>TOTAL</b>	<b>8,007</b>	<b>34,000</b>	<b>31,400</b>
See Sen	BASF See Sen Sdn Bhd ("BASF See Sen") <sup>9</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Sale of electricity and provision of other chemical-based products and services	6,528	16,000	16,000
<b>BKB Group</b>	<b>BASF See Sen</b>	<b>TOTAL</b>	<b>6,528</b>	<b>16,000</b>	<b>16,000</b>

(A) BKB and its subsidiaries(#)	(B) Related Parties involved and Nature of Relationships	(C) Categories of transactions	(D) Actual value transacted(*) RM'000	(E) Value(^) per existing Mandate RM'000	(F) Proposed Mandate value(@) RM'000
PT Satu Sembilan Delapan ("SSD")	Kuala Lumpur Kepong Berhad ("KLK") Group <sup>10</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Sale of fresh fruit bunches ("FFB") and palm products	10,734	187,020	0
	KLK Group <sup>10</sup>  <u>Related Parties</u> Interested Major Shareholders <sup>1</sup>  Persons Connected <sup>2</sup>	Purchase of FFB and palm products	29,085	195,000	0
<b>BKB Group</b>	<b>KLK Group</b>	<b>TOTAL</b>	<b>39,819</b>	<b>382,020</b>	<b>0^^</b>

Notes:

NA Not applicable

# Excludes RRPT for its listed subsidiary, 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 ten percent (10%) or more.

The actual value transacted from the date of AGM on 23 February 2023 (the date on which the existing mandate was obtained up to LPD, being the latest practicable date prior to the printing of this Circular).

^ Column E – Value of RRPT for the period from 23 February 2023 to 22 February 2024 as disclosed in the preceding year's Circular to Shareholders dated 31 December 2021. The values are estimated based on forecast and the actual amount transacted may vary.

@ Column F – Estimated value of RPPT from 22 February 2024 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.

^^ Subsequent to LPD, BKB's wholly-owned subsidiary, Whitmore Holdings Sdn Bhd ("WHSB") had on 14 December 2023 entered into Conditional Shares Sale and Purchase Agreements with KLK and its Singapore-incorporated wholly-owned subsidiary, KLK Plantations and Trading Pte Ltd ("KLKPT") for WHSB to dispose to KLKPT, WHSB's entire equity interest in SSD and PT Tekukur Indah ("TKI") ("Proposed Disposal"). Following the completion of the Proposed Disposal on 19 December 2023, SSD and TKI have become subsidiaries of KLK and as such, KLK will ensure compliance of Chapter 10 of the Listing Requirements in respect of RRPTs entered into between SSD and KLK Group.

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

1. Grateful Blessings Foundation ("**Foundation**") (who holds the entire issued and paid-up capital of Grateful Blessings Inc) was founded by Tan Sri Dato' Seri Lee Oi Hian ("**LOH**") who has a deemed interest by virtue of Section 8(4) of the Companies Act 2016. However, he does not have any economic or beneficial interest in the shares of the Company as his deemed interest is held via the interest of his family members who are discretionary beneficiaries of the Foundation and whose interest is held subject to the discretion of the Foundation Council. Grateful Blessings Inc is a substantial shareholder of Di-Yi Sdn Bhd. Cubic Crystal Corporation [whose entire issued and paid-up capital is held by High Quest Anstalt (founded by Dato' Lee Hau Hian ("**LHH**"))] is a substantial shareholder of High Quest Holdings Sdn Bhd. Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd are substantial shareholders of Wan Hin Investments Sdn Berhad ("**WHI**") and Arusha Enterprise Sdn Bhd, Major Shareholders of the Company. Accordingly, all these parties are Major Shareholders by virtue of their deemed interests and have interest in the RRPTs.
2. Persons Connected as disclosed under Item 6 of Part B of this Circular are deemed interested in the RRPTs by virtue of their relationships with the Directors, LOH and LHH.
3. See Sen
  - (a) See Sen is a 61% subsidiary of BKB.
  - (b) Certain BKB Directors, LHH (who is also a Major Shareholder of BKB), Dato' Yeoh Eng Khoon ("**DYEK**") (who is a Substantial Shareholder of BKB with no shareholding in See Sen) and Mr. Lee Yuan Zhang (son of LHH), are directors of this company.
  - (c) WHI, a company in which LOH and LHH have interests, is a substantial shareholder of See Sen. WHI is also a Major Shareholder of BKB.
4. TCI Group

TCI is a person connected with LOH and LHH, who are Directors of BKB as their brother, Dato' Lee Soon Hian ("**LSH**"), is the deemed major shareholder of TCI.
5. Stafford Capital Ltd Group ("**Stafford**")

TMK(S) and CAC are subsidiaries of Stafford which LSH is a major shareholder.
6. TMK Group

TMK is a company in which LSH is a major shareholder.
7. Malay-Sino Group
  - (a) Malay-Sino is a 98% subsidiary of BKB.
  - (b) LHH and Mr. Lee Yuan Zhang who are BKB Directors are also directors of Malay-Sino.
8. CCM
  - (a) CCM is a wholly-owned subsidiary of BKB.
  - (b) A BKB Director, LHH is also a director of CCM.
9. BASF See Sen

BASF See Sen is a 30% associate of See Sen.
10. KLK Group
  - (a) KLK is a 47% subsidiary of BKB based on assessment performed under MFRS 10 Consolidated Financial Statements.
  - (b) Certain BKB Directors, LOH and LHH are directors and major shareholders of KLK.
  - (c) A BKB Director and Substantial Shareholder, DYEK is also a director of KLK.
  - (d) WHI, Di-Yi Sdn Bhd, High Quest Holdings Sdn Bhd, Cubic Crystal Corporation, High Quest Anstalt, Grateful Blessings Inc and Grateful Blessings Foundation are major shareholders of KLK.

