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

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Boustead Heavy Industries Corporation Berhad

(A member of Boustead Group)

Registration No.: 197101000758 (11106-V)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED DISPOSAL BY BOUSTEAD PENANG SHIPYARD SDN BHD ("BPS"), A WHOLLY-OWNED SUBSIDIARY OF BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD ("BHIC"), OF THREE (3) ADJOINING PARCELS OF MIXED INDUSTRIAL AND BUILDING LAND LEGALLY IDENTIFIED AS LOT NOS. 3222, 9777, AND 20238, TITLE NOS. PN 649, HSD 6981, AND HSM 3558, RESPECTIVELY, MUKIM OF 13, DISTRICT OF TIMOR LAUT, PULAU PINANG, TO KARYA KOPERAT SDN BHD FOR A TOTAL DISPOSAL CONSIDERATION OF RM28.00 MILLION TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED DISPOSAL")

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

ADVISER

UOB Kay Hian

UOB Kay Hian (M) Sdn Bhd

(formerly known as UOB Kay Hian Securities (M) Sdn Bhd)

Registration No. 199001003423 (194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Extraordinary General Meeting ("EGM") of the Company will be held at Mutiara Ballroom, Royale Chulan Damansara, 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor, Malaysia on Wednesday, 24 June 2026 at 2.30 p.m. or immediately after the conclusion or adjournment (as the case may be) of the Fifty-fourth Annual General Meeting of the Company which will be held at the same venue on the same day at 10.30 a.m., whichever is later or at any adjournment thereof. The Notice of the EGM of the Company for the Proposed Disposal and the Proxy Form are enclosed together with this Circular and can also be downloaded from the Company's website at www.bhic.com.my. Details of the EGM are as follows:

Last date and time for lodging the Proxy Form	: Monday, 22 June 2026 at 2.30 p.m.
Date and time of the EGM	: Wednesday, 24 June 2026 at 2.30 p.m., or immediately after the conclusion or adjournment (as the case may be) of the Fifty-fourth Annual General Meeting of the Company which will be held at the same venue on the same day at 10.30 a.m.
Venue of the EGM	: Mutiara Ballroom, Royale Chulan Damansara, 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor, Malaysia

The Circular, the Notices, the Proxy Form, and the administrative notes for the EGM can be downloaded from our website at www.bhic.com.my. If you are entitled to attend and vote at the Meeting, you may appoint a proxy or proxies to attend and vote on your behalf subject to BHIC's constitution. If you wish to do so, you must complete and deposit the Proxy Form at the Share Registrar's Office at Tricoe 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, Malaysia or its drop-in box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding of the applicable Meetings or at any adjournment thereof. You may submit the proxy appointment electronically via the Share Registrar's email at is.enquiry@vistra.com before the proxy appointment cut off time as mentioned above. You may also submit the proxy appointment electronically via Vistra Share Registry and IPO (MY) portal at <https://srmy.vistra.com> before the proxy appointment cut off time as mentioned above. For further information on electronic lodgement of the Proxy Form, please refer to the administrative notes. The lodging of the Proxy Form for the meeting will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

This Circular is dated 9 June 2026

DEFINITIONS

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

"Act"	:	Companies Act 2016
"BHB"	:	Boustead Holdings Berhad
"BHIC" or the "Company"	:	Boustead Heavy Industries Corporation Berhad
"BHIC Group" or the "Group"	:	BHIC and its subsidiaries, collectively
"BHIC Share(s)" or "Share(s)"	:	Ordinary share(s) in BHIC
"Board"	:	The Board of Directors of BHIC
"BPS"	:	Boustead Penang Shipyard Sdn Bhd
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Circular"	:	This circular to shareholders of BHIC dated 9 June 2026 in relation to the Proposed Disposal
"Director(s)"	:	Director(s) of BHIC, and shall have the meaning given in Section 2(1) of the Capital Markets And Services Act 2007, and includes any person who is or was, within the preceding 6 months of the date on which the terms of the Proposed Disposal were agreed upon:- (i) a director of BHIC, its subsidiaries or holding company; and (ii) a chief executive of BHIC, its subsidiaries or holding company
"Disposal Consideration"	:	A disposal consideration of RM28,000,000 for the Subject Properties to be satisfied entirely via cash
"EGM"	:	Extraordinary general meeting of the Company
"EPS"	:	Earnings per Share
"EPU"	:	Economic Planning Unit
"FYE"	:	Financial year ended/ ending
"Intra Harta" or the "Valuer"	:	Intra Harta Consultants Sdn Bhd
"KKSB" or the "Purchaser"	:	Karya Koperat Sdn Bhd
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	4 June 2026, being the last practicable date of this Circular
"MRO"	:	Maintenance, repair and overhaul
"NA"	:	Net assets

DEFINITIONS (CONT'D)

"NBV"	:	Net book value
"O&G"	:	Oil and gas
"PAT"	:	Profit after tax
"PN17"	:	Practice Note 17 of the Listing Requirements
"Proposed Disposal"	:	The proposed disposal of the Subject Properties by BPS to the Purchaser for the Disposal Consideration in accordance with the terms and conditions of the SPA
"Proposed Selective Capital Reduction"	:	The proposed selective capital reduction and repayment exercise for the BHIC Shares not owned by BHB and proposed capital reduction and repayment exercises for the RCPS A and RCPS-i A, pursuant to Section 116 of the Act
"RCPS"	:	Redeemable convertible preference shares
"RCPS A"	:	RCPS class A of BHIC
"RCPS-i A"	:	Islamic RCPS class A of BHIC
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RPGT"	:	Real Property Gains Tax
"SPA"	:	The conditional sale and purchase agreement dated 31 March 2026 entered into between BPS and KKSB in respect of the Proposed Disposal
"sq. ft."	:	Square feet
"Subject Properties"	:	Three (3) adjoining parcels of mixed industrial and building land legally identified as Lot Nos. 3222, 9777, and 20238, Title Nos. PN 649, HSD 6981, and HSM 3558, respectively, Mukim of 13, District of Timor Laut, Pulau Pinang
"UOBKH" or the "Adviser"	:	UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd)

All references to "**you**" or "**your(s)**" in this Circular is to the shareholders of the Company who are entitled to attend and vote at the EGM.

Unless specifically referred to, words denoting incorporating the singular shall, where applicable include the plural and vice versa and words denoting incorporating the masculine gender shall where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day and date in this Circular shall be a reference to Malaysian time and date, respectively, unless otherwise specified. Any discrepancy in the figures included in this Circular between the amounts stated, actual figures and the totals thereof are due to rounding adjustments.

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EXECUTIVE SUMMARY

This Executive Summary highlights only the salient information of the Proposed Disposal. You are advised to read the Circular in its entirety for further details and not to rely solely on this Executive Summary in arriving at a decision on the Proposed Disposal before voting at the forthcoming EGM.

Key information	Description	Reference to Circular												
Summary of the Proposed Disposal	The Proposed Disposal entails the disposal by BPS of three (3) adjoining parcels of mixed industrial and building land legally identified as Lot Nos. 3222, 9777, and 20238, Title Nos. PN 649, HSD 6981, and HSM 3558, respectively, Mukim of 13, District of Timor Laut, Pulau Pinang to KKSB for a disposal consideration of RM28.00 million to be entirely via cash.	Section 2												
Rationale	The Subject Properties no longer support the Group's core businesses and have been classified as a surplus, non-core assets. Accordingly, by retaining the Subject Properties, the Group would be subject to opportunity costs without generating any operational or financial benefits to the Group. The Proposed Disposal therefore represents a timely opportunity for BHIC Group to unlock the value and monetise its investment in the Subject Properties, and at the same time provides the Group with surplus cash flow arising from the disposal. The Disposal Consideration will enable the Group to service its working capital requirements and enhance the Group's financial flexibility in meeting its operational expenditure and day-to-day requirements in the ordinary course of business. In addition, the Group is expected to recognise an estimated gain from disposal of RM15.12 million, which will contribute positively to the Group's earnings and net assets position. BHIC Group's strategic focus remains firmly anchored on its role as a key participant in supporting Malaysia's defence and security ecosystem, with particular emphasis on long-term, recurring MRO contracts for the Royal Malaysian Navy and Royal Malaysian Air Force. Pursuant thereto, the monetisation of idle, non-core assets such as the Subject Properties would enable the Group to optimize its asset base while providing financial resources that can be redeployed towards sustaining and enhancing its core operational capabilities.	Section 3												
Utilisation Proceeds	of The proceeds of RM28.00 million to be received from the Proposed Disposal are envisaged to be utilised in the following manner:- <table> <tr> <th>Details of utilisation</th><th>Expected timeframe for utilisation</th><th>RM'000</th></tr> <tr> <td>Working capital requirements</td><td>Within 24 months from completion</td><td>25,966</td></tr> <tr> <td>Estimated expenses in relation to the Proposed Disposal</td><td>Upon completion</td><td>2,034</td></tr> <tr> <td>Total</td><td></td><td>28,000</td></tr> </table>	Details of utilisation	Expected timeframe for utilisation	RM'000	Working capital requirements	Within 24 months from completion	25,966	Estimated expenses in relation to the Proposed Disposal	Upon completion	2,034	Total		28,000	Section 4
Details of utilisation	Expected timeframe for utilisation	RM'000												
Working capital requirements	Within 24 months from completion	25,966												
Estimated expenses in relation to the Proposed Disposal	Upon completion	2,034												
Total		28,000												
Risk Factors	The Proposed Disposal is subject to, but not limited to the following risks:- (i) As the completion of the Proposed Disposal is conditional upon the fulfilment of the conditions precedents of the SPA and there can be no assurance that the conditions precedents will be obtained satisfied and/or waived or that the SPA can be completed within the stipulated time period. In the event that any of the conditions precedent are not fulfilled within the stipulated time period or waived, the completion of the Proposed Disposal may be affected; and (ii) With the Proposed Disposal, the Group will only be disposing the Subject Properties at current valuation and will not be able to enjoy any future appreciation in the value of the Subject Properties.	Section 5												

EXECUTIVE SUMMARY (CONT'D)

Key information	Description	Reference to Circular
Approvals required	The Proposed Disposal is subject to the following approvals being obtained:- (i) Purchaser obtaining approval from the relevant governmental agency for the reclassification of the zoning designation of the Subject Properties; (ii) Purchaser obtaining approval from the relevant land registry for the conversion of the category of land use and express condition of the Subject Properties; (iii) Purchaser obtaining approval from the EPU under the Prime Minister's Department as required under the EPU guidelines for the Proposed Disposal, if applicable; (iv) Purchaser procuring the approval of the shareholders of its holding company, Ark Resources Holdings Berhad at a general meeting; (v) shareholders of BHIC at an EGM to be convened; (vi) BPS procuring consent of the existing financiers of BHIC; and (vii) BPS obtaining approval from the relevant state authority for the transfer of the Subject Properties to the Purchaser. The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by the Company.	Section 7
Interested parties	None of the Directors, major shareholders and/ or chief executive of BHIC and/ or persons connected with them has any interest, whether direct or indirect, in the Proposed Disposal.	Section 9
Directors' recommendation	The Board, having considered all aspects of the Proposed Disposal, including the rationale and justification for the Proposed Disposal, the salient terms of the SPA, the basis and justification of arriving at the Disposal Consideration as well as the financial effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company and the terms and conditions of the SPA are fair and reasonable. Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Disposal to be tabled at the Company's forthcoming EGM.	Section 10



Boustead Heavy Industries Corporation Berhad

(A member of Boustead Group)

Registration No.: 197101000758 (11106-V)
(Incorporated in Malaysia)

Registered Office

17th Floor, Menara Boustead
69, Jalan Raja Chulan
50200 Kuala Lumpur
Malaysia

9 June 2026

Board of Directors

General Tan Sri Dato' Sri Roslan Bin Saad RMAF (Retired) (*Chairman/ Independent Non-Executive Director*)

Dato' Indera Ir. Dr. Hj. Ahmad Sabirin Bin Arshad (*Non-Independent Non-Executive Director*)

Vice Admiral Dato' Syed Zahiruddin Putra Bin Syed Osman (Retired) (*Independent Non-Executive Director*)

Kamarul Baharin Bin Tengku Zainal Abidin (*Independent Non-Executive Director*)

Dato' Mearia @ Massahariah Binti Hamzah (*Independent Non-Executive Director*)

Ahmad Farouk Bin Mohamed (*Non-Independent Non-Executive Director*)

Fahmy Bin Ismail (*Non-Independent Non-Executive Director*)

Datuk Md Jais Bin Sarday (*Independent Non-Executive Director*)

To: The shareholders of BHIC

Dear Sir/ Madam,

PROPOSED DISPOSAL

1. INTRODUCTION

On 31 March 2026, UOBKH had, on behalf of the Board, announced that BPS, a wholly-owned subsidiary of the Company had, on even date, entered into a conditional SPA with KKSBB to dispose the Subject Properties to KKSBB for the Disposal Consideration.

Further details on the Proposed Disposal are set out in the ensuing sections of this Circular.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED DISPOSAL AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED DISPOSAL TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM AND THE PROXY FORM ARE ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED DISPOSAL

On 31 March 2026, BPS, a wholly-owned subsidiary of the Company, entered into the SPA with the Purchaser, pursuant to which BPS agreed to sell and the Purchaser agreed to purchase the Subject Properties, free from all encumbrances and with vacant possession for the Disposal Consideration, subject to the terms and conditions of the SPA. The salient terms of the SPA are set out in **Appendix I** of this Circular.

For the avoidance of doubt, the Proposed Disposal is not a related party transaction. In addition, the Proposed Disposal is not a Major Disposal pursuant to Paragraph 10.02(eA) of the Listing Requirements, as the completion of the Proposed Disposal will not result in BHIC Group being classified as a cash company, affected listed issuer or PN17 Issuer pursuant to Paragraphs 8.03, 8.03A and 8.04 of the Listing Requirements, respectively.

For avoidance of doubt, the Proposed Disposal is not deemed to be a frustration of the Proposed Selective Capital Reduction in accordance with Paragraph 16.01 of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia as BHB, being the Offeror for the Proposed Selective Capital Reduction, has provided its consent for BHIC to undertake the Proposed Disposal.

Further, the terms and conditions of the Proposed Selective Capital Reduction remain the same (as announced earlier on 3 March 2026) and the offer price in relation to the Proposed Selective Capital Reduction remains unchanged, as the Proposed Disposal has no impact on the Proposed Selective Capital Reduction.

2.1 Information on the Purchaser

KKSB was incorporated in Malaysia on 11 August 2025 as a private company limited by shares under the Act and having its registered office at Room B, 3rd Floor 309-K Perak Road, 10150 George Town, Pulau Pinang. KKSB is principally an investment holding company. As at the LPD, KKSB has an issued share capital of RM100,000.00 comprising 100,000 ordinary shares.

As at the LPD, Dato' Mohamad Zekri bin Haji Ibrahim, a Malaysian, is the sole director of KKSB. KKSB is a wholly-owned subsidiary of Ark Resources Holdings Berhad, a public company listed on the Main Market of Bursa Securities.

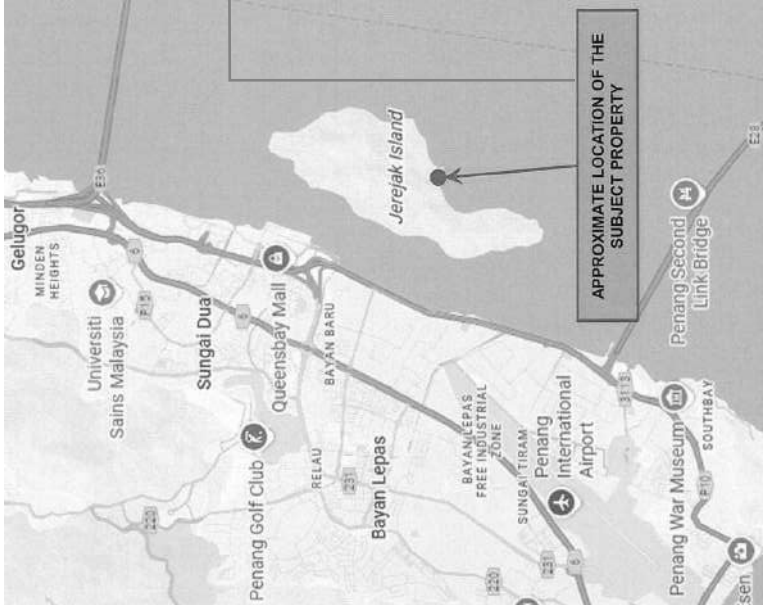
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2.2 Information on the Subject Properties

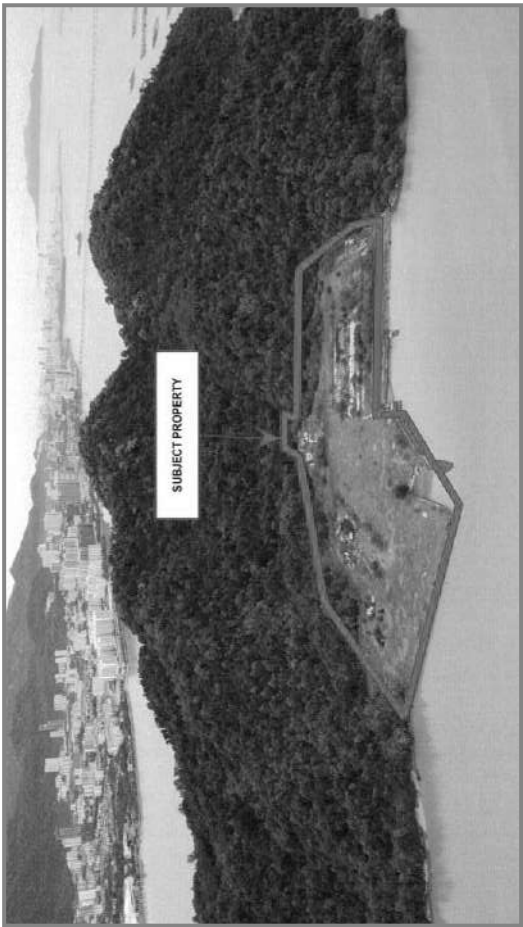
The Subject Properties comprise three (3) adjoining parcels of mixed industrial and building land which are located within Pulau Jerejak, Mukim of 13, District of Timor Laut, Pulau Pinang. Pulau Jerejak is sited between Jambatan Pulau Pinang and Jambatan Sultan Abdul Halim Mu'adzam Shah. The Subject Properties are presently vacant.

The present access to the Subject Properties from Majlis Bandaraya Pulau Pinang (MBPP) is by way of Jalan Penang, Jalan Dr. Lim Chwee Leong, Gat Jalan Prangin and then onto Lebuhraya Tun Dr. Lim Chong Eu until reaching the Astaka Pantai Seagate Jetty on the left side. Access to the Subject Properties is then continued by boat from the jetty for approximately 4 km. The approximate location of the Subject Properties is set out as follow:-

Location plan of the Subject Properties



Aerial view of the Subject Properties



The details of the Subject Properties are as follows:-

Registered proprietor	BPS		
Title Nos.	PN 649	HSD 6981	HSM 3558
Lot Nos.	3222	9777	20238
Mukim	Mukim 13		
District	Timor Laut		
State	Pulau Pinang		
Land area	880,068 sq. ft.	238,550 sq. ft.	33,745 sq. ft.
Tenure	99-year leasehold interest expiring on 24 January 2072 (the unexpired term is about 47 years as at the date of valuation)	99-year leasehold interest expiring on 24 January 2072 (the unexpired term is about 47 years as at the date of valuation)	60-year leasehold interest expiring on 15 November 2073 (the unexpired term is about 48 years as at the date of valuation)
Category of land use	<i>Perusahaan/Perindustrian</i>		
Express Condition	(i) The land hereby alienated shall be used solely for a shipyard and any building erected thereon shall be used solely for the said purpose. (ii) The proprietor of the land hereby alienated shall not erect any building on the said land without the written consent of the Director of Land and Mines. (iii) The proprietor shall ensure that 25% of the employees engaged in this business for which the land is hereby alienated shall be Malays.	(i) The land hereby alienated shall be used solely for a shipyard and any building erected thereon shall be used solely for the said purpose. (ii) The proprietor of the land hereby alienated shall not erect any building on the said land without the written consent of the Director of Land and Mines. (iii) The proprietor of the land hereby alienated shall at all time ensure that no oiling takes place as a result of any building erected on the said land. (iv) The proprietor of the land hereby alienated shall not reclaim the land without written consent of the State Authority.	<i>Bangunan</i> "Tanah yang dibermilik ini hendaklah digunakan untuk tujuan tapak pembinaan dan membaikpulih kapal binaan struktur luar pantai dan fabrikasi kejuruteraan berat, serta perluasan tapak kemudahan-kemudahan asas termasuk surau sedia ada"

			(v) The proprietor shall ensure that 25% of the employees engaged in this business for which the land is hereby alienated shall be Malays.	
Restriction in interest	The land hereby alienated shall not be sub-divided. The land hereby alienated shall not be transferred, charged, leased, sub-leased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.	The land hereby alienated shall not be transferred, charged, leased, sub-leased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.	"Tanah yang diberimilik ini tidak boleh dipindahmilk, cagar, pajak, pajakan kecil atau sebarang bentuk urusniaga melainkan setelah mendapat kelulusan Pihak Berkuasa Negeri"	
Endorsements	Part of the Land has been leased to Tenaga Nasional Berhad for 30 years commenced on 1 September 1990 and expired on 31 August 2020 vide presentation No. 0799SC1994002726 Volume No. 8 Folio 110 dated 2 March 1994	Nil	Nil	
Encumbrances	Private caveat lodged by the Purchaser on 29 April 2026 vide presentation No. 0799B2026004586 and 0704B2026000255 respectively, pursuant to the SPA			
Audited NBV as at the FYE 31 December 2025	RM10.85 million			

Other information

Valuation date	31 December 2025
Valuer	Intra Harta
Valuation approach	Comparison Approach
Market value of the Subject Properties	RM28,000,000

2.3 Basis and justification of arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis, after taking into consideration following:-

- (i) the market value of the Subject Properties as appraised by the Valuer of RM28.00 million as at the date of valuation of 31 December 2025; and
- (ii) the Disposal Consideration represents a value of approximately RM24.30 per sq. ft., which is at a slight premium to the adjusted value per sq. ft. of comparables within the Pulau Pinang area as determined by the Valuer, as detailed below:-

Comparables	Land area (sq. ft.)	Adjusted value per sq. ft. (RM)
Industri Bukit Minyak	326,804	13.75
Penang Science Park	593,193	24.00
Bandar Batu Kawan	394,066	18.00

Please refer to **Appendix II** of this Circular for further details on the comparison approach adopted by the Valuer.

In its valuation appraisal, the Valuer has adopted the comparison approach which entails comparing the Subject Properties with similar properties that were sold recently or those that are currently offered for sale in the vicinity or other similar areas. The characteristics, merits and demerits of these properties are noted and compared to make the necessary adjustment to arrive at the appropriate value of the Subject Properties.

The Disposal Consideration represents the fair market value of the Subject Properties of RM28.00 million ascribed by the Valuer.

2.4 Mode of settlement for the Disposal Consideration

The Disposal Consideration will be satisfied in the following manner:-

Payment terms	Timing	RM'000	%
Deposit	Comprised of the following:-	2,800	10.00
	(a) Earnest deposit of RM0.84 million (3%) paid to BPS' solicitors on 18 December 2025; and		
	(b) Balance deposit of RM1.96 million (7%) paid to BPS' solicitors on 31 March 2026		
Retention Sum	To be deposited with the Purchaser's solicitors within three (3) business days upon the Purchaser's receipt of a certified true copy of the state authority's consent for the transfer of the Subject Properties	840	3.00
First Disposal Consideration	Initial To be paid to BPS within five (5) business days from the Purchaser's receipt of the rezoning approval	1,400	5.00
Second Disposal Consideration	initial To be paid to BPS within five (5) business days from the Purchaser's receipt of the conversion approval	1,400	5.00
Balance of Disposal Consideration	To be paid to BPS within thirty (30) days from the date all conditions precedent of the SPA are fulfilled	21,560	77.00
Disposal Consideration		28,000	100.00

2.5 Liabilities to remain with BHIC Group

Save for the obligations and the liabilities in and arising from the SPA, there are no other liabilities including contingent liabilities and guarantees expected to remain with BHIC Group arising from the Proposed Disposal.

2.6 Original date and cost of investment for the Subject Properties

As at the date of this Circular, the original cost and date of investment in the Subject Properties are not available as the relevant historical records or documentations could not be retrieved despite reasonable efforts undertaken by the Company. Notwithstanding this, the audited NBV of the Subject Properties is RM10.85 million, based on the latest audited financial statements of BHIC for the FYE 31 December 2025.

2.7 Expected gain arising from the Proposed Disposal

The Proposed Disposal is expected to result in a pro forma gain to BHIC Group, details of which are set out below:-

		RM'000
Disposal Consideration		28,000
Less:	Carrying amount of the Subject Properties as at FYE 31 December 2025 at Group level	(10,847)
	Estimated expenses for the Proposed Disposal^{*1}	(650)
	Estimated RPGT	(1,384)
Total pro forma gain from the Proposed Disposal		<u>15,119</u>

Note:-

^{*1} The breakdown of estimated expenses for the Proposed Disposal is set out below:-

	RM'000
Professional fees in relation to the Proposed Disposal (i.e. advisory fees, valuation fees and regulatory fees)	400
Other incidental expenses pursuant to the Proposed Disposal	250
Total	<u>650</u>

The pro forma gain as set out above was reviewed and computed by the internal management team of BHIC and is purely for illustration purpose.

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3. RATIONALE AND JUSTIFICATIONS FOR THE PROPOSED DISPOSAL

The Subject Properties were historically utilised by BPS as a shipyard, supported by purpose-built infrastructure capable of constructing vessels, as well as undertaking ship repair and maintenance works. The shipyard primarily supported O&G related activities and general fabrication works that formed part of the Group's shipbuilding and ship repair operations. Following the completion of a topside fabrication project in October 2018, the utilisation of the Subject Properties declined significantly and subsequently ceased activities. Thereafter, the Subject Properties became largely idle and remained vacant, as market conditions no longer supported sustained shipbuilding or large-scale fabrication activities. The decline in utilisation of the Subject Properties was driven by a prolonged downturn in global oil prices, which adversely affected the domestic O&G sector and, by extension, the shipbuilding and ship repair industry. These conditions were further exacerbated by rising global raw material prices, which increased project costs for certain ship repair works, as well as the substantial weakening of new shipbuilding demand during the COVID-19 period.

From July 2023 to June 2024, the Group was able to secure a temporary one-year lease to a third party for warehousing purposes. Beyond the temporary leasing arrangement which expired in June 2024 and in light of the developments above, the Subject Properties no longer support the Group's core businesses and have been classified as a surplus, non-core assets. Accordingly, by retaining the Subject Properties, the Group would be subject to opportunity costs without generating any operational or financial benefits to the Group.

The Proposed Disposal therefore represents a timely opportunity for BHIC Group to unlock the value and monetise its investment in the Subject Properties, and at the same time provides the Group with surplus cash flow arising from the disposal. As set out in **Section 4** of this Circular, the Disposal Consideration will enable the Group to service its working capital requirements and enhance the Group's financial flexibility in meeting its operational expenditure and day-to-day requirements in the ordinary course of business. In addition, the Group is expected to recognise an estimated gain from disposal of RM15.12 million, which will contribute positively to the Group's earnings and net assets position.

BHIC Group's strategic focus remains firmly anchored on its role as a key participant in supporting Malaysia's defence and security ecosystem, with particular emphasis on long-term, recurring MRO contracts for the Royal Malaysian Navy and Royal Malaysian Air Force. These activities are capital and capability-intensive, requiring sustained investment in specialised facilities, skilled manpower, systems integration and working capital. Pursuant thereto, the monetisation of idle, non-core assets such as the Subject Properties would enable the Group to optimize its asset base while providing financial resources that can be redeployed towards sustaining and enhancing its core operational capabilities.

Premised of the above, the Board opines that the Proposed Disposal is in the best interests of the Group, as it aligns with the Group's strategic focus on its core MRO businesses and facilitates the monetisation of a surplus non-core asset, allowing the Group to redeploy capital more efficiently towards strengthening its core capabilities and enhancing execution capacity for high-priority defence and security programmes. Accordingly, the Proposed Disposal is expected to strengthen the Group's financial position and provide greater financial flexibility moving forward.

4. UTILISATION OF PROCEEDS

The Group will raise cash proceeds amounting to approximately RM28.00 million pursuant to the Proposed Disposal. The proceeds are envisaged to be utilised in the following manner:-

Details of utilisation	Timeframe for utilisation upon completion of the Proposed Disposal	RM'000
Working capital requirements ^{*1}	Within 24 months	25,966
Estimated expenses in relation to the Proposed Disposal ^{*2}	Within 3 months	2,034
Total		<u>28,000</u>

Notes:-

^{*1} BHIC Group has earmarked RM25.97 million of the proceeds to finance its general working capital requirements including payment of trade and other payables, maintenance of MRO facilities, administrative and operating expenses such as rental of premises, salaries and staff related expenses, office expenses and utilities.

The breakdown of such proceeds has not been determined at this juncture and will be dependent on the operating and funding requirements at the time of utilisation. Notwithstanding that, and on best estimate basis, the percentage of the allocation of the proceeds to be utilised for each component of the working capital are as follows, subject to the operating and funding requirements of BHIC Group at the time of utilisation:-

Descriptions	Estimated allocation of proceeds (%)
Payment of trade and other payables	20
- As at the LPD, the Group's trade and other payables is RM83.91 million with an average turnover period of 153 days	
Salaries and staff remuneration	50
Administrative and operating expenses (i.e. rental of premises, staff related expenses such as travelling and medical claims, office expenses and utilities)	30
	<u>100</u>

^{*2} The gross proceeds of approximately RM2.03 million has been earmarked to fund the estimated expenses of the Proposed Disposal, the breakdown of which is set out below :-

	RM'000
Professional fees in relation to the Proposed Disposal (i.e. advisory fees and valuation fees)	400
Other incidental expenses pursuant to the Proposed Disposal	250
	<u>650</u>
Estimated RPGT	1,384
Total	<u>2,034</u>

Pending the utilisation of proceeds arising from the Proposed Disposal for the above purposes, the proceeds would be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of the Group.

5. RISK FACTORS

5.1 Non-completion of the Proposed Disposal

The completion of the Proposed Disposal is subject to the fulfilment of the conditions precedent and/ or compliance with the terms and provisions as stipulated in the SPA. In the event that any one or more of the conditions precedent and/ or terms is/ are not fulfilled by the relevant parties within the timeframe prescribed in the SPA, or in the event of any breach of representations or warranties, or failure by any party to perform its covenants or obligations pursuant to the SPA, the Proposed Disposal may be delayed or terminated. As such, there can be no assurance that the conditions precedent can be fulfilled or that the Proposed Disposal will be completed within the timeframe stipulated under the SPA. Further, in the event of any delay or non-completion of the Proposed Disposal occurs, the Group may not be able to realise the benefits that may accrue to it from the proposed utilisation of proceeds as disclosed in **Section 4** of this Circular.

Notwithstanding the foregoing, the Group will endeavour to ensure that the conditions precedent and/ or BPS obligations under the SPA are fulfilled in a timely manner to facilitate the completion of the Proposed Disposal.

5.2 Opportunity cost

With the Proposed Disposal, the Group will be disposing the Subject Properties at their current valuation and will not be able to enjoy any future appreciation in the value of the Subject Properties.

Nonetheless, the Proposed Disposal is expected to result in a pro forma gain on disposal to the Group as detailed in **Section 2.7** of this Circular. The proceeds arising from the Proposed Disposal will be utilised for the purposes set out in **Section 4** of this Circular, which are expected to strengthen the Group's financial position and be beneficial to the Group.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued share capital nor the substantial shareholders' shareholdings of the Company as the Proposed Disposal does not involve any issuance of BHIC Shares.

6.2 Earnings and EPS

The Proposed Disposal is expected to be completed by the fourth quarter of 2027 and the Group is anticipated to derive a one-off estimated gain from the Proposed Disposal of RM15.12 million.

For illustrative purposes, the estimated gain per Share arising from the Proposed Disposal is as follows:-

	RM'000
Pro forma gain from the Proposed Disposal	15,119
Weighted average number of BHIC Shares in issue ('000)	564,280
Estimated gain per share from the Proposed Disposal (sen)	2.68

Purely for illustration purpose, assuming that the Proposed Disposal had been completed as at 1 January 2025, being the beginning of the latest audited FYE 31 December 2025, the pro forma effects of the Proposed Disposal on the earnings of BHIC Group are as follows:-

	Audited FYE 31 December 2025 RM'000	Pro forma I After the Proposed Disposal RM'000
PAT attributable to owners of the Company	382	15,501 ^{*1}
Weighted average number of BHIC Shares in issue ('000)	564,280	564,280
Basic EPS (sen)	0.07	2.75

Note:-

^{*1} The pro forma PAT subsequent to the completion of the Proposed Disposal was arrived at, after taking into account the pro forma gain from the Proposed Disposal of approximately RM15.12 million, as set out in **Section 2.7** of this Circular.

6.3 NA and gearing

Based on the latest audited consolidated financial statements of the Group as at 31 December 2025, the pro forma effects of the Proposed Disposal on the consolidated NA and gearing level of the Group are as follows:-

	Audited FYE 31 December 2025 RM'000	Pro forma I After the Proposed Disposal RM'000
Share capital	427,211	427,211
Redeemable convertible preference shares	136,092	136,092
(Accumulated losses)	(463,386)	(448,267) ^{*1}
Total Equity/ NA	99,917	115,036
No. of BHIC Shares in issue ('000)	564,280	564,280
NA per BHIC Share (RM)	0.18	0.20
Total borrowings (interest-bearing)	2,245	2,245
Gearing level (times)	0.02	0.02

Note:-

^{*1} After adjusting for the pro forma gain of approximately RM15.12 million arising from the Proposed Disposal as illustrated in **Section 2.7** of this Circular.

7. APPROVALS REQUIRED

The Proposed Disposal is subject to the following approvals being obtained:-

- (i) Purchaser obtaining approval from the relevant governmental agency for the reclassification of the zoning designation of the Subject Properties;
- (ii) Purchaser obtaining approval from the relevant land registry for the conversion of the category of land use and express condition of the Subject Properties;
- (iii) Purchaser obtaining approval from the EPU under the Prime Minister's Department as required under the EPU guidelines for the Proposed Disposal, if applicable;
- (iv) Purchaser procuring the approval of the shareholders of its holding company, Ark Resources Holdings Berhad at a general meeting;

- (v) shareholders of BHIC at an EGM to be convened;
- (vi) BPS procuring consent of the existing financiers of BHIC; and
- (vii) BPS obtaining approval from the relevant state authority for the transfer of the Subject Properties to the Purchaser.

Details of the approvals required for the Proposed Disposal, together with the relevant authorities and the corresponding status, are set out below:-

Approvals	Relevant authority/ Party	Status
Reclassification of the zoning designation of the Subject Properties (" Rezoning Approval ")	Penang Town and Country Planning Department	Submission of application was made by KKSB on 3 June 2026
Conversion of the category of land use and express condition of the Subject Properties (" Conversion Approval ")	Penang of Lands and Mines Office	Submission of application is to be made within 14 business days from the date of the receipt of the Rezoning Approval
Approval from the EPU under the Prime Minister's Department as required under the EPU guidelines	Economic Planning Unit, Ministry of Economy	Submission of application was made by KKSB on 20 May 2026
Approval of the shareholders of the Purchaser's holding company, Ark Resources Holdings Berhad	Ark Resources Holdings Berhad	To be obtained upon convening of general meeting to be held by Ark Resources Holdings Berhad
Approval of the shareholders of BHIC	BHIC	To be obtained upon convening of EGM held on 24 June 2026
Consent of the existing financiers of BHIC	MBSB Berhad Bank	Obtained by BHIC on 8 April 2026
Approval from the relevant state authority for the transfer of the Subject Properties to the Purchaser	Penang State Authority	To be obtained by BHIC upon receipt of the Rezoning Approval and Conversion Approval

Pursuant to Paragraph 10.02(g) of the Listing Requirements, the highest percentage ratio applicable for the Proposed Disposal is approximately 28.13%, calculated based on the Disposal Consideration of RM28.00 million against the NA of the Group of approximately RM99.54 million, based on the Group's audited consolidated financial statements for the FYE 31 December 2024.

8. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

On 10 February 2026, the Board announced that the Company had on the same date received a proposal letter from its major shareholder, BHB, notifying the Board of its intention to privatise the Company via the Proposed Selective Capital Reduction and requesting the Company to undertake the Proposed Selective Capital Reduction.

On 3 March 2026, on behalf of the Board, Affin Hwang Investment Bank Berhad announced that the Board (save for the interested directors) had resolved to table the Proposed Selective Capital Reduction to the non-interested shareholders and the RCPS holders for their consideration and approval. The Proposed Selective Capital Reduction was approved by the non-interested shareholders at an extraordinary general meeting convened on 29 April 2026.

Further, on 22 May 2026, on behalf of the Board, Affin Hwang Investment Bank Berhad announced that the Company had on 22 May 2026 filed a petition to the High Court in Malaya to obtain an order by the High Court in Malaya confirming the reduction of the BHIC Shares, RCPS A and RCPS-i A under the Proposed Selective Capital Reduction pursuant to Section 116 of the Act to give effect to the Proposed Selective Capital Reduction.

Save for the Proposed Disposal (being subject matter of this Circular) and the Proposed Selective Capital Reduction, as at the LPD, the Board is not aware of any outstanding proposals, which was announced but are not completed yet.

The Proposed Disposal is not conditional upon any other proposal undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/ OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/ or chief executive of BHIC and/ or persons connected with them has any interest, whether direct or indirect, in the Proposed Disposal.

10. DIRECTORS' STATEMENT AND RECOMMENDATION

The Board, having considered all aspects of the Proposed Disposal, including the rationale and justification for the Proposed Disposal, the salient terms of the SPA, the basis and justification of arriving at the Disposal Consideration as well as the financial effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company and the terms and conditions of the SPA are fair and reasonable.

Accordingly, the Board recommends that you vote in favour of the resolution pertaining to the Proposed Disposal at the EGM.

11. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to the fulfilment of all conditions precedent detailed in the SPA, the Proposed Disposal is expected to be completed in the fourth quarter of 2027.

The tentative timetable in relation to the Proposed Disposal is set out below:-

Date/ Timeline	Events
24 June 2026	Convening of the EGM to obtain the approval of shareholders of BHIC for the Proposed Disposal
September 2027	Fulfilment of the conditions precedent pursuant to the SPA
October 2027	Completion of the Proposed Disposal

12. EGM

Our Company's EGM will be held at Mutiara Ballroom, Royale Chulan Damansara, 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor, Malaysia on Wednesday, 24 June 2026 at 2.30 p.m., or immediately after the conclusion or adjournment (as the case may be) of the Fifty-fourth Annual General Meeting of the Company which will be held at the same venue on the same day at 10.30 a.m., whichever is later or at any adjournment thereof, for the purpose of considering, and if thought fit, passing the ordinary resolution, with or without modifications, to give effect to the Proposed Disposal as set out in the Notice of EGM and the Proxy Form which are enclosed in this Circular and are also available to be downloaded from the Company's website at www.bhic.com.my.

As a shareholder, you are encouraged to go online, participate and vote at the EGM using the RPV facilities. If you wish to appoint a proxy to participate and vote on your behalf, you may deposit your Proxy Form at the office of the poll administrator or alternatively, you may lodge your Proxy Form by electronic means via TIIH Online website at <https://tiih.online> not less than 48 hours before the time set for holding the EGM or any adjournment thereof.

13. FURTHER INFORMATION

Shareholders are advised to refer to the Appendices set out in this Circular for further information.

Yours faithfully,

For and on behalf of the Board

BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD

GENERAL TAN SRI DATO' SRI ROSLAN BIN SAAD RMAF (RETIRED)

Chairman/ Independent Non-Executive Director

APPENDIX I – SALIENT TERMS OF THE SPA

The salient terms of the SPA include the following:-

1. BASIS OF SALE

The sale and purchase of the Subject Properties is on an "as is where is" basis with vacant possession and subject to all other conditions whether express or implied and restrictions in interest endorsed on the issue document of title, with all rights, titles and benefits attaching the Subject Properties with effect from Completion Date (as defined in Section 6 below), free from all encumbrances.

2. CONDITIONS PRECEDENT

(i) Within 18 months from the date of the SPA, or such longer period as may be agreed upon in writing between the parties as the last day by which the following conditions shall be fulfilled ("**Conditional Period**"):

(a) KKSB shall at its own cost and expense –

- (1) obtain the approval from the relevant governmental agency for the reclassification of the zoning designation of the Subject Properties from "Industrial (strictly for shipyard purposes)" to "Residential and/ or commercial and/ or industrial use" ("**Rezoning Approval**");
- (2) obtain the approval from the relevant land registry to convert the category of land use from "Industrial" to "Residential and/ or commercial and/ or industrial use" and to amend the express condition of the Subject Properties to facilitate the intended development to be carried out by KKSB on the Subject Properties ("**Conversion Approval**");
- (3) if applicable, obtain the approval from EPU as required under the EPU Guidelines for the sale and purchase of the Subject Properties ("**EPU Approval**"); and
- (4) procure the approval of the shareholders of Ark Resources Holdings Berhad ("**Guarantor**") at a general meeting for the sale and purchase of the Subject Properties in accordance with the terms of the SPA.

(b) BPS shall at its own cost and expense –

- (1) obtain the approval from the relevant state authority for the transfer of the Subject Properties from BPS to KKSB ("**State Consents**");
- (2) procure the consent of the existing financiers of BHIC for the disposal of the Subject Properties; and
- (3) procure the approval of the shareholders of BHIC at a general meeting for the sale and purchase of the Subject Properties in accordance with the terms of the SPA.

(Collectively, the "**Conditions Precedent**")

(ii) If any one of the Conditions Precedent above is not fulfilled within the Conditional Period, the parties shall first consult in good faith to determine the appropriate course of action, including without limitation an extension of the Conditional Period or the implementation of alternative arrangements. If any Conditions Precedent remains unfulfilled or cannot be fulfilled, and the parties do not agree on an extension or alternative arrangements within seven (7) business days, either party shall be entitled to issue a notice of termination ("**Notice of Termination**") to the other party whereby –

APPENDIX I – SALIENT TERMS OF THE SPA (CONT'D)

- (a) if such termination arises due to the rejection or non-fulfilment of the Rezoning Approval or Conversion Approval, BPS shall be entitled to retain the Deposit as consideration for BPS' agreement to include the Rezoning Approval and Conversion Approval as Conditions Precedent, except where such termination arises solely from BPS' default or failure to fulfil its part of the relevant Condition Precedent, in which case such amount shall be refunded to KKSB.
- (b) For avoidance of doubt, if termination arises from the rejection or non-fulfilment of any other Condition Precedent, the Deposit shall be refunded to KKSB in full, subject to any interest payable under the SPA.
- (c) If applicable, the solicitors of KKSB ("**KKSB's Solicitors**") shall immediately release the Retention Sum together with any interest accrued thereon to KKSB if such sum has not been remitted to the Director General of the Inland Revenue Department ("**DGIR**"). In the event the Retention Sum has been remitted to the DGIR, BPS shall render all reasonable assistance to KKSB for KKSB's application to the DGIR to obtain a refund of the Retention Sum.
- (d) BPS shall within fourteen (14) days of the Notice of Termination, refund all other sums paid by KKSB towards the Disposal Consideration (if any), free of interest, less all interest payable by KKSB under the SPA, to KKSB.
- (e) Simultaneous with BPS' compliance with Section 2(ii)(d) above, KKSB shall –
 - (1) return or cause to be returned to BPS all relevant documents delivered to KKSB in respect of the SPA; and
 - (2) withdraw or cause to be withdrawn any private caveat lodged by KKSB over the Subject Properties at KKSB's cost and expense.
- (f) BPS shall be entitled to effect the deed of revocation of the limited power of attorney by BPS in favour of KKSB ("**Limited PoA**").
- (iii) The completion of the sale and purchase of the Subject Properties shall become unconditional on the day on which the last of the Conditions Precedent is fulfilled in accordance with the SPA or waived by mutual agreement of the parties ("**Unconditional Date**").

3. PAYMENT OF THE DISPOSAL CONSIDERATION

- (i) The Disposal Consideration of RM28,000,000 shall be satisfied in the following manner:
 - (a) the sum of RM840,000 only, being 3% of the Disposal Consideration, has been paid as earnest deposit to BPS prior to the execution of the SPA;
 - (b) the sum of RM1,960,000 only, being 7% of the Disposal Consideration, shall be paid as balance deposit to BPS, simultaneously with the execution of the SPA;
 - (c) the sum of RM840,000 only, being 3% of the Disposal Consideration required to be retained pursuant to section 21B(1) of the Real Property Gains Tax Act 1976, shall be paid to KKSB's Solicitors, as stakeholders within three (3) Business Days upon KKSB's receipt of a certified true copy of the State Consents;
 - (d) the sum of RM1,400,000 only, being 5% of the Disposal Consideration shall be paid to BPS within five (5) business days from KKSB's receipt of the Rezoning Approval:

APPENDIX I – SALIENT TERMS OF THE SPA (CONT'D)

- (e) the sum of RM1,400,000 only, being 5% of the Disposal Consideration shall be paid to BPS within five (5) business days from KKSB's receipt of the Conversion Approval; and
 - (f) the sum of RM21,560,000 only, being 77% of the Disposal Consideration shall be paid to BPS within a period of thirty (30) days from the Unconditional Date ("**Completion Period**").
- (ii) In the event of delay in payment of the Disposal Consideration –
 - (a) KKSB shall pay to BPS interest at the rate of 6% per annum, calculated on a daily basis on such part of the Disposal Consideration that is due but remains unpaid after the respective due date commencing from the date falling after the respective due date until such time that the amount due in respect of such part is paid to BPS in full.
 - (b) KKSB shall pay the interest accrued pursuant to Section 3(ii)(a) above simultaneously with the payment of the Balance Disposal Consideration to BPS.
- (iii) Simultaneously with the execution of the SPA, KKSB shall procure that the Guarantor delivers the unconditional and irrevocable corporate guarantee in favour of BPS in respect of the KKSB's obligations to pay all amounts due and owing pursuant to the SPA ("**Corporate Guarantee**") to BPS.

4. LEASE TENURE EXTENSION

- (i) Upon execution of the SPA and subject to BPS' receipt of the Deposit, KKSB shall be entitled, at its sole cost and expense, to submit applications to the relevant governmental agency for an extension of the lease tenure of the Subject Properties to ninety-nine (99) years ("**Lease Extension**").
- (ii) BPS shall have no obligation to compensate KKSB for any benefit, enhancement in value, or advantage arising from the Lease Extension, irrespective of whether completion of the SPA takes place.
- (iii) KKSB shall bear all costs, charges, and expenses incurred in connection with the Lease Extension and shall fully indemnify and keep BPS indemnified against any and all claims, demands, liabilities, losses, damages, or expenses arising directly or indirectly from or in connection with such application or any resulting Lease Extension.

5. LIMITED POWER OF ATTORNEY

- (i) Pending completion of the SPA, BPS shall grant a limited power of attorney to KKSB for the limited purposes of submitting applications and all necessary documents as required to obtain the Lease Extension, Rezoning Approval and Conversion Approval.
- (ii) BPS shall deliver to KKSB two (2) copies of duly executed Limited PoA simultaneous with the execution of the SPA. All costs and expenses relating to the registration of the Limited PoA shall be borne by KKSB and KKSB shall promptly after the registration of the Limited PoA with the High Court deliver a certified true copy of the same to BPS.
- (iii) The Limited PoA shall be revoked in the event the SPA is terminated or in the event KKSB is registered as the registered proprietor of the Subject Properties.

APPENDIX I – SALIENT TERMS OF THE SPA (CONT'D)

- (iv) KKSB shall fully indemnify and keep BPS indemnified against any and all claims, demands, liabilities, losses, damages or expenses that BPS may incur or suffer arising directly or indirectly from or in connection with the exercise of the power of attorney granted to KKSB.

6. VACANT POSSESSION

Vacant possession of the Subject Properties shall be deemed to have been delivered to KKSB on the day on which the full Disposal Consideration and all interest and all sums due under the SPA is paid by KKSB in accordance with the SPA ("**Completion Date**").

7. DEFAULT BY BPS

It is an event of default of BPS if any of the following events, where capable of remedy, is not remedied within fourteen (14) business days after a notice to rectify is issued by KKSB to BPS:

- (i) If BPS fails, neglects or refuses to complete the sale in accordance with the provisions of the SPA.
- (ii) Any of the warranties given by BPS under the SPA are found to be untrue or incorrect prior to the Completion Date.
- (iii) In the event BPS is in breach of any terms or conditions contained in the SPA or fails to perform or observe all or any of BPS' stipulations, undertakings, covenants or obligations herein contained.
- (iv) If BPS attempts to terminate the SPA during the Conditional Period in respect of any approvals other than as permitted under the SPA.

8. DEFAULT BY KKSB

It is an event of default of KKSB if any of the following events, where capable of remedy, is not remedied within fourteen (14) business days after a notice to rectify is issued by BPS to KKSB:

- (i) In the event KKSB defaults in the satisfaction of the Disposal Consideration in accordance with the provisions of the SPA.
- (ii) In the event any of the warranties given by KKSB under the SPA are found at any time to be untrue or incorrect.
- (iii) In the event KKSB is in breach of any terms or conditions contained in the SPA or fails to perform or observe all or any of KKSB's stipulations, undertakings, covenants or obligations under the SPA.
- (iv) If KKSB attempts to terminate the SPA during the Conditional Period in respect of any approvals other than as permitted under the SPA.

9. CONSEQUENCES OF BPS' DEFAULT

Immediately on the occurrence of an event of default under Section 7 above,

- (i) Where the event of default by BPS occurs, KKSB may issue a Notice of Termination to BPS whereupon –
 - (a) BPS shall return or cause to be returned to KKSB, the Deposit, the Initial Disposal Consideration and the Balance Disposal Consideration or any part thereof received by BPS free of interest;
 - (b) BPS shall pay an amount equivalent to Deposit as agreed liquidated damages to KKSB;
 - (c) if applicable, KKSB's Solicitors shall immediately release the Retention Sum together with any interest accrued thereon to KKSB if such sum has not been remitted to the DGIR pursuant to the SPA. In the event the Retention Sum has been remitted to the DGIR, BPS shall render all reasonable assistance to KKSB for KKSB's application to the DGIR to obtain a refund of the Retention Sum;
 - (d) simultaneous with BPS' compliance with Sections 9(i)(a), 9(i)(b) and 9(i)(c) above, KKSB shall –
 - (1) return or cause to be returned to BPS the valid and registrable memorandum of transfer in Form 14A of the National Land Code (Revised 2020) or such other prescribed statutory form, in respect of the Subject Properties, duly completed and executed by BPS in favour of KKSB ("**Transfer**") (if received by KKSB) with BPS' interest intact (save that where stamp duty in respect of the Transfer has been paid by KKSB, the Transfer may be retained for the purpose of submitting to stamp office for cancellation and be forthwith returned to BPS after a refund of the stamp duty paid thereon have been obtained), and all other relevant documents in respect of the SPA;
 - (2) withdraw or cause to be withdrawn any private caveat lodged by KKSB over the Subject Properties at KKSB's cost and expense; and
 - (e) BPS shall be entitled to effect the deed of revocation of the Limited PoA.
- (ii) Where the event of default occurs and KKSB elects to not exercise its right to terminate the SPA, KKSB shall be entitled to claim from BPS all damages or losses suffered or incurred by it arising from the default of BPS under the SPA and/or specific performance under the SPA.

10. CONSEQUENCES OF KKSB'S DEFAULT

Immediately on the occurrence of an event of default under Section 8 above,

- (i) Where the event of default by KKSB occurs, BPS may issue a Notice of Termination to KKSB whereupon –
 - (a) the Deposit together with any interest accrued shall be absolutely forfeited in favour of BPS;

APPENDIX I – SALIENT TERMS OF THE SPA (CONT'D)

- (b) if applicable, KKSB's Solicitors shall immediately release the Retention Sum together with any interest accrued thereon to KKSB if such sum has not been remitted to the DGIR pursuant to the SPA. In the event the Retention Sum has been remitted to the DGIR, BPS shall render all reasonable assistance to KKSB for KKSB's application to the DGIR to obtain a refund of the Retention Sum;
 - (c) BPS shall within fourteen (14) days of the Notice of Termination, refund all other sums received by BPS towards the Disposal Consideration (if any), free of interest, less all interest payable by KKSB under the SPA, to KKSB;
 - (d) simultaneous with BPS' compliance with Section 10(i)(c) above, KKSB shall –
 - (1) return or cause to be returned to BPS the Transfer (if received by KKSB) with BPS' interest intact (save that where stamp duty in respect of the Transfer has been paid by KKSB, the Transfer may be retained for the purpose of submitting to stamp office for cancellation and be forthwith returned to BPS after a refund of the stamp duty paid thereon have been obtained), and all other relevant documents in respect of the SPA;
 - (2) withdraw or cause to be withdrawn any private caveat lodged by KKSB over the Subject Properties at KKSB's cost and expense; and
 - (e) BPS shall be entitled to effect the deed of revocation of the Limited PoA.
- (ii) Where the event of default occurs and BPS elects to not exercise its right to terminate the SPA, BPS shall be entitled to claim from KKSB all damages or losses suffered or incurred by it arising from the default of KKSB under the SPA and/or specific performance under the SPA.

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PRIVATE AND CONFIDENTIAL

Our ref : V/25-0469
Date : 5 February 2026

The Directors
Boustead Heavy Industries Corporation Berhad
Level 17, Menara Boustead
Jalan Raja Chulan
50200 Kuala Lumpur

Attention : The Board of Directors

Dear Sirs,

CERTIFICATE OF VALUATION OF THREE (3) ADJOINING PARCELS OF MIXED INDUSTRIAL AND BUILDING LAND LEGALLY IDENTIFIED AS LOT NOS. 3222, 9777 AND 20238, TITLE NOS. PN 649, HSD 6981 AND HSM 3558, RESPECTIVELY, MUKIM OF 13, DISTRICT OF TIMOR LAUT, PULAU PINANG

We have been instructed by **Boustead Heavy Industries Corporation Berhad** to assess the **Market Value** of the abovementioned properties (hereinafter collectively referred to as 'the subject property') in its existing condition with vacant possession and subject to its Title being free from all encumbrances good marketable and registrable for the purpose of submission to Bursa Malaysia Securities Berhad in relation to the Proposed Disposal of the subject property.

This Certificate of Valuation is prepared for inclusion in the Circular to Shareholders of Boustead Heavy Industries Corporation Berhad in relation to the Proposed Disposal.

The Subject Property was inspected on **25 October 2025**. The material date of valuation as specifically instructed, is taken to be as at **31 December 2025**.

The Certificate Valuation is prepared in accordance with guidelines of the Asset Valuation Guidelines issued by the Securities Commission Malaysia and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia.

The basis of this valuation is Market Value which is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.



VEPM(1)0116/7



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Fax : +603-8933 6766

APPENDIX II – VALUATION CERTIFICATE FOR THE SUBJECT PROPERTIES (CONT'D)

INTRAHARTA

Our ref : V/25-0469
 Date : 5 February 2026
 The Directors
 Boustead Heavy Industries Corporation Berhad
 Level 17, Menara Boustead
 Jalan Raja Chulan
 50200 Kuala Lumpur
 Attention : Encik Syafiq Effendi Bin Mat Zain

CERTIFICATE OF VALUATION OF THREE (3) ADJOINING PARCELS OF MIXED INDUSTRIAL AND BUILDING LAND LEGALLY IDENTIFIED AS LOT NOS. 3222, 9777 AND 20238, TITLE NOS. PN 649, HSD 6981 AND HSM 3558, RESPECTIVELY, MUKIM OF 13, DISTRICT OF TIMOR LAUT, PULAU PINANG

Brief relevant details as extracted from Report and Valuation are as follows:-

PARTICULARS OF TITLE

Title Nos.	PN 649	HSD 6981	HSM 3558
Lot Nos.	3222	9777	20238
Mukim	Mukim 13		
District	Timor Laut		
State	Pulau Pinang		
Title Land Area	81,761 square metres (or 880,068 square feet)	22,162 square metres (or 238,550 square feet)	3,135 square metres (or 33,745 square feet)
Annual Rent	RM57,233	RM72,027	RM10,189
Tenure	99-year leasehold interest expiring on 24 January 2072 (the unexpired term is about 47 years)	99-year leasehold interest expiring on 24 January 2072 (the unexpired term is about 47 years)	60-year leasehold interest expiring on 15 November 2073 (the unexpired term is about 48 years)
Category of Land Use	"Perusahaan/ Perindustrian"	"Perusahaan/ Perindustrian"	"Bangunan"
Express Conditions	(1) The land hereby alienated shall be used solely for a shipyard and any building erected thereon shall be used solely for the said purpose. (2) The proprietor of the land hereby alienated shall not erect any building on the said land without the written consent of the Director of Land and Mines. (3) The proprietor shall ensure that 25% of the employees engaged in this business for which the land is hereby alienated shall be Malays.	(1) The land hereby alienated shall be used solely for a shipyard and any building erected thereon shall be used solely for the said purpose. (2) The proprietor of the land hereby alienated shall not erect any building on the said land without the written consent of the Director of Land and Mines. (3) The proprietor of the land hereby alienated shall at all time ensure that no oiling takes place as a result of any building erected on the said land. (4) The proprietor of the land hereby alienated shall not reclaim the land without written consent of the State Authority (5) The proprietor shall ensure that 25% of the employees engaged in this business for which the land is hereby alienated shall be Malays.	"Tanah yang dibermilik ini hendaklah digunakan untuk tujuan tapak pembinaan dan membaikpulih kapal binaan struktur luar pantai dan fabrikasi kerjuruteraan berat, serta perluasan tapak kemudahan- kemudahan asas termasuk surau sedia ada."

APPENDIX II – VALUATION CERTIFICATE FOR THE SUBJECT PROPERTIES (CONT'D)**INTRAHARTA**

Our ref : V/25-0469
 Date : 5 February 2026
 The Directors
 Boustead Heavy Industries Corporation Berhad
 Level 17, Menara Boustead
 Jalan Raja Chulan
 50200 Kuala Lumpur
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Restriction in Interest	The land hereby alienated shall not be sub-divided. The land hereby alienated shall not be transferred, charged, leased, sub-leased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.	The land hereby alienated shall not be transferred, charged, leased, sub-leased or otherwise in any manner dealt with or disposed of without the written sanction of the State Authority.	"Tanah yang diberimilik ini tidak boleh dipindahmilik, cagar, pajak, pajakan kecil atau sebarang bentuk urusniaga melainkan setelah mendapat kelulusan Pihak Berkuasa Negeri."
Registered Owner(s)	BOUSTEAD PENANG SHIPYARD SDN BHD		
Endorsement	Part of the Land has been leased to Tenaga Nasional Berhad for 30 years commenced on 1 September 1990 and expired on 31 August 2020 vide presentation No. 0799SC1994002726 Volume No. 8 Folio 110 dated 2 March 1994	Nil	Nil
Encumbrances	Nil	Nil	Nil

LOCATION

The subject property is located within Pulau Jerejak, Mukim of 13, District of Timor Laut, Pulau Pinang. The subject property is situated along south east coastal of Pulau Jerejak. Pulau Jerejak is sited between Jambatan Pulau Pinang and Jambatan Sultan Abdul Halim Mu'adzam Shah.

DESCRIPTION

The subject property comprises three (3) adjoining parcels of mixed industrial and building land identified as Lot Nos. 3222, 9777 and 20238, Title Nos. PN 649, HSD 6981 and HSM 3558, respectively, Mukim of 13, District of Timor Laut, Pulau Pinang having a combined title land area of 107,058 square metres (or 1,152,363 square feet) made up as follows:-

No.	Title No.	Lot No.	Land Area sq m (sq ft)
1.	PN 649	Lot 3222	81,761 (880,068)
2.	HSD 6981	Lot 9777	22,162 (238,550)
3.	HSM 3358	Lot 20238	3,135 (33,745)
Total Land area			107,058 (or 1,152,363)

Our ref : V/25-0469
Date : 5 February 2026
The Directors
Boustead Heavy Industries Corporation Berhad
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Attention : Encik Syafiq Effendi Bin Mat Zain

CERTIFICATE OF VALUATION OF THREE (3) ADJOINING PARCELS OF MIXED INDUSTRIAL AND BUILDING LAND LEGALLY IDENTIFIED AS LOT NOS. 3222, 9777 AND 20238, TITLE NOS. PN 649, HSD 6981 AND HSM 3558, RESPECTIVELY, MUKIM OF 13, DISTRICT OF TIMOR LAUT, PULAU PINANG

The subject property is an irregular shape shipyard land. Generally, the land is flat in terrain. During the course of our inspection, we observed the subject property is generally vacant and overgrown with shrubs and bushes.

Based on the Land Surveyor's plan provided to us, we observed that the subject property frontages have been blocked with two (2) lots within the seabed which have not been reclaimed as yet. In the event that these two (2) lots being earmarked for development, the access and visibility of the subject property will be greatly impacted. This is a major concern, as the sea frontage is considered a valuable feature of the subject property as a shipyard and it is currently the only means of transportation access to the subject property.

Notwithstanding their present physical condition, their existence as separate titled lots indicate that they are legally identifiable parcels, which may be subject to future reclamation and development. From a planning and regulatory standpoint, seabed or foreshore land may be reclaimed and converted into usable land, subject to obtaining the necessary approvals from the relevant authorities, including the State Authority, local planning authority, and other technical agencies. Further to our enquiry with the Jabatan Perancangan Pembangunan, Majlis Bandaraya Pulau Pinang, the said lots are located within "Kawasan Keutamaan Pembangunan 1" (KKP 1) as designated under the Rancangan Struktur Negeri Pulau Pinang 2030. The types of development permitted within KKP 1 include commercial, residential, industrial, infrastructure, utility, public facilities, open space, quarry, and government reserves. In view of the above, and in the absence of any known restriction against development, it is considered reasonably foreseeable that the said seabed lots may be reclaimed and developed in the future, subject to the relevant approvals. This forms the basis of our concern that any such development may materially affect the access, visibility, and overall utility of the subject property, particularly given its reliance on sea frontage for operational purposes as a shipyard.

The boundaries of the subject property are not demarcated with any form of fencing. We have not conducted any boundary surveys and for the purpose of this Report and Valuation we have assumed that measurements on site correspond with details as stated in the Document of Title.

Our ref : V/25-0469
Date : 5 February 2026
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Attention : Encik Syafiq Effendi Bin Mat Zain

CERTIFICATE OF VALUATION OF THREE (3) ADJOINING PARCELS OF MIXED INDUSTRIAL AND BUILDING LAND LEGALLY IDENTIFIED AS LOT NOS. 3222, 9777 AND 20238, TITLE NOS. PN 649, HSD 6981 AND HSM 3558, RESPECTIVELY, MUKIM OF 13, DISTRICT OF TIMOR LAUT, PULAU PINANG

PLANNING PROVISIONS

The subject property is designated for industrial use as stipulated in the Document of Titles.

Our enquiry at Jabatan Perancangan Pembangunan, Majlis Bandaraya Pulau Pinang reveals that the subject property is under KKP 1 – “Kawasan Keutamaan Pembangunan 1” as per the “Rancangan Struktur Negeri Pulau Pinang 2030”. The types of development permitted within KKP 1 include commercial, residential, industrial, infrastructure, utility, public facilities, open space, quarry, and government reserves.

METHOD OF VALUATION

In arriving at the Market Value of the subject property, we have adopted the Market/Comparison Approach.

Market/Comparison Approach

The Market/Comparison Approach entails comparing the subject property with similar properties that were sold recently or those that are currently offered for sale in the vicinity or other similar areas. The characteristics, merits and demerits of these properties are noted and compared to make the necessary adjustment to arrive at the appropriate value of the subject property.

APPENDIX II – VALUATION CERTIFICATE FOR THE SUBJECT PROPERTIES (CONT'D)

INTRAHARTA

Our ref : V/25-0469
 Date : 5 February 2026
 The Directors
 Boustead Heavy Industries Corporation Berhad
 Level 17, Menara Boustead
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MARKET OBSERVATION

There are no sales transaction of similar properties within Pulau Jerejak, Pulau Pinang. In our analysis of sales data available, we have considered the sales transaction of similar properties within larger neighbourhood which were transacted at prices ranging from RM592.00 per square metre (or RM55 per square foot) to RM645.80 per square metre (or RM60 per square foot) depending on the time, size, location, accessibility, zoning/land use, tenure, shape and other relevant characteristics of the properties.

Our investigation into sales transaction of similar properties within the locality which can be used as a basis of comparison are recorded as follows:-

Items	Comparable 1	Comparable 2	Comparable 3
Property	Plot 309B, Lorong Perindustrian Bkt Minyak 16, Industri Bukit Minyak (PDC)	Plot 39, Lorong PSPN 16, Penang Science Park	Plot 333, Persiaran Cassia Selatan 8, Bandar Batu Kawan
Type	A vacant parcel of industrial land	A vacant parcel of industrial land	A vacant parcel of industrial land
Date	31/07/2023	24/07/2023	25/05/2023
Vendor(s)	Perbadanan Pembangunan Pulau Pinang	Perbadanan Pembangunan Pulau Pinang	Perbadanan Pembangunan Pulau Pinang
Purchaser(s)	Comet Technologies Malaysia Sdn Bhd	Elite Material (Penang) Sdn Bhd	Ultra Clean Technology (Malaysia) Sdn Bhd
Tenure	Term	60-year leasehold	60-year leasehold
	Expiry	24/07/2084	08/05/2084
	Balance	59 years	59 years
Land Area sq m (sq ft)	30,361.09 (326,804)	55,109.43 (593,193)	36,609.93 (394,066)
Consideration	RM17,974,250	RM35,591,482	RM23,642,057
Analysis per sq m (per sq ft)	RM592.00 (RM55.00)	RM645.80 (RM60.00)	RM645.80 (RM60.00)
Source	JPPH	JPPH	JPPH
Adjustments	<u>Downwards</u> -Size, location, accessibility, tenure and shape	<u>Downwards</u> -Size, location, accessibility and tenure	<u>Downwards</u> -Size, location, accessibility, tenure and shape
Adjusted Value per sq ft	RM13.75	RM24.00	RM18.00

Our ref : V/25-0469
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Based on the Valuation Working and the explanatory notes on the adjustments made to the adopted comparables, the adjusted values range from RM13.75 per square foot to RM24.00 per square foot.

After considering all factors of the above, Comparable 2 resulted in the least adjustment i.e, 60% as compared to the other comparables. Therefore, we have adopted the adjusted value in respect of Comparable 2 as the market value rate per square foot for the subject property, at RM24.00 per square foot.

We are of the opinion that the Market Value of the subject property, based on RM24.00 per square foot is RM27,656,629 say **RM28,000,000**.

The total adjustments applied to the sales comparables range from approximately -60% to -75%, reflecting cumulative differences between the comparables and the subject property in respect of key value factors, including size, location, accessibility, tenure and shape. It is noted that the subject property is a shipyard land located at Pulau Jerejak, which is a specialised property type situated on an island. There is no directly comparable transaction evidence within Pulau Jerejak itself, and our market observation indicate that there are no transactions within the surrounding area involving properties with similar shipyard characteristics, island and dependency on sea access.

In the absence of identical or near-identical market evidence, the selected comparables represent the closest available transactions in terms of general land characteristics. These comparables were selected as the most suitable available evidence, notwithstanding differences that required excessive adjustments. Accordingly, although the total adjustments are relatively high, the comparables remain appropriate as they represent the best available and most relevant market evidence, adjusted to reflect the specific characteristics of the subject property.

Our market observation indicated that no recent sales of comparable properties located within Penang Island with similar characteristics to the subject property were identified to be sufficiently reliable for comparison purposes. Accordingly, we have relied on comparables from Seberang Perai which exhibit more similar characteristics to the subject property and have made the necessary adjustments to reflect differences in location and other relevant factors.

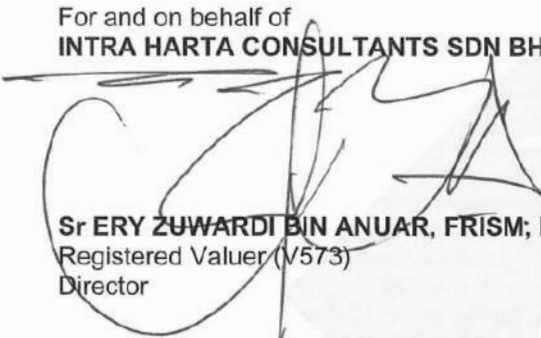
Our ref : V/25-0469
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Taking into consideration all relevant factors, we are of the opinion that the **Market Value** of the subject property i.e. **Lot Nos. 3222, 9777 and 20238, Title Nos. PN 649, HSD 6981 and HSM 3558, Respectively, Mukim of 13, District of Timor Laut, Pulau Pinang** in its existing condition with vacant possession and subject to its Title being free from all encumbrances good marketable and registrable is **RM28,000,000 (RINGGIT MALAYSIA TWENTY EIGHT MILLION ONLY)**.

Thank you.

For and on behalf of
INTRA HARTA CONSULTANTS SDN BHD



Sr ERY ZUWARDI BIN ANUAR, FRISM; MPEPS, MMIEA
Registered Valuer (V573)
Director

APPENDIX III – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. CONSENT

UOBKH has given and has not subsequently withdrawn its written consent to the inclusion of its name and all references thereto in the form and context in which they appear in this Circular.

Intra Harta, being the independent valuer to BHIC in relation to the valuation of the Subject Properties, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, valuation certificate, and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

UOBKH has given its written confirmation that there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser for the Proposed Disposal.

Intra Harta has given its written confirmation that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the independent valuer to BHIC for the Proposed Disposal.

4. MATERIAL COMMITMENTS

Save as disclosed below and as at 31 March 2026, the Board is not aware of any material commitments incurred or known to be incurred by BHIC Group which, upon becoming enforceable, may have a material impact on the financial results/ position of BHIC Group.

	RM'000
Approved but not contracted for:-	
Property, plant and equipment	4,181
Approved and contracted for:-	
Property, plant and equipment	1,004
Total	5,185

5. CONTINGENT LIABILITIES

Save as disclosed below, as at 31 March 2026, there are no contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of BHIC Group:-

(i) Refit contract

On 27 May 2020, Boustead DCNS Naval Corporation Sdn. Bhd. ("**BDNC**"), a joint venture company of BHIC, received a letter from the Ministry of Defence ("**MINDEF**") claiming for liquidated ascertained damages ("**LAD**") amounting to RM9.5 million and EUR3.8 million, for the refit works on Royal Malaysian Navy Submarine, i.e. KD Tunku Abdul Rahman, after the MINDEF approved several mitigation claims. BDNC has made full payment via a set-off.

APPENDIX III – FURTHER INFORMATION (CONT'D)

On 5 November 2024, BDNC received a letter from MINDEF on additional LAD for Refit contract amounting to RM5.2 million and EUR1.9 million. On 4 November 2024, BDNC received a letter from MINDEF on LAD for KD Tun Razak Refit amounting to RM14.5 million (RM5.2 million and EUR1.9 million). This amount is part of the commercial settlement ("**Commercial Settlement**") between the Government of Malaysia and BDNC, which is currently under negotiation.

The remaining LAD as of 31 March 2026 is RM14.5 million.

(ii) Extended In-Service Support ("EISS") Contract

On 29 May 2020, BDNC received a letter from MINDEF claiming for LAD amounting to RM44.0 million (RM11.6 million and EUR6.5 million) for the EISS Contract.

The remaining LAD as of 31 March 2026 is RM37.9 million, based on the confirmation for the reduction of EISS LAD from RM44.0 million to RM37.9 million as minuted during the workshops for the aforementioned Commercial Settlement.

(iii) In-Service Support Contract (ISS 2022)

Notice of LAD for ISS 2022 was issued by MINDEF on 3 October 2024, claiming LAD for RM1.6 million. This LAD is also part of the Commercial Settlement.

(iv) In-Service Support Contract (ISS 2020) – Repair by Hour (RBH)

On 7 October 2025, BHIC AeroServices Sdn Bhd ("**BHICAS**"), a joint venture company of BHIC, received a letter from MINDEF claiming LAD amounting to RM49.7 million for the period from April 2020 to March 2024.

As at 31 December 2024, BHICAS had recognised a provision of RM29.4 million for the LAD claim, after taking into account force majeure arising from the COVID-19 pandemic of RM19.5 million and Time Limitation Act considerations amounting to RM15.4 million.

6. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at 31 March 2026, the Board is not aware of any material litigation, claims or arbitration, proceedings pending or threatened involving the Subject Properties, or of any facts likely to give rise to any proceedings involving the Subject Properties.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of BHIC at 17th Floor, Menara Boustead, 69, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia during the normal business hours from Monday to Friday (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- (i) the constitution of BHIC;
- (ii) audited consolidated financial statements of BHIC Group for the past 2 financial years up to the FYE 31 December 2025, and the latest unaudited consolidated financial statements for the 3-month financial period ended 31 March 2026;
- (iii) SPA dated 31 March 2026 in respect of the Proposed Disposal;
- (iv) the letter of consent and declaration of conflict of interests referred to in **Sections 2 and 3** above, respectively; and
- (v) Valuation Certificate and Valuation Report for the Subject Properties prepared by Intra Harta.



Boustead Heavy Industries Corporation Berhad

(A member of Boustead Group)

Registration No.: 197101000758 (11106-V)
(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting ("**EGM**") of Boustead Heavy Industries Corporation Berhad ("**BHIC**" or the "**Company**") will be held at Mutiara Ballroom, Royale Chulan Damansara, 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor, Malaysia on Wednesday, 24 June 2026 at 2.30 p.m., or immediately after the conclusion or adjournment (as the case may be) of the Fifty-fourth Annual General Meeting of the Company which will be held at the same venue on the same day at 10.30 a.m., whichever is later, or any adjournment thereof, for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolution.

ORDINARY RESOLUTION

PROPOSED DISPOSAL BY BOUSTEAD PENANG SHIPYARD SDN BHD ("BPS"), A WHOLLY-OWNED SUBSIDIARY OF BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD ("BHIC"), OF THREE (3) ADJOINING PARCELS OF MIXED INDUSTRIAL AND BUILDING LAND LEGALLY IDENTIFIED AS LOT NOS. 3222, 9777, AND 20238, TITLE NOS. PN 649, HSD 6981, AND HSM 3558, RESPECTIVELY, MUKIM OF 13, DISTRICT OF TIMOR LAUT, PULAU PINANG (COLLECTIVELY, THE "SUBJECT PROPERTIES"), TO KARYA KOPERAT SDN BHD ("KKSBB") FOR A TOTAL DISPOSAL CONSIDERATION OF RM28.00 MILLION TO BE SATISFIED ENTIRELY VIA CASH ("PROPOSED DISPOSAL")

THAT, approval be and is hereby given to BPS to dispose of the Subject Properties for the total disposal consideration of RM28,000,000 in cash, in accordance with the terms and conditions contained in the conditional share sale and purchase agreement dated 31 March 2026, entered into between BPS and KKSBB ("**SPA**").

THAT the proceeds arising from the Proposed Disposal be utilised for the purposes set out in Section 4 of the circular to shareholders in relation to the Proposed Disposal dated 9 June 2026, and the Board of Directors of the Company ("**Board**") be and is hereby empowered and authorised with full discretion to amend or vary the manner and/or purposes of utilisation of such proceeds, as the Board may deem fit, necessary, expedient and/or appropriate in the best interests of the Company.

AND THAT the Board be and is hereby authorised to do all acts, deeds and things, and execute all documents as the Board considers necessary or expedient in connection with the Proposed Disposal, and to take all such necessary steps to give full effect to the Proposed Disposal with full power to assent, accept and/or make any condition, modification, variation, arrangement and/or amendment in any manner as may be required or imposed or permitted by any relevant authorities and/or parties or as the Board may deem necessary or expedient in the best interests of the Company in respect of the Proposed Disposal.

BY ORDER OF THE BOARD

ROZANA ISMAIL (LS 0008847) (SSM PC No: 201908003365)
Company Secretary

8 June 2026

Notes:

- (i) A member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy or attorney or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (ii) Subject to (iii) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportion of his shareholding to be represented by each proxy.
- (iii) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.
- (iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (v) Where the Proxy Form is executed by a corporation, it must be executed under its seal or under the hand of its attorney.
- (vi) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Company's Registrars, 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 alternatively, the 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 forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.
- (vii) Only a depositor whose name appears on the Record of Depositors as at 15 June 2026 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.
- (viii) Pursuant to subparagraph 8.29A(1) of the Listing Requirements, the resolutions set out in this Notice will be put to vote by way of poll.



Boustead Heavy Industries Corporation Berhad

(A member of Boustead Group)

Registration No.: 197101000758 (11106-V)
(Incorporated in Malaysia)

PROXY FORM

*I/We _____ NRIC//Registration no. _____
(Full Name in Block Letters)

of _____
(Full Address)

being a member of **BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD**, hereby appoint:

(1) Name of proxy : _____ NRIC no: _____
(Full Name in Block Letters)

Address : _____ No. of shares
(Full Address) represented:

(2) Name of proxy : _____ NRIC no: _____
(Full Name in Block Letters)

Address : _____ No. of shares
(Full Address) represented:

or failing him/her, *the Chairman of the Meeting as *my/*our proxy to vote for *me/us and on *my/our behalf at the Extraordinary General Meeting of the Company to be conducted at Mutiara Ballroom, Royale Chulan Damansara, 2, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor, Malaysia on Wednesday, 24 June 2026, at 2.30 p.m., or immediately after the conclusion or adjournment (as the case may be) of the Fifty-fourth Annual General Meeting of the Company which will be held at the same venue on the same day at 10.30 a.m., whichever is later, or any adjournment thereof, to vote as indicated below:

No	Ordinary Resolution	For	Against
1.	Proposed Disposal		

(Please indicate with an "x" in the space provided above how you wish to cast your vote. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Number of shares held	
CDS Account No.	

Dated this _____ day of _____, 2026

.....
Signature / Seal of Shareholder

[* Delete if not applicable]



Notes:

- (i) A member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy or attorney or proxies (or being a corporate member, a corporate representative) to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- (ii) Subject to (iii) below, where a member appoints two (2) or more proxies, the appointments shall be invalid unless he/she specifies the proportion of his shareholding to be represented by each proxy.
- (iii) The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney duly authorised.
- (iv) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (v) Where the Form of Proxy is executed by a corporation, it must be executed under its seal or under the hand of its attorney.
- (vi) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, must, to be valid, be deposited at the office of the Company's Registrars, 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 alternatively, the 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 forty-eight (48) hours before the time set for the meeting or at any adjournment thereof.
- (vii) Only a depositor whose name appears on the Record of Depositors as at 15 June 2026 shall be entitled to attend the said meeting and to appoint a proxy or proxies to attend, speak and/or vote on his/her behalf.
- (viii) Pursuant to subparagraph 8.29A(1) of the Listing Requirements, the resolutions set out in this Notice will be put to vote by way of poll.

Fold this flap for sealing

Then fold here

To:

The Share Registrar
BOUSTEAD HEAVY INDUSTRIES CORPORATION BERHAD
Registration No.: 197101000758 (11106-V)

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
Malaysia

AFFIX
STAMP

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