

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Pursuant to paragraph 4.1 of Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), Bursa Malaysia Securities Berhad (“Bursa Securities”) has only conducted limited review on this Circular in respect of Proposed Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature of BKG Group (“Proposed Shareholders’ Mandate”) prior to the issuance of this Circular.

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

Shareholders should rely on their own evaluation to assess the merits and risks of the Proposed Shareholders’ Mandate as set out in this Circular.



BOON KOON GROUP BERHAD

(Company No. 553434-U)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The resolution in respect of the above proposal will be tabled at the Extraordinary General Meeting of Boon Koon Group Berhad (“BKG” or “Company”) to be held at Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 27 August 2014 at 9.30 a.m. or immediately upon conclusion of the 12th Annual General Meeting which is to be held on the same day at 9.00 a.m, whichever is later, or at any adjournment thereof.

The Form of Proxy must be completed and deposited at registered office of BKG at 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not later than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof should you be unable to attend the Extraordinary General Meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy	:	Monday, 25 August 2014 at 9.30 a.m.
Date and time of Extraordinary General Meeting	:	Wednesday, 27 August 2014 at 9.30 a.m. or immediately upon conclusion of the 12th Annual General Meeting which is to be held on the same day at 9.00 a.m

This Circular is dated 12 August 2014

DEFINITIONS

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

Act	:	The Companies Act, 1965, as amended from time to time, and any re-enactment thereof
AGM	:	Annual General Meeting
Audit Committee	:	Audit Committee of BKG
BKCV	:	BKCV Sdn Bhd (681623 W)
BKFM	:	Boon Koon Fleet Management Sdn Bhd (642057 T)
BKG or the Company	:	Boon Koon Group Berhad (553434 U)
BKGM	:	BKGM Industries Sdn Bhd (1025153 H)
BKNT	:	BKNT Resources Sdn Bhd (355742 W)
BK Sepadu	:	BK Sepadu Sdn Bhd (1081886 X)
BKSP	:	Boon Koon Service & Parts Sdn Bhd (1065837 U)
BKVI	:	Boon Koon Vehicles Industries Sdn Bhd (229508 X)
Board	:	The Board of Directors of BKG
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998 W)
CNMY	:	CNMY Truck Sdn. Bhd. (974028H)
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per share
Estimated Value	:	Estimated value of the Recurrent Related Party Transaction(s) to be entered by the Company and/or its subsidiaries with the Related Party(ies) from the date of the forthcoming EGM up to the date of the following AGM
LPD	:	22 July 2014, being the latest practicable date prior to printing of this Circular
Listing Requirements	:	The Main Market Listing Requirements of Bursa Securities including any amendment thereto that may be made from time to time
Major Shareholder	:	A person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, has an interest or interests in one or more voting shares in the corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is – (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act

NA	:	Net assets
Proposed Shareholders' Mandate	:	Proposed Shareholders' Mandate for the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations
Related Party(ies) or RP	:	Director(s), Major Shareholder(s) and/or person(s) connected with such Director(s) or Major Shareholder(s) as defined under Chapter 1 and Chapter 10 of the Listing Requirements
Related Party Transactions or RPTs	:	Transaction(s) entered into by BKG Group which involves the interest, direct or indirect, of a Related Party
RRPTs or Recurrent Related Party Transactions	:	Transaction(s) with Related Party(ies) involving recurrent transactions of a revenue or trading nature and which is necessary for BKG Group's day to day operations and is in the ordinary course of business of the Group
RM and sen	:	Ringgit Malaysia and sen, the lawful currency of Malaysia
Share(s)	:	Ordinary share(s) of RM0.20 each in BKG

In this Circular, unless there is something in the subject or context inconsistent herewith, the singular includes the plural and vice versa; references to gender include both genders and the neuter. Reference to persons shall include corporations.

All references to "our Company" in this Circular means BKG, reference to "we", "us", "our" and "ourselves" mean our Company, where the context otherwise requires, our Group. All references to "you" in this Circular means the shareholders of our Company, unless the context otherwise requires.

Any reference to any enactment in this Circular is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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BOON KOON GROUP BERHAD

(NO. SYARIKAT: 553434-U)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

12 August 2014

Board of Directors:

Dato' Goh Boon Koon (*Executive Chairman*)
Goh Boon Leong (*Group Chief Executive Officer*)
Goh Peng Yeong (*Executive Director*)
Chong Chun Chieh (*Executive Director*)
Mohd Kamal Bin Omar (*Non-Independent Non-Executive Director*)
Ho Kok Loon (*Independent Non-Executive Director*)
Murelidaran A/L M Navaratnam (*Independent Non-Executive Director*)
Ang Poh Gin (*Independent Non-Executive Director*)

To: The Shareholders of Boon Koon Group Berhad

Dear Sir / Madam,

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

1. INTRODUCTION

The Company had on 16 July 2014 announced that the Company proposed to seek its shareholders' approval for the Proposed Shareholders' Mandate to enable the Group to enter into various RRPTs in accordance with paragraph 10.09, Part E of Chapter 10 of the Listing Requirements.

The Proposed Shareholders' Mandate, if approved, shall take effect from the date of the passing of the ordinary resolution proposed at the forthcoming EGM and is subject to annual renewal. The said mandate shall continue to be in force until:-

- (i) the conclusion of our next AGM following the forthcoming EGM, at which time it will lapse, unless the authority is renewed by a resolution passed at the general meeting; or
- (ii) the expiration of the period within which our next AGM after that date is required to be held pursuant to Section 143(1) of the Act, (but must not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by you in a general meeting of the Company;

whichever occur first.

The purpose of this Circular is to provide you with the relevant information on the Proposed Shareholders' Mandate and to seek your approval for the ordinary resolution in connection with the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM of the Company.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR IN RELATION TO THE PROPOSED SHAREHOLDERS' MANDATE BEFORE VOTING ON THE RESOLUTION AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

2.1 INTERESTS OF RELATED PARTIES

(a) The companies within the Group in which the Proposed Shareholders' Mandate are applicable

Due to the diversity and size of the Group, in which the principal activities of the Group as set out in Section 2.3 of this Circular, the Group, in the ordinary course of business, enters into transactions with classes of Related Party(ies) as set out in Section 2.4 of this Circular. The Proposed Shareholders' Mandate will apply to the Company and the following subsidiaries of BKG during the period of the Proposed Shareholders' Mandate is in force :-

- i) BKCVC, 100% owned subsidiary of BKG. BKCVC is principally involved in the manufacturing and assembling of new commercial vehicles and provision of related services.
- ii) BKFM, 100% owned subsidiary of BKG. BKFM is principally involved in forklift and equipment rental business and the provision of repairs and maintenance services.
- iii) BKVI, 100% owned subsidiary of BKG. BKVI is principally involved in manufacturing and assembling of rebuilt commercial vehicles and the provision of related services.
- iv) BKSP, 100% owned subsidiary of BKG. BKSP is principally involved in provision of repair and maintenance service for forklift, reach trucks, heavy machineries, commercial vehicles and others.

(b) The class of Related Party in which the Proposed Shareholders' Mandate is applicable

The Proposed Shareholders' Mandate would apply to the transactions with the Related Party(ies) comprising Directors, Major Shareholders and/or persons connected with such Directors or Major Shareholders of the Company or any other company(ies) which is its subsidiary.

The Proposed Shareholders' Mandate involves the following classes of Related Parties:-

i) Interested Directors

Directors at BKG

- 1) Dato' Goh Boon Koon is the Executive Chairman of the Company. Dato' Goh Boon Koon is also a Major Shareholder of the Company.
- 2) Goh Boon Leong is the Group Chief Executive Officer of the Company. Goh Boon Leong is brother of Dato' Goh Boon Koon. He is also the Director of BKCVC.
- 3) Chong Chun Chieh is the Group Chief Financial Officer and Executive Director of the Company. Currently, he is also the Director of BK Sepadu, BKFM, BKVI and BKSP.
- 4) Goh Peng Yeong is the Group Operating Officer and Executive Director of the Company. He is also the Director of CNMY, BKCVC, BKFM, BKVI and BKSP.

Chief executive at BKG

- 1) Neo Chong Tee is the Group Financial Controller and is considered as a chief executive of the Company. He is also a Director of BKG.

Director at subsidiary of BKG

- 1) Low Chun Saik is the Director of BKVI, a wholly owned subsidiary of BKG. Currently, he is a Director of BK Sepadu.

The details of the shareholdings held by Dato' Goh Boon Koon, Goh Boon Leong, Chong Chun Chieh, Goh Peng Yeong, Neo Chong Tee and Low Chun Saik is disclosed under Section 4 of this Circular.

ii) Interested Major Shareholders

- 1) BKG is the holding company of BKCV, BKFM, BKVI and BKSP and holds 100% shareholdings in BKCV, BKFM, BKVI and BKSP.
- 2) Dato' Goh Boon Koon is a Major Shareholder of BKG holds 23.02% shareholdings in BKG as at LPD.

iii) Persons Connected to interested Director and interested Major Shareholders

<u>Name</u>	<u>Relationship</u>
1. BKGM	BKVI, a wholly owned subsidiary of BKG, holds 45% equity interest in BKGM.
2. CNMY	BKCV, a wholly owned subsidiary of BKG, holds 30% equity interest in CNMY.
3. BKNT	Dato' Goh Boon Koon, Goh Boon Leong and Datin Lee Teoh Kee are the Directors of BKNT and they respectively holds 40%, 30% and 30% equity interest in BKNT.
4. BK Sepadu	BKVI, a wholly owned subsidiary of BKG, holds 25% equity interest in BK Sepadu.
5. Datin Lee Teoh Kee	Spouse of Dato' Goh Boon Koon
6. Goh Chin Aun	Son of Dato' Goh Boon Koon
7. Goh Yin Ling	Daughter of Dato' Goh Boon Koon

The principal activities of the Related Parties are as follows:-

<u>Name of Related Party</u>	<u>Principal Activities</u>
1. BKGM	Provision of sub-contractor services to the commercial vehicles industry.
2. CNMY	Trading in new commercial vehicles and the provision of related services.
3. BKNT	Property letting and the provision of property management and related services.
4. BK Sepadu	Marketing and selling of new, reconditioned, rebuilt and used commercial vehicles.

2.2 PROVISION UNDER THE LISTING REQUIREMENTS AND PRACTICE NOTE

Pursuant to 10.09(1), Part E of Chapter 10 of the Listing Requirements, where there are RRPTs, the Company may seek your mandate in respect of such transactions subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the Listing Requirements;
- (c) the issuance of a circular to you which includes information set out in the Appendix PN12-A of the Listing Requirements as may be prescribed by Bursa Securities;

- (d) in a meeting to obtain the mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of a person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) immediately announces to Bursa Securities when the actual value of RRPTs entered by the Group, exceeds the estimated value of the RRPTs disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

2.3 PRINCIPAL ACTIVITIES OF BKG GROUP

The principal activities of the Company consist of investment holding and the provision of management services.

The principal activities of the subsidiaries are as follows :

Name of subsidiaries	Effective Equity Interest (%)	Principal Activities
Boon Koon Vehicles Industries Sdn. Bhd.	100	Manufacturing and assembling of rebuilt commercial vehicles and the provision of related services.
Boon Koon Marketing (East Malaysia) Sdn. Bhd.	100	Sale of commercial vehicles and the provision of related services.
Boon Koon Vehicles Pte. Ltd. (Incorporated in Republic of Singapore)	100	Sale of commercial vehicles, motor vehicles accessories and the provision of related services.
BKCV Sdn. Bhd.	100	Manufacturing and assembling of new commercial vehicles and provision of related services.
BK Fleet Management Sdn. Bhd.	100	Selling and renting of commercial vehicles, provision of fleet management and other related services.
Boon Koon Fleet Management Sdn. Bhd.	100	Forklift and equipment rental business and the provision of repairs and maintenance services.
Boon Koon Service & Parts Sdn. Bhd.	100	Provision of repair and maintenance service for forklift, reach trucks, heavy machineries, commercial vehicles and others.
BKG Development Sdn. Bhd.	100	Its intended activities are property development, construction and property investment. However, the Company is dormant as at LPD.
Boon Koon Commercial Sdn. Bhd. (formerly known as Commercial Trucks Sdn. Bhd.)	100	Marketing and selling of reconditioned, rebuilt, used and new commercial vehicles and other related services.
Boon Koon Capital Sdn Bhd	100	Its intended activity is of investment holding. However, the company is dormant as at LPD.

Indirect - Held through Boon Koon Marketing (East Malaysia) Sdn. Bhd.

BK Alliance Sdn. Bhd. 70 Selling of commercial vehicles and the provision of related services.

Indirect - Held through Boon Koon Vehicles Pte. Ltd.

PT Boon Koon Continental 90 Sale of commercial vehicles.
(Incorporated in Republic of Indonesia)

2.4 NATURE OF THE RECURRENT RELATED PARTY TRANSACTIONS AND ESTIMATED VALUE

The Proposed Shareholders' Mandate will apply to the following transactions by companies within the BKG Group with the related parties with whom the Recurrent Related Party Transactions are carried out :

	Nature of Transaction	Interested Related Parties	Estimated Value * RM
(i)	Rental paid by BKFM to BKNT for business premise ⁽¹⁾	<ul style="list-style-type: none"> • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling 	200,000
(ii)	Rental received by BKVI from CNMY for renting the production floor ⁽²⁾	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Goh Peng Yeong 	200,000
(iii)	Provision of repair services by BKVI to CNMY	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Goh Peng Yeong 	200,000
(iv)	Sales of raw materials by BKVI to BKGM	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Neo Chong Tee 	4,000,000
(v)	Purchase of bodyworks by BKVI from BKGM	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Neo Chong Tee 	12,000,000

	Nature of Transaction	Interested Related Parties	Estimated Value * RM
(vi)	Provision of operating expenses by BKVI to BKGM	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Neo Chong Tee 	3,000,000
(vii)	Rental received by BKVI from BKGM for renting the production floor ⁽²⁾	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Neo Chong Tee 	300,000
(viii)	Sales of commercial vehicles by BKCVC to CNMY	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Goh Peng Yeong 	20,000,000
(ix)	Purchase of commercial vehicles by BKVI from BK Sepadu	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Chong Chun Chieh # • Low Chun Siak # 	5,000,000
(x)	Sales of commercial vehicles by BKCVC to BK Sepadu	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Chong Chun Chieh # • Low Chun Siak # 	10,000,000
(xi)	Rental received by BKVI from BK Sepadu for renting the business premise ⁽²⁾	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Chong Chun Chieh # • Low Chun Siak # 	300,000

	Nature of Transaction	Interested Related Parties	Estimated Value * RM
(xii)	Provision of management services by BKG to BKGM	<ul style="list-style-type: none"> • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Neo Chong Tee 	150,000
(xiii)	Rental paid by BKVI to Datin Lee Teoh Kee for vehicles storage area ⁽³⁾	<ul style="list-style-type: none"> • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling 	150,000
(xiv)	Commission paid by BKGM to BKG ⁽⁴⁾	<ul style="list-style-type: none"> • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Neo Chong Tee 	150,000
(xv)	Sales of raw materials by BKSP to BKGM	<ul style="list-style-type: none"> • BKG • Dato' Goh Boon Koon • Goh Boon Leong • Datin Lee Teoh Kee • Goh Chin Aun • Goh Yin Ling • Neo Chong Tee 	2,000,000

Note:

* For the period from 27 August 2014 (being the date of the forthcoming EGM) to the date of the next AGM to be held in year 2015. The Estimated Values are based on historical records and budgets of the respective RRPTs. The Estimated Value may vary and subject to changes.

Mr Chong Chun Chieh and Mr Low Chun Siak were the Major Shareholders of BK Sepadu within preceding 6 months from the date of proposed RRPT, whereby they ceased to be the shareholders of BK Sepadu on 11 July 2014.

(1) The business premise is located at No. 998, Ground Floor, Jalan Tok Kangar, 14100 Juru, Simpang Ampat, Penang. The rental is payable on monthly basis.

(2) Production floor / business premise is located at 1177 Jalan Dato Keramat, 14300 Nibong Tebal, Seberang Perai Selatan, Penang. The rental is payable on monthly basis.

(3) The storage area is located at Lot 219, Mukim 6, District of Seberang Perai Selatan, Penang. The rental is payable on monthly basis.

(4) Being commission payable for the referral of clients to BKGM.

2.5 THE PROCEDURES ON WHICH TRANSACTIONS PRICES WILL BE DETERMINED

The procedure is to ensure that the RRPTs are carried out on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders :-

- i) A list of Related Parties will be circulated within our Group to notify that all RRPTs are required to be undertaken on arm's length basis and on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public.

- ii) The transactions value for the RRPTs below the prescribed threshold of RM1 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is lower), will be approved by any one (1) of Executive Director (not being a RP or is a person connected to the RP). Where the transactions value for the RRPTs equal or more than the prescribed threshold of RM1 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is lower), it will be reviewed by Audit Committee and recommended to the Board for approval.
- iii) Records will be maintained by our Company on all RRPTs which are entered into pursuant to the shareholders' mandate.
- iv) Our Audit Committee shall review on a quarterly basis any related party transactions that may arise within our Company or our Group to ensure that such transactions will be carried out at arm's length, on normal commercial terms, on terms not more favourable to the Related Parties than those generally available to the public and on terms not detrimental to our minority shareholders.
- v) Our Board and our Audit Committee shall have authority to review procedures as and when required and to sub-delegate to individuals or committees within our Company as they deem appropriate. If a Board or Audit Committee member has an interest in the transaction as the case may be, he will abstain from any decision making by our Board or Audit Committee in respect of the said transaction.
- vi) At least two (2) other contemporaneous transactions with third parties for similar products and/or quantities will be used as comparison, wherever possible for determining the price and terms offered by/to the related parties are fair and reasonable as compared with those offered by third parties. It is our Company's policy to buy/sell from related parties when the prices and terms are competitive. Other factors taken into considerations for evaluation purposes will be reliability of supply, delivery, quality materials or goods and services.
- vii) In the event that quotation or comparative pricing from unrelated parties cannot be obtained, the transaction price will be determined based on those offered to/by 3rd parties for the same or similar products or transactions to ensure that Recurrent Related Party Transactions is not detrimental to the Company.

2.6 AMOUNT DUE AND OWING TO BKG GROUP BY RELATED PARTIES

Classes of Related Parties	Outstanding amounts due for RRPTs which exceeded credit terms for the following periods as at 31 March 2014			
	1 year or less	More than 1 to 3 years	More than 3 to 5 years	More than 5 years
	RM	RM	RM	RM
BKNT	-	-	-	-
CNMY	178,168.43	-	-	-
BKGM	-	-	-	-
BK Sepadu	-	-	-	-
Datin Lee Teoh Kee	-	-	-	-
TOTAL	178,168.43	-	-	-

There are no late payment charges or interest imposed on the above outstanding amount as the amounts are not substantial. The Group has liaised with the RP to identify and resolve any issues which may have resulted in the overdue amounts. The Management has and will continue to discuss with the RP to actively pursue for early settlement of the outstanding amount due. The Board is of the opinion that the overdue amount is closely monitored and optimistic that the amount is recoverable.

2.7 STATEMENT BY AUDIT COMMITTEE

Our Audit Committee has reviewed the procedures as mentioned in Section 2.5 of this Circular and is of the view that:-

- (i) the said procedures as well as the periodical review to be made by the Audit Committee in relation thereto, are sufficient to ensure that the RRPTs are carried out on terms not more

- favourable to Related Party(ies) than those generally available to the public and are not detrimental to the interests of our minority shareholders; and
- (ii) BKG Group has in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis or whenever needed.

3. THE RATIONALE AND BENEFITS FOR THE RECURRENT RELATED PARTY TRANSACTIONS

The Proposed Shareholders' Mandate will enable our Group to enter into the RRPTs as described in Section 2.4 of this Circular.

The RRPTs which are to be entered into by the BKG Group are in the ordinary course of its business. The RRPTs are conducted at arm's length, on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. It is envisaged that in the normal course of their business, transactions between companies in the BKG Group and the Related Parties are likely to occur with certain degree of frequency and it may be impracticable to make the requisite announcement to Bursa Securities or to seek shareholders' approval on a case-to-case basis before entering into such RRPTs.

The Proposed Shareholders' Mandate and its renewal thereof on an annual basis would eliminate the need to announce and/or convene separate general meetings for the purpose of seeking shareholders' approval as and when potential RRPTs arise, thereby reducing substantially administrative time and expense associated with the convening of such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to BKG Group.

4. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDER(S) AND PERSONS CONNECTED TO THEM

The direct and indirect shareholdings of the Major Shareholder and the Directors of the Company and the persons connected to them who are interested in the RRPTs, held in BKG as at LPD, are as follow:-

Interested Directors	No. of ordinary shares of RM0.20 each in BKG			
	Direct	%	Indirect	%
Dato' Goh Boon Koon	63,694,746	23.02	3,469,832 [#]	1.25
Goh Boon Leong	22,161,112	8.01	-	-
Chong Chun Chieh	2,600,000	0.94	-	-
Goh Peng Yeong	3,226,300	1.17	-	-
Neo Chong Tee	12,000	0.00*	-	-
Low Chun Siak	95,775	0.03	-	-

Interested Major Shareholder	No. of ordinary shares of RM0.20 each in BKG			
	Direct	%	Indirect	%
Dato' Goh Boon Koon	63,694,746	23.02	-	-

Persons Connected to Interested Director and / or Major Shareholder	No. of ordinary shares of RM0.20 each in BKG			
	Direct	%	Indirect	%
BKGM	-	-	-	-
CNMY	-	-	-	-
BK Sepadu	-	-	-	-
BKNT	-	-	-	-
Datin Lee Teoh Kee	2,880,139	1.04	-	-
Goh Yin Ling	377,568	0.14	-	-
Goh Chin Aun	212,125	0.08	-	-

Note:-

Other interest held through his spouse (namely Datin Lee Teoh Kee) and/or children (namely Goh Yin Ling and Goh Chin Aun) pursuant to Section 134(12)(c) of the Act.

* Negligible.

Save as disclosed above, none of the other Directors and Major Shareholder and/or persons connected to the Directors/Major Shareholder has any direct or indirect interest in the Proposed Shareholders' Mandate.

The interested Directors, namely Dato' Goh Boon Koon, Goh Boon Leong, Chong Chun Chieh and Goh Peng Yeong have abstained and will continue to abstain from Board deliberations and voting in relation to Proposed Shareholders' Mandate. The interested Directors, namely Dato' Goh Boon Koon, Goh Boon Leong, Chong Chun Chieh and Goh Peng Yeong, the interested chief executive namely Neo Chong Tee as well as interested subsidiary's Director, namely Low Chun Siak will abstain from voting in respect of his direct and indirect shareholdings on the ordinary resolution where they have interests for the Proposed Shareholders' Mandate at the forthcoming EGM.

The interested Major Shareholder, namely Dato' Goh Boon Koon will abstain from voting in respect of his direct and indirect shareholdings on the ordinary resolution where he has interests for the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

The interested Directors and/or interested Major Shareholder of BKG have undertaken to ensure that all the persons connected to them, if any, will abstain from voting in respect of their direct and/or indirect interests on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming EGM.

5. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to approval being obtained from the shareholders of BKG at the forthcoming EGM.

6. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any effect on the issued and paid-up share capital of the Company and is not expected to have any material effect on the NA per share and EPS of BKG Group.

7. DIRECTORS' RECOMMENDATION

The Board (save for Dato' Goh Boon Koon, Goh Boon Leong, Chong Chun Chieh and Goh Peng Yeong) having considered all aspects of the Proposed Shareholders' Mandate, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Group. Accordingly, we (save for Dato' Goh Boon Koon, Goh Boon Leong, Chong Chun Chieh and Goh Peng Yeong who being interested party to the Proposed Shareholders' Mandate has abstained from expressing a recommendation relating to the Proposed Shareholders' Mandate in which they are interested) recommend that you to vote in favour of the ordinary resolution for the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM of the Company.

8. EGM

The notice dated 12 August 2014 convening the EGM of the Company to, inter alia, consider and if thought fit, passing the ordinary resolution pursuant to the Proposed Shareholders' Mandate is set out in this Circular. The EGM will be held at Majestic Hall of Bukit Jawi Golf Resort, Lot 404, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 27 August 2014 at 9.30 a.m. or immediately upon conclusion of the 12th AGM which is to be held on the same day at 9.00 a.m. whichever is later, and at any adjournment thereof.

9. FURTHER INFORMATION

Shareholders are advised to refer to the Appendix I of this Circular for further information.

Yours faithfully
For and on behalf of the Board of Directors of
BOON KOON GROUP BERHAD

HO KOK LOON
Independent Non-Executive Director

FURTHER INFORMATION**1. RESPONSIBILITY STATEMENT**

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

2. MATERIAL CONTRACTS

Save as disclosed below, there are no other material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by our Group within two (2) years immediately preceding the date of this Circular:-

- (a) Shareholders Agreement dated 24 August 2012 between BKCVC Sdn Bhd, P.H. Truck Parts Service Sdn Bhd, Global CV & Equipment Pte Ltd and GNT Capital Connection Sdn Bhd which shall govern and regulate the parties' relationship as shareholders of CNMY Truck Sdn Bhd;
- (b) Sale and Purchase Agreement dated 25 February 2013 between Goh Ting Keong and GKYM pursuant to the acquisition by GKYM from Goh Ting Keong of 583 units of forklifts for a total cash consideration of RM10,074,183;
- (c) Sale and Purchase Agreement dated 28 February 2013 between Boon Koon Fleet Management Sdn Bhd and Aktio Malaysia Sdn Bhd pursuant to the acquisition by Aktio Malaysia Sdn Bhd from Boon Koon Fleet Management Sdn Bhd of 44 units of used air compressor and generator set for a total cash consideration of RM1,800,000;
- (d) Share Purchase Agreement dated 11 March 2013 between BKG and GKYM pursuant to the acquisition by BKG of 2,000,000 ordinary shares of RM1.00 each representing 100% equity interest in Boon Koon Fleet Management Sdn Bhd from GKYM for a total cash consideration of RM10,144,257;
- (e) Share Purchase Agreement dated 19 March 2013 between BKG and Goh Ting Keong pursuant to the disposal by BKG of 2,228,800 ordinary shares of RM1.00 each representing 54.63% equity interest in GKYM for a total cash consideration of RM7,421,911;
- (f) Deed of Rescission dated 4 April 2013 between Goh Ting Keong and GKYM to rescind the Sale and Purchase Agreement dated 25 February 2013 between Goh Ting Keong and GKYM for the acquisition of 583 units of forklifts as mentioned in Section 3(c) Appendix I of this Circular; and
- (g) Deed Poll dated 27 May 2013 executed by our Company constituting the Warrants.

3. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business, and our Board is not aware of any proceedings, pending or threatened, or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of our Group.

(a) Suit No. 22-618-2010**BK Fleet Management Sdn Bhd ("Plaintiff") vs Kurnia Milenium Sdn Bhd ("Defendant")**

Plaintiff sued for RM1,705,870 under the Master Vehicle Hire Agreement (the "**Agreement**") and that Defendant had conducted as if the Agreement is still in place even after the existence of five (5) separate Hire Purchase Agreements involving a third party.

Defendant counter-claimed for declaration and damages on the basis that there was an oral contract to vary the Agreement and the matter was settled between the Plaintiff and Defendant

based on the oral contract or in the alternative, the entering into five (5) separate Hire Purchase Agreements by Defendant with a third party as arranged and agreed by the Plaintiff which had legally discharge the Defendant from the Agreement.

The Registrar vacated the trial on 5 February 2013 and 6 February 2013 in view of the Defendant's solicitors' application to be discharged from the case.

The matter was fixed for hearing on 19 February 2013 for Messrs Bashir & Co to be discharged from acting as the Defendant's solicitor. On 28 March 2013, Messrs Haniff & Partners filed Notice of Change of Solicitors. The matter was fixed for case management on 30 April 2013 for Messrs Haniff & Partners to obtain cause papers from Messrs Bashir & Co.

The learned Judge has fixed the trial date on 18 August 2014 and 25 August 2014.

The lawyers of the Plaintiff are of the opinion that there is a fair chance that judgement will be granted in favour of the Plaintiff.

In the event the Defendant's counter claim is successful, the likely liability will be the costs awarded to the Defendant in the region between RM20,000 to RM50,000.

(b) Suit No. 22-709-2009

Hap Seng Auto Sdn Bhd ("Plaintiff") vs Boon Koon Marketing (East Malaysia) Sdn Bhd ("Defendant")

Plaintiff claimed against the Defendant for the sum of approximately RM587,772 for services rendered and the Defendant filed a counter claim against the Plaintiff for the sum of RM460,000 for vehicles sold to Plaintiff.

The matter was fixed for decision on 22 February 2013 and the learned Judge had allowed the Plaintiff's claim against the Defendant for the sum of approximately RM587,772 with the interest at 5% per annum from 1 January 2009 until the date of payment. The learned Judge has also allowed the Defendant's part counter claim against the Plaintiff for the sum of RM115,000 with the interest at 5% per annum from 1 January 2009 until the date of payment.

Suit No. 22-709-2009 and 22-710-2009 had been consolidated as one suit under Suit No. 22-709-2009. The Court had granted the cost of RM60,000 in favour of the Plaintiff for both of the cases. Particulars of the status are as set out in Section 3(c), Appendix I of this Circular.

Boon Koon Marketing (East Malaysia) Sdn Bhd have deposited the judgement sum amounting to RM585,778 to the Plaintiff's lawyer in the financial year ended 31 March 2014.

Boon Koon Marketing (East Malaysia) Sdn Bhd have filed an appeal against the decision to the Court of Appeal on 13 May 2013. The matter is now pending for case management from the Court of Appeal.

(c) Suit No. 22-710-2009

Hap Seng Auto Sdn Bhd ("Plaintiff") vs Boon Koon Vehicles Industries Sdn Bhd ("Defendant")

Plaintiff claimed against the Defendant for the sum of approximately RM341,499 for services rendered and the Defendant filed a counter claim against the Plaintiff for the sum of RM990,000 for losses suffered by the Defendant due to the Plaintiff's failure to return the Defendant's vehicles.

The matter was fixed for decision on 22 February 2013 and the learned Judge had allowed the Plaintiff's claim against the Defendant for the sum of approximately RM341,499 with the interest at 5% per annum from 1 January 2009 until the date of payment. However, the learned Judge had dismissed the Defendant's counter claim against the Plaintiff for the sum of RM990,000.

Suit No. 22-709-2009 and 22-710-2009 had been consolidated as one suit under Suit No. 22-709-2009.

BKVI have deposited the judgement sum amounting to RM482,681 to the Plaintiff's lawyer in the financial year ended 31 March 2014.

BKVI have filed an appeal against the decision to the Court of Appeal on 13 May 2013. The matter is now pending for case management from the Court of Appeal.

(d) Suit No. 22NCVC-413-2011

Boon Koon Vehicles Industries Sdn Bhd ("Plaintiff") vs Teoh Po Kwong t/a Swee Hing Vehicles Enterprise ("Defendant")

Plaintiff is claiming RM318,172 under contract of sale and judgement was entered for RM318,172 on 22 July 2011.

Plaintiff had proceeded with Writ of Seizure and Sale against the vehicles found at the Defendant's premises and the vehicles are now subject to third party claim from Hong Seng Assembly Sdn Bhd. The learned Deputy Registrar allowed Hong Seng Assembly Sdn Bhd's claim against BKVI, and BKVI has returned all the vehicles to Hong Seng Assembly Sdn Bhd.

Subsequently, BKVI has filed the application for committal proceedings and bankruptcy proceedings against Swee Hing Vehicles Enterprise.

The matter is fixed for mediation on 20 August 2014. In the event the mediation fails, the court has also fixed the matter for case management on 25 August 2014 and hearing on 22 September 2014.

(e) Suit No. 22NCVC-42/01/2013

BK Fleet Management Sdn Bhd ("Plaintiff") vs Stanson Marketing Sdn Bhd ("Defendant")

Plaintiff claimed against the Defendant a sum of RM6,526,218 as at 31 December 2012, being the outstanding of unpaid service charges and disbursement together with the interest on the outstanding sum at 4% per annum from the date of judgement until the full settlement date. Plaintiff was also seek declaration from the Court that the Plaintiff was the beneficial owner of the trucks set out in the contracts number BKF/S/01/06, BKF/S/02/06, BKF/S/03/06 and BKF/S/04/06 and ordered the Defendant to handover the trucks to the Plaintiff.

The Defendant had obtained a restraining order dated 8 March 2013 pursuant to Section 176(10) of the Act for a scheme of compromise and arrangement between the Defendant and its creditors which had been further extended to 60 days from 13 March 2013.

The matter is fixed for case management on 11 August 2014 as the Plaintiff has just appointed new counsel to take over this matter.

The lawyers of the Plaintiff are of the opinion that there is a fair chance that judgement will be granted in favour of the Plaintiff.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at our Registered Office at 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang from Mondays to Fridays (except public holidays) from the date of this Circular up to the date of our forthcoming EGM:-

- (i) Memorandum and Articles of Association;
- (ii) Audited Financial Statements for the past two financial years ended 31 March 2013 and 31 March 2014;
- (iii) Unaudited quarterly financial results for the period ended 31 March 2014;
- (iv) Material contracts referred to item 2 above;
- (v) Relevant cause papers in respect of the material litigation referred to item 3 above.



BOON KOON GROUP BERHAD

(NO. SYARIKAT: 553434-U)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Boon Koon Group Berhad (“**BKG**” or the “**Company**”) will be held at Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 27 August 2014 at 9.30 a.m. or immediately upon conclusion of the 12th Annual General Meeting which is to be held on the same day at 9.00 a.m, whichever is later, or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications the following resolution:-

Ordinary Resolution

Proposed shareholders’ mandate for recurrent related party transactions of a revenue or trading nature

“THAT approval be and is hereby given for the Company and/or its subsidiaries to enter into any of the transactions falling within the type of recurrent related party transactions of a revenue or trading nature with related parties (“Proposed Shareholders’ Mandate”) as set out in Section 2.4 of the Circular to Shareholders dated 12 August 2014 in relation to Proposed Shareholders’ Mandate, provided that such transactions are undertaken in the ordinary course of business, at arm’s length and based on commercial terms and on terms not more favourable to the related party(ies) than those generally available to/from the public and are not, in the Company’s opinion, detrimental to the minority shareholders and that the breakdown of the aggregate value of the recurrent related party transactions conducted/to be conducted during the financial year, including the types of recurrent related party transactions made and the names of the related parties, will be disclosed in the annual report of the Company pursuant to the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;

THAT such approval shall continue to be in force until:

- (a) the conclusion of the Company’s next Annual General Meeting (“AGM”), at which time it will lapse, unless the authority is renewed by a resolution passed at the general meeting;
- (b) the expiration of the period within which the next Company’s AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“Act”) (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the Company’s shareholders in a general meeting,

whichever is earlier.

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

By Order of the Board,

CHEE WAI HONG (BC/C/1470)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Penang

Date : 12 August 2014

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the Registered Office of the Company, 51-13-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to Article 62(3) of the Articles of Association of the Company and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors (“ROD”) as at 21 August 2014 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.



BOON KOON GROUP BERHAD

(NO. SYARIKAT: 553434-U)

(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

* I / We of
(Full Name in Block Letters)

..... being a * member / members
(Full Address)

of the above-named Company, hereby appoint
(Full Name in Block Letters)

of
(Full Address)

or failing him, of
(Full Name in Block Letters) (Full Address)

.....or failing him, the Chairman of the meeting as * my/our proxy to vote for * me/us on * my/our behalf at the Extraordinary General Meeting of the Company to be held at Majestic Hall of Bukit Jawi Golf Resort, Lot 414, MK 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Penang on Wednesday, 27 August 2014 at 9.30 a.m. or immediately upon conclusion of the 12th Annual General Meeting which is to be held on the same day at 9.00 a.m, whichever is later, or at any adjournment thereof.

RESOLUTION	FOR	AGAINST
Ordinary Resolution- Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction for voting is given, the proxy may vote as he thinks fit.

No. of shares held

Signed this day of, 2014.

* *Strike out whichever is not desired*

.....
Signature of Member(s) / Common Seal

Notes :

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company.
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6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
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Fold this flap for sealing

Then fold here

**Affix
stamp**

THE COMPANY SECRETARIES
BOON KOON GROUP BERHAD
51-13-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

First fold here
