



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 3rd 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

Wisma Hai-O, Lot 11995

Batu 2, Jalan Kapar

41400 Klang, Selangor Darul Ehsan

T : 03-33423322 F : 03-33434257

www.hai-o.com.my