

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. If you have sold or transferred all your shares in Boustead Holdings Berhad, you should at once hand this Circular together with the accompanying Proxy Form to the purchaser, transferee or the agent through whom you affected the sale or transfer for onward transmission to the purchaser or transferee.

Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has not perused the contents of this Circular prior to its issuance as it is an Exempt Circular pursuant to Paragraph 2.1 of Practice Note 18 of Bursa Malaysia’s Main Market Listing Requirements.

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



Boustead Holdings Berhad

[Company No. 196001000193 (3871-H)]
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

PROPOSED RENEWAL OF THE 2019 SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The resolution pertaining to the above Proposal will be tabled as Special Business at the Fifty-Eighth Annual General Meeting (58th AGM) of the Company. **The 58th AGM will be conducted entirely through live streaming from the broadcast venue at Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Wednesday, 22 July 2020.** The Notice of the 58th AGM of the Company together with the Proxy Form are set out in the Annual Report 2019 of the Company which are available to be downloaded from the Company’s website at www.boustead.com.my or Bursa Malaysia’s website at www.bursamalaysia.com.

In line with the Government’s initiative to curb the spread of the Coronavirus Disease 2019 (COVID-19) and the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, the 58th AGM will be conducted on a virtual basis through live streaming whilst the online remote voting will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor Investor & Issuing House Services Sdn Bhd’s (Tricor) TIIH Online website at <https://tiah.online>. Please follow the procedures provided in the Administrative Notes for the 58th AGM provided together with the Annual Report 2019 in order to register, participate and vote remotely via the RPV facilities.

In view that the 58th AGM will be conducted on a virtual basis, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Proxy Form. Please complete, sign and deposit the Proxy Form at the office of the Company’s Share Registrar, Tricor, located at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Monday, 20 July 2020 at 9.30 a.m. You may also submit the proxy appointment electronically via Tricor’s TIIH Online website at <https://tiah.online> no later than the aforementioned date.

Last date and time for lodging the Proxy Form : 20 July 2020 at 9.30 a.m.
Date and time of the 58th Annual General Meeting : 22 July 2020 at 9.30 a.m.

This Circular is dated 24 June 2020

DEFINITIONS

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

(Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations.)

| | | |
|-----------------------------|---|---|
| “ABB” | : | Affin Bank Berhad |
| “Act” | : | Companies Act 2016 including all amendments made from time to time and any re-enactment thereof |
| “AGM” | : | Annual General Meeting |
| “Balau” | : | Boustead Balau Sdn Bhd 198301012416 (107809-H), a wholly owned subsidiary of Boustead Properties which involves in property development |
| “BBM” | : | Boustead Building Materials Sdn Bhd 199501020493 (349696-W), a wholly owned subsidiary of BHB which involves in marketing and distribution of building materials |
| “BCurve” | : | Boustead Curve Sdn Bhd 198301008066 (103320-D), a wholly owned subsidiary of Boustead Properties which involves in property investment |
| “BHB” or “Company” | : | Boustead Holdings Berhad 196001000193 (3871-H) |
| “BHB Group” or “Group” | : | Boustead Holdings Berhad and its subsidiaries |
| “BHIC” | : | Boustead Heavy Industries Corporation Berhad 197101000758 (11106-V), a 65% owned subsidiary of BHB, which is an investment holding company |
| “BHR” | : | Boustead Hotels & Resorts Sdn Bhd 198501014634 (147089-A), a wholly owned subsidiary of Boustead Properties which involves in hotel operation |
| “BNS” | : | Boustead Naval Shipyard Sdn Bhd 199001007732 (199302-K), a 68.9% owned subsidiary of BHB which involves in construction, repair and maintenance of naval and merchant ships |
| “Board” | : | Board of Directors of BHB |
| “Boustead Plantations” | : | Boustead Plantations Berhad 194601000012 (1245-M), a 57.4% owned subsidiary of BHB, which is an investment holding company and involves in oil palm plantations business |
| “BPSB” | : | Boustead Petroleum Sdn Bhd 197801004010 (40996-P), a 59.8% owned subsidiary of BHB, which is an investment holding company |
| “Boustead Properties” | : | Boustead Properties Berhad 191101000004 (84-W), a wholly owned subsidiary of BHB which involves in investment holding, property development, property investment, ownership and operating of hotels and production and supply of chilled water for air conditioning |
| “Boustead Properties Group” | : | Boustead Properties and its subsidiaries |

| | | |
|------------------------|---|--|
| “BRSB” | : | Boustead Realty Sdn Bhd 199301015908 (270648-A), a wholly owned subsidiary of Boustead Properties which involves in property investment |
| “BTS” | : | Boustead Travel Services Sdn Bhd 197201000101 (11708-P), a wholly owned subsidiary of BHB which involves in travel agencies and tour operations |
| “Bursa Malaysia” | : | Bursa Malaysia Securities Berhad |
| “BWQ” | : | Boustead Weld Quay Sdn Bhd 198101005390 (71504-A), a wholly owned subsidiary of Boustead Properties which involves in renting of property and hotel operation |
| “CMSA” | : | Capital Markets and Services Act 2007, including all amendments made from time to time and any re-enactment thereof |
| “DEC” | : | Damansara Entertainment Centre Sdn Bhd 200101012088 (547844-U), a wholly owned subsidiary of Boustead Properties which involves in property investment |
| “Director” | : | Shall have the meaning given in Section 2(1) of CMSA and for the purpose of the Proposals includes any person who is or was within the preceding 6 months of the date on which the terms of the transactions were agreed upon, a Director of BHB or any other company which is its subsidiary or holding company; or chief executive officer of BHB, its subsidiary or holding company |
| “Listing Requirements” | : | Main Market Listing Requirements of Bursa Malaysia including all amendments made from time to time and any re-enactment thereof |
| “LPD” | : | 29 May 2020 being the latest practicable date which shall not be more than 30 days prior to the date of the Circular |
| “LTAT” | : | Lembaga Tabung Angkatan Tentera, a statutory body established under the Tabung Angkatan Tentera Act 1973 |
| “Major Shareholder” | : | A person who has an interest or interests in one or more voting shares in a corporation and the number or aggregate number of those shares, is: <ul style="list-style-type: none"> (a) 10% or more of the total number of voting shares in BHB; or (b) 5% or more of the total number of voting shares in BHB where such person is the largest shareholder in the company <p>For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act.</p> <p>It also 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 major shareholder (as defined above) of BHB or any other company which is its subsidiary or holding company</p> |
| “MRini” | : | Mutiara Rini Sdn Bhd 199401025616 (311297-H), a wholly owned subsidiary of Boustead Properties which involves in property development |
| “Person Connected ” | : | Shall be as defined in Chapter 1 of the Listing Requirements |
| “Pharma” | : | Pharmaniaga Berhad 199801011581 (467709-M), a 56.1% owned subsidiary of BHB which is an investment holding company |

| | | |
|---|---|--|
| “Proposal” or “Proposed Renewal of Shareholders’ Mandate” | : | Proposed renewal of the 2019 Mandate |
| “Recurrent Related Party Transactions” | : | A recurrent related party transactions of a revenue or trading nature which is necessary for the day to day operations and is entered into by the Company or its subsidiaries in the ordinary course of business which involves the interest, direct or indirect, of a Related Party |
| “Related Party” | : | A Director, Major Shareholder or a Person Connected with such Director or Major Shareholder |
| “UAC” | : | UAC Berhad 196301000271 (5149-H), a wholly owned subsidiary of BHB which involves in manufacture of fibre cement products and property investment |
| “UNIM” | : | The University of Nottingham in Malaysia Sdn Bhd 199801017391 (473520-K), a 66.41% subsidiary of BHB which involves in operation of a university |
| “2019 Annual Report” | : | The annual report of the Company for the financial year ended 31 December 2019 |
| “2019 Mandate” | : | The shareholders’ mandate obtained on 24 April 2019 for the BHB Group to enter into Recurrent Related Party Transactions |

CONTENTS

| | Page |
|---|-------------|
| 1. INTRODUCTION | 5 |
| 2. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE | 6 |
| 2.1 Details | 6 |
| 2.2 Classes of Related Party | 6 |
| 2.3 Nature of Recurrent Related Party Transactions and Estimated Values | 8 |
| 2.4 Amount Due and Owing Under Recurrent Related Party Transactions | 16 |
| 2.5 Review Procedures and Guidelines for Recurrent Related Party Transactions | 17 |
| 2.6 Statement by Audit Committee | 19 |
| 2.7 Disclosure | 19 |
| 3. RATIONALE AND BENEFIT | 20 |
| 3.1 Rationale of the Proposal | 20 |
| 3.2 Benefits to the BHB Group from Transacting With the Related Parties | 20 |
| 4. CONDITION OF THE PROPOSAL | 20 |
| 5. FINANCIAL EFFECTS OF THE PROPOSAL | 20 |
| 6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS | 21 |
| 7. DIRECTORS' RECOMMENDATION | 21 |
| 8. AGM | 21 |
| 9. FURTHER INFORMATION | 22 |

APPENDICES

| | |
|------------------------------------|----|
| I. FURTHER INFORMATION | 23 |
| II. ADDRESSES OF PROPERTIES RENTED | 27 |



Boustead Holdings Berhad

[Company No. 196001000193 (3871-H)]
(Incorporated in Malaysia)

Registered Office:

28th Floor, Menara Boustead
69 Jalan Raja Chulan
50200 Kuala Lumpur

24 June 2020

DIRECTORS:

Dato' Seri Mohamed Khaled Nordin (*Appointed on 1 May 2020*)
Datuk Zainun Aishah Ahmad
Dato' Sri Amrin Awaluddin (*Appointed on 6 May 2019*)
Puan Nik Amlizan Mohamed
Lieutenant General Dato' Fadzil Mokhtar (R) (*Appointed on 15 July 2019*)
Dato' Nonee Ashirin Dato' Mohd Radzi (*Appointed on 15 July 2019*)
Mr. Abraham Verghese a/l TV Abraham (*Appointed on 15 July 2019*)
Mr. Loong Caesar (*Appointed on 15 July 2019*)
Encik Izaddeen Daud (*Appointed on 18 May 2020*)

To: The Shareholders of **BOUSTEAD HOLDINGS BERHAD**

Dear Sir/Madam

BOUSTEAD HOLDINGS BERHAD

PROPOSED RENEWAL OF THE 2019 SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the AGM held on 24 April 2019, the Company had obtained the 2019 Mandate to enter into Recurrent Related Party Transactions. The 2019 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.

Accordingly, the Company had on 28 February 2020 announced to Bursa Malaysia of its intention to seek shareholders' approval on the Proposal at the forthcoming AGM.

The purpose of this Circular is to provide you with information relating to the Proposal and to seek your approvals on the Ordinary Resolution pertaining to the Proposal to be tabled at the forthcoming AGM. Notice of the AGM together with the Proxy Form is enclosed in the Annual Report of the Company.

2. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

2.1 Details

Provisions under the Listing Requirements

Pursuant to Part E, Paragraph 10.09 of the Listing Requirements, listed issuers with share capital of RM60 million and above must immediately announce a Recurrent Related Party Transaction as follows:

- (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
- (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more

whichever is higher.

Paragraph 2.4 of Practice Note 12 states that where a listed issuer has obtained a shareholders' mandate in respect of any Recurrent Related Party Transaction, the above disclosure obligation will not apply to the Recurrent Related Party Transactions which are comprised in the mandate.

Accordingly, the Company proposes to seek its shareholders' approval for the Proposal to enable the BHB Group to enter into transactions with the Related Parties which are of a revenue or trading nature and necessary for its day-to-day operations, on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders.

If approved at the forthcoming AGM, the Proposal will take effect from the passing of the ordinary resolution relating thereto and will continue to be in force until:

- i) the conclusion of the next AGM of the Company following the forthcoming AGM, at which time it shall lapse, unless the authority is renewed by an ordinary resolution at the said next AGM; or
- ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) 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 the shareholders in a general meeting

whichever is the earlier.

Thereafter, shareholders' approval will be sought for the renewal of the shareholders' mandate at each subsequent AGM, subject to a satisfactory review by the Company's Audit and Risk Committee.

2.2 Classes of Related Party

BHB is a conglomerate with diverse business operations. The principal activity of BHB is investment holding. The principal activities of its subsidiaries include the ownership and/or management of oil palm plantations, marketing, selling and distributing imported and locally manufactured products, travel services, property development, property investment, hotels, leasing, ship building, vessel repair and maintenance, fabrication of offshore structures, and provision of defence-related services, education, fabrication and marketing of materials handling systems, provision of air transportation, flight support, engineering and technical services, manufacturing of fiber cement products, manufacturing of pharmaceutical products, marketing of petroleum products, shipping and forwarding agencies and provision of port facilities and services to cruise and navy vessels. The principal activities of its associated companies are

operating a commercial bank, Islamic bank and an investment bank, and engaging in general and life insurance, manufacturing of confectionary, marketing of toiletries and merchandising of chemical products.

The holding corporation of BHB is LTAT. LTAT owns 59.42% of the total number of issued shares of BHB as at LPD.

BHB's subsidiaries, Pharma, BHIC, Boustead Plantations and an associated company, ABB, are listed on the Bursa Malaysia's Main Market. The BHB Group, comprising more than 100 subsidiaries and associate companies, has substantial interests in various sectors of the Malaysian economy.

The Proposals will apply to the following companies (the effective interest is at LPD):

| I. SUBSIDIARIES NOT WHOLLY OWNED BY BHB | | | |
|--|--|---|-------------------------------------|
| Company | | Principal Activities | BHB's Effective Interest (%) |
| 1. | BNS | Construction, repair & maintenance of naval ships, weapons and electronics, design and engineering, fabrication of steel structures and commercial shipbuilding | 82.4 |
| 2. | Boustead Petroleum Marketing Sdn Bhd ("BPM") | Marketing of petroleum products | 42.0 |
| 3. | Pharma | Investment holdings | 56.1 |
| 4. | Boustead Plantations | Investment holdings | 57.4 |
| 5. | UNIM | Operation of a university | 66.4 |
| II. BHB'S ASSOCIATES | | | |
| 1. | ABB | Financial services group | 20.7 |
| III. BHB'S JOINT VENTURE | | | |
| 1. | Irat Hotel and Resorts Sdn Bhd ("Irat") | Property investment | 35.0 |

| IV. LTAT'S SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE | | | |
|--|--|---|---|
| Company | | Principal Activities | LTAT's Direct/Indirect Interest (%) |
| 1. | ABB | Financial services group | 35.5 |
| 2. | Boustead Plantations | Investment holding and oil palm cultivation | 12.1 |
| 3. | BNS | Construction, repair & maintenance of naval ships, weapons and electronics, design and engineering, fabrication of steel structures and commercial shipbuilding | 10.4 |
| 4. | Perbadanan Perwira Harta Malaysia ("PPHM") | Property development | 100.0 |
| 5. | Irat | Property investment | 35.0* |
| 6. | BPM | Marketing of petroleum products | 30.0 |
| 7. | Pharma | Investment holdings | 11.2 |
| 8. | Perbadanan Perwira Niaga Malaysia ("PERNAMA") | Trading of consumer goods | 100.0 |
| 9. | Perbadanan Hal Ehwal Bekas Angkatan Tentera ("PERHEBAT") | Promotion of socio-economic development programmes for the retired and retiring Malaysian Armed Forces personnel | 100.0 |
| V. FIRMS / CORPORATIONS CONNECTED WITH A DIRECTOR | | | |
| 1. | Arkitek MAA Sdn Bhd ("Arkitek MAA") | Architect firm | Dato' Sri Ghazali Mohd Ali is a former Director of BHB and Boustead Properties, and had resigned on 31 July 2019 and 3 February 2020 respectively. He owns 10% of share in Arkitek MAA. |
| 2. | Messrs. Azzat & Izzat | Legal firm | Datuk Azzat Kamaludin is a former Director of BHB and BNS, and had resigned on 31 July 2019 and 10 July 2019 respectively. He is a partner of the legal firm. |

2.3 Nature of Recurrent Related Party Transactions and Estimated Values

It is anticipated that the Group would, in the normal course of business, enter into transactions involving Related Parties set out in Section 2.2 above. The shareholdings of BHB, LTAT and other interested parties in the Related Party are also set out in Section 2.2 above. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

* Indirect interest

2.3.1 Existing Recurrent Related Party Transactions

Existing Recurrent Related Party Transactions for which approval is now being sought for the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM are as follows:

| Company | Transacting Party | Nature of Transactions | Related Party | 2019 Mandate | | | | |
|--|-------------------|------------------------|---|--|--|---|---|-----|
| | | | | Estimated value of transactions from forthcoming AGM to next AGM (RM'000) | (A) Estimated value of transactions covered in 2019 Mandate (RM'000) | (B) Actual value transacted from last AGM to LPD (RM'000) | Deviation of more than 10% between (A) and (B) (%) | |
| I. SUBSIDIARIES NOT WHOLLY OWNED BY BHB (LTAT has direct interests of \geq 10%, other than via BHB) (cont'd) | | | | | | | | |
| 1 | BNS | BRSB | a) Office rental [^] at Menara Boustead paid to BRSB | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) | 2,700 | 2,700 | 2,512 | N/A |
| | | BTS | b) Purchase of air tickets and travel related services from BTS | Major Shareholder ▪LTAT ^A | 1,700 | 1,700 | 970 | N/A |
| 2 | BPM | BHB Group | a) Sale of non-regulated petroleum products to BHB Group | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) | 7,607 | 10,230 | 6,307 | N/A |
| | | BTS | b) Purchase of air tickets and travel related services from BTS | Major Shareholder ▪LTAT ^B | 2,080 | 1,800 | 1,014 | N/A |
| | | TOTAL | | | 14,087 | 16,430 | 10,803 | N/A |

[^] The lease period is 3 years which involves payments of rental on monthly basis.

^A LTAT holds 10.4% of BNS, other than via BHB.

^B LTAT holds 30.0% of BPM, other than via BHB.

2.3.1 Existing Recurrent Related Party Transactions (cont'd)

| Company | Transacting Party | Nature of Transactions | Related Party | 2019 Mandate | | | | |
|---|----------------------|------------------------|--|--|--|---|---|------|
| | | | | Estimated value of transactions from forthcoming AGM to next AGM (RM'000) | (A) Estimated value of transactions covered in 2019 Mandate (RM'000) | (B) Actual value transacted from last AGM to LPD (RM'000) | Deviation of more than 10% between (A) and (B) (%) | |
| I. SUBSIDIARIES NOT WHOLLY OWNED BY BHB (LTAT has direct interests of \geq 10%, other than via BHB) (cont'd) | | | | | | | | |
| 3 | Boustead Plantations | Boustead Properties | a) Office rental* at Menara Boustead paid to Boustead Properties | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) | 2,000 | 2,000 | 1,657 | N/A |
| | | BHB | b) General management fees, internal audit fees and tax consultancy fees paid to BHB | Major Shareholder ▪LTAT ^C | 2,500 | 2,500 | 2,903 | 16%~ |
| | | BTS | c) Purchase of air tickets and travel related services from BTS | | 2,500 | 2,500 | 699 | N/A |
| 4 | Pharma | BTS | a) Purchase of air tickets and travel related services from BTS | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) | 2,200 | 2,000 | 963 | N/A |
| | | BHB | b) Provision of corporate and administrative support services and training from BHB | Major Shareholder ▪LTAT ^D | 2,500 | 2,100 | 996 | N/A |
| | | TOTAL | | | 11,700 | 11,100 | 7,218 | N/A |

* The lease period is 3 years which involves payments of rental on monthly basis.

^C LTAT holds 12.10% of Boustead Plantations, other than via BHB.

~ The announcement is not required Pursuant to Paragraph 10.12(2)(a) - Aggregation of Transactions.

^D LTAT holds 11.23% of Pharma, other than via BHB.

2.3.1 Existing Recurrent Related Party Transactions (cont'd)

| Company | Transacting Party | Nature of Transactions | Related Party | 2019 Mandate | | | | |
|---|-------------------|-----------------------------------|--|---|--|---|---|------|
| | | | | Estimated value of transactions from forthcoming AGM to next AGM (RM'000) | (A) Estimated value of transactions covered in 2019 Mandate (RM'000) | (B) Actual value transacted from last AGM to LPD (RM'000) | Deviation of more than 10% between (A) and (B) (%) | |
| II. BHB'S ASSOCIATE & JOINT VENTURE (LTAT has direct interests of \geq 10%, other than via BHB) | | | | | | | | |
| 1 | ABB | BRSB, BCurve, Boustead Properties | a) Office* rental at Menara Boustead, Menara Affin and <i>the Curve</i> paid to BRSB, BCurve and Boustead Properties | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) Major Shareholder ▪LTAT ^E | 8,868 | 14,938 | 21,036 | 41%~ |
| | | BHB, BNS, Boustead Properties | b) Provision of professional service to BHB, BNS and Boustead Properties | | 23,700 | 21,600 | 704 | N/A |
| | | BTS | c) Purchase of air tickets and travel related services from BTS | | 5,000 | 7,000 | 1,078 | N/A |
| 2 | Irat | BHR | a) Rental* of hotel building paid by BHR | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) | 12,584 | 12,098 | 14,063 | 16%~ |
| | | UNIM | b) Office rental+ at Chulan Tower paid by UNIM | Major Shareholder ▪LTAT ^F | 868 | 867 | 763 | N/A |
| | | TOTAL | | | 51,020 | 56,503 | 37,644 | N/A |

* The lease periods are 2 years for Menara Boustead and the Curve, and 5 years for Menara Affin, all of which involve payment of rental on a monthly basis.

^E LTAT owns 35.51% of ABB, other than via BHB.

~ The announcement is not required Pursuant to Paragraph 10.12(2)(a) - Aggregation of Transactions.

• The lease period is 3 years which involves payments of rental on monthly basis.

+ Premise rented at Chulan Tower, Level 2, No.3 Jalan Conlay, 50450 Kuala Lumpur. The lease period is 3 years which involves payments of rental

^F LTAT owns an indirect interest 35.0% of Irat, other than via BHB through 50% shares in Irat Properties Sdn Bhd, which holds 70.0% of Irat. LTAT also owns a direct interest of 30% in Irat.

2.3.1 Existing Recurrent Related Party Transactions (cont'd)

| Company | Transacting Party | Nature of Transactions | Related Party | 2019 Mandate | | | | |
|---------------------------------|-------------------|------------------------|--|---|---|--|---|-----|
| | | | | Estimated value of transactions from forthcoming AGM to next AGM (RM'000) | Estimated value of transactions covered in 2019 Mandate (RM'000) | Actual value transacted from last AGM to LPD (RM'000) | Deviation of more than 10% between (A) and (B) (%) | |
| III. LTAT'S SUBSIDIARIES | | | | | | | | |
| 1 | PPHM | BBM | a) Provision of renovation works from BBM | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) | - | 25,000 | 3,483 | N/A |
| | | UAC | b) Construction of low cost housing project by UAC | Major Shareholder ▪LTAT ^G | 4,000 | 52,000 | 9,170 | N/A |
| 2 | PERNAMA | BPM | Sale of non-regulated petroleum products by BPM | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) Major Shareholder ▪LTAT ^H | 1,600 | 1,300 | 808 | N/A |
| 3 | PERHEBAT | BTS | Purchase of air tickets and travel related services from BTS | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) Major Shareholder ▪LTAT ^I | 500 | 500 | 23 | N/A |
| TOTAL | | | | | 6,100 | 78,800 | 13,484 | N/A |

^G LTAT owns 100.0% of PPHM directly.

^H LTAT owns 100.0% of PERNAMA directly.

^I LTAT owns 100.0% of PERHEBAT directly.

2.3.1 Existing Recurrent Related Party Transactions (cont'd)

| Company | Transacting Party | Nature of Transactions | Related Party | Estimated value of transaction from forthcoming AGM to next AGM (RM'000) | 2019 Mandate | | | |
|---|-----------------------|---|--|---|--|---|---|-----|
| | | | | | (A) Estimated value of transactions covered in 2019 Mandate (RM'000) | (B) Actual value transacted from last AGM to LPD (RM'000) | Deviation of more than 10% between (A) and (B) (%) | |
| IV. FIRMS / CORPORATIONS CONNECTED WITH A DIRECTOR | | | | | | | | |
| 1 | Arkitek MAA | BWQ, BCurve, MRini, DEC and Balau | Provision of architectural services to BWQ, BCurve, MRini, DEC and Balau | <u>Director</u> ■GMA ^(Note 3) | - | 12,500 | 2,067 | N/A |
| 2 | Messrs. Azzat & Izzat | BHB, Boustead Properties Group, and BNS | Provision of legal services to BHB, Boustead Properties Group, and BNS | <u>Director</u> ■AK ^(Note 4) | - | 2,600 | 102 | N/A |

2.3.1 Existing Recurrent Related Party Transactions (cont'd)

| Company | Transacting Party | Nature of Transactions | Related Party | 2019 Mandate | | | | |
|--------------------|-------------------|------------------------|--|--|--|---|---|------------------|
| | | | | Estimated value of transactions from forthcoming AGM to next AGM (RM'000) | (A) Estimated value of transactions covered in 2019 Mandate (RM'000) | (B) Actual value transacted from last AGM to LPD (RM'000) | Deviation of more than 10% between (A) and (B) (%) | |
| V. LTAT | | | | | | | | |
| 1 | LTAT | Boustead Properties | a) Provision of property management service from Boustead Properties | Director ▪MKN ^(Note 1) ▪NAM ^(Note 2) | 348 | 348 | 406 | 17% [~] |
| | | BTS | b) Purchase of air tickets and travel related services from BTS | Major Shareholder ▪LTAT | 300 | 300 | 13 | N/A |
| | | BPM | c) Office rental* at Surian Tower paid by BPM | | 1,320 | 1,320 | 1,107 | N/A |
| TOTAL | | | | | 1,968 | 1,968 | 1,526 | N/A |
| GRAND TOTAL | | | | | 84,875 | 179,901 | 72,844 | N/A |

* Premise rented at Surian Tower, No.1 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya. The lease period is 3 years which involves payment of rental on a monthly basis.

[~] The announcement is not required Pursuant to Paragraph 10.12(2)(a) - Aggregation of Transactions.

Notes:

1. MKN - Dato' Seri Mohamed Khaled Nordin. He is the Chairman of BHB. He is also the Chairman of Boustead Properties, UAC and BHR. He does not own any shares in BHB and other related companies.
2. NAM - Puan Nik Amlizan Mohamed. She is the Director of BHB and Chief Executive of LTAT. She does not own any shares in BHB and other related companies.
3. GMA - Dato' Sri Ghazali Mohd Ali is a former Director of BHB and Boustead Properties, and had resigned on 31 July 2019 and 3 February 2020 respectively. He owns 10% shareholding in Arkitek MAA.

As GMA has resigned as a director of BHB on 31 July 2019, which is more than 6 months prior to the LPD of this Circular, transactions with Arkitek MAA are no longer considered as Recurrent Related Party Transactions falling within the ambit of paragraph 10.09(2) of the Listing Requirements. Hence, BHB is not seeking a renewal of mandate under the Proposal.

4. AK - Datuk Azzat Kamaludin is a former Director of BHB and BNS, and had resigned on 31 July 2019 and 10 July 2019 respectively. He is a partner in the legal firm of Messrs. Azzat & Izzat.

As AK had resigned as a director of BHB and BNS on 31 July 2019 and 10 July 2019 respectively, which are more than 6 months prior to the LPD of this Circular, the transactions with Messrs. Azzat & Izzat are no longer considered as Recurrent Related Party Transactions falling within the ambit of paragraph 10.09(2) of the Listing Requirements. Hence, BHB is not seeking a renewal of mandate under the Proposal.

The abovementioned values of transactions are based on accounting records, and the estimated figures during the validity of the Proposal is based on management's estimate (on the assumption that the current level of operations will continue and all external conditions remain constant) and that the next AGM will be held in March/April 2021.

In view of the time-sensitive and frequent nature of such Recurrent Related Party Transactions, the Board is seeking the approvals on the Proposals which would allow the Group, in their normal course of business, to enter into Recurrent Related Party Transactions with the classes of Related Party set out above, provided such transactions are made on arm's length basis, on normal commercial terms and on terms not more favourable to the Related Party than those generally available to the public and are not detrimental to minority shareholders. Such Recurrent Related Party Transactions will be subject to the review procedures as set out in Section 2.5 of this Circular.

2.4 Amount Due and Owing Under Recurrent Related Party Transactions

The breakdown of the principal sum (without interest) for the total outstanding amount due and owing to the BHB Group under the Recurrent Related Party Transactions as per Section 2.3.1 of this Circular which exceeded the credit terms as at 31 December 2019 are as follows:

| Company | Transacting Party | Nature of Transactions | Outstanding Amount (RM'000) | | | |
|--------------|----------------------|------------------------|--|------------------------|------------------------|---|
| | | | 1 year or less | More than 1 to 3 years | More than 3 to 5 years | |
| 1 | BNS | BTS | Purchase of air tickets and travel related services from BTS | 16 | - | - |
| 2 | BPM | BTS | Purchase of air tickets and travel related services from BTS | 9 | - | - |
| 3 | Boustead Plantations | BTS | Purchase of air tickets and travel related services from BTS | 1 | - | - |
| 4 | Pharma | BTS | Purchase of air tickets and travel related services from BTS | 101 | - | - |
| 5 | Pharma | BHB | Provision of corporate and administrative support services and training from BHB | 190 | - | - |
| 6 | ABB | BTS | Purchase of air tickets and travel related services from BTS | 1 | - | - |
| 7 | PPHM | BBM | Provision of renovation works from BBM | 612 | 3,551 | - |
| 8 | PPHM | UAC | Construction of low cost housing project by UAC | - | 90 | - |
| 9 | LTAT | Boustead Properties | Provision of property management service from Boustead Properties | 61 | - | - |
| TOTAL | | | | 991 | 3,641 | - |

There were no late payment charges imposed by the BHB Group on the above outstanding amounts as they were trade in nature. The Management has and will continuously meet and discuss with the debtors for early settlement of the outstanding amounts. The Board is of the opinion that there will be no recoverability issues as the debtors are related parties with a long-standing business relationship with the Group and has proven to be creditworthy debtors with good payment records.

2.5 Review Procedures and Guidelines for Recurrent Related Party Transactions

2.5.1 Review Procedures

To ensure that Recurrent Related Party Transactions are undertaken on BHB Group's normal commercial terms, and to supplement the existing internal control procedures of the Group, the Audit Committee is tasked with the review of the procedures of such transactions.

The Audit Committee currently comprises:

- Mr. Abraham Vergheese a/l TV Abraham (Chairman)
- Datuk Zainun Aishah Ahmad
- Lieutenant General Dato' Fadzil Mokhtar (R)
- Mr. Loong Caesar
- Encik Izaddeen Daud

The following guidelines apply to the review and approval of Recurrent Related Party Transactions to ensure that the terms of the Recurrent Related Party Transactions are fair, reasonable and on normal commercial terms; are not more favourable to the Related Party than those generally available to the public; are not detrimental to minority shareholders and are in the best interest of the Group:-

- The Related Parties and interested Directors will be advised that they are subject to the shareholders' mandate and will also be advised of the review and disclosure procedures.
- Records will be maintained by the Company to capture all Recurrent Related Party Transactions, which are entered into pursuant to the Proposal.
- The annual internal audit plan shall incorporate a review of the sufficiency and compliance of the guidelines and reviews procedures established to monitor Recurrent Related Party Transactions.
- The Board and the Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with.
- Any member of the Audit Committee may, as he deems fit, request for additional information pertaining to the transaction from independent sources or advisers, including obtaining of valuations from professional valuers.
- If a member of the Board or Audit Committee has an interest (direct or indirect) in any Recurrent Related Party Transactions, he shall abstain from any decision making by the Board or Audit Committee in respect of such transactions and continue to abstain from voting on the resolution approving the transactions.
- Should the Audit Committee during its review form an opinion that the Recurrent Related Party Transactions are not being conducted in accordance with established terms and procedures and/or are not being conducted on an arm's length basis and on normal commercial terms, or are detrimental to the interests of minority shareholders, it will advise the Board to convene a General Meeting of shareholders to seek a fresh shareholders' mandate for the Recurrent Related Party Transactions.
- The interested Director or interested Major Shareholder shall also ensure that the persons connected with him abstain from voting on the resolution approving the transactions.

- At least 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 the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar types of products/services and/or quantities. In the event the quotation or comparative pricing from unrelated third parties cannot be obtained (for instance, if there are no unrelated third party vendors/customers of similar products or services, or if the product/service is a proprietary item), the transaction price will be determined by those offered by/to other unrelated parties for substantially similar type of transactions and approved by the respective Board of Directors of both the transacting entities to ensure that the price and terms of the Recurrent Related Party Transactions are not detrimental to the Group. In addition, the management of the transacting entities shall retain a proper documentation to support the basis in arriving at the relevant transaction prices.
- Notwithstanding the above paragraph, the Audit Committee shall review proposals by the management of the transacting entities (including their audit committee if applicable) for onward approval by the Board.
- Group Finance or Group Secretarial shall be informed through a written communication of knowledge of any Related Party Transaction or Recurrent Related Party Transactions which will be entered into or has been entered into. Due care shall also be exercised prior to entering contracts with related party that may give rise to Related Party Transaction or Recurrent Related Party Transactions.
- Bursa Malaysia Listing Requirements pertaining to Related Party Transaction or Recurrent Related Party Transactions are to be communicated to all relevant personnel in company/division who are involved in the day to day operations.
- All major shareholders with equity interest of 10% or more and Directors shall be informed on their responsibilities and obligations in respect to Related Party Transaction or Recurrent Related Party Transactions.
- The Group Secretarial Department shall be informed on changes of Director's interest in other companies, directorship and BHB Group of Companies.
- Heads of Division and Heads of Subsidiary shall be informed on their responsibilities and obligations to ensure proper identification, tracking and reporting of Related Party Transaction or Recurrent Related Party Transactions.
- Tracking of the value of Recurrent Related Party Transactions shall be done for the purpose of disclosure in the Annual Report. Where the transaction value exceeds 10% or more of the mandated amount, the respective Head of operating units is responsible to notify and provide explanation to Group Secretarial Department so that immediate announcement to Bursa Malaysia can be made.
- For Recurrent Related Party Transactions that are not included in the mandate but are expected to exceed percentage ratio of 1% or RM1 million (whichever is the higher) in a 12 months period, respective Head of operating units is responsible to track transaction values for immediate announcement to Bursa Malaysia.

2.5.2 Guidelines

There are no specific thresholds for approvals of Recurrent Related Party Transactions within the BHB Group. However, there are commercial considerations which the BHB Group takes into account before entering into transactions for the sale/supply of goods and provision of services, in the ordinary course of business:

- The ability and track record of the purchaser to pay for the goods supplied or services provided;
- Whether past experience and working relationship with the purchaser have been satisfactory;
- The BHB Group's pricing for the goods to be provided or supplied and/or received or purchased is negotiated between the BHB Group and Related Party based on the prevailing market prices as agreed with unrelated third parties;
- The terms are no more favourable to the Related Party than those extended to unrelated third parties and available to the public and the Recurrent Related Party Transactions are not detrimental to minority shareholders;
- The transactions are provided after taking into account factors such as pricing, quality, delivery schedules and, where applicable, preferential rates, rebates or discounts accorded for bulk purchases, the terms offered are fair and reasonable and in the BHB Group's commercial interests;
- The competitiveness in pricing;
- The standard and quality of the goods/services and whether it meets the requirements of the BHB Group;
- The responsiveness and level of service provided by the goods or service providers and whether past experience and working relationship have been satisfactory; and
- The track record and competence of the goods or service provider and whether the goods or service provider has sufficient resources to perform its obligations.

The BHB Group would only enter into transactions with the relevant parties based on the above criteria, regardless of whether or not the party is related.

2.6 Statement by Audit Committee

The Audit Committee of the Company has seen and reviewed the procedures mentioned in Section 2.5 above and is satisfied that:

- (i) the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner, and that these procedures and processes are reviewed annually; and
- (ii) the procedures above are sufficient to ensure the terms of the Recurrent Related Party Transactions are fair, reasonable and on normal commercial terms; are not more favourable to the Related Party than those generally available to the public; are not detrimental to minority shareholders and are in the best interest of the Group.

2.7 Disclosure

Disclosure has been made in the 2019 Annual Report of the Company of the aggregate value of transactions conducted during the financial year ended 31 December 2019 pursuant to the 2019 Mandate. Similar disclosure will be made in the Annual Report for the subsequent financial year during which the shareholders' mandate for recurrent related party transactions is in force, providing amongst others, the following information:

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

3. RATIONALE AND BENEFIT

3.1 Rationale of the Proposal

The Proposal is intended to enhance the Group's ability to pursue business opportunities, which are time-sensitive in nature, and will eliminate the need to announce, or to announce and convene separate general meetings on each occasion to seek shareholders' prior approval for the entry by the relevant company in the Group into such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channelled towards attaining other corporate objectives.

3.2 Benefits to the BHB Group from Transacting With the Related Parties

The Recurrent Related Party Transactions entered into by the BHB Group are intended to meet business needs at the best possible terms. The BHB Group should be able to have access to all available markets and products and services provided by all vendors including its Related Parties. Transacting with its Related Parties also enhances the ability to explore beneficial business opportunities within the BHB Group, which will be of benefit to all the companies within the BHB Group. In most instances, companies within the BHB Group have a better understanding of each other's business needs, thus providing a platform where all parties can benefit from relatively cheaper transaction costs.

4. CONDITION OF THE PROPOSAL

The Proposal is conditional upon the approval being obtained from the shareholders of BHB at the forthcoming AGM.

5. FINANCIAL EFFECTS OF THE PROPOSAL

The Proposal is not expected to have any effect on the share capital, earnings, net assets and gearing of the BHB Group.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

The direct and indirect shareholding of the interested Major Shareholder, interested Director of the Company and Persons Connected to them as at LPD are as follows:

| Name | Direct Shareholding | | Indirect Shareholding | |
|--|---------------------|-------|-----------------------|---|
| | No of Shares | % | No of Shares | % |
| Interested Major Shareholder Lembaga Tabung Angkatan Tentera | 1,204,477,218 | 59.42 | - | - |
| Interested Directors | | | | |
| Dato' Seri Mohamed Khaled Nordin | - | - | - | - |
| Puan Nik Amlizan Mohamed | - | - | - | - |
| Interested Persons Connected | | | | |
| None | | | | |

Dato' Seri Mohamed Khaled Nordin and Puan Nik Amlizan Mohamed ("the Interested Directors"), being the interested directors as mentioned in Section 2.3 above have abstained from deliberations and voting at the board meetings with regard to the Proposal. Dato' Seri Mohamed Khaled Nordin and Puan Nik Amlizan Mohamed will also continue to abstain from deliberations and voting at the board meetings with regard to the Proposal.

The Interested Directors together with LTAT will also abstain from voting in the resolution pertaining to the Proposal in respect of their direct and indirect interest in BHB at the AGM.

The Interested Directors and LTAT have undertaken that they will ensure that the Persons Connected with them will abstain from voting on the resolution relating to the Proposal at the AGM to be convened.

Save as disclosed above, none of the other Directors and/or Major Shareholder of BHB and/or Persons Connected to them has any interest, direct or indirect, in the Proposal.

7. DIRECTORS' RECOMMENDATION

The Directors (except for Dato' Seri Mohamed Khaled Nordin and Puan Nik Amlizan Mohamed) after careful deliberation on the Proposal, are of the opinion that the Proposal is in the best interests of the Company. Accordingly, the Directors (except for Dato' Seri Mohamed Khaled Nordin and Puan Nik Amlizan Mohamed) recommend that you vote in favour of the resolution pertaining to the Proposal to be tabled at the forthcoming AGM.

8. AGM

The Fifty-Eighth Annual General Meeting (58th AGM) of the Company will be held at **Mutiara 5, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor** on **Wednesday, 22 July 2020 at 9.30 a.m.**, for the purpose of considering and if thought fit, passing the Ordinary Resolution as set out in the Notice of AGM to approve the Proposal.

The AGM will be conducted on a virtual basis through live streaming whilst the online remote voting will be via Remote Participation and Voting (RPV). Both facilities are available on Tricor's TIIH Online website at <https://tiih.online>.

The venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxy(ies) from the public will be physically present at the meeting venue.

In view that the 58th AGM will be conducted on a virtual basis, you may appoint the Chairman of the Meeting as your proxy and indicate the voting instruction in the Proxy Form. Please complete, sign, and return the Proxy Form enclosed in the Annual Report of the Company in accordance with the instructions therein as soon as possible and in any event so as to arrive at the office of the Company's Share Registrar, 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 its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, no later than Monday, 20 July 2020 at 9.30 a.m. For further information on the electronic submission of the Proxy Form, kindly refer to the Administrative Notes provided together with the Annual Report 2019.

9. FURTHER INFORMATION

Shareholders are advised to refer to the attached appendices for further information.

Yours faithfully
For and on behalf of the Board of Directors
BOUSTEAD HOLDINGS BERHAD

Datuk Zainun Aishah Ahmad
Senior Independent Non-Executive Director

FURTHER INFORMATION

1. RESPONSIBILITY

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

2. MATERIAL LITIGATION

Save as disclosed below, neither BHB nor its subsidiary companies are engaged in any material litigation, claims or arbitration either as plaintiff or defendant or otherwise, nor are the Directors of BHB aware of any proceedings pending or threatened against BHB and/or its subsidiary companies, or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of BHB and/or its subsidiary companies.

- (i) **Federal Court Civil Appeal No. 02(f)-46-07/2016(A)**
(Court of Appeal Civil Appeal No. A-02(IM)(NCVC)-786-04/2013)
(Ipoh High Court Suit No. 22NCVC-193-08/2012)

Plaintiff/Respondent: Ingat Kawan (M) Sdn Bhd (“Plaintiff”)
Defendant/Appellant: Boustead Naval Shipyard Sdn Bhd (“BNS”)

On 4 September 2012, the Group’s subsidiary BNS was served with a Writ of Summons by the Plaintiff. The Plaintiff was claiming against BNS for unspecified general damages, special damages of RM50 million, interest at 10% per annum on the said amount of RM50 million calculated from 7 September 2011 until full settlement, interest at 8% per annum on the said amount of RM50 million calculated from the date of filing the Writ of Summons until full settlement, costs and other reliefs that the Court deems fit, arising from an alleged breach of contract by BNS. On 11 September 2012, BNS filed its defence and counterclaims and sought to add 5 parties as co-defendants in the said counterclaims. On 30 November 2012, the Court dismissed the Plaintiff’s objections to BNS’s addition of the 5 co-defendants.

On 14 March 2013, the High Court had allowed the application by BNS to strike out the Plaintiff’s claim with costs of RM5,000.00 to be paid by the Plaintiff to BNS. BNS, as instructed by the High Court, had on 1 April 2013 withdrawn its counterclaim with liberty to file afresh with no order as to costs.

The Plaintiff had, on 22 March 2013, filed a Notice of Appeal to the Court of Appeal against the decision of the High Court. The Court of Appeal heard the appeal on 11 November 2013 and allowed the Plaintiff’s appeal and ordered the matter to be tried at the High Court.

BNS filed an appeal to the Federal Court and on 22 August 2017 the Federal Court set aside both the decisions of the Court of Appeal and the High Court and ordered the matter to be reverted to the Ipoh High Court for full trial.

The trial at the High Court commenced on 16 and 17 April 2018 and is continuing. The trial was supposed to continue on 1 and 2 April 2020, however, it has been postponed until further notice pursuant to the extended Movement Control Order by the Government over Covid-19 concerns.

BNS, upon consultation with the solicitors, is of the view that it has a good defence to the claim by the Plaintiff.

- (ii) **Kuala Lumpur High Court Civil Suit No: WA-22NCVC-679-10/2018**
Plaintiff : Deepak Jaikishan A/L Jaikishan Rewachand (“Plaintiff”)
Defendants :1. Dato’ Seri Najib Bin Tun Razak
2. Datin Paduka Seri Rosmah Mansor
3. Boustead Holdings Berhad (“BHB”)
4. Bakti Wira Development Sdn Bhd (“BWSB”)

BHB and its wholly-owned subsidiary, BWSB had, on 16 October 2018 and 18 October 2018 respectively, being served with a Writ of Summons by the Plaintiff. BHB has been made the Third Defendant and BWSB the Fourth Defendant while the First and Second Defendants are Dato’ Seri Najib Bin Tun Razak and Datin Paduka Seri Rosmah Mansor. The suit was filed in the Kuala Lumpur High Court on 12 October 2018.

Under the Writ of Summons, the Plaintiff is alleging tort of conspiracy and/or conspiracy to defraud and/or tort of conversion and/or undue influence by the Defendants in the following transactions:

- i) the acquisition of 16,000,000 ordinary shares of Astacanggih Sdn Bhd (Astacanggih) by BWSB for a cash consideration of RM30 million from Prestige Dimension Sdn Bhd and other minority shareholders of Astacanggih pursuant to the Share Sale Agreement dated 20 December 2012; and
- ii) the acquisition of 200 acres of freehold lands in Selangor from Awan Megah (M) Sdn Bhd at a cash consideration of RM130 million by BWSB and Astacanggih pursuant to the Land Sale Agreement dated 27 December 2012.

The Plaintiff is claiming against the Defendants joint and/or severally for, among others, general damages of RM600 million, exemplary damages of RM50 million, aggravated damages of RM26 million, interest on each damages, special damages equivalent to 80% of current market value of certain lands, return of shares in Astacanggih which was acquired by BHB and BWSB, declaration that certain past transactions are null and void and declaration that the Plaintiff’s rights over certain lands be returned to him.

BHB and BWSB entered their appearances on 23 October 2018, and on 9 November 2018, filed their Statement of Defence and requested for further and better particulars from the Plaintiff. On 17 December 2018, BHB and BWSB filed an application to the Court to strike out the Plaintiff’s suit against them. Meanwhile, the First and Second Defendants filed their striking out application on 7 January 2019. Hearing of all the Defendants’ striking out applications will be on 17 July 2020.

The Directors of BHB and BWSB believe that the Plaintiff’s claims are untenable and are therefore positive that both companies will prevail in this litigation.

- (iii) **Kuala Lumpur High Court Suit No. WA-22NCvC-860-12/2018**
Plaintiffs :1. CIMB Islamic Trustee Berhad
2. Boustead Plantations Berhad (“Boustead Plantations”)
Defendant :Setia Fontaines Sdn Bhd (“Defendant”)

On 28 December 2018, CIMB Islamic Trustee Berhad acting as trustee for Boustead Plantations, and Boustead Plantations filed a Writ of Summons and Statement of Claim on the Defendant for breach of a Sale and Purchase Agreement dated 22 December 2016. The claim is in respect of damages amounting to RM37,207,353.35 for goods and services tax (GST) due from the Defendant together with interest at the rate of 8% per annum and other costs and relief deemed fit by the Court.

The Defendant filed their Statement of Defence on 31 January 2019 and the Plaintiffs filed their Reply to the Statement of Defence on 21 February 2019. The case is now fixed for trial on 19 and 20 October 2020.

The Directors, upon consultation with its solicitors, is of the view that Boustead Plantations has a good case in this suit and are positive of its outcome.

3. MATERIAL CONTRACTS

Save as disclosed below, no material contracts, not being contracts entered into in the ordinary course of business, have been entered into by BHB or its subsidiary companies within the past two (2) years preceding the date of this Circular:

- (i) On 25 August 2017, BHB executed agreements for the proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of, Islamic medium term notes (“IMTN”) under an IMTN programme of up to RM2.0 billion in nominal value (“Sukuk Programme 1”) and on 21 September 2017, under an IMTN programme of up to RM500.0 million in nominal value (“Sukuk Programme 2”) (collectively, the “BHB Sukuk Programmes”). The BHB Sukuk Programmes are unrated sukuk programmes with a combined limit of RM2.5 billion implemented under the Securities Commission Malaysia’s Guidelines on Unlisted Capital Market Products through the Lodge and Launch Framework. The tenure of the BHB Sukuk Programmes is 10 years. The proceeds raised from the issuances was utilised to refinance existing borrowings/financing, fund reserve account to meet minimum required balance under the terms and conditions of the IMTN and to pay fees and expenses relating to the BHB Sukuk Programmes. On 12 September 2017, BHB had issued a total RM500.0 million of IMTN being the first issuance under the Sukuk Programme 1. Subsequently, on 24 April 2018, 29 August 2018, 15 October 2018, 30 January 2019, and 24 July 2019, BHB issued a total of RM150.0 million, RM200.0 million, RM150.0 million, RM200.0 million and RM650.0 million of IMTN, respectively, under the same programme. On 28 September 2017, BHB had issued a total of RM500.0 million under the Sukuk Programme 2.
- (ii) Sale and Purchase Agreements dated 1 August 2018 between Boustead Rimba Nilai Sdn Bhd (“BRNSB”) a wholly-owned subsidiary of Boustead Plantations and Sit Seng & Sons Realty Sdn Bhd, Ever-Yield Sdn Bhd, Sapatanian Sdn Bhd, Belutanian Sdn Bhd, Realwood Enterprise Sdn Bhd, Syarikat Tani Desa Sdn Bhd, Upaya Abadi Sdn Bhd, Lubah Plantations (S) Sdn Bhd, Sri Istisafa Sdn Bhd, Aikbee Timbers (Sabah) Sdn Bhd, Borneo Glow Sdn Bhd and Vibrant Voyage Sdn Bhd for the acquisition of oil palm plantation lands within the District of Beluran, Kinabatangan and Labuk & Sugut comprising 17 land titles measuring a total of 4,915.25 hectares together with a 45 tonnes per hour palm oil mill and buildings erected thereon as well as a movable assets, machineries and vehicles for a cash consideration of RM397 million.

On 25 March 2019, BRNSB entered into:

- a) a Supplemental Agreement with the Vendors to revise the purchase consideration to RM358.66 million after the exclusion of the purchase of 499.3 hectares of oil palm plantation lands together with movable assets (“Lubah property”) as well as road reserve land measuring 1,172.8 square meters. The exclusion of Lubah property was due to non-fulfilment of the removal of equity restriction. The land area under the SA was 4,414.69 hectares.

The above acquisition was completed on 29 April 2019.

- b) a Sale and Purchase Agreement with Lubah Plantations (S) Sdn Bhd for the proposed acquisition of Lubah property for a cash consideration of RM38.21 million. BRNSB has paid a 10% deposit.

The proposed acquisition of Lubah property is expected to be completed by second quarter of 2020.

- (iii) Sale and Purchase Agreement dated 15 March 2019 entered into between Boustead Hotel & Resorts Sdn Bhd, a wholly owned subsidiary of Boustead Properties Berhad, which in turn a wholly owned subsidiary of the Company, and Every Room A Home Sdn Bhd for the disposal of Royale Chulan Bukit Bintang Hotel located on 2 parcels of freehold land measuring approximately 3,189 square metres which are held under GRN 70145, Lot 1297 and GRN 70146, Lot 1298 both in Seksyen 67, District of Kuala Lumpur and its business, including fixtures, fittings and furnishings but excluding goodwill, for a cash consideration of RM197 million. The proposed disposal is expected to be completed in third quarter of 2020.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company Secretary of BHB at 13th Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, during normal business hours on any weekday (except public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) The Constitution of BHB;
- (ii) The audited consolidated financial statements of BHB for the last two (2) financial years ended 31 December 2019 and 31 December 2018;
- (iii) The relevant cause papers in respect of material litigation referred to in Paragraph 2; and
- (iv) Material contracts referred to in Paragraph 3 above.

ADDRESSES OF PROPERTIES RENTED

1. The transactions are in compliance with Paragraph 3.2(c) of Practice Note 12 of the Listing Requirements.
2. The addresses of properties rented by the Related Parties as set out in Section 2.3 herein are as follows:

| Section | Ref. | Transacting Company | Address |
|----------------|-------------|----------------------------|---|
| 2.3.1 | I(1)(a) | BNS | Menara Boustead KL – 69, Jalan Raja Chulan, 50200 KL |
| | I(3)(a) | Boustead Plantations | Menara Boustead KL – 69, Jalan Raja Chulan, 50200 KL |
| | II(1)(a) | ABB | Menara Boustead KL – 69, Jalan Raja Chulan, 50200 KL Menara Affin KL – 80, Jalan Raja Chulan, 50200 KL The Curve – No. 6, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor |
| | II(2) (a) | Irat | Royale Chulan Hotel, Jalan Conlay, 50450 KL |
| | II(2) (b) | Irat | Chulan Tower – No.3 Jalan Conlay, 50450 KL |
| | V(1)(c) | LTAT | Surian Tower – No.1 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya |