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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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**23. DISPUTES/DIFFERENCES**

In case any dispute or difference shall arise between the ESOS Committee and an Eligible Persons and/or Selected Employee and/or Grantee as to the interpretation or application of any provisions contained in the By-Laws, the ESOS Committee shall determine such dispute or difference by a written decision given to the Eligible Persons and/or Selected Employee and/or Grantee. The said decision shall be final and binding on the parties unless the Eligible Persons and/or Selected Employee and/or Grantee within fourteen (14) calendar days of the receipt thereof by written notice to the ESOS Committee, disputes the same in which case such dispute or difference shall be referred to the decision of the Auditors for the time being of the Company (acting as experts and not as arbitrators) whose decision shall be final and binding in all respects.

**24. COSTS AND EXPENSES**

All fees, costs and expenses incurred in relation to preparation and/or operation of the ESOS Scheme including but not limited to the fees, costs and expenses relating to the allotment and issue of new Shares pursuant to the exercise of any ESOS Option(s) shall be borne by the Company.

**25. NOTICE**

25.1 Any notice under the ESOS Scheme required to be given to or served upon the ESOS Committee by an Eligible Persons or Grantee or any correspondence to be sent by an Eligible Persons or Grantee to the ESOS Committee shall be given or served in writing and either delivered by hand or sent to the registered office of the Company by facsimile or ordinary letter. Notwithstanding the foregoing, proof of posting shall not be evidence of receipt of the letter.

25.2 Any notice which under the ESOS Scheme is required to be given to or served upon an Eligible Persons or Grantee by the ESOS Committee or any correspondence to be sent by the ESOS Committee to an Eligible Persons or Grantee shall be deemed to be sufficiently given or served if it is in writing and either delivered by hand or sent to the Eligible Persons or Grantee by facsimile or ordinary letter addressed to the Eligible Persons or Grantee at the place of employment or at last address known to the Company as being his address. Any notice served by post as aforesaid shall be deemed to have been received on the third day after the letter is posted, inclusive of the day of posting.

25.3 Any notice served by a party after the Company's official working hours shall be deemed to have been served on the next working day.

**26. DIVESTMENT FROM THE GROUP**

If a Grantee is in the employment of a company in the Group, which is subsequently divested in part or in full from the Group which results in such company no longer being a Subsidiary, then such Grantee:

(a) will notwithstanding such divestment and subject in particular to the provisions of By-Laws 9 and 18 be entitled to continue to exercise all such unexercised ESOS Option(s) which were granted to him under the ESOS Scheme within a period of six (6) months from the date of such divestment or within the Option Period (whichever shall expire first), failing which the rights of such Grantee to subscribe for the number of new Shares or any part thereof granted under such unexercised ESOS Option(s) shall automatically lapse upon the expiration of the relevant period and be null and void and be of no further force and effect; and

(b) shall not be eligible to participate for further ESOS Option(s) under the ESOS Scheme.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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**27. ESOS SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC**

Notwithstanding the provisions of By-Law 9 and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purpose of, or in connection with, a ESOS Scheme of arrangement and reconstruction of the Company under Section 176 of the Act or its amalgamation with any other company or companies under Section 178 of the Act, a Grantee may be entitled to exercise all or any part of his ESOS Option(s) at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending with the date upon which it becomes fully implemented PROVIDED ALWAYS THAT no ESOS Option(s) shall be exercised after the expiry of the Option Period. Upon full implementation of the compromise, arrangement, reconstruction or amalgamation, all ESOS Option(s), to the extent they are unexercised, shall automatically lapse and become null and void.

**28. ESOS SCHEME NOT A TERM OF EMPLOYMENT**

This ESOS Scheme does not form part of or constitute or shall in any way to be construed as a term or condition of employment of an Eligible Persons.

**29. TAXES**

All taxes (including income tax), if any, arising from the exercise of any ESOS Option(s) under the ESOS Scheme shall be borne by the Grantee.

**30. DISCLAIMER OF LIABILITY**

Notwithstanding any provisions contained herein and subject to the Act, the ESOS Committee and the Company shall not under any circumstances be held liable for any cost, losses, expenses and/or damages whatsoever and however arising in any event, including but not limited to the Company's delay in allotting and issuing the ESOS Scheme or in applying for or procuring the listing of the ESOS Scheme on the Bursa Securities in accordance with By-Law 15 hereof.

**31. COMPENSATION**

31.1 Notwithstanding any provisions of these By-Laws:

- (a) this ESOS Scheme shall not form part of any contract of employment between any company of the Group and any employee or Executive Director of the Group and the rights of any Grantee under the terms of his office and employment with the Company or any company of the Group shall not be affected by his participation in the ESOS Scheme or afford such Grantee any additional rights to compensation or damages in consequence of the termination of such office or employment for any reason; and
- (b) this ESOS Scheme shall not confer on any person any legal or equitable rights (other than those constituting the ESOS Option(s) themselves) against the Company or any company of the Group or any members of the ESOS Committee directly or indirectly or give rise to any cause of action at law or in equity against the Company, the Group or the members of the ESOS Committee.

31.2 No Grantee or his legal or personal representatives shall bring any claim, action or proceedings against the Company or the ESOS Committee or any party for compensation, loss (including loss of opportunity) or damages whatsoever and however arising from the suspension of his rights to exercise his ESOS Option(s) or arising from his ESOS Option(s) ceasing to be valid pursuant to the provisions of these By-Laws as may be amended from time to time in accordance with By-Law 17.

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**DRAFT BY-LAWS OF THE PROPOSED ESOS (Cont'd)**

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**32. INSPECTION OF THE AUDITED ACCOUNTS**

All Grantees shall be entitled to inspect a copy of the latest audited accounts of the Company, which shall be made available at the registered office of the Company during normal office hours on any working day of the Company.

**33. ARTICLES OF ASSOCIATION OF THE COMPANY**

Notwithstanding the terms and conditions contained herein, if a situation of conflict should arise between the ESOS Scheme and the Articles, the provisions of the Articles shall at all times prevail.

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON**


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22 July 2015

The Board of Directors  
**BHS INDUSTRIES BERHAD**  
 802, 8th Floor, Block C, Kelana Square  
 17, Jalan SS7/26  
 47301 Petaling Jaya  
 Selangor Darul Ehsan

**Russell Bedford LC  
 & Company**

(AF 1237)

**Chartered Accountants****羅瑞貝德特許會計師事務所**

10<sup>th</sup> Floor, Bangunan Yee Seng  
 15, Jalan Raja Chulan  
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 Malaysia

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 E: mail@russellbedford.com.my  
 W: www.russellbedford.com.my

Dear Sirs

**BHS INDUSTRIES BERHAD (“BHS” or the “Company”)  
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**Report on the Compilation of Pro Forma Consolidated Statements of Financial Position**

We have completed our assurance engagement to report on the compilation of the accompanying pro forma consolidated statements of financial position of BHS for the year ended 30 June 2014 (which we have stamped for the purpose of identification), which have been prepared by the Directors of BHS (“Directors”).

The applicable criteria on the basis of which the Directors have compiled the pro forma consolidated statements of financial position are as described in the Notes to the Pro Forma Consolidated Statements of Financial Position.

The pro forma consolidated statements of financial position have been compiled by the Directors to illustrate the impact of the events set out below on the Company’s consolidated financial position as at 30 June 2014 as if these events had taken place at 30 June 2014:

- (i) proposed diversification of the existing core businesses of BHS and its subsidiaries (“BHS Group”) to include the utilisation and sub-licensing of paper pulp making technology, manufacturing of renewable paper pulp products generated from Empty Fruit Bunches using the Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology, and other related activities;
- (ii) proposed renounceable rights issue of up to 106,666,666 new ordinary shares of RM0.25 each in BHS (“BHS Share(s)”) (“Rights Share(s)”) on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, together with up to 213,333,332 free detachable warrants (“Warrant(s)”) on the basis of two (2) Warrants for every one (1) Rights Share subscribed (“Proposed Rights Issue with Warrants”);
- (iii) proposed establishment of an Employees’ Share Option Scheme (“ESOS”) of up to ten percent (10%) of the prevailing issued and paid-up ordinary share capital of BHS (excluding treasury shares) for the directors and eligible employees of BHS Group to be implemented after the completion of the Proposed Rights Issue with Warrants;
- (iv) proposed allocation of ESOS options to the executive directors and non-executive directors of BHS; and
- (v) proposed increase in the authorised share capital of BHS from RM100,000,000 comprising 400,000,000 BHS Shares to RM250,000,000 comprising 1,000,000,000 BHS Shares.

(Collectively referred to as the “Proposals”)

As part of this process, information about the Company’s consolidated financial position has been extracted by the Directors from the Company’s consolidated financial statements for the year ended 30 June 2014, on which an audit report has been published.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT  
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON  
(Cont'd)

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**BHS INDUSTRIES BERHAD**

Page 2

22 July 2015

**The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Directors are responsible for compiling the pro forma consolidated statements of financial position on the basis of the applicable criteria as described in the Notes to the Pro Forma Consolidated Statements of Financial Position.

**Our Responsibilities**

Our responsibility is to express an opinion, as required for inclusion in the Circular to Shareholders of the Company in connection with the Proposals, about whether the pro forma consolidated statements of financial position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statements of financial position on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any report or opinions on any historical financial information used in compiling the pro forma consolidated statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statements of financial position.

The purpose of the pro forma consolidated statements of financial position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statements of financial position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated statements of financial position reflect the proper application of those adjustments to the unadjusted consolidated financial position.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the pro forma consolidated statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma consolidated statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT  
30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON  
(Cont'd)

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**BHS INDUSTRIES BERHAD**

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22 July 2015

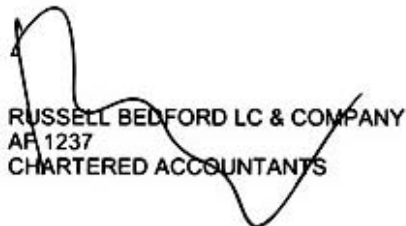
**Opinion**

In our opinion, the pro forma consolidated statements of financial position have been properly compiled on the basis stated.

**Other matters**

The accompanying pro forma consolidated statements of financial position and this letter have been prepared for the inclusion in the circular to shareholders in connection with the Proposals. This letter should not be reproduced, referred to in any other document, or used for any other purpose without our prior written consent.

Yours faithfully



RUSSELL BEDFORD LC & COMPANY  
AF 1237  
CHARTERED ACCOUNTANTS



LOH KOK LEONG  
1965/06/17(J)  
PARTNER



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**BHS INDUSTRIES BERHAD**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**  
 (Page 1 of 4)

(a) Minimum Scenario

	Pro forma I	Pro forma II	Pro forma III	Pro forma IV
	After Proposed Rights Issue with Warrants RM	After pro forma I and full exercise of Warrants RM	After pro forma II and Proposed grant of ESOS options RM	After pro forma III and full exercise of ESOS options RM
Audited financial position RM				
<b>Non current assets</b>				
Plant and equipment	9,234,498	9,234,498	9,234,498	9,234,498
Other investments	1,746,302	1,746,302	1,746,302	1,746,302
	10,980,800	10,980,800	10,980,800	10,980,800
<b>Current assets</b>				
Inventories	15,036,181	15,036,181	15,036,181	15,036,181
Trade receivables	18,416,765	18,416,765	18,416,765	18,416,765
Other receivables, deposits and prepayments	1,537,457	1,537,457	1,537,457	1,537,457
Short term investments	13,782,558	13,782,558	13,782,558	13,782,558
Tax recoverable	710,723	710,723	710,723	710,723
Bank balances	11,124,939	63,262,825	188,322,425	218,962,027
Assets classified as held for sale	7,839,706	7,839,706	7,839,706	7,839,706
	68,448,329	120,586,215	245,645,815	276,285,417
<b>Current liabilities</b>				
Trade payables	529,321	529,321	529,321	529,321
Other payables and accruals	2,645,192	2,645,192	2,645,192	2,645,192
Liabilities classified as held for sale	1,006,793	1,006,793	1,006,793	1,006,793
	4,181,306	4,181,306	4,181,306	4,181,306
<b>Net current assets</b>	64,267,023	116,404,909	241,464,509	272,104,111
<b>Non current liability</b>				
Deferred tax liabilities	(1,259,926)	(1,259,926)	(1,259,926)	(1,259,926)
	73,987,897	126,125,783	251,185,383	281,824,985

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 Chartered Accountants

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**BHS INDUSTRIES BERHAD**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**  
**AS AT 30 JUNE 2014**  
 (Page 2 of 4)

(a) **Minimum Scenario (continued)**

	Pro forma I	Pro forma II	Pro forma III	Pro forma IV	
Audited financial position RM	After Proposed Rights Issue with Warrants RM	After pro forma I and full exercise of Warrants RM	After pro forma II and Proposed grant of ESOS options RM	After pro forma III and full exercise of ESOS options RM	
<b>Represented by:</b>					
Share capital	40,000,000	106,054,083	158,162,250	158,162,250	173,794,700
Share premium	1,684,192	-	90,668,210	90,668,210	116,930,726
Foreign currency translation reserve	111,830	111,830	111,830	111,830	111,830
Merger serve	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)
Fair value adjustment reserve	294,887	294,887	294,887	294,887	294,887
Treasury shares	(4,223,922)	(4,238,973)	(4,238,973)	(4,238,973)	(4,238,973)
Warrants reserve	-	29,180,573	-	-	-
Other reserve	-	(11,463,796)	-	-	-
ESOS options reserve	-	-	-	11,255,364	-
Retained profits	52,953,756	23,020,025	23,020,025	11,764,661	11,764,661
<b>Total equity</b>	<b>73,987,897</b>	<b>126,125,783</b>	<b>251,185,383</b>	<b>251,185,383</b>	<b>281,824,985</b>

  
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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**BHS INDUSTRIES BERHAD**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**  
**AS AT 30 JUNE 2014**  
 (Page 3 of 4)

(b) Maximum Scenario

	Pro forma I	Pro forma II	Pro forma III	Pro forma IV
	After Proposed Rights Issue with Warrants	After pro forma I and full exercise of Warrants	After pro forma II and Proposed grant of ESOS options	After pro forma III and full exercise of ESOS options
	RM	RM	RM	RM
<b>Non current assets</b>				
Plant and equipment	9,234,498	9,234,498	9,234,498	9,234,498
Other investments	1,746,302	1,746,302	1,746,302	1,746,302
	10,980,800	10,980,800	10,980,800	10,980,800
<b>Current assets</b>				
Inventories	15,036,181	15,036,181	15,036,181	15,036,181
Trade receivables	18,416,765	18,416,765	18,416,765	18,416,765
Other receivables, deposits and prepayments	1,537,457	1,537,457	1,537,457	1,537,457
Short term investments	13,782,558	13,782,558	13,782,558	13,782,558
Tax recoverable	710,723	710,723	710,723	710,723
Bank balances	11,124,939	68,530,938	196,530,937	227,890,937
Assets classified as held for sale	7,839,706	7,839,706	7,839,706	7,839,706
	68,448,329	125,854,328	253,854,327	285,214,327
<b>Current liabilities</b>				
Trade payables	529,321	529,321	529,321	529,321
Other payables and accruals	2,645,192	2,645,192	2,645,192	2,645,192
Liabilities classified as held for sale	1,006,793	1,006,793	1,006,793	1,006,793
	4,181,306	4,181,306	4,181,306	4,181,306
<b>Net current assets</b>	64,267,023	121,673,022	249,673,021	281,033,021
<b>Non current liability</b>				
Deferred tax liabilities	(1,259,926)	(1,259,926)	(1,259,926)	(1,259,926)
	73,987,897	131,393,896	259,393,895	290,753,895

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 Website: www.bhs.my



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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**BHS INDUSTRIES BERHAD**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**  
**AS AT 30 JUNE 2014**  
 (Page 4 of 4)

(b) Maximum Scenario (continued)

	Pro forma I	Pro forma II	Pro forma III	Pro forma IV	
Audited financial position RM	After Proposed Rights Issue with Warrants RM	After pro forma I and full exercise of Warrants RM	After pro forma II and Proposed grant of ESOS options RM	After pro forma III and full exercise of ESOS options RM	
<b>Represented by:</b>					
Share capital	40,000,000	106,666,667	160,000,000	160,000,000	176,000,000
Share premium	1,684,192	-	92,799,999	92,799,999	119,679,999
Foreign currency translation reserve	111,830	111,830	111,830	111,830	111,830
Merger serve	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)	(16,832,846)
Fair value adjustment reserve	294,887	294,887	294,887	294,887	294,887
Treasury shares	(4,223,922)	-	-	-	-
Warrants reserve	-	29,866,666	-	-	-
Other reserve	-	(11,733,333)	-	-	-
ESOS options reserve	-	-	-	11,520,000	-
Retained profits	52,953,756	23,020,025	23,020,025	11,500,025	11,500,025
<b>Total equity</b>	<b>73,987,897</b>	<b>131,393,896</b>	<b>259,393,895</b>	<b>259,393,895</b>	<b>290,753,895</b>

  
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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



**BHS INDUSTRIES BERHAD**

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Chartered Accountants

**BHS INDUSTRIES BERHAD  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)  
AS AT 30 JUNE 2014**

The pro forma consolidated statements of financial position, for which the Directors of BHS Industries Berhad ("BHS" or the "Company") are solely responsible, have been compiled by the Directors to illustrate the impact of the events set out below on the Company's consolidated statement of financial position as at 30 June 2014 as if these events had taken place at 30 June 2014:

- (i) proposed diversification of the existing core businesses of BHS and its subsidiaries to include the utilisation and sub-licensing of paper pulp making technology, manufacturing of renewable paper pulp products generated from Empty Fruit Bunches using the Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology, and other related activities;
- (ii) proposed renounceable rights issue of up to 106,666,666 new ordinary shares of RM0.25 each in BHS ("BHS Share(s)"/"Rights Share(s)") on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, together with up to 213,333,332 free detachable warrants ("Warrant(s)") on the basis of two (2) Warrants for every one (1) Rights Share subscribed ("Proposed Rights Issue with Warrants");
- (iii) proposed establishment of an Employees' Share Option Scheme ("ESOS") of up to ten percent (10%) of the prevailing issued and paid-up ordinary share capital of BHS (excluding treasury shares) for the directors and eligible employees of BHS Group to be implemented after the completion of the Proposed Rights Issue with Warrants;
- (iv) proposed allocation of ESOS options to the executive directors and non-executive directors of BHS; and
- (v) proposed increase in the authorised share capital of BHS from RM100,000,000 comprising 400,000,000 BHS Shares to RM250,000,000 comprising 1,000,000,000 BHS Shares.

**Notes to the pro forma consolidated statements of financial position**

**1. Basis of compilation**

The compilation of pro forma consolidated statements of financial position involves:

- (i) identifying the source of the unadjusted financial information to be used in compiling the pro forma consolidated statements of financial position, and extracting the unadjusted financial information from that source;
- (ii) making pro forma adjustments to the unadjusted financial information for the purpose for which the pro forma consolidated statements of financial position are presented; and
- (iii) presenting the resulting pro forma statements of financial position with accompanying disclosures.

The unadjusted financial information (the consolidated financial position) of BHS is extracted from the Company's consolidated financial statements for the year ended 30 June 2014, on which an audit report has been prepared. The pro forma adjustments are consistent with the Company's applicable financial reporting framework (the Malaysian Financial Reporting Standards, the approved Accounting Standards for Entities Other Than Private Entities in Malaysia) and the Company's accounting policies under this framework.



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



**BHS INDUSTRIES BERHAD**

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**BHS INDUSTRIES BERHAD  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)  
AS AT 30 JUNE 2014**

**2. Pro forma I – After the Proposed Rights Issue with Warrants**

**Minimum Scenario**

Pro forma I incorporates the impact of the renounceable rights issue of 104,216,333 new ordinary shares of RM0.25 each in BHS on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, at an issue price of RM0.42 each, together with 208,432,666 free detachable warrants on the basis of two (2) Warrants for every one (1) Rights Share subscribed. The fair value of each Warrant of RM0.14 as at 30 June 2015 was derived from Black-Scholes option pricing model based on the exercise price of RM0.60 per Warrant.

The number of Rights Share of 104,216,333 and Warrants of 208,432,666 are arrived at after taking into account the increase in number of BHS Shares in issue after 30 June 2014, from 72,100,000 to 312,649,000 as a result of the following subsequent events:

- (a) the distribution of 3,400,626 treasury shares of RM0.50 each in BHS to the shareholders of the Company on the basis of two (2) treasury shares for every forty five (45) ordinary shares of RM0.50 each in BHS;
- (b) resale by the Company of 4,499,374 treasury shares of RM0.50 each in BHS for a total cash consideration of RM13,755,999;
- (c) bonus issue of up to 80,000,000 new ordinary shares of RM0.50 each in BHS and a subsequent share split exercise involving the subdivision of every one (1) existing ordinary shares of RM0.50 each into two (2) ordinary shares of RM0.25 each in BHS; and
- (d) share buy back by the Company of 7,351,000 treasury shares of RM0.25 each in BHS for a total cash consideration of RM4,238,973.

The expenses incurred in relation to the these subsequent events were RM150,000.

Pro forma I also incorporates the impact of the these subsequent events to reflect the enlarged number of BHS shares in issue that would be entitled to the intended Rights Shares and Warrants.

The Minimum Scenario assumes that none of the 7,351,000 treasury shares of RM0.25 each in BHS held by the Company will be sold prior to the Proposed Rights Issue with Warrants entitlement date.

**Maximum Scenario**

Pro forma I incorporates the impact of the renounceable rights issue of 106,666,666 new ordinary shares of RM0.25 each in BHS on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, at an issue price of RM0.42 each, together with 213,333,332 free detachable warrants on the basis of two (2) Warrants for every one (1) Rights Share subscribed. The fair value of each Warrant of RM0.14 as at 30 June 2015 was derived from Black-Scholes option pricing model based on the exercise price of RM0.60 per Warrant.

The number of Rights Share of 106,666,666 and Warrants of 213,333,332 are arrived at after taking into account the increase in number of BHS Shares in issue after 30 June 2014, from 72,100,000 to 312,649,000 as a result of the following subsequent events:

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



**BHS INDUSTRIES BERHAD**

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**BHS INDUSTRIES BERHAD  
PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)  
AS AT 30 JUNE 2014**

**2. Pro forma I – After the Proposed Rights Issue with Warrants (continued)**

- (a) the distribution of 3,400,626 treasury shares of RM0.50 each in BHS to the shareholders of the Company on the basis of two (2) treasury shares for every forty five (45) ordinary shares of RM0.50 each in BHS;
- (b) resale by the Company of 4,499,374 treasury shares of RM0.50 each in BHS for a total cash consideration of RM13,755,999;
- (c) bonus issue of up to 80,000,000 new ordinary shares of RM0.50 each in BHS and a subsequent share split exercise involving the subdivision of every one (1) existing ordinary shares of RM0.50 each into two (2) ordinary shares of RM0.25 each in BHS; and
- (d) share buy back by the Company of 7,351,000 treasury shares of RM0.25 each in BHS for a total cash consideration of RM4,238,973.

The expenses incurred in relation to the these subsequent events were RM150,000.

Pro forma I also incorporates the impact of the these subsequent events to reflect the enlarged number of BHS shares in issue that would be entitled to the intended Rights Shares and Warrants.

The Maximum Scenario assumes that the 7,351,000 treasury shares of RM0.25 each in BHS held by the Company are resold in the market prior to the Proposed Rights Issue with Warrants entitlement date at an assumed price of RM0.577 each.

**3. Pro forma II – After the full exercise of Warrants**

**Minimum Scenario**

Pro forma II incorporates Pro forma I and the impact of the full exercise of 208,432,666 Warrants at exercise price of RM0.60 per Warrant.

**Maximum Scenario**

Pro forma II incorporates Pro forma I and the impact of the full exercise of 213,333,332 Warrants at exercise price of RM0.60 per Warrant.

**4. Pro forma III – After the Proposed grant of ESOS options**

Pro forma III assumes that the aggregate shares to be issued pursuant to the exercise of ESOS options amount to ten percent (10%) of the issued and paid up share capital of the Company (excluding treasury shares) subsequent to the full exercise of Warrants.

Pro forma III also assumes the exercise price of the ESOS options of RM0.49 per ESOS option. This represents a discount of ten percent (10%) to the theoretical ex-rights price based on the five (5)-day volume weighted average market price as at 30 June 2015.

**Minimum Scenario**

Pro forma III incorporates Pro forma II and the impact of the grant of 62,529,799 ESOS options. The fair value of each ESOS option of RM0.18 was derived from Black-Scholes option pricing model based on the exercise price of RM0.49 per ESOS option.



PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)



**BHS INDUSTRIES BERHAD**

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**BHS INDUSTRIES BERHAD**  
**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**  
**AS AT 30 JUNE 2014**

**4. Pro forma III – After the Proposed grant of ESOS options (continued)**

**Maximum Scenario**

Pro forma III incorporates Pro forma II and the impact of the grant of 63,999,999 ESOS options. The fair value of each ESOS option of RM0.18 was derived from Black-Scholes option pricing model based on the exercise price of RM0.49 per ESOS option.

**5. Pro forma IV – After the full exercise of ESOS options**

**Minimum Scenario**

Pro forma IV incorporates Pro forma III and the impact of the full exercise of 62,529,799 ESOS options at exercise price of RM0.49 per ESOS option.

**Maximum Scenario**

Pro forma IV incorporates Pro forma III and the impact of the full exercise of 63,999,999 ESOS options at exercise price of RM0.49 per ESOS option.

**6. Movements in share capital**

**(a) Minimum Scenario**

	Par Value RM	No. of ordinary shares (excluding treasury shares)	Amount RM
Number of shares in issue and paid up share capital as at 30 June 2014	0.50	72,100,000	40,000,000
Pro forma adjustments arising from Proposed Rights Issue with Warrants	0.25	344,765,333	66,054,083
<b>Pro forma I</b>		<u>416,865,333</u>	<u>106,054,083</u>
Pro forma adjustments arising from full exercise of Warrants	0.25	208,432,666	52,108,167
<b>Pro forma II</b>	0.25	625,297,999	158,162,250
Pro forma adjustments arising from Proposed grant of ESOS options	0.25	-	-
<b>Pro forma III</b>	0.25	625,297,999	158,162,250
Pro forma adjustments arising from full exercise of ESOS options	0.25	62,529,799	15,632,450
<b>Pro forma IV</b>	0.25	<u>687,827,798</u>	<u>173,794,700</u>



**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)**



(719660-W)

**BHS INDUSTRIES BERHAD**

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**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)  
AS AT 30 JUNE 2014**

**6. Movements in share capital (continued)**

**(b) Maximum Scenario**

	<b>Par Value RM</b>	<b>No. of ordinary shares (excluding treasury shares)</b>	<b>Amount RM</b>
Number of shares in issue and paid up share capital as at 30 June 2014	0.50	72,100,000	40,000,000
Pro forma adjustments arising from Proposed Rights Issue with Warrants	0.25	354,566,666	66,666,667
<b>Pro forma I</b>		<u>426,666,666</u>	<u>106,666,667</u>
Pro forma adjustments arising from full exercise of Warrants	0.25	213,333,332	53,333,333
<b>Pro forma II</b>	0.25	639,999,998	160,000,000
Pro forma adjustments arising from Proposed grant of ESOS options	0.25	-	-
<b>Pro forma III</b>	0.25	639,999,998	160,000,000
Pro forma adjustments arising from full exercise of ESOS options	0.25	63,999,999	16,000,000
<b>Pro forma IV</b>	0.25	<u>703,999,997</u>	<u>176,000,000</u>

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

**BHS INDUSTRIES BERHAD**  
**PRO FORMA CONSOLIDATED FINANCIAL POSITION (continued)**  
**AS AT 30 JUNE 2014**

**7. Movements in bank balances and other impacted reserve accounts**

(a) **Minimum Scenario**

	<b>Bank balances RM</b>	<b>Share premium RM</b>	<b>Treasury shares RM</b>	<b>Warrants reserve RM</b>	<b>Other reserve RM</b>	<b>ESOS options reserve RM</b>	<b>Retained profits RM</b>
Audited balance as at 30 June 2014	11,124,939	1,684,192	(4,223,922)	-	-	-	52,953,756
Pro forma adjustments arising from the Proposed Rights Issue with Warrants*	52,137,886	(1,684,192)	(15,051)	29,180,573	(11,463,796)	-	(29,933,731)
<b>Pro forma I</b>	<b>63,262,825</b>	<b>-</b>	<b>(4,238,973)</b>	<b>29,180,573</b>	<b>(11,463,796)</b>	<b>-</b>	<b>23,020,025</b>
Pro forma adjustments arising from the full exercise of Warrants	125,059,600	90,668,210	-	(29,180,573)	11,463,796	-	-
<b>Pro forma II</b>	<b>188,322,425</b>	<b>90,668,210</b>	<b>(4,238,973)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,020,025</b>
Pro forma adjustments arising from Proposed grant of ESOS options	-	-	-	-	-	11,255,364	(11,255,364)
<b>Pro forma III</b>	<b>188,322,425</b>	<b>90,668,210</b>	<b>(4,238,973)</b>	<b>-</b>	<b>-</b>	<b>11,255,364</b>	<b>11,764,661</b>
Pro forma adjustments arising from the full exercise of ESOS options	30,639,602	26,262,516	-	-	-	(11,255,364)	-
<b>Pro forma IV</b>	<b>218,962,027</b>	<b>116,930,726</b>	<b>(4,238,973)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,764,661</b>

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 Website: www.bhs.my

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PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF BHS AS AT 30 JUNE 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

BHS INDUSTRIES BERHAD  
PRO FORMA CONSOLIDATED FINANCIAL POSITION (continued)  
AS AT 30 JUNE 2014

7. Movements in bank balances and other impacted reserve accounts (continued)

(b) Maximum Scenario

	Bank balances RM	Share premium RM	Treasury shares RM	Warrants reserve RM	Other reserve RM	ESOS options reserve RM	Retained profits RM
Audited balance as at 30 June 2014	11,124,939	1,684,192	(4,223,922)	-	-	-	52,953,756
Pro forma adjustments arising from the Proposed Rights Issue with Warrants*	57,405,999	(1,684,192)	4,223,922	29,866,666	(11,733,333)	-	(29,933,731)
<b>Pro forma I</b>	68,530,938	-	-	29,866,666	(11,733,333)	-	23,020,025
Pro forma adjustments arising from the full exercise of Warrants	127,999,999	92,799,999	-	(29,866,666)	11,733,333	-	-
<b>Pro forma II</b>	196,530,937	92,799,999	-	-	-	-	23,020,025
Pro forma adjustments arising from Proposed grant of ESOS options	-	-	-	-	-	11,520,000	(11,520,000)
<b>Pro forma III</b>	196,530,937	92,799,999	-	-	-	11,520,000	11,500,025
Pro forma adjustments arising from the full exercise of ESOS options	31,360,000	26,880,000	-	-	-	(11,520,000)	-
<b>Pro forma IV</b>	227,890,937	119,679,999	-	-	-	-	11,500,025

\* after deducting estimated expenses of RM1,000,000

Signed on behalf of the Board  
in accordance with a resolution of the Directors,  
BHS Industries Berhad

Name: Koo Thiam Yoong

Dated: 22 JUL 2015

**BHS INDUSTRIES BERHAD**  
(71966-V)  
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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS**


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*The following is an extract of the Pulp and Paper Industry in Malaysia: Business Report 2015 by the BAC Reports as referred to in Section 4.3 of this Circular. The full report is available for inspection at the Registered Office of BHS from the date of this Circular up to and including the date of the EGM to be convened.*

*(\$ in the BAC Reports denotes USD.)*

**MALAYSIA PULP-AND-PAPER INDUSTRY OVERVIEW**
**Brief review of pulp-and-paper industry**

Throughout the world, over 300 million tons of paper-based products were manufactured and used in 2014 year. The United States is the biggest manufacturer and user of paper and paper-based products and used a third – about 100 million tons – of the amount produced worldwide. Worldwide paper production was valued at \$500 billion.

**Table 1. Production and consumption balance for pulp and paper in Malaysia, 2014, million tons**

Category	2014
<b>Pulp/Paper/Paperboard</b>	
Total Pulp/Paper/Paperboard Production	1.943
Corrugated/Packaging	1.350
Writing & printing	0.270
Others	0.323
Import	1.550
Export	0.315
Net Consumption	3.178
Per Capita Consumption (Kg./year/person)	109.0
<b>Wood Pulp</b>	
Production	0.145
Import	0.102
Export	0.0
Consumption/Usage	0.247
<b>Paper/Paperboard</b>	
Production	1.798
Consumption	2.930

Source: FAO Statistics Division, Company Database, [www.doe.gov](http://www.doe.gov)

Malaysia is making progress with several large-scale capacity projects and is on the way to becoming a major player in the regional pulp and paper industry. A number of joint venture mills have been set up in the country, including Malaysian Newsprint Industries (MNI) in Mentakab, Borneo Pulp and Paper in Sarawak and Sabah Forest Industries/ Chinese Government in Sabah.

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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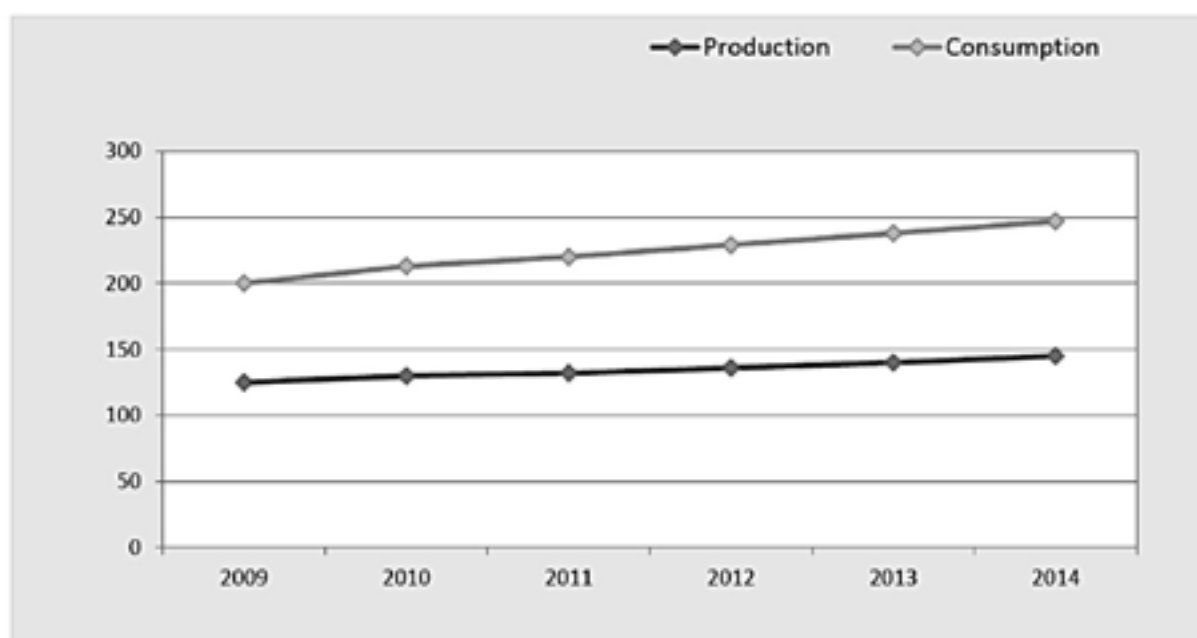
Some Malaysian mills have started to look for equipment from Europe, Taiwan and Korea to expand their production capacity by 100-200 tons/day. The mills involved are Kajang Paper Mill, North Malaya Paper Mill and Pascorp Paper. The mills are looking to expand on the back of an improving Malaysian economy and increasing demand.

**Table 2. Production and consumption of wood pulp in Malaysia, 2009-2014, thousand tons**

	2009	2010	2011	2012	2013	2014
Production	125	130	132	136	140	145
Consumption	200	213	220	229	238	247

Source: FAO Statistics Division, Company Database, [www.doe.gov](http://www.doe.gov)

**Figure 1. Production and consumption of wood pulp in Malaysia, 2009-2014, thousand tons**



Source: FAO Statistics Division, Company Database, [www.doe.gov](http://www.doe.gov)

The industry main goal is to become self-sufficient. At present, Malaysia depends heavily on imports, particularly for newsprint, printing/writing papers and industrial papers, such as kraftliner and medium.

**Table 3. Production and consumption of paper and paperboard in Malaysia, 2009-2014, thousand tons**

	2009	2010	2011	2012	2013	2014
Production	1,000	1,460	1,580	1,650	1,700	1,798
Consumption	2,250	2,430	2,600	2,780	2,800	2,930

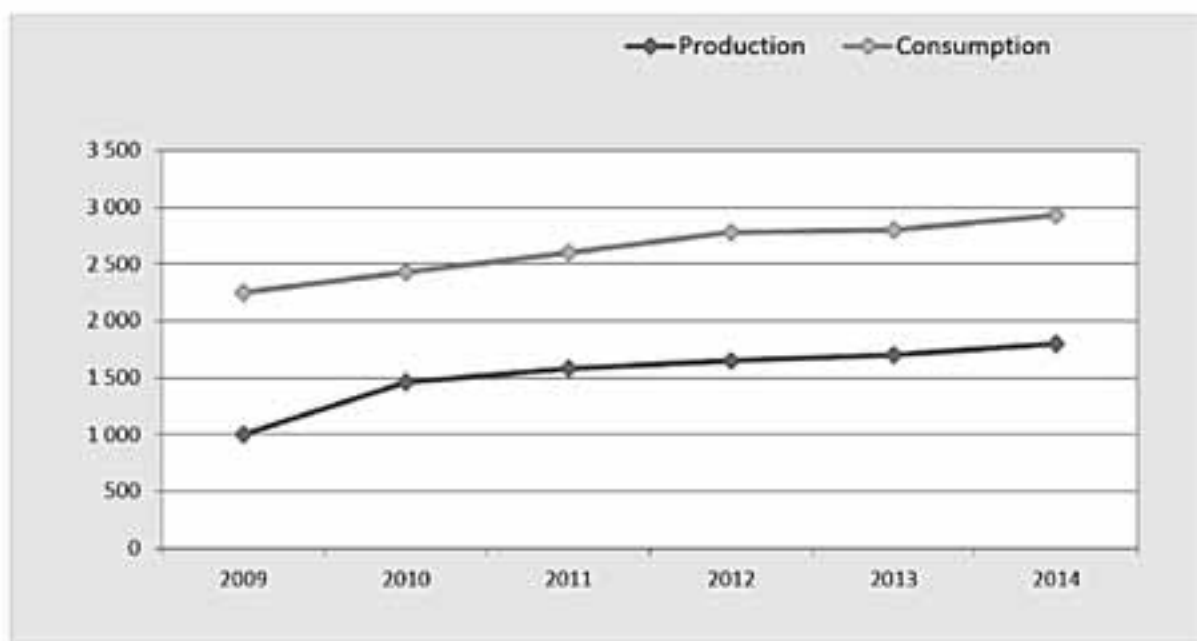
Source: FAO Statistics Division, Company Database, [www.doe.gov](http://www.doe.gov)

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Figure 2. Production and consumption of paper and paperboard in Malaysia, 2009-2014, thousand tons**



Source: FAO Statistics Division, Company Database, [www.doe.gov](http://www.doe.gov)

Paper consumption in Malaysia ranges from cigarette paper, joss paper, Kraft paper, newsprint, tissue paper to writing/printing paper. However, Kraft paper registers the highest consumption out of a total consumption.

The country is a net importer of pulp, paper, and paperboard, and progressively tends to decrease its dependency. However, the self-sufficiency is growing at a slow rate. All the paper mills of the country are small by the world industry standards, none producing more than 350 000 T/Year. The small Malaysian paper mills survive by focusing on niche markets at the national scale. The national pulp & paper industry strategy is to remain domestic-market oriented.

Pulp and paper are manufactured from raw materials containing cellulose fibres, wood, recycled paper, and agricultural residues.

**Table 4. Production and consumption of total pulp/paper/paperboard in Malaysia, 2009-2014, thousand tons**

	2009	2010	2011	2012	2013	2014
Production	1,125	1,590	1,712	1,786	1,840	1,943
Consumption	2,450	2,643	2,820	3,009	3,038	3,177

Source: FAO Statistics Division, Company Database, [www.doe.gov](http://www.doe.gov)

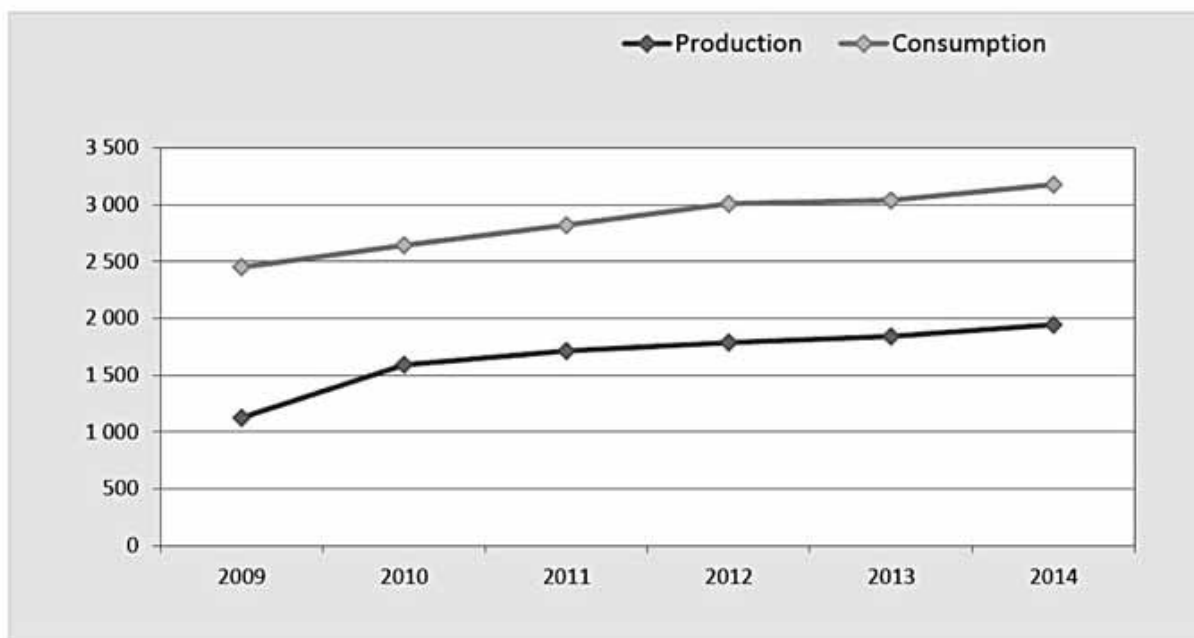


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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Figure 3. Production and consumption of total pulp/paper/paperboard in Malaysia, 2009-2014, thousand tons**



Source: FAO Statistics Division, Company Database, [www.doe.gov](http://www.doe.gov)

**Wood plantation development:**

- The Malaysian State promotes private wood plantations with tax exemptions.
- Despite these incentives, palm oil plantations still provide better and quicker incomes, and are favored by the investors
- At the Peninsular Malaysia scale there is no real potential for the development of pulp wood plantations
- At the Sarawak and Sabah scales, the potential exists, and a few projects have been developed, most of them concerning timber production.

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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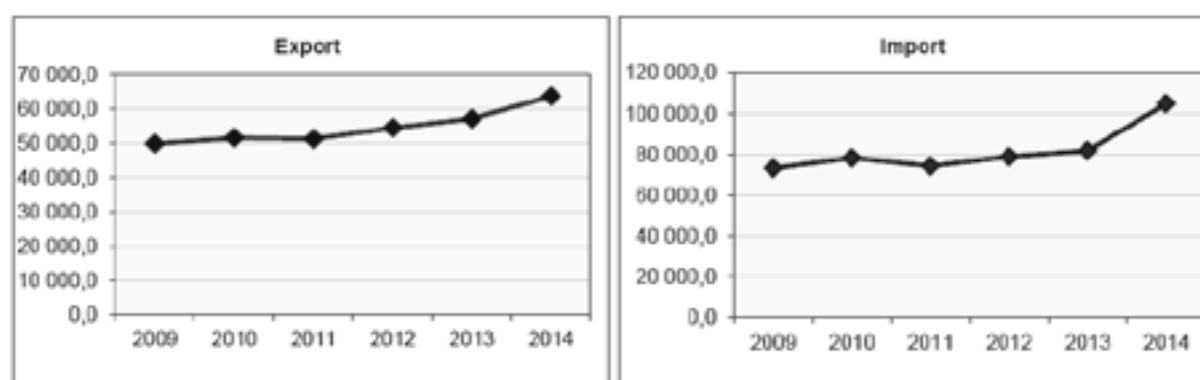
**Foreign trade in pulp-and-paper industry in Malaysia**

*Note: trade data source is UN Statistics Database.*

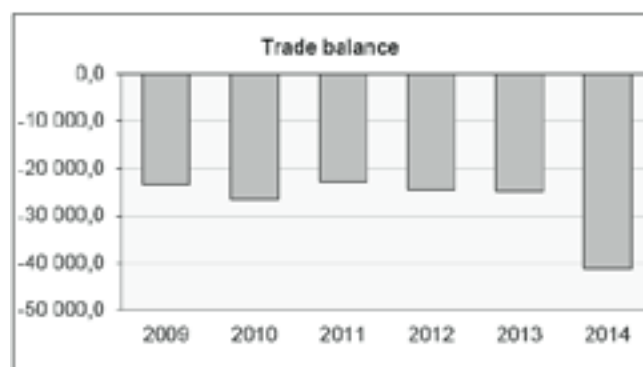
**Export and import of paper, paperboard, cellulose wadding and webs of cellulose fibres: volume, structure, dynamics**

**Table 5. Export and import of paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia, 2009-2014**

	2009	2010	2011	2012	2013	2014
<b>Export, thousand \$</b>	126 874.3	144 906.6	163 170.7	169 244.5	177 356.8	162 954.0
<b>Export, tons</b>	49 956.0	51 681.7	51 350.8	54 565.2	57 263.1	63 823.2
<b>Import, thousand \$</b>	183 497.2	225 291.4	258 465.2	249 584.3	266 486.9	258 276.8
<b>Import, tons</b>	73 295.2	78 425.3	74 371.3	79 057.3	82 012.5	105 016.6
<b>Trade balance, tons</b>	-23 339.2	-26 743.5	-23 020.5	-24 492.1	-24 749.4	-41 193.4



**Figure 4. Export and import dynamics of paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia in 2009-2014, tons**



**Figure 5. Trade balance of paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia in 2009-2014, tons**

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 6. Structure of paper, paperboard, cellulose wadding and webs of cellulose fibres export by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	177 356 759	57 263 068	3.097	
including:				
Australia	28 623 199	8 771 256	3.263	15.32%
Indonesia	25 432 456	9 988 287	2.546	17.44%
Thailand	22 529 172	8 097 057	2.782	14.14%
Viet Nam	13 742 504	6 511 025	2.111	11.37%
Singapore	11 525 960	4 283 858	2.691	7.48%
Japan	10 768 805	1 846 095	5.833	3.22%
India	7 673 540	2 457 295	3.123	4.29%
Rep. of Korea	6 898 390	2 151 913	3.206	3.76%
China	6 839 441	1 206 981	5.667	2.11%
Taiwan	6 065 398	1 583 253	3.831	2.76%
<b>2014</b>				
total	162 954 049	63 823 154	2.553	
including:				
Australia	28 553 319	11 535 084	2.475	18.07%
Thailand	24 902 833	9 609 489	2.591	15.06%
Indonesia	22 460 004	9 411 110	2.387	14.75%
Viet Nam	17 221 708	9 207 953	1.870	14.43%
Singapore	10 208 589	4 116 056	2.480	6.45%
India	7 830 037	3 284 748	2.384	5.15%
Taiwan	5 053 518	1 571 625	3.215	2.46%
New Zealand	4 395 370	1 310 315	3.354	2.05%
Japan	4 371 017	1 107 031	3.948	1.73%
Philippines	3 969 113	1 921 688	2.065	3.01%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 7. Structure of paper, paperboard, cellulose wadding and webs of cellulose fibres import by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	266 486 866	82 012 476	3.249	
including:				
Singapore	97 560 187	21 637 224	4.509	26.38%
China	47 177 164	19 703 368	2.394	24.02%
Germany	15 366 611	4 918 187	3.124	6.00%
USA	14 625 031	5 645 275	2.591	6.88%
Taiwan	14 115 744	4 699 956	3.003	5.73%
Japan	12 373 744	1 450 543	8.530	1.77%
Thailand	12 001 371	3 923 796	3.059	4.78%
Finland	9 468 320	4 989 870	1.898	6.08%
Rep. of Korea	4 977 023	2 355 774	2.113	2.87%
Viet Nam	4 972 788	1 541 575	3.226	1.88%
<b>2014</b>				
total	258 276 772	105 016 599	2.459	
including:				
Singapore	93 779 507	35 931 813	2.610	34.22%
China	38 654 084	17 441 335	2.216	16.61%
Germany	19 338 055	7 036 356	2.748	6.70%
USA	16 119 118	5 859 602	2.751	5.58%
Thailand	13 743 281	6 140 632	2.238	5.85%
Japan	11 736 473	2 442 445	4.805	2.33%
Taiwan	11 494 979	4 882 139	2.354	4.65%
Rep. of Korea	8 006 522	4 836 492	1.655	4.61%
Finland	7 855 799	4 779 286	1.644	4.55%
Viet Nam	5 924 033	3 195 398	1.854	3.04%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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Export and import of filter blocks, slabs and plates, of paper pulp: volume, structure, dynamics

Table 8. Export and import of filter blocks, slabs and plates, of paper pulp in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	1 115.3	372.2	54.0	7.5	21.1	92.2
Export, tons	164.3	55.7	7.6	3.7	8.7	22.1
Import, thousand \$	781.4	501.0	2 359.8	204.1	269.4	478.2
Import, tons	757.9	18.2	524.3	38.5	43.8	115.1
Trade balance, tons	-593.6	37.5	-516.8	-34.7	-35.1	-93.0

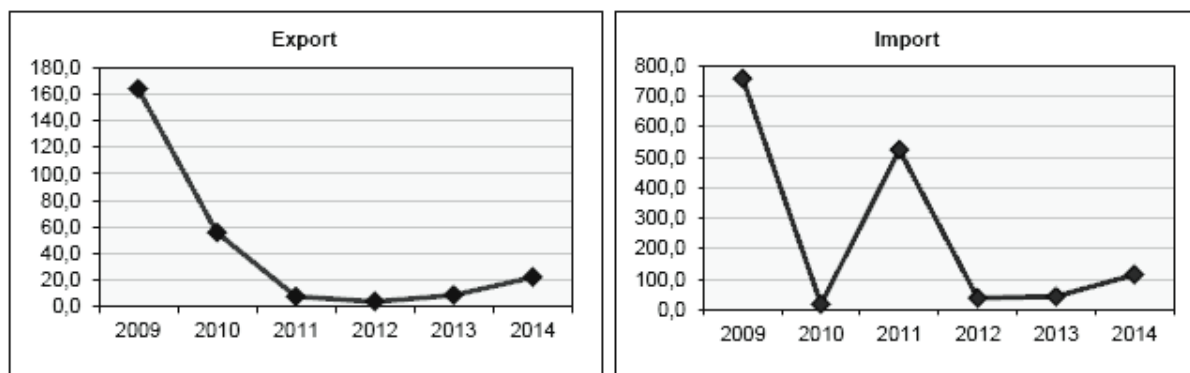


Figure 6. Export and import dynamics of filter blocks, slabs and plates, of paper pulp in Malaysia in 2009-2014, tons

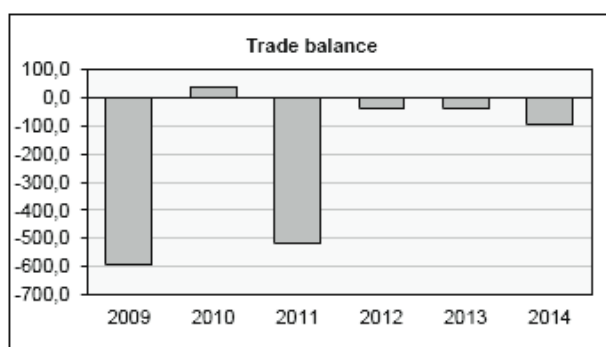


Figure 7. Trade balance of filter blocks, slabs and plates, of paper pulp in Malaysia in 2009-2014, tons

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 9. Structure of filter blocks, slabs and plates, of paper pulp export by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	21 141	8 656	2.442	
including:				
Singapore	11 109	6 371	1.744	73.60%
Australia	4 713	675	6.982	7.80%
Cambodia	3 575	1 460	2.449	16.87%
Taiwan	1 744	150	11.627	1.73%
<b>2014</b>				
total	92 188	22 109	4.170	
including:				
Thailand	31 124	1 728	18.012	7.82%
Philippines	21 476	2 660	8.074	12.03%
Singapore	12 441	13 311	0.935	60.21%
Burundi	6 972	1 328	5.250	6.01%
Germany	6 319	1 200	5.266	5.43%
Japan	4 453	500	8.906	2.26%
Bangladesh	2 760	540	5.111	2.44%
Myanmar	2 701	142	19.021	0.64%
USA	2 219	200	11.095	0.90%
Cambodia	1 723	500	3.446	2.26%



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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 10. Structure of filter blocks, slabs and plates, of paper pulp import by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	269 374	43 781	6.153	
including:				
China	85 710	21 337	4.017	48.74%
Indonesia	54 422	1 500	n/a	3.43%
USA	39 054	6 481	6.026	14.80%
Japan	26 531	4 388	6.046	10.02%
Germany	20 898	5 156	4.053	11.78%
Singapore	11 292	1 040	10.858	2.38%
Taiwan	11 275	493	b/a	1.13%
China, Hong Kong SAR	7 898	860	9.184	1.96%
France	5 356	325	16.480	0.74%
Netherlands	3 623	2 122	1.707	4.85%
<b>2014</b>				
total	478 231	115 082	4.156	
including:				
China	190 974	81 449	2.345	70.77%
Indonesia	186 065	8 288	22.450	7.20%
USA	22 655	11 648	1.945	10.12%
Malaysia	21 091	9 812	2.150	8.53%
Netherlands	17 839	883	20.203	0.77%
Germany	11 436	551	20.755	0.48%
Italy	11 318	1 114	10.160	0.97%
United Kingdom	6 543	804	8.138	0.70%
China, Hong Kong SAR	2 693	200	13.465	0.17%
Singapore	2 166	38	n/a	0.03%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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Export and import of uncoated paper and paperboard, of a kind used for writing: volume, structure, dynamics

Table 11. Export and import of uncoated paper and paperboard, of a kind used for writing in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	37 233.1	41 809.2	36 799.6	38 873.1	33 191.8	32 525.4
Export, tons	50 502.1	48 180.8	37 967.4	43 745.3	37 309.1	35 924.9
Import, thousand \$	258 485.1	332 738.0	351 829.6	342 415.5	317 983.5	316 683.4
Import, tons	296 530.6	297 047.3	256 213.4	309 158.7	301 109.8	306 223.7
Trade balance, tons	-246 028.4	-248 866.6	-218 246.1	-265 413.4	-263 800.8	-270 298.8

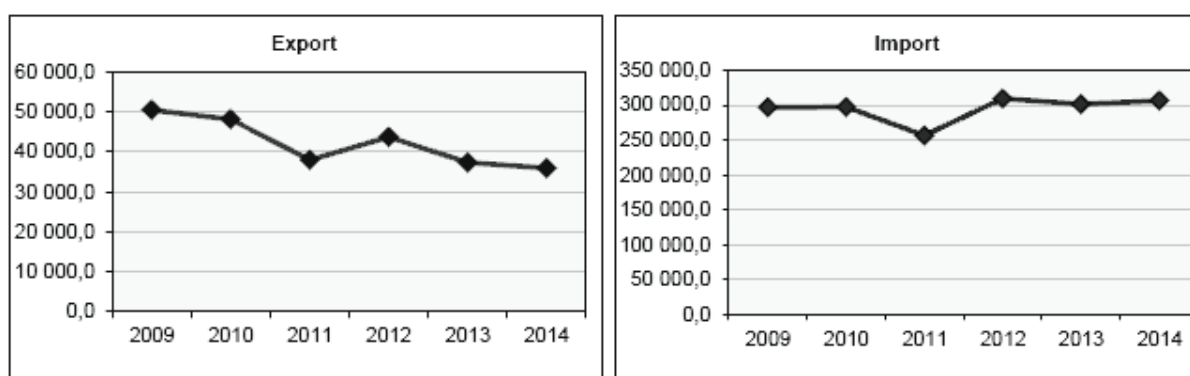


Figure 8. Export and import dynamics of uncoated paper and paperboard, of a kind used for writing in Malaysia in 2009-2014, tons

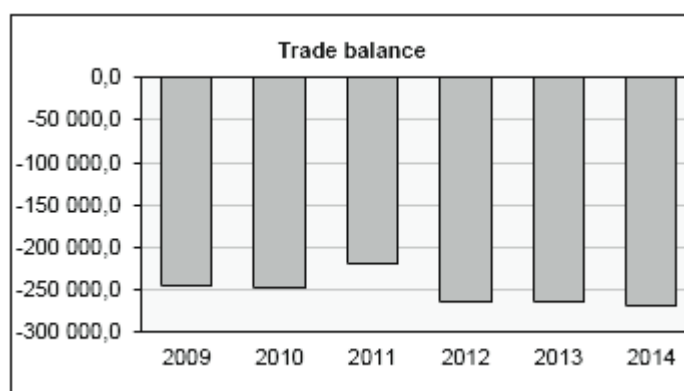


Figure 9. Trade balance of uncoated paper and paperboard, of a kind used for writing in Malaysia in 2009-2014, tons

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 12. Structure of uncoated paper and paperboard, of a kind used for writing export by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	33 191 845	37 309 051	0.890	
including:				
Nigeria	8 496 095	10 026 187	0.847	26.87%
Singapore	3 555 950	2 845 134	1.250	7.63%
Myanmar	2 783 674	3 640 820	0.765	9.76%
Thailand	2 039 391	2 613 046	0.780	7.00%
Indonesia	1 840 306	2 585 694	0.712	6.93%
Sri Lanka	1 806 766	2 316 574	0.780	6.21%
Philippines	1 567 958	1 841 038	0.852	4.93%
Kenya	1 494 705	1 800 791	0.830	4.83%
India	1 273 185	3 462 837	0.368	9.28%
Cameroon	1 191 215	1 414 619	0.842	3.79%
<b>2014</b>				
total	32 525 413	35 924 914	0.905	
including:				
Nigeria	10 449 667	12 570 876	0.831	34.99%
Singapore	5 114 784	4 155 329	1.231	11.57%
Indonesia	3 713 718	4 957 207	0.749	13.80%
Myanmar	2 788 723	3 563 247	0.783	9.92%
Philippines	2 255 666	2 883 776	0.782	8.03%
Sri Lanka	1 624 943	2 120 188	0.766	5.90%
China, Hong Kong SAR	1 029 361	289 846	3.551	0.81%
Ghana	834 960	988 905	0.844	2.75%
Brunei Darussalam	794 963	850 299	0.935	2.37%
Australia	577 658	185 900	3.107	0.52%

## EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Table 13. Structure of uncoated paper and paperboard, of a kind used for writing import by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	317 983 520	301 109 809	1.056	
including:				
Indonesia	168 759 829	186 661 366	0.904	61.99%
China	36 970 179	39 295 302	0.941	13.05%
Germany	33 934 941	6 231 694	5.446	2.07%
Thailand	32 293 971	30 053 393	1.075	9.98%
Japan	9 792 011	5 398 441	1.814	1.79%
Taiwan	9 694 404	10 441 981	0.928	3.47%
USA	4 488 632	5 124 025	0.876	1.70%
India	3 829 576	4 241 235	0.903	1.41%
United Kingdom	3 465 289	2 065 461	1.678	0.69%
Rep. of Korea	2 194 942	2 009 611	1.092	0.67%
<b>2014</b>				
total	316 683 378	306 223 677	1.034	
including:				
Indonesia	160 852 200	182 814 264	0.880	59.70%
Germany	39 949 643	10 062 878	3.970	3.29%
China	38 260 178	40 588 750	0.943	13.25%
Thailand	36 412 649	35 731 408	1.019	11.67%
Taiwan	10 225 034	11 708 795	0.873	3.82%
Japan	5 880 450	4 865 155	1.209	1.59%
India	3 337 872	3 645 713	0.916	1.19%
United Kingdom	3 052 959	1 642 497	1.859	0.54%
USA	2 258 606	2 180 718	1.036	0.71%
Finland	2 225 118	2 285 891	0.973	0.75%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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Export and import of uncoated kraft paper and paperboard, in rolls or sheets: volume, structure, dynamics

Table 14. Export and import of uncoated kraft paper and paperboard, in rolls or sheets in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	3 106.3	3 215.2	2 108.6	3 881.2	5 404.1	4 725.1
Export, tons	5 416.6	4 373.5	2 350.0	4 457.7	8 062.5	5 414.0
Import, thousand \$	144 370.6	202 112.9	212 237.3	190 641.0	205 541.3	220 475.2
Import, tons	179 355.6	264 199.0	146 469.0	222 511.3	255 450.8	278 527.2
Trade balance, tons	-173 939.1	-259 825.5	-144 119.0	-218 053.7	-247 388.3	-273 113.2

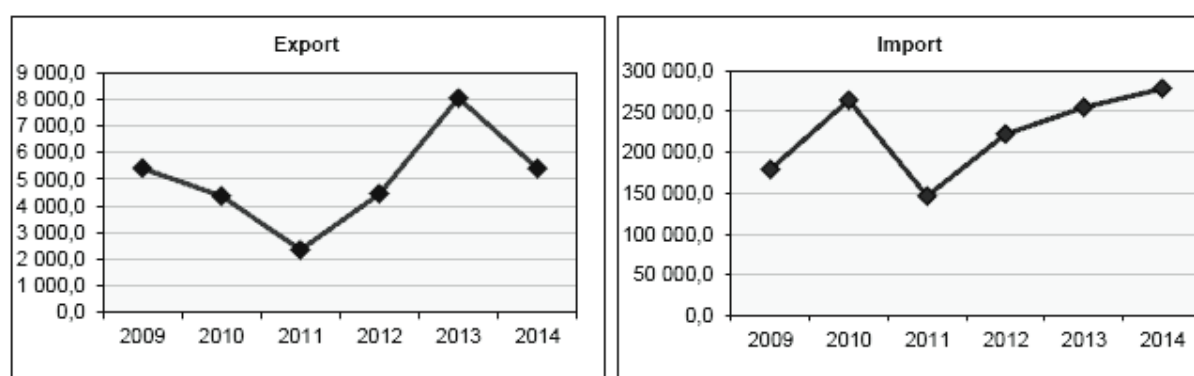


Figure 10. Export and import dynamics of uncoated kraft paper and paperboard, in rolls or sheets in Malaysia in 2009-2014, tons

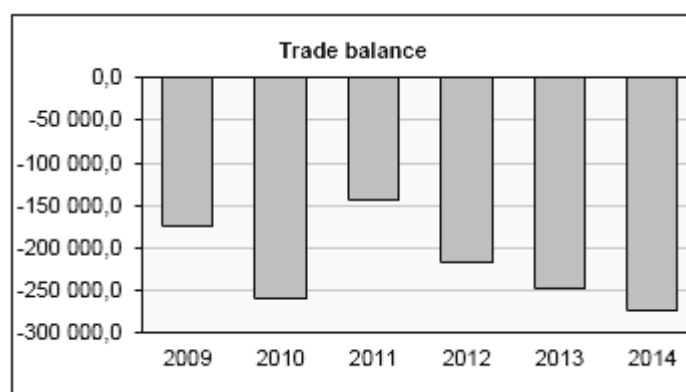


Figure 11. Trade balance of uncoated kraft paper and paperboard, in rolls or sheets in Malaysia in 2009-2014, tons

## EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Table 15. Structure of uncoated kraft paper and paperboard, in rolls or sheets export by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	5 404 074	8 062 470	0.670	
including:				
Singapore	1 784 603	3 671 460	0.486	45.54%
Bangladesh	782 103	1 523 992	0.513	18.90%
Indonesia	523 618	501 244	1.045	6.22%
Papua New Guinea	393 740	835 448	0.471	10.36%
Germany	263 801	20 659	12.769	0.26%
Nigeria	223 704	19 150	11.682	0.24%
Philippines	193 160	112 322	1.720	1.39%
Australia	189 658	150 885	1.257	1.87%
Viet Nam	177 394	139 631	1.270	1.73%
India	119 938	41 483	2.891	0.51%
<b>2014</b>				
total	4 725 121	5 414 024	0.873	
including:				
Singapore	1 851 561	1 895 540	0.977	35.01%
Indonesia	668 720	436 616	1.532	8.06%
Bangladesh	448 199	989 548	0.453	18.28%
India	295 121	74 327	3.971	1.37%
Thailand	219 770	292 800	0.751	5.41%
Viet Nam	215 016	265 779	0.809	4.91%
Papua New Guinea	166 547	353 813	0.471	6.54%
China, Hong Kong SAR	140 335	289 225	0.485	5.34%
Germany	111 259	8 327	n/a	0.15%
Oman	94 459	100 212	0.943	1.85%



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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 16. Structure of uncoated kraft paper and paperboard, in rolls or sheets import by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	205 541 323	255 450 774	0.805	
including:				
Japan	31 747 842	39 371 907	0.806	15.41%
USA	25 248 203	29 226 424	0.864	11.44%
Sweden	20 493 437	16 849 808	1.216	6.60%
Australia	17 999 190	29 313 656	0.614	11.48%
Germany	15 753 934	15 472 952	1.018	6.06%
Taiwan	13 575 729	21 329 053	0.636	8.35%
New Zealand	11 095 697	16 908 195	0.656	6.62%
Russian Federation	11 061 511	12 929 671	0.856	5.06%
Finland	11 034 181	9 619 331	1.147	3.77%
Rep. of Korea	10 983 744	21 420 793	0.513	8.39%
<b>2014</b>				
total	220 475 178	278 527 237	0.792	
including:				
Japan	36 617 503	44 427 016	0.824	15.95%
USA	27 084 703	31 340 082	0.864	11.25%
Sweden	24 715 214	20 960 242	1.179	7.53%
Australia	19 921 842	34 656 923	0.575	12.44%
Taiwan	15 688 880	24 931 291	0.629	8.95%
Rep. of Korea	14 499 929	28 635 090	0.506	10.28%
Russian Federation	13 822 817	16 470 493	0.839	5.91%
Germany	11 838 705	11 066 393	1.070	3.97%
New Zealand	9 896 357	14 852 713	0.666	5.33%
Austria	9 726 041	9 287 999	1.047	3.33%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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Export and import of other uncoated paper and paperboard, in rolls or sheets: volume, structure, dynamics

Table 17. Export and import of other uncoated paper and paperboard, in rolls or sheets in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	42 810.9	62 822.4	68 629.7	65 406.4	68 017.5	66 105.8
Export, tons	105 168.8	120 161.0	122 975.8	125 094.6	131 144.7	123 555.0
Import, thousand \$	90 915.1	183 491.4	160 400.8	138 613.8	154 473.5	148 465.0
Import, tons	135 771.6	277 868.3	138 152.1	196 268.4	245 546.7	233 953.4
Trade balance, tons	-30 602.8	-157 707.4	-15 176.3	-71 173.8	-114 402.0	-110 398.4

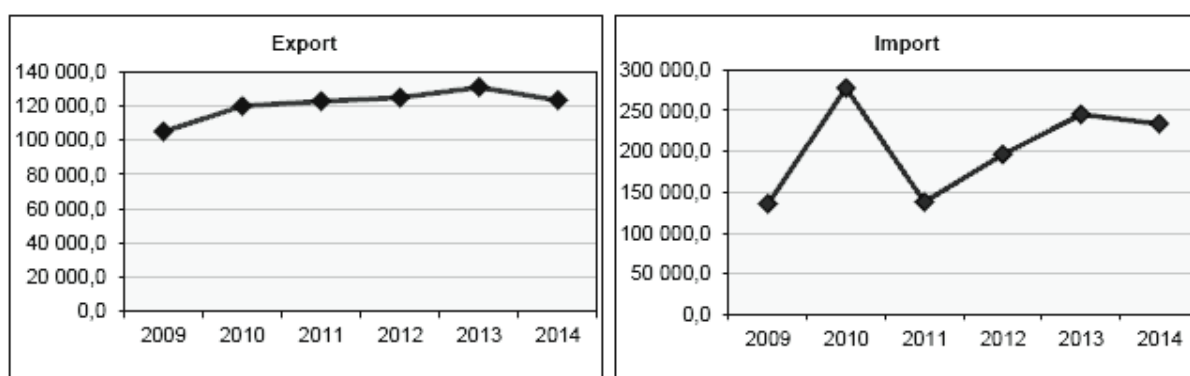


Figure 12. Export and import dynamics of other uncoated paper and paperboard, in rolls or sheets in Malaysia in 2009-2014, tons

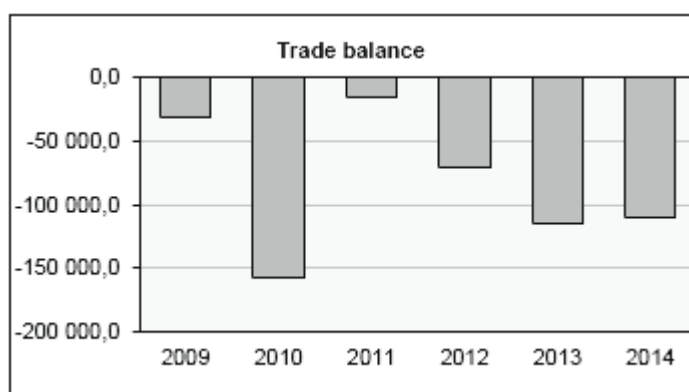


Figure 13. Trade balance of other uncoated paper and paperboard, in rolls or sheets in Malaysia in 2009-2014, tons

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 18. Structure of other uncoated paper and paperboard, in rolls or sheets export by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	68 017 540	131 144 704	0.519	
including:				
Viet Nam	15 506 875	30 409 590	0.510	23.19%
Singapore	10 870 967	21 121 629	0.515	16.11%
Thailand	6 837 562	13 331 146	0.513	10.17%
Indonesia	6 557 965	11 224 664	0.584	8.56%
Bangladesh	4 813 572	12 249 217	0.393	9.34%
Australia	4 498 914	6 894 480	0.653	5.26%
Cambodia	2 403 477	5 271 356	0.456	4.02%
Sri Lanka	2 262 499	5 476 424	0.413	4.18%
South Africa	2 099 587	2 868 258	0.732	2.19%
New Zealand	2 092 413	3 276 323	0.639	2.50%
<b>2014</b>				
total	66 105 789	123 555 003	0.535	
including:				
Viet Nam	12 410 635	24 169 682	0.513	19.56%
Singapore	10 473 547	20 661 624	0.507	16.72%
Bangladesh	6 797 666	18 319 683	0.371	14.83%
Australia	5 960 457	9 672 245	0.616	7.83%
Thailand	5 538 769	10 952 607	0.506	8.86%
Indonesia	3 816 230	3 601 059	1.060	2.91%
New Zealand	3 207 134	4 999 615	0.641	4.05%
India	2 455 872	4 565 136	0.538	3.69%
Cambodia	2 415 045	5 026 312	0.480	4.07%
South Africa	2 204 166	2 822 512	0.781	2.28%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 19. Structure of other uncoated paper and paperboard, in rolls or sheets import by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	154 473 521	245 546 708	0.629	
including:				
Rep. of Korea	37 230 882	83 791 300	0.444	34.12%
Japan	29 403 566	20 912 589	1.406	8.52%
Thailand	23 029 357	39 253 701	0.587	15.99%
Indonesia	15 716 037	34 892 539	0.450	14.21%
Taiwan	9 288 036	16 603 123	0.559	6.76%
China	8 514 682	5 454 244	1.561	2.22%
Australia	8 282 977	18 200 779	0.455	7.41%
Netherlands	4 062 173	2 974 855	1.366	1.21%
New Zealand	3 589 919	8 183 231	0.439	3.33%
Germany	3 230 457	3 867 793	0.835	1.58%
<b>2014</b>				
total	148 464 955	233 953 403	0.635	
including:				
Rep. of Korea	36 275 519	77 564 402	0.468	33.15%
Thailand	29 453 520	47 302 619	0.623	20.22%
Japan	25 438 203	26 887 256	0.946	11.49%
Indonesia	12 505 575	25 650 065	0.488	10.96%
China	10 588 007	8 370 762	1.265	3.58%
Taiwan	6 722 584	10 040 793	0.670	4.29%
Australia	6 021 630	12 894 164	0.467	5.51%
New Zealand	5 802 545	13 017 361	0.446	5.56%
Singapore	2 021 036	692 363	2.919	0.30%
Germany	2 009 524	1 768 539	1.136	0.76%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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Export and import of registers, account books, note books, order books, receipt books: volume, structure, dynamics

Table 20. Export and import of registers, account books, note books, order books, receipt books in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	100 105.3	108 041.2	103 383.2	109 113.7	105 885.9	103 734.3
Export, tons	41 851.0	44 223.5	41 788.5	43 530.3	44 496.9	49 476.4
Import, thousand \$	6 161.2	8 200.5	10 089.0	11 888.0	14 762.4	15 674.8
Import, tons	3 054.6	4 533.5	4 648.7	6 821.2	8 277.0	10 492.1
Trade balance, tons	38 796.4	39 690.0	37 139.7	36 709.1	36 219.9	38 984.3

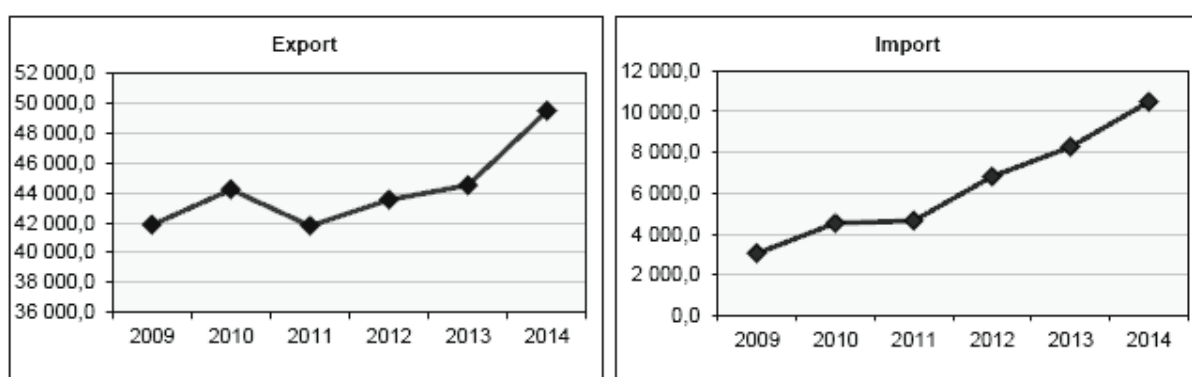


Figure 14. Export and import dynamics of registers, account books, note books, order books, receipt books in Malaysia in 2009-2014, tons

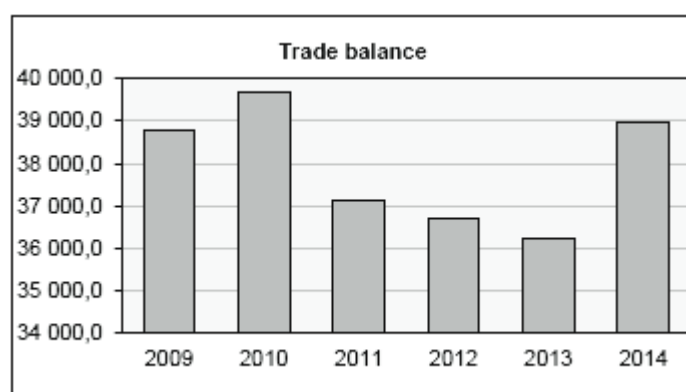


Figure 15. Trade balance of registers, account books, note books, order books, receipt books in Malaysia in 2009-2014, tons



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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 21. Structure of registers, account books, note books, order books, receipt books export by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	105 885 946	44 496 870	2.380	
including:				
United Kingdom	19 089 053	9 470 801	2.016	21.28%
Singapore	14 202 891	4 221 151	3.365	9.49%
USA	13 832 531	3 115 375	4.440	7.00%
Australia	8 137 012	4 286 102	1.898	9.63%
United Arab Emirates	6 167 862	3 581 540	1.722	8.05%
Viet Nam	6 100 938	1 401 393	4.353	3.15%
Germany	4 614 625	958 202	4.816	2.15%
Saudi Arabia	4 356 594	2 685 888	1.622	6.04%
New Zealand	3 108 881	1 573 153	1.976	3.54%
Kuwait	2 385 494	1 155 555	2.064	2.60%
<b>2014</b>				
total	103 734 317	49 476 354	2.097	
including:				
United Kingdom	22 231 352	10 319 163	2.154	20.86%
USA	14 155 837	6 404 398	2.210	12.94%
Singapore	10 270 205	4 473 644	2.296	9.04%
United Arab Emirates	7 811 391	4 045 528	1.931	8.18%
Saudi Arabia	6 322 947	3 737 758	1.692	7.55%
Australia	5 911 396	3 148 593	1.877	6.36%
Germany	5 104 130	1 145 323	4.456	2.31%
New Zealand	3 013 222	1 583 496	1.903	3.20%
Ireland	2 615 141	1 622 624	1.612	3.28%
Kuwait	2 467 129	1 128 572	2.186	2.28%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 22. Structure of registers, account books, note books, order books, receipt books import by country in Malaysia in 2013-2014**

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	14 762 431	8 277 020	1.784	
including:				
China	10 384 134	6 872 416	1.511	83.03%
Indonesia	1 467 955	555 491	2.643	6.71%
Philippines	833 127	233 260	3.572	2.82%
Singapore	529 970	208 522	2.542	2.52%
USA	442 880	94 062	4.708	1.14%
Japan	218 910	29 162	7.507	0.35%
Australia	153 440	10 077	15.227	0.12%
China, Hong Kong SAR	114 935	43 977	2.614	0.53%
Thailand	113 989	47 712	2.389	0.58%
Taiwan	99 374	58 594	1.696	0.71%
<b>2014</b>				
total	15 674 847	10 492 079	1.494	
including:				
China	11 676 885	8 746 276	1.335	83.36%
Indonesia	1 228 053	677 704	1.812	6.46%
Philippines	638 797	212 016	3.013	2.02%
USA	407 261	79 465	5.125	0.76%
Singapore	380 474	235 341	1.617	2.24%
Japan	285 586	96 532	2.958	0.92%
Denmark	124 081	9 652	12.855	0.09%
Viet Nam	114 559	42 061	2.724	0.40%
China, Hong Kong SAR	110 289	76 677	1.438	0.73%
Taiwan	110 036	57 057	1.929	0.54%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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Export and import of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened): volume, structure, dynamics

Table 23. Export and import of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	2 917.8	4 699.1	4 043.5	5 024.4	2 922.5	2 761.8
Export, tons	1 869.8	4 236.9	2 465.2	2 586.6	2 365.0	1 990.6
Import, thousand \$	10 328.0	11 380.1	14 767.9	16 403.8	14 062.5	8 723.4
Import, tons	10 490.9	9 078.7	8 602.7	8 643.0	7 117.7	6 465.6
Trade balance, tons	-8 621.1	-4 841.7	-6 137.6	-6 056.4	-4 752.7	-4 475.1

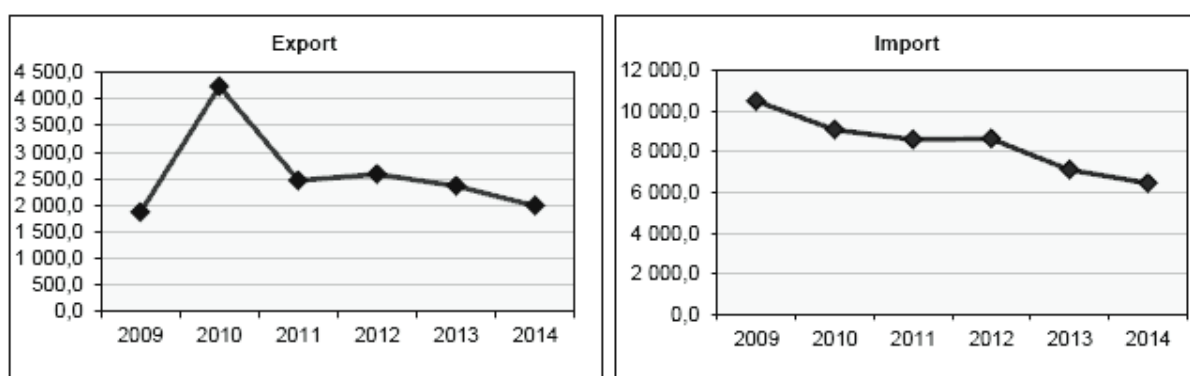


Figure 16. Export and import dynamics of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) in Malaysia in 2009-2014, tons

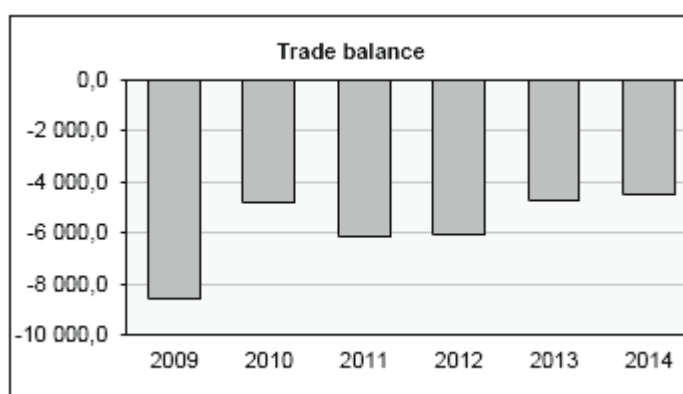


Figure 17. Trade balance of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) in Malaysia in 2009-2014, tons

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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Table 24. Structure of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) export by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	2 922 498	2 364 990	1.236	
including:				
Singapore	1 629 904	1 402 316	1.162	59.29%
Australia	885 869	630 604	1.405	26.66%
Thailand	160 394	218 971	0.732	9.26%
Indonesia	65 456	33 524	1.953	1.42%
China	57 297	40 518	1.414	1.71%
Rep. of Korea	34 162	3 538	9.656	0.15%
United Kingdom	24 274	5 898	4.116	0.25%
Viet Nam	15 435	6 851	2.253	0.29%
Brunei Darussalam	12 505	1 480	8.449	0.06%
India	7 429	4 787	1.552	0.20%
<b>2014</b>				
total	2 761 793	1 990 587	1.387	
including:				
Singapore	1 361 497	1 004 150	1.356	50.44%
Australia	838 234	669 016	1.253	33.61%
Thailand	181 728	218 920	0.830	11.00%
China	149 294	11 919	12.526	0.60%
Indonesia	50 174	20 967	2.393	1.05%
Viet Nam	31 561	7 462	4.230	0.37%
USA	28 397	3 438	8.260	0.17%
Taiwan	23 560	9 956	2.366	0.50%
Japan	21 371	9 689	2.206	0.49%
Saudi Arabia	18 724	13 588	1.378	0.68%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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**Table 25. Structure of bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened) import by country in Malaysia in 2013-2014**

<b>Period / Malaysia-Partner</b>	<b>Trade value, \$</b>	<b>Net weight, kg</b>	<b>Average price, \$/kg</b>	<b>Country share, %</b>
<b>2013</b>				
total	14 062 536	7 117 708	1.976	
including:				
Taiwan	6 953 357	2 612 625	2.661	36.71%
Indonesia	3 679 023	3 646 492	1.009	51.23%
Japan	1 912 658	188 950	10.123	2.65%
Canada	400 437	89 455	4.476	1.26%
Rep. of Korea	261 339	179 500	1.456	2.52%
China	236 362	76 414	3.093	1.07%
Singapore	209 351	48 751	4.294	0.68%
Thailand	186 654	138 187	1.351	1.94%
Viet Nam	132 257	108 042	1.224	1.52%
India	23 010	10 530	2.185	0.15%
<b>2014</b>				
total	8 723 428	6 465 648	1.349	
including:				
Taiwan	3 212 840	2 512 120	1.279	38.85%
Indonesia	2 994 383	2 496 060	1.200	38.60%
Thailand	701 423	655 184	1.071	10.13%
Japan	488 799	126 416	3.867	1.96%
Rep. of Korea	377 967	274 528	1.377	4.25%
Singapore	332 937	85 505	3.894	1.32%
China	294 396	148 487	1.983	2.30%
Viet Nam	109 254	89 300	1.223	1.38%
Canada	92 139	16 755	5.499	0.26%
Netherlands	26 300	15 500	1.697	0.24%

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**EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)**


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Export and import of other paper, paperboard, cellulose wadding and webs of cellulose fibres: volume, structure, dynamics

Table 26. Export and import of other paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia, 2009-2014

	2009	2010	2011	2012	2013	2014
Export, thousand \$	32 860.4	40 837.2	43 569.7	51 471.5	47 264.1	41 530.8
Export, tons	30 516.0	19 360.4	19 839.9	20 639.8	23 244.9	22 981.8
Import, thousand \$	69 988.3	86 828.3	102 864.9	101 085.6	99 711.1	92 950.2
Import, tons	27 577.4	34 580.6	35 117.2	35 998.1	39 079.5	38 039.7
Trade balance, tons	2 938.6	-15 220.3	-15 277.3	-15 358.3	-15 834.6	-15 057.9

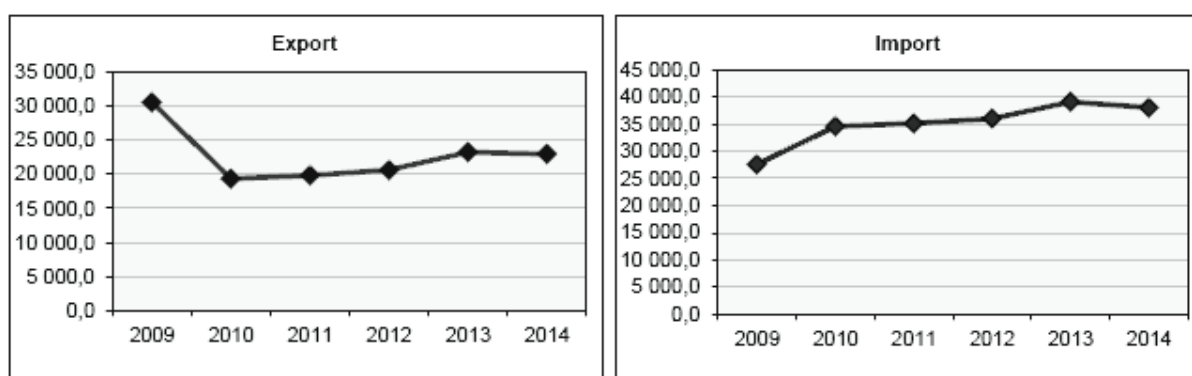


Figure 18. Export and import dynamics of other paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia in 2009-2014, tons

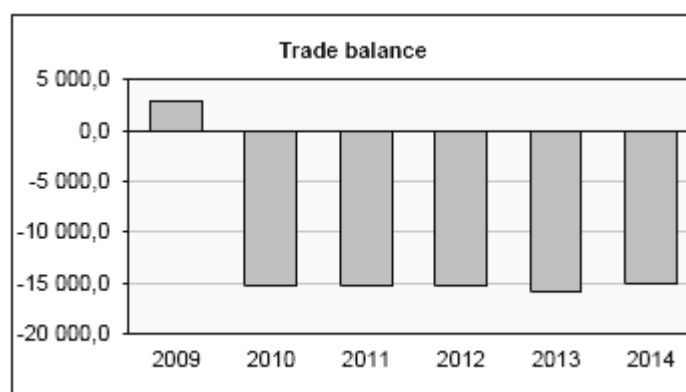


Figure 19. Trade balance of other paper, paperboard, cellulose wadding and webs of cellulose fibres in Malaysia in 2009-2014, tons



## EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Table 27. Structure of other paper, paperboard, cellulose wadding and webs of cellulose fibres export by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	47 264 069	23 244 893	2.033	
including:				
Singapore	17 026 478	7 522 136	2.264	32.36%
Australia	7 824 317	3 322 162	2.355	14.29%
Indonesia	6 506 617	1 342 736	4.846	5.78%
Thailand	4 479 858	4 223 541	1.061	18.17%
Japan	1 376 882	717 551	1.919	3.09%
Viet Nam	1 186 680	1 600 006	0.742	6.88%
Taiwan	1 018 784	904 991	1.126	3.89%
New Zealand	936 079	639 338	1.464	2.75%
Myanmar	727 767	219 522	3.315	0.94%
USA	718 595	318 205	2.258	1.37%
<b>2014</b>				
total	41 530 849	22 981 821	1.807	
including:				
Singapore	14 428 185	6 572 934	2.195	28.60%
Indonesia	6 289 609	1 530 012	4.111	6.66%
Thailand	4 991 236	5 051 374	0.988	21.98%
Australia	4 875 997	2 769 870	1.760	12.05%
Viet Nam	1 504 969	1 970 009	0.764	8.57%
Japan	920 295	695 127	1.324	3.02%
China	915 076	157 636	5.805	0.69%
New Zealand	888 024	682 377	1.301	2.97%
USA	730 472	313 669	2.329	1.36%
Taiwan	644 138	613 650	1.050	2.67%

## EXTRACT OF THE PULP AND PAPER INDUSTRY IN MALAYSIA: BUSINESS REPORT 2015, BAC REPORTS (Cont'd)

Table 28. Structure of other paper, paperboard, cellulose wadding and webs of cellulose fibres import by country in Malaysia in 2013-2014

Period / Malaysia-Partner	Trade value, \$	Net weight, kg	Average price, \$/kg	Country share, %
<b>2013</b>				
total	99 711 085	39 079 512	2.551	
including:				
China	54 425 638	23 337 853	2.332	59.72%
USA	11 773 112	1 544 818	7.621	3.95%
Japan	9 310 524	2 149 268	4.332	5.50%
Singapore	5 057 743	819 170	6.174	2.10%
Taiwan	3 507 948	2 651 058	1.323	6.78%
Indonesia	3 137 934	3 199 968	0.981	8.19%
Thailand	2 730 944	2 397 748	1.139	6.14%
China, Hong Kong SAR	2 697 481	800 142	3.371	2.05%
France	1 450 886	143 399	10.118	0.37%
United Kingdom	1 188 325	210 055	5.657	0.54%
<b>2014</b>				
total	92 950 190	38 039 720	2.444	
including:				
China	60 161 226	25 638 754	2.346	67.40%
Japan	7 812 777	1 331 143	5.869	3.50%
Indonesia	3 638 471	4 209 629	0.864	11.07%
Singapore	3 448 455	821 654	4.197	2.16%
China, Hong Kong SAR	3 331 284	464 341	7.174	1.22%
Thailand	2 413 289	2 101 161	1.149	5.52%
USA	2 321 636	477 401	4.863	1.26%
Taiwan	1 692 667	925 971	1.828	2.43%
France	1 685 619	141 712	11.895	0.37%
Germany	1 630 568	218 054	7.478	0.57%

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**FURTHER INFORMATION**

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**1. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board has seen and approved the contents of this Circular and they individually and collectively, accept full responsibility for the accuracy of the information contained in this Circular. The Board confirms that, after making all reasonable enquiries and to the best of their knowledge and belief, there is no other fact, the omission of which would make any information or statement in this Circular and/or any information provided herein false or misleading or inaccurate.

**2. CONSENTS****2.1 Principal Adviser**

RHBIB, being the Principal Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**2.2 Reporting accountants**

Russell Bedford LC & Co, being the reporting accountants for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of the letter on the proforma consolidated statements of financial position as at 30 June 2014 of BHS Group in relation to the Proposals and all reference thereto in the form and context in which they appear in this Circular.

**2.3 Due diligence solicitors**

Messrs Maylee Gan & Tai, being the due diligence solicitors for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

**3. DECLARATIONS OF CONFLICTS OF INTEREST****3.1 Principal Adviser**

RHBIB and/or its related companies ("**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, inter-alia, brokerage, securities trading, asset and funds management and credit transaction service businesses in its ordinary course of business with the Company and/or persons acting in concert with it. Furthermore, any member of the RHB Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with the Company and/or its affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of the Company and/or its affiliates. This is the result of the businesses of the RHB Banking Group generally acting independently of each other which may generate situations where parts of the RHB Banking Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of the Company.

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**FURTHER INFORMATION (Cont'd)**


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As at the LPD, save as disclosed below, RHBIB confirms that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the Principal Adviser to the Company for the Proposals:

- (i) Dato' Lim has an existing share margin facility with RHBIB; and
- (ii) RHB OSK Securities Hong Kong Ltd ("**RHB OSK Securities HK**"), a wholly-owned subsidiary of RHB Holdings Hong Kong Limited, which in turn is a wholly-owned subsidiary of RHBIB, will extend a margin financing facility to Dato' Lim in relation to the Proposed Rights Issue with Warrants.

RHBIB is of the opinion that the relationship disclosed above will not give rise to a situation of conflict of interest in its advisory capacity to the Company on the Proposals based on the following reasons:

- (a) the Proposed Rights Issue with Warrants is a capital raising transaction involving all shareholders of BHS, who will be given equal opportunity to subscribe for new securities in the Company on equal terms;
- (b) although Dato' Lim is a Director and substantial shareholder of BHS, he is not a director or substantial shareholder of RHBIB;
- (c) the granting of the share margin/ margin financing facilities by RHBIB and RHB OSK Securities HK are in the ordinary course of business of RHB Banking Group and is subject to the respective approving parties of RHBIB and RHB OSK Securities HK;
- (d) the conduct of RHB Banking Group's business is regulated strictly by the Financial Services Act, 2013 and RHB Banking Group's own internal control, policies and procedures; and
- (e) save for the professional fees as the Principal Adviser for the Proposals, the funding fees to be received by RHBIB and RHB OSK Securities HK in relation to the share margin/ margin facilities and the underwriting fees to RHBIB as underwriter for the Proposed Rights Issue with Warrants, in the event required by the Company, RHB Banking Group will not be receiving any other benefits from the Proposals.

### **3.2 Reporting accountants**

Russell Bedford LC & Co, being the reporting accountants for the Proposals, confirms that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the reporting accountants to the Company for the Proposals.

### **3.3 Due diligence solicitor**

Messrs Maylee Gan & Tai, being the due diligence solicitor for the Proposals, confirms that there is no situation of conflict of interest that exists or is likely to exist in relation to its role as the due diligence solicitor to the Company for the Proposals.

## **4. MATERIAL LITIGATION**

As at the LPD, neither BHS nor its subsidiary companies is engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of BHS and/or its subsidiary companies and the Board has no knowledge of any proceedings pending or threatened against BHS and/or its subsidiary companies or any fact likely to give rise to any proceeding which may materially and adversely affect the financial position of BHS Group.

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**FURTHER INFORMATION (Cont'd)**


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**5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES****5.1 Material commitments**

Save as disclosed below, as at the LPD, the Board, after making all reasonable enquiries, is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/ position of BHS Group:

	<b>RM'000</b>
Plant and equipment	
- Contracted but not provided for	<u>16,463</u>

**5.2 Contingent liabilities**

As at the LPD, the Board, after making all reasonable enquiries, is not aware of any contingent liabilities incurred or known to be incurred by the Group that has not been provided for, which upon becoming enforceable, may have a material impact on the financial results/ position of BHS Group.

**6. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection at the Registered Office of BHS at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor during normal business hours (i.e. between 8.30 a.m. to 5.30 p.m.) from Monday to Friday (except public holidays) from the date of this Circular up to and including the date of the EGM to be convened, or at any adjournment thereof:

- (a) Memorandum and Articles of Association of BHS;
- (b) audited consolidated financial statements of BHS for the past two (2) FYE 30 June 2013 and 30 June 2014 and the latest unaudited quarterly results for the FPE 31 March 2015;
- (c) the pro forma consolidated statements of financial position as at 30 June 2014 together with the reporting accountants' letter thereon as referred to in Appendix III of this Circular;
- (d) the draft Deed Poll for the Warrants;
- (e) the draft By-Laws of the Proposed ESOS as referred to in Appendix II of this Circular;
- (f) the letters of undertaking by the Undertaking Shareholders;
- (g) the letters of consent referred to in Section 2 of Appendix V;
- (h) the declarations of conflict of interest referred to in Section 3 of Appendix V;
- (i) the sale and purchase agreement dated 3 June 2015 in relation to the Proposed Pulp Production Line Acquisition referred to in Section 2.1.3 of this Circular; and
- (j) the Pulp and Paper Industry in Malaysia: Business Report 2015.



**BHS INDUSTRIES BERHAD**

(Company No. 719660-W)

(Incorporated in Malaysia under the Companies Act, 1965)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of BHS Industries Berhad (“**BHS**” or the “**Company**”) will be held at Tioman Room, Bukit Jalil Golf and Country Club, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, on Friday, 14 August 2015 at 3.30 p.m. for the purpose of considering and if thought fit, passing the following ordinary resolutions, with or without modification:

**ORDINARY RESOLUTION 1**

**PROPOSED DIVERSIFICATION OF THE EXISTING CORE BUSINESSES OF BHS AND ITS SUBSIDIARIES TO INCLUDE THE UTILISATION AND SUB-LICENSING OF PAPER PULP MAKING TECHNOLOGY, MANUFACTURING OF RENEWABLE PAPER PULP PRODUCTS GENERATED FROM EMPTY FRUIT BUNCHES USING THE PRE-CONDITIONING REFINER CHEMICAL RECYCLED BLEACHED MECHANISED PULP TECHNOLOGY, AND OTHER RELATED ACTIVITIES**

“**THAT** subject to the passing of Ordinary Resolutions 2 and 10, and all approvals being obtained from the relevant regulatory authorities, approval be and is hereby given to the Board of Directors of the Company (“**Board**”) to diversify the core businesses of the Company and its subsidiaries to include the utilisation and sub-licensing of pulp making technology, manufacturing of renewable paper pulp products generated from empty fruit bunches using the Pre-conditioning Refiner Chemical Recycled Bleached Mechanised Pulp Technology, and other related activities (“**Proposed Diversification**”).

**AND THAT** the Board be and is hereby authorised to sign and empowered to give full effect to the aforesaid Proposed Diversification with full power to assent to and accept any conditions, variations arrangements and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company, all such other documents with any party or parties and to take all such steps and to do all such acts, things and matters as it may deem fit, necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Diversification.”

**ORDINARY RESOLUTION 2**

**PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 106,666,666 NEW ORDINARY SHARES OF RM0.25 EACH IN BHS (“BHS SHARE(S)”) (“RIGHTS SHARE(S)”) ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) EXISTING BHS SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, TOGETHER WITH UP TO 213,333,332 FREE DETACHABLE WARRANTS (“WARRANT(S)”) ON THE BASIS OF TWO (2) WARRANTS FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED**

“**THAT** subject to the passing of Ordinary Resolutions 1 and 10, approval-in-principle granted by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and all other relevant authorities/ parties (if applicable), approval be and is hereby given to the Board of Directors of the Company (“**Board**”):

- (a) to provisionally allot and issue by way of a renounceable rights issue of up to 106,666,666 new ordinary shares of RM0.25 each in the Company (“**BHS Share(s)**”) (“**Rights Shares**”) at an issue price of RM0.42 per Rights Share, on the basis of one (1) Rights Share for every three (3) existing BHS Shares held, together with up to 213,333,332 free detachable warrants (“**Warrants**”) on the basis of two (2) Warrants for every one (1) Rights Share successfully subscribed, by way of provisional allotment to shareholders whose names appear in the Record of Depositors at the close of business on an entitlement date to be determined and announced later by the Board (“**Proposed Rights Issue with Warrants**”);



- (b) to enter into and execute the deed poll constituting the Warrants (“**Deed Poll**”) and to do all acts, deeds and things as they deem fit or expedient in order to implement, finalise and give effect to the aforesaid Deed Poll wherein each of the Warrants will carry the rights to subscribe, subject to any adjustment in accordance with the Deed Poll to be executed, at any time during the “Exercise Period” as defined in the Deed Poll, for one (1) new BHS Share at an exercise price of RM0.60;
- (c) to allot and issue such number of new BHS Shares pursuant to the exercise of the Warrants, from time to time during the tenure of the Warrants, and such new BHS Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing BHS Shares, save and except that such new BHS Shares then issued, will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid, the entitlement date of which is prior to the allotment date of the said new BHS Shares;
- (d) to allot and issue such further Warrants and new BHS Shares arising from the subscription of further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/or as may be required by the relevant authorities; and
- (e) to do all such acts and things including but not limited to the application to Bursa Securities for the listing of and quotation for the new BHS Shares which may from time to time be allotted and issued upon the exercise of the Warrants;

**THAT** any fractional entitlements under the Proposed Rights Issue with Warrants will be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deem expedient in the best interest of the Company;

**THAT** the proceeds of the Proposed Rights Issue with Warrants be utilised for the purposes as set out in the circular to shareholders of the Company dated 28 July 2015, and the Board be and is hereby authorised with full powers to vary the manner and/or purpose of utilisation of such proceeds in such manner as the Directors may deem fit, necessary and/or expedient, subject (where required) to the approval of the relevant authorities;

**THAT** the Rights Shares and new BHS Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the existing BHS Shares, save and except that they will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid, the entitlement date of which is prior to the allotment date of the Rights Shares and new BHS Shares arising from the exercise of the Warrants, respectively;

**AND THAT** the Board be and is hereby authorised to sign and empowered to give full effect to the aforesaid Proposed Rights Issue with Warrants with full power to assent to and accept any conditions, variations arrangements and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board and to sign, execute and deliver on behalf of the Company, the Deed Poll and all such other documents with any party or parties and to take all such steps and to do all such acts, things and matters as it may deem fit, necessary and/or expedient in order to implement, finalise and give full effect to the Proposed Rights Issue with Warrants.”

### **ORDINARY RESOLUTION 3**

#### **PROPOSED ESTABLISHMENT OF AN EMPLOYEES’ SHARE OPTION SCHEME OF UP TO TEN PERCENT (10%) OF THE PREVAILING ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF BHS (EXCLUDING TREASURY SHARES) FOR THE DIRECTORS AND ELIGIBLE EMPLOYEES OF BHS AND ITS SUBSIDIARIES TO BE IMPLEMENTED AFTER THE COMPLETION OF THE PROPOSED RIGHTS ISSUE WITH WARRANTS**

“**THAT** subject to the passing of Ordinary Resolution 10 and approval of all the relevant authorities, including but not limited to, the approval of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the new ordinary shares of RM0.25 each in the Company (“**BHS Shares**”) to be issued hereunder, the Board of Directors of the Company (“**Board**”) be and is hereby authorised to:

- (i) to establish, implement and administer an Employees' Share Option Scheme ("**ESOS**") of up to ten percent (10%) of the issued and paid-up share capital of the Company for the benefit of the Directors and eligible employees of BHS and its subsidiaries, which are not dormant ("**Proposed ESOS**"), who meet the criteria of eligibility for participation in the Proposed ESOS in accordance with the provisions of the By-Laws of the Proposed ESOS as set out in Appendix I ("**By-Laws**") of the circular to shareholders of the Company dated 28 July 2015 and to adopt and approve the By-Laws and to give effect to the Proposed ESOS with full power to assent to any conditions, variations, modifications and/or amendments as may be deemed fit or expedient or necessary and/or imposed/ agreed to by the relevant authorities and execute, sign and deliver on behalf of the Company, all such agreements, arrangements, undertakings, instruments or other documents;
- (ii) do all things necessary and make the necessary applications at the appropriate time or times to Bursa Securities for the listing of and quotation for the new BHS Shares which may from time to time be allotted and issued pursuant to the Proposed ESOS;
- (iii) to allot and issue from time to time such number of BHS Share as may be required to be issued pursuant to the exercise of the options under the Proposed ESOS provided that the aggregate number of new BHS Shares to be allotted and issued pursuant to this resolution shall not exceed in aggregate of ten percent (10%) of the issued and paid-up share capital of the Company at any point of time during the existence of the Proposed ESOS and such new BHS Shares to be allotted and issued will, upon allotment and issue, rank *pari passu* in all respects with the existing BHS Shares, save and except that they will not be entitled to any dividend, rights, allotment and/or other distribution that may be declared, made or paid, the entitlement date of which is prior to the allotment date of the new BHS Shares pursuant to the Proposed ESOS;
- (iv) to do all such acts, execute, sign and deliver on behalf of the Company, all such agreements, arrangements, undertakings, instruments or other documents as may be necessary with full powers to assent to any arrangement, condition, modification, variation and/or amendment thereto as the Board may deem fit and/or as may be imposed by any relevant regulatory authorities in connection with the Proposed ESOS; and
- (v) to amend and/or modify the Proposed ESOS from time to time as may be required/ permitted by the relevant regulatory authorities or deemed to be necessary by the Board provided that such amendments and/or modifications are effected in accordance with the provisions in the By-Laws relating to amendments and/or modifications and to do all such acts and steps and to enter into all such transactions, arrangements, undertakings, indemnities, transfers, assignments, deeds and/or guarantees with any party or parties, to deliver and/or cause to be delivered all such documents and to make such rules or regulations, or impose such terms and conditions or delegate part of its powers as may be necessary or expedient to implement, finalise and give full effect to the Proposed ESOS."

#### **ORDINARY RESOLUTION 4**

##### **PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' SOHAIMI BIN SHAHADAN**

"**THAT** subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme ("**Proposed ESOS**"), to offer and/or grant to Dato' Sohaimi Bin Shahadan, the Non-Independent Non-Executive Chairman of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company ("**BHS Shares**") to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS."

## **ORDINARY RESOLUTION 5**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' LIM THIAM HUAT**

“**THAT** subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees’ share option scheme (“**Proposed ESOS**”), to offer and/or grant to Dato’ Lim Thiam Huat, the Managing Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company (“**BHS Shares**”) to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.”

## **ORDINARY RESOLUTION 6**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO KOO THIAM YOONG**

“**THAT** subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees’ share option scheme (“**Proposed ESOS**”), to offer and/or grant to Koo Thiam Yoong, the Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company (“**BHS Shares**”) to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.”

## **ORDINARY RESOLUTION 7**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO CHEW YUIT YOO**

“**THAT** subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees’ share option scheme (“**Proposed ESOS**”), to offer and/or grant to Chew Yuit Yoo, the Senior Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company (“**BHS Shares**”) to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.”

## **ORDINARY RESOLUTION 8**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' DR KOE SENG KHENG**

“**THAT** subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme (“**Proposed ESOS**”), to offer and/or grant to Dato' Dr Koe Seng Kheng, the Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company (“**BHS Shares**”) to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.”

## **ORDINARY RESOLUTION 9**

### **PROPOSED ALLOCATION OF ESOS OPTIONS TO THIANG CHEW LAN**

“**THAT** subject to the passing of Ordinary Resolution 3 and the approval of the relevant authorities or parties being obtained, the Board of Directors of the Company be and is hereby authorised, at any time and from time to time during the duration of the employees' share option scheme (“**Proposed ESOS**”), to offer and/or grant to Thiang Chew Lan, the Independent Non-Executive Director of the Company, options to subscribe for such number of ordinary shares of RM0.25 each in the Company (“**BHS Shares**”) to be issued under the Proposed ESOS provided that not more than ten percent (10%) of the BHS Shares available under the Proposed ESOS at the point in time when the offer is made, should be allocated to any individual eligible person who, either singly or collectively through persons connected (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) to the eligible person, holds twenty percent (20%) or more of the issued and paid-up share capital (excluding treasury shares) of the Company; and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS.”

## **ORDINARY RESOLUTION 10**

### **PROPOSED INCREASE IN THE AUTHORISED SHARE CAPITAL OF BHS FROM RM100,000,000 COMPRISING OF 400,000,000 SHARES TO RM250,000,000 COMPRISING OF 1,000,000,000 SHARES**

“**THAT** subject to the passing of Ordinary Resolutions 2 and 3, approval be and is hereby given for the authorised share capital of the Company to be increased from RM100,000,000 comprising of 400,000,000 ordinary shares of RM0.25 each in the Company (“**BHS Shares**”) to RM250,000,000 comprising of 1,000,000,000 BHS Shares by the creation of an additional 600,000,000 new BHS Shares and that the Memorandum and Articles of Association of the Company and all other documents be and are hereby altered accordingly (“**Proposed Increase In Authorised Share Capital**”).

**AND THAT** the Board of Directors of the Company (“**Board**”) be and is hereby authorised to do all such acts and things as necessary and/or expedient to give full effect to the Proposed Increase In Authorised Share Capital with full power to assent to and accept any conditions, modifications, variations, arrangements and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board.”

By Order of the Board  
**BHS INDUSTRIES BERHAD**

Kang Shew Meng  
Seow Fei San  
Company Secretaries

Petaling Jaya  
28 July 2015

Notes:

1. *Only depositors whose names appear in the Record of Depositors as at 10 August 2015 shall be regarded as members and entitled to attend, speak and vote at the Meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
3. *A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Extraordinary General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.*
4. *Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.*
7. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*



**BHS INDUSTRIES BERHAD** (719660-W)  
(Incorporated in Malaysia under the Companies Act, 1965)

**FORM OF PROXY**

<b>Number of shares held</b>	
<b>CDS No.</b>	

I/We \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

of \_\_\_\_\_  
(ADDRESS)

being a member/members of **BHS INDUSTRIES BERHAD** (the "Company") hereby appoint \_\_\_\_\_  
of  
\_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

\_\_\_\_\_  
(ADDRESS)

or failing him/her, \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS AND I/C NO.)

of \_\_\_\_\_  
(ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING as \*my/our proxy, to vote for \*me/us and on \*my/our behalf at the Extraordinary General Meeting of the Company to be held at Tioman Room, Bukit Jalil Golf and Country Club, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, on Friday, 14 August 2015 at 3.30 p.m. and at any adjournment thereof and to vote as indicated below:

		<b>FOR</b>	<b>AGAINST</b>
Ordinary Resolution 1	Proposed Diversification		
Ordinary Resolution 2	Proposed Rights Issue with Warrants		
Ordinary Resolution 3	Proposed ESOS		
Ordinary Resolution 4	Proposed Allocation of ESOS Options to Dato' Sohaimi Bin Shahadan		
Ordinary Resolution 5	Proposed Allocation of ESOS Options to Dato' Lim Thiam Huat		
Ordinary Resolution 6	Proposed Allocation of ESOS Options to Koo Thiam Yoong		
Ordinary Resolution 7	Proposed Allocation of ESOS Options to Chew Yuit Yoo		
Ordinary Resolution 8	Proposed Allocation of ESOS Options to Dato' Dr Koe Seng Kheng		
Ordinary Resolution 9	Proposed Allocation of ESOS Options to Thiang Chew Lan		
Ordinary Resolution 10	Proposed Increase in Authorised Share Capital		

Please indicate with an "X" in the space provided above how you wish your votes to be cast on the resolutions specified. If no specific direction as to the voting is given, the Proxy will vote or abstain at his/her discretion.

Dated this ..... day of  
....., 2015.

\_\_\_\_\_  
Signature of Shareholder/ Common Seal

Notes: \_\_\_\_\_

Notes:

- Only depositors whose names appear in the Record of Depositors as at 10 August 2015 shall be regarded as members and entitled to attend, speak and vote at the Meeting.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company and a member may appoint any persons to be his proxy. The provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Extraordinary General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holding to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account known as an omnibus account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.



----- Lastly, fold this flap for sealing -----

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Affix Stamp here

The Company Secretary  
**BHS INDUSTRIES BERHAD** (719660-W)  
802, 8th Floor, Block C  
Kelana Square, 17 Jalan SS7/26  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

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