



Boustead Heavy Industries Corporation Berhad (11106-V)
(Incorporated in Malaysia)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Sixth Annual General Meeting of the Company will be held at Mutiara Ballroom, Ground Floor, Royale Chulan Damansara, 2 Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor on Wednesday, 11 April 2018 at 2.30 p.m. for the purpose of transacting the following businesses:

- To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and Auditors. (Please refer Note 1)
- To re-elect the following Directors who retire by rotation in accordance with Article 77 of the Company's Constitution, and being eligible, offer themselves for re-election:-
 - Tan Sri Dato' Seri Lodin Wok Kamaruddin **Ordinary Resolution 1**
 - Abd Malik A Rahman **Ordinary Resolution 2**
- To approve the payment of Directors' benefits as follows:-
 - Directors' meeting allowances to each Director of RM1,000 for each attendance at Board Meeting and Board Committee Meeting of the Company and/or its subsidiaries from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting; and **Ordinary Resolution 3**
 - A fee of RM45,000 per annum for the Chairman and RM36,000 per annum for each of the other Directors for membership on the Board of a functional subsidiary for the financial year ended 31 December 2017. **Ordinary Resolution 4**
- To approve the payment of Directors' fees of RM475,000 for the financial year ended 31 December 2017. **Ordinary Resolution 5**
- To re-appoint Messrs. Ernst & Young as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting, at a remuneration to be determined by the Directors. **Ordinary Resolution 6**
- To consider and, if thought fit, pass the following Ordinary Resolutions with or without modifications:

(A) AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT 2016

"THAT pursuant to Section 75 of the Companies Act 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Ordinary Resolution 7**

(B) PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

"THAT, subject always to the Companies Act 2016 (Act), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and his hereby given for the renewal of the mandate granted by the shareholders of the Company on 5 April 2017, authorising the Company and/or its subsidiaries to enter into recurrent transactions of a revenue or trading nature with the Related Parties as specified in Section 2.4.1 of the Circular to Shareholders dated 13 March 2018, provided that the transactions are:

- necessary for the day to day operations;
- carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:

- the conclusion of the next Annual General Meeting (AGM) of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
 - the expiration of the period within which the next AGM of the Company 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
 - revoked or varied by a resolution passed by the Shareholders in a General Meeting;
- whichever is earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Shareholders' Mandate."

(C) PROPOSED ADDITIONAL SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS

"THAT pursuant to Section 75 of the Companies Act 2016 (Act), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into the additional transactions involving the Related Parties as specified in Section 2.4.2 of the Circular to Shareholders dated 13 March 2018, provided that the transactions are:

- recurrent transaction of a revenue or trading nature;
- necessary for the day to day operations;
- carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- are not to the detriment of the minority shareholders.

AND THAT such approval shall continue to be in force until:

- the conclusion of the next Annual General Meeting (AGM) of the Company, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;
 - the expiration of the period within which the next AGM of the Company 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
 - revoked or varied by a resolution passed by the Shareholders in a General Meeting;
- whichever is earlier.

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this Shareholders' Mandate."

(D) PROPOSED RETENTION OF INDEPENDENT DIRECTORS

(i) "THAT Dato' Ishak Osman be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine (9) years" **Ordinary Resolution 10**

(ii) "THAT subject to the passing of Ordinary Resolution 2, Abd Malik A Rahman be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director notwithstanding that he has been on the Board of the Company for a cumulative term of more than nine (9) years" **Ordinary Resolution 11**

7. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

LILYOHAYU AB HAMID @ KASSIM
SUZANA SANUDIN
Company Secretaries
Kuala Lumpur
13 March 2018

Notes

1. Audited Financial Statements

The Audited Financial Statements laid at this meeting pursuant to Section 340(1)(a) of the Companies Act 2016 are meant for discussion only. It does not require shareholders' approval, and therefore, shall not be put forward for voting.

2. Ordinary Resolutions 1 and 2- Proposed Re-election of Directors in accordance with Article 77 of the Company's Constitution

Article 77 of the Company's Constitution provides amongst others that at least one-third of the Directors who are subject to retirement by rotation or, if their number is not three (3) or multiple of three (3), the number nearest to one-third shall retire from office provided always that all Directors shall retire from office once at least in every three (3) years and shall be eligible for re-election.

Directors who are standing for re-election pursuant to Article 77 of the Company's Constitution are as follows:

- Tan Sri Dato' Seri Lodin Wok Kamaruddin
- Abd Malik A Rahman

The Nominating Committee (NC) of the Company has assessed the criteria and contribution of Tan Sri Dato' Seri Lodin Wok Kamaruddin and Abd Malik A Rahman and recommended for their re-election. The Board endorsed the NC's recommendation that Tan Sri Dato' Seri Lodin Wok Kamaruddin and Abd Malik A Rahman be re-elected as Directors of the Company.

3. Ordinary Resolutions 3 to 5 - Directors' Remuneration

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following resolutions:

- Ordinary Resolution 3** on payment of Directors' meeting allowances to each Director of RM1,000 for each attendance at Board Meeting and Board Committee Meeting of the Company and/or its subsidiaries from the date of this Annual General Meeting until the conclusion of the next Annual General Meeting; and
- Ordinary Resolution 4** on payment of a fee to the Chairman of RM45,000 per annum and RM36,000 per annum to each of the other Directors for membership on the Board of a functional subsidiary for the financial year ended 31 December 2017.
- Ordinary Resolution 5** on payment of Directors' fees of RM475,000 for the financial year ended 31 December 2017.

The current fees structure of the Directors of the Company is as follows:-

(a) Boustead Heavy Industries Corporation Berhad

| | | Directors' Fees (per annum) (RM) | Meeting Allowance (per meeting) (RM) |
|------------------------|-------------------------------------|--|--|
| Board | Chairman | 90,000 | 1,000 |
| | Members (per person) | 75,000 | 1,000 |
| Board Committees | | | |
| Audit Committee | Chairman | 35,000 | 1,000 |
| | Members (per person) | 25,000 | 1,000 |
| Nominating Committee | Chairman | - | 1,000 |
| | Members (per person) | - | 1,000 |
| Remuneration Committee | Chairman | - | 1,000 |
| | Members (per person) | - | 1,000 |
| Executive Committee | Chairman | - | - |
| | Non-Executive Director (per person) | - | 1,000 |
| Finance Committee | Chairman | - | - |
| | Non-Executive Director (per person) | - | 1,000 |

(b) Subsidiaries

| Name | Position Held | Fee Type | Amount (RM) |
|---|--|--|-----------------|
| Tan Sri Dato' Seri Lodin Wok Kamaruddin | Boustead Penang Shipyard Sdn Bhd | | |
| | Chairman | Directors' Fee (annual) Meeting Allowance - per meeting | 45,000 1,000 |
| 1. Tan Sri Dato' Seri Ahmad Ramlil Haji Mohd Nor 2. Datuk Azzat Kamaludin 3. Dato' Ishak Osman 4. Abd Malik A Rahman | Boustead Penang Shipyard Sdn Bhd | | |
| | Member | Directors' Fee (annual) Meeting Allowance - per meeting | 36,000 1,000 |
| | BHIC Shipbuilding & Engineering Sdn Bhd | | |
| | Member | Meeting Allowance - per meeting | 1,000 |

4. Ordinary Resolution 6 - Re-appointment of Auditors

The Board and Audit Committee of the Company are satisfied with the quality of service, adequacy of resources provided, communication, interaction skills and independence, objectivity and professionalism demonstrated by the External Auditors, Messrs. Ernst & Young (EY) in carrying out their functions. Being satisfied with EY's performance, the Board recommends their re-appointment for shareholders' approval at the Forty-Sixth Annual General Meeting.

5. Ordinary Resolution 7 - Authority for Directors to Allot and Issue Shares

Ordinary Resolution 7, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company.

This authority will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new shares were issued pursuant to the authority granted to the Directors at the Forty-Fifth Annual General Meeting held on 5 April 2017, the mandate of which will lapse at the conclusion of the Forty-Sixth Annual General Meeting to be held on 11 April 2018.

6. Ordinary Resolutions 8 and 9 - Recurrent Related Party Transactions

Ordinary Resolutions 8 and 9, if passed, will enable the Company and/or its Subsidiaries to enter into recurrent transactions involving the interests of Related Parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

7. Ordinary Resolutions 10 and 11 - Retention of Independent Directors

The Board through the Nominating Committee (NC), has determined that Dato' Ishak Osman and Abd Malik A Rahman are fair and impartial in carrying out their duties to the Company. As Directors, they continue to bring independent and objective judgements to Board deliberations and the decision-making process as a whole. They also possess vast professional experience and bring the right mix of skills to the Board. The Board therefore, endorsed the NC's recommendation for both Directors to be retained as Independent Directors.

8. Appointment of Proxy

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint any person to be his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- In the case of a Corporation, the proxy should be executed under the hand of a duly authorised officer.
- A member of the Company is entitled to appoint more than one proxy to attend and vote at the same meeting in his stead, provided that the member specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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.
- The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, 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, not less than 48 hours before the time for holding the Meeting or adjourned Meeting at which the person or persons named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
- Only members registered in the Record of Depositors as at 2 April 2018 shall be eligible to attend the meeting or appoint a proxy to attend and vote on his/her behalf.
- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by poll.