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If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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**BRITISH AMERICAN
TOBACCO**
MALAYSIA

British American Tobacco (Malaysia) Berhad

(Company No. 4372-M)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

**PROPOSED AMENDMENTS TO THE
ARTICLES OF ASSOCIATION OF BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD
("PROPOSED AMENDMENTS")**

The above proposal will be tabled as Special Business at the Company's Fifty First (51st) Annual General Meeting ("AGM"). Notice of the 51st AGM to be held at the Kristal Ballroom, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 10 April 2012 at 11.00 a.m. together with a Form of Proxy are enclosed together with the abridged version of the Annual Report of the Company for the financial year ended 31 December 2011.

A Member entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote on his or her behalf and such proxy or proxies need not be a Member.

The original Form of Proxy 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 Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur no later than forty eight (48) hours before the time set for the AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 8 April 2012 at 11.00 a.m.
Date and time of Annual General Meeting : Tuesday, 10 April 2012 at 11.00 a.m.

This Circular is dated 16 March 2012

DEFINITIONS

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

“Articles”	:	Articles of Association of the Company
“AGM”	:	Annual General Meeting
“Annual Report”	:	Annual Report of British American Tobacco (Malaysia) Berhad for the financial year ended 31 December 2011
“Board”	:	Board of Directors of the Company
“British American Tobacco Malaysia” or “the Company”	:	British American Tobacco (Malaysia) Berhad
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities
“Proposed Amendments”	:	The Proposed Amendments to the Articles of Association of the Company

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**BRITISH AMERICAN
TOBACCO**
MALAYSIA

British American Tobacco (Malaysia) Berhad

(Company No. 4372-M)
(Incorporated in Malaysia)

Registered Office:-

Virginia Park
Jalan Universiti
46200 Petaling Jaya
Selangor Darul Ehsan.

16 March 2012

Board of Directors:-

William Toh Ah Wah (Executive Director)

Datuk Oh Chong Peng (Independent Non-Executive Director)

James Richard Suttie (Non-Independent Non-Executive Director)

Dato' Chan Choon Ngai (Executive Director)

Dato' Ahmad Johari bin Tun Abdul Razak (Independent Non-Executive Director)

Andreas Michael Thompson (Executive Director)

Datuk Zainun Aishah binti Ahmad (Independent Non-Executive Director) (appointed with effect from 1 March 2012)

Christine Lee Oi Kuan (Executive Director) (appointed with effect from 1 March 2012)

TO: THE SHAREHOLDERS OF BRITISH AMERICAN TOBACCO MALAYSIA

Dear Sir/Madam,

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD (“PROPOSED AMENDMENTS”)

1. INTRODUCTION

In line with its aim of enhancing market quality, Bursa Securities has on 3 January 2012 amended the Listing Requirements in various key areas. The amendments made are expected to improve the quality of disclosure in the market, enhance transparency and eventually enhance the investability of the listed issuers.

In conjunction with these amendments, Bursa Securities has also amended Chapter 7 of the Listing Requirements which governs the content of the articles of association of a listed issuer. A listed issuer must seek shareholders' approval for the amendments to its articles of association at a general meeting held within 2 years of the amendments to the Listing Requirements (i.e. by 31 December 2013).

On 16 February 2012, the Board of the Company announced that the Company proposes to seek the shareholders' approval for the Proposed Amendments. The purpose of the Proposed Amendments is to comply with the provisions of the amended Listing Requirements.

The purpose of this Circular is to provide you with information on the Proposed Amendments and to seek your approval for the special resolution relating to the Proposed Amendments under the agenda of Special Business as set out in the Annual Report to be tabled at the forthcoming AGM. The notice of the AGM is enclosed together with the abridged version of the Annual Report.

2. DETAILS OF THE PROPOSED AMENDMENTS

The Board of the Company proposes to amend the existing Articles. The details of the Proposed Amendments are set out in Appendix II of this Circular.

3. RATIONALE FOR THE PROPOSED AMENDMENTS

The Proposed Amendments are made to streamline the Company's Articles with the amended Listing Requirements, and to ensure clarity and consistency throughout the Articles.

4. APPROVALS REQUIRED

The Proposed Amendments are subject to approval being obtained from the shareholders of the Company at the forthcoming AGM.

5. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors or major shareholders of the Company or persons connected to the Directors or major shareholders of the Company have any interest, direct or indirect, in the Proposed Amendments.

6. AGM

The Fifty First (51st) AGM of the Company, notice of which is enclosed in the abridged version of the Annual Report of the Company for the financial year ended 31 December 2011 accompanying this Circular, will be held at the Kristal Ballroom, Hilton Petaling Jaya, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 10 April 2012 at 11.00 a.m. for the purpose of considering and if thought fit, passing, *inter alia*, the special resolution on the Proposed Amendments under the agenda of Special Business as set out in the said Annual Report.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the enclosed original Form of Proxy enclosed in the abridged version of the Annual Report of the Company for the financial year ended 31 December 2011 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 Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty eight (48) hours before the time set for the AGM or any adjournment thereof. The lodging of the original Form of Proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

7. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Amendments is of the opinion that the Proposed Amendments are in the best interest of our Company. Accordingly, the Board recommends that you vote in favour of the special resolution relating to the Proposed Amendments under the agenda of Special Business as set out in the Annual Report of the Company for the financial year ended 31 December 2011 to be tabled at the forthcoming AGM.

8. 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

WILLIAM TOH AH WAH
Executive Director

ADDITIONAL INFORMATION**1. Directors' Responsibility**

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

As at 1 March 2012, being the latest practicable date prior to the printing of this Circular, neither British American Tobacco Malaysia nor any of its subsidiaries is 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 British American Tobacco Malaysia or any of its subsidiaries or of any facts likely to give rise to any proceeding which may materially and adversely affect the financial position or business of British American Tobacco Malaysia and its subsidiaries.

3. Material Contracts

Save as disclosed below, neither British American Tobacco Malaysia nor any of its subsidiaries has 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 1 March 2012, being the latest practicable date prior to the printing of this Circular.

- (a) Tobacco Importers and Manufacturers Sdn Bhd, a wholly owned subsidiary of British American Tobacco Malaysia, had on 8 October 2010 entered into a Sale and Purchase Agreement with Nestle Manufacturing (Malaysia) Sdn Bhd (the “**Purchaser**”) to dispose all that piece of industrial land held under the title HSD 153622, Place 76/65 Mukim of Damansara, District of Petaling, State of Selangor measuring approximately 40,601.945 square metres and bearing postal address Nos. 75 & 76, Jalan Playar 15/1, Section 15, 40200 Shah Alam, Selangor Darul Ehsan, to the Purchaser for a total cash consideration of RM36.0 million.

4. Documents Available for Inspection

Copies of the following documents are available for inspection at the Registered Office of British American Tobacco Malaysia at Virginia Park, Jalan Universiti, 46200 Petaling Jaya, Selangor Darul Ehsan 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 Memorandum and Articles of Association of British American Tobacco Malaysia;
- (b) Audited consolidated accounts of British American Tobacco Malaysia for the past two (2) financial years ended 31 December 2010 and 2011; and
- (c) the Material Contracts referred to in paragraph 3 of this Appendix I.

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DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF BRITISH AMERICAN TOBACCO (MALAYSIA) BERHAD

The Articles of Association of British American Tobacco (Malaysia) Berhad are proposed to be amended in the following manner:

EXISTING ARTICLES	PROPOSED ARTICLES
<p>Existing Article 2.1 of the Articles “Listing Requirements” means the Listing Requirements of the Exchange as may be amended from time to time.”</p>	<p>Amended Article 2.1 of the Articles “Listing Requirements” means the <u>Bursa Malaysia Securities Berhad Main Market Listing Requirements of the Exchange as may be amended including any amendments to the Listing Requirements that may be made</u> from time to time.”</p>
<p>Existing Article 17 of the Articles “Notwithstanding Article 18 hereof, the repayment of capital of preference shares other than redeemable preference shares or any other alteration of preference shareholders’ rights, shall only be made pursuant to a special resolution of the preference shareholders concerned, Provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holder of three-fourths of the preference capital concerned within 2 months for the meeting, shall be as valid and effectual as a special resolution carried at the meeting.”</p>	<p>Amended Article 17 of the Articles “Notwithstanding Article 18 hereof, the repayment of <u>preference capital</u> capital of preference shares other than redeemable preference <u>capital</u> shares or any other alteration of preference shareholders’ rights, <u>may</u> shall only be made pursuant to a special resolution of the preference shareholders concerned, Provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holder of three-fourths of the preference capital concerned within 2 months for the meeting, shall be as valid and effectual as a special resolution carried at the meeting.”</p>
<p>Existing Article 56 of the Articles “Subject to any direction to the contrary that may be given by the Company in general meeting, any original shares or other convertible securities for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.”</p>	<p>Amended Article 56 of the Articles “Subject to any direction to the contrary that may be given by the Company in general meeting, <u>all new shares</u> any original shares or other convertible securities for the time being unissued and not allotted and any new shares from time to time to be created shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the directors, be conveniently offered under this Article.”</p>

EXISTING ARTICLES	PROPOSED ARTICLES
<p>Existing Article 89 of Articles “A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting Provided that where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.”</p>	<p>Amended Article 89 of Articles <u>“Where a Member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act. A Member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting Provided that where a Member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a Member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.”</u></p>
<p>New Provision to be inserted in the Articles</p>	<p>Insertion of new Article 89A of Articles <u>“A Member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.”</u></p>