

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

Bursa Malaysia Securities Berhad (“Bursa Securities”) has perused this Circular only in respect of the Proposed New Shareholders’ Mandate on a limited review basis pursuant to Paragraph 4.1(c) of Practice Note 18 of the Main Market Listing Requirements of Bursa Securities, prior to the issuance of this Circular. 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.



BOILERMECH

BOILERMECH HOLDINGS BERHAD

Registration No. 201001013463 (897694-T)
(Incorporated in Malaysia)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

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

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

The ordinary resolution in respect of the above will be tabled as a Special Business at the 11th Annual General Meeting (“AGM”) of Boilermech Holdings Berhad to be held as a fully virtual meeting through Online Meeting Platform via TIIH Online at <https://tjih.online> or <https://tjih.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd, Malaysia on Tuesday, 14 September 2021 at 10:00 a.m. whereby shareholders are to attend, speak (including posing questions to the Board of Directors of Boilermech Holdings Berhad via real time submission of typed texts and vote (collectively, “participate”) remotely at the 11th AGM via the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its TIIH Online website at <https://tjih.online>. Please follow the procedures of RPV as stated in the Administrative Guide. The notice of the 11th AGM of the Company together with the Proxy Form, Administrative Guide and this Circular are available online at the Company’s website <http://www.boilermech.com/agm/>.

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend and to vote on his behalf. In such event, the Proxy Form should be lodged at the Share Registrar of Boilermech Holdings Berhad, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tjih.online> not less than forty-eight (48) hours before the time stipulated for holding the AGM. The lodging of the Proxy Form does not preclude you from attending and voting at the AGM, should you subsequently wish to do so.

Last date and time for lodging the Proxy Form : Sunday, 12 September 2021 at 10.00 a.m.

Date and time of the AGM : Tuesday, 14 September 2021 at 10.00 a.m.

This Circular is dated 16 August 2021

DEFINITIONS

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

"Annual Report 2021"	:	Annual report of Boilermech for the FYE 31 March 2021
"Act"	:	Companies Act 2016 and includes any amendments thereto from time to time
"AGM"	:	Annual General Meeting
"BCSB"	:	Boilermech Cleantech Sdn Bhd Registration No. 201101013494 (941634-K)
"Board"	:	Board of Directors of Boilermech
"Boilermech" or "Company"	:	Boilermech Holdings Berhad Registration No. 201001013463 (897694-T)
"Boilermech Group" or "Group"	:	Boilermech and its subsidiaries, collectively
"Boilermech Share(s)"	:	Ordinary share(s) in Boilermech
"BOSB"	:	Boilermech Oretch Sdn Bhd Registration No. 201401015347 (1091434-K)
"BSB"	:	Boilermech Sdn Bhd Registration No. 198001004313 (58098-U)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad Registration No. 200301033577 (635998-W)
"Circular"	:	This circular to shareholders of Boilermech dated 16 August 2021
"Director(s)"	:	Directors of the Company and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007
"EITA"	:	EITA Resources Berhad Registration No. 199601026396 (398748-T)
"EITA Group"	:	EITA and its subsidiaries, collectively
"FYE"	:	Financial year ended/ending, as the case may be
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities and includes any amendments thereto from time to time
"LPD"	:	19 July 2021, being the latest practicable date prior to the printing of this Circular

DEFINITIONS (CONT'D)

- "Major Shareholder(s)" : Any person who has an interest or interests in one or more voting shares in Boilermech and the number or aggregate number of those shares, is:-
- i. 10% or more of the total number of the voting shares in Boilermech; or
 - ii. 5% or more of the total number of the voting shares in Boilermech where such person is the largest shareholder of Boilermech.

For the purpose of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act and a major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the RRPT(s) were agreed upon, a major shareholder of Boilermech as defined under Paragraph 1.01 of the Listing Requirements or any other company which is its subsidiary or holding company

- "Primem" : Primem Pte Ltd
Registration No. 201819246D
- "Primem Group" : Primem and its subsidiaries, collectively
- "MB Group" : M.B. Agriculture (Sabah) Sdn Bhd [Registration No. 199001017249 (208918-W)] and M.B. Agriculture (Sandakan) Sdn Bhd [Registration No. (198601001857 (151000-A)], collectively
- "Person(s) Connected" : In relation to a Director or a Major Shareholder of Boilermech, means such person who falls under any one of the following categories:-
- i. a family member of the Director or Major Shareholder;
 - ii. a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which the Director, Major Shareholder or a family member of the Director or Major Shareholder is the sole beneficiary;
 - iii. a partner of the Director or Major Shareholder;
 - iv. a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - v. a person in accordance with whose directions, instructions or wishes the Director or Major Shareholder is accustomed or is under an obligation, whether formal or informal, to act;
 - vi. a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the Director or Major Shareholder;
 - vii. a body corporate or its directors whose directions, instructions or wishes the Director or Major Shareholder is accustomed or under an obligation, whether formal or informal, to act;

DEFINITIONS (CONT'D)

	viii.	a body corporate in which the Director, Major Shareholder and/or Persons Connected with him are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
	ix.	a body corporate which is a related corporation.
"Proposed Renewal of Shareholders' Mandate"	:	Proposed renewal of shareholders' mandate for the existing RRPT(s) to be entered into from the date of the forthcoming 11th AGM to the next AGM of the Company as set out in Section 2.2 of this Circular
"Proposed New Shareholders' Mandate"	:	Proposed new shareholders' mandate for additional RRPT(s) to be entered into from the date of the forthcoming 11th AGM to the next AGM of the Company as set out in Section 2.3 of this Circular
"Proposed Shareholders' Mandate"		Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate
"PTBM"	:	PT Boilermech Registration No. 8120113103004
"PTMBI"	:	PT Boilermech Manufacturing Indonesia Registration No. 9120507132525
"QLB"	:	QL Resources Berhad Registration No. 199701013419 (428915-X)
"QLGR"	:	QL Green Resources Sdn Bhd Registration No. 198101003375 (69489-D)
"QLB Group"	:	QLB and its subsidiaries, collectively
"Related Party(ies)"	:	A Director, a Major Shareholder or a Person Connected with such Director or Major Shareholder
"Recurrent Related Party Transaction(s) or "RRPT(s)"	:	A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of Boilermech Group
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"TEK"	:	Teknologi Enviro-Kimia (M) Sdn Bhd Registration No. 199501021717 (350920-V)
"TEKB"	:	TEK Biotechnology Sdn Bhd Registration No. 201501023272 (1148601-T)
"TEKG"	:	T.E.K. Greencare Sdn Bhd Registration No. 200801002163 (803447-U)
"TEKW"	:	T.E.K. Water Sdn Bhd Registration No. 200101013314 (549071-T)
"TERA"	:	Tera VA Sdn Bhd Registration No. 201101001113 (929247-P)

DEFINITIONS (CONT'D)

"ZISB" : Zenith Index Sdn Bhd
Registration No. 201101026339 (954475-T)

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise specified.

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FURTHER INFORMATION

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BOILERMECH

BOILERMECH HOLDINGS BERHAD

Registration No. 201001013463 (897694-T)
(Incorporated in Malaysia)

Registered Office

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

16 August 2021

Board of Directors

Dr. Chia Song Kun	<i>(Non-Independent Non-Executive Chairman)</i>
Leong Yew Cheong	<i>(Joint Managing Director)</i>
Chia Lik Khai	<i>(Joint Managing Director)</i>
Chia Seong Fatt	<i>(Alternate Director to Chia Lik Khai)</i>
Gan Chih Soon	<i>(Executive Director)</i>
Tee Seng Chun	<i>(Alternate Director to Gan Chih Soon)</i>
Ng Swee Weng	<i>(Independent Non-Executive Director)</i>
Ho Cheok Yuen	<i>(Independent Non-Executive Director)</i>
Adrian Chair Yong Huang	<i>(Independent Non-Executive Director)</i>
Rina Meileene Binti Adam	<i>(Independent Non-Executive Director)</i>

To: The Shareholders of Boilermech Holdings Berhad

Dear Sir/ Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the AGM of the Company held on 25 September 2020, the Company had obtained the shareholders' mandate for the Group to enter into certain RRPT(s) based on terms set out in the circular to shareholders dated 25 August 2020. The said shareholders' mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM, which will be held on 14 September 2021, unless approval for the renewal of the shareholders' mandate is obtained from the shareholders of Boilermech at the forthcoming AGM.

Accordingly, the Board had on 22 July 2021 announced that the Company proposes to seek the approval of the shareholders for the Proposed Shareholders' Mandate in compliance with Paragraph 10.09(2) of the Listing Requirements.

The purpose of this Circular is to provide the shareholders of Boilermech with the relevant information on the Proposed Shareholders' Mandate and to seek the approval from the shareholders of Boilermech for the ordinary resolution pertaining thereto to be tabled at the

forthcoming 11th AGM of Boilermech.

SHAREHOLDERS OF BOILERMECH ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDIX CONTAINED HEREIN BEFORE VOTING ON THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHAREHOLDERS' MANDATE TO BE TABLED AT THE FORTHCOMING 11TH AGM.

2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE

Pursuant to Paragraph 10.09(1)(b) of the Listing Requirements, listed issuers with a share capital which is less than RM60 million must immediately announce a RRPT as follows :-

- i. the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or
- ii. the percentage ratio of such RRPT is 1% or more,

whichever is the lower.

Pursuant to Paragraph 10.09(2) of the Listing Requirements, Boilermech may seek a mandate from its shareholders to enter into RRPT(s), subject to the following:-

- i. 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;
- ii. the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' 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;
- iii. a circular to the shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Securities. The draft Circular relating to obtaining shareholders' mandate for new RRPT must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- iv. in a meeting to obtain shareholders' mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- v. immediate announcement to Bursa Securities when the actual value of a RRPT entered into by Boilermech, 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.

In the ordinary course of business, the Group will enter into RRPT(s) and it is anticipated that the Group will continue to enter into RRPT(s), the particulars of which are set out in **Sections 2.2 and 2.3** of this Circular.

Accordingly, the Board seeks the shareholders' approval for the Proposed Shareholders' Mandate from the date of the forthcoming 11th AGM until the next AGM of the Company.

Such transactions have been and will be made on terms which are not more favourable to the Related Party(ies) than those generally available to the public and are not to the detriment of the minority shareholders of Boilermech.

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The Proposed Shareholders' Mandate, if approved by the shareholders of Boilermech, will take effect from the date of the 11th AGM until:-

- i. the conclusion of the next AGM of Boilermech following the forthcoming 11th AGM at which the Proposed Shareholders' Mandate is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM;
 - ii. the expiration of the period within which the next AGM 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
 - iii. revoked or varied by resolution passed by the shareholders in a general meeting,
- whichever is the earlier.

Disclosure will be made in the Company's annual report in accordance with Paragraph 3.1.5 of Practice Note 12 of the Listing Requirements, which requires a breakdown of the aggregate value of RRPT(s) entered into pursuant to the Proposed Shareholders' Mandate for the financial year under review, providing amongst others, the following information:

- i. type of the RRPT(s) entered into; and
- ii. names of the Related Parties involved in each type of RRPTs entered into and their relationship with the Company.

Thereafter, the approval from the shareholders of Boilermech will be sought for the renewal of the shareholders' mandate for the RRPT(s), as applicable, at each subsequent AGM of Boilermech.

2.1 Principal activities of the Boilermech Group

Boilermech is principally an investment holding company. As at the LPD, the principal activities of its subsidiary companies are as follows:-

Name	Effective equity interest (%)	Principal activities
BSB	100.00	Engaged in the business of manufacturing, repairing and servicing of boilers.
BCSB	100.00	Engaged in the business of producing integrated biomass electric power generation system.
ZISB	100.00	Engaged in the business of bio-energy systems.
BOSB	100.00	Engaged in the business of supplying palm oil recovery enhancement system.
PTBM	100.00	Engaged in the repairing and servicing of boilers.
PTBMI	100.00	Engaged in the business of manufacturing, repairing and servicing of boilers.
TEK	60.23	Engaged in the businesses of general trader and contractor of water treatment chemicals and equipment and investment holdings.

Name	Effective equity interest (%)	Principal activities
TERA	60%	Engaged in the business of dealing and installation of green solar power energy products.

Indirect subsidiaries held through TEK, their principal activities and Boilermech's effective equity interest held therein are as follows:-

Name	Effective equity interest (%)	Principal activities
TEKG	60.23	Engaged in water treatment, chemicals and contract works.
TEKW	60.23	Supplier of water treatment chemical and related accessories.
TEKB	48.18	Management services, technical consultancy service, project management, laboratory testing, trading and engineering works.

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2.2 Details of the RRPT(s) under the Proposed Renewal of Shareholders' Mandate

The details of the RRPT(s) entered into between Boilermech Group and the Related Parties are as follow:-

Transacting party	Nature of relationship	Nature of transaction	Estimated value as previously disclosed in the circular dated 25 August 2020 (RM'000)	Actual value transacted from the 10th AGM up to the LPD (RM'000)	Variance %	Variance Reason	Estimated value for the forthcoming 11th AGM to the next AGM (RM'000) ⁽⁷⁾
QLB Group ⁽¹⁾ and Boilermech Group ⁽²⁾	QLB is the ultimate holding company of Boilermech ⁽³⁾	Provision of engineering solutions and materials in relation to bio-energy systems and water treatment activities; and provision of photovoltaic system (solar power system) to QLB group of companies	35,000	24,415	<0	N/A	45,000
EITA Group and Boilermech Group ⁽²⁾	A substantial shareholder of EITA is connected to directors of Boilermech ⁽⁴⁾	Purchase of boiler electronic equipment from EITA Group	2,000	1,488	<0	N/A	2,000

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2.2 Details of the RRPT(s) under the Proposed Renewal of Shareholders' Mandate (CONT'D)

Transacting party	Nature of relationship	Nature of transaction	Estimated value as previously disclosed in the circular dated 25 August 2020 (RM'000)	Actual value transacted from the 10th AGM up to the LPD (RM'000)	Variance %	Variance Reason	Estimated value for the forthcoming 11th AGM to the next AGM (RM'000)⁽⁷⁾
Primem Group and Boilermech Group ⁽²⁾	A substantial shareholder of Primem Pte Ltd ("Primem") is a director of a subsidiary of Boilermech ⁽⁵⁾	Purchase of materials from Primem Group	2,500	922	<0	N/A	2,500

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2.3 Details of the RRPT(s) under the Proposed New Shareholders' Mandate

The details of the RRPT(s) to be entered into between Boilermech Group and the Related Parties are as follow:-

Transacting party	Nature of relationship	Nature of transaction	Estimated value for the forthcoming 11th AGM to the next AGM (RM'000) ⁽⁷⁾
MB Group and Boilermech Group ⁽²⁾	Substantial shareholders of MB Group are connected to the Directors of Boilermech ⁽⁶⁾	Provision of engineering solutions and materials in relation to bio-energy systems and water treatment activities; and provision of photovoltaic system (solar power system) to MB Group	3,000

Notes:-

- (1) QLB Group refers to subsidiaries and affiliated companies within QLB Group excluding Boilermech and its subsidiaries.
- (2) Includes any new subsidiaries that Boilermech may incorporate or acquire from time to time.
- (3) Both the directors of Boilermech, Dr. Chia Song Kun and Mr Chia Seong Fatt are deemed as "Interested Directors" and "Interested Major Shareholders" by virtue of their respective substantial shareholdings in QL Resources Berhad ("QLB"), which held through CBG (L) Pte Ltd via CBG (L) Foundation and Farsathy Holdings Sdn Bhd respectively. QLB is the ultimate holding company of Boilermech, held through its wholly-owned subsidiary QL Green Resources Sdn Bhd. ("QLGR"). In addition, Mr Chia Lik Khai is deemed as an "Interested Director" by virtue of his directorship in Boilermech, QLGR and QLB. Please refer to **Section 6** for further details on the Interested Directors and Interested Major Shareholders of Boilermech.
- (4) Dr Chia Song Kun is deemed interested in EITA, held through Ruby Technique Sdn Bhd via. his and his spouse's interest in CBG Holdings Sdn Bhd. Mr Chia Seong Fatt is deemed interested in EITA, held through Ruby Technique Sdn Bhd via his and his spouse's beneficial interest in Farsathy Holdings Sdn Bhd.
- (5) Mr Yong Hua Kong, a director of TEK, is deemed as an "Interested Director" by virtue of his substantial shareholdings in Primem Pte Ltd.
- (6) MB Group refers to M.B. Agriculture (Sabah) Sdn Bhd and M.B. Agriculture (Sandakan) Sdn Bhd. Both M.B. Agriculture (Sabah) Sdn Bhd and M.B. Agriculture (Sandakan) Sdn Bhd are held by Imbangan Lestari Sdn Bhd (77.67%) and Farsathy Holdings Sdn Bhd (22.33%) respectively. Imbangan Lestari Sdn Bhd is a wholly-owned subsidiary of CBG (L) Foundation, an entity where Dr Chia Song Kun and person(s) connected to him have interests; Mr Chia Seong Fatt is deemed interested in M.B. Agriculture (Sabah) Sdn Bhd and M.B. Agriculture (Sandakan) Sdn Bhd via. his and his spouse's beneficial interest in Farsathy Holdings Sdn Bhd.
- (7) The estimated value may vary in the future and is subject to changes.

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There are no amounts due and owing by the Related Parties to Boilermech Group pursuant to the RRPTs which exceeded the credit terms as at 31 March 2021.

2.4 Threshold of Authority

While all RRPT(s) are subject to the review procedures and guidelines mentioned in **Section 2.5** of this Circular, all **mandated** transaction values above RM3 million will require the prior evaluation of the Audit Committee and the approval of the Board. Transaction values below RM3 million will be reviewed by the following management personnel according to their respective limits of approval:-

- (i) RM200,001 to RM3 million will be reviewed and approved by an Executive Director; and
- (ii) Amounts up to RM200,000 will be reviewed and approved by either an Executive Director or Project Manager.

Where any Director has any interest (direct or indirect) in any RRPT(s), such Director shall abstain from deliberation and voting on the matter.

In compliance with Paragraph 10.09(1)(b) of the Listing Requirements, Boilermech shall immediately announce any Recurrent Related Party Transaction(s) which have not obtained the shareholders' mandate where: (i) the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more; or (ii) the percentage ratio of such RRPT is 1% or more, whichever is the lower.

2.5 Review Procedures and Guidelines for RRPT(s)

To ensure the RRPT(s) are conducted on normal commercial terms and transaction prices consistent with the Company's usual business practices and policies, which are not more favourable to the Related Party than those extended to the public and are not to the detriment of the minority shareholders of Boilermech, the Audit Committee has been tasked with the review and approval of such transactions.

The review procedures established by Boilermech Group for RRPT(s) are as follows:

- (i) A list of the Related Parties is established and circulated annually to the finance division of the Group, who shall monitor and ensure that all RRPT(s) to be entered into by the Group are reported and forwarded to the Audit Committee, who then ensures that the RRPT(s) are to be undertaken on an arm's length basis, on terms which are not more favourable to the Related Party(ies) other than those generally available to the public and which are not to the detriment of the minority shareholders of Boilermech.
- (ii) Proper records are maintained at the Company and each of its subsidiaries to capture all RRPT(s) so that all RRPT(s) entered into pursuant to the shareholders' mandate will be adequately discussed.
- (iii) All RRPT(s) shall be disclosed to and reviewed by the Audit Committee on a quarterly basis with details of the transactions. In its review of the RRPT(s), the Audit Committee shall have the right to have access to information. The Audit Committee may also appoint individuals and committees to examine the RRPT(s), as and when appropriate, and shall be entitled to the services of independent advisors, if required in the discharge of its duties.
- (iv) The Board and Audit Committee have the overall responsibility to determine whether the procedures for RRPT(s) are appropriate and sufficient. An annual review of the procedures and processes for RRPT(s) is carried out by the Audit Committee and approved by the Board.
- (v) Wherever practicable, at least two (2) other contemporaneous transactions

with unrelated third parties for substantially similar products or services, and/or quantities will be used as comparison, to determine whether the price and terms offered to/by the Related Party(ies) are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products or services and/or quantities.

- (vi) Where quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on usual business practices and policies of the Group and industry norms to ensure that the RRPT(s) is not detrimental to the Group.
- (vii) All members of the Board and/or Audit Committee who are directly or indirectly interested in any particular RRPT(s) shall declare their interest thereon and shall abstain from any deliberation or voting in respect of such transactions at the Board and/or Audit Committee meetings.

2.6 Statement by Audit Committee

The Audit Committee is of the view that the Group has adequate procedures and processes in place (which are reviewed on a yearly basis) to monitor, track, and identify the RRPT(s) in a timely and orderly manner. The Audit Committee is also satisfied that the procedures and guidelines set out in **Section 2.5** of this Circular are sufficient and appropriate to ensure that such RRPT(s) will be undertaken at arm's length and on normal commercial terms consistent with the industry norms not more favourable to the Related Party than those generally available to the public and that such terms will not be detrimental to the interests of the minority shareholders of Boilermach.

The Audit Committee reviews the procedures and processes set out in **Section 2.5** of this Circular on a yearly basis and these procedures and processes were last reviewed on 22 July 2021. If during its periodic reviews, the Audit Committee is of the view that such procedures and processes are no longer appropriate or adequate to monitor, track and identify RRPT(s), the Audit Committee will draw it to the attention of the Board and, if necessary, Boilermach will establish new guidelines and procedures.

3. RATIONALE AND BENEFITS FOR THE PROPOSED SHAREHOLDERS' MANDATE

The RRPT(s) entered or to be entered into by the Group are intended to meet the business needs of the Group at the best possible terms. By transacting with the Related Parties, the Group would have an advantage of familiarity with the background, financial position and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, the Group and the Related Parties have a good understanding of each other's business needs and expectations thus providing a platform where all parties can benefit from conducting the RRPT(s).

The RRPT(s) are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and may arise at any time and from time to time.

The Proposed Shareholders' Mandate will eliminate the need to announce and convene separate general meetings of Boilermach from time to time to seek shareholders' approval on each occasion pursuant to the requirements of Paragraph 10.09(2) of the Listing Requirements, as and when potential transactions with the specified classes of Related Party(ies) arise. This will also substantially reduce expenses associated with the convening of such meetings on an ad hoc basis, improve administrative efficiency and allow human resources and time to be channeled towards attaining other corporate objectives and opportunities.

4. EFFECTS OF THE PROPOSED SHAREHOLDERS' MANDATE

The Proposed Shareholders' Mandate is administrative in nature and is therefore not expected to have any effect on the issued and paid-up share capital, substantial shareholders' shareholdings, earnings, gearing and net assets of Boilermech.

5. APPROVAL REQUIRED

The Proposed Shareholders' Mandate is subject to the approval of the shareholders of Boilermech at the forthcoming 11th AGM of the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed below, none of the Directors and/or Major Shareholders and/or persons connected to them have any interest, whether direct or indirect, in the Proposed Shareholders' Mandate.

The shareholdings of all Directors and Major Shareholders of Boilermech and/or its subsidiaries having direct or indirect interests in the Proposed Shareholders' Mandate as at the LPD are as follows:-

	Shareholdings in Boilermech as at the LPD			
	Direct		Indirect	
	No. of Boilermech Shares	%	No. of Boilermech Shares	%
Interested Major Shareholders				
QLGR	260,750,206	50.53	-	-
QLB	-	-	^(a) 260,750,206	50.53
Dr. Chia Song Kun	400,000	0.08	^(b) 260,750,206	50.53
CBG (L) Foundation	-	-	^(c) 260,750,206	50.53
CBG (L) Pte. Ltd.	-	-	^(d) 260,750,206	50.53
Interested Directors				
Dr. Chia Song Kun	400,000	0.08	^(b) 260,750,206	50.53
Chia Lik Khai	500,000	0.10	-	-
Chia Seong Fatt	200,000	0.04	-	-
Yong Hua Kong	10,000	0.002	-	-
Persons Connected to Interested Director and Major Shareholders				
Ruby Technique Sdn Bhd ^(e)	-	-	-	-
Imbangan Lestari Sdn Bhd ^(f)	-	-	-	-
Farsathy Holdings Sdn Bhd ^(g)	-	-	-	-

Notes:-

- (a) Deemed interest by virtue of its wholly-owned subsidiary, QLGR, pursuant to Section 8 of the Act.
(b) Deemed interest by virtue of shares held by QLGR via his and his spouse's interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is a substantial shareholder of QLB, the holding company of QLGR.
(c) Deemed interest by virtue of being the holding company of CBG (L) Pte. Ltd, i.e. a substantial shareholder of QLB, the holding company of QLGR.

- (d) *Deemed interest by virtue of its substantial shareholding in QLB, the holding company of QLGR.*
- (e) *Ruby Technique Sdn Bhd ("RTSB") is a major shareholder of EITA, which Dr Chia Song Kun and his spouse are deemed interest in RTSB via their shareholdings in CBG Holdings Sdn Bhd and Chia Seong Fatt is deemed interest in RTSB via his shareholding in Farsathy Holdings Sdn Bhd.*
- (f) *Imbangan Lestari Sdn Bhd ("ILSB") is a wholly owned subsidiary of CBG (L) Foundation, an entity where Dr Chia Song Kun and person(s) connected to him have interests.*
- (g) *Farsathy Holdings Sdn Bhd ("Farsathy") has 22.33% interest in MB Group, which Chia Seong Fatt and his spouse's have beneficial interest in Farsathy*

Accordingly, Dr. Chia Song Kun, Mr Chia Lik Khai, Mr Chia Seong Fatt and Mr Yong Hua Kong (collectively referred to as the "**Interested Directors**") have abstained and will continue to abstain from all board deliberations on the Proposed Shareholders' Mandate. QLB, QLGR, CBG (L) Foundation, CBG (L) Pte. Ltd. and Dr. Chia Song Kun (collectively referred to as the "**Interested Major Shareholders**") and the Interested Directors will abstain from voting in respect of their direct and indirect interests in Boilermech on the resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming 11th AGM of the Company.

The said Interested Directors and Interested Major Shareholders have undertaken to ensure that persons connected to them will abstain from voting and deliberating in respect of their direct and indirect interests in Boilermech on the resolution pertaining to the Proposed Renewal of Shareholders' Mandate at the forthcoming 11th AGM of the Company.

7. DIRECTORS' RECOMMENDATION

The Board (save for the Interested Directors), having considered all aspects of the Proposed Shareholders' Mandate is of the opinion that the Proposed Shareholders' Mandate is in the best interest of Boilermech.

Accordingly, the Board (save for the Interested Directors) recommends that the shareholders of Boilermech vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming 11th AGM of the Company.

8. AGM

The forthcoming 11th AGM of the Company will be held as a fully virtual meeting through Online Meeting Platform via TIIH Online at <https://tiih.online> or <https://tiih.com.my> (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd, Malaysia on Tuesday, 14 September 2021 at 10:00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolution to give effect to the Proposed Shareholders' Mandate pursuant to the agenda of Special Business as detailed in the Company's Notice of AGM.

If you are unable to attend and vote in person at the said AGM and wish to appoint a proxy or proxies to attend and vote on your behalf, you are requested to complete and return the Proxy Form which can be downloaded from the Company's website at www.boilermech.com in accordance with the instructions thereon to Boilermech's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> not less than forty-eight (48) hours before the time fixed for holding the AGM. The lodging of the Proxy Form 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 advised to refer to the enclosed appendix for further information.

Yours faithfully
For and on behalf of the Board of
BOILERMECH HOLDINGS BERHAD

NG SWEE WENG
Independent Non-Executive Director

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FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACTS

Save as disclosed below, as at the date of this Circular, neither Boilermech nor any of its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Circular:

On 22 May 2020, Boilermech entered into a Share Acquisition Agreement with Otofin Power Sdn Bhd ("Vendor") to acquire 420,000 ordinary shares in TERA VA Sdn Bhd ("TERA") representing 60% of the issued share capital of TERA ("Sale Shares") at a purchase consideration of RM2,500,000 ("Purchase Price"). The Acquisition of TERA is the Group's new business initiative to venture into solar energy in tandem with the Group's agenda as a sustainable environmental solutions provider. The future earnings potential of TERA is expected to enhance Boilermech Group's revenue and profitability given the outlook for the renewable energy industry in Malaysia.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the date of this Circular, neither Boilermech nor any of its subsidiaries are engaged in any material litigation, claims or arbitration, either as a plaintiff or a defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against Boilermech or its subsidiaries or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial position or business of Boilermech or its subsidiaries.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of Boilermech at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal business hours (except public holidays) for a period from the date of this Circular up to and including the date of the forthcoming 11th AGM of the Company:-

- (i) Constitution of Boilermech; and
- (ii) the audited consolidated financial statements of Boilermech for the FYE 31 March 2020 and FYE 31 March 2021.
- (iii) the material contracts referred to in Section 2 of this Appendix.

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