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**British American Tobacco (Malaysia) Berhad**

(Registration No. 196101000326 (4372-M))  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO:**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD AND ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES**

The above proposal will be tabled as Special Business at the Company’s Sixty-First (“61<sup>st</sup>”) Annual General Meeting (“AGM”). Notice of the 61<sup>st</sup> AGM to be held fully virtually at the broadcast venue, Infinity Room, Level 16, Guoco Tower, Damansara City, No. 6, Jalan Damanlela, 50490 Kuala Lumpur and via the TIIH Online website at <https://tiih.online> on Wednesday, 27 April 2022 at 9.30 a.m.

The proxy form should be completed and returned in accordance with the instructions therein as soon as possible and should reach the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for the taking of poll or no later than 25 April 2022 at 9.30 a.m. In the case of an appointment made via TIIH Online this proxy form must be deposited at <https://tiih.online>. The lodging of the proxy form will not preclude you from attending and voting remotely at the meeting should you subsequently wish to do so.

Last date and time for lodging the proxy form	: Monday, 25 April 2022 at 9.30 a.m.
Date and time of Annual General Meeting	: Wednesday, 27 April 2022 at 9.30 a.m.

## DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

“£” and “p”	:	British pound sterling and pence respectively
“AGM”	:	Annual General Meeting
“Annual Report”	:	Annual Report of British American Tobacco (Malaysia) Berhad for the financial year ended 31 December 2021
“Board”	:	Board of Directors of the Company
“British American Tobacco Group”	:	British American Tobacco p.l.c. and companies connected to it
“British American Tobacco Malaysia” or “the Company”	:	British American Tobacco (Malaysia) Berhad
“British American Tobacco Malaysia Group”	:	British American Tobacco Malaysia and its subsidiaries
“British American Tobacco p.l.c.”	:	British American Tobacco p.l.c., a public listed company incorporated in the United Kingdom
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CA”	:	Companies Act 2016, as may be amended, modified or re-enacted from time to time
“CMSA”	:	Capital Markets and Services Act 2007, as may be amended, modified or re-enacted from time to time
“Director(s)”	:	Has the meaning given in Section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon: (a) a director of the Company, its subsidiary or holding company; or (b) a chief executive of the Company, its subsidiary or holding company.
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“LPD”	:	1 March 2022, being the latest practicable date prior to the printing of this Circular
“Major Shareholder(s)”	:	Any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is: (a) 10% or more of the total number of the voting shares in the Company; or (b) 5% or more of the total number of the voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the CA

## DEFINITIONS (Cont'd)

“Person(s) Connected”	:	In relation to a Director or Major Shareholder, means such person who falls under any 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 a share scheme for employees or pension scheme) under which the Director or 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 or Major Shareholder, or persons connected with the Director or Major Shareholder 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 the Recurrent RPT Mandate”	:	The proposed annual renewal of the Recurrent RPT Mandate for the British American Tobacco Malaysia Group to enter into Recurrent RPTs in the ordinary course of business which are necessary for the British American Tobacco Malaysia Group’s day-to-day operations
“Recurrent RPT Mandate”	:	The shareholders’ mandate granted on 28 November 2001 for the British American Tobacco Malaysia Group to enter into Recurrent RPTs in the ordinary course of business which are necessary for the British American Tobacco Malaysia Group’s day-to-day operations including all renewals thereof and further mandates obtained at subsequent general meetings of the Company up to the immediately preceding forthcoming AGM of the Company
“Recurrent RPT(s)”	:	A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for the business and day-to-day operations of the Company or its subsidiaries
“Related Party(ies)”	:	Director(s), Major Shareholder(s) and/or Person(s) Connected with such Director(s) and/or Major Shareholder(s)
“RM” and “sen”	:	Ringgit Malaysia and sen respectively

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## **British American Tobacco (Malaysia) Berhad**

(Registration No. 196101000326 (4372-M))  
(Incorporated in Malaysia)

**Registered Office:**  
Level 19, Guoco Tower  
Damansara City  
No. 6, Jalan Damanlela  
Bukit Damansara  
50490 Kuala Lumpur

29 March 2022

### **Board of Directors:**

Tan Sri Dato' Seri (Dr.) Aseh bin Haji Che Mat (Independent Non-Executive/Chairman)  
Dato' Chan Choon Ngai (Senior Independent Non-Executive Director)  
Eric Ooi Lip Aun (Independent Non-Executive Director)  
Norliza binti Kamaruddin (Independent Non-Executive Director)  
Datuk Christine Lee Oi Kuan (Non-Independent Non-Executive Director)  
Nedal Louay Salem (Non-Independent Executive Director/Managing Director)  
Anthony Yong Mun Seng (Non-Independent Executive Director/Finance Director)

### **TO: THE SHAREHOLDERS OF BRITISH AMERICAN TOBACCO MALAYSIA**

Dear Sir/Madam,

### **PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD AND ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES**

#### **1. INTRODUCTION**

At an Extraordinary General Meeting ("EGM") held on 28 November 2001, the Company obtained a general mandate from its shareholders for the Company and/or its subsidiaries to enter into Recurrent RPTs in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public which are necessary for the British American Tobacco Malaysia Group's day-to-day operations.

At the last AGM of the Company held on 22 April 2021, the Company obtained from its shareholders a renewal of the Recurrent RPT Mandate for the British American Tobacco Malaysia Group to enter into Recurrent RPTs in the ordinary course of business which are necessary for the British American Tobacco Malaysia Group's day-to-day operations. The Recurrent RPT Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM unless authority for its renewal is obtained from the shareholders of the Company at the AGM.

On 8 February 2022, the Board of the Company announced that the Company proposes to seek a renewal of the Recurrent RPT Mandate.

The purpose of this Circular is to provide you with information on the Proposed Renewal of the

Recurrent RPT Mandate and to seek your approval for the ordinary resolution relating to the Proposed Renewal of the Recurrent RPT Mandate under the agenda of Special Business as set out in the notice of the AGM to be tabled at the forthcoming AGM.

## 2. DETAILS OF THE PROPOSED RENEWAL OF THE RECURRENT RPT MANDATE

### 2.1 The Listing Requirements

Paragraph 10.08 of the Listing Requirements stipulates the obligations which a listed issuer must comply with in relation to a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party.

Paragraph 10.08(1) provides that where any one of the percentage ratios of a related party transaction is 0.25% or more, a listed issuer must announce the related party transaction to Bursa Securities as soon as possible after terms of the transaction have been agreed, unless:

- a. the value of the consideration of the transaction is less than RM500,000; or
- b. it is a recurrent related party transaction (i.e. a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed issuer or its subsidiaries).

In addition to paragraph 10.08(1) of the Listing Requirements, paragraph 10.08(2) of the Listing Requirements provides that subject to paragraphs 10.08(9) and 10.08(10), where any one of the percentage ratios of a related party transaction is 5% or more, a listed issuer must, *inter alia*:

- a. send a circular to the shareholders;
- b. obtain its shareholders' approval of the transaction in general meeting; and
- c. appoint an independent adviser who is permitted to carry on the regulated activity of advising on corporate finance under the CMSA, before the terms of the transaction are agreed upon.

However, pursuant to paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders for recurrent related party transactions subject to, *inter alia*, the following:

- a. the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- b. the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder 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. in a meeting to obtain shareholder mandate, the relevant related party must comply with the requirements set forth below:
  - i. a related party with any interest, direct or indirect ("interested related party"), must not vote on the resolution in respect of the related party transaction;

- ii. an interested related party who is a director or major shareholder must ensure that persons connected with it abstain from voting on the resolution in respect of the related party transaction; and
  - iii. where the interested related party is a person connected with a director or major shareholder, such director or major shareholder, as the case may be, must not vote on the resolution in respect of the related party transaction;
- d. the listed issuer immediately announces to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

The Company first obtained the mandate from its shareholders to enter into Recurrent RPTs at the EGM of the Company held on 28 November 2001. At the previous twenty (20) AGMs of the Company, the Company has obtained annual renewals of its shareholders' mandate (including further mandates from time to time to enter into new Recurrent RPTs) pursuant to paragraph 10.09 of the Listing Requirements.

The Recurrent RPT Mandate obtained at the last AGM on 22 April 2021 took effect from the passing of the ordinary resolution at the last AGM, and this Recurrent RPT Mandate will continue to be in force (unless revoked or varied by the Company in general meeting) until the conclusion of the forthcoming AGM of the Company.

The Company has disclosed the aggregate value of the Recurrent RPTs conducted during the financial year ended 31 December 2021 in its Annual Report.

At present, the Company proposes to seek the approval of its shareholders for the Proposed Renewal of the Recurrent RPT Mandate as set out in Section 2.2 below to comply with paragraph 10.09 of the Listing Requirements.

The Proposed Renewal of the Recurrent RPT Mandate will take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and will continue to be in force (unless revoked or varied by the Company in general meeting) until the conclusion of the next AGM of the Company. Thereafter, approval from the shareholders for subsequent renewals will be sought at each subsequent AGM of the Company.

## **2.2 Details of the Recurrent RPTs**

### **a. Classes of Related Parties**

The Recurrent RPTs for which the Proposed Renewal of the Recurrent RPT Mandate is sought are in respect of transactions entered and/or to be entered into by the British American Tobacco Malaysia Group with the British American Tobacco Group.

All the Related Parties and their relationships are detailed in the tables attached as Appendix II below. In addition to the Related Parties detailed in Appendix II below, the British American Tobacco Malaysia Group may also need to enter into the type of transactions detailed in Appendix II below with other Related Parties of the British American Tobacco Group which are necessary for its day-to-day operations.

### **b. Types of Recurrent RPTs**

The principal activities of the British American Tobacco Malaysia Group are the distribution and sale of cigarettes, tobacco products and products, devices and materials which are necessary for the use or operation of the same. The British American Tobacco Group is an international tobacco group involved in businesses related to the manufacture, sale and distribution of a wide range of well-known brands of cigarettes, tobacco products and products, devices and materials which are necessary for the use or operation of the same throughout the world under

various trademarks, most of which are owned by companies within the British American Tobacco Group.

The Company is a member of the British American Tobacco Group, being fifty percent (50%) directly held by British American Tobacco Holdings (Malaysia) B.V., a corporation incorporated in the Netherlands which is indirectly a subsidiary of British American Tobacco p.l.c. Accordingly, British American Tobacco p.l.c. is the ultimate Major Shareholder of the Company.

As part of an international group of companies where similar businesses are conducted, transactions whether in respect of products, equipment, devices, materials and/or services are likely to occur to take advantage of quality assured products, equipment, devices, materials and/or services, lower operating costs and improved efficiency such as through economies of scale, better utilisation of resources and standardisation of processes and technology.

The Recurrent RPTs under the Proposed Renewal of the Recurrent RPT Mandate can be broadly categorised as follows:

**i. Trademarks and market rights**

As a member of the British American Tobacco Group, the British American Tobacco Malaysia Group is provided access and the right to use trademarks and market rights belonging to relevant trademark owners in the British American Tobacco Group. These rights are vital to the operation and existence of the British American Tobacco Malaysia Group as they enable the latter to carry on its primary business in the distribution and sale of cigarettes, tobacco products, tobacco substitute products, as well as products, devices and materials which are necessary for the use or operation of the same. In consideration for the grant by the relevant trademark owners for the use of their trademarks and market rights, the British American Tobacco Malaysia Group pays to the said trademark owners royalties. The period of use of the trademarks ranges from five (5) years to nine (9) years (as the case may be) and is subject to renewal.

**ii. Procurement and provision of services**

The British American Tobacco Malaysia Group obtains, in the normal course of its business, various services from the relevant members of the British American Tobacco Group. These services include areas of leaf procurement and blending, production methods and processes, product maintenance, marketing, brand related activities, market research and trade marketing, agency services, management training and system development, strategy and planning, financial and treasury management, human resources, legal, corporate secretarial, sustainability, communication and regulatory affairs, global procurement, information technology services, engineering and technical support, product testing and research and development.

Apart from the British American Tobacco Malaysia Group, the service providers also render similar services to the other member companies in the British American Tobacco Group. The respective service providers have the specialised expertise, technical competence and/or facilities and infrastructure required for the provision of such services. It would not be practicable nor cost efficient for the British American Tobacco Malaysia Group to perform such services itself. Outsourcing such services would also not be cost effective, if at all possible, in view of the unique nature of the industry, which is at the same time highly competitive. Furthermore, the centralisation of these services within the British American Tobacco Group helps to develop specialised expertise for use by relevant members of the British American Tobacco Group and generate savings from the economies of scale for all recipient companies. It further ensures consistency and quality in their operations, services, and production standards. The service providers will generally charge a fee based on the



actual costs of such services.

The British American Tobacco Malaysia Group also provides various services for relevant members of the British American Tobacco Group which includes services in the areas of marketing, management training and system development, strategy and planning, financial and treasury management, human resources, legal, corporate secretarial, sustainability, communication and regulatory affairs, information technology services, engineering and technical support, research and development. The British American Tobacco Malaysia Group has the specialised expertise, technical competence and/or facilities and infrastructure required for the provision of such services.

**iii. Purchase of cigarettes, tobacco products, tobacco substitute products and other related products**

The British American Tobacco Malaysia Group is in the business of distribution and sale of a wide range of cigarettes, tobacco products, tobacco substitute products, as well as products, devices and materials which are necessary for the use or operation of the same. These unique products if manufactured by the British American Tobacco Malaysia Group would require investments in the products which would not be cost effective. These products would when distributed be generally priced at levels which allow the British American Tobacco Malaysia Group to enjoy a margin comparable to that of a third party distributor purchasing from the Related Parties on an arm's length basis.

**iv. Purchase of leaf and packaging and wrapping materials**

The British American Tobacco Malaysia Group purchases from member companies in the British American Tobacco Group leaf and packaging and wrapping materials for cigarettes, tobacco products, tobacco substitute products, as well as products, devices and materials for the use or operation of the same. The purchase of leaf and such packaging and/or wrapping materials will generally be on terms not more favourable to the Related Parties as the case may be than those generally available to any third party.

**v. Purchase and sale of equipment**

Due to the uniqueness of the tobacco industry the British American Tobacco Malaysia Group purchases equipment from and sells equipment to Related Parties. Equipment purchased are those needed for its operations and equipment sold are those that are either no longer required for its operations or which the Related Parties may need for their operations. The purchase and sale of such equipment will generally be on terms not more favourable to the Related Parties as the case may be than those generally available to any third party. Further, purchase of equipment from Related Parties will give the British American Tobacco Malaysia Group access to specialised technical advice and expertise from the Related Parties which operate similar businesses.

The Recurrent RPTs which are intended to be entered into by the British American Tobacco Malaysia Group pursuant to the Proposed Renewal of the Recurrent RPT Mandate is detailed in the tables attached as Appendix II below.

**c. Values of the Recurrent RPTs**

The estimated values of the Recurrent RPTs set out in Appendix II below are for the period from the conclusion of the forthcoming AGM of the Company until the conclusion of the next AGM of the Company based on the British American Tobacco Malaysia Group's budget for financial year ending 31 December 2022 and may be subjected to changes. The aggregate or actual values of these transactions

may exceed the estimated amounts over the said period.

**d. Sums due and owing by the Related Parties pursuant to a Recurrent RPT which exceeded the credit term as at the financial year ended 31 December 2021**

There is an arrangement that all outstanding balances within the British American Tobacco Group should be cleared on a prompt basis within a credit period of sixty (60) days, with an additional grace period of thirty (30) days from the expiry of the credit period. As at the financial year ended 31 December 2021, there is no amount due and owing to the Company by the Related Parties pursuant to a Recurrent RPT which exceeded the credit term. Accordingly, the disclosures as required under Paragraphs 16A and 16B in Annexure PN12-A of the Listing Requirements are not applicable.

**2.3 Review Procedures for the Recurrent RPTs**

There are procedures established by the British American Tobacco Malaysia Group to ensure that Recurrent RPTs are undertaken on an arm's length basis and on the British American Tobacco Malaysia Group's normal commercial terms, consistent with the British American Tobacco Malaysia Group's usual business practices and policies, which are generally not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

The procedures are as follows:

- a. A list of Related Parties of the British American Tobacco Malaysia Group will be circulated to the Board and management of the Company and its subsidiaries to notify that all Recurrent RPTs are required to be undertaken on an arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders;
- b. All Recurrent RPTs will be reviewed by the Audit Committee of the Company. Any member of the Audit Committee of the Company may as he deems fit, request for additional information pertaining to the transaction including from independent sources or advisers;
- c. All Recurrent RPTs which are entered into pursuant to the shareholders' mandate for Recurrent RPTs will be recorded by the Company in a register or records maintained by the Company;
- d. Upon the direction from the Audit Committee of the Company, the annual internal audit plan shall incorporate a review of all Recurrent RPTs entered into pursuant to the shareholders' mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to; and
- e. The management of the Company will update the Board and the Audit Committee of the Company on a quarterly basis on the status of all Recurrent RPTs to ensure that the review procedures established to monitor Recurrent RPTs have been complied with.

The Board and the Audit Committee of the Company have reviewed the above procedures and will continue to review the procedures on a quarterly basis or as and when required, with the authority to sub-delegate such function to individuals or committees within the Company as they deem appropriate. If a member of the Board or the Audit Committee of the Company has an interest in the transaction to be reviewed by the Board or the Audit Committee of the Company as the case may be, he or she will not participate in the deliberation of such transaction and will abstain from any decision making by the Board or the Audit Committee of the Company in respect of that transaction.

At least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to

determine whether the price and terms offered to/by related third parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction prices will be reviewed to ensure that the Recurrent RPTs are not detrimental to the British American Tobacco Malaysia Group. Separate transfer pricing analysis and benchmarking studies are done and kept to ensure that such Recurrent RPTs are made at arm's length. There are no thresholds for approval of Recurrent RPTs as all the transactions will be reviewed by the Audit Committee of the Company and approved by the Board of the Company.

#### **2.4 Statement by Audit Committee**

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 2.3 above and is of the view that the procedures are sufficient to ensure that the Recurrent RPTs are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

The British American Tobacco Malaysia Group has in place adequate procedures and processes to monitor, track and identify Recurrent RPTs in a timely and orderly manner, and such procedures and processes are reviewed on a quarterly basis or whenever the need arises.

#### **2.5 Validity period**

The authority to be conferred pursuant to the Proposed Renewal of the Recurrent RPT Mandate, if approved at the forthcoming AGM, will continue to be in force until:

- a. the conclusion of the next AGM of the Company following the forthcoming AGM at which the Proposed Renewal of the Recurrent RPT Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM the mandate is again renewed;
- b. the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the CA (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the CA); or
- c. revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

Thereafter, approval from the shareholders for subsequent renewals of the mandate will be sought at each subsequent AGM of the Company.

### **3. RATIONALE FOR THE PROPOSED RENEWAL OF THE RECURRENT RPT MANDATE**

The rationale for the Proposed Renewal of the Recurrent RPT Mandate and the benefits to the British American Tobacco Malaysia Group are as follows:

- a. to facilitate transactions of a revenue or trading nature with Related Parties which are in the ordinary course of business of the British American Tobacco Malaysia Group undertaken at arm's length, normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of minority shareholders;
- b. to enable the British American Tobacco Malaysia Group to transact with the Related Parties in an expeditious manner to meet business needs for the supply and/or provision of goods and services which are necessary for its day-to-day operations particularly business needs which are time sensitive in nature;

- c. for transactions where it is vital that confidentiality be maintained, it will not be viable for prior shareholders' mandate to be obtained as this will entail the release of details of the transactions and may adversely affect the interests of the British American Tobacco Malaysia Group and place the British American Tobacco Malaysia Group at a disadvantage to its competitors who may not require shareholders' mandate to be obtained; and
- d. will eliminate the need to announce and convene separate general meetings to seek shareholders' mandate for each transaction and as such, substantially reduce expenses, time and other resources associated with the making of announcements and convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow financial and manpower resources to be channelled to attain more productive objectives.

#### **4. APPROVALS REQUIRED**

The Proposed Renewal of the Recurrent RPT Mandate is subject to approval being obtained from the shareholders of the Company at the forthcoming AGM.

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## 5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Directors' and Major Shareholders' interests as at LPD are as follows:

### 5.1 Directors' interests

- a. Datuk Christine Lee Oi Kuan is a Non-Independent Non-Executive Director of the Company.
- b. Nedal Louay Salem and Anthony Yong Mun Seng are Non-Independent Executive Directors of the Company.
- c. Ignacio Ballester, the former Non-Independent Executive Director of the Company who has resigned with effect from 31 October 2021.

The respective shareholdings of Datuk Christine Lee Oi Kuan, Nedal Louay Salem, Anthony Yong Mun Seng and Ignacio Ballester in the Company and/or British American Tobacco p.l.c. are disclosed in the table below.

	Number of ordinary shares in the Company (as at LPD)	% of the total number of issued shares in the Company (as at LPD)	Number of ordinary shares in British American Tobacco p.l.c. (as at LPD)	% of the issued and paid-up share capital in British American Tobacco p.l.c. (as at LPD)	Number of ordinary shares in British American Tobacco p.l.c.		Number of options in ordinary shares in British American Tobacco p.l.c.
					Deferred Shares Bonus Scheme & International Share Reward Scheme*	Long Term Incentive Plan	
<b>Datuk Christine Lee Oi Kuan</b>	100	0.00	32,848	0.00	-	-	-
<b>Nedal Louay Salem</b>	-	-	45,000	0.00	5,687	6,724	
<b>Anthony Yong Mun Seng</b>	-	-	-	-	2,715	-	-
<b>Ignacio Ballester</b>	-	-	24,772	0.00	-	1,776	

Notes: The Deferred Shares Bonus Scheme is an incentive scheme that provides a conditional award of free shares, deferred for three years and the International Share Reward Scheme is a scheme which enables British American Tobacco p.l.c. to reward its employees on international assignment by conditionally allocating free shares to such individuals, subject to certain performance conditions being met and a three years holding period.

Except as disclosed above, there is no other relationship between Datuk Christine Lee Oi Kuan, Nedal Louay Salem Anthony Yong Mun Seng and Ignacio Ballester, with British American Tobacco p.l.c.

Therefore, Datuk Christine Lee Oi Kuan, Nedal Louay Salem, Anthony Yong Mun Seng and Ignacio Ballester are deemed interested in the Proposed Renewal of the Recurrent RPT Mandate.

As such, Datuk Christine Lee Oi Kuan, Nedal Louay Salem, Anthony Yong Mun Seng and Ignacio Ballester (the interested Directors) have abstained and will abstain from all Board deliberations and voting on the Proposed Renewal of the Recurrent RPT Mandate. The interested Directors will also abstain from voting in respect of their direct and indirect shareholdings (if any) in the Company, and ensure that Persons Connected to them will likewise abstain from voting on the ordinary resolution pertaining to the Proposed Renewal of the Recurrent RPT Mandate at the forthcoming AGM.

## 5.2 Major Shareholders' interests

	Number of ordinary shares in the Company (as at LPD)	% of the total number of issued shares in the Company (as at LPD)
<b>British American Tobacco Holdings (Malaysia) B.V.<sup>1</sup></b>	142,765,100	50.00

*Notes:*

<sup>1</sup> A wholly-owned subsidiary of British American Tobacco p.l.c.

British American Tobacco p.l.c. indirectly through British American Tobacco Holdings (Malaysia) B.V. owns 50% equity interest in the Company. It is also directly or indirectly a Major Shareholder of the equity interest of certain Related Parties as set out in Appendix II below. Being an interested party, British American Tobacco p.l.c. will, and also ensure that Persons Connected to it will, abstain from voting in respect of their direct and indirect shareholdings in the Company on the ordinary resolution relating to the Proposed Renewal of the Recurrent RPT Mandate at the forthcoming AGM.

Except as disclosed above, none of the other Directors or Major Shareholders of the Company or Persons Connected to them has any interest, direct or indirect, in the Proposed Renewal of the Recurrent RPT Mandate.

## 6. AGM

The ordinary resolution pertaining to the Proposed Renewal of the Recurrent RPT Mandate is set out as Special Business in the Notice of the 61<sup>st</sup> AGM contained in the Annual Report. The 61<sup>st</sup> AGM will be conducted fully virtually through live streaming from the broadcast venue, Infinity Room, Level 16, Guoco Tower, Damansara City, No. 6, Jalan Damanlela, 50490 Kuala Lumpur and via the TIIH Online website at <https://tiih.online> on Wednesday, 27 April 2022 at 9.30 a.m. for the purpose of considering and, if thought fit, passing, inter alia, the ordinary resolution on the Proposed Renewal of the Recurrent RPT Mandate.

If you are unable to attend and vote remotely via the Remote Participation and Voting (“RPV”) facilities at our forthcoming AGM, you are requested to complete and return the proxy form enclosed in the Annual Report in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or deposit at <https://tiih.online> not less than forty-eight (48) hours before the time appointed for the taking of poll or no later than 25 April 2022 at 9.30 a.m. The lodging of the original proxy form does not preclude you from attending and voting remotely should you subsequently decide to do so.

**1. DIRECTORS' RECOMMENDATION**

The Board of the Company (save and except for Datuk Christine Lee Oi Kuan, Nedal Louay Salem Anthony Yong Mun Seng and Ignacio Ballester who have abstained and will abstain from all Board's deliberations and voting on the Proposed Renewal of the Recurrent RPT Mandate) having considered all aspects of the Proposed Renewal of the Recurrent RPT Mandate, is of the opinion that the Proposed Renewal of the Recurrent RPT Mandate is in the best interest of the British American Tobacco Malaysia Group. Accordingly, the Board of the Company (save and except for Datuk Christine Lee Oi Kuan, Nedal Louay Salem, Anthony Yong Mun Seng and Ignacio Ballester who are deemed to be interested in the Proposed Renewal of the Recurrent RPT Mandate and have abstained from making any recommendations in respect of the Proposed Renewal of the Recurrent RPT Mandate) recommends that you vote in favour of the ordinary resolution relating to the Proposed Renewal of the Recurrent RPT Mandate under the agenda of Special Business as set out in the notice of the AGM to be tabled at the forthcoming AGM.

**2. FURTHER INFORMATION**

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

Yours faithfully,

On behalf of the Board of Directors  
**BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD**

**TAN SRI DATO' SERI (DR.) ASEH BIN HAJI CHE MAT**  
Independent Non-Executive/Chairman

**ADDITIONAL INFORMATION****1. Directors' Responsibility Statement**

This Circular has been seen and approved by the Board of British American Tobacco Malaysia who individually and collectively accept full responsibility for the accuracy of the information given in this Circular and confirm that, after making all enquiries as were reasonable in the circumstances and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**2. Material Litigation, Claims or Arbitration**

As at LPD, being the latest practicable date prior to the printing of this Circular, neither British American Tobacco Malaysia nor any of its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of British American Tobacco Malaysia has no knowledge of any proceedings pending or threatened against the British American Tobacco Malaysia Group or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the British American Tobacco Malaysia Group.

**3. Material Contracts**

Neither British American Tobacco Malaysia nor any of its subsidiaries have entered into any material contracts which are or may be material, not being contracts entered into in the ordinary course of business, during the past two (2) years preceding LPD, being the latest practicable date prior to the printing of this Circular.

**4. Documents Available for Inspection**

Copies of the following documents are available for inspection at the Registered Office of British American Tobacco Malaysia at Level 19, Guoco Tower, Damansara City, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia during normal business hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the AGM:

- a. The Constitution of British American Tobacco Malaysia; and
- b. Audited consolidated accounts of British American Tobacco Malaysia for the past two (2) financial years ended 31 December 2020 and 2021.



DETAILS OF THE RECURRENT RPTs TO BE ENTERED INTO BY THE BRITISH AMERICAN TOBACCO MALAYSIA GROUP

1. Recurrent RPT(s) under the Proposed Renewal of the Recurrent RPT Mandate

	Related Parties	Type of transaction	Estimated Transacted Value <sup>1</sup> (a) (RM)	Actual Transacted Value <sup>2</sup> (b) (RM)	Deviation <sup>3</sup> ((b)-(a)) & Reasons for deviation where (b) exceeds (a) by 10% (%)	Estimated Value <sup>4</sup>  (RM)	The Company and/or subsidiaries transacting with the Related Parties	Nature of interest
1.	British-American Tobacco (Singapore) Private Limited PT Export Leaf Indonesia British American Tobacco Western Europe Commercial Trading Limited British American Tobacco Korea Manufacturing Limited Scandinavian Tobacco Group Lane Ltd PT Bentoel Internasional Investama, Tbk Rothmans Far East B.V. PT Bentoel Prima	Purchase of cigarettes, tobacco products, leaf and packaging and wrapping materials	229.0 million	164.4 million	-28%	289.0 million	British American Tobacco Malaysia Group	<b>Through Major Shareholder</b> The British American Tobacco Malaysia Group is related to the Related Parties through a common ultimate Major Shareholder, namely, British American Tobacco p.l.c.

	Related Parties	Type of transaction	Estimated Transacted Value <sup>1</sup> (a) (RM)	Actual Transacted Value <sup>2</sup> (b) (RM)	Deviation <sup>3</sup> ((b)-(a)) & Reasons for deviation where (b) exceeds (a) by 10% (%)	Estimated Value <sup>4</sup> (RM)	The Company and/or subsidiaries transacting with the Related Parties	Nature of interest
2.	Rothmans Far East B.V. British American Tobacco Korea Manufacturing Limited Nicoventures Trading Limited	<p>i. Purchase of tobacco products, tobacco substitute products as well as products, devices and materials which are necessary for the use or operation of the same;</p> <p>ii. Packaging and wrapping materials for such tobacco products, tobacco substitute products as well as products, devices and materials; and</p> <p>iii. Payment of royalties for use of trademarks and market rights for such tobacco products, tobacco substitute products as well as products, devices and materials.</p>	52.0 million	0.1 million	-100%	46.0 million	British American Tobacco Malaysia Group	<b>Through Major Shareholder</b> The British American Tobacco Malaysia Group is related to the Related Parties through a common ultimate Major Shareholder, namely, British American Tobacco p.l.c.

	<b>Related Parties</b>	<b>Type of transaction</b>	<b>Estimated Transacted Value<sup>1</sup> (a) (RM)</b>	<b>Actual Transacted Value<sup>2</sup> (b) (RM)</b>	<b>Deviation<sup>3</sup> ((b)-(a)) &amp; Reasons for deviation where (b) exceeds (a) by 10% (%)</b>	<b>Estimated Value<sup>4</sup> (RM)</b>	<b>The Company and/or subsidiaries transacting with the Related Parties</b>	<b>Nature of interest</b>
3.	British American Shared Services (GSD) Limited	Procurement of information technology services	12.7 million	15.8 million	24% The increase was due to additional cost incurred to support new business model.	18.0 million	British American Tobacco Malaysia Group	<b>Through Major Shareholder</b> The British American Tobacco Malaysia Group is related to the Related Parties through a common ultimate Major Shareholder, namely, British American Tobacco p.l.c.
4.	BAT (Holdings) Limited Benson & Hedges (Overseas) Limited American-Cigarette Company (Overseas) Ltd Dunhill Tobacco of London Limited Turmac Tobacco Company B.V. B.A.T. China Limited British American Tobacco Europe Trading Limited	Payment of royalties	95.8 million	91.4 million	-5%	119.0 million	British American Tobacco Malaysia Group	<b>Through Major Shareholder</b> The British American Tobacco Malaysia Group is related to the Related Parties through a common ultimate Major Shareholder, namely, British American Tobacco p.l.c.

	<b>Related Parties</b>	<b>Type of transaction</b>	<b>Estimated Transacted Value<sup>1</sup> (a) (RM)</b>	<b>Actual Transacted Value<sup>2</sup> (b) (RM)</b>	<b>Deviation<sup>3</sup> ((b)-(a)) &amp; Reasons for deviation where (b) exceeds (a) by 10% (%)</b>	<b>Estimated Value<sup>4</sup> (RM)</b>	<b>The Company and/or subsidiaries transacting with the Related Parties</b>	<b>Nature of interest</b>
5.	British American Tobacco (Investments) Limited BAT Aspac Service Centre Sdn Bhd BAT (Holdings) Limited British American Tobacco Australia Limited* British American Tobacco (Australasia Holdings) Pty Limited	Payment of fees for technical and advisory support services	34.5 million	29.7 million	-14%	48.0 million	British American Tobacco Malaysia Group	<b>Through Major Shareholder</b> The British American Tobacco Malaysia Group is related to the Related Parties through a common ultimate Major Shareholder, namely, British American Tobacco p.l.c.
6.	British American Tobacco Sales & Marketing Singapore Pte. Ltd. British American Tobacco Asia-Pacific Region Limited*	Provision of technical and advisory support services	1.5 million	1.7 million	14% The increase was due to additional cost incurred to support new business model.	3.6 million	British American Tobacco Malaysia Group	<b>Through Major Shareholder</b> The British American Tobacco Malaysia Group is related to the Related Parties through a common ultimate Major Shareholder, namely, British American Tobacco p.l.c.

	<b>Related Parties</b>	<b>Type of transaction</b>	<b>Estimated Transacted Value<sup>1</sup> (a) (RM)</b>	<b>Actual Transacted Value<sup>2</sup> (b) (RM)</b>	<b>Deviation<sup>3</sup> ((b)-(a)) &amp; Reasons for deviation where (b) exceeds (a) by 10% (%)</b>	<b>Estimated Value<sup>4</sup> (RM)</b>	<b>The Company and/or subsidiaries transacting with the Related Parties</b>	<b>Nature of interest</b>
7.	British-American Tobacco (Singapore) Private Limited British American Tobacco Korea Manufacturing Limited Pakistan Tobacco Company Limited. PT Bentoel Prima British American Tobacco Bangladesh Company Limited British-American Tobacco Marketing (Singapore) Private Limited PT. Perusahaan Dagang & Industri Tresno British American Tobacco – Vinataba (JV) Limited VINA-BAT Joint Venture Company Limited British American Tobacco (Cambodia) Limited	Purchase / (sale) of equipment	1.0 million	0.2 million	-85%	5.0 million	British American Tobacco Malaysia Group	<b>Through Major Shareholder</b> The British American Tobacco Malaysia Group is related to the Related Parties through a common ultimate Major Shareholder, namely, British American Tobacco p.l.c.
	Total significant related party transactions		423.6 million	299.9 million	-29%	521.4 million		

Notes:

- \* New Related Parties which the British American Tobacco Malaysia Group: (i) has entered into transactions with which contributed to the Actual Transacted Value as at LPD; and/or (ii) may enter into transactions with for the period from the conclusion of the forthcoming AGM of the Company until the conclusion of the next AGM of the Company.
- 1 The Estimated Value set out in the preceding year's circular to shareholders dated 24 March 2021.
- 2 The Actual Transacted Value as at LPD.
- 3 Variance between the Estimated Transacted Value and the Actual Transacted Value.
- 4 The Estimated Value for the period from the conclusion of the forthcoming AGM of the Company until the conclusion of the next AGM of the Company based on the British American Tobacco Malaysia Group's budget for the financial year ending 31 December 2022 and may be subject to changes.

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## EXTRACT OF NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixty-First (61<sup>st</sup>) Annual General Meeting (**AGM** or **Meeting**) of British American Tobacco (Malaysia) Berhad (the **Company**) will be held fully virtually at the broadcast venue, Infinity Room, Level 16, Guoco Tower, Damansara City, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur and via the TIIH Online website at <https://tiih.online> on **Wednesday, 27 April 2022** at **9.30 a.m.** for the following purposes:

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolution:

6. **Proposed Renewal of Shareholders' Mandate for the Company and its Subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties (Proposed Renewal of the Recurrent RPT Mandate)** **Ordinary Resolution 7**

“THAT, the Recurrent RPT Mandate (as defined in the Circular to Shareholders dated 29 March 2022) granted by the shareholders of the Company authorising the Company and/or its Subsidiaries (**British American Tobacco Malaysia Group**) to enter into recurrent related party transactions of a revenue or trading nature (**Recurrent RPTs**) with Related Parties (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) as set out in Paragraph 2.2 and Appendix II of the Circular to Shareholders dated 29 March 2022 which are necessary for the British American Tobacco Malaysia Group’s day-to-day operations, be and is hereby renewed and approved, provided that:

- i. the transactions are in the ordinary course of business and are on normal commercial terms 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 to the Company; and
- ii. disclosure of the aggregate value of the transactions conducted during a financial year will be made in the annual report for the said financial year,

AND THAT the authority conferred by such renewed mandate shall continue to be in force until:

- i. the conclusion of the next AGM of the Company following the AGM at which the Proposed Renewal of the Recurrent RPT Mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM the mandate is again renewed;
- ii. the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
- iii. revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary in the best interest of the Company (including executing all such documents as may be required) to give effect to the Proposed Renewal of the Recurrent RPT Mandate.

AND FURTHER THAT, as the estimated values of the Recurrent RPTs given in Appendix II of the Circular to Shareholders dated 29 March 2022 are provisional in nature, the Directors of the Company or any of them be and are hereby authorised to agree to the actual amount or amounts thereof, provided that such amount or amounts comply with the review procedures set out in Paragraph 2.3 of the Circular to Shareholders dated 29 March 2022.”