



10 February 2026

The Board of Directors
BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD
17th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

Dear Sir/Madam,

BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD ("BHIC" OR THE "COMPANY")

- **PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE FOR THE ORDINARY SHARES IN BHIC ("BHIC SHARES") NOT OWNED BY BOUSTEAD HOLDINGS BERHAD; AND PROPOSED CAPITAL REDUCTION AND REPAYMENT EXERCISE FOR THE REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") CLASS A ("RCPS A") AND ISLAMIC RCPS CLASS A ("RCPS-i A"), PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("ACT") (THE "PROPOSAL")**

1. INTRODUCTION

We, Boustead Holdings Berhad ("**BHB**" or the "**Non-Entitled Shareholder**" or "**Offeror**"), in our capacity as the major shareholder of BHIC, hereby notify the board of directors of BHIC ("**Board**") of our intention to privatise BHIC via the Proposal ("**Proposal Letter**").

We wish to request BHIC to undertake the Proposal and upon deliberation of the Board (save for the Interested Directors as defined in Section 7 of this Proposal Letter), to present the Proposal to its shareholders and holders of the RCPS A and RCPS-i A of BHIC ("**RCPS Holders**"), save for the Non-Entitled Shareholder, for their consideration and approval.

As at 6 February 2026, being the latest practicable date of this Proposal Letter and the last full trading day of BHIC Shares ("**LPD**"), the total issued share capital and RCPS of BHIC are as follows:

Description	No. of BHIC Shares / RCPS	RM '000
Share capital	564,279,558	427,211
RCPS A	23,625,548	13,372
RCPS-i A	132,165,050	74,804
RCPS class B (" RCPS B ")	84,658,462	47,916
Total issued share capital and RCPS of BHIC		563,303

As at the LPD, we, together with persons acting in concert with us ("**PAC(s)**") in accordance with Section 216(3) of the Capital Markets and Services Act 2007 ("**CMSA**") collectively hold the following number of BHIC Shares, RCPS A and RCPS B:

	Direct		Indirect	
	No. of BHIC Shares	(1) %	No. of BHIC Shares	(1) %
<u>Offeror</u> BHB	408,417,934	72.38	-	-
<u>PAC</u> Lembaga Tabung Angkatan Tentera (" LTAT ")	-	-	(2) 421,575,829	74.71

	Direct		Indirect	
	No. of RCPS A	(3) %	No. of RCPS A	(3) %
<u>PAC</u> LTAT	-	-	(4) 23,625,548	100.00

	Direct		Indirect	
	No. of RCPS B	(5) %	No. of RCPS B	(5) %
<u>Offeror</u> BHB	84,658,462	100.00	-	-
<u>PAC</u> LTAT	-	-	(6) 84,658,462	100.00

Notes:

- (1) Calculated based on 564,279,558 BHIC Shares in issue.
- (2) Deemed interested through its shareholding in BHB and Affin Bank Berhad pursuant to Section 8 of the Act.
- (3) Based on 23,625,548 RCPS A in issue.
- (4) Deemed interested through its shareholding in Affin Bank Berhad pursuant to Section 8 of the Act.
- (5) Based on 84,658,462 RCPS B in issue.
- (6) Deemed interested through its shareholding in BHB pursuant to Section 8 of the Act.

For information, as at the LPD, we, together with our PAC, do not hold any RCPS-i A of BHIC.

The salient terms of the Proposal are set out in the ensuing sections of this Proposal Letter.

2. DETAILS OF THE PROPOSAL

2.1 The Proposal involves BHIC undertaking the following, each to be implemented by way of court confirmation pursuant to Section 116 of the Act:

- a selective capital reduction and a corresponding capital repayment exercise in respect of the BHIC Shares held by all the shareholders of BHIC whose names appear in the Record of Depositors (save for the Non-Entitled Shareholder) ("**Entitled Shareholders**"); and
- a capital reduction and a corresponding capital repayment exercise in respect of the RCPS A and RCPS-i A held by the RCPS Holders whose names appear in the register of RCPS A and RCPS-i A ("**Entitled RCPS Holders**"),

as at the close of business on an entitlement date to be determined and announced later by the Board ("**Entitlement Date**") (The Entitled Shareholders and Entitled RCPS Holders are collectively referred to as "**Entitled Holders**").

All the BHIC Shares, RCPS A and RCPS-i A held by the Entitled Holders will be cancelled pursuant to the Proposal.

2.2 As at the LPD, the Entitled Holders collectively hold 155,861,624 BHIC Shares, 23,625,548 RCPS A and 132,165,050 RCPS-i A. Pursuant to the Proposal, the Entitled Holders will receive a total capital repayment of RM149,593,067, which represents a cash repayment of RM0.48 for each BHIC Share, RCPS A and RCPS-i A ("**SCR Offer Price**") held by the Entitled Holders on the Entitlement Date.

2.3 For the avoidance of doubt, the BHIC Shares and RCPS B held by the Non-Entitled Shareholder are not subject to the capital reduction and accordingly will not be entitled to the capital repayment under the Proposal.

2.4 Upon completion of the Proposal ("**Completion**"), the Non-Entitled Shareholder will hold the remaining 408,417,934 BHIC Shares and 84,658,462 RCPS B that are not cancelled and accordingly, the Non-Entitled Shareholder will hold the entire issued share capital of BHIC, which would result in BHIC being a wholly-owned subsidiary of BHB upon Completion.

2.5 The SCR Offer Price was arrived at after taking into consideration the closing price and volume weighted average market prices ("**VWAP**") of the BHIC Shares up to and including the LPD prior to the serving of this Proposal Letter:

	Closing Price/VWAP	Premium based on the SCR Offer Price	
	RM	RM	%
Closing price as at the LPD	0.3100	0.1700	54.84%
5-day VWAP	0.2721	0.2079	76.41%
1-month VWAP	0.2448	0.2352	96.08%
3-month VWAP	0.2526	0.2274	90.02%
6-month VWAP	0.2804	0.1996	71.18%
1-year VWAP	0.2858	0.1942	67.95%

(Source: Bloomberg)

- 2.6 We have adopted the same SCR Offer Price for each BHIC Share, RCPS A and RCPS-i A after taking into consideration the conversion ratio of both RCPS A and RCPS-i A where each RCPS A and RCPS-i A can be converted into 1 new BHIC Share pursuant to their respective conversion terms.
- 2.7 The Proposal will be funded by way of advances from BHB to BHIC. BHB intends to utilise bank borrowings and/or internally generated funds to finance the advances to BHIC.
- 2.8 We confirm that the Proposal will not fail by reason of insufficient financial capability and that every Entitled Holder will be paid in full by way of cash.
- 2.9 We **do not intend to maintain the listing status** of BHIC on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and will request BHIC to submit an application to Bursa Securities to delist BHIC's securities and withdraw its listing status from the Official List of Bursa Securities upon Completion.

3. RATIONALE FOR THE PROPOSAL

The Proposal provides a good opportunity for the Entitled Holders to exit and realise their holdings in BHIC, taking into consideration the following:

3.1 Exit opportunity for the Entitled Holders

The SCR Offer Price of RM0.48 represents a premium ranging from 54.84% to 96.08% over the closing price, 5-day, 1-month, 3-month, 6-month and 1-year VWAPs of BHIC Shares as set out in Section 2.5 of this Proposal Letter.

Accordingly, the Proposal provides Entitled Shareholders with an opportunity to realise their investments in BHIC at a premium over the market price of BHIC Shares, which may otherwise be unavailable as the current and historical trading market prices of BHIC Shares for the past 1 year is lower than the SCR Offer Price.

Further, the Proposal also presents an opportunity for the Entitled RCPS Holders to exit and monetise their investments, as both the RCPS A and RCPS-i A are not traded on Bursa Securities. Further, the RCPS A and RCPS-i A can only be redeemed at the option of BHIC or converted into new BHIC Shares by the relevant RCPS Holders, subject to their respective terms.

3.2 Low trading liquidity of BHIC Shares

The average daily trading volume is 106,262 BHIC Shares over the past 1 year up to the LPD, which represents approximately 0.07% of the free float of BHIC comprising 142,703,729 BHIC Shares. The relatively low trading liquidity of BHIC Shares can pose challenges for the Entitled Holders as they may not be able to realise their investment in BHIC Shares expeditiously, to align with their investment objectives and investment horizon. Further, both the RCPS A and RCPS-i A are not traded on Bursa Securities and can only be converted into new BHIC Shares subject to their respective terms.

The Proposal presents an opportunity for the Entitled Holders to realise their investments in BHIC immediately and reallocate capital for reinvestments (where applicable), which may otherwise be difficult given the low trading liquidity of the BHIC Shares.

3.3 Greater flexibility in managing BHIC and its subsidiaries' ("BHIC Group") businesses

The Proposal will provide us and BHIC with greater flexibility in managing and developing the existing businesses of BHIC Group, and will also allow BHIC to focus on its core growth initiatives and long-term value creation. This includes implementing strategies that may require a longer time to fully realise their value instead of short-term strategies.

Further, under a privatised form, BHIC will be able to undertake strategic corporate exercises in an expedited manner. The privatisation of BHIC will also eliminate the administrative and compliance costs associated with maintaining the listing status of BHIC, and in turn enable resources to be diverted towards improving the core business of BHIC Group which may help in improving the profitability of BHIC in the long term.

4. DISTRIBUTION

If BHIC declares, makes and/or pays any dividend and/or undertakes any other distribution of any nature whatsoever (collectively, "**Distribution**") on or after the date of this Proposal Letter up to the Completion, the SCR Offer Price shall be reduced by an amount equivalent to the net Distribution made per BHIC Share.

5. COVENANTS

5.1 From the date of this Proposal Letter until Completion, BHIC shall agree with and undertake to us that:

- (a) Save for the financing in relation to the Proposal, BHIC will not conduct any form of capital raising exercise, whether in the form of debt or equity and will not grant any options over the BHIC Shares or issue any new BHIC Shares or securities;
- (b) Save for the financing in relation to the Proposal, BHIC Group will not enter into any material commitment or material contract or undertake any obligation or acquire or dispose any of its assets or create a security interest over any of its assets outside the ordinary course of business of the BHIC Group;
- (c) BHIC will not pass any resolution in general meeting (other than in respect of any ordinary business tabled in an annual general meeting or in connection with the Proposal) or make any alteration to the provisions of the constitution of BHIC or any of its subsidiaries;
- (d) BHIC will not pass any resolution in any RCPS Class Meeting (as defined in Section 6 herein) other than in respect of any ordinary business tabled in a RCPS Class Meeting (as defined in Section 6 herein) or in connection with the Proposal;
- (e) BHIC will not do or cause, or allow to be done or omitted, any act or thing which would result (or be likely to result) in a breach of any lawful obligation of BHIC or any of its subsidiaries; and
- (f) BHIC shall not enter any discussion or negotiation, agreement or arrangement, with any other party with respect to the sale of its or its subsidiaries' assets and/or liabilities or any privatisation proposal involving BHIC or any of its subsidiaries at any time until the Completion,

without our prior written consent.

5.2 BHIC shall also undertake that, as from the date of this Proposal Letter until Completion, it (and it shall use reasonable endeavours to cause and procure that each BHIC's subsidiary) shall carry on its business only in the usual, regular and ordinary course in substantially the same manner as the same is carried on as of the date hereof so as to preserve its relationships with all parties to the end that its goodwill and going concern shall not be materially impaired upon Completion, save as otherwise agreed in writing by us.

6. CONDITIONS TO THE PROPOSAL

The Proposal is subject to and conditional upon the following being obtained:

- (a) the approval from the shareholders of BHIC (save for the Non-Entitled Shareholder) for the Proposal via a special resolution to be tabled at the forthcoming extraordinary general meeting ("**EGM**") to be convened by BHIC for the Proposal ("**Special Resolution**").

The Special Resolution:

- (i) is required to be approved by at least a majority in number of the disinterested shareholders and at least 75% in value to the votes attached to the disinterested BHIC Shares that are cast either in person or by proxy at the EGM of BHIC; and
 - (ii) the value of votes cast against the Special Resolution is not more than 10% of the votes attached to BHIC Shares held by the disinterested shareholders of the total voting shares in BHIC;
- (b) the approval from the RCPS Holders of RCPS A and RCPS-i A of BHIC for the Proposal via a special resolution to be tabled at the respective class meetings ("**RCPS Class Meetings**") to be convened by BHIC for the Proposal (the special resolution for each RCPS Class Meeting is referred to as the "**RCPS Special Resolution**").

Each RCPS Special Resolution:

- (i) is required to be approved, at the relevant RCPS Class Meetings, by at least a majority in number of the RCPS Holders of the relevant class of RCPS (being either RCPS A or RCPS-i A, as applicable) and 75% in value to the votes attached to the RCPS of that class held by the RCPS Holders that are cast either in person or by proxy at that RCPS Class Meeting; and
 - (ii) the value of votes cast against the RCPS Special Resolution is not more than 10% of the votes attached to the relevant class of RCPS (being either RCPS A or RCPS-i A, as applicable) held by the RCPS Holders of that class of the total voting RCPS of that class.

For the avoidance of doubt, the approval thresholds as set out above shall apply separately to each RCPS Class Meeting and the votes of RCPS Holders shall not be aggregated or combined for the purposes of determining whether the relevant approval thresholds are met;

- (c) the grant of an order by the High Court in Malaya confirming the Proposal in accordance with Section 116 of the Act ("**Order**");
- (d) the approval, waiver and/or consent of the existing financiers and/or creditors of BHB and/or BHIC Group, if required; and
- (e) the approval, waiver and/or consent of any other relevant governmental or regulatory authority or parties, if required.

The Proposal for the BHIC Shares, RCPS A and RCPS-i A are inter-conditional with each other.

The Proposal will become effective upon the lodgement of an office copy of the Order with the Registrar of Companies ("**Effective Date**") pursuant to Section 116(6) of the Act. It is contemplated that the payment of the SCR Offer Price to the Entitled Holders will be made as soon as practicable following the Effective Date, but in any event no later than 10 days from the Effective Date.

7. OTHER MATTERS

7.1 In view that the Proposal is at our request, we wish to confirm that:

(a) as at the LPD,

Interested directors

- (i) Dato' Indera Ir. Dr. Hj. Ahmad Sabirin Arshad is the Group Managing Director of BHB and the Non-Independent Non-Executive Director of BHIC;
- (ii) Ahmad Farouk Bin Mohamed is the Non-Independent Non-Executive Director of BHB, Chief Investment Officer of LTAT and the Non-Independent Non-Executive Director of BHIC; and
- (iii) Fahmy Bin Ismail is the Group Chief Financial Officer of BHB and the Non-Independent Non-Executive Director of BHIC.

(The directors listed above are collectively referred to as "**Interested Directors**")

Interested major shareholder

- (i) BHB, being the Non-Entitled Shareholder, is a major shareholder of BHIC by virtue of its 72.38% direct interest in BHIC.

Persons connected with director and/or major shareholder

- (i) LTAT, being the sole shareholder of BHB, is deemed a presumed PAC with BHB pursuant to subsection 216(3) of the CMSA.

The Interested Directors will abstain from all deliberations and voting of the Proposal at the relevant Board meetings of BHIC pertaining to the Proposal. The Interested Directors, and BHB, being the interested major shareholder in the Proposal, will also abstain from voting in respect of their direct and/or indirect shareholdings in BHIC on the Proposal to be tabled at the respective EGM and RCPS Class Meetings to be convened by BHIC.

Further, the Interested Directors and BHB will also ensure that all PACs with them will abstain from voting in respect of their direct and/or indirect shareholdings in BHIC, if any, on the Proposal to be tabled at the respective EGM and RCPS Class Meetings to be convened by BHIC.

- (b) we will assist and co-operate with BHIC and the Board on the provision of such information on our part that may be required to enable the preparation of the circular to shareholders of BHIC, independent advice letter to be issued by the independent adviser to be appointed by BHIC and application to the High Court in Malaya for the grant of the Order.

7.2 In addition, we confirm that as at the LPD:

- (a) we and our PAC have not received any irrevocable undertaking from any Entitled Holder to vote in favour of the Special Resolution or RCPS Special Resolution;
- (b) we and our PAC are not aware of any existing or proposed agreement, arrangement or understanding in relation to the BHIC Shares, RCPS A and RCPS-i A between us or our PAC and any of the Entitled Holders; and
- (c) we and our PAC have not entered into or been granted any option to acquire any BHIC Shares, RCPS A and RCPS-i A.

8. GOVERNING LAW AND DISPUTE RESOLUTION

The Proposal and any agreement constituted by the acceptance of this Proposal Letter shall be governed by the laws of Malaysia and each party will submit to the non-exclusive jurisdiction of the courts of Malaysia.

9. ACCEPTANCE PERIOD

If the Board (save for any Interested Directors) is agreeable to take steps to implement the Proposal and to recommend the Proposal to the Entitled Holders of BHIC upon the terms envisaged in this Proposal Letter, please execute the enclosed duplicate of this Proposal Letter at the place indicated, and return the same to us so as to be received by us no later than 5.00 p.m. on Tuesday, 3 March 2026 (or such other date as may be extended by us in writing) after which the Proposal in this Proposal Letter shall lapse.

We trust the above is sufficient for the Board's (save for the Interested Directors) kind consideration and deliberation and look forward to your favourable reply. Pursuant to the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia, kindly make the necessary announcement(s) of our request for BHIC to undertake the Proposal on the day of receipt of this Proposal Letter.

Yours faithfully

For and on behalf of

BOUSTEAD HOLDINGS BERHAD



GENERAL TAN SRI DATO' SRI (DR.) HAJI ABDUL AZIZ HAJI ZAINAL (R)
Chairman



TO: BOUSTEAD HOLDINGS BERHAD

- **PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE FOR THE ORDINARY SHARES IN BHIC NOT OWNED BY BOUSTEAD HOLDINGS BERHAD; AND PROPOSED CAPITAL REDUCTION AND REPAYMENT EXERCISE FOR THE REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") CLASS A AND ISLAMIC RCPS CLASS A, PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016**
-

ACCEPTANCE

We, BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD, hereby agree to and accept the terms and conditions of your Proposal Letter dated 10 February 2026 as set out above.

Yours faithfully,

For and on behalf of

BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD

Name:

Designation:

Date: