

**HAI-O ENTERPRISE BERHAD**  
**Registration no. 197501000919(22544-D)**  
(Incorporated in Malaysia)

MINUTES of the Extraordinary General Meeting of the Company conducted on a fully virtual basis and broadcasted from Lot 6.03, 6<sup>th</sup> Floor, Menara Hai-O, Jalan Bukit Bintang, 55100 Kuala Lumpur (“Broadcast Venue”) on Wednesday, 19 May 2021 at 11.15 a.m.

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PRESENT : Tan Keng Kang – Chairman  
Others – As per attendance list attached

**1. QUORUM**

On behalf of the Board, Mr Tan Keng Kang (“Mr KK Tan”), the Group Managing Director informed the Meeting that he has been appointed as the Chairman of the Extraordinary General Meeting (“EGM” or “the Meeting”). He extended a warm welcome to all the shareholders, Board of Directors, proxies and authorised representatives to the EGM. Upon confirming the presence of a quorum, the Meeting was called to order at 11.15 a.m.

**2. INTRODUCTION OF THE BOARD MEMBERS**

Mr KK Tan introduced the members of the Board, Management, Advisers and External Auditors who were present at the Broadcast Venue and attending via video conferencing.

**3. NOTICE**

As the Notice convening the Meeting was circulated to the shareholders within the prescribed period, the Notice convening the Meeting was taken as read.

Next, Mr KK Tan reported that the Company had received 45 valid proxies carrying 61,030,486 shares or representing 20.323% of the Company’s total number of issued shares.

**4. POLLING AND ADMINISTRATIVE GUIDE**

The Meeting was informed that voting for all resolutions to be tabled at the EGM will be carried out by poll in line with Bursa’s Listing Requirements. Boardroom Share Registrars Sdn Bhd (“Boardroom”) has been appointed as the Poll Administrator and GovernAce Advisory & Solutions Sdn Bhd, an independent scrutineer has been appointed to validate the poll results. Mr KK Tan thereafter invited Boardroom to brief the online e-voting process via a video presentation.

To facilitate the online voting process, the online voting process will be carried out from the commencement of the Meeting until the end of the voting session that will be announced later. The poll process would be conducted after deliberation of all resolutions and questions have been dealt with.

**5. PRESENTATION BY UOB KAY HIAN SECURITIES (M) SDN BHD (“UOBKH”), THE SCHEME ADVISER**

Mr Tan Meng Kim (“MK Tan”), the representative of UOBKH was invited to give a presentation on the Proposed Internal Reorganisation and Proposed New ESOS Scheme. The Meeting was informed that UOBKH had also at the Court Convened

Meeting held prior to the EGM presented on the Proposed Internal Reorganisation which involve the transfer listing of Hai-O Enterprise Berhad to Beshom Holdings Berhad (“BESHOM”) The Presentation slides are attached as **Appendix I**.

**6. QUESTIONS RECEIVED FROM THE MINORITY SHAREHOLDERS WATCH GROUP**

The Meeting was informed that the Company had received a letter from the Minority Shareholders Watch Group (“MSWG”) dated 6 May 2021. Mr KK Tan invited the Company Secretary to read out the questions and the Company’s responses thereto, which are attached as **Appendix II**.

Mr KK Tan thereafter informed that questions raised by the shareholders will be taken after all resolutions for the Meeting have been tabled. The Meeting further informed that the requisite votes for passing the proposed special resolution was not less than 75% of total voting rights of the shareholders present and entitled to vote either in person or by proxy whereas a majority of more than 50% of total voting rights of the shareholders present and entitled to vote either in person or by proxy would be required for passing the proposed ordinary resolutions 1 to 11.

**7. SPECIAL RESOLUTION  
PROPOSED INTERNAL REORGANISATION**

Mr KK Tan proceeded with the first item on the agenda.

The first item of the agenda was to seek the shareholders’ approval on the Proposed Internal Reorganisation. The details and rationale of the Proposed Internal Reorganisation were stated in item 5.1 of the Circular dated 27 April 2021.

Mr KK Tan then proceeded with the next agenda.

**8. ORDINARY RESOLUTION 1  
PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 15% OF THE ISSUED SHARE CAPITAL OF BESHOM (EXCLUDING TREASURY SHARES OF BESHOM, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE NEW ESOS, FOR THE ELIGIBLE EMPLOYEES AND DIRECTORS OF BESHOM AND ITS SUBSIDIARIES (“BESHOM GROUP”), WHICH ARE NOT DORMANT, WHO FULFIL THE ELIGIBILITY CRITERIA AS SET OUT IN THE BY-LAWS OF THE NEW ESOS (“ESOS BY-LAWS”) (“ELIGIBLE PERSONS”) (“PROPOSED NEW ESOS”)**

Subject to the passing of the Special Resolution in relation to the Proposed Internal Reorganisation, the shareholders were sought to consider the proposed establishment of a new ESOS of up to 15% of the issued share capital of BESHOM. The rationale and justification for the establishment of a new ESOS was set out in item 5.3 of the Circular dated 27 April 2021.

**9. ORDINARY RESOLUTIONS 2 TO 10  
PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF BESHOM**

Subject to the passing of the Special Resolution and Ordinary Resolution 1 and the approvals of the relevant authorities for the Proposed New ESOS, the shareholders were sought to consider the Company's proposal to grant to the following Directors, options to subscribe for new BESHOM shares under the Proposed New ESOS as set out in Ordinary Resolutions 2 to 10 in the Notice of EGM:-

**Directors**

(i)	Mr Tan Kai Hee	Ordinary Resolution 2
(ii)	Mr Tan Keng Kang	Ordinary Resolution 3
(iii)	Mr Hew Von Kin	Ordinary Resolution 4
(iv)	Mr Chia Kuo Wui	Ordinary Resolution 5
(v)	Mr Tan Kim Siong	Ordinary Resolution 6
(vi)	Mr Soon Eng Sing	Ordinary Resolution 7
(vii)	Ms Tan Beng Ling	Ordinary Resolution 8
(viii)	Professor Hajjah Ruhana Binti Harun	Ordinary Resolution 9
(ix)	Mr Ng Chek Yong	Ordinary Resolution 10

The Meeting was informed that the above directors had abstained and would continue to abstain from all deliberations and voting on their respective ESOS allocations.

**10. ORDINARY RESOLUTION 11  
PROPOSED ALLOCATION OF ESOS OPTIONS TO PHAN VAN DENH**

Subject to the passing of the Special Resolution and Ordinary Resolution 1 and the approvals of the relevant authorities for the Proposed New ESOS, the shareholders were sought to consider the proposal of the Company to grant to Phan Van Denh, options to subscribe for new BESHOM shares under the Proposed New ESOS as set out in Ordinary Resolution 11 in the Notice of EGM.

The Meeting was informed that Mr Tan Kai Hee and Mr Tan Keng Kang being the persons connected to Phan Van Denh had abstained and would continue to abstain from all deliberations and voting on the ESOS allocations to Phan Van Denh.

**11. QUESTIONS AND ANSWERS SESSION**

Mr KK Tan informed the Meeting that the Company had received questions from shareholders prior to the EGM. The Company Secretary was then invited to read out the questions and the Company's responses.

Next, the Meeting proceeded to answer the questions received from the shareholders during the Meeting that had not been addressed in the Proposed Internal Reorganisation and Proposed New ESOS Scheme presented earlier by the Scheme Adviser and the responses to MSWG or to the questions received prior to the EGM. The questions and responses are attached as **Appendix III**.

**12. VOTING SESSION**

At 11.50 a.m., Mr KK Tan reminded shareholders to vote as the voting session would continue for another 10 minutes.

At 12.00 noon, Mr KK Tan announced that the voting session for the EGM had ended.

The Meeting was then adjourned for 10 minutes to facilitate the validation of votes cast by the Scrutineers.

**13. ANNOUNCEMENT OF POLL RESULTS**

Mr KK Tan called the Meeting to order at 12.10 p.m. for the declaration of the poll results. The poll results which have been verified by the Independent Scrutineers are stated below:-



**GovernAce Advisory & Solutions Sdn. Bhd.**  
**Company Registration No. 201701029561 (1243730-W)**  
Unit 210, Block B, Phileo Damansara 1,  
No. 9, Jalan 16/11, Off Jalan Damansara,  
46350 Petaling Jaya,  
Selangor Darul Ehsan.  
Tel/ Fax: +603 7498 0875  
Website: [www.governaceadvisory.com](http://www.governaceadvisory.com)

Date: 19<sup>th</sup> May 2021

The Chairman of the Meeting  
Hai-O Enterprise Berhad

Dear Sirs,

**Independent Scrutineer Report for the conduct of poll for Hai-O Enterprise Berhad's Extraordinary General Meeting held on 19<sup>th</sup> May 2021**

We, GovernAce Advisory & Solutions Sdn. Bhd., as the appointed independent scrutineer in attendance at the Extraordinary General Meeting (EGM) of Hai-O Enterprise Berhad held on 19<sup>th</sup> May 2021 have performed the procedures as listed in our letter of engagement dated 8<sup>th</sup> March 2021.

The results of the poll, as casted by the shareholders and proxy holders present and voting based on the results generated by the Polling System provided by Boardroom Share Registrars Sdn. Bhd. is as attached.

Thank you.

Yours sincerely,  
**For and on behalf of**  
**GovernAce Advisory & Solutions Sdn. Bhd.**

A handwritten signature in black ink, appearing to be "R. R.", is written over a horizontal line.



**Independent Scrutineer**



**GovernAce Advisory & Solutions Sdn. Bhd.**  
 Company Registration No. 201701029561 (1243730-W)  
 Unit 210, Block B, Phileo Damansara 1,  
 No. 9, Jalan 16/11, Off Jalan Damansara,  
 46350 Petaling Jaya,  
 Selangor Darul Ehsan.  
 Tel/ Fax: +603 7498 0875  
 Website: www.governaceadvisory.com

The results of the poll as follows:

	VOTES FOR	NO OF RECORDS	%	VOTES AGAINST	NO OF RECORDS	%	VOTES TOTAL
Special Resolution	95,240,986	433	99.954363	43,485	65	0.045637	95,284,471
Resolution 1	92,499,734	393	96.933282	2,926,452	107	3.066718	95,426,186
Resolution 2	61,692,377	395	95.549918	2,873,222	101	4.450082	64,565,599
Resolution 3	80,132,571	396	96.533876	2,877,222	103	3.466124	83,009,793
Resolution 4	92,103,349	390	96.954179	2,893,432	108	3.045821	94,996,781
Resolution 5	92,411,818	383	96.955593	2,901,732	109	3.044407	95,313,550
Resolution 6	92,463,875	382	96.955069	2,903,882	111	3.044931	95,367,757
Resolution 7	92,424,897	384	96.964047	2,893,832	110	3.035953	95,318,729
Resolution 8	92,463,457	381	96.954131	2,904,792	112	3.045869	95,368,249
Resolution 9	92,469,471	382	96.959949	2,899,258	113	3.040051	95,368,729
Resolution 10	92,463,415	380	96.953599	2,905,314	115	3.046401	95,368,729
Resolution 11	92,482,925	384	96.975073	2,884,804	110	3.024927	95,367,729

Mr KK Tan declared that all the resolutions stated below that put to the Meeting duly carried:-

**“SPECIAL RESOLUTION  
PROPOSED INTERNAL REORGANISATION**

**THAT**, subject to the relevant regulatory approvals being obtained, and subject to the passing of the following resolution, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to implement the following:-

- (a) proposed share exchange of 300,297,890 ordinary shares in Hai-O Enterprise Berhad (“**Hai-O Enterprise Share(s)**”), representing the entire issued share capital of Hai-O Enterprise, with 300,297,890 new ordinary shares in Beshom Holdings Berhad (“**BESHOM**”) (“**BESHOM Share(s)**”), on the basis of 1 new BESHOM Share for every 1 existing Hai-O Enterprise Share held on an entitlement date to be determined and announced later; and
- (b) proposed assumption of the listing status of Hai-O Enterprise by BESHOM, the admission of BESHOM to, and withdrawal of Hai-O Enterprise from the Official List of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), with the listing of and quotation for 300,297,892 BESHOM Shares on the Main Market of Bursa Securities;

(collectively referred to as the “**Proposed Internal Reorganisation**”),

**THAT** the Board be and is hereby authorised to complete and give effect to the Proposed Internal Reorganisation and to do all such acts, deeds and things as the Board may consider necessary, expedient or appropriate with full powers to:-

- (a) execute, sign and deliver for and on behalf of the Company, any agreement in relation to the Proposed Internal Reorganisation and all such other agreements, deeds, instruments, undertakings, declarations and/or documents including any supplementary or variation agreements and documents in connection therewith and to give full effect to and complete the Proposed Internal Reorganisation; and
- (b) assent to any condition, modification, variation and/or amendment as may be imposed or permitted by Bursa Securities and any other relevant authorities or as may be deemed necessary by the Board in the best interest of the Company and to take such steps and do all such acts, deeds and things as it may deem necessary, expedient or appropriate in order to implement, finalise, give full effect to and complete the Proposed Internal Reorganisation;

**AND THAT** all previous actions taken by the Board for the purpose of or in connection with the Proposed Internal Reorganisation be and are hereby adopted, approved and ratified.”

**“ORDINARY RESOLUTION 1**

**PROPOSED ESTABLISHMENT OF A NEW EMPLOYEES’ SHARE OPTION SCHEME (“ESOS”) OF UP TO 15% OF THE ISSUED SHARE CAPITAL OF BESHOM (EXCLUDING TREASURY SHARES OF BESHOM, IF ANY) AT ANY POINT IN TIME DURING THE DURATION OF THE NEW ESOS, FOR THE ELIGIBLE EMPLOYEES AND DIRECTORS OF BESHOM AND ITS SUBSIDIARIES (“BESHOM GROUP”), WHICH ARE NOT DORMANT, WHO FULFIL THE ELIGIBILITY CRITERIA AS SET OUT IN THE BY-LAWS OF THE NEW ESOS (“ESOS BY-LAWS”) (“ELIGIBLE PERSONS”) (“PROPOSED NEW ESOS”)**

**THAT** subject to the passing of the Special Resolution and the approvals of all relevant regulatory authorities and/or parties (where required) including but not limited to, the approval of Bursa Securities for the listing of and quotation for the new BESHOM Shares to be issued arising from the exercise of the options granted under the Proposed New ESOS (**“ESOS Options”**), the Board of Directors of BESHOM (**“BESHOM Board”**) be and is hereby authorised to:-

- (a) establish, implement and administer the Proposed New ESOS which involves the granting of ESOS Options to the Eligible Persons in accordance with the ESOS By-Laws and to give effect to the Proposed New ESOS with full power to assent to any conditions, variations, modifications and/or amendments as may be required by the relevant regulatory authorities;
- (b) allot and issue from time to time such number of new BESHOM Shares to Eligible Persons as may be required to be issued in connection with the implementation of the Proposed New ESOS arising from the exercise of the ESOS Options under the Proposed New ESOS provided that the maximum number of new BESHOM Shares to be allotted and issued pursuant to the Proposed New ESOS shall not at any point in time in aggregate exceed 15% of the total number of issued BESHOM Shares (excluding treasury shares) or such other percentage of the total number of issued BESHOM Shares (excluding treasury shares) that may be permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Proposed New ESOS and such new BESHOM Shares shall, upon allotment and issuance, rank equally in all respects with the existing BESHOM Shares, save and except that they will not be entitled to any dividend, rights, allotment, and/or distribution that may be declared, made or paid, the entitlement date of which is prior to the allotment date of the new BESHOM Shares to be issued pursuant to the exercise of the ESOS Options and will be subject to the provisions of the Constitution of BESHOM and the Main Market Listing Requirements of Bursa Securities relating to transfer, transmission and otherwise of the BESHOM Shares;
- (c) modify and/or amend the Proposed New ESOS and/or the ESOS By-Laws from time to time as may be required provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the ESOS By-Laws; and

- (d) do all such acts and things, execute all such documents and to enter into such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed New ESOS and terms of the ESOS By-Laws.

**THAT** the BESHOM Board be and is hereby authorised to give effect to the Proposed New ESOS with full power to assent to any conditions, modifications, variations and/or amendments in any manner as it may deem fit and/or as may be required or imposed by the relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as it may deem necessary or expedient to implement, finalise and give full effect to the Proposed New ESOS;

**AND THAT** the proposed ESOS By-Laws of the Proposed New ESOS as set out in Appendix II of the Circular, be and is hereby approved and adopted.”

**“ORDINARY RESOLUTIONS 2 TO 10  
PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF BESHOM**

**THAT**, subject to the passing of the Special Resolution, Ordinary Resolution 1 and the approvals of the relevant authorities for the Proposed New ESOS, including the approval from Bursa Securities for the listing of and quotation for the new BESHOM Shares to be issued arising from the exercise of the ESOS Options, having been obtained, approval be and is hereby given to the BESHOM Board to authorise the ESOS Committee of the Proposed New ESOS (“**ESOS Committee**”), at any time and from time to time throughout the duration of the Proposed New ESOS, to offer and grant to the following Directors of BESHOM, ESOS Options to subscribe for new BESHOM Shares under the Proposed New ESOS:-

(i)	Tan Kai Hee	Ordinary Resolution 2
(ii)	Tan Keng Kang	Ordinary Resolution 3
(iii)	Hew Von Kin	Ordinary Resolution 4
(iv)	Chia Kuo Wui	Ordinary Resolution 5
(v)	Tan Kim Siong	Ordinary Resolution 6
(vi)	Soon Eng Sing	Ordinary Resolution 7
(vii)	Tan Beng Ling	Ordinary Resolution 8
(viii)	Professor Hajjah Ruhana Binti Harun	Ordinary Resolution 9
(ix)	Ng Chek Yong	Ordinary Resolution 10

**PROVIDED ALWAYS THAT:-**

- (a) he/she must not participate in the deliberation or discussion of his/her own allocation to be issued under the Proposed New ESOS;
- (b) not more than 10% of the total number of BESHOM Shares to be issued under the Proposed New ESOS shall be allocated to him/her, if he/she, either singly or collectively through persons connected to him/her, holds 20% or more of the total number of issued BESHOM Shares (excluding treasury shares) of BESHOM;

- (c) it is in accordance with the Main Market Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the ESOS By-Laws; and
- (d) the Proposed Internal Reorganisation and the Proposed New ESOS is successfully implemented and he/she is appointed as a Director of BESHOM.”

**“ORDINARY RESOLUTION 11  
PROPOSED ALLOCATION OF ESOS OPTIONS TO PHAN VAN DENH**

**THAT**, subject to the passing of the Special Resolution, Ordinary Resolution 1 and the approvals of the relevant authorities for the Proposed New ESOS, including the approval from Bursa Securities for the listing of and quotation for the new BESHOM Shares to be issued arising from the exercise of the ESOS Options, having been obtained, approval be and is hereby given to the BESHOM Board to authorise the ESOS Committee, at any time and from time to time throughout the duration of the Proposed New ESOS, to offer and grant to Phan Van Denh, ESOS Options to subscribe for new BESHOM Shares under the Proposed New ESOS, subject always to the following:-

- (a) she must not participate in the deliberation or discussion of her own allocation to be issued under the Proposed New ESOS;
- (b) not more than 10% of the total number of BESHOM Shares to be issued under the Proposed New ESOS shall be allocated to her, if she, either singly or collectively through persons connected to her, holds 20% or more of the total number of issued BESHOM Shares (excluding treasury shares) of BESHOM; and
- (c) it is in accordance with the Main Market Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the ESOS By-Laws.”

14. **CLOSURE**

The Meeting was declared closed at 12.15 p.m. with a vote of thanks to the Chair.



## **HAI-O ENTERPRISE BERHAD**

### **EXTRAORDINARY GENERAL MEETING**

- (I) PROPOSED INTERNAL REORGANISATION;**
- (II) PROPOSED TERMINATION OF EXISTING ESOS;  
AND**
- (III) PROPOSED NEW ESOS**

**19 MAY 2021**



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# INTRODUCTION

## Summary of the Proposals

- i. Proposed internal reorganisation by way of Scheme of Arrangement comprising the following proposals:-
  - a) Proposed share exchange of up to 300,297,890 Hai-O Enterprise Shares, representing the entire issued share capital of Hai-O Enterprise (including treasury shares held by Hai-O Enterprise) with up to 300,297,890 BESHOM Shares on the basis of 1 BESHOM Share for every 1 existing Hai-O Enterprise Share held on the Entitlement Date; and
  - b) Proposed assumption of the listing status of Hai-O Enterprise by BESHOM, the admission of BESHOM to, and withdrawal of Hai-O Enterprise from, the Official List of Bursa Securities, with the listing of and quotation for 300,297,892 BESHOM Shares on the Main Market of Bursa Securities;
- ii. Proposed termination of the Existing ESOS; and
- iii. Proposed establishment of new ESOS of up to 15% of the issued share capital of BESHOM (excluding treasury shares of BESHOM, if any) at any point in time over the duration of the Proposed New ESOS to the Eligible Persons.

# RATIONALE AND JUSTIFICATION

## **Proposed Internal Reorganisation**

The Proposed Internal Reorganisation serves to:-

- i. separate the investment holding function and the operating business, wherein BESHOM will become the investment holding vehicle assuming the listing status of Hai-O Enterprise, whilst Hai-O Enterprise will continue to operate the existing businesses and there will be no change to the business activities of Hai-O Enterprise's subsidiaries;
- ii. enable BESHOM Group to achieve ease and flexibility in the expansion of new business segments or streamlining business segments as and when the opportunities arise; and
- iii. provide greater flexibility for business operations and facilitate an effective management of the different businesses moving forward.

## **Proposed Termination of Existing ESOS**

The Company wishes to terminate the Existing ESOS due to the following:-

- i. the outstanding Existing ESOS Options are no longer attractive in view of their exercise price of RM3.63 is higher than the prevailing market price of Hai-O Enterprise Shares which as at the LPD is RM2.21; and
- ii. the Company does not intend to grant any further Existing ESOS Options until the termination of the Existing ESOS. Pursuant thereto, the Board proposes to terminate the Existing ESOS and to replace it with the Proposed New ESOS.

# RATIONALE AND JUSTIFICATION (Cont'd)

## **Proposed New ESOS**

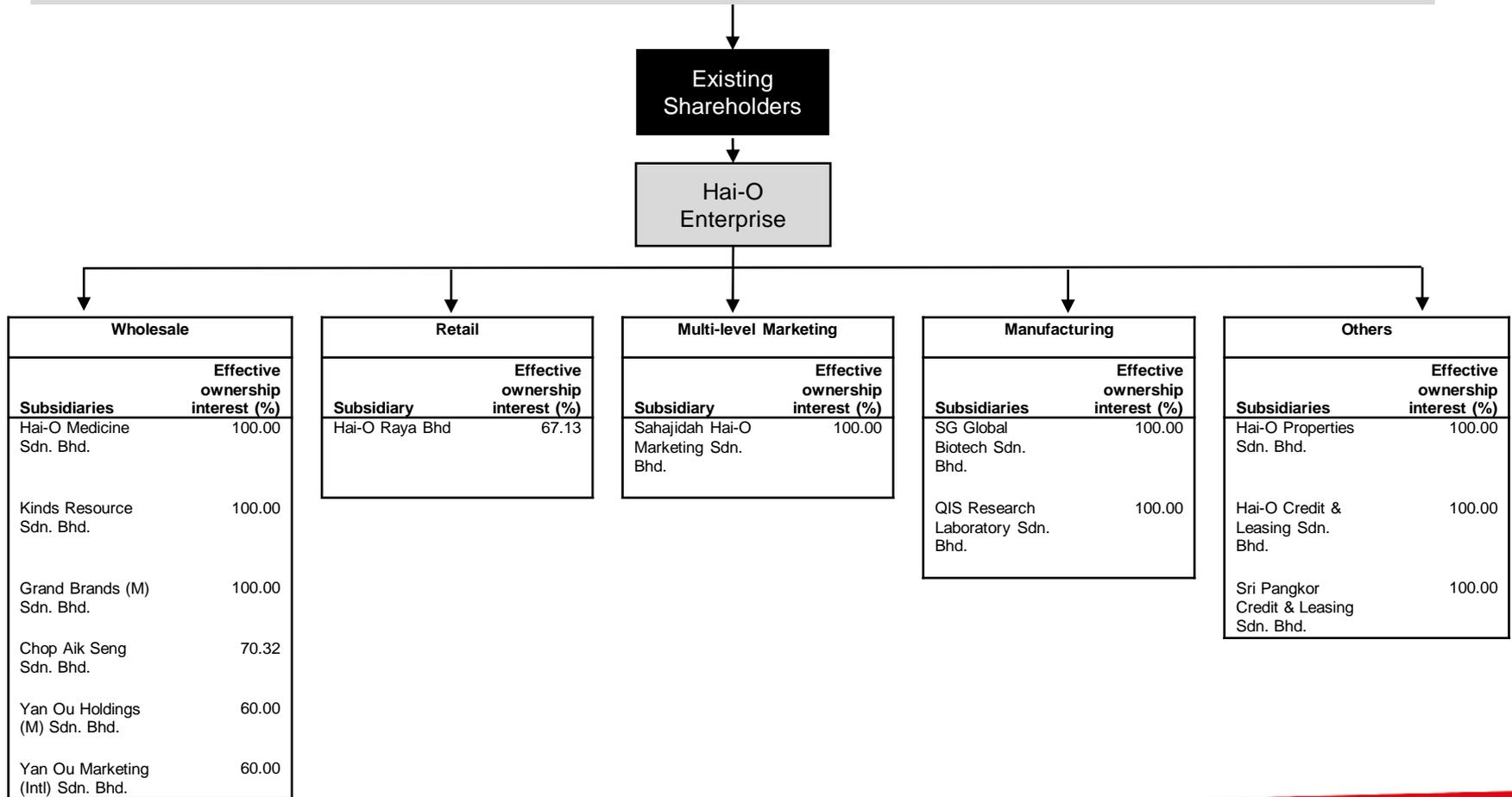
The purpose of the New ESOS is to enable BESHOM to grant new ESOS Options to the Eligible Persons. This will provide the Eligible Persons with an opportunity to have equity participation in BESHOM and help achieve the objectives as set out below:-

- i. to recognize the contribution of the Eligible Persons;
- ii. to reward the Eligible Persons;
- iii. to motivate the Eligible Persons;
- iv. to inculcate a greater sense of belonging and dedication amongst the Eligible Persons; and
- v. to possibly retain said Eligible Persons.

# CORPORATE STRUCTURE

The corporate structure of the Hai-O Enterprise Group before the Proposed Internal Reorganisation is depicted below:-

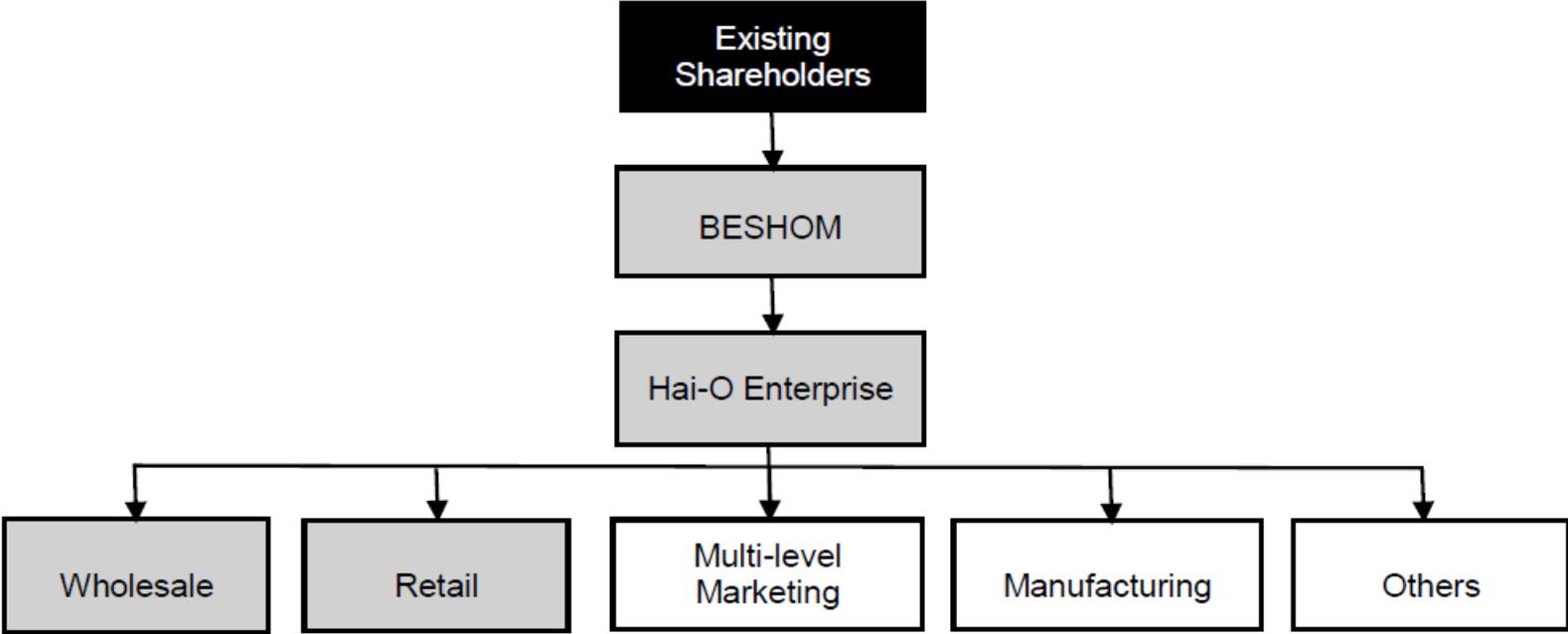
Corporate structure of Hai-O Enterprise Group as at the LPD



# CORPORATE STRUCTURE (Cont'd)

Through the Proposed Internal Reorganisation, the investment holding function and the operating business will be separated, wherein BESHOM will become the investment holding vehicle assuming the listing status of Hai-O Enterprise, whilst Hai-O Enterprise will continue to operate the existing businesses and there will be no change to the business activities of Hai-O Enterprise's subsidiaries.

**Corporate structure of BESHOM Group upon completion of the Proposed Internal Reorganisation**



# EFFECTS OF THE PROPOSALS

The proforma effects of the Proposed Internal Reorganisation and Proposed New ESOS are set out below based on the following scenarios:-

Minimum Scenario :	Assuming none of the Existing ESOS Options are exercised into new Hai-O Enterprise Shares and all the treasury shares are cancelled prior to the Entitlement Date
Maximum Scenario:	Assuming all of the Existing ESOS Options are exercised into new Hai-O Enterprise Shares all of the treasury shares are resold to the market at acquisition cost prior to the Entitlement Date.

## Share Capital

The Proposed Internal Reorganisation **will not have any effect on the issued share capital of Hai-O Enterprise** as there are no issuance of new Hai-O Enterprise Shares involved. For illustrative purposes, the proforma effects of the Proposed Internal Reorganisation and Proposed New ESOS on the issued share capital of BESHOM are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of BESHOM Shares	RM	No. of BESHOM Shares	RM
Issued share capital as at the LPD	2	2	2	2
New BESHOM Shares to be issued pursuant to the Proposed Share Exchange	289,170,402	273,558,656	300,730,890	301,622,598
	<b>289,170,404</b>	<b>273,558,658</b>	<b>300,730,892</b>	<b>301,622,600</b>
New BESHOM Shares to be issued arising from full exercise of the New ESOS Options pursuant to the Proposed New ESOS	43,375,560	85,883,609	45,109,633	89,317,073
<b>Enlarged issued share capital of BESHOM</b>	<b>332,545,964</b>	<b>359,442,267</b>	<b>345,840,525</b>	<b>390,939,673</b>

# EFFECTS OF THE PROPOSALS (Cont'd)

## NA and gearing

BESHOM Group's NA and gearing will not be significantly different from Hai-O Enterprise Group's NA and gearing prior to and after the implementation of the Proposed Internal Reorganisation. For illustrative purposes, the proforma effects of the Proposed Internal Reorganisation and Proposed New ESOS on the NA per share and gearing of the enlarged BESHOM Group based on latest audited consolidated financial statements of Hai-O Enterprise Group as at 30 April 2020 are as set out below:-

	Audited consolidated Hai-O Enterprise Group as at 30 April 2020 (RM'000)	After adjusting for subsequent events	Proforma	After the Proposed Internal Reorganisation		
		Hai-O Enterprise Group (RM'000)	Hai-O Enterprise Group (RM'000)	Hai-O Enterprise Group (RM'000)	BESHOM (RM'000)	Consolidated BESHOM Group (RM'000)
<b>Minimum Scenario</b>						
Share capital	157,256	157,256	151,429	151,429	273,558	273,558
Reorganisation Reserve	-	-	-	-	-	(122,129)
Treasury shares	(24,158)	(26,492)	-	-	-	-
Revenue reserve	166,488	143,315	122,650	122,129	-	122,129
<b>NA/Shareholders' fund</b>	<b>299,586</b>	<b>274,079</b>	<b>274,079</b>	<b>273,558</b>	<b>273,558</b>	<b>273,558</b>
Number of ordinary shares	290,313,302	289,170,402	289,170,402	289,170,402	289,170,404	289,170,404
NA per share (RM)	1.03	0.95	0.95	0.95	0.95	0.95
Total borrowings (RM'000)	-	-	-	-	-	-
Gearing (times)	-	-	-	-	-	-

# EFFECTS OF THE PROPOSALS (Cont'd)

	Audited consolidated Hai-O Enterprise Group as at 30 April 2020 (RM'000)	After adjusting for subsequent events	Proforma	After the Proposed Internal Reorganisation		
		Hai-O Enterprise Group (RM'000)	Hai-O Enterprise Group (RM'000)	Hai-O Enterprise Group (RM'000)	BESHOM (RM'000)	Consolidated BESHOM Group (RM'000)
<b>Maximum Scenario</b>						
Share capital	157,256	157,256	159,345	159,345	301,623	301,623
Reorganisation Reserve	-	-	-	-	-	(142,278)
Treasury shares	(24,158)	(26,492)	-	-	-	-
Revenue reserve	166,488	143,315	142,799	142,278	-	142,278
<b>NA/Shareholders' fund</b>	<b>299,586</b>	<b>274,079</b>	<b>302,144</b>	<b>301,623</b>	<b>301,623</b>	<b>301,623</b>
Number of ordinary shares	290,313,302	289,170,402	300,730,890	300,730,890	300,730,892	300,730,892
NA per share (RM)	1.03	0.95	1.00	1.00	1.00	1.00
Total borrowings (RM'000)	-	-	-	-	-	-
Gearing (times)	-	-	-	-	-	-

# EFFECTS OF THE PROPOSALS *(Cont'd)*

## Earnings and EPS

- The Proposed Internal Reorganisation will not have any material effect on the consolidated EPS of Hai-O Enterprise Group vis-à-vis the consolidated EPS of BESHOM upon completion of the Proposed Internal Reorganisation in view that the Proposed Share Exchange will be implemented on the basis of 1 new BESHOM Share for every 1 existing Hai-O Enterprise Share held.
- The Proposed New ESOS is not expected to have any immediate effect on the consolidated EPS of BESHOM Group until such time when the New ESOS Options are granted and vested. Future earnings of BESHOM Group may be affected as, according to MFRS 2, the costs arising from the New ESOS Options are required to be measured at the date on which the New ESOS Options are granted and recognised as an expense over the vesting period of the New ESOS Options.
- Any potential effect on the EPS of BESHOM Group will depend on the number of New ESOS Options granted and exercised, the subscription price payable upon the exercise of the New ESOS Options under the Proposed New ESOS and various factors that affect the fair value of the New ESOS Options. However, it should be noted that the estimated cost does not represent a cash outflow as it is merely an accounting treatment.
- The Board takes note of the potential impact of MFRS 2 on BESHOM Group's future earnings and shall take into consideration such impact in the allocation and granting of the New ESOS Options to the Eligible Persons.

# EFFECTS OF THE PROPOSALS *(Cont'd)*

## Substantial Shareholders' Shareholdings

- The Entitled Shareholders will cease to be shareholders of Hai-O Enterprise after the Proposed Internal Reorganisation and will instead hold BESHOM Shares in proportion to their respective shareholdings in Hai-O Enterprise on the Entitlement Date.
- The Proposed New ESOS is not expected to have any immediate effect on the substantial shareholders' shareholdings in Hai-O Enterprise. Any potential effect on the substantial shareholdings in Hai-O Enterprise will depend on the new BESHOM Shares to be issued arising from the exercise of the New ESOS Options under the Proposed New ESOS at any point in time.

# APPROVALS REQUIRED

- i. the approval of Bursa Securities for the following:-
  - a) the admission of BESHOM to the Official List and the listing of and quotation for the entire issued share capital of BESHOM of up to 300,297,892 BESHOM Shares on the Main Market of Bursa Securities, in place of Hai-O Enterprise Shares which shall be delisted; and
  - b) the listing of such number of additional new BESHOM Shares representing up to 15% of the issued share capital of BESHOM (excluding treasury shares, if any), to be issued pursuant to the exercise of the New ESOS Options under the Proposed New ESOS,
- ii. the approval of the shareholders of Hai-O Enterprise at the EGM for the Proposed New ESOS;
- iii. the approval of the shareholders of Hai-O Enterprise at the CCM and EGM for the Proposed Internal Reorganisation;
- iv. the order of the High Court sanctioning the Proposed Internal Reorganisation;
- v. the approval/consents of the financiers/creditors of Hai-O Enterprise, if required; and
- vi. the approval, consent and/or sanction of any other relevant authorities/parties, if required.

# TENTATIVE TIMETABLE

The tentative timetable for the implementation of the Proposals is set out below:-

Tentative dates	Key events
19 May 2021	<ul style="list-style-type: none"><li>• Convening the CCM and the EGM</li></ul>
End of May 2021	<ul style="list-style-type: none"><li>• Submission of application to the High Court for sanction of the Scheme of Arrangement</li></ul>
End of June 2021	<ul style="list-style-type: none"><li>• High Court sanction for the Scheme of Arrangement</li></ul>
Early July 2021	<ul style="list-style-type: none"><li>• Suspension of trading of Hai-O Enterprise Shares</li><li>• Entitlement Date</li></ul>
End July 2021	<ul style="list-style-type: none"><li>• Delisting of Hai-O Enterprise Shares and listing of BESHOM Shares</li><li>• Implementation of the Proposed New ESOS</li></ul>

Barring any unforeseen circumstances, the Board expects the Proposals to be completed/implemented by the 3<sup>rd</sup> quarter of 2021.

# THANK YOU



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**Hai-O Enterprise Bhd**  
**Extraordinary General Meeting**  
**Reply to Questions from**  
**Minority Shareholders Watch Group (MSWG)**



1. The ESOS Committee may at its sole and absolute discretion determine whether granting of the New ESOS Options to the Eligible Persons will be staggered over the duration of the Proposed New ESOS or in a single grant and/or whether the New ESOS Options will be subject to any vesting period and if so, to determine the vesting conditions including whether such vesting conditions are subject to performance targets, the determination of which will be carried out at a later date after the establishment of the Proposed New ESOS. (page 9 of Explanatory Statement/ Circular dated 27 April 2021)

Under what circumstances will the ESOS Committee allow the granting of New ESOS Options without being subject to any vesting period and performance targets?



## **Answer to Q1:**

As the ESOS Options are intended to reward employees across all business operations, one of the key metrics will be based on their performance targets, both financial and non-financial related criteria.

For non-financial and non-quantitative criteria such as the employee's contribution to the Group's strategy and growth and business plan, the ESOS Committee may at their sole discretion waive the length of service and vesting period, if appropriate. Only selected key talents will be considered by the ESOS Committee as a form of recognition, attraction and retention tool to enable the Group to reward the deserving staff and the granting of ESOS Option to them without being tied to their length of service.



2. In line with better corporate governance, MSWG does not encourage the practice of giving options to independent non-executive directors (“INEDs”) as they are not executive management and as they are responsible for monitoring the option allocation to employees and executive directors. The very definition of ESOS i.e. Employees’ Share Option Scheme alludes to it being applicable to employees; independent directors are not employees.

Under the Proposed New ESOS allocation, there are six INEDs namely Ng Chek Yong, Tan Beng Ling, Soon Eng Sing, Chia Kuo Wui, Tan Kim Siong and Professor Hajjah Ruhanas Binti Harun who are eligible to participate in the Proposed New ESOS and subscribe for new BESHOM shares (Resolutions 5 to 10, Notice of EGM). The risk is that the independent directors may be fixated with their share price and this may affect their impartial decision-making, which should be made without reference to share price considerations.



2. a) Why is the Proposed New ESOS extended to the six INEDs since they do not perform executive roles; the directors' fee and other benefits they receive are supposed to be adequate to compensate the services rendered by them?



## **Answer to Q2(a):**

The Proposed ESOS is extended to the INEDs as their contributions are significant to the Group in light of the responsibilities and liabilities inherent in their appointments, albeit in non-executive capacities. The INEDs provide valuable insight in board deliberations drawn from their experience and expertise as well as industry exposure and opinion to the Board, whilst at the same time carry out the important function of monitoring the performance of the Management. Our Group gains invaluable input and support from the INEDs in terms of internal control, corporate governance as well as their recommended best practices which form the foundation to protect the interests of all stakeholders. Their participation in the equity of our Company is not expected to impair their independence and level of commitment and contribution to the overall strategic direction of our Group, in particular in their area of industry expertise.



**Continue Answer to Q2(a):**

Although our INEDs would primarily continue to be remunerated for their services by way of directors' fees, it is desirable that our INEDs be allowed to participate in BESHOM's ESOS in recognition for their services and contributions. The options granted to them will not comprise (whether individually or collectively) a significant portion of the ESOS Options available under BESHOM's ESOS.

In addition, there will also be a retention period, imposed on the INEDs of the BESHOM Group in which they shall not sell, transfer or assign the BESHOM Shares obtained through the exercise of the ESOS Options offered to him/her within one (1) year from the Date of Offer.



**Continue Answer to Q2(a):**

It is important to note that the allocation of ESOS Options to the INEDs are also allowed under the Main Market Listing Requirements subject to approvals being obtained at a general meeting.

In addition, based on the past ESOS exercises undertaken on Bursa Securities, it is a common practice amongst other listed companies to award options to their INEDs as a token of appreciation and recognition of their contribution to the Board.



2. b) It is stated that the Proposed New ESOS is to reward, motivate and retain the Eligible Persons (including non-executive directors) for their contributions to the performance of BESHOM Group (page 15 of Explanatory Statement/Circular dated 27 April 2021).

What were the performance metrics adopted by the ESOS Committee to assess the eligibility of INEDs under the Existing ESOS? Are such metrics applicable to INEDs under the Proposed New ESOS?



## **Answer to Q2(b):**

There were no performance metrics adopted by the ESOS Committee to assess the eligibility of the INEDs under the Existing ESOS. The ESOS Committee will be guided by the aspects of contribution and individual knowledge and experience, calibre and skill sets that the INEDs bring to the Company. It is the intention of the ESOS Committee to take the same approach under the Proposed New ESOS.



3. Given that all the nine directors are interested parties in the Proposed New ESOS (Resolution 2 to 10, Notice of EGM), who will be the members of the ESOS Committee which is tasked to assess the eligibility of the recipients and to decide on the number of New ESOS Options to be granted?



**Answer to Q3:**

The ESOS Committee will have the overall responsibility in administering the Proposed New ESOS, which will be implemented in accordance with the By-laws as well as the Main Market Listing Requirements.

The ESOS Committee will comprise the Managing Director, Executive Director, Independent Directors and representatives from Management who will assess the eligibility of the recipients and decide on the allocation of the ESOS Options based on individual KPIs, length of service, job performance and/or such other factors as the ESOS Committee deems fit. The respective ESOS Committee member will abstain from participating or be involved in the deliberations or discussions of their own eligibility and ESOS Options allocation.



### **Continue Answer to Q3:**

The allocation of the ESOS Options under the Proposed New ESOS will also be verified by the Audit Committee in compliance with the eligibility and allocation criteria at the end of each financial year.



**THANK YOU**



# **Hai-O Enterprise Bhd**

## **Extraordinary General Meeting (EGM)**

### **Questions from Shareholders**

19 May 2021



1. Would the shareholders' interest be affected after the Internal Reorganisation?

**Answer to Q1:**

The Company has considered carefully all aspects of the proposals, including its rationale and financial effects which are stated in the Circular. There will be no change in the Group's business operations and that of the main contributors to the Group's profits. BESHOM, the new listed entity will continue to adopt the same policies and best practices that are currently practiced by Hai-O.



**Answer to Q1 (cont'd):**

Under the proposed Internal Reorganisation, the shares held by the existing shareholders of Hai-O Enterprise Berhad will exchange with BESHOM's shares on the basis of 1 BESHOM share for every 1 Hai-O Enterprise Berhad share held.



2. Others - ESOS is to reward board members while shareholder play a role to concur without getting any e-cash credit. This is indeed unfair.

**Answer to Q2:**

The Company will reward shareholders by way of dividend payments.



3. Why company proposed to terminate existing ESOS but at the same time proposed a new ESOS?

**Answer to Q3:**

The Company does not intend to grant any further options under the existing ESOS as the exercise price is no longer attractive in comparison with the current market price. The rationale for implementing a new ESOS scheme by BESHOM, are duly stated in the Circular to Shareholders dated 27 April 2021. The Board is of the view that while granting of options under the ESOS is to recognise contributions of the employees towards the growth of the Group, it is also an alternative way of retaining and attracting new talents to join the Group.



4. Who will bear the costs incurred in respect of ESOS exercise?

**Answer to Q4:**

The Company will pay the fees in relation to the allotment and issuance of the new BESHOM's Shares arising from the exercise of ESOS Options.

The Eligible Person (grantee) will pay the subscription price and also taxes (including income tax) if any, arising from the exercise of ESOS Option.



5. As the Directors (including Independent Directors) are also the eligible persons to the proposed ESOS Scheme, how do you address “conflict of interest” when decide on the options granted to respective directors?



**Answer to Q5:**

All Directors (including the non-executive Directors) will have to abstain and will continue to abstain from all deliberations and voting at Board meetings and the EGM to approve the proposed allocation of the ESOS Options to themselves as well as to persons connected with them. They will also ensure that the persons connected with them abstain from voting in respect of their direct or indirect shareholdings (if any) in our Company at this EGM.



6. Strategy - Does the company wishes to get into cosmetics industry within these 3 years ?

**Answer to Q6:**

Beauty, Skincare & Cosmetic is currently one of our key products portfolio in the MLM segment.



7. Do you foresee any delay for implementation of the Proposals as currently is MCO due to Covid-19?

**Answer to Q7 :**

The tentative timetable for the implementation of the Proposals is set out on page 27 of the Circular to Shareholders.

Barring unforeseen circumstances and assuming among others, there is no delay in obtaining the Court Order, the proposals will be implemented according to the tentative schedule and is expected to be completed or implemented by the 3<sup>rd</sup> quarter of 2021.



8. “Hai-O” brand is a reputable brand name which has been well accepted by the public, especially its brand shall carry high goodwill and recognized by the Chinese communities. How do you preserve the “value” of “Hai-O” brand after Transfer listing to BESHOM ?

**Answer to Q8:**

Thank you very much for your invaluable feedback and comments. One of the main objectives of the Proposed internal reorganization is to streamline the Group’s Structure and to segregate its Investment holding activities and its respective operating business segments.



**Answer to Q8 (cont'd):**

The implementation of the Proposed Internal Restructuring will result in “BESHOM” becoming the listed company carrying the same Hai-O Enterprise stock code “7668”. There will be no change to the business activities carried out by Hai-O Enterprise Berhad and its subsidiaries.

BESHOM will continue to promote the household brand name “Hai-O” 海鸥 for its TCM and health supplement products.



9. What will be the BESHOM share price upon its shares listed on Bursa?

**Answer to Q9 :**

The share price for the newly listed Co BESHOM shares will be based on the “last closing price of Hai-O Enterprise Shares” on the market day prior to the suspension of trading on Bursa Securities.



10. How to deal with the remaining ESOS Options that already been granted to the Grantees if the existing ESOS is terminated?

**Answer to Q10:**

The outstanding ESOS Options granted under the existing ESOS scheme will lapsed upon the transfer listing of Hai-o Enterprise Berhad's shares to BESHOM or upon an announcement made by the Company of its decision to terminate the existing ESOS scheme, whichever is the earlier.



11. Any KPIs for employees to entitle for ESOS?

**Answer to Q11:**

There is currently KPIs in place to evaluate the employee's performance. The KPIs comprise of both financial and non-financial criteria which are linked to the respective employee's job scope and aligned to the Company's objectives and performance as a whole. In determining the proposed ESOS allocation, consideration will be based on among others, the Group's profitability and the financial impact to the Group's bottom line.



12. What is the new company's name in Chinese? What is the meaning of your new name?

**Answer to Q12:**

Beshom Holdings Berhad in Chinese read as “海鸥控股有公司”, the holding company of BESHOM Group (i.e. Hai-O Group).



# **THANK YOU**

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