

## HAI-O ENTERPRISE BERHAD (22544-D)

(Incorporated in Malaysia)

SUMMARY OF MINUTES of the 42<sup>nd</sup> Annual General Meeting of the Company held at Ballroom I, Level 2, The Federal Hotel Kuala Lumpur, No. 35, Jalan Bukit Bintang, 55100 Kuala Lumpur on Monday, 25 September 2017 at 11.30 a.m.

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PRESENT : Tan Kai Hee – Chairman  
Others – As per attendance list

### 1. QUORUM

The Chairman welcomed the members to the Company's 42<sup>nd</sup> Annual General Meeting and upon confirming the presence of a quorum, duly called the meeting to order at 11.30 a.m.

### 2. NOTICE

There being no objection, the notice convening the meeting, having been circulated earlier to all the members of the Company within the prescribed notice period, was taken as read.

Mr Tan Kai Hee took the Chair and extended a warm welcome to all the shareholders, Board of Directors and invitees to the 42<sup>nd</sup> Annual General Meeting (42<sup>nd</sup> AGM"). Datin Sunita was then invited to lead the Meeting through the agenda.

Datin Sunita reported that the Company has received 668 valid proxies carrying 50,254,959 shares or representing 17.34% of the Company's issued share capital.

The Meeting was informed that the Company has received a letter from the Minority Shareholders Watchdog Group ("MSWG") dated 18 September 2017. Datin Sunita thereafter invited Ms Irene Chew, the Company Secretary, to read out MSWG's questions and the Company's responses thereto for the Meeting's information. Copies of the letter from MSWG and the Company's reply to MSWG are attached as Appendices I and II respectively.

Before the Meeting proceeded with the first item of the agenda, Datin Sunita informed that voting for the resolutions as set out in agendas 2 to 7 in the notice of the 42<sup>nd</sup> AGM will be carried out by poll in line with Bursa's Listing Requirements and **Boardroom Business Solution Sdn Bhd**, an independent scrutineer has been appointed to validate the votes. She thereafter invited Ms Jillian Tan to brief the floor on the conduct of E-Polling.

**3. AUDITED FINANCIAL STATEMENTS (“AFS”)  
THE YEAR ENDED 30 APRIL 2017 (“FYE 30 APRIL 2017”)**

The AFS for the FYE 30 April 2017 and the Reports of the Directors and Auditors having been circulated to all the shareholders within the prescribed period were taken as read.

The questions raised by the shareholders include amongst others, the Group’s strategies for the MLM and Retail segments, the return from the placement of excess funds and the rationale for the increase in Property, Plant and Equipment during the year as well as the rationale for the drop in gross margin were answered by the Group Managing Director and the Group Executive Director cum Chief Financial Officer and the General Manager of both the MLM and Retail segments.

**4. RE-ELECTION OF Y. BHG. DATIN SUNITA MEI-LIN RAJAKUMAR WHO RETIRES PURSUANT TO ARTICLE 102(1) OF THE COMPANY’S ARTICLES OF ASSOCIATION (ORDINARY RESOLUTION 1)**

As the next item on the agenda involved the re-election of Y. Bhg. Datin Sunita as a Director of the Company, Datin Sunita handed the Chair to Mr KK Chow.

In accordance with Article 102(1) of the Company’s Articles of Association, Y. Bhg Datin Sunita Mei-Lin Rajakumar was due to retire and being eligible, has offered herself for re-election.

The poll results in respect of Ordinary Resolution 1 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 1</b> | <b>23,473,520</b> | <b>99.99</b> | <b>1,296</b>     | <b>0.01</b> |

As 23,473,520 shares representing 99.99% of the total votes cast were in favour of the motion, Mr KK Chow declared the following Ordinary Resolution 1 duly passed:-

“THAT Y. Bhg Datin Sunita Mei-Lin Rajakumar retiring pursuant to Article 102(1) of the Company’s Articles of Association, and being eligible be hereby re-elected as Director of the Company.”

Mr KK Chow then handed the Chair back to the Datin Sunita.

5. **RE-ELECTION OF MR TÂN KIM SIONG WHO RETIRES PURSUANT TO ARTICLE 102(1) OF THE COMPANY'S ARTICLES OF ASSOCIATION (ORDINARY RESOLUTION 2)**

In accordance with Article 102(1) of the Company's Articles of Association, Mr Tan Kim Siong was due to retire and being eligible, has offered himself for re-election.

The poll results in respect of Ordinary Resolution 2 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 2</b> | <b>92,596,888</b> | <b>99.90</b> | <b>89,325</b>    | <b>0.10</b> |

As 92,596,888 shares representing 99.90 % of the total votes cast were in favour of the motion, Datin Sunita declared the following Ordinary Resolution 2 duly passed:-

"THAT Tan Kim Siong retiring pursuant to Article 102(1) of the Company's Articles of Association, and being eligible be hereby re-elected as Director of the Company."

6. **RE-APPOINTMENT OF MR TAN KAI HEE AS A DIRECTOR (ORDINARY RESOLUTION 3)**

The next item is to consider the re-appointment of Mr Tan Kai Hee. Mr Tan Kai Hee who is over the age of 70 years was due to retire and being eligible, has offered himself for re-election.

The poll results in respect of Ordinary Resolution 3 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 3</b> | <b>35,812,689</b> | <b>99.75</b> | <b>90,110</b>    | <b>0.25</b> |

As 35,812,689 shares representing 99.75% of the total votes cast were in favour of the motion, Datin Sunita declared the following Ordinary Resolution 3 duly passed:-

"THAT Tan Kai Hee who is over the age of 70 years and being eligible be hereby re-appointed as Director of the Company."

7. **PAYMENT OF DIRECTORS' FEES (ORDINARY RESOLUTION 4)**

The Company had proposed a payment of Directors' fees of RM224,833 for the financial year ended 30 April 2017 of the Company and its subsidiaries.

The poll results in respect of Ordinary Resolution 4 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 4</b> | <b>92,692,363</b> | <b>99.85</b> | <b>136,027</b>   | <b>0.15</b> |

As 92,692,363 shares representing 99.85% of the total votes cast were in favour of the motion, Datin Sunita declared the following Ordinary Resolution 4 duly passed:-

“THAT the payment of Directors’ fees of RM224,833 for the financial year ended 30 April 2017 of the Company and its subsidiaries be hereby approved.”

**8. THE PAYMENT OF DIRECTORS’ REMUNERATION AND BENEFITS (EXCLUDING DIRECTORS’ FEES) TO NON-EXECUTIVE DIRECTORS FROM 1 FEBRUARY 2017 UNTIL THE NEXT ANNUAL GENERAL MEETING OF THE COMPANY (ORDINARY RESOLUTION 5)**

The Company had proposed a Directors’ remuneration and benefits (excluding Directors’ fees) to Non-Executive Directors up to an amount of RM1,400,000 from 1 February 2017 until the next Annual General Meeting of the Company.

The poll results in respect of Ordinary Resolution 5 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 5</b> | <b>91,169,795</b> | <b>98.23</b> | <b>1,647,276</b> | <b>1.77</b> |

As 91,169,795 shares representing 98.23% of the total votes cast were in favour of the motion, Datin Sunita declared the following Ordinary Resolution 5 duly passed:-

“THAT the payment of a Directors’ remuneration and benefits (excluding Directors’ fees) to Non-Executive Directors up to an amount of RM1,400,000 from 1 February 2017 until the next Annual General Meeting of the Company be hereby approved.”

**9. FINAL SINGLE TIER DIVIDEND OF 11 SEN (ORDINARY RESOLUTION 6)**

The Directors had recommended that a final single tier dividend of 11 sen per ordinary share for the financial year ended 30 April 2017 be paid.

The poll results in respect of Ordinary Resolution 6 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 6</b> | <b>89,970,427</b> | <b>99.90</b> | <b>91,850</b>    | <b>0.10</b> |

As 89,970,427 shares representing 99.90% of the total votes cast were in favour of the motion, Datin Sunita declared the following Ordinary Resolution 6 duly passed:-

“THAT the declaration of a final single tier dividend of 11 sen per ordinary share for the financial year ended 30 April 2017 be hereby approved.”

**10. RE-APPOINTMENT OF AUDITORS (ORDINARY RESOLUTION 7)**

Messrs KPMG PLT who was retiring at the 42<sup>nd</sup> AGM had given their consent to seek for re-appointment. It was noted that no other nominations had been received by the Company.

The poll results in respect of Ordinary Resolution 7 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 7</b> | <b>92,096,596</b> | <b>99.31</b> | <b>641,231</b>   | <b>0.69</b> |

As 92,096,596 shares representing 99.31% of the total votes cast were in favour of the motion, Datin Sunita declared the following Ordinary Resolution 7 duly passed:-

“THAT Messrs KPMG PLT be and is hereby re-appointed as Company’s Auditors and to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Directors.”

**11. RETENTION OF Y. BHG. DATIN SUNITA MEI-LIN RAJAKUMAR AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR (ORDINARY RESOLUTION 8)**

As the next item on the agenda involved the retention of Y. Bhg Datin Sunita Mei-Lin Rajakumar as an Independent Non-Executive Director, Datin Sunita handed the Chair to Mr KK Chow.

On the invitation of Datin Sunita, Mr KK Chow who is a member of the Nominating Committee stated on behalf of the Board that the Nominating Committee and the Board have assessed Datin Sunita’s independency and recommended that she be retained as an Independent Non-Executive Director.

The poll results in respect of Ordinary Resolution 8 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 8</b> | <b>35,277,230</b> | <b>98.67</b> | <b>476,990</b>   | <b>1.33</b> |

As 35,277,230 shares representing 99.67% of the total votes cast were in favour of the motion, Mr KK Chow declared the following Ordinary Resolution 8 duly passed:-

“THAT Y. Bhg Datin Sunita Mei-Lin Rajakumar be hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting.”

Mr KK Chow then handed the Chair back to the Datin Sunita.

**12. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (ORDINARY RESOLUTION 9)**

The next item on the agenda was to seek the shareholders authority for the allotment of shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

The poll results in respect of Ordinary Resolution 9 was recorded as follows:-

|                              | FOR               |              | AGAINST          |             |
|------------------------------|-------------------|--------------|------------------|-------------|
|                              | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 9</b> | <b>91,975,350</b> | <b>99.71</b> | <b>263,212</b>   | <b>0.29</b> |

As 91,975,350 shares representing 99.71% of the total votes cast were in favour of the motion, Datin Sunita declared the following Ordinary Resolution 9 duly passed:-

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit and in the interest of the Company, provided that the aggregate number of the shares issued pursuant to this resolution does not exceed 10% of the total number of shares issued of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such

authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

**13. PROPOSED SHARE BUY-BACK BY THE COMPANY (ORDINARY RESOLUTION 10)**

The Company had proposed to seek the approval from the shareholders for a renewal of the Shareholders’ Mandate to buy back the Company’s shares.

The poll results in respect of Ordinary Resolution 10 was recorded as follows:-

|                               | FOR               |              | AGAINST          |             |
|-------------------------------|-------------------|--------------|------------------|-------------|
|                               | Number of Shares  | %            | Number of Shares | %           |
| <b>Ordinary Resolution 10</b> | <b>89,852,364</b> | <b>99.84</b> | <b>142,011</b>   | <b>0.16</b> |

As 89,852,364 shares representing 99.84% of the total votes cast were in favour of the motion, Datin Sunita declared the following Ordinary Resolution 10 duly passed:-

“THAT subject to the rules, regulations and orders made pursuant to the Companies Act, 2016 (“the Act”), provisions of the Company’s Articles of Association and the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Board be and is hereby authorised to purchase the Company’s shares (“Hai-O Shares”) through Bursa Securities (“Proposed Share Buy-Back”) subject to the following:-

- a. the maximum number of Hai-O Shares which may be purchased and/or held as treasury shares by the Company at any point in time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total number of shares issued of the Company;
- b. the maximum fund to be allocated by the Company for the purpose of purchasing the Hai-O Shares shall not exceed the aggregate of the retained profits of the Company;
- c. the authority conferred by this resolution will be effective immediately upon the passing of this Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company at a general meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities; and

- d. upon completion of the purchase(s) of the Hai-O Shares by the Company, the Board be and is hereby authorised to retain the Hai-O Shares so purchased as treasury shares, of which may be distributed as dividends to shareholders and/or re-sold on Bursa Securities and/or subsequently cancelled and in other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND that the Board be and is hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Hai-O Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

**14. CLOSURE**

The Meeting was declared closed at 12.50 p.m. with a vote of thanks to the Chair.





**42<sup>nd</sup> Annual General Meeting  
25 September 2017**

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**Reply to Questions from  
Minority Shareholder  
Watchdog Group  
(MSWG)**

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## Strategic & Financial Matters

Q1) The Group has expended its MLM business by venturing into fashion and beauty care under the brand “infinence”. Kindly brief shareholders on the status of the new MLM brand and its expected contribution to the Group’s business.

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### Answer to Q1:

The range of products that have been launched thus far under the brand “infinence” includes Fashion Lifestyle Hijabs and Skincare Series which have received good response from our members, especially during the festive Ramadan sales promotion this year. The Group is currently undertaking products development for some of the products and is expected to roll out more SKU (stock keeping units) under the “infinence” brand in the current financial year. As the brand is still new to the market, we are unable to gauge the expected contribution to Group’s business.

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## Strategic & Financial Matters

Q2) Please enlighten shareholders on the manufacturing activities under the others segment:

- i. How much CAPEX has been utilised for the development of the manufacturing plants?
- ii. What was the utilisation rate of the Group's manufacturing plants?
- iii. What is the current update, outlook and future development for the manufacturing activities that supports the Group's MLM and Retail segment?

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### Answer to Q2:

- i. The total CAPEX for the development of the new manufacturing plant was approximately RM4.5 million.
- ii. The Group's manufacturing plants are currently operating below its optimum level whereby, the plants will have room to increase its production capacity should the plants receive more orders from the external OEM customers and / or internal customers.

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### **Answer to Q2 (cont'd):**

- iii. Apart from receiving manufacturing orders from external customers, the manufacturing plants support both the MLM and Retail segments for the manufacture of TCM healthcare products, supplements and herbal products. Currently, there are over 20 products supplied to our MLM and Retail segments which are manufactured in-house.

The manufacturing plants are of international standard and are certified by ISO, HACCP, US FDA and GMP. With more orders from TCM contract manufacturing as well as manufacturing of health food and food supplements to meet the increasing demand of customers, the manufacturing activities are expected to have a positive impact to the Group's performance.

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### **Strategic & Financial Matters**

Q3) The Company aims to differentiate its products and services by stationing Chinese physicians at selected retail outlets. Does the Company face intense competition for Chinese physicians and what would be the impact to the Group? Was the shortage of Chinese physicians the main cause of the closure of 2 retail outlets in FYE 2017?

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### **Answer to Q3:**

The provision of TCM Chinese physicians at our retail outlets forms part of our value-added services to our customers in a form of general medical consultation and products knowledge. The closure of 2 retail outlets during the FYE 2017 was part of the outlets rationalisation strategy and the outlets concerned had under-performed.

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### **Strategic & Financial Matters**

Q4) The reduction of contribution from rental of property investment in FYE 2017 was due to non-renewal of tenancy agreement of one of the key tenants.

- i. What were the reasons for key tenants not renewing the tenancy agreements with the Group?
- ii. How would the Group mitigate the risk of non-renewal and sustain its rental revenue?

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### Answer to Q4:

- i. To the best of the knowledge of the Company, the reason for non-renewal of tenancy agreement by the key tenant was due to re-location of its factory.
- ii. We are in the midst of upgrading and refurbishing one of the main units with a view to convert the same for our own use as a warehouse to cater for the increase in sales volume.

To ensure the Group's sustain the rental revenue, we actively engage with property agents to benchmark our properties and offers our properties to the market at competitive rental rates.

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## Thank You

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