

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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

Bursa Malaysia Securities Berhad (“Bursa Securities”) has only perused through Part A of this Circular in respect of the proposed new shareholders’ mandate for recurrent related party transactions of a revenue or trading nature on a limited review basis pursuant to the provisions of Practice Note 18 of Bursa Securities Main Market Listing Requirements.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular. Bursa Securities has not perused the contents of this Circular in relation to the Proposed Renewal of Share Buy-Back Authority and Proposed Change of Company’s Name (as defined herein) prior to the issuance of this Circular.

**BOONKOON**®

**BOON KOON GROUP BERHAD**  
**(Company No. 553434-U)**  
**(Incorporated in Malaysia)**

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO**

**PART A**

**PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**

**PART B**

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**

**PART C**

**PROPOSED CHANGE OF NAME OF THE COMPANY FROM “BOON KOON GROUP BERHAD” TO “CHIN HIN GROUP PROPERTY BERHAD” (“PROPOSED CHANGE OF COMPANY’S NAME”)**

The above proposals will be tabled as Special Business at the Sixteenth (16<sup>th</sup>) Annual General Meeting of Boon Koon Group Berhad (“BKG” or “the Company”) to be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10.00 a.m., together with a Form of Proxy, are enclosed together with the Annual Report of the Company for the financial year ended 31 March 2018.

The Form of Proxy should be completed and returned in accordance with the instructions therein as soon as possible and should be deposited at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time stipulated for holding the meeting. The completion and return 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 : Saturday, 25 August 2018 at 10.00 a.m.

Date and time of Sixteenth (16<sup>th</sup>) Annual General Meeting : Monday, 27 August 2018 at 10.00 a.m.

*This Circular is dated 31 July 2018*

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## DEFINITIONS

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For the purposes of this Circular, except where the context otherwise requires, the following definitions shall apply:

“Act”	: The Companies Act 2016 as amended from time to time, and includes every statutory modification or any re-enactment thereof for the time being in force
“Aera Property”	: Aera Property Group Sdn Bhd
“Aera Property Group”	: Aera Property and its subsidiaries, collectively
“AGM”	: Sixteen (16 <sup>th</sup> ) Annual General Meeting of the Company
“Audit Committee”	: The Audit Committee of BKG
“Board”	: The Board of Directors of BKG
“BKG” or “Company”	: Boon Koon Group Berhad
“BKG Group” or “Group”	: Boon Koon and its subsidiaries, collectively
“Bursa Securities”	: Bursa Malaysia Securities Berhad
“CDS”	: Central Depository System
“CHGB”	: Chin Hin Group Berhad
“CHGB Group”	: Chin Hin and its subsidiaries, collectively
“BKG Share(s)” or “Share(s)”	: Ordinary Shares in BKG
“Circular”	: Circular to Shareholders in relation to the Proposals
“Director”	: Shall have the same meaning given in Section 2(1) of the the Capital Markets and Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director or a chief executive of BKG or any other company which is a subsidiary of BKG or a holding of BKG
“EPS”	: Earnings Per Share
“LPD”	: 2 July 2018, being the latest practicable date prior to the printing of this Circular
“Listing Requirements”	: Main Market Listing Requirements of Bursa Securities, including any amendments made in respect thereof from time to time
“Market Day”	: A day which Bursa Securities is open for the trading of securities
“Major Shareholder(s)”	: Means a person who has an interest or interests in one or more voting shares in a company and the number or the aggregate number of those shares, is:

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**DEFINITIONS (CONT'D)**

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“Major Shareholder(s)” (Cont’d)	: (a) 10% or more of the total number of all the voting shares in the Company; or  (b) 5% or more of the total number of all the voting shares in the Company where such person is the largest shareholder of the Company,  and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, such major shareholder of the company or any other company which is its subsidiary or holding company  For the purpose of this definition, “interest in shares” has the meaning given in Section 8 of the Act
“NA”	: Net assets attributable to ordinary equity holders of BKG
“Proposed Change of Company’s Name”	: Proposed change of name of the Company from “Boon Koon Group Berhad” to “Chin Hin Group Property Berhad”
“Proposed Renewal of Share Buy-Back Authority”	: Proposed renewal of the authority for the purchase by BKG of up to ten percent (10%) of the issued share capital of the Company
“Proposed Shareholders’ Mandate”	: Proposed new shareholders’ mandate for BKG Group to enter into RRPTs of a revenue or trading nature
“Proposals”	: Proposed Shareholders’ Mandate, Proposed Renewal of Share Buy-Back Authority and Proposed Change of Company’s Name, collectively
“Purchased BKG Shares”	: Shares purchased by BKG pursuant to Section 127 of the Act
“Related Party(ies)”	: Director(s), major shareholder(s) or person(s) connected with such director(s) or major shareholder(s) of BKG
“RRPT(s)”	: A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for day to day operations of the Company or its subsidiaries
“RM” and “sen”	: Ringgit Malaysia and sen, respectively
“Shareholders”	: Shareholders of BKG
“Substantial Shareholder(s)”	: A person who has interest or interests in one or more voting Shares in the Company and the number of that Share, or aggregate number of those Shares, is not less than 5% of the total number of all the voting Shares in the Company
“2018 Annual Report”	: Annual Report of BKG issued for the financial year ended 31 March 2018

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**DEFINITIONS (CONT'D)**

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Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, 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 a day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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**PART A**

**PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**



**BOON KOON GROUP BERHAD**

(Company No. 553434-U)  
(Incorporated in Malaysia)

**Registered Office**  
51-13-A, Menara BHLBank  
Jalan Sultan Ahmad Shah  
10050 Penang

31 July 2018

**Board of Directors**

Datuk Seri Chiau Beng Teik	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' Goh Boon Koon	<i>(Non-Independent Non-Executive Director)</i>
Chiau Haw Choon	<i>(Non-Independent Non-Executive Director)</i>
Datuk Yeo Chun Sing	<i>(Executive Director)</i>
Khoo Chee Siang	<i>(Independent Non-Executive Director)</i>
Ho Kok Loon	<i>(Independent Non-Executive Director)</i>
Shelly Chiau Yee Wern	<i>(Alternate Director to Datuk Seri Chiau Beng Teik)</i>

**To : The Shareholders of Boon Koon Group Berhad**

Dear Sir/Madam,

**PROPOSED SHAREHOLDERS' MANDATE**

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**1. INTRODUCTION**

On 6 July 2018, the Board of Directors of BKG had announced that the Company has proposed to seek its shareholders' approval for the new shareholders' mandate for BKG Group to enter into RRPT(s) of a revenue or trading nature in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public and which are necessary for BKG Group's day to day operations.

The purpose of this Circular is to provide you with the relevant information of the Proposed Shareholders' Mandate and to seek your approval on the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM, which will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10.00 a.m. The notice of the AGM together with the Form of Proxy is enclosed in the Annual Report of the Company for the financial year ended 31 March 2018.

**SHAREHOLDERS OF BKG ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.**



## **2. DETAILS OF PROPOSED SHAREHOLDERS' MANDATE**

### **2.1 The Listing Requirements**

Pursuant to Paragraph 10.09(2) of the Listing Requirements, a listed issuer may seek a mandate from its shareholders in respect of RRPTs 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 shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of the transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold below in relation to a listed issuer with an issued and paid-up capital of RM60.0 million and above :
  - (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1.0 million or more; or
  - (ii) the percentage ratio of such RRPT is 1% or more,whichever is the higher.
- (c) the listed issuers' circular to shareholders for the shareholder mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain shareholders' mandate, the interested directors, interested major shareholders or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such directors or major shareholder, must not vote on the resolution to approve the RRPT. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the RRPT; and
- (e) the listed issuer immediately announces to Bursa Securities when the actual value of a RRPT entered into by the listed issuer, exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

### **2.2 Principal Activities of BKG Group**

The principal activities of BKG consist of investment holding and provision of management service, while its subsidiary companies are involved in the sale, rental of forklifts, manufacturing and assembling of new and rebuilt commercial vehicles and property development. The details of BKG's subsidiaries as well as their principal activities as at the LPD are set out in the table below :

Name of company	Effective Equity Interest (%)	Principal activities
<b>(i) Direct Subsidiary of BKG</b>		
Boon Koon Vehicles Industries Sdn. Bhd.	100	Manufacturing and assembling of rebuilt commercial vehicles and the provision of related services.
Boon Koon Motors Sdn. Bhd.	100	Sale of commercial vehicles and the provision of related services.
Boon Koon Vehicles Pte. Ltd.	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.
BK Fleet Management Sdn. Bhd.	100	Sale and rental 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.
BKSP Autoworld Sdn. Bhd.	100	Provision of repair and maintenance service for forklifts, reach trucks, heavy machineries, commercial vehicles and others.
Boon Koon Commercial Sdn. Bhd.	100	Sales of reconditioned, rebuilt, used and new commercial vehicles and other related services.
BKG Development Sdn. Bhd.	100	Property development.
Boon Koon Capital Sdn. Bhd.	100	Investment holding.
BK Alliance Sdn. Bhd.	100	Sale of commercial vehicles and the provision of related services.
<b>(ii) Indirect Subsidiary of BKG</b>		
<b>*Subsidiary of Boon Koon Vehicles Industries Sdn. Bhd.</b>		
BKGM Industries Sdn. Bhd.	100	Provision of sub-contractor services to the commercial vehicle industry.

<b>Name of company</b>	<b>Effective Equity Interest (%)</b>	<b>Principal Activities</b>
<b>(ii) Indirect Subsidiary of BKG</b>		
<i>*Subsidiary of Boon Koon Vehicles Industries Sdn. Bhd.</i>		
BK Sepadu Sdn. Bhd.	62.5	Sale of commercial vehicle and provision of related services.
<i>*Subsidiary of BKG Development Sdn. Bhd.</i>		
BKHS Capital Sdn. Bhd.	50	Property development.

Due to the diversity of BKG Group, it is anticipated that BKG Group would, in the normal course of business, continue to enter into transactions with the Related Parties, details of which are set out in Section 2.4 below. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Board proposes to seek the shareholders' approval for the Proposed Shareholders' Mandate for the BKG Group to enter into transactions in the normal course of business within the classes of Related Parties set out in Section 2.4 below, provided such transactions are entered into at arm's length and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders. Such mandate will enable the Group to enter into the RRPTs without the necessity, in most instances, to make the otherwise required announcement or to convene meetings in order to procure specific prior approval of its shareholders. The RRPTs will also be subject to the review procedures set out in Section 2.5 below.

### **2.3 Validity Period of the Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate, if approved by the shareholders, shall take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and shall continue to be in force until :

- (a) the conclusion of the next AGM of BKG following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is renewed;
  - (b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340 (2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is earlier.

Thereafter, approval from shareholders will be sought for the renewal of the Proposed Shareholders' Mandate.

## 2.4 Classes of Related Parties and Nature of RRPTs

The Proposed Shareholders' Mandate will apply to the transactions with the following Companies:

Related Party & Its Principal Activities	BKG Group - Transacting Party	Nature of Transaction with BKG Group	Estimated value for the period from the forthcoming AGM to the next AGM * (RM'000)	Nature of relationship between BKG Group and the Related Party
<p>CHGB Group - CHGB is an investment holding company while its subsidiary companies are involved in the distribution of building materials and provision of logistics, supply of ready-mixed concrete and manufacturing of autoclaved aerated concrete and precast concrete products, wire mesh and metal roofing systems.</p>	<p>BKG Group</p>	<ul style="list-style-type: none"> <li>Rental received by BKG Group for motor vehicles rented</li> </ul>	<p>1,000</p>	<ul style="list-style-type: none"> <li>Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of BKG. He is also the Deputy Group Executive Chairman and a Major Shareholder of CHGB.</li> <li>Chiau Haw Choon is a Non-Independent Non-Executive Director of BKG. He is also the Group Managing Director and a Major Shareholder of CHGB.</li> </ul>
		<ul style="list-style-type: none"> <li>Sale of motor vehicles to CHGB Group based on prevailing market price</li> </ul>	<p>5,000</p>	
		<ul style="list-style-type: none"> <li>Supply by BKG Group and/or purchase from CHGB Group of materials based on prevailing market price. @</li> </ul>	<p>12,750</p>	
		<ul style="list-style-type: none"> <li>Provision of insurance and other administrative services by CHGB Group based on prevailing market price.</li> </ul>	<p>2,000</p>	
		<ul style="list-style-type: none"> <li>Provision of construction services to and/or by CHGB Group based on prevailing market price. ^</li> </ul>	<p>100,000</p>	
		<ul style="list-style-type: none"> <li>Leasing / renting / letting of office premises to and/or from CHGB Group based on market value and is payable on an equal pro-rated monthly basis. #</li> </ul>	<p>300</p>	

Related Party & Its Principal Activities	BKG Group - Transacting Party	Nature of Transaction with BKG Group	Estimated value for the period from the forthcoming AGM to the next AGM * (RM'000)	Nature of relationship between BKG Group and the Related Party
CHL Logistic Sdn. Bhd. - Carry on business of Logistic and Transport	BKG Group	<ul style="list-style-type: none"> <li>Sales of motor vehicles to CHL Logistic Sdn. Bhd. based on prevailing market price.</li> <li>Supply by BKG Group and/or purchase from CHL Logistic Sdn. Bhd. of materials based on prevailing market price. @</li> </ul>	5,000	<ul style="list-style-type: none"> <li>Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of BKG.</li> <li>Chiau Haw Choon is a Non-Independent Non-Executive Director of BKG.</li> <li>Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik and brother of Chiau Haw Choon, is the director and substantial shareholder of CHL Logistic Sdn. Bhd.</li> </ul>
Aera Property Group - Aera Property is an investment holding company while its subsidiary companies are involved in the Housing and Property Development	BKG Group	<ul style="list-style-type: none"> <li>Provision of construction services to and/or by Aera Property Group based on prevailing market price. ^</li> </ul>	300,000	<ul style="list-style-type: none"> <li>Datuk Seri Chiau Beng Teik is the Non-Independent Non-Executive Chairman and a Major Shareholder of BKG.</li> <li>Chiau Haw Choon is a Non-Independent Non-Executive Director of BKG.</li> <li>Datuk Seri Chiau Beng Teik and Chiau Haw Choon are directors and substantial shareholders of Aera Property Group Sdn Bhd.</li> </ul>

Notes :

\* The estimated values are calculated based on the historical data and best estimates by the management. Accordingly, the actual value of the transaction may vary from the estimated value disclosed above and subject to changes.

- # As at LPD, BKG Group has yet to identify the types and location of the office premises to be leased / rented / let to and/or from Chin Hin Group. Nevertheless, all the rental of properties, if any, shall be payable on an equal pro-rated monthly basis based on prevailing market value.
- @ In the course of BKG Group's businesses, BKG Group may purchase from and/or supply to Related Parties of all kinds of the construction and building materials, manufacturing and construction equipment and machinery, and such other materials which are necessary for its day to day operation.
- ^ In the course of BKG Group's businesses, BKG Group may provide to and/or receipt from Related Parties of all kinds of construction contracts, project management, management and construction services, and/or project development, including property management services, marketing services and other related management services.

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## 2.5 Review Methods or Procedures for the Recurrent Related Party Transactions

BKG Group has established various methods and procedures to ensure the RRPTs are undertaken on arms' length and on normal commercial terms, which are consistent with BKG Group's usual business practices and policies, on terms which are not more favourable to the Related Parties than those extended to the public and are not detrimental to the minority shareholders.

The review and disclosure procedures are as follows :

- (i) The Related Parties, interested Directors and persons connected will be advised that they are subject to the shareholders mandate and will also be advised of the review and disclosure procedures;
- (ii) The transaction prices, terms and conditions which are market driven are to be determined at arms' length on a customer/supplier relationship basis at mutually agreed rates after due consideration of benefits to be derived from the transaction, under similar commercial terms for transactions with unrelated third parties, which depend on demand and supply, quality, level of service and other related factors;
- (iii) Some transactions may be on a cost recovery basis, being recovery of part of the costs for sharing or provision of some services or on a negotiated basis where both parties would contract on terms which are mutually acceptable and beneficial;
- (iv) The management of the BKG Group is cognisant that all RRPTs are required to be undertaken on an arm's length basis and on normal commercial terms. Where practicable and feasible, quotation and/or tenders will be obtained from at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of produces/services and/or quantities. In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined by the Group based on those offered by/to other unrelated parties for the same or substantially similar type of transaction to ensure that the RRPTs are not detrimental to the Group;
- (v) Where RRPT is one with a value equal to or in excess of RM1.0 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is lower), it will be reviewed by the Audit Committee and recommended to be approved by the Board of Directors who has no interest in the transaction. Where the RRPT is one with a value below RM1.0 million or 1% of the applicable percentage ratio as stated in the Listing Requirements (whichever is lower), it will be reviewed and approved by any one (1) of the Executive Director or the Board who has no interest in the transaction;
- (vi) If a member of the Board or of the Audit Committee has an interest, as the case may be, he/she shall declare their interest in transaction and abstain from any decision making by the Board or Audit Committee in respect of the said transactions;
- (vii) The Audit Committee shall amongst others, review any RRPT and conflict of interest situation that may arise within the Group including any transaction procedures or course of conduct that raises questions of management integrity;
- (viii) Records will be maintained by the respective companies to capture all RRPTs which are entered pursuant to the shareholders' mandate;

- (ix) The Audit Committee shall review on a quarterly basis any related party transaction that may arise within the Company or the 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 the minority shareholders;
- (x) The Board and Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures to monitor RRPTs have been complied with; and
- (xi) The Board shall have overall responsibility for the determination of the review procedures. If a member of the Board and Audit Committee has an interest in the transaction to be reviewed by the Board and Audit Committee, as the case may be, he will abstain from any decision making by the Board or Audit Committee in respect of the said transaction.

## **2.6 Amount Due and Owing Under Recurrent Related Party Transactions**

As at the financial year ended 31 March 2018, there is no amount due and owing to BKG Group which has exceeded the credit term given arising from the RRPT(s) as per Section 2.4.

## **2.7 Statement by Audit Committee**

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all RRPTs are appropriate. The Audit Committee will review and ascertain at least once a year whether the procedures established to monitor RRPTs have been complied with. If it is determined that the procedures stated in Section 2.5 are inadequate to ensure that (i) the RRPTs will be conducted at arms' length and on normal commercial terms and (ii) such transactions are not prejudicial to the interest of the shareholders, the Company will obtain a fresh shareholders' mandate based on the new procedures.

The Audit Committee will also have the discretion to request for limits to be imposed or for additional procedures to be followed if it considers such requests to be appropriate. In that event, such limits or procedures may be implemented without the approval of shareholders, provided that they are more stringent than the existing limits or procedures.

The Audit Committee of the Company has seen and reviewed the procedures set out in Section 2.5 above and is of the view that BKG has in place adequate procedures and processes to monitor, track and identify RRPT(s) in a timely and orderly manner and is of the opinion that review procedures are satisfactory and the RRPTs will be carried out at arms' length and in accordance with BKG Group's normal commercial terms, and hence, will not be prejudicial to the shareholders or disadvantageous to BKG and not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of BKG. The review of these procedures and processes is carried out at least once a year or when deemed necessary by the Audit Committee.

## **2.8 Disclosure of Recurrent Related Party Transactions**

Disclosure will be made in the annual report of the Company in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of the RRPTs entered into during the financial year based on the following information :

- (a) the type of the RRPTs made; and



- (b) the names of the Related Parties involved in each type of the RRPTs made and their relationships with BKG Group.

The above disclosure will be made in the Company's annual report for each subsequent financial year after the Proposed Shareholders' Mandate had been obtained.

### 3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will enable the BKG Group to carry out RRPTs necessary for the Group's day-to-day operations, which are time sensitive in nature, and will eliminate the need to announce and convene separate general meetings (if applicable) from time to time to seek shareholders' mandate for such transaction. This will substantially reduce the expenses, time and other resources associated with convening of general meetings on an ad hoc basis, improve administrative efficiency and allow financial and manpower resources to be channeled towards attaining other corporate objectives.

The RRPTs carried out within the BKG Group creates mutual benefits for the companies in the Group, such as expediency and increased efficiency necessary for day-to-day operations.

In addition, BKG Group has a long-standing business relationship with the Related Parties. The Board of BKG is of the view that the close co-operation and strong working relationship that exist between BKG Group and the Related Parties have over the years enabled BKG Group to benefit from better services and attention that would otherwise be derived from third parties. These close relationships have allowed for better control of supplies, quality and timeliness of completion of work done / services rendered.

### 4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate will not have any material effect on the share capital of the Company as well as the consolidated NA, gearing, EPS and the shareholdings of the substantial shareholders of BKG.

### 5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS

As at LPD, the direct and indirect interests of the Directors and/or Major Shareholders of BKG who are interested and/or do not consider themselves independent in the RRPTs are as follows :

<b>Interested Directors</b>	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>
Datuk Seri Chiau Beng Teik	85,199,100	28.68	-	-
Chiau Haw Choon	7,859,000	2.65	-	-

<b>Major Shareholder</b>	<b>Direct</b>	<b>%</b>	<b>Indirect</b>	<b>%</b>
Datuk Seri Chiau Beng Teik	85,199,100	28.68	-	-

Accordingly, Datuk Seri Chiau Beng Teik and Chiau Haw Choon (collectively referred to as "Interested Directors") have and will continue to abstain from all deliberations and voting on matters relating to the Proposed Shareholders' Mandate at the Board meetings and will abstain from voting in respect of their direct and/or indirect shareholdings in BKG at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

The Interested Major Shareholder, namely Datuk Seri Chiau Beng Teik, will abstain from voting in respect of his direct and/or indirect shareholdings in BKG at the forthcoming AGM on the resolution pertaining to the Proposed Shareholders' Mandate.

The above Interested Directors and Interested Major Shareholder have undertaken that they shall ensure that persons connected to them will abstain from voting in respect of their direct and/or indirect shareholdings on the resolution, deliberating or approving the Proposed Shareholders' Mandate at the forthcoming AGM.

Save as disclosed above, none of the other Directors and/or Major Shareholders or persons connected with the Directors or Major Shareholders have any interest, directly or indirectly in the Proposed Shareholders' Mandate.

## **6. APPROVALS REQUIRED**

The Proposed Shareholders' Mandate is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM to be convened.

## **7. DIRECTORS' RECOMMENDATION**

The Directors of BKG (save for Datuk Seri Chiau Beng Teik and Chiau Haw Choon) having considered all aspects of the Proposed Shareholders' Mandate and after careful deliberation, are of the opinion that the Proposed Shareholders' Mandate is in the best interest of the Company and accordingly, the Board (save for Datuk Seri Chiau Beng Teik and Chiau Haw Choon) recommended that the shareholders of BKG vote in favour of the ordinary resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## **8. ANNUAL GENERAL MEETING**

The ordinary resolution to vote on the Proposed Shareholders' Mandate is set out in the Notice of Sixteenth (16<sup>th</sup>) AGM contained in the Annual Report of the Company for the financial year ended 31 March 2018, which is dispatched together with this Circular. The Sixteenth (16<sup>th</sup>) AGM will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10.00 a.m.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report of the Company for the financial year ended 31 March 2018 in accordance with the instructions printed therein as soon as possible so as to arrive at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, not later than forty-eight (48) hours before the time set for the AGM.

The completion and return of Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

**9. FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

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

**Khoo Chee Siang**  
*Independent Non-Executive Director*

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**PART B**

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE PURCHASE OF ITS OWN ORDINARY SHARES (“PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY”)**



**BOON KOON GROUP BERHAD**

(Company No. 553434-U)  
(Incorporated in Malaysia)

**Registered Office**  
51-13-A, Menara BHLBank  
Jalan Sultan Ahmad Shah  
10050 Penang

31 July 2018

**Board of Directors**

Datuk Seri Chiau Beng Teik	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' Goh Boon Koon	<i>(Non-Independent Non-Executive Director)</i>
Chiau Haw Choon	<i>(Non-Independent Non-Executive Director)</i>
Datuk Yeo Chun Sing	<i>(Executive Director)</i>
Khoo Chee Siang	<i>(Independent Non-Executive Director)</i>
Ho Kok Loon	<i>(Independent Non-Executive Director)</i>
Shelly Chiau Yee Wern	<i>(Alternate Director to Datuk Seri Chiau Beng Teik)</i>

**To : The Shareholders of Boon Koon Group Berhad**

Dear Sir/Madam,

**PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

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**1. INTRODUCTION**

At the Fifteenth (15<sup>th</sup>) AGM of the Company held on 22 August 2017, the Company had obtained the approval of its shareholder to purchase up to ten percent (10%) of the total number of issued share of the Company at any point in time. The aforesaid shareholders' approval for the Company to purchase its own shares is subject to the annual renewal and will lapse at the conclusion of the forthcoming AGM unless such authority is renewed by an ordinary resolution passed at the general meeting.

On 6 July 2018, the Board had announced that BKG proposed to seek the approval of its shareholders for the renewal of the authority for the Company to purchase up to 10% of the total number of issued share of the Company. The Proposed Renewal of Share Buy-Back Authority is subject to compliance with Section 127 of the Act and any prevailing laws, orders, requirements, guidelines, rules and regulations issued by any relevant authorities at the time of purchase.

The purpose of this Circular is to provide you with the relevant information of the Proposed Renewal of Share Buy-Back Authority and to seek your approval on the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM, which will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10.00 a.m. The notice of the AGM together with the Form of Proxy is enclosed in the Annual Report of the Company for the financial year ended 31 March 2018.

**SHAREHOLDERS OF BKG ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY AT THE FORTHCOMING AGM.**

## **2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

### **2.1 Proposed Renewal of Share Buy-Back Authority**

The Board is proposing to seek the shareholders' approval for the renewal of the authority for the Company to purchase its own Shares for an aggregate amount of up to ten percent (10%) of the total number of issued share at any point in time.

For illustrative purposes, as at LPD, the issued share capital of BKG stood at 297,110,900 ordinary shares. Assuming no further BKG Shares are issued, the maximum number of shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 29,711,090 BKG Shares.

The Proposed Renewal of Share Buy-Back Authority, once approved by the shareholders, shall take effect from the passing of the ordinary resolution pertaining thereto at the forthcoming AGM and shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which such resolution is passed, at which time the authority will lapse unless renewed by ordinary resolution, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

The Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own Shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

## 2.2 Maximum Amount of Funds to be Allocated and the Source of Funds

The Listing Requirements stipulate that the proposed purchase by a listed company of its own shares must be made wholly out of retained profits of the listed company. Therefore, the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the amount stated in the retained profits of the Company. Based on the latest audited financial statements of the Company, the retained profits of BKG are as follows:

	<b>Retained Profits (RM)</b>
Audited financial statement as at 31 March 2018	1,377,819

The Proposed Renewal of Share Buy-Back Authority will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of BKG Shares to be purchased and other relevant factors. The actual number of BKG Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company. In the event that the Proposed Renewal of Share Buy-Back Authority is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Group.

## 2.3 Treatment of the Purchased BKG Shares

The Purchased BKG Shares will be dealt by the Board in accordance with Section 127 of the Act, in the following manner:

- (i) cancel the BKG Shares so purchased; or
- (ii) retain the BKG Shares so purchased as treasury shares and held by the Company; or
- (iii) retain part of the BKG Shares so purchased as treasury shares and cancel the remainder; or,
- (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
- (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force.

The decision whether to retain the Purchased BKG Shares as treasury shares, or to cancel the Purchased BKG Shares or a combination of both, will be made by the Board at the appropriate time. An immediate announcement will be made to Bursa Securities on any purchase of BKG Shares as well as any resale or cancellation of the Purchased BKG Shares.

If such Purchased BKG Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in rights, allotments and/or other distributions are suspended and the Purchased BKG Shares shall not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purpose including determination of Substantial Shareholders, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on a resolution at meetings of the shareholders.

#### **2.4 Purchase/Resale Price**

Pursuant to the Listing Requirements, the Company may only purchase BKG Shares at a price which is not more than fifteen percent (15%) above the weighted average share price for the five (5) Market Days immediately preceding the date of the purchase(s). The Company may only resell the Purchased BKG Shares held as treasury shares at a price which is:

- (a) not less than the weighted average share price of BKG Shares for the five (5) Market Days immediately prior to the resale; or
- (b) at a discount of not more than 5% to the weighted average share price of BKG Shares for the five (5) Market Days immediately prior to the resale provided that:
  - (i) the resale takes place no earlier than thirty (30) days from the date of the purchase; and
  - (ii) the resale price is not less than the cost of purchase of the shares being resold.

The Proposed Renewal of Share Buy-Back Authority and/or resale of the Purchased BKG Shares shall only be effected on the market of Bursa Securities via its automated trading system and shall exclude any direct business transactions as defined in accordance with the rules of Bursa Securities. The Company shall ensure that all dealing(s) in its own Shares/Purchased BKG Shares are made through stock broker(s) appointed by the Company.

#### **2.5 Potential Advantages and Disadvantages of the Proposed Renewal of Share Buy-Back Authority**

The potential advantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority would enable the Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the consolidated EPS of the Group.
- (b) The Proposed Renewal of Share Buy-Back Authority will also provide the Company with opportunities for potential gains if the Purchased BKG Shares which are retained as treasury shares are resold at prices higher than their cost of purchase.
- (c) In any event, the treasury shares may also be distributed as share dividends to the shareholders as a reward.



- (d) The Proposed Renewal of Share Buy-Back Authority may also stabilise the supply and demand of BKG Shares traded on Bursa Securities and reduce the volatility of the share prices. The stability of BKG Shares price is important to maintain investors' confidence and may also assist in facilitating future fund raising via the equity market.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority are as follows:

- (a) The Proposed Renewal of Share Buy-Back Authority if implemented is expected to temporarily reduce the immediate financial resources of BKG Group.
- (b) The Proposed Renewal of Share Buy-Back Authority may also result in the Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.
- (c) The Proposed Renewal of Share Buy-Back Authority may also reduce the amount of resources available for distribution to the shareholders of the Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be implemented only after careful consideration of the financial resources of the Group and its resultant impact. The Board is mindful of the interest of the Company and the shareholders and will be prudent with respect to the above exercise.

## **2.6 Public Shareholding Spread**

The Proposed Renewal of Share Buy-Back Authority is subject to the compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities ("Prevailing Law") at the time of the purchase. As at 29 June 2018, the public shareholding spread of the Company was approximately 50.47%. Assuming the Proposed Renewal of Share Buy-Back Authority is carried out in full, and the number of BKG Shares held by the substantial shareholders, Directors and persons connected to the substantial shareholders and/or Directors remain unchanged and all the BKG Shares so purchased are cancelled, the public shareholding spread of the Company would reduce to approximately 42.78%. The Board will endeavor to ensure that the Proposed Renewal of Share Buy-Back Authority will be in accordance with the Prevailing Law at the time of the purchase including compliance with the twenty-five percent (25%) public shareholding spread as required by the Listing Requirements.

## **2.7 Implication Relating to the Code**

Pursuant to the Code, a person and any parties acting in concert with him will be required to make a mandatory offer for the remaining BKG Shares not already owned by him/her/them if his/her/their stake in the Company is increased to beyond 33.0% or if his/her/their shareholdings is between 33.0% and 50.0% and increases by another 2.0% in any six (6) months period.

However, an exemption from mandatory offer obligation may be granted by the SC under the Code subject to the parties acting in concern complying with the conditions stipulated in the Code.

The Company intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, the Board will be mindful of the requirements of the Code when implementing the Proposed Renewal of Share Buy-Back Authority.

## **2.8 Purchase, Resale and Cancellation of Shares Made in Previous Twelve (12) Months**

There were no purchase, resale and cancellation of shares made by BKG in the previous twelve (12) months preceeding the date of this Circular.

## **3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The implementation of the Proposed Renewal of Share Buy-Back Authority is envisaged to benefit the Company and its shareholders as follows:

- (i) the Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilise the supply and demand of the BKG Shares traded on Bursa Securities and thereby support its fundamental value;
- (ii) the EPS of BKG Shares and the return on equity of the Company is expected to improve as a result of a reduced share capital base;
- (iii) the Purchased BKG Shares retained as treasury shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company;
- (iv) the Purchased BKG Shares retained as treasury shares can be distributed as share dividends to the shareholders as a reward; and
- (v) the financial resources of the Company will increase if the Purchased BKG Shares held as treasury shares are resold at prices higher than the purchase price.

## **4. EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The effects of the Proposed Renewal of Share Buy-Back Authority on share capital, NA, working capital, earnings and shareholdings of Directors and Substantial Shareholders of the Company are set out below:

### **4.1 Share Capital**

The effect of the Proposed Renewal of Share Buy-Back Authority on the issued share capital of the Company will depend on whether the Purchased BKG Shares are cancelled or retained as treasury shares. The Proposed Renewal of Share Buy-Back Authority will result in a reduction of the issued share capital of the Company if the Purchased BKG Shares are cancelled.

Based on the Company's issued share capital as at LPD, the effect of the Proposed Renewal of Share Buy-Back Authority, assuming that all the Purchased BKG Shares will be cancelled, are as follows:

	<b>No. of Shares</b>
Number of BKG Shares as at LPD	297,110,900
Less:- Maximum number of ordinary shares which may be purchased and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority (assuming all Purchased BKG Shares are fully cancelled)	29,711,090
<b>Resultant number of BKG Shares</b>	<b>267,399,810</b>

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the issued share capital of the Company if all the Purchased BKG Shares are to be retained as treasury shares, resold or distributed to the shareholders.

#### **4.2 NA**

When the Company purchases its own shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per Share of BKG Group will decrease if the cost per Share purchased exceeds the NA per Share of BKG Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of BKG Group at the relevant point in time, the NA per Share of BKG Group will increase.

In the case where the Purchased BKG Shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of BKG Group upon the resale will increase if the Company realises a gain from the resale and vice-versa. If the treasury shares are distributed as share dividends, the NA of BKG Group will decrease by the cost of the treasury shares at the point of purchase.

#### **4.3 Working Capital**

The Proposed Renewal of Share Buy-Back Authority, as and when implemented, will reduce the working capital and cash flow of BKG Group, the quantum of which depends on, amongst others, the number of BKG Shares purchased and the purchase price(s) of the BKG Shares.

For BKG Shares so purchased which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

#### **4.4 Earnings**

The effects of the Proposed Renewal of Share Buy-Back Authority on the earnings of BKG Group are dependent on the number BKG Shares purchased, the effective funding cost to finance such purchases and/or loss in interest income to BKG Group if internally generated funds are utilised. Further, the purchase of the BKG Shares will result in a lower number of shares being taken into account for purposes of EPS computation.

#### **4.5 Dividends**

Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full, the Proposed Renewal of Share Buy-Back Authority will have an effect of increasing the dividend rate per ordinary share of the Company as a result of the reduction in the issued share capital of the Company.

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#### 4.6

#### Directors' and Substantial Shareholders' Shareholdings

The effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and the substantial shareholders of BKG based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD assuming the Proposed Renewal of Share Buy-Back Authority is undertaken in full by the Company, are as follows:

##### (a) Directors of BKG

No.	Director	As at the LPD				After the Proposed Renewal of Share Buy-Back Authority <sup>(a)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Datuk Seri Chiau Beng Teik	85,199,100	28.68	-	-	85,199,100	31.86	-	-
2.	Dato' Goh Boon Koon	2,650,000	0.89	49,325,690	16.60 <sup>(b)</sup>	2,650,000	0.99	49,325,690	18.45 <sup>(b)</sup>
3.	Chiau Haw Choon	7,859,000	2.65	-	-	7,859,000	2.94	-	-
4.	Khoo Chee Siang	-	-	-	-	-	-	-	-
5.	Datuk Yeo Chun Sing	-	-	-	-	-	-	-	-
6.	Ho Kok Loon	67,500	0.02	-	-	67,500	0.03	-	-
7.	Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	-	-	-	-	-	-	-	-

Notes:

(a) Assuming the maximum of 29,711,090 Shares are bought-back by the Company and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority.

(b) Deemed Interest through BKNT Resources Sdn. Bhd. by virtue of his shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Act and other interest held through his children pursuant to Section 59(1)(c) of the Act.

(b) Substantial Shareholders of BKG

No.	Substantial Shareholders	As at the LPD				After the Proposed Renewal of Share Buy-Back Authority <sup>(a)</sup>			
		Direct		Indirect		Direct		Indirect	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1.	Datuk Seri Chiau Beng Teik	85,199,100	28.68	-	-	85,199,100	31.86	-	-
2.	Dato' Goh Boon Koon	2,650,000	0.89	49,325,690	16.60 <sup>(b)</sup>	2,650,000	0.99	49,325,690	18.45 <sup>(b)</sup>
3.	BKNT Resources Sdn. Bhd.	48,735,997	16.40	-	-	48,735,997	18.23	-	-
4.	Datin Lee Teoh Kee	-	-	48,735,997	16.40 <sup>(c)</sup>	-	-	48,735,997	18.23 <sup>(c)</sup>
5.	Goh Boon Leong	-	-	48,735,997	16.40 <sup>(c)</sup>	-	-	48,735,997	18.23 <sup>(c)</sup>

Notes:

- (a) Assuming the maximum of 29,711,090 Shares are bought-back by the Company and cancelled pursuant to the Proposed Renewal of Share Buy-Back Authority.
- (b) Deemed Interest through BKNT Resources Sdn. Bhd. by virtue of his shareholdings of not less than 20% in BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Act and other interest held through his children pursuant to Section 59(1)(c) of the Act.
- (c) Deemed interested interest in the shares held by BKNT Resources Sdn. Bhd. pursuant to Section 8 of the Act.

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## 5. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back Authority, none of the Directors and Major Shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the proposed purchase of shares or resale of treasury shares, if any, in the future.

## 6. APPROVALS REQUIRED

The Proposed Renewal of Share Buy-Back Authority is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM to be convened.

## 7. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of BKG Shares traded on Bursa Securities for the past twelve (12) months from July 2017 to June 2018 are as follows:

	<b>Highest RM</b>	<b>Lowest RM</b>
<b>2017</b>		
July	0.56	0.42
August	0.54	0.49
September	0.51	0.49
October	0.55	0.51
November	0.54	0.49
December	0.50	0.48
<b>2018</b>		
January	0.49	0.42
February	0.43	0.41
March	0.48	0.42
April	0.47	0.43
May	0.45	0.42
June		

The last transacted price of BKG Shares on 2 July 2018, being the LPD, was RM0.44.

## 8. DIRECTORS' RECOMMENDATION

The Board after having considered all aspects of the Proposed Renewal of Share Buy-Back Authority is of the opinion that the Proposed Renewal of Share Buy-Back Authority is fair, reasonable and in the best interests of the Company and accordingly recommended that the shareholders of the Company to vote in favour of the ordinary resolution for the Proposed Renewal Share Buy-Back Authority to be tabled at the forthcoming AGM.

## 9. ANNUAL GENERAL MEETING

The ordinary resolution to vote on the Proposed Renewal of Share Buy-Back Authority is set out in the Notice of Sixteenth (16<sup>th</sup>) AGM contained in the Annual Report of the Company for the financial year ended 31 March 2018, which is dispatched together with this Circular. The Sixteenth (16<sup>th</sup>) AGM will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10.00 a.m.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report of the Company for the financial year ended 31 March 2018 in accordance with the instructions printed therein as soon as possible so as to arrive at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, not later than forty-eight (48) hours before the time set for the AGM.

The completion and return of Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

#### **10. FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

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

**Khoo Chee Siang**  
*Independent Non-Executive Director*

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**PART C**

**PROPOSED CHANGE OF NAME OF THE COMPANY FROM “BOON KOON GROUP BERHAD” TO “CHIN HIN GROUP PROPERTY BERHAD” (“PROPOSED CHANGE OF COMPANY’S NAME”)**



**BOON KOON GROUP BERHAD**

(Company No. 553434-U)  
(Incorporated in Malaysia)

**Registered Office**  
51-13-A, Menara BHLBank  
Jalan Sultan Ahmad Shah  
10050 Penang

31 July 2018

**Board of Directors**

Datuk Seri Chiau Beng Teik	<i>(Non-Independent Non-Executive Chairman)</i>
Dato' Goh Boon Koon	<i>(Non-Independent Non-Executive Director)</i>
Chiau Haw Choon	<i>(Non-Independent Non-Executive Director)</i>
Datuk Yeo Chun Sing	<i>(Executive Director)</i>
Khoo Chee Siang	<i>(Independent Non-Executive Director)</i>
Ho Kok Loon	<i>(Independent Non-Executive Director)</i>
Shelly Chiau Yee Wern	<i>(Alternate Director to Datuk Seri Chiau Beng Teik)</i>

**To : The Shareholders of Boon Koon Group Berhad**

Dear Sir/Madam,

**PROPOSED CHANGE OF COMPANY'S NAME**

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**1. INTRODUCTION**

On 6 July 2018, the Company announced to Bursa Securities that it will seek shareholders' approval for the Proposed Change of Company's Name.

The purpose of this Circular is to provide you with the relevant information of the Proposed Change of Company's Name and to seek your approval on the special resolution pertaining to the Proposed Change of Company's Name to be tabled at the forthcoming AGM, which will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10.00 a.m. The notice of the AGM together with the Form of Proxy is enclosed in the Annual Report of the Company for the financial year ended 31 March 2018.

**SHAREHOLDERS OF BKG ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE SPECIAL RESOLUTION PERTAINING TO THE PROPOSED CHANGE OF COMPANY'S NAME AT THE FORTHCOMING AGM.**

## **2. DETAILS AND RATIONALE OF THE PROPOSED CHANGE OF COMPANY'S NAME**

The Board has proposed to change the Company's name from "Boon Koon Group Berhad" to "Chin Hin Group Property Berhad".

The Board is of the opinion that the Proposed Change of Company's Name, would be better reflect the Group's business direction under its flagship and further enhance the brand image of the Company.

## **3. EFFECTS OF THE PROPOSED CHANGE OF COMPANY'S NAME**

The Proposed Change of Company's Name will not have any effect on the share capital of the Company, the substantial shareholders' shareholdings, net assets, gearing and earnings per share of the Group.

## **4. INTEREST OF DIRECTORS / MAJOR SHAREHOLDERS**

None of the Directors, Major Shareholders and/or persons connected with them has any interest, directly or indirectly, in the Proposed Change of Company's Name.

## **5. APPROVAL REQUIRED**

The Proposed Change of Company's Name is conditional upon the approval of the shareholders of the Company being obtained at the forthcoming AGM to be convened.

The Proposed Change of Company's Name, if approved by the shareholders, will take effect from the date of issuance of the Notice of Registration of New Name by the Companies Commission of Malaysia to the Company.

## **6. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Proposed Change of Company's Name, is of the opinion that the Proposed Change of Company's Name is in the best interest of the Company.

Accordingly, the Board recommends that the shareholders vote in favour on the special resolution pertaining to the Proposed Change of Company's Name at the forthcoming AGM to be convened.

## **7. ANNUAL GENERAL MEETING**

The special resolution to vote on the Proposed Change of Company's Name is set out in the Notice of Sixteenth (16<sup>th</sup>) AGM contained in the Annual Report of the Company for the financial year ended 31 March 2018, which is dispatched together with this Circular. The Sixteenth (16<sup>th</sup>) AGM will be held at Chin Hin Culture Centre of No. F-0-1 and F-0-2, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Monday, 27 August 2018 at 10.00 a.m.

If you are unable to attend and vote in person at the AGM, you are requested to complete, sign and return the Form of Proxy enclosed in the Annual Report of the Company for the financial year ended 31 March 2018 in accordance with the instructions printed therein as

soon as possible so as to arrive at the Registered Office of the Company, 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang, not later than forty-eight (48) hours before the time set for the AGM.

The completion and return of Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

**8. FURTHER INFORMATION**

Shareholders are requested to refer to Appendix I contained in this Circular for further information.

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

**Khoo Chee Siang**  
*Independent Non-Executive Director*

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## APPENDIX I – FURTHER INFORMATION

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### 1. DIRECTORS' RESPONSIBILITY STATEMENT

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

### 2. MATERIAL CONTRACTS

Save as disclosed below, BKG and its subsidiaries have not entered into any material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business, within the two (2) years immediately preceding the date of this Circular:

- (a) a shareholders' agreement dated 1 August 2016 entered into between Boon Koon Vehicles Industries Sdn. Bhd. ("BKVI"), Kosuke Abe and Alvin Tan Jit Kwong to set out their scope and extent of co-operation, obligations and dealings vis-à-vis each other and Boon Koon Japan Co. Ltd. ("Boon Koon Japan");
- (b) a sale and purchase agreement dated 21 October 2016 entered into between Jet Speed Sdn. Bhd. ("JSSD") and BKVI, wherein BKVI agreed to purchase and JSSD agreed to sell all that piece of land held under PM8584, Lot No. 16388, Mukim Dengkil, Daerah Sepang, Tempat Sungai Rasau Puchong, Negeri Selangor for a purchase consideration of RM1,300,000 satisfied in full by way of cash of which the same was completed on 12 January 2017;
- (c) a share sale agreement dated 13 December 2016 entered into between Boon Koon Capital Sdn. Bhd. ("BKCAP") and Hitachi Capital Asia Pacific Pte. Ltd. ("HCAPPL"), wherein HCAPPL agreed to purchase and BKCAP agreed to sell 25% equity interest in Hitachi Capital Malaysia Sdn. Bhd. comprising 3,750,000 ordinary shares for a purchase consideration of RM22,000,000 satisfied in full by way of cash of which the same was completed on 28 April 2017;
- (d) a share sale agreement dated 24 July 2017 entered into between BKVI and Kousuke Abe, wherein Kousuke Abe agreed to purchase and BKVI agreed to sell 60% equity interest in Boon Koon Japan comprising 300 ordinary shares for a purchase consideration of RM247,000 satisfied in full by way of cash of which the same was completed on 26 July 2017; and
- (e) a joint development agreement dated 29 June 2017 and supplementary joint development agreement dated 22 August 2017 entered into between Platinum Eminent Sdn Bhd and BKG Development Sdn. Bhd. ("BKGSB") for the Proposed Joint Development for the implementation and completion of a commercial development project comprising inter alia two (2) blocks of twenty-nine (29) storeys each with a total of 752 units of service apartments ("Parcel"), a podium block comprising thirteen (13) retail units of shoplots, one (1) basement carpark and eight (8) storey carpark (collectively, known as "Aera Service Residence" or "Development Project") on a piece of leasehold land held under HS(D) 316525, PT6551, Bandar Petaling Jaya Selatan, District of Petaling, State of Selangor bearing postal address of Jalan PJS 5/28B, PJS 5, Petaling Jaya, Selangor.

### 3. MATERIAL LITIGATION, CLAIMS AND ARBITRATION

Save as disclosed below, BKG Group is not involved in any material litigation or arbitration which may have a material adverse effect on the business and financial position of BKG Group, and the Directors are not aware of any legal proceeding, pending or threatened, or of any fact likely to give rise to any proceeding which might adversely and materially affect the business and financial position of BKG as at the LPD:

#### (a) Suit No. PA-22NCVC-43-03/2017 (Penang High Court)

On 3 April 2017, BKVI had received a Writ of Summons and Statement of Claim dated 13 March 2017 from Dato' Seri Kasmi bin Mat Arsat ("the Plaintiff") claiming for amongst others, the sum of RM1,265,190.86 being outstanding commission payable to the Plaintiff for negotiation works and procurement of approved permits required under the laws of Malaysia before vehicle chassis/components can be imported into Malaysia for rebuilt or re-manufacturing activities ("AP"), together with interest at the rate of 4% per annum until full settlement and costs. On 27 April 2017, the Penang High Court had allowed the Plaintiff to amend his Statement of Claim due to typographical error of which the original sum claimed was supposed to be RM2,238,000. The basis of the Plaintiff's claim arises from an alleged AP lobbying program and proposal prepared by BKVI in early 2011 wherein the Plaintiff was promised commission between RM1,000 and RM2,000 for every AP procured by BKVI. The trial for the above matter has been concluded on 24 August 2017 whereupon the decision date has been fixed on 27 October 2017. The solicitors acting for BKVI are of the view that BKVI stands a fair chance of success in its defence against the Plaintiff's claims based on the documents furnished by BKVI, the documents subsequently adduced by the Plaintiff and the proceedings of the trial, particularly the testimony provided by the witnesses of BKVI. Boon Koon had on 27 October 2017 announced that the Penang High Court has ruled in favour of BKVI together with an order of costs of RM30,000.00. On 22 November 2017, the Plaintiff submitted a Notice of Appeal to the Court of Appeal of Malaysia at Putrajaya. On 23 July 2018, the Court of Appeal of Malaysia at Putrajaya has ruled in favour of BKVI together with an order to costs of RM10,000.

### 4. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed below, as at LPD, the Board is not aware of any material commitments and contingent liabilities incurred or known to be incurred which may have a material impact on the profits or NA of BKG Group upon becoming enforceable:

#### (i) Contingent Liabilities

	<b>RM</b>
Corporate guarantees for credit facilities granted to subsidiaries	32,538,533

### 5. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection by the shareholders of BKG at the Registered Office of BKG at 51-13-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang during normal office hours between Monday and Friday (except public holidays) from the date of this Circular up to and including the date of the AGM:

- (i) The Constitution (formerly known as Memorandum and Articles of Association) of BKG;

- (ii) The material contracts referred to in Section 2 of this Appendix I;
- (iii) The relevant cause papers in respect of the material litigation as referred to in Section 3 of this Appendix I;
- (iv) The audited financial statements of BKG for the past two (2) financial years ended 31 March 2017 and 31 March 2018; and
- (v) The unaudited consolidated financial results of BKG for the quarter ended 31 March 2018.

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**BOON KOON GROUP BERHAD**  
**(Company No. 553434-U)**  
**(Incorporated in Malaysia)**

**EXTRACT OF THE NOTICE OF SIXTEENTH (16<sup>TH</sup>) ANNUAL GENERAL MEETING**

6.2	<p><b>ORDINARY RESOLUTION</b></p> <p><b>PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")</b></p> <p>"THAT subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("<b>BKG Group</b>") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of BKG Group with specified classes of Related Parties (as defined in the Main Market Listing Requirements of Bursa Securities) as specified in Section 2.4, Part A of the Circular to Shareholders dated 31 July 2018, which are necessary for the day-to-day operations of BKG Group provided that the transactions are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public as well as are not detrimental to the minority shareholders of the Company and such approval, shall continue to be in force until:-</p> <p>(a) the conclusion of the next Annual General Meeting ("<b>AGM</b>") of the Company, at which time the mandate will lapse, unless the mandate is renewed by a resolution passed at that meeting;</p> <p>(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or</p> <p>(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;</p> <p>whichever is earlier.</p> <p>And that the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities and to deal with all matters in relation thereto and to take such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the transactions contemplated and/or authorised by this Ordinary Resolution."</p>	<b>Resolution 6</b>
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**6.3 ORDINARY RESOLUTION  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

“That subject to Sections 112, 113 and 127 of the Companies Act 2016 (“the Act”), the provisions of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”) and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:-

- (a) The maximum number of shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company for the time being;
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company; and
- (c) Upon completion of the purchase by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in their absolute discretion in any of the following manner:-
  - (i) cancel the shares so purchased; or
  - (ii) retain the shares so purchased as treasury shares and held by the Company; or
  - (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or,
  - (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
  - (v) transfer all or part of the treasury shares for purposes of an employees’ share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act, the Listing Requirements and other relevant guidelines issued by Bursa Securities and any other relevant authority for the time being in force;

And that the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution passed at the AGM either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements and other relevant guidelines issued by the Bursa Securities or any other relevant authorities.

