



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.*