

# BESHOM

THE BEST STARTS FROM HOME

**BESHOM HOLDINGS BERHAD**

Registration No. 202101001114 (1401412-A)

## Refreshed Identity Enriching Lives

ANNUAL REPORT 2022



# 2<sup>ND</sup> ANNUAL GENERAL MEETING

27 September 2022

Tuesday, 11:30 a.m.

Ballroom 1, Level 2,  
The Federal Hotel,  
Kuala Lumpur

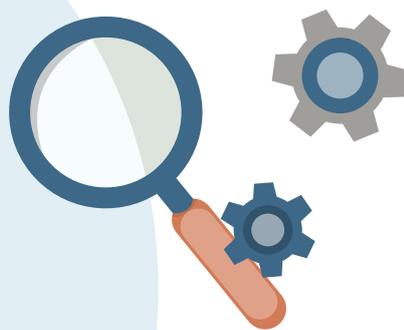


Scan this QR code to view our **Annual Report 2022** on your mobile or tablet or log on to our website at [www.beshom.com](http://www.beshom.com)

## COVER RATIONALE

The cover of our 2022 Annual Report brings a refreshed identity following our recent internal reorganisation, making our brand more appealing to various stakeholders.

BESHOM was built on a legacy of hardwork and steadfast values since 1975 to uphold our mission of enhancing the well-being and quality of life for all.



# WHAT'S INSIDE



## CORPORATE SECTION

Corporate Information	02
Group Corporate Structure	03
Group Financial Highlights	04
Board of Directors	09
Profile of the Board of Directors	10
Profile of the Key Senior Management	15
Chairman's Statement	20
Management Discussion and Analysis by the Group Managing Director	24
Sustainability Summary Report	39



## CORPORATE GOVERNANCE

Audit Committee Report	49
Corporate Governance Overview Statement	55
Statement on Risk Management and Internal Control	78
Additional Corporate Disclosure	85



## FINANCIAL STATEMENTS

Financial Statements	87
----------------------	----



## ADDITIONAL INFORMATION

Analysis of Shareholdings	181
Top 10 Properties	184
Notice of 2 <sup>nd</sup> Annual General Meeting Form of Proxy	185

# CORPORATE INFORMATION

AS AT 2 AUGUST 2022



## BOARD OF DIRECTORS

### Ng Chek Yong

Chairman  
Senior Independent  
Non-Executive Director

### Tan Keng Kang

Group Managing Director  
Non-Independent

### Hew Von Kin

Group Executive Director cum  
Group Chief Financial Officer  
Non-Independent

### Tan Beng Ling

Independent Non-Executive Director

### Soon Eng Sing

Independent Non-Executive Director

### Professor Hajjah Ruhanas Binti Harun

Independent Non-Executive Director

### Chia Kuo Wui

Independent Non-Executive Director

### Tan Kim Siong

Independent Non-Executive Director

## AUDIT COMMITTEE

Chairperson

**Tan Beng Ling**

Members

**Tan Kim Siong**

**Chia Kuo Wui**

## COMPANY SECRETARIES

### Cynthia Gloria Louis

(SSM PC No. 201908003061)  
(MAICSA 7008306)

### Chew Mei Ling

(SSM PC No. 201908003178)  
(MAICSA 7019175)

## AUDITORS

KPMG PLT

(LLP0010081-LCA & AF 0758)

Chartered Accountants

## REGISTERED OFFICE

Unit 621, 6<sup>th</sup> Floor, Block A,  
Kelana Centre Point,  
No 3, Jalan SS7/19, Kelana Jaya,  
47301 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia.  
Tel : 03-7880 9699  
Fax : 03-7880 8699  
E-mail: info@corporatpartners.com.my

## BUSINESS OFFICE

Wisma Hai-O, Lot 11995,  
Batu 2, Jalan Kapar, 41400 Klang,  
Selangor Darul Ehsan, Malaysia.  
Tel: 03-3342 3322  
Fax : 03-3342 8285  
Website URL: www.beshom.com  
E-mail: info@beshom.com

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony,  
No.5 Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia.  
Tel : 03-7890 4700  
Fax : 03-7890 4670  
E-mail: BSR.Helpdesk@  
boardroomlimited.com

## PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad  
Bank of China (Malaysia) Berhad  
Public Bank Berhad  
CIMB Bank Berhad

## ADVOCATES & SOLICITORS

Chooi & Company + Cheang & Ariff

## STOCK EXCHANGE LISTING

Main Market of  
Bursa Malaysia Securities Berhad  
Stock Name / Code: BESHOM 7668  
ISIN: MYL7668OO006

# GROUP CORPORATE STRUCTURE

OF MAIN OPERATING COMPANIES AS AT 2 AUGUST 2022

# B E S H O M

THE BEST STARTS FROM HOME

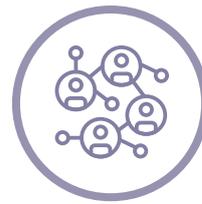
BESHOM HOLDINGS BERHAD

## WHOLESALE



Hai-O Enterprise Berhad  
Hai-O Medicine Sdn. Bhd.  
Kinds Resource Sdn. Bhd.  
Grand Brands (M) Sdn. Bhd.  
Chop Aik Seng Sdn. Bhd.

## MULTI-LEVEL MARKETING (“MLM”)



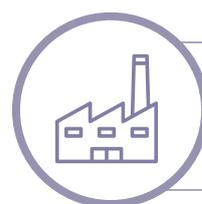
Sahajidah Hai-O Marketing Sdn. Bhd.  
PT Hai-O Indonesia

## RETAIL



Hai-O Raya Bhd.  
Peking Tongrentang (M) Sdn. Bhd.

## MANUFACTURING



SG Global Biotech Sdn. Bhd.  
• QIS Research Laboratory Sdn. Bhd.  
Yan Ou Holdings (M) Sdn. Bhd.  
• Yan Ou Marketing (Intl) Sdn. Bhd.

## OTHERS



Hai-O Properties Sdn. Bhd.  
Hai-O Credit & Leasing Sdn. Bhd.  
• Sri Pangkor Credit & Leasing Sdn. Bhd.

-  Subsidiary Company
-  Associate Company
-  Joint Venture Company



## GROUP FINANCIAL HIGHLIGHTS

	YEAR ENDED 30 APRIL				2022 RM'000
	2018 <sup>^</sup> RM'000	2019 <sup>^</sup> RM'000	2020 <sup>^</sup> RM'000	2021 <sup>^^</sup> RM'000	
Revenue	461,696	328,407	255,174	271,390	209,555
Gross profit	161,547	125,894	99,171	104,981	86,164
Gross margin	35.0%	38.3%	38.9%	38.7%	41.1%
Profit before tax	96,491	63,394	41,517	52,273	40,300
Profit after tax	72,521	47,447	32,319	38,921	28,927
Profit attributable to Owners of the Company	72,254	47,743	32,576	38,805	28,197
Net margin	15.7%	14.4%	12.7%	14.3%	13.8%
Total Assets	395,999	364,235	361,720	371,500	370,139
Total Liabilities	77,076	43,561	51,530	48,412	41,040
Share capital	157,092	157,256	157,256	157,256	312,978
Shareholders' equity	307,905	310,219	299,586	312,748	317,055
<b>Financial Indicators</b>					
Return on Shareholders' Equity	23.5%	15.4%	10.9%	12.4%	8.9%
Earnings per share (sen)#*	24.88	16.43	11.22	13.39	9.46
Single Tier Dividend (sen)	20.0	13.0	10.0	9.0	8.0
Current ratio (times)	3.3	5.0	4.5	5.0	5.9
Net assets per share (sen)	106	107	103	108	106
Price earnings ratio (times)	19.93	15.64	15.33	16.13	17.02
Share Price as at the financial year end (RM)	4.96	2.57	1.72	2.16	1.61
Market Capitalisation as at the financial year end (RM'000)	1,489,309	771,766	516,512	648,643	483,166

### Notes:

<sup>^</sup> FY2018 to FY2020 reported under Hai-O Enterprise Berhad & its subsidiaries.

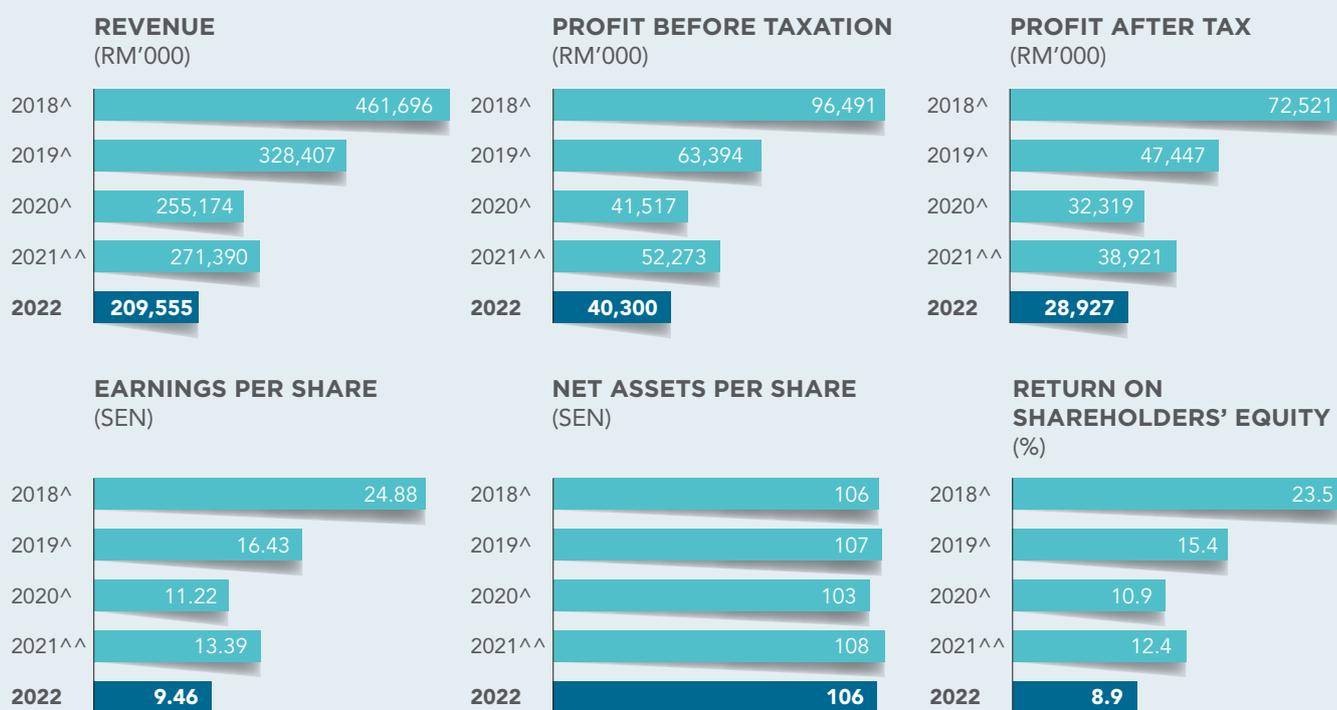
<sup>^^</sup> FY2021 restated to include audited financial statements of Beshom Holdings Berhad for FY2021.

# Calculated based on weighted average number of shares in issue, net of treasury shares.

\* FY2018 & FY2019 calculation after inclusion of shares issued pursuant to Employees' Share Option Scheme ("ESOS") exercised.

GROUP FINANCIAL  
HIGHLIGHTS

(CONTINUED)



## Notes:

<sup>^</sup> FY2018 to FY2020 reported under Hai-O Enterprise Berhad & its subsidiaries.<sup>^^</sup> FY2021 restated to include audited financial statements of Beshom Holdings Berhad for FY2021.

Financial Year (FY)	Dividends (RM'000)	Payout ratio
FY2013	27,584	57%
FY2014	27,416	67%
FY2015	29,195	96%
FY2016	28,972	79%
FY2017	41,629	70%
FY2018	58,176	80%
FY2019	37,745	80%
FY2020	29,013	90%
FY2021	26,584	68%
FY2022	24,008	83%
<b>10 YEARS CASH DIVIDEND (FY2013 - FY2022)</b>	<b>330,322</b>	<b>76%</b>

**Share Dividend**

FY2022 : Prior to the completion of internal reorganisation exercise, the Board declared a distribution of share dividend of 1 treasury share for every 26 existing ordinary shares held on 22 June 2021. The share dividend was credited to entitled Depositors' Securities Accounts on 6 July 2021.

CORPORATE  
PROFILEOUR CORPORATE  
JOURNEY

**Welcome to our new home.....** Effectively following the conclusion of the internal reorganisation on 29 November 2021, the investment holding function and the operating business entities of the Group were officially segregated on 29 November 2021, where Beshom Holdings Berhad ("**BESHOM**"), the investment holding entity assumed the listing status of Hai-O Enterprise Berhad ("**HAI-O**"), whilst HAI-O and the other subsidiaries will continue to operate the existing businesses. BESHOM is a new home to the HAI-O's group of companies.

Before BESHOM assumed the listing status, HAI-O was listed on the then Second Board of Kuala Lumpur Stock Exchange ("**KLSE**") in December 1996 and was successfully transferred to the Main Board of KLSE (now known as Main Market of Bursa Malaysia Securities Berhad) in 2007 reflecting the scale of the Group's achievement throughout the years.

After more than 4 decades in operations, the size of the Group has grown to a level where the investment holding company i.e. HAI-O also held some of the business functions of the Group. We believe a clear demarcation of business activities will enable the respective business segments to monitor our operational risks more effectively. Our new corporate identity BESHOM, will allow the Group to achieve greater flexibility in management, reporting, and reorganisation of our businesses. The "**HAI-O**" brand name has been the Group's proud history and footprint in Malaysia and "**HAI-O**" brand name will remain as our key brand ambassador as a trusted traditional health food supplier.

2022 marks the beginning of our new corporate identity in response to an evolving business environment.



## CORPORATE PROFILE

(CONTINUED)



36

MLM branches, stockists  
and sales points



54

Retail chain stores and  
franchises



## OUR BUSINESS

From our origins as a retailer focusing on trading of Chinese medicated products since 1975, the Group has grown into one of the major suppliers of Chinese herbal products and medicated tonics to a large number of traditional Chinese medical halls and duty-free shops. Headquartered in Klang, Selangor, our businesses over the years have expanded to cover Multi-Level-Marketing (“MLM”), Wholesaling, Retailing and Manufacturing.



## WHAT WE DO

We market our products through our MLM, Wholesale and Retail networks. We carry more than 2,000 stock keeping units (“SKU”) on a combined basis. Our business operations are supported by approximately 50,000 independent MLM distributors, over 2,000 wholesalers and retailers and 2 international certified manufacturing plants with certifications from ISO, HACCP, GMP, US FDA and one of them is also Halal certified by Jabatan Kemajuan Islam Malaysia (JAKIM). Today, HAI-O is one of the major suppliers of Chinese herbal products, medicated tonics, Chinese tea, cooking ingredients, health supplements, skincare, cosmetics, lifestyle and fashion merchandises.



## GEOGRAPHICAL PRESENCE

The Group operates primarily in Malaysia with a total of 90 business setup units comprise of 36 MLM branches, stockists and sales points across both Peninsular and East Malaysia as well as 1 branch in Brunei, and 54 retail chain stores and franchises, primarily located in the Klang Valley and with a foothold in all major states in Malaysia.

BRAND  
STORY

## B E S H O M

We believe in the importance of a good start, which underscores our motto of **The Best Starts From Home**. For over four decades, we have upheld our mission to enhance the well-being for all.



FOR OUR **PEOPLE** 以人为本  
Making wellness and healthcare products more accessible has and will always be our goal.

我们为每个人提供便捷可信的健康保健产品，  
这个承诺永不改变。



FOR OUR **LIVELIHOOD** 安居乐业  
A platform to enhance the quality of life by giving support and opportunities.

我们精心设计一应俱全的平台，为您提供支援，  
替您创造机会，让每一个人享受安居乐业的成果。



FOR OUR **FUTURE** 高瞻远瞩  
Improve the well-being of humankind through innovative healthcare and technology.

通过崭新的医疗保健科技，改善人类健康，  
勇于创新，未来可期。



FOR OUR **LEGACY** 继往开来  
Building a world based on trust, values, integrity and sustainability for the future generations.

建立一个融合信任，价值、诚信和永续发展概念的企业，继往开来，承先启后、延续美好。

## BOARD OF DIRECTORS



*from left to right (front)*

**Tan Keng Kang**

Group Managing Director  
Non-Independent

**Ng Chek Yong**

Chairman  
Senior Independent  
Non-Executive Director

**Hew Von Kin**

Group Executive Director  
cum Group Chief Financial Officer  
Non-Independent

*from left to right (behind)*

**Tan Beng Ling**

Independent  
Non-Executive Director

**Chia Kuo Wui**

Independent  
Non-Executive Director

**Soon Eng Sing**

Independent  
Non-Executive Director

**Tan Kim Siong**

Independent  
Non-Executive Director

**Professor Hajjah Ruhanas**

**Binti Harun**

Independent  
Non-Executive Director



## PROFILE OF THE BOARD OF DIRECTORS

### NG CHEK YONG

**Chairman**  
**Senior Independent Non-Executive Director**

**Age 65 | Gender Male | Nationality Malaysian**

**Mr. Ng Chek Yong** completed his A Level at Cambridge Higher School Certificate, St. Patrick School, Kuching, Sarawak, Malaysia. Mr. Ng joined Chinese Media Industry in 1979 and has served the industry for more than 38 years until his retirement from Media profession in October 2017. He began his career as a reporter/ feature writer with See Hua Daily News in 1979. In 1988, he joined TO-DAY News Sabah as the Chief Reporter and then was recruited by Sin Chew Media Corporation Berhad (SCMC) as a reporter on 1 August 1988. He was appointed as a Director of SCMC from 2006 until his retirement. During 2012 up to October 2017, he served as Managing Director of SCMC, prior to his promotion, he was the CEO of Mulu Press Sdn Bhd, a wholly owned subsidiary of SCMC from 2004 to 2012 and the Regional Editor of East Malaysia for Sin Chew Daily from 1997 to 2012.

Mr. Ng was the Executive Director of Media Chinese International Limited (MCIL) from 1 March 2012 to 3 October 2017. MCIL was formed by the merger of Ming Pao Enterprise (Hong Kong), SCMC and Nanyang Press Holdings (NPH) dually listed on the Main Board of The Stock Exchange of Hong Kong and the Bursa Malaysia. He was the Chairman of the Group Executive Committee and a member of the Remuneration Committee during his executive directorship in MCIL. He was in-charge of the overall group operations of both SCMC and NPH in Malaysia and their overseas operations, including the media businesses in New York, Jakarta, Phnom Penh and Brunei Darussalam. Being in the Media Industry since the day he started his career, Mr. Ng is well versed in different means of mass communication and economic as well as cultural connectivity with the Chinese community. He has high level of awareness, familiarity and sensitivity to different views and life of the community, including the changes of habitual behaviour, ecosystem and trend. Mr. Ng is a literary veteran and also an active online analyst of politics, current affairs and market trend. He is currently the President of the Constellation Poetical Society Sarawak.

Mr. Ng was appointed to the Board of BESHOM on 12 November 2021 following the establishment of new investment holding company of Hai-O group of companies in tandem with the transfer of listing status from Hai-O Enterprise Berhad to BESHOM pursuant to the Group's internal reorganisation exercise. Mr. Ng is the Independent Non-Executive Director since he was appointed to Hai-O Enterprise Berhad on 2 May 2019 and was designated as the Senior Independent Non-Executive Director on 1 July 2020. He was then appointed as the Chairman of BESHOM on 1 May 2022. Mr. Ng is also the Chairman of the ESOS Committee.

He has no family relationship with any other director or major shareholder of BESHOM.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

## PROFILE OF THE BOARD OF DIRECTORS

(CONTINUED)

### TAN KENG KANG

Group Managing Director  
Non-Independent

Age 46 | Gender Male | Nationality Malaysian

Mr. Tan Keng Kang has attended the course in International Economics at Beijing University, China in 1997. He joined Hai-O Enterprise Berhad ("HAI-O") as an Operations Executive on 1 August 1998, mainly to support the operational activities of Hai-O's marketing arm.

On 1 May 2000, he was then promoted as a Sales Manager and Director of Chop Aik Seng Sdn. Bhd., a subsidiary of HAI-O dealing in tea and other beverages.

He was appointed to the Board of BESHOM on 12 November 2021 as the Group Managing Director following the establishment of new investment holding company of Hai-O group of companies in tandem with the transfer of listing status from HAI-O to BESHOM pursuant to the Group's internal reorganisation exercise. Mr. Tan is the Group Executive Director since he was appointed to HAI-O on 1 April 2012 and was appointed as the Group Managing Director on 1 February 2016.

He is the Chairman of the Sustainability Steering Committee and a member of the ESOS Committee. He sits on the Board of Trustees of Yayasan Usman Awang, Tan Kah Kee Foundation, Hai-O Foundation and also a director in Hai-O Enterprise Berhad and Hai-O Raya Bhd. Currently, he also holds directorship in several private limited companies.

Mr. Tan is involved in the strategic planning at the Group level and manages the Group's operational activities and oversees the business development of BESHOM Group.

Mr. Tan actively involved in various trade and non-trade associations. He is an Advisor to Puer Tea Trade Association, Malaysia-China Friendship Association (PPMC: Secretary - General), Tan Kah Kee Foundation (Vice President), China-Asean (Malaysia) Entrepreneurs' Association (Vice President), China Trade Promotion Association (Vice President) and also Vice President of Association of Belt and Road Malaysia.

Mr. Tan Keng Kang is the son of the late Mr. Tan Kai Hee, the major shareholder of BESHOM.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

### HEW VON KIN

Group Executive Director cum  
Group Chief Financial Officer  
Non-Independent

Age 60 | Gender Male | Nationality Malaysian

Mr. Hew Von Kin is the Group Chief Financial Officer of BESHOM Group and has been working with the Group for more than 25 years.

He is one of the key senior staff who is involved in the strategic planning and financial management of the Group. He has helped to grow and build the business over the years.

Mr. Hew is proficient in Finance & Accounting, Financial Investments, Investors Relations and Strategic Planning & Management. He has responsibly and effectively led his team to take on various corporate exercises, investment and acquisition projects for the Group.

He is also one of the key persons who has helped the Board to develop and oversee the succession planning, human capital development and promoting corporate responsibility related works for the Group.

Mr. Hew was appointed to the Board of BESHOM on 12 November 2021 following the establishment of new investment holding company of Hai-O group of companies in tandem with the transfer of listing status from Hai-O Enterprise Berhad to BESHOM pursuant to the Group's internal reorganisation exercise. Mr. Hew is the Group Executive Director cum Group Chief Financial Officer of the Company. He is the Chairman of the Risk Management Committee, a member of the Sustainability Steering Committee and ESOS Committee.

He is also the Group Executive Director of Hai-O Enterprise Berhad since his appointment on 1 February 2016 and sits on the Board of Trustees of Hai-O Foundation since 11 September 2014.

Mr. Hew is a member of the Chartered Institute of Management Accountants (CIMA).

He has no family relationship with any other director and major shareholder of BESHOM.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

## PROFILE OF THE BOARD OF DIRECTORS

(CONTINUED)

### TAN BENG LING

**Independent  
Non-Executive Director**

**Age 59 | Gender Female | Nationality Malaysian**

**Ms. Tan Beng Ling** graduated with a Bachelor of Business Administration from the National University of Singapore in 1987 and is a CFA (Chartered Financial Analyst) charter holder.

Ms. Tan has more than 30 years' experience in investment research and fund management. She started her career as an economist with DBS Securities in Singapore, before returning to Malaysia as an equity analyst with Barclays deZoete Wedd Securities. She subsequently served with WI Carr, Arab-Malaysian Securities and was one of the founding members and CEO of Surf88.Com, an online research service provider which was an associate of The Star, the leading newspaper in Malaysia.

Ms. Tan joined the fund management industry in 2005 as the Chief Investment Officer of Meridian Asset Management, directly overseeing investments of more than RM1 billion in equities and fixed income. Before her retirement in July 2020, she was the Chief Investment Officer and a partner at Kumpulan Sentiasa Cemerlang Sdn. Bhd., which provides investment management services to institutions and high net worth individuals.

Ms. Tan was appointed to the Board of BESHOM on 12 November 2021 following the establishment of new investment holding company of Hai-O group of companies in tandem with the transfer of listing status from Hai-O Enterprise Berhad to BESHOM pursuant to the Group's internal reorganisation exercise. Ms. Tan is the Independent Non-Executive Director since she was appointed to Hai-O Enterprise Berhad on 16 April 2018. She is the Chairperson of the Audit Committee, a member of the Risk Management Committee, Remuneration Committee and Sustainability Steering Committee. She is also a director of Hai-O Enterprise Berhad.

She has no family relationship with any other director or major shareholder of BESHOM.

She has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on her by any regulatory bodies during the financial year.

### SOON ENG SING

**Independent  
Non-Executive Director**

**Age 46 | Gender Male | Nationality Malaysian**

**Mr. Soon Eng Sing** graduated with BSc. Business Administration (Magna Cum Laude) from Southern New Hampshire University, USA in 1998 and obtained his Master of Business Administration (MBA) from University of Chicago Booth School of Business, USA in 2008.

He has over 2 decades of corporate experience working in financial services and pharmaceutical companies in Singapore, Hong Kong, China and Malaysia. His expertise lies in strategic human capital management, organisation development and leadership development.

Mr. Soon was appointed to the Board of BESHOM on 12 November 2021 following the establishment of new investment holding company of Hai-O group of companies in tandem with the transfer of listing status from Hai-O Enterprise Berhad to BESHOM pursuant to the Group's internal reorganisation exercise. Mr. Soon is the Independent Non-Executive Director since he was appointed to Hai-O Enterprise Berhad on 1 December 2015. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee. He is also a director of Hai-O Enterprise Berhad.

He has no family relationship with any other director or major shareholder of BESHOM.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

## PROFILE OF THE BOARD OF DIRECTORS

(CONTINUED)

### CHIA KUO WUI

**Independent  
Non-Executive Director**

**Age 45 | Gender Male | Nationality Malaysian**

**Mr. Chia Kuo Wui** graduated with a Bachelor of Commerce, Accounting from Curtin University Western Australia in 2001. He obtained a Charles Sturt University Master of Business Administration from HELP University College Kuala Lumpur in 2006.

He joined Hai-O Corporate Planning and Investor Relations Department in 2006 and held key positions in several Hai-O Group of Companies. Prior to joining Hai-O Enterprise Berhad, he worked in 2 public listed companies. He also holds directorship in several private limited companies.

Mr. Chia was appointed to the Board of BESHOM on 12 November 2021 following the establishment of new investment holding company of Hai-O group of companies in tandem with the transfer of listing status from Hai-O Enterprise Berhad to BESHOM pursuant to the Group's internal reorganisation exercise. Mr. Chia was the Executive Director appointed in Hai-O Enterprise Berhad on 14 November 2008. He was redesignated to Non-Independent Non-Executive Director on 2 January 2015 and to Independent Non-Executive Director on 16 April 2018. Mr. Chia is a member of the Audit Committee, Risk Management Committee, Remuneration Committee and Sustainability Steering Committee. He is also a director of Hai-O Enterprise Berhad.

He has no family relationship with any other director or major shareholder of BESHOM.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

### TAN KIM SIONG

**Independent  
Non-Executive Director**

**Age 46 | Gender Male | Nationality Malaysian**

**Mr. Tan Kim Siong** graduated with BBA & MBA from University of New Brunswick of Canada.

He acquired working experience in planning and marketing Investment Portfolios to clients when he was attached to one of the leading financial institutions in Malaysia.

Prior to setting up his own logistic firm in 2006, he was involved in housing development in Negeri Sembilan and has also gained business experience in China in the tile manufacturing industry.

He has since grown his logistic firm into one of the leading haulage companies in the industry. Throughout the years, he has acquired several companies to expand his business as a fully-integrated logistics provider.

Mr. Tan was appointed to the Board of BESHOM on 12 November 2021 following the establishment of new investment holding company of Hai-O group of companies in tandem with the transfer of listing status from Hai-O Enterprise Berhad to BESHOM pursuant to the Group's internal reorganisation exercise. Mr. Tan is the Independent Non-Executive Director since he was appointed to Hai-O Enterprise Berhad on 8 January 2014. He is a member of the Audit Committee and Nominating Committee. He is also a director of Hai-O Enterprise Berhad.

He has no family relationship with any other director or major shareholder of BESHOM.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

## PROFILE OF THE BOARD OF DIRECTORS

(CONTINUED)

### PROFESSOR HAJJAH RUHANAS BINTI HARUN

**Independent  
Non-Executive Director**

**Age 71 | Gender Female | Nationality Malaysian**

**Professor Hajjah Ruhanas** graduated with M.A from Sorbonne University, Paris, Post Graduate Diploma in Political Studies from Institut d'Etudes Politiques, Paris, B.A (Hons.) in International Relations and Post Graduate Diploma in Translation from University of Malaya.

She is a Professor at the Department of Strategic Studies, Faculty of Management and Defence Studies (FPPP), National Defence University of Malaya (UPNM). She is a qualified translator and has taught extensively in Malaysia and abroad amongst others she has served as the Department Head of International and Strategic Studies in University of Malaya, a Lecturer and Professor in the Department of International Relations and Security Studies, National University of Malaya (UKM) and Malaysian Armed Forces Defence College, Kuala Lumpur. Hajjah Ruhanas researches, lectures and publishes on her area of expertise include Malaysia's foreign policy, national security and peacebuilding and regional integration.

Hajjah Ruhanas is currently the Distinguished Fellow at the Malaysian Armed Forces Command and Staff College, Senior Fellow at the Malaysian Institute of Defence and Security (MIDAS) and Senior Fellow at the Regional Centre for Security Studies Kuala Lumpur.

Apart from making a mark as an expert on Malaysia's national security, Hajjah Ruhanas has also distinguished herself as Malaysia's leading expert on Indo-China. Besides teaching and researching, she has translated books and articles from French into Malay (published by Dewan Bahasa dan Pustaka). A linguist, she speaks fluent Malay-Indonesian, English and French, and intermediate German and basic Vietnamese. She is also actively involved in community volunteer works and NGOs.

Hajjah Ruhanas was appointed to the Board of BESHOM on 12 November 2021 following the establishment of new investment holding company of Hai-O group of companies in tandem with the transfer of listing status from Hai-O Enterprise Berhad to BESHOM pursuant to the Group's internal reorganisation exercise. Hajjah Ruhanas is the Independent Non-Executive Director since she was appointed to Hai-O Enterprise Berhad on 2 July 2018. She is the Chairperson of the Nominating Committee.

She has no family relationship with any other director or major shareholder of BESHOM.

She has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on her by any regulatory bodies during the financial year.

#### Notes:

1. The details of the Directors' shareholdings in the Company and its subsidiaries are disclosed on page 183 of this Annual Report.
2. The details of the conflict of interest with the Company are disclosed on page 86 of this Annual Report.

## PROFILE OF THE KEY SENIOR MANAGEMENT



*from left to right (front)*

**Tan Keng Kang**

**Hew Von Kin**

*from left to right (behind)*

**Tham Yoke Lon**

**Tan Yong Chin**

**Philip Teo Kheng Leong**



## PROFILE OF THE KEY SENIOR MANAGEMENT

(CONTINUED)

### THAM YOKE LON

#### General Manager

Age 53 | Gender Male | Nationality Malaysian

**Sahajidah Hai-O Marketing Sdn. Bhd.**  
(Multi-Level Marketing Segment)

**Mr. Tham** graduated with a Bachelor of Arts (Mass Communication) from Universiti Kebangsaan Malaysia in 1995.

He joined the Multi-Level Marketing segment of BESHOM as Senior Marketing Manager on 1 February 2012. Prior to joining BESHOM Group, he was attached with several private limited companies involved in the retailing and direct selling business.

He was appointed as the Assistant General Manager of Sahajidah Hai-O Marketing Sdn. Bhd. on 1 June 2014 and was thereafter promoted as the General Manager on 1 January 2016. He is a member of the Direct Selling Association of Malaysia (DSAM).

He has no family relationship with any other director or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.

### TAN YONG CHIN

#### Chief Marketing Officer

Age 47 | Gender Male | Nationality Malaysian

**Hai-O Enterprise Berhad**  
(Wholesale, Retail & Manufacturing Segments)

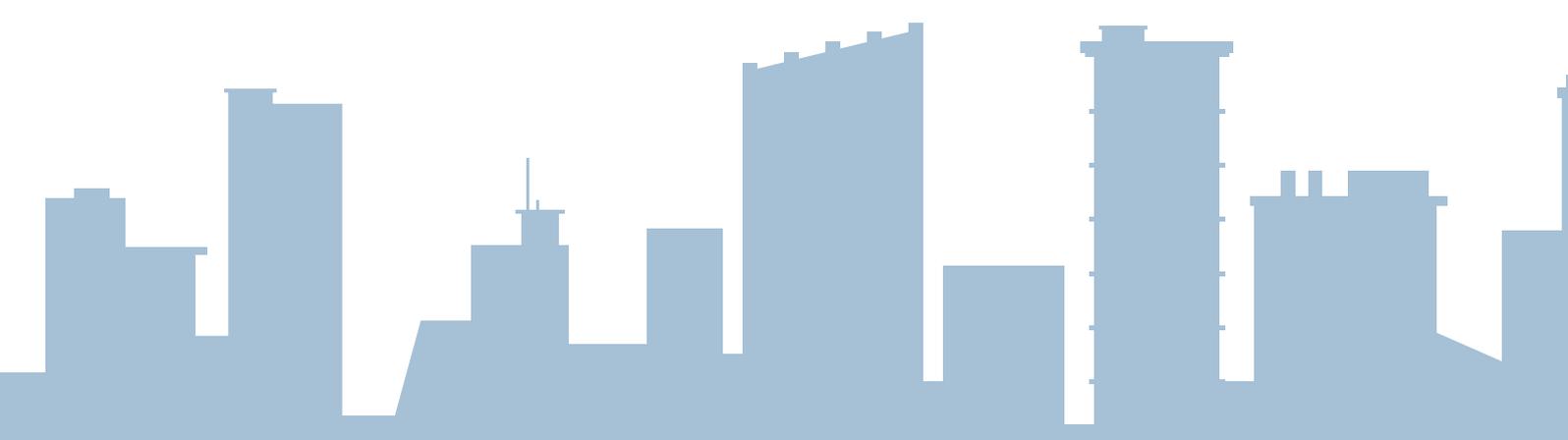
**Mr. Tan** graduated with a Master of Business Administration (MBA) from University of Southern Queensland in 2014.

He joined Hai-O Enterprise Berhad, the Wholesale segment of BESHOM as the Chief Marketing Officer on 1 July 2021. Prior to joining BESHOM Group, he was attached to Nestle for about 26 years. He was also a CEO of a newly start-up company selling imported beverage from Morocco to local market through various sales channels. With that, Mr. Tan had a great exposure in different divisions such as Food Services, Wholesalers, General Trade, Chain Stores, Retail Outlets, Pharmacies, Chinese Medical Halls and Modern Trade with a significant achievement to grow the business.

Mr. Tan demonstrated aggressive character with result driven mindset, strong business acumen, and able think out of the box to overcome challenges to enhance company's competitiveness.

He has no family relationship with any other director or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.



## PROFILE OF THE KEY SENIOR MANAGEMENT

(CONTINUED)

### PHILIP TEO KHENG LEONG

---

#### General Manager

Age 44 | Gender Male | Nationality Malaysian

**Hai-O Raya Bhd.**  
(Retail segment)

**Mr. Philip Teo** graduated with a Diploma in Hospitality Management from Stamford College in 1998 and Professional Certificate in Engineering (Computer / Telecommunication) from Informatics College, Malaysia in 2001.

He joined Hai-O Raya Bhd., the Retail segment of BESHOM as the Retail Operation Executive on 16 May 2005 and thereafter was promoted as the Retail Operations Manager and General Manager of Retail division on 1 July 2011 and 1 July 2017 respectively.

Prior to joining BESHOM Group, he has gained working experience in administrative and operations of retail businesses and fast food chain companies for more than 2 years.

He has no family relationship with any other director or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offence within the past five years. There was no public sanction or penalty imposed on him by any regulatory bodies during the financial year.



# TRIBUTE TO MR TAN KAI HEE

1937 - 2022

.....the founder and late Chairman of the Hai-O Group

Mr. Tan Kai Hee and Hai-O are two inseparable names. A true visionary, Mr. Tan founded Hai-O with a small capital of RM168,000 in 1975. From its humble beginning in the trading of Chinese merchandise, the Hai-O group under the leadership of Mr. Tan has grown to become one of the largest retail chain stores and MLM companies in Malaysia offering a wide range of complementary medicines and healthcare products backed by net assets of more than RM300 million. His profound qualities of entrepreneurship, perseverance and networking has created a strong foundation for Hai-O and its subsidiaries ("**Hai-O Group - BESHOM**").



**We salute Mr. Tan Kai Hee for his many accomplishments. A true leader who rallied the Hai-O - BESHOM family to always try harder to achieve more. He has made a positive impact on many who worked with and knew him, and will continue to serve as an inspiration to many in years to come.**



Mr. Tan Kai Hee was born in 1937 at Jalan Mengkibol, Johor, to parents who were both primary school teachers. Like many Malaysian corporate legends, Mr. Tan experienced an unsettling childhood during World War II. He faced the dislocation of the economy, widespread destruction of infrastructures and a decline in living standards during the war. This formative period harnessed his resilience, perseverance, and the ability to face and overcome challenges, and also sowed the seeds of strong ethics and integrity which became his lifelong principles. A firm believer of socialism which advocates a more equal society, Mr. Tan Kai Hee has contributed to the society generously and unconditionally and was awarded Asia's 2017 Heroes of Philanthropy by the Forbes. His contributions were not just in terms of monetary donation but also time and efforts to lead and participate in events and movements which were close to his heart.

The modest and down-to-earth Mr. Tan was well loved and respected by people who knew him, and yet he was a brave soul who was not afraid to stand up for what was right even when an honest opinion was not always the most popular. Mr. Tan has set an example as a philanthropist who cared deeply for the welfare of his staff, customers, associates, community and environment even before the ESG (Environmental, Social and Governance) was conceptualised. Indeed, he has instilled and upheld the principle of equality in resources sharing among the stakeholders of the Hai-O Group - BESHOM.



# CHAIRMAN'S STATEMENT



## Dear Shareholders,

Before becoming the Chairman of Beshom Holdings Berhad (“BESHOM” or “Company”), I have been appointed to the Board as an Independent Non-Executive Director for more than 3 years, and have been designated as the Senior Independent Non-Executive Director since 1 July 2020. I would like to thank the members of the Board of Directors (“Board”) for their trust in me as the Chairman of the Company. It is indeed a great honour for me to undertake this important role as the Chairman which was previously held by our commendable late founder and former Group Chairman, Mr. Tan Kai Hee. Allow me to commemorate the late Mr. Tan Kai Hee for his relentless hard work and contributions which led the Group to become one of the largest retail chain stores and MLM companies in Malaysia.

**“In BESHOM, we are focusing on long term sustainability and delivering stable profits and dividends amid an increasingly competitive and challenging business environment”**

On behalf of the Board, I am pleased to present to you the Annual Report of the the Company and its subsidiaries (“BESHOM Group” or “Group”) for the financial year ended 30 April 2022 (“FY2022”).

Twelve months ago, we thought the financial year 2021 had been one of the most difficult financial years in the Group’s operating history. While realising the challenges faced by our businesses at that time, little did we recognise that the pandemic would continue to disrupt the business activities for financial year 2022 and beyond.

It is gratifying that in these challenging business environment, the Group continues to chart commendable profit and delivers dividend payments to our shareholders. I believe this was partly due to the businesses that we operate but mostly due to the initiatives of the Management in response to the low consumer confidence and the reduction in purchasing power. Despite the roll out of the National Recovery Plan (“NRP”) by the Government of Malaysia as an exit strategy from the coronavirus disease (“COVID-19”) pandemic, the exit was not as straight forward as most people would have expected. A return to normalcy for the global and Malaysian economy remained a challenge throughout the financial year. Apart from the pandemic, the economy recovery was also pulled back by the one of the worst floods in the recent history in Malaysia, this has impacted the livelihoods of many. Adding on to the already difficult business environment, there were also disruptions in the global supply chain after parts of China went into lockdown that affected timely supply of products and rising shipping cost.

CHAIRMAN'S  
STATEMENT

(CONTINUED)



## REVENUE

**RM209.6**  
MILLIONPROFIT  
BEFORE  
TAXATION**RM40.3**  
MILLIONNET  
ASSETS**RM317.1**  
MILLION

## COMMITMENT TO RECORD PROFIT

*Short term performance is invariably affected by prolonged pandemic is case in point. Focusing on long term value to ensure that profits and dividends is our commitment to provide sustainable rewards to shareholders.*

The Group recorded a total revenue of RM209.6 million as compared to RM271.4 million for the financial year ended 30 April 2022 ("FY2022"), which represented a decline of 22.8%. The revenue of the Group continued to be driven by 3 major business segments, i.e. Multi-Level-Marketing ("MLM"), Retail and Wholesale. Apart from the Retail segment which has charted improvement in both revenue and profit before tax ("PBT"), the MLM and Wholesale segments saw a drop in revenue and PBT primarily impacted by the re-imposition of movement control orders ("MCO") in the first half of FY2022. While the Retail segment recorded better revenue and PBT relative to the financial year ended 30 April 2021 ("FY2021"), it was unable to off-set the decline in the financial performance in both the MLM and Wholesale segments, given that the Retail segment has not been a major revenue and PBT contributor to the Group. Consequently, the PBT of the Group dropped by RM12.0 million from RM52.3 million for FY2021 to RM40.3 million for FY2022, which represented a decline of 22.9%. This is in-line with the revenue trend recorded for FY2022. While BESHOM's performance over a particular year is important, and it is usually the main focus of market commentators and investment analysts, short-term performance is invariably affected by the prolonged pandemic is case in point. Long-term corporate success often requires foregoing immediate profits in return for sustainability and eventual growth. In BESHOM, we are focusing on long-term sustainability and delivering stable profits and dividends amid an increasingly competitive and challenging business environment.

Further discussion and analysis on the performance of the Group's business segments are contained in the Management Discussion and Analysis report by our Managing Director.

The equity attributable to owners of the Group as at 30 April 2022 stood at RM317.1 million (FY2021: RM312.7 million). The slight drop in equity attributable to owners of the Group is mainly in consequence of the dividend payments made for the FY2021 and FY2022 during the financial year under review. A total of RM24.0 million in cash in the form of dividend had been distributed to our shareholders during FY2022, and following the distribution of one (1) treasury share for every twenty six (26) ordinary shares held in HAI-O as share dividend, the net assets ("NA") of the Group was RM1.06 per share as at 30 April 2022 as compared to RM1.08 per share as at FY2021.

As at the close of FY2022, the Group had a net cash balance of RM117.3 million (FY2021: RM113.5 million) with zero borrowing. Taking into account of the global rising interest rates trend and challenging business environment, the Management has continued to adopt a more conservative approach in managing the Group's capital structure. The nature of our businesses which are transacted mostly in cash has also contributed to the Group's healthy net cash position.

During the pandemic and its transition to normalcy, many companies have faced some difficult choices including to streamline human resources amid redundancy. With our strong cash position, we were in a fortunate position of having the capacity to retain the staff force with no retrenchment. We saw this as an investment in our people, and to maintain our skills base whilst instilling loyalty amongst our employees.

## CHAIRMAN'S STATEMENT

(CONTINUED)

### NON-INTERRUPTED DIVIDEND PAYMENT TO SHAREHOLDERS

BESHOM has long-standing credentials in rewarding shareholders with dividend payment annually. We firmly believe that a key component of total shareholders' return is the dividend received by shareholders. Since the Company's listing on the Second Board of Kuala Lumpur Stock Exchange in December 1996, without any interruption, the Group has delivered shareholders' return in the form of dividend.

The Group has in place a dividend policy in distributing dividend with a payout ratio of not less than 50% of the Group's profit after taxation. The Board will take note of current earnings and cash position as well as projected future cash flow requirements before deciding on the declaration of dividend for a particular financial year. The Board and Management have always been trying to outperformed the payout ratio of 50%. Similar to the last financial year, the Company has declared / proposed 2 dividend payments in respect of FY2022. The first single tier interim dividend of 3 sen per share was paid on 25 January 2022, while the proposed final single tier dividend of 5 sen per share for FY2022, is subject to the shareholders' approval at the forthcoming annual general meeting. This will bring the total dividends to 8 sen per share for the FY2022 (FY2021: 9 sen per share), which represents a payout ratio in the form of cash of more than 80%.

### OUTLOOK FOR THE NEXT CHAPTER

Overall, the Malaysian economy saw a moderate recovery, with a growth in Gross Domestic Products by 3.1% in 2021 (2020: -5.6%). Headline inflation averaged higher at 2.5% (2020: -1.2%). The higher cost due to rising global oil prices and supply chain disruptions led to some upward price pressures for certain categories of consumer goods and services. (Source: Bank Negara Malaysia Annual Report 2021).

With the NRP which rolled out in May 2022, Malaysia is transitioning towards endemicy. Nonetheless, learning the lesson from the last financial year that it takes time for the nation and consumer confidence to stage a rebound, we are continuously in a state of preparedness for the likelihood of near-term disruptions to operating conditions brought about by COVID-19 developments and supply chain disruption from geopolitical tension.

According to Bank Negara Malaysia Annual Report 2021, going forward, the economic and financial landscape will continue to evolve. The pandemic will likely result in structural shifts in economic and financial linkages, such as from the economic scarring on the labour market and potential changes in inflation dynamics – both of which have yet to be fully understood given that adjustments are still in motion. Furthermore, key elements of change also include the accelerated pace of digital technology, threats to environmental sustainability, and the move towards a larger role of market-based financing. (Source: Bank Negara Malaysia Annual Report 2020).



## CHAIRMAN'S STATEMENT

(CONTINUED)

In response to the uncertain times ahead, the Group has established 3 focus areas for sustainability and growth. First being the continuous progression in the development of digital infrastructure across all our major business segments. Digitalisation will change the way we work and the way how our customers interact with us. Although we are not in the forefront of digitalisation, we remain committed to learn and improve in our digital initiatives. Second, being products enhancement and development. Operating in a high inflationary environment, having the right product at the right time and at the right costing will allow us to remain relevant to the market place. Thirdly, cost optimisation, a persistent measure that is essentially to ensure every ringgit that shareholders entrusted in us is being utilised appropriately.

I believe with the Group's strong balance sheet and portfolio of cash-generative businesses, we are well-positioned to withstand a range of economic conditions and deliver satisfactory shareholders' returns over the long term. Meanwhile, we will continue to be vigilant, assess the constantly changing environment and respond appropriately.

### MAJOR CORPORATE DEVELOPMENT

The Company had embarked on an internal reorganisation in FY2021, which involved separating the investment holding and business operating functions of the listing vehicle of the Hai-O Group. The corporate exercise has resulted in BESHOM assuming the listing status of Hai-O Enterprise Berhad ("HAI-O") with no change to the business activities of the HAI-O Group. The objectives of the internal reorganisation is to provide a clear demarcation of business of all the Group's business segments from investment holding function of the listing vehicle, thereby allowing the management to have greater flexibilities for strategy planning and risk management initiatives for each business segment.

I am pleased to witness the completion of the internal reorganisation, which has taken place on 29 November 2021 following the transfer of listing from HAI-O to BESHOM. Consequently, HAI-O is now a wholly-owned subsidiary of BESHOM.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") FOOTPRINT

During FY2022, the Group continued to support and commit on sustainability to deliver meaningful impact for customers, employees, suppliers and other stakeholders. While refining sustainability policies in the conduct of our businesses to

ensure how sustainability is maintained, the Group's sustainability agenda for the year also included proposals in coping with the global environmental crisis. Notable mention is the Proposed Solar Energy project that involves installation of solar photovoltaic panels at the Group's main premises in Klang, Selangor. The Solar Energy project is expected to benefit the Group in terms of reduction in electricity bills, decrease ambient temperature as well as lowering our carbon footprint. The project is expected to be ready for commissioning by 1<sup>st</sup> half of 2023.

The Group's sustainability progress on material matters is further detailed in the Sustainability Statement 2022. The Group's inaugural Sustainability Statement was first published in August 2018 and has since been updated on an annual basis.

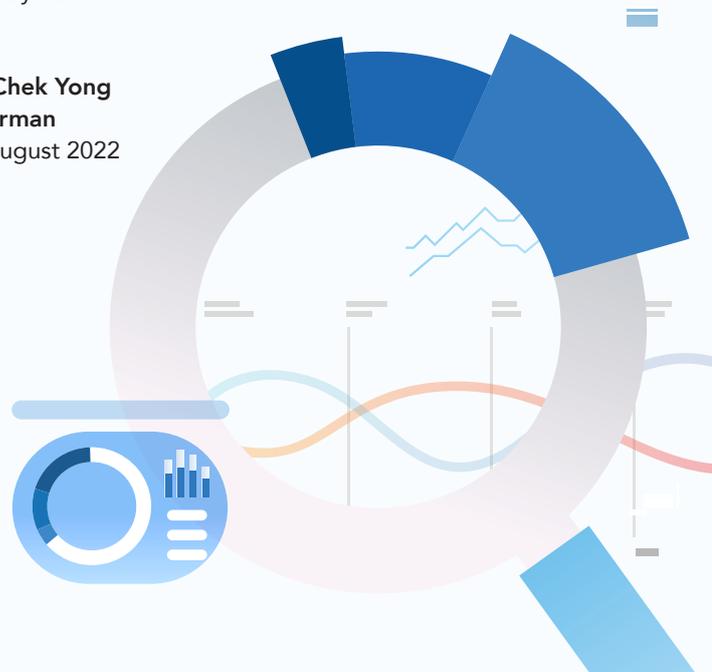
### APPRECIATION AND ACKNOWLEDGEMENT

I would like to acknowledge our capable team of Management who has done an outstanding job for the stakeholders of the Group including customers, MLM distributors / members, suppliers and above all for our shareholders in sustaining profitability for the Group. It has been a difficult year for everyone but I continue to be impressed with their resilience and hard work and their commitment to the great legacy of our late founder Mr. Tan Kai Hee had left.

I would also like to express my appreciation and gratitude on behalf of the Board, to bankers, business partners, governmental authorities, and our shareholders for your continued support and confidence in our Group.

Thank you.

**Ng Chek Yong**  
Chairman  
15 August 2022



# MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

BY GROUP MANAGING DIRECTOR



**“The resilience of the Group reflects the agility of the management team.”**

The MD&A contains general background information about the activities of Beshom Holdings Berhad (“BESHOM”) and its group of subsidiaries (“BESHOM Group” or “Group”) as at the date of production of this Annual Report. The information given is in summary form and does not purport to be complete. It is not intended to be and should not be relied upon as advice to shareholders or potential investors and does not take into account the investment objectives, financial

situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate. The MD&A may contain forward-looking statements or opinions including statements regarding our intent, belief or current expectations with respect to BESHOM Group’s business operations, market conditions, and financial condition. Those statements are usually predictive in character; or may be affected by assumptions made or unknown risks and uncertainties; or may differ materially from the results ultimately achieved. Given such uncertainties, readers are cautioned and advised not to place undue reliance on the forward-looking statements.

The financial year ended 30 April 2022 (“FY2022”) was a significant year in the history of BESHOM Group following the successful completion of the internal reorganisation on 29 November 2021. As a strategic step to strengthen the Group’s future operation strategies, the investment holding function and the operating business entities of the Group were officially segregated on 29 November 2021. BESHOM is the investment holding entity which has assumed the listing status of Hai-O Enterprise Berhad (“HAI-O”), whilst HAI-O and the other subsidiaries continue to operate their existing businesses as below:

## B E S H O M

THE BEST STARTS FROM HOME



### MULTI LEVEL MARKETING (“MLM”)

Multi level direct marketing of nutritional food & beverage, wellness supplements, skincare, beauty & cosmetic, personal care and household products



### WHOLESALE

Wholesaling and trading in patented medicines, medicated tonic, healthcare products, herbs and tea



### RETAIL

Operating traditional complementary medicines (“TCM”) retail chain stores and providing Chinese physician consultation services



### OTHERS

Including manufacturing, credit & leasing, insurance agency, investment holding and property holding

## MD &amp; A

BY GROUP MANAGING DIRECTOR (CONTINUED)

The clear demarcation of business activities will enable the respective business segments to monitor operational risks more effectively, a move that we believe will create value for shareholders through increasing the Group's operational, reporting and financial focus and flexibility.

## FINANCIAL PERFORMANCE

The Coronavirus disease ("COVID-19") pandemic has caused severe disruptions to the world for more than two years now. I believe most companies including BESHOM Group would have started the year 2021 on a hopeful note in light of the rapid rollout of the COVID-19 vaccination programmes. However, the recovery path was not as fast and smooth as most have anticipated.

The Group continues to demonstrate strength and agility in the way we do business and serve our customers. While we remain resilient, our financial performance was again challenged and tested by the extremely difficult operating environment in a year of many false starts. In the financial year ended 30 April 2022 ("FY2022"), the Group posted revenue of RM209.6 million (FY2021: RM271.4 million). This represented a decrease of 22.8% as compared to the financial year ended 30 April 2021 ("FY2021"), mainly caused by a 33.1% drop in revenue in the MLM segment. The extended pandemic took a big toll on consumer confidence, with fatigue setting in amidst new uncertainties and risks on many fronts, including geopolitics, global and domestic economics, supply chain disruptions and inflation. Thankfully, the Wholesale and Retail segments did relatively better – Wholesale revenue fell by 9.3% while Retail revenue edged up by 3.2%, thanks to the intermittent recovery of footfall during various phases of the National Recovery Plan ("NRP").

In tandem with the drop in revenue, the Group recorded a 23.0% decline in profit before taxation ("PBT") to RM40.3 million for FY2022 (FY2021: RM52.3 million). On an after-tax basis, the return on shareholders' equity still worked out to a respectable 8.9%. That the consumer-centric BESHOM Group was able to deliver a 8.9% return on equity is testimony to its underlying resilience which is anchored by the agility and commitment of the Management team. Indeed, the reduced profitability should be taken in the context of the very tough business conditions. Management and staff have put in enormous efforts to navigate the constantly evolving pandemic as they strive to keep the businesses ongoing and our stakeholders safe.

**Management and staff have put in enormous efforts to navigate the constantly evolving pandemic as they strive to keep the businesses ongoing and our stakeholders safe**

## FY2022 PERFORMANCE SNAPSHOT



REVENUE

**RM209.6**  
MILLIONPROFIT BEFORE  
TAXATION**RM40.3**  
MILLIONDIVIDEND  
PER SHARE**8** SENTOTAL EQUITY  
ATTRIBUTABLE TO  
SHAREHOLDERS**RM317.1**  
MILLIONNET ASSETS  
PER SHARE**RM1.06**

## MD&A

BY GROUP MANAGING DIRECTOR (CONTINUED)

### FINANCIAL POSITION

The Group maintained a robust balance sheet with net cash position of RM117.3 million at the close of FY2022. Total assets of the Group amounted to RM370.1 million, while total liabilities comprising mainly trade and other payables amounted to RM41.0 million. The cash holding of the Group comprising financial assets, cash and cash equivalents made up more than 30% of the Group's total assets, giving us a high level of liquidity and flexibility. Total equity attributable to shareholders at the close of FY2022 was RM317.1 million (FY2021: RM312.7 million), which improved by approximately RM4.4 million. Net assets per share attributable to ordinary equity holders of the Group ("NA") fell slightly to RM1.06 at the close of FY2022 (FY2021: RM1.08) following the distribution of one (1) treasury share for every twenty six (26) ordinary shares held in HAI-O as share dividend in FY2022.

### CASH AND CAPITAL MANAGEMENT

The Group manages its capital structure with the objective of enhancing long-term shareholder value. The continuity of the Group as a going concern remains the priority from a capital management aspect. This is achieved through regular reviews of the capital structure of the Group to strike a balance between shareholder returns in the form of dividend and a strong balance sheet. The distribution of dividend for each financial year will take into account the projected operating cash flows requirements, capital commitments and strategic investment opportunities, if any, arising from time to time. The Company remains committed on the policy to distribute at least 50% of the PAT as dividend to shareholders.

Cash dividends paid to shareholders in FY2022 are as summarised below:

	Per share Sen	Total payout RM'million
FY2021 second single tier interim paid on 29 July 2021	5	15.0
FY2022 single tier interim dividend paid on 25 January 2022	3	9.0
<b>Total</b>	<b>8</b>	<b>24.0</b>

A final single tier dividend of 5 sen per share in respect of FY2022 has been proposed by the Board and will be tabled for shareholders' approval at the forthcoming Annual General Meeting. Although the financial performance of the Group has been affected by the prolonged health crisis, the Company is still committed to provide sustainable returns to our shareholders as we balance long-term strategic growth opportunities and proactive management of capital.



Hai-O Raya Bhd  
(Retail segment)  
awarded the Best  
Company Award  
2022.

MD & A

BY GROUP MANAGING DIRECTOR (CONTINUED)

REVIEW OF OPERATIONS



MLM  
SEGMENT

- MLM segment remains the largest revenue and profit contributor to the Group.
- Revenue and PBT declined by 33.1% and 37.9% respectively.
- The COVID-19 pandemic continued to constrain normal marketing activities and affected consumer spending.
- Members retention and recruitment faced competition from casual employment such as food delivery.

REVENUE  
**RM115.4**  
MILLION

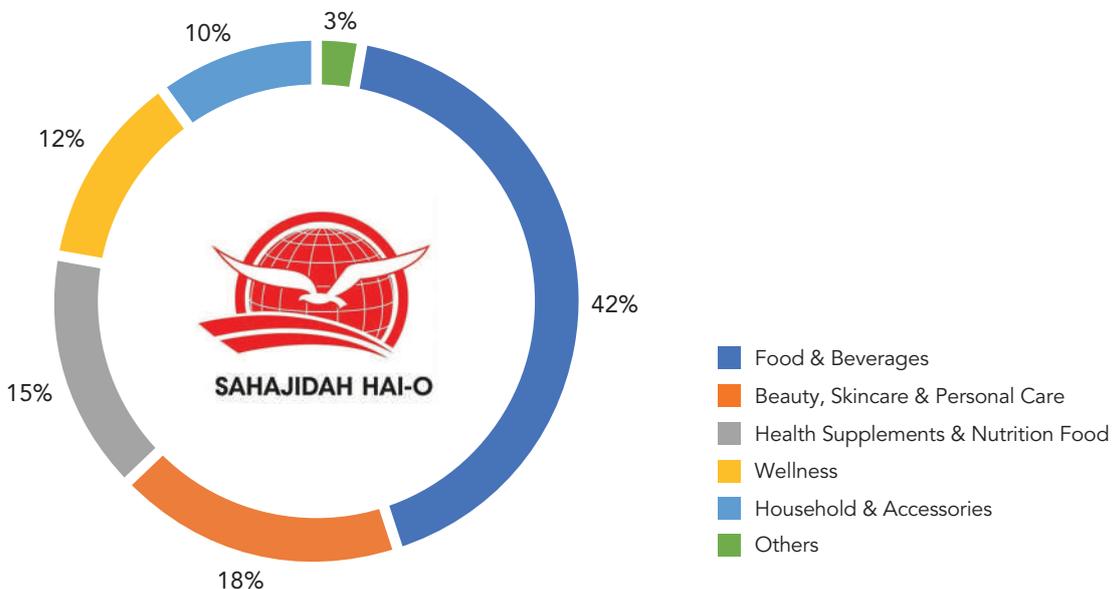
PROFIT  
BEFORE  
TAXATION  
**RM21.1**  
MILLION

The MLM segment is the largest revenue and profit contributor to the Group, contributing approximately 55.1% and 52.3% of total Group revenue and PBT in FY2022. This key segment continues to face unprecedented challenges from the COVID-19 pandemic, with revenue and PBT decreasing by 33.1% and 37.9% to RM115.4 million and RM21.1 million, as compared to RM172.4 million and RM34.0 million, respectively, in the preceding FY2021.

The management of the MLM segment has taken the persistent challenges in their stride and relentlessly endeavoured to adapt and adjust to the changing conditions. When physical events were disallowed, virtual engagements with distributors and members were stepped up via our enhanced digital platforms, resulting in the increase of sales conversion through e-Commerce platforms from 18% in FY2021 to 28% of MLM sales in FY2022. MLM's product focus on small ticket items has also helped digital conversion in FY2022.

With the ongoing enhancement in our digital adoption efforts, we believe sales conversion will continue to step up through our e-Commerce platforms.

For FY2022, the products mix of the MLM segment is set out below:



# MD&A

BY GROUP MANAGING DIRECTOR (CONTINUED)

Navigating through the uncertainties of COVID-19 has been a dominant feature of the last two years and our efforts have been focused on supporting our distributors and members whilst keeping them safe as we continue to explore and adjust the way the business is operated amidst the constant flux. COVID-19, and the associated lockdown, have disrupted many lives with varied and sometimes overwhelming impact on individual distributors and members. We have worked hard to support our distributors and members, but continue to face pressures to retain and recruit new members due to competition from casual employment opportunities such as food delivery.

Despite the reopening of all economic and social sectors in the second half of the financial year, the MLM segment has yet to see full recovery to the business. Consumer sentiment and spending power remain weak and further dampened by inflationary concerns, while the spread of the COVID-19 variants still discourages active participation of physical events. We see challenges ahead and will continue to sustain and fortify business continuity via forward thinking, anticipation, prompt execution and nimble adjustment of business plans. The MLM segment will require a longer time to rebuild momentum and enjoy the results of its marketing strategies, but it is making steady progress to emerge stronger.

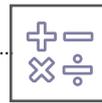
## BUSINESS PLANS



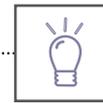
**PRODUCT DEVELOPMENT**



**RETAIN AND RECRUIT**



**COST CONTROL**



**DIGITAL ADOPTION ENTRENCHMENT**

### Product development

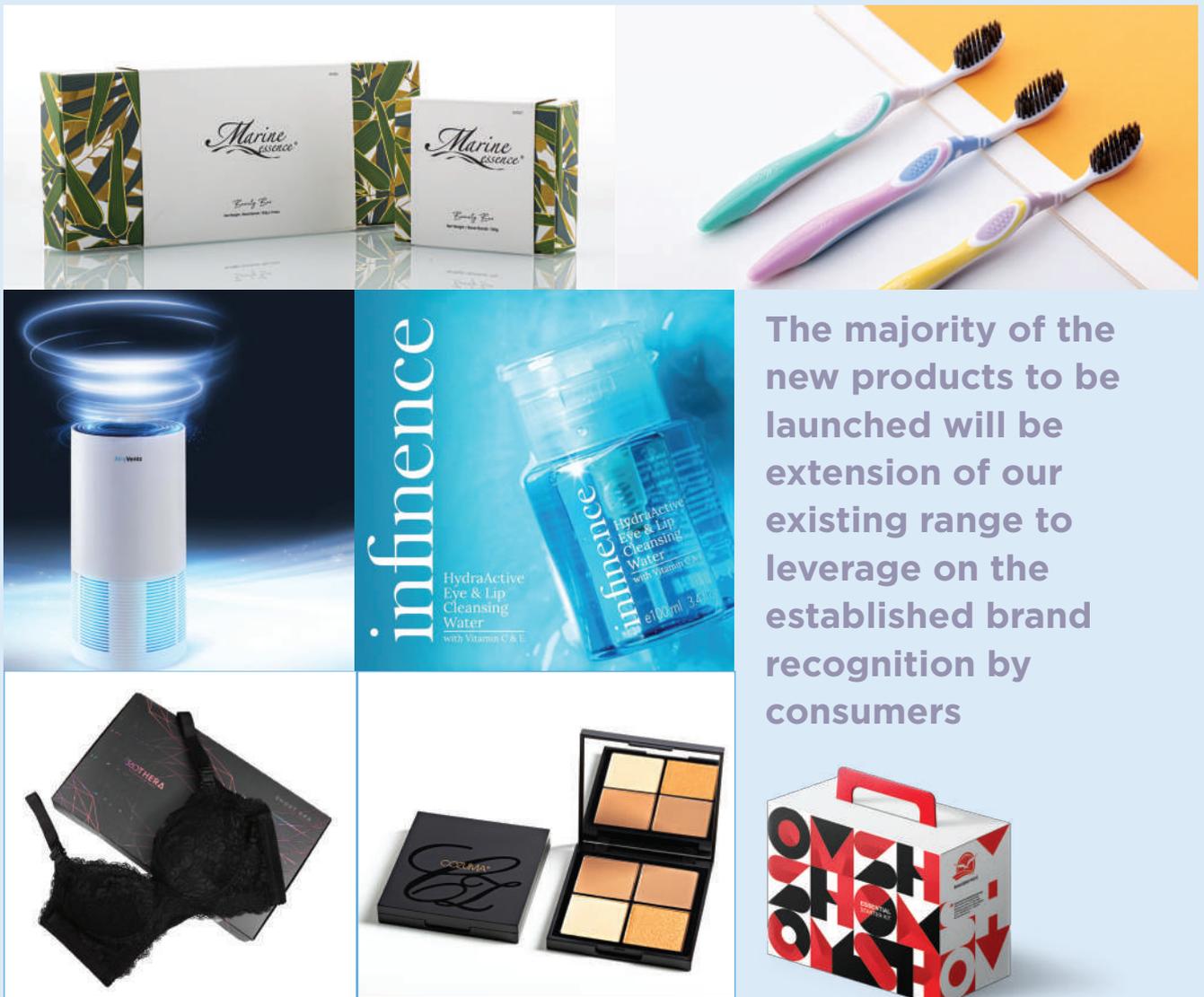
The MLM segment had a good pipeline with the launch of nine products in FY2022, including two new products: Airy Ventz and Nurich Puri-C, and seven remaining products being extension of our existing range: PB Thera Short Bra, Cozuma Dazzle Me Eyeshadow, Marine Essence Beauty Bar, Infinance HydraActive Eye & Lip Cleansing Water, D’Chef Paella Sauce and D’Chef Chilli Crab Sauce. Both Airy Ventz and Nurich Puri-C were launched to capture the demand for pandemic-driven products. Global air purifier demand is expected to grow by more than 10%, while Nurich Puri-C which combines highly absorbable Vitamin C and D3 in one tablet meets the demand for health supplements to enhance immunity.



MD & A

BY GROUP MANAGING DIRECTOR (CONTINUED)

We will continue to develop new products to cater for market demand, with various new products already in the pipeline for the next financial year. The majority of the new products to be launched will be extension of our existing range to leverage on the established brand recognition by consumers, such as PB Thera and Marine Essence brands.



The majority of the new products to be launched will be extension of our existing range to leverage on the established brand recognition by consumers

Retain and Recruit

Our broad-based members network has been the proud testament of the MLM segment. Inevitably, we have experienced a contraction in membership renewal and recruitment during the extended pandemic due to a combination of factors including the prohibition of mega physical events and the weak consumer sentiment, as well as competition from casual employment such as food delivery. We see this as a temporary setback and is working hard to rebuild the network. Initiatives are underway to provide support to our distributors and members through these trying times. Among others, we have reduced renewal/joining fee to retain existing members and to attract new members, and are also helping members to hone their digital marketing skills via the e-SHOM Academy. An Essential Starter Kit containing our best-selling products have been introduced at affordable prices to equip entrepreneurial new members with an additional tool to start a new business for themselves. In view of the reduced spending power in general, the MLM segment has also collaborated with myIOU to provide a digital payment solution option so that members can buy products without having to make full payment upfront (Buy Now Pay Later).

## MD&amp;A

BY GROUP MANAGING DIRECTOR (CONTINUED)



The Diamond Night award ceremony held at SCCC on 11 June 2022, celebrating the achievements and success of our outstanding SHOMpreneurs.

## Digital adoption entrenchment

To ensure sustainability of buying interest and enhancement of overall buying experience, we have implemented various initiatives to strengthen our business digitally and to foster the entrenchment of digital adoption among our distributors and members. We will continue to invest to sustain our brand image in the social media and digital platforms including regular updates and frequent uploading of new contents on Facebook, Telegram etc. In addition, our revamped member portal was launched in July 2021 with various enhancements so that members can easily access to product and promotional information, including the mechanics involving tier discounts and product selections. We are also encouraging digital adoption among our staff with bi-monthly zoom gatherings to conduct product talk and to share MLM's latest updates and information.

## Cost control &amp; margin management

Cost optimisation remains an ongoing Group-wide initiative. Management continues to explore many aspects to manage products margins including cost control for raw materials, packaging and logistics. Leveraging on our good relationship with suppliers and marketing agencies, sponsorships have been sought for various products campaigns and promotions to reduce costs and sustain profitability. We are grateful to suppliers who are willing to work hand in hand with us in this difficult business climate.

MD & A

BY GROUP MANAGING DIRECTOR (CONTINUED)



**WHOLESALE  
SEGMENT**

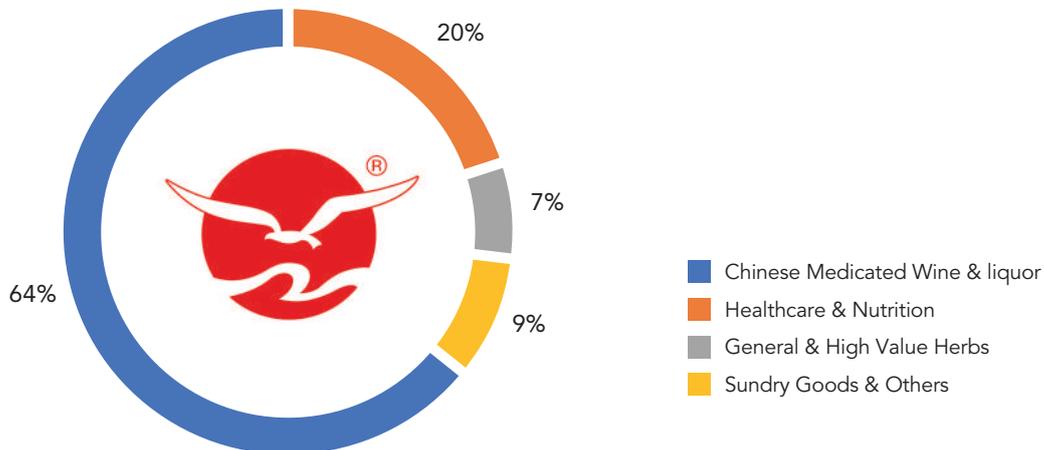
- Revenue and PBT contracted by 9.3% and 10.1% respectively.
- Higher base results from FY2021 and COVID-19 restrictions affected divisional performance in the 1<sup>st</sup> half of FY2022.
- Despite the reopening of the economy in the 2<sup>nd</sup> half of FY2022, the subsequent increase in sales was not able to offset the larger drop in the 1<sup>st</sup> half of FY2022.

**REVENUE**  
**RM53.1**  
**MILLION**

**PROFIT  
BEFORE  
TAXATION**  
**RM12.4**  
**MILLION**

The Wholesale segment performed remarkably well in FY2021, boosted by overwhelming response to the “last buy” sales promotion prior to price revisions for Chinese medicated tonic. Against the high base in FY2021, Wholesale revenue and PBT fell 9.3% and 10.1% in FY2022 to RM53.1 million and RM12.4 million respectively. The segment suffered a steeper decline in revenue and PBT in the 1<sup>st</sup> half of FY2022 due to reduced demand from restaurants and Chinese medical halls, our major customers in the Wholesale segment, which were affected by the MCO. It was also affected by supply chain disruptions and higher shipping cost arising from the sustained border closure in China where some products were sourced. While the economy began to reopen in the 2<sup>nd</sup> half of FY2022, many businesses and consumers remained cautious. Despite higher revenue and PBT recorded in the 2<sup>nd</sup> half of FY2022, the increase was not able to offset the larger drop in the 1<sup>st</sup> half of the financial year.

Similar to the past financial years, Chinese medicated wines and liquors category (64%) was the largest contributor in terms of product mix under the Wholesale segment, followed by healthcare & nutrition products (20%), as set out below:



In order to remain a trusted wholesale supplier, the Wholesale segment has taken into consideration the volatile and challenging operating environment in formulating its business strategies which include the following:

**BUSINESS STRATEGIES**



**PRODUCT  
DEVELOPMENT AND  
ENHANCEMENT**



**EXPANSION OF MARKET  
PRESENCE**



**MARKETING AND  
PROMOTION**



**DIGITAL ADOPTION  
AND COST  
OPTIMISATION**

## MD&amp;A

BY GROUP MANAGING DIRECTOR (CONTINUED)

## Product development and enhancement

We have successfully relaunched one of our signature products, Yang Sheng Chiew (養生酒), with a fresh yet classy new packaging to attract younger consumers. As part of the rebranding campaign, promotional activities were run on AstroGo and Astro AEC Live Broadcast to promote the health benefits of the medicated tonic. Both campaigns have collectively brought in sales of more than 1,600 Yang Sheng Chiew sets.

As part of the push for pandemic-related products, promotional activities were focused on healthcare and wellness products. The packaging of Lian Hua Cool Burst was refreshed during the financial year to include the Hai-O logo as part of the effort to reinforce collaboration between the supplier and the Hai-O Group. Lian Hua Cool Burst is a mask coolant and freshener with sanitizing function.

Sales of Chinese New Year hampers have done well in FY2022 as Management was able to accurately gauge demand. Hamper sales rose more than 30% in terms of units sold and revenue in FY2022.

The extension of house brand products under our fast-moving consumer goods (“FMCG”) category is another product development focus. In light of the generally weakened spending power, the Wholesale segment plans to roll out more affordable healthcare related FMCG products, targeting at young consumers who tend to have faster product acceptance, shorter consumption cycles and higher consumption volume. In this respect, I am excited that that a few FMCG products are at an advanced stage of development and slated for launching in FY2023.



## Expansion of market presence

Continuous efforts were spent on expansion of market presence to enhance business sustainability and promote brand loyalty. In FY2022, we added 77 new customers/listing spots in our database, comprising mainly wholesalers, supermarkets and pharmacies. New customers added to the list recently included Watsons Pharmacy and 7-11 convenient stores.

## Digital adoption and cost optimisation

Ongoing efforts have continued on digital adoption and cost optimisation to support business sustainability. A major digital initiative is the enhancement of the warehousing system through barcoding and logistics management based on a new SAP system. When the new warehousing system goes live in FY2023, we expect to shorten processing time while increasing accuracy, transparency and traceability of orders and delivery. We are at our final leg of implementation, migrating and integrating a massive volume of information between the old and new systems.

MD & A

BY GROUP MANAGING DIRECTOR (CONTINUED)

Marketing and promotion



In light of MCO restrictions especially in the first half of FY2022, many marketing and promotion activities were conducted online and through social media platforms. Apart from Astro Go and Astro AEC Live, we also leveraged on our official online stores at Shopee and Lazada to carry out live marketing activities. Key Opinion Leaders (KOL) were engaged to promote our products at Hai-O e-store and social media platforms including Facebook and Youtube concurrently with promotional sales activities at other online platforms such as Prestomall and Yubeli.

A notable mention was the Classic Culinary Inspired Online Competition (古早味新煮意网络争霸赛) held in collaboration with Oriental Cuisine Magazine on 25 September 2021. This two-week event attracted a total of 334,000 viewers, reaching as high as 35,000 viewers for the Grand Final.



RETAIL  
SEGMENT

- Best performing business segment in FY2022.
- FY2022 revenue rose 3.2% while PBT jumped 183.5% on higher margins.
- Recovering footfall and overwhelming demand for house brand products markedly lifted performance in the 2<sup>nd</sup> half.

REVENUE  
**RM37.0**  
MILLION

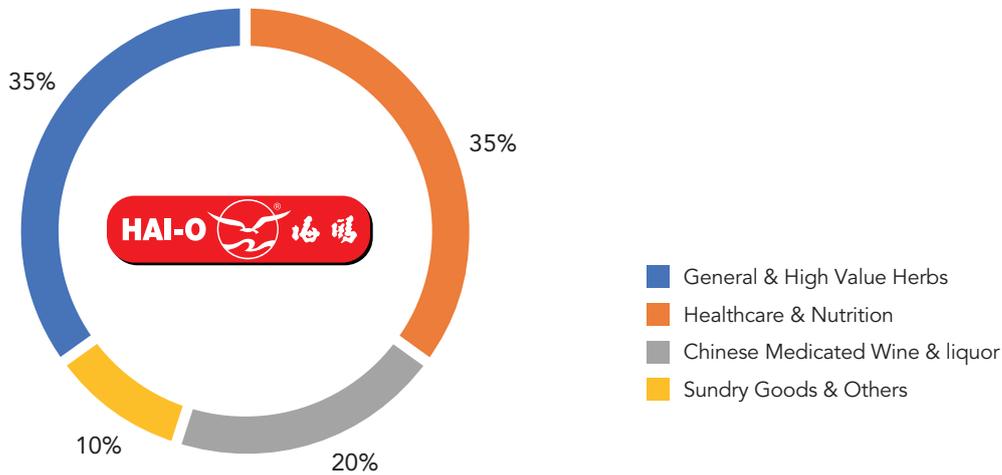
PROFIT  
BEFORE  
TAXATION  
**RM3.4**  
MILLION

The Retail and Wholesale segments faced contrasting fortunes in their financial results. Unlike Wholesale which did remarkably well in FY2021, the Retail segment was badly hit by prolonged lockdowns and pandemic restrictions. From this depressed base, it was able to rebound at a faster pace when the economy started to gradually reopen and footfall recovered on the path of NRP from June 2021. The Retail segment recorded revenue and PBT of RM37.0 million and RM3.4 million in FY2022, an improvement of 3.2% and 183.5% as compared to RM35.8 million and RM1.2 million respectively in FY2021. Although Retail revenue was only marginally higher than FY2021, PBT almost tripled on the back of aggressive promotional activities for higher-margin house brand products and cost optimisation initiatives. Sales from ecommerce platform accounted for 4.3% of total segment sales.

# MD&A

BY GROUP MANAGING DIRECTOR (CONTINUED)

General and high value herbs, healthcare & nutrition products contributed 70% of total Retail sales in FY2022. Chinese medicated wines and liquors brought in another 20%, with the remaining from sundry goods and others, as shown below:



## Strategic marketing initiatives

The commendable results achieved by the Retail segment reflected relentless efforts initiated by management. In FY2022, we adopted multifaceted marketing and promotion strategies to drive revenue, tapping both internal and external marketing platforms to conduct various forms of promotional activities.

### STRATEGIC MARKETING INITIATIVES



MD & A

BY GROUP MANAGING DIRECTOR (CONTINUED)

Strategic marketing initiatives were planned to create awareness, sustain buying interest, foster demand and to lock in sales. We have formed strategic partnerships with Public Bank, UOB Bank, TK Bakery, Grab Pay & Maxis APP and REN TCM to leverage on their already established platforms to promote our brands and products. Among others, instant cashback was offered to entice high spending customers and special sales was arranged for Public Bank staff.



In FY2022, various thematic marketing campaigns were conducted, including several tied to online marketplace events such as 11/11 Sale, Shopee/Lazada Birthday Sale, Chinese New Year, Raya Holiday Deals, Labour Day Weekend, Mother's Day and Parent's Day Special. Concurrently, product thematic promotional events were launched, some were co-sponsored by manufacturers, to promote our house brands. HOR Health Fair (海鸡保健周), which aimed to capitalise on heightened demand for health supplements during the pandemic, has received very positive response. Meanwhile, our signature products, i.e. Honbo Green Propolis (巴西绿色蜂胶), Hai-O Cordyceps Capsule (冬虫夏草丸), Hai-O Ming Zhu Bai Feng Wan (明珠白凤丸) and Zhen-G Health Tonic (养元酒), were actively promoted throughout the year.



## MD&amp;A

BY GROUP MANAGING DIRECTOR (CONTINUED)

In the current environment of high inflation, customers have generally responded well to special discount vouchers and limited time offers. Distributions of promotional vouchers were made through Hai-O e-store (e.g. birthday vouchers), business partners online platforms, social media platforms while physical flyers targeted specific consumers such as confinement centres. To ensure a seamless buying experience for customers both online and at our physical stores, we have revamped and relaunched the Hai-O e-store in August 2021 and also provided regular trainings to our retail outlet personnel.



## Cost Optimisation

As with other segments, the Retail segment has continued to explore ways to optimise cost and enhance business sustainability and profitability. In FY2022, we rationalised two under-performing physical outlets, one in AEON Bandar Utama and one in Jalan Sultan. Apart from outlet rationalisation, the segment results also benefited from rental concessions during MCO as well as electricity saving initiative to cut cost and play a role in energy sustainability.

OTHER  
OPERATING  
ACTIVITIES

- Contributions primarily from the rental of investment properties, manufacturing of TCM and food supplements, insurance and credit & leasing business
- Revenue declined marginally by RM0.5 million but PBT improved by RM0.1 million

REVENUE  
RM4.1  
MILLIONPROFIT  
BEFORE  
TAXATION  
RM3.4  
MILLION

The contributions of other operating activities are derived primarily from rental income of investment properties and manufacturing of health supplements, insurance and credit & leasing business.

The main revenue contributors in FY2022 were manufacturing activities and income from rental of investment properties. In aggregate the other operating activities recorded a revenue of RM4.1 million for FY2022, which was lower than FY2021 revenue of RM4.6 million. However, PBT reported improved marginally by 3.5% to RM3.4 million (FY2021: RM3.3 million), thanks to higher rental income received for the year augmented by effective cost control.

## OUTLOOK – SETTING THE RIGHT ALIGNMENT FOR BUSINESS GROWTH, SUSTAINABILITY AND CONTINUITY

For the Malaysian economy, latest indicators show that growth is on a firmer footing, driven by strengthening domestic demand amid sustained export growth. The labour market is further lifted by a lower unemployment rate, higher labour participation and better income prospects. The transition to endemicity on 1 April 2022 would strengthen economic activity, in line with further easing of restrictions and the reopening of international borders. Investment activity and prospects have also improved, underpinned by the realisation of multi-year projects and positive growth outlook. However, risks to growth remain, which include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, and adverse developments surrounding COVID-19.

Headline inflation is projected to average between 2.2% - 3.2% in 2022. Given the improvement in economic activity amid lingering cost pressures, underlying inflation, as measured by core inflation, is expected to trend higher to average between 2.0% - 3.0% in 2022. Nevertheless, upward pressure on prices would be partly contained by existing price controls and the continued spare capacity in the economy. The inflation outlook continues to be subject to global commodity price developments, arising mainly from the ongoing military conflict in Ukraine and prolonged supply-related disruptions, as well as domestic policy measures on administered prices.

During the pandemic-hit years of 2020 and 2021, the Group has demonstrated its ability to navigate unprecedented uncertainties arising from operational and economic volatility. Our efforts to fortify a solid foundation for business sustainability and continuity over the years have been put to the test, and the very challenging times have also given us the opportunity to adjust and refine our sustainability measures to stay abreast in the constant flux. I am gratified that management and staff have shown the highest level of commitment and perseverance, pushing their limits to stand the Group in good stead.

Despite a strong rebound in 2021, the outlook remains cloudy with the global economy entering a pronounced slowdown amid fresh threats from COVID-19 variants, heightened geopolitical risks, supply disruption and inflation, adding to the broader issues of rising debt and income inequality at a time when global monetary policy is being tightened. Accordingly, the Group will need to remain vigilant and carefully calibrate business strategies against the backdrop of persistent business disruptions. The COVID-19 crisis has underscored the importance to be nimble and to anticipate, adapt and adjust to changing circumstances.

The Group is well supported by its solid financial position and strategic plans put in place by management to mitigate business risks. We will continue to prioritise digital adoption across all segments for our increasingly connected customers, while also intensifying product development alongside ongoing cost optimisation initiatives.

## MD&amp;A

BY GROUP MANAGING DIRECTOR (CONTINUED)

## SEGMENT'S STRATEGIES

**MLM**

- Debut of innovative promotional programs
- Reinforcement of recruitment and retention programs

**Wholesale**

- Diversification of products range and types
- Expansion of market segments

**Retail**

- Continuous development of in-house products range
- Cost rationalization and physical outlets optimisation

Notwithstanding the current choppy and unpredictable business environment, the Group is expected to maintain its financial resilience and optimise its operations to navigate further challenges ahead. The Board remain positive that the Group will continue to deliver value to shareholders in the coming years.

## APPRECIATION

On behalf of the Board, I would like to thank our customers, business partners, government agencies and shareholders for staying with us through the pandemic. I am also grateful for the sound advice and guidance from the Board. Above all, I am proud of our management and employees who have shown outstanding commitment and dedication in delivering your best to ensure business continuity and long-term sustainable values.

I would also like to take this opportunity to pay tribute to my beloved late father, Mr Tan Kai Hee, not only for his love as a father but also for his support as my first mentor and friend. He has many traits that I respect and admire and have always tried to emulate. Thank you dad, for the great legacy that you have left for the Hai-O family.

**Tan Keng Kang**  
Group Managing Director  
15 August 2022



**The Board remain positive that the Group will continue to deliver value to shareholders in the coming years**

# SUSTAINABILITY SUMMARY REPORT

This Sustainability Summary Report highlights Beshom Holdings Berhad (“BESHOM” or the “Company”) and its subsidiaries’ (“BESHOM Group” or the “Group”) ongoing sustainability efforts in managing the Company’s material sustainability matters for the period from May 1, 2021 to April 30, 2022 (“FY2022”).



## MISSION

We are committed to promoting healthcare culture and improving human’s well-being.



## VISION

We aim to become the premier healthcare company in Malaysia, thereby bringing the greatest value and pride to our customers, business partners, employees and shareholders.

By embracing business opportunities and managing risks, cherishing our people and executing our social and environmental responsibilities to deliver sustainable stakeholder value, we strive to build a strong and resilient business.



## We are committed to uphold our CORPORATE VALUES



Social  
Responsibility



Excellent  
Services



Attitude



Growing



Unity



Loyalty



Learning

These values are also considered in our Sustainability Policy which sets out the Group’s focus on managing our businesses sustainably and responsibly. Our operations and processes are developed incorporating practices from compliance standards to better international practices relating to environmental, social, and governance aspects.

Guided by the Group’s Vision and Mission, BESHOM believes that long-term, sustainable stakeholder value creation means holistically managing the business considering all aspects including environmental, social, and governance factors.

# SUSTAINABILITY SUMMARY REPORT

(CONTINUED)

At BESHOM, sustainability is considered in our business strategies approved by the Board, supplemented by a sustainability strategy and sustainability policy that sets the direction and focus for the Group, as follows.



## ECONOMY

We shall create business and employment opportunities, recruit local talent, embed sustainability in our procurement practices and throughout our value chain, provide a skill development and business collaboration platform for distributors, and instil the "Hai-O My Choice for Life" team spirit.



## PEOPLE

For our employees, we shall ensure a safe and conducive workplace, provide fair remuneration, foster talent development and performance management system, provide regular training and development programmes, encourage employees' involvement in Kelab Muhibbah Hai-O and provide recognition for high performing and loyal employees, teams, and franchisees.

For the community, we shall strive to bring a positive impact, encourage quality education, support vulnerable communities, and continuously spread health awareness and community harmony.



## GOVERNANCE

We shall prioritise compliance throughout the value chain, adhere to laws, regulations, and internal conduct and policies, manage material sustainability matters, and embed integrity and transparency into our corporate culture.



## PRODUCT

We shall promote products that improve community well-being, provide high quality and safe products and services, apply and maintain standards and certifications, improve customers'/distributors' satisfaction, and establish sustainable and transparent lines of communication between BESHOM and our customers.



## PLANET

We shall educate the practice of 4R (Reduce, Reuse, Recycle, Replace), reduce and replace less environmentally friendly materials in product packaging, promote green initiatives, and introduce products that contain eco-friendly ingredients that are less harmful to the environment as well as human health.



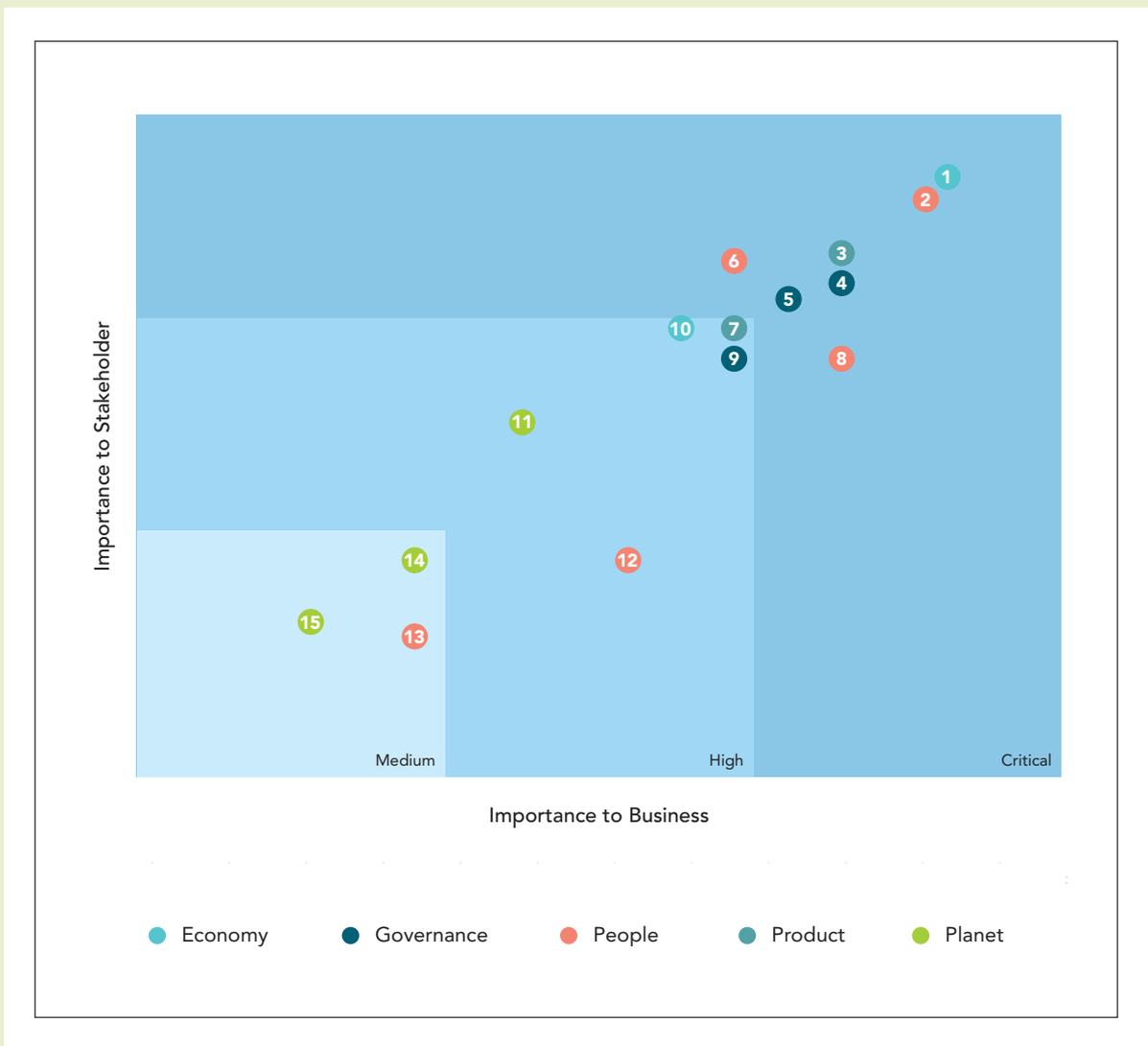
# SUSTAINABILITY SUMMARY REPORT

(CONTINUED)

This year, we have reviewed our materiality assessment and consolidated some material sustainability matters to enable better focus. Subsequent to our review, we have a list of 15 material sustainability matters managed through our internal management processes.

Following a greater worldwide focus on governments and businesses to increase efforts to tackle climate change, the materiality for **“Energy and GHG Emissions Management”** increased substantively. In addition, following greater online presence and increased digitalisation of our processes, **“IP and Data Integrity”** has also risen in its materiality rank and is now reported as a material sustainability matter under **“Our Governance”**. Overall, **“MLM Entrepreneurship”** and **“Ethics and Integrity”** have also become more material.

The summary of BESHOM Group’s materiality matrix for FY2022, followed by how they related to our key sustainability focus areas, stakeholders, and GRI topics, is presented as follows:



SUSTAINABILITY  
SUMMARY REPORT

(CONTINUED)

Key Sustainability Focus Areas	Material Sustainability Matters	Materiality Ranking	Description
Economy 	Economic Performance	1	Good economic growth will enable BESHOM to have adequate capital to maintain its social licence to operate, comply with new regulations and standards as well as prepare for potential risks and changes in the future.
	Supply Chain Management	10	We aim to build long-term, mutually beneficial relationships with all third parties along our value chain. A good supply chain management supports operational efficiency, cost optimisation, risk management, and also strengthens our commercial positioning.
Governance 	Corporate Governance and Risk Management	5	BESHOM focuses on establishing a sound governance structure to maintain a fair and orderly market, a high level of investor confidence and to manage risks.
	Ethics and Integrity	4	Ethics, bribery, and corruption risk has been identified as one of the principal risks that could threaten our strategy, performance, and reputation. Building trust can only be achieved through an ethical approach and we place significant emphasis on adopting the right behaviours.
	IP and Data Integrity	9	Data integrity and intellectual property, including data privacy and cybersecurity, are increasingly important to maintain the relevance of the Group's businesses and safeguard the interests of stakeholders.
People 	MLM Entrepreneurship	2	We continuously invest in our Multi-Level Marketing business, which is one of our main economic contributors, to create job opportunities and a platform for entrepreneurship excellence.
	Employee Well-being and Inclusiveness	6	We nurture employees by providing fair remuneration and comprehensive benefit packages to assure job security for employees who are vital to BESHOM. We also embrace diversity and inclusiveness and do not discriminate in our employment practices.
	Talent Management and Succession Planning	8	BESHOM's employment focuses on attracting and retaining the right talents to support the Group's long-term human capital sustainability. We make persistent efforts to equip employees with the right skills to keep them abreast of the latest knowledge and techniques, and training programmes are aimed at enhancing the skills, capabilities, and knowledge required for decision-making and creative thinking.  It is paramount that we develop successors and identify next-in-lines to ensure a <b>smooth transition in our operational structure</b> . We oversee and follow up on the <b>competency development</b> of employees from their first day at work to help them in their career development.

# SUSTAINABILITY SUMMARY REPORT

(CONTINUED)

Relevant stakeholder groups	Relevant GRI (Global Reporting Initiative) disclosures	Relevant SDG (Sustainable Development Goal)
<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Employees</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Market Presence</li> <li>Indirect Economic Impacts</li> <li>Procurement Practices</li> <li>Diversity and Equal Opportunity</li> </ul>	
<ul style="list-style-type: none"> <li>Vendors and Suppliers</li> </ul>	Non-GRI Disclosure	 
<ul style="list-style-type: none"> <li>Certification, Standards, and Regulatory Bodies</li> <li>Employees</li> </ul>	Non-GRI Disclosure	
<ul style="list-style-type: none"> <li>Certification, Standards, and Regulatory Bodies</li> <li>Shareholders and Investors</li> <li>Employees</li> <li>Vendors and Suppliers</li> <li>Distributors</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Corruption</li> <li>Non-Discrimination</li> <li>Freedom of Association and Collective Bargaining</li> <li>Child Labour</li> <li>Forced or Compulsory Labour</li> <li>Public Policy</li> <li>Socioeconomic Compliance</li> </ul>	
<ul style="list-style-type: none"> <li>Customers</li> <li>Distributors</li> <li>Certification, Standards, and Regulatory Bodies</li> </ul>	<ul style="list-style-type: none"> <li>Customer Privacy</li> </ul>	
<ul style="list-style-type: none"> <li>Distributors</li> </ul>	Non-GRI Disclosure	 
<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Employment</li> <li>Occupational Health and Safety</li> <li>Diversity and Equal Opportunity</li> </ul>	 
<ul style="list-style-type: none"> <li>Employees</li> <li>Shareholders and Investors</li> </ul>	<ul style="list-style-type: none"> <li>Training and Education</li> </ul>	  

SUSTAINABILITY  
SUMMARY REPORT

(CONTINUED)

Key Sustainability Focus Areas	Material Sustainability Matters	Materiality Ranking	Description
<b>People</b>  	<b>Occupational Health and Safety</b>	12	We operate in accordance with the principles of occupational health and workplace safety to ensure a suitable and sustainable workplace environment.
	<b>Community Engagement</b>	13	BESHOM focuses on supporting and promoting the development of communities as a way to demonstrate social responsibility and create engagement with the community and wider society to achieve sustainable advancement.
<b>Product</b>  	<b>Reputable Brands, Products, and Services</b>	3	<p>BESHOM takes pride in its good branding and marketing strategies. We strengthen our corporate brand image by focusing on creative ideas that will build brand awareness while meeting customers' needs. We strive to contribute to a healthier community with innovative and safe products which our customers can trust and rely on. We listen to the individuals who use our products to better understand how they interact with our products and to identify how we can improve our products and services.</p> <p>Our commitment to "promoting healthcare culture and improving human's well-being" entails the provision of safe and quality products. Our healthcare products that improve consumers' well-being are safe and of the highest quality and comply with the statutory requirements and relevant standards. Our products are certified and are regularly audited by external experts, regulatory authorities, and external consultants. Furthermore, we consistently stay proactive to ensure that our manufacturing processes are undertaken in a safe and efficient manner.</p>
	<b>Customer Responsibility</b>	7	BESHOM aims to produce our products with sustainable raw ingredients and environmental packaging to reduce the negative impact towards our customers and the planet. We also ensure our products are advertising and marketing responsibility as the health and safety of our consumers is our main focus.
<b>Planet</b>  	<b>Green Product and Packaging</b>	14	BESHOM works towards offering green products by avoiding harmful materials, sourcing raw materials with lower environmental impact and utilising sustainable packaging materials.
	<b>Energy and GHG Emissions Management</b>	11	BESHOM strives to use resources and energy in an efficient and environmentally friendly manner to help alleviate global climate change. We strive to manage GHG emissions through emission reduction initiatives and pursuing emission-efficient operations.
	<b>Resource and Waste Management</b>	15	We aim to reduce waste across the Group while also stepping up efforts to reuse and recycle.

# SUSTAINABILITY SUMMARY REPORT

(CONTINUED)

Relevant stakeholder groups	Relevant GRI (Global Reporting Initiative) disclosures	Relevant SDG (Sustainable Development Goal)
<ul style="list-style-type: none"> <li>Employees</li> <li>Certification, Standards, and Regulatory Bodies</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> </ul>	
<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>Indirect Economic Impacts</li> </ul>	 
<ul style="list-style-type: none"> <li>Shareholders and Investors</li> <li>Media</li> <li>Customers</li> <li>Distributors</li> <li>Certification, Standards, and Regulatory Bodies</li> </ul>	<ul style="list-style-type: none"> <li>Customer Health and Safety</li> </ul>	  
<ul style="list-style-type: none"> <li>Customers</li> <li>Certification, Standards, and Regulatory Bodies</li> <li>Distributors</li> </ul>	<ul style="list-style-type: none"> <li>Marketing and Labeling</li> </ul>	
<ul style="list-style-type: none"> <li>Certification, Standards, and Regulatory Bodies</li> <li>Customers</li> </ul>	<p>Non-GRI Disclosure</p>	
<ul style="list-style-type: none"> <li>Certification, Standards, and Regulatory Bodies</li> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Energy</li> </ul>	  
<ul style="list-style-type: none"> <li>Certification, Standards, and Regulatory Bodies</li> <li>Employees</li> <li>Vendors and Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Compliance</li> </ul>	

# SUSTAINABILITY SUMMARY REPORT

(CONTINUED)

The Group's FY2022 key sustainability performance, reported in the context of the 5 Key Sustainability Focus Areas of BESHOM's sustainability policy, namely **Economy, Governance, People, Product, and Planet**, is summarised as follows.



## OUR ECONOMY



Profit Before Tax  
**RM40.3**  
million



Total Revenue  
**RM209.6**  
million



Total Assets  
**RM370.1**  
million



Market Capitalisation  
**RM483.2**  
million



Local trade procurement  
**60%**



Average entry level non-executive  
wage: minimum wage\*  
**1.67 : 1**  
East Malaysia  
**1.42 : 1**  
West Malaysia



Internship Programme for  
**18**  
Students



Gender Wage Parity Index  
**1 : 0.91**  
(male-to-female)



Initiated

**supplier environmental and social  
impact assessment**

\* The minimum wage of RM1,200 was used.



## OUR GOVERNANCE



**Anti-Bribery  
Policy**  
communicated to all directors,  
employees,  
distributors, and active  
suppliers and business  
associates



Developed  
**Code of  
Business Ethics**  
for suppliers and business  
associates



**SHOM's Business  
Handbook**  
is made available in:  
**English, Bahasa Malaysia and  
Chinese**



**No** fines, penalties, or  
settlements reported in relation  
to corruption

**No** whistle-blowing cases



**2 TCM**  
Manufacturing Plants  
Certification:  
**GMP**



**MLM &  
Manufacturing**  
Certification:  
**ISO 9001 : 2015**



**No breaches**  
relating to customer data or privacy

# SUSTAINABILITY SUMMARY REPORT

(CONTINUED)



## OUR PEOPLE



**465**  
employees

**49,795**  
MLM  
Distributors



**100%**  
complaints resolved  
for all business  
segments



**2 cases**  
work-related injury



**37% male :**  
**63% female**  
employee diversity



**14 training  
hours**  
per employee



**Community  
Engagement  
Activities**  
Higher Educational  
Aid, Blood Donation,  
aid for flood victims



## OUR PRODUCT



Guidelines in place  
to govern  
**responsible  
marketing**



**Compliant**  
with relevant  
regulatory  
requirements:  
MAL, NPRA, FSQD,  
KKLIU



**0 case**  
of product  
recall



**> 100  
products**  
with  
HALAL certifications



## OUR PLANET



**7.30 kWh/ ft<sup>2</sup>**  
Total electricity  
usage intensity\*\*



**99.9%**  
**new MLM  
members**  
registered on  
electronic platform



Electronic  
communication with  
stakeholders  
**(100%**  
MLM e-bulletin,  
Board e-portal,  
e-vouchers, and etc)



Efforts to **reduce**  
packaging and use of  
**paper** and  
**plastic** materials



Initiated project to  
install **solar  
panels**

\*\* Covering the Group 4 main buildings at Wisma Hai-O, Lot 1388 (A) and (B) and Wawasan Hai-O

# SUSTAINABILITY SUMMARY REPORT

(CONTINUED)

We also regularly review the alignment of sustainability considerations in our long-term business strategy and focus. We have reviewed and enhanced our corporate governance practices to enable better alignment with sustainability accountability and performance. Key performance indicators (“KPIs”) were developed to drive sustainability performance and we will be reporting sustainability performance against a more focused set of key performance targets for FY2023, categorised into 3 key pillars, as follows:

FY2023 Sustainability Targets
<b>SocioEconomic</b> <ul style="list-style-type: none"> <li>more than 80,000 transactions order made via e-commerce platform</li> <li>facilitate at least 2 cross-over projects with business alliances to cater for market needs and synergy reach</li> <li>zero incidents of product recall</li> <li>at least 75% employees meeting the minimum training hours required</li> <li>maintaining a Gender Wage Parity Index of 1:0.91 among employees</li> <li>achieving zero cases of work-related injuries</li> <li>sponsorship, fund-raising, or similar programmes which benefit more than 30,000 students and teachers</li> <li>resolving 100% of complaints received</li> </ul>
<b>Governance</b> <ul style="list-style-type: none"> <li>achieving 100% training completion rate for management-level employees on mandatory topics</li> <li>achieving an average passing rate of at least 70% for in-house post training assessment on Anti-Bribery and Corruption</li> <li>zero complaints on breaches of customer privacy</li> <li>zero food safety incidents</li> </ul>
<b>Environment</b> <ul style="list-style-type: none"> <li>savings of 20,000 reams of A4 paper (1 ream = 500 pieces of 80gsm paper)</li> <li>prioritise the use of environmentally friendly packaging for new products or product rebranding</li> <li>solar energy project ready for commissioning by 1<sup>st</sup> half of 2023</li> <li>to use LED lighting systems for all new outlet and branch</li> </ul>



Detailed discussions on the sustainability matters are presented in our Sustainability Statement FY2022 which is available on our Company website at [www.beshom.com](http://www.beshom.com).

# AUDIT COMMITTEE REPORT

**The Audit Committee (“The Committee” / “AC”) assists our Board of Directors (“the Board”) in fulfilling its oversight responsibilities. The AC is committed to its role in ensuring the integrity of the Group’s financial reporting process and monitoring the management of risk and system of internal controls, external and internal audit processes, and such other matters that may be specifically delegated to the AC by our Board.**

## COMPOSITION

The AC is appointed by the Board from amongst its members, and presently comprises three (3) Directors, all of whom are Independent Non-Executive Directors, who satisfy the test of independence under the Main Market Listing Requirements (“MMLR”) of Bursa Securities. A majority of the AC members possess the requisite qualifications as stipulated under paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

The Chairperson of AC is elected from amongst the members and is an independent director. In respect to this, the Company complies with Paragraph 15.10 of the MMLR.

Should there be a vacancy in the AC resulting in the non-compliance of Paragraphs 15.09(1) and 15.10 of the MMLR, the Company must fill the vacancy within three (3) months.

The AC comprises the following Directors: -

Name	Designation	Directorship	No. of Meetings Attended in FY2022
Tan Beng Ling	Chairperson	Independent Non-Executive Director	5/5
Tan Kim Siong	Member	Independent Non-Executive Director	5/5
Chia Kuo Wui	Member	Independent Non-Executive Director	5/5

*Note: The number of meetings includes the meetings held by Hai-O Enterprise Berhad prior to the transfer of listing status to BESHOM on 29 November 2021.*

## TERMS OF REFERENCE

The terms of reference including composition, authority, responsibilities, meetings and specific duties of the AC are disclosed and published on the Company’s website at [www.beshom.com](http://www.beshom.com) under Investor Relations – Corporate Governance section.

## ATTENDANCE OF MEETINGS

A total of five (5) Committee meetings were held during the financial year ended 30 April 2022 with 100% attendance rate. The attendance of each Committee member is summarized as per the Table above.

The quorum for a meeting shall be made up of a majority of the members present who shall be Independent Directors. The Company Secretary is the secretary of the AC. The Group Managing Director, Group Executive Director who is also the Group Chief Financial Officer, representatives from Accounts, Finance and Operation Management, Head of Group Internal Audit, and representatives from the External Auditors have been invited to attend the meetings during the financial year. Minutes of each AC Meeting were circulated to the members and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation.

# AUDIT COMMITTEE REPORT

(CONTINUED)

## ATTENDANCE OF MEETINGS (CONTINUED)

During the financial year ended 30 April 2022, the AC Chairperson presented to the Board the AC's recommendations to approve the annual financial statements and quarterly financial reports. The Chairperson also briefed the Board on the summary of matters raised by the External Auditors and Internal Auditors on significant matters highlighted during the course of audit, including financial reporting issues as well as significant judgements and estimates made by Management and how these matters were addressed.

For each of the significant matters highlighted by the External Auditors, the Committee had considered the rationale and judgements provided by Management and discussed the same with the External Auditors to ensure that the correct accounting policies had been used and were in line with the requirement of the prevailing accounting standards.

The Head of Internal Audit attended the AC meetings to present the internal audit review reports on the risk assessment and system of internal controls together with the recommendations thereon. The Head of the respective Business Units and their team were invited to attend the AC meetings to facilitate deliberations as well as to provide clarification and explanation on audit issues particularly on specific control lapses and issues arising from the relevant audit reports.

## REPORTING OF BREACHES TO THE BURSA MALAYSIA SECURITIES BERHAD

If any matter reported by the AC to the Board of the Company has not been satisfactorily resolved resulting in a breach of the MMLR, the AC shall promptly report such matter to Bursa Securities.

## SUMMARY OF WORK DURING THE FINANCIAL YEAR ENDED 30 APRIL 2022

The AC carried out its duties in accordance with its Terms of Reference.

During the financial year ended 30 April 2022 and up to the date of this Report, the work carried out by the AC in discharging its duties and responsibilities included: -

1. Reviewed and discussed with Management on changes in accounting policies, going concern assumptions and significant matters highlighted including financial reporting issues, significant judgements made by Management and steps taken to address the matters during the review of:
  - i. the unaudited quarterly financial results before recommending to the Board for approval; and
  - ii. the audited financial statements for the financial year ended 30 April 2022 before recommending to the Board for approval.

The AC had reviewed the accounting treatment and additional disclosures made to the audited financial statements arising from the internal reorganisation exercise for the transfer of listing status of Hai-O Enterprise Berhad to BESHOM presented by the External Auditors.

2. Reviewed and discussed with the External Auditors, KPMG PLT, on the scope of their audit work, the results of their examination, the auditors' report, management letters in relation to the audit and accounting issues arising from the audit and compliance with new accounting standards and regulatory requirements, as well as the assistance given by employees of the Company to the External Auditors;
3. Reviewed and approved the annual audit plan of the Company and the Group proposed by the External Auditors, KPMG PLT for the financial year ended 30 April 2022. The audit plan covered among others, its engagement team, audit materiality, key audit matters, other significant audit matters and audit methodology;
4. Reviewed and assessed the audit fees and the nature of non-audit services and the related fee level compared to the external audit fees of the Company and the Group;

## AUDIT COMMITTEE REPORT

(CONTINUED)

### SUMMARY OF WORK DURING THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

5. Reviewed and assessed the performance and independence of the External Auditors, KPMG PLT, taking into account the quality and timeliness of the report furnished, the sufficiency of resources allocated in the conduct of the audit, the level of understanding demonstrated on the Group's business and communication on new and applicable accounting practices and auditing standards and its impact on the Company and the Group's financial statement as well as the 2021 Annual Transparency Report presented by the External Auditors. The AC was satisfied with the outcome of the performance assessment and independence of the External Auditors for FY2022 and recommended to the Board for the re-appointment of KPMG PLT as External Auditors for the financial year ending 30 April 2023 and the fees proposed;
6. Held two (2) private sessions with the External Auditors and one (1) private session with the Group Internal Auditor without Management's presence to discuss matters of interest which included among others, (i) the issues encountered, co-operation and assistance given by employees of the Company to the External Auditors and Group Internal Auditors during the course of audit; (ii) sharing of information and the proficiency and adequacy of resources in financial reporting function and (iii) sharing of information and feedback amongst the External Auditors and Internal Auditors;
7. Reviewed and assessed the staff force requirement of the Group Internal Audit Department ("IAD");
8. Reviewed, appraised and assessed the performance of the Head of Group IAD;
9. Deliberated and approved the Internal Audit Plan for the financial year to ensure adequate scope and comprehensive coverage of audit and that audit resources were sufficient to enable the Group IAD to discharge its functions effectively;
10. Reviewed the progress of the Internal Audit Plan on a quarterly basis to ensure the adequacy and effectiveness of the internal audit activities, the availability of adequate resources and the scope of audit;
11. Reviewed the quarterly internal audit finding status reports and deliberated on the management and corrective actions and the time taken by Management to ensure that the control deficiencies are addressed and resolved promptly;
12. Deliberated and reviewed the risk management and internal control systems, processes, procedures or activities undertaken by the External Auditors, the Internal Auditors and Management and the outcome therefrom to ensure that all high and critical risk areas were being addressed;
13. Reviewed related party transactions ("RPT"), recurrent related party transactions ("RRPT") and conflicts of interest situations that may arise within the Company or the Group including any transactions, procedures or code of conduct that may raise concerns or questions on Management's integrity. The Group has put in place a set of policies and procedures to be adhered to in the event of RPT, RRPT, and conflicts of interest situations. The AC has reviewed the RPT, RRPT and potential conflicts of interest matters for the financial year ended 30 April 2022 during the AC meeting held in June 2022;
14. Reviewed and verified that the total options allocated and granted under the Employees' Share Option Scheme ("ESOS") of Hai-O Enterprise Berhad ("HAI-O") were in accordance with the allocation criteria approved by the ESOS Committee and in compliance with the By-Laws of the ESOS. Areas reviewed included the maximum number of shares available under the ESOS, eligibility of the allottees and basis of allocation. HAI-O's ESOS was terminated on 29 October 2021 in accordance with the By-Laws governing the ESOS and in line with the Company's internal reorganisation exercise;
15. Conducted pre-AC meetings with the Head of the Group IAD to gain greater understanding and insight into audit issues including the quality and timeliness of management response and follow up actions. One of the AC members held discussions and performed ad-hoc visits to the Head of the Group IAD to review ongoing audit matters, audit recommendations and the status of action plans taken by Management;
16. Reviewed the Group Anti-Bribery Policy ("ABP") and assessed the effectiveness of the Group's internal control system pertaining to ABP; and
17. Reviewed the AC Report and the Statement on Risk Management and Internal Control before recommending to the Board for approval for inclusion in the FY2022 Annual Report.

# AUDIT COMMITTEE REPORT

(CONTINUED)

## HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR ENDED 30 APRIL 2022

### 1. Financial Reporting

The AC reviewed with Management and deliberated on the quarterly consolidated financial statements and the annual financial statements of the Company and the Group prior to the approval by the Board, focusing primarily on:

- changes or implementation of major accounting policies;
- significant matters highlighted by Management, including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters were addressed;
- compliance with accounting standards and other legal or regulatory requirements to ensure that the financial statements gave a true and fair view of the state of affairs;
- financial results and cash flows of the Company and the Group; and
- compliance with the Malaysian Financial Reporting Standards and the provisions of the Companies Act 2016 as well as the MMLR.

New financial reporting standards and amendments that came into effect during the financial year were discussed with the External Auditors at the AC meetings. The adoption of these new standards and amendments did not have any significant impact on the financial results for the current or prior years and are not likely to materially affect future periods.

The AC also reviewed and, where applicable, commented on the representation letters by Management to the External Auditors in relation to the audited financial statements.

In accordance with International Standards on Auditing, key audit matters which, in the opinion of the External Auditors were of significance in their audit of the annual financial statements were brought to the attention of the AC and highlighted and addressed by the External Auditors in their audit report.

### 2. External Auditors

The AC also reviewed and discussed with the External Auditors the annual audit plan to set out the proposed scope of work before their commencement of the audit of the financial statements of the Company and the Group.

The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its unlisted subsidiaries were analysed and reviewed by the AC before recommendation to the Board for approval. Non-audit fees and non-audit related costs payable to the External Auditors for non-audit services rendered by the External Auditors during the financial year were also reviewed and considered in ascertaining the suitability and independence of the External Auditors.

The AC conducted its annual assessment based on among others, the External Auditors' independence, sufficiency of resources allocated in the conduct of the audit, level of understanding demonstrated of the Group's business and performance before recommending the re-appointment of the External Auditors to the Board of Directors for tabling to the shareholders for approval at the forthcoming AGM.

The AC met three (3) times with the External Auditors during the financial year ended 30 April 2022 at the AC meetings held on 24 June 2021, 29 July 2021 and 24 March 2022. The AC had two (2) private meetings with the External Auditors without the presence of the Management at the meetings held on 24 June 2021 and 24 March 2022 respectively.

### 3. Internal Audit

The AC reviewed and approved the Internal Audit Plan for the financial year ended 30 April 2022 for the Company and the Group presented by the Head of Group IAD to authorise the deployment of necessary resources to address risk areas identified.

## AUDIT COMMITTEE REPORT

(CONTINUED)

### HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR ENDED 30 APRIL 2022 (CONTINUED)

#### 3. Internal Audit (continued)

The AC reviewed and deliberated on the internal audit reports issued in respect of the Group's entities and/ or operations every quarter. The audits covered various operations, systems, processes and functions across the Company and the Group. Some weaknesses in internal control were identified for the year under review but these were not deemed significant and have not materially impacted the business or operations of the Group.

The internal audit reports also included follow-up on corrective measures to ensure that Management had addressed the weaknesses identified in a satisfactory manner and the AC had been updated on the progress accordingly.

During the financial year ended 30 April 2022, the AC met five (5) times with the Head of the Group IAD at the AC meetings held on 24 June 2021, 29 July 2021, 27 September 2021, 20 December 2021 and 24 March 2022. Since December 2020, AC members have also held pre-AC meetings with the Head of the Group IAD to gain greater insight into audit issues. In addition, the AC had one (1) private meeting with the Head of the Group IAD without the presence of the Management at the AC meeting held on 20 December 2021.

A total of seven (7) audit reports were furnished to the AC for review and deliberation. The Group IAD had reviewed and conducted audits and assessed the adequacy and integrity of the internal control systems in accordance with the audit plan as approved by the AC. The results of the audit conducted, as well as key control issues and recommendations were highlighted to the AC upon completion of each audit session for discussion and assessment.

With regard to the internal control framework, the Group IAD adopted the COSO framework and principles as a methodology to assess the system of effective internal controls. The Group IAD conducted the audit with reference to the guidelines of The International Professional Practice Framework, International Standards for the Professional Practice of Internal Auditing, and following the guidance of The Institute of Internal Auditors' Code of Ethics as well as the Group's and the Company's policies.

In arriving at its professional judgement, the Group IAD had completed sufficient and appropriate audit procedures and was supported by evidence to accurately report the conclusions reached and contained in the audit report. The conclusions were based on a comparison of the actual situation at the time of the audit with the assessment criteria, best practice and generally accepted standard of practices.

The Head of Group IAD, Ms. Wong Ngik Moi, was appointed in March 2016 and is currently supported by one (1) Senior Executive and one (1) Executive. She is a member of the Institute of Internal Auditors Malaysia, a Certified System Investigator ("CSI") and holds a Degree in Accounting. She has extensive knowledge and working experience in the internal audit field with exposure to various industries and Corporate Risk Management.

#### 4. Related Party Transactions ("RPT")

Related party transactions of the Company and the Group which exceeded the pre-determined thresholds as set out in the Group's Internal Policy were reviewed by the AC to ensure that these transactions were fair, reasonable, on normal commercial terms, not detrimental to the interests of the minority shareholders and in the best interest of the Company and the Group before recommending the same to the Board for approval.

The AC reviewed the RRPT of a revenue or trading nature which were necessary for the day-to-day operations of the Company and the Group to ensure that the transactions were in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public or non-related third parties, whether there were any compelling business reasons for the Company to enter into the RPT or RRPT and the nature of alternative transactions and whether the RPT or RRPT would impair the independence of the related party, if he/she is an independent director.

During the financial year ended 30 April 2022, there were no RPT or RRPT that triggered the disclosure threshold under the MMLR and required approval by shareholders at the general meeting. The transactions or any one-off transaction entered into between the Group and the related parties that may trigger conflicts of interest, carried out in the normal course of business, were properly disclosed and the transactions were conducted in accordance with the Group's purchasing policy and were within arm's length perimeter pursuant to the Company's Code of Ethics.

# AUDIT COMMITTEE REPORT

(CONTINUED)

## SUMMARY OF WORK OF THE GROUP INTERNAL AUDIT DEPARTMENT

The Company has established a Group IAD to carry out the internal audit function for the Group. The primary role of the Group IAD is to undertake regular and systematic review of the systems of internal controls so as to provide sufficient assurance that the Group has in place a sound risk management, internal control and governance system. The Group IAD maintains its impartiality, proficiency and due professional care when executing its plans and reports directly to the AC.

The Group's risk-based internal audit plan was drawn up taking into consideration the potential high-risk areas identified through the risk register maintained by Management which was prepared based on the risk level and control assessment review conducted by the Group IAD, discussions with Management and in consultation with the AC.

The summary of the internal audit works included:

- Reviewed and updated the annual audit plan for deliberation and approval by the AC;
- Performed operational audits on the Group's business units according to the annual audit plan to ascertain a proper system of risk management and adequacy of the internal control systems. Key control issues and recommendations for improvement were highlighted to enable the AC to execute its oversight function;
- Results of the internal audit reviews were reported to the AC on a quarterly basis;
- Performed follow-up reviews to ensure that audit recommendations and action plans were implemented by Management; and
- Reviewed RPT/ RRPT and conflicts of interest situations that may arise within the Company and the Group.

During the financial year ended 30 April 2022, the Group IAD reviewed and conducted seven (7) audits assignments and assessed the adequacy of the internal control systems on business operations for the Wholesale, Multi-Level Marketing, Retail and Manufacturing segments including Procurement and Product Development Management, Key Accounts and Consignment Management, Product development and Sourcing Management, Incentive payment Management, E-commerce Management, Outlets Operation Management - Central Region and assessed the effectiveness of the Group's internal control system pertaining to Anti-Bribery Policy.

The Group IAD performed Risk Management and RPT/ RRPT reviews during the financial year.

In addition, audit reviews were made at the request of the AC and senior management on specific areas of concern as a follow-up in relation to high-risk areas identified during the course of business. All internal audit reviews were reported to the AC on a quarterly basis.

The Group IAD also followed up to review the status of Management actions carried out based on audit recommendations.

The operation cost incurred for the internal audit function of the Group in respect of the financial year ended 30 April 2022 amounted to RM298,417.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**The Board is pleased to present to our Shareholders the Corporate Governance (“CG”) Overview Statement of the Company and the Group. This CG Overview Statement should be read in conjunction with the CG Report, which is available on the Company’s website at [www.beshom.com](http://www.beshom.com). The CG Report provides details on how the Group has applied each Practice as set out in the Malaysian Code on Corporate Governance (“MCCG”) during the financial year ended 30 April 2022 and up to the date of this Report.**

The Board recognises the importance of the MCCG and is committed towards achieving high standard of corporate governance practices, values and ethical business conducts. Corporate governance practices shall be the fundamental aspect in the Group’s business dealings and culture.

The CG Overview Statement reports on how the Group has applied the following three principles, its key focus areas and future priorities with references to the principles and practices of the MCCG, having considered the Group’s structure, business environment and industry practices:

- a) Board Leadership and Effectiveness;
- b) Effective Audit and Risk Management; and
- c) Integrity in Corporate Reporting and meaningful Relationship with Stakeholders.

The Board is satisfied that the practices set out in the MCCG have, in all material aspects, been applied to achieve their intended outcomes which are found to be suitable and appropriate to the Group as set out in this Statement and the CG Report. The departures and non-adoptions under the MCCG include the following:

- Practice 5.9: The Board comprises at least 30% women directors.
- Practice 8.2 & Practice 8.3 Step Up: The Board discloses on a named basis the top five (5) senior management’s remuneration.

The explanation for the departures, the Company’s intended actions and timeframe to address the departures are disclosed in the CG Report.

### RESOURCES ON BESHOM’S WEBSITE

The following documents referred to within this Statement are available on our Company’s website at [www.beshom.com](http://www.beshom.com).

- CG Report
- Board Charter
- Terms of References for Board Committees
- Code of Ethics for Company Directors
- Directors’ Fit and Proper Policy
- Anti-Bribery Policy
- Whistle-Blowing Policy
- Summary of the minutes of general meetings (AGM/CCM/EGM), including Question and Answer session

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

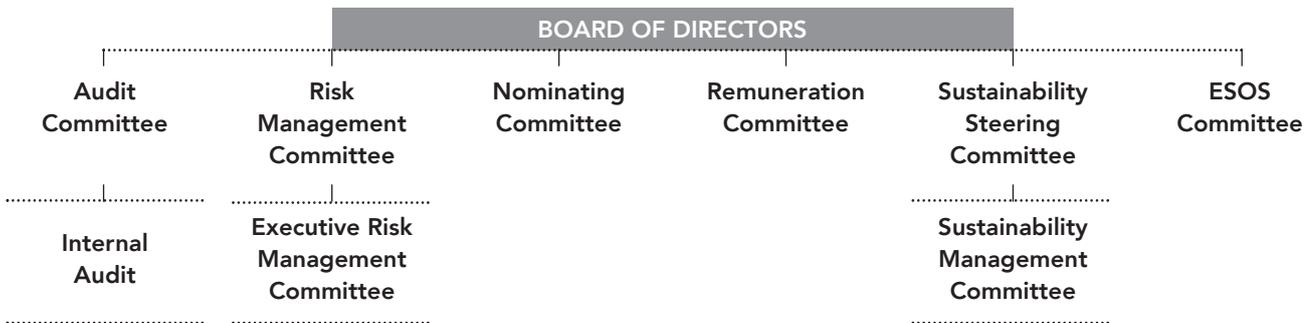
## Part I - Board Responsibilities

## Intended Outcome 1.0

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## The Board

The reporting structure of the Company, where the power of the Board is delegated to the relevant Board Committees and the Management of the Company, is depicted below:



The Board is collectively responsible for the proper stewardship of the Group's business in achieving the objectives and long-term goals of the Company. The functions, roles and responsibilities of the Board are set out in the Board Charter.

The Board recognises the key role it plays in charting the strategic direction of the Group and has assumed the responsibilities in discharging its fiduciary and leadership functions. Matters that require prior review and approval by the Board are set out in the agenda of the annual meeting calendar. Pursuant to Clauses 129 and 134 of the Company's Constitution, questions arising at any Board meetings or decisions of the Board shall be decided by a majority of votes of the Directors present, each Director having one (1) vote. In the case of an equality of votes, the Chairman shall have a second or casting vote provided always that the Chairman of a meeting at which only two (2) directors are present or at which only two (2) Directors are competent to vote on the questions at issue shall not have a second or casting vote, or alternatively, circular resolutions must be signed by a majority of the Directors. Minutes of Board meetings are circulated to the Management and Directors for comments to ensure that the discussions of the meetings are accurately captured before tabling to the Board for confirmation.

To ensure the effective discharge of its functions and responsibilities, the Board delegates powers of the Board to the Board Committees, namely Audit Committee, Nominating Committee, Remuneration Committee, Risk Management Committee, Sustainability Steering Committee and ESOS Committee to oversee the Group's affairs in accordance with their respective Terms of Reference. All proceedings, matters arising, deliberations in terms of the issues discussed, and recommendations made by the Board Committees' at their respective meetings are recorded in the minutes by the Company Secretaries, confirmed by the Board Committees, signed by the Chairman of the respective Committees, and reported to the Board. Upon invitation, Management representatives are present at the Board Committees' meetings to provide additional insight on matters to be discussed during the said Committee meetings, if so required.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Board Activities in the Financial Year Ended 30 April 2022 and Future Priorities

The following is a summary of key matters addressed by the Board either directly or via its respective Board Committees in FY2022 and up to the date of this Report: -

FOCUS AREA	Strategic Plans and Sustainability
<b>ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>• Reviewed and approved the Group’s business plan and strategies and Budget for FY2022.</li> <li>• Assessed Management performance to determine whether the business is being properly managed.</li> <li>• Reviewed the KPIs of Group Managing Director, Group Executive Director and Senior Management. The KPIs comprise of both qualitative and quantitative measurements including the key sustainability matters of the 3 main business segments.</li> <li>• Reviewed the Sustainability strategies and policies and updated the status of key sustainability matters of the Group.</li> <li>• Together with Management, continued to assess and manage the impact of COVID-19 on the Group’s business operations and reviewed the countermeasures to combat the risks while assessed opportunities across the business divisions.</li> <li>• Convened the Court Convened Meeting and the Extraordinary General Meeting and obtained the shareholders’ approval on 19 May 2021 for the following corporate proposals (“Corporate Proposals”):-             <ul style="list-style-type: none"> <li>(i) Proposed internal reorganisation by way of Scheme of Arrangement                 <ul style="list-style-type: none"> <li>(a) Proposed share exchange of up to 300,297,890 Hai-O Enterprise Berhad (“HAI-O”) Shares, representing the entire issued share capital of HAI-O (including treasury shares held by HAI-O) with up to 300,297,890 Beshom Holdings Berhad (“BESHOM”) Shares on the basis of 1 BESHOM Share for every 1 existing HAI-O Share held on the Entitlement Date; and</li> <li>(b) Proposed assumption of the listing status of HAI-O by BESHOM, the admission of BESHOM to, and withdrawal of HAI-O from, the Official List of Bursa Securities, with the listing of and quotation for 300,297,892 BESHOM Shares on the Main Market of Bursa Securities;</li> </ul> </li> <li>(ii) Proposed termination of the Existing ESOS of HAI-O; and</li> <li>(iii) Proposed establishment of new ESOS of up to 15% of the issued share capital of BESHOM (excluding treasury shares of BESHOM, if any) at any point in time over the duration of the Proposed New ESOS to the Eligible Person.</li> </ul> </li> <li>• Following the completion of the proposed internal reorganisation, BESHOM is listed on Main Market of Bursa Securities on 29 November 2021. BESHOM, the holding company formulates policies and oversees strategies and activities at the consolidated level. This allows the Board to have broader perspective on issues affecting the Group, such as overall strategy and risk management.</li> </ul>	

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## Board Activities in the Financial Year Ended 30 April 2022 and Future Priorities (Continued)

FOCUS AREA	Governance & Financial Reporting
<b>ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>• Reviewed the composition and skills of the Board and Board Committees, the performance and effectiveness of the Board, Board Committees and individual Directors.</li> <li>• Reviewed and approved the appointment of Mr. Ng Chek Yong as Chairman of the Company following the demised of the late Chairman, Mr. Tan Kai Hee.</li> <li>• Reviewed and approved the reconstitution of the Board Committees i.e. Remuneration Committee, Nominating Committee, Risk Management Committee and ESOS Committee.</li> <li>• Reviewed and approved the annual report, quarterly results and audited financial statements.</li> <li>• Reviewed the solvency position of the Company and approved dividend payments.</li> <li>• Reviewed and approved the Directors' Fit &amp; Proper policy.</li> <li>• Considered the Diversity policy and Tenure of Independent Directors policy.</li> </ul>	

FOCUS AREA	Risk Management & Internal Control
<b>ACTIVITIES</b>	
<ul style="list-style-type: none"> <li>• Reviewed principal business risks and ensured the implementation of mitigating measures and internal controls.</li> <li>• Assessed the effectiveness of internal controls in respect of the Anti-Bribery Framework and to determine areas for improvement.</li> <li>• Reviewed internal audit findings and Management responses.</li> <li>• Reviewed and approved the Statement on Risk Management and Internal Control for inclusion in the Annual Report.</li> <li>• Reviewed the report of the External Auditors.</li> </ul>	

## Looking ahead to Financial Year Ending 30 April 2023: -

In the current financial year, the Board will: -

- Focus on strategies to ensure that the Group's business will be resilient and sustainable for the medium and long term. The strategic plan of the Group includes strategies on economic, environmental and social considerations underpinning sustainability;
- Drive a culture that prioritises compliance, internal control, risk management practices and sustainability governance to build a strong and resilient organisation;
- Supervise the follow-up on implementation of the Corporate Proposals to further streamline the BESHOM Group to have separate identifiable business streams which better reflects the diverse operations of BESHOM Group; and
- Together with Management, continue to assess and manage the impact of current weak market condition, rising inflationary pressures as well as the new challenges arising from the endemic phase.

**Succession Planning**

The Board recognises that succession planning is an ongoing process designed to ensure that the Group identifies and develops a talent pool of personnel through mentoring, training and job rotation for high level management positions that become available due to retirement, resignation, death or disability and new business opportunities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Intended Outcome 2.0

There is a demarcation of responsibilities between the board, board committees and management.

There is clarify in the authority of the board, its committees and individual directors.

#### Chairman and Chief Executive Officer (CEO)

The position of Chairman and CEO are held by different individuals. There is also a clear distinction of responsibilities between the Chairman and the Group Managing Director to maintain a balance of authority and accountability.

The Chairmanship is held by Mr. Ng Chek Yong, who is also the Senior Independent Non-Executive Director. The Chairman provides overall leadership to the Board and is primarily responsible for the orderly conduct and function of the Board to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion. His duties include providing leadership to the Board, ensuring that the Board carries out its responsibilities in the best interest of the Group and that all the key issues are discussed in a timely manner. The Chairman is also tasked to facilitate active discussion and participation by all Directors and ensure that sufficient time is allocated for discussion of all relevant issues at Board meetings.

Mr. Tan Keng Kang, the Group Managing Director has also assumed the role as CEO of the Group. He is principally responsible for implementing and executing corporate strategies, policies and decisions adopted by the Board and overseeing the overall business operations.

Pursuant to the MCGG 2021, where the CEO or executive directors form part of the Board, the Non-Executive Directors are encouraged to meet among themselves at least annually to discuss among others strategic, governance and operational issues. A private session among the Non-Executive Directors was held on 29 July 2022.

The roles and responsibilities of Board members, Committees and Management are clearly defined in the Board Charter.

#### Company Secretary

The Company Secretaries are members of the Malaysian Association of Institute of Chartered Secretaries and Administrators (MAICSA). They are competent in carrying out their work and play supporting and advisory roles to the Board. They ensure adherence and compliance to the procedures and regulatory requirements from time to time. They also ensure that meetings are properly convened and deliberations at meetings are accurately captured and minuted.

#### Board Charter

To enhance accountability, the Board Charter which clearly sets out the roles, functions, composition, operation and processes of the Board was developed and replaced with the Directors' Handbook which was established in 2010.

The Board Charter spells out the governance structure, authority and reserved matters for the Board whilst that for the respective Board Committees are spelt out in their respective terms of reference which are available on the Company's website at [www.beshom.com](http://www.beshom.com) under the Investor Relations section. The Board Charter and the Terms of Reference of the relevant Board Committees were updated and enhanced in June 2022, among others, to include the requirement on Directors' fit & proper policy.

The Board Charter will be periodically reviewed and updated to take into consideration the needs of the Company as well as new rules, regulations and laws that may impact the discharge of the Board's duties and responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### Access to Information and advice

The Board is given the meetings schedule a year ahead at the start of each calendar year so that the Directors could plan ahead to allocate time for their attendance of such meetings.

Notice of meetings set out the agenda and accompanied by the relevant meeting materials are given to the Directors in advance within a reasonable period to enable the Directors to review, seek additional information or clarification of the subject matters to be deliberated at the Board and Board Committee meetings.

The Chairman of the respective Board Committees would brief the Board on salient matters deliberated at such Committee meetings.

The Board meets at least once every three (3) months. During the financial year ended 30 April 2022, the Board met six (6) times with 98% attendance rate. Senior Management staffs were invited to attend the Board meetings to provide the Board with operational, management and financial details. The details of Directors' attendance during the financial year ended 30 April 2022 are set out on page 86 of this Annual Report.

The Board has unrestricted access to all staff for any information pertaining to the Group's affairs and may also seek independent professional advice at the expense of the Company as they deem necessary in furtherance of their duties. Any Director who wishes to seek independent professional advice in the course of discharging his/her duties may raise the request during Board meetings or convey the request through the key Senior Management or Company Secretaries for consideration of the Board at a Board meeting to be held.

In addition, the Board is also briefed and updated on the latest amendment on the relevant regulatory requirements from time to time at Board meetings by the Company Secretaries.

### Intended Outcome 3.0

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Code of Ethics and Whistle-Blowing Policy

The Board is committed to maintain a corporate culture which engenders ethical conduct. The Directors observe the Company Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which can be viewed from CCM's website at [www.ssm.com.my](http://www.ssm.com.my) and the Company's website at [www.beshom.com](http://www.beshom.com). The Code of Ethics provides guidance to the Directors of the Company in performing their duties as it aims to establish a standard of ethical behaviour based on trustworthiness and values as well as uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administration of a company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Code of Ethics and Whistle-Blowing Policy (Continued)

The Board is also guided by the new Guidelines on Conduct of Directors of Listed Issuers and Their Subsidiaries (“Guidelines”) issued by Securities Commission (“SC”) on 30 July 2020 and the revised Guidelines dated 12 April 2021 (“revised Guidelines”) in discharging their fiduciary duties. The Guidelines set out guidance on duties and responsibilities of boards in company’s group structures and requirements for the establishment of a group-wide framework to enable, among others, oversight of the group performance and the implementation of corporate governance policies. The revised Guidelines serves as a guide for BESHOM and its subsidiaries and their directors in establishing a group governance framework. It highlights salient features of the group governance framework such as setting the tone for leadership, alignment of strategies and establishing policies and procedures of the group. The Guidelines is available at the SC’s website at [www.sc.com.my](http://www.sc.com.my).

The Group has also established an internal policy which is formalised through the Company’s Code of Ethics and Business Conduct (“Business Code”). The employees of the Group are required to adhere to the principles and practices outlined in the Business Code in performing their duties and responsibilities. The areas covered include the following:-

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Whistle-Blowing Policy</li> <li>• Related Party Transactions, Conflict of Interest</li> <li>• Company Property and Intellectual Property</li> <li>• Dealing with Company shares / Insider Trading</li> </ul> | <ul style="list-style-type: none"> <li>• Anti-Bribery &amp; Anti-Corruption</li> <li>• Health &amp; Safety and Environment</li> <li>• Purchasing &amp; Financial Code of Ethics</li> <li>• Gift &amp; Entertainment</li> </ul> |
|---|--|

The Internal Business Code is available on our internal portal which is accessible by all directors and employees.

The Company has adopted a Whistle-Blowing Policy which is disseminated to employees on the Company’s internal portal. The Whistle-Blowing Policy which states the appropriate communication and feedback channels to facilitate whistle-blowing can also be accessed at the Company’s website at [www.beshom.com](http://www.beshom.com).

The Whistle-Blowing Policy is reviewed by the Company periodically or at least once in three years.

#### Anti-Bribery & Anti-Corruption

BESHOM Group has a zero-tolerance approach to bribery. BESHOM Group takes the upholding of its anti-bribery stance across the Group’s business seriously. It expects the same from stakeholders, both internal and external to the Group’s businesses, extending to all the Group’s business dealings and transactions in all countries in which it operates. All suppliers and business associates must adhere to BESHOM Group’s Anti-Bribery Policy.

#### Directors’ Fit and Proper Policy

In June 2022, the Board established the Directors’ Fit and Proper Policy (FPP), to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the appointed position in the most effective manner. The Directors’ FPP is incorporated in the Board Charter which is available on our website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### Intended Outcome 4.0

The Company addresses sustainability risks and opportunities in an integrated and strategic manner to supports long term strategy and success.

BESHOM has in place a Sustainability Governance Framework to guide and manage sustainability-related matters as part of its existing corporate governance structure. The sustainability strategies emphasized the 5 key Sustainability Focus Areas, namely “Economy, Governance, People, Product and Planet” which fall under the sustainability pillars “Environment, Social, and Governance”.

The Board of BESHOM is ultimately responsible to ensure that sustainability is incorporated in the strategic directions of the Group, including approving and overseeing the implementation of the Group’s Sustainability Strategy and Policy.

The Board is supported by the Sustainability Steering Committee (SSC), which is chaired by the Group Managing Director. Members of the SSC comprise Group Executive Director cum CFO and two Independent Directors. The role of the SSC includes developing sustainability strategies, sustainability goals, and performance indicators and recommending them for the Board’s approval. The SSC also reviews the Group’s stakeholder management process and overall management of sustainability matters carried out by the Sustainability Management Committee and the Sustainability Task Force.

We remain committed to building a sustainable business that brings long-term, shared value creation to our stakeholders. We will continue to manage and ensure that the Group’s businesses considering the environmental, social, economic and governance aspects in paving the path for a more sustainable future.

As the interest and needs of each stakeholder vary, we adopt a process to assess and facilitate effective and efficient stakeholder engagement. Amongst others, the assessment considers the nature of their relationships with our business and how these relationships impact BESHOM and our stakeholders, and vice versa.

During the FY2022, we conducted the Supplier Engagement on Sustainability Survey of our top suppliers to better understand the possible sustainability issues related to our group supply chain. The survey enabled the Company to identify the existing and potential sustainability impact and have better knowledge of how suppliers addressed the issues on social, environmental and the governance aspect.

### Sustainability Strategies and Key Performance Indicators

We integrate and align our sustainability process with the Group’s strategic management, including ensuring sustainability strategies are aligned with our business strategies and identifying specific key performance indicators (“KPIs”) for Management to drive sustainability performance.

In FY2022, the evaluation for Group Managing Director and Group Executive Director has included the performance and effectiveness assessment on sustainability, particularly sustainability matters involving business operations of the 3 main business segments i.e. MLM, Wholesale and Retail segments and other material sustainability matters on group wide basis.

With the ever-growing emphasis on sustainability as well as the increased expectations for the Group to behave responsibly, the Board will continue to engage with subject matter experts from external and internal and attend relevant trainings to ensure that the Board have the knowledge in supporting the Company to enhance their sustainability focus and formulate sustainability strategy.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Part II – Board Composition

##### Intended Outcome 5.0

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Currently, the Board comprises members from diverse backgrounds which provide the Group with diverse views and a wealth of expertise, advice and experiences. The profiles of the Directors are provided on page 10 to 14.

Our Board has eight (8) members, comprising two (2) Executive Directors and six (6) Independent Non-Executive Directors. This complies with Paragraph 15.02 of the MMLR which requires at least one-third (1/3) of the board to be Independent Directors as well as Practice 5.2 of the MCCG that requires at least half of the board comprises independent directors. In the event of any vacancy in the Board of Directors resulting in non-compliance with Para 15.02(3) of the MMLR, the Company must fill the vacancy within 3 months. Currently, 75% of our directors are independent while the female representation is 25% with two (2) women directors. The Board will take necessary efforts to close the gap to achieve 30% women directors on our Board in the near future.

The Board recognises the importance of independence and objectivity in the decision-making process. The Independent Non-Executive Directors do not participate in the day-to-day management of the Group. They play a significant role in providing unbiased and independent views, advices and decisions while taking into account the interest of relevant stakeholders including minority shareholders of the Company.

##### Tenure of Independent Director

The Board is aware of the good practice that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and that an Independent Director may continue to serve the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of nine (9) years' tenure. If the Board intends to retain an Independent Director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

As at 30 April 2022, none of the tenures of Independent Directors exceed a cumulative term limit of 9 years. The Board has vide its meeting held in July 2022 adopted the 9-year policy for the tenure of Independent Directors to serve on the Board.

##### Nominating Committee

The Board has delegated to the Nominating Committee ("NC") the responsibility to establish, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors, including the assessment on the effectiveness of the Board as a whole, the performance of each individual Director and the Board Committees, including tenure of each independent director, the term of office, and performance of the Audit Committee, Risk Management Committee, Remuneration Committee and its members on an annual basis. All assessments and evaluations carried out by the NC in the discharge of all its functions are properly documented.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

**Nominating Committee (Continued)**

The NC was reconstituted on 1 May 2022 and currently comprises exclusively of Independent Non-Executive Directors. The members are as follows: -

Name	Directorship	No. of Meetings <sup>1</sup> Attended in FY2022
Chairperson: Professor Hajjah Ruhanas Binti Harun (redesignated as Chairperson on 1 May 2022)	Independent Non-Executive Director	2/2
Ng Chek Yong <sup>2</sup>	Senior Independent Non-Executive Director	2/2
Members: Soon Eng Sing	Independent Non-Executive Director	1/2
Tan Kim Siong (appointed as a member on 1 May 2022)	Independent Non-Executive Director	-

Note 1: The number of meetings includes the meetings of Hai-O Enterprise Berhad held prior to the internal reorganisation which was completed on 29 November 2021.

Note 2: Ng Chek Yong ceased to be the Chairman of NC on 1 May 2022.

The Terms of Reference of the NC is available on our website [www.beshom.com](http://www.beshom.com).

The NC meets at least once a year with additional meetings to be convened, if necessary. During the financial year under review, the NC met twice (2) with 83% attendance rate.

The NC has developed criteria for the assessment of the Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his/her involvement in any significant transaction with the Group according to the criteria set in the Main Market Listing Requirements ("MMLR") of Bursa Securities.

As an annual practice, all the Independent Non-Executive Directors have provided their annual confirmations of independence to the Board based on the Company's criteria of assessing independence in line with the definition of "independent directors" prescribed by the MMLR.

The Board had assessed and concluded that all the Independent Non-Executive Directors of the Company, namely, Ng Chek Yong, Tan Beng Ling, Soon Eng Sing, Chia Kuo Wui, Tan Kim Siong and Hajjah Ruhanas Binti Harun have demonstrated independence in their conduct and behaviour which are essential indicators, and that each of them is independent of the Company's management and free from any business or other relationships which could interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company.

The NC also assesses the training needs of Directors for continuous education purpose, evaluates expected time commitment of the Directors and establishes protocols for the Board to accept new directorships.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Board Nomination and Election Process of Directors

The NC is responsible to recommend candidates to the Board to fill a vacancy arising from resignation, retirement or other reasons, or if there is a need to appoint additional directors with the required skill or profession to the Board to close the competency gap in the Board as identified by the NC. Upon receipt of the proposal, the NC is responsible to conduct an assessment and evaluation of the proposed candidate. Upon completion of the assessment and evaluation of the proposed candidate, the NC would make its recommendation to the Board.

The selection and appointment process for new director(s) is as follows: -



#### Board Diversity Policy

The Group does not practice discrimination in any form, whether based on age, gender, ethnicity or religion throughout the organisation. This includes the selection of Board members and Senior Management.

The Board recognises the mix of the Board members in terms of age, ethnicity and gender can provide diverse perspectives, experience and expertise required to achieve effective Board.

The Board has considered the Board Diversity Policy and agreed that it is of utmost importance that the Board comprises the best qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that the Board functions effectively and is able to discharge its duties in the best interests of the Company and shareholders.

The Nominating Committee is responsible for reviewing and assessing the composition and performance of the Board as well as identifying appropriately qualified persons to be a member of the Board. In designing the composition of the Board, the Nominating Committee will consider the benefits of diversity from several aspects including age, ethnicity, gender, physical / mental ability and other characteristics as stated in the FPP or to fill the gap of the Board skills matrix.

The NC keeps the Board's balance of skills, knowledge, experience and the length of service of each board member under constant review. The NC takes into consideration the use of independent sources in identifying suitably qualified candidates should there be a need to appoint additional or new director(s). The NC will conduct proper screening and selection of candidates prior to the appointment of any new director.

No new director was appointed from the date of last AGM till to-date other than the appointment of directors in the Company on 12 November 2021, to mirror the Hai-O Enterprise Berhad's Board in tandem with the internal reorganisation exercise.

During the financial year 2022, the NC having considered the criteria and experience of Mr. Ng Chek Yong, has recommended him to be the Chairman of the Company to fill in the vacancy following the demised of the late Chairman, Mr. Tan Kai Hee.

During the FY2022, the assessment relating to the reappointment of directors was reviewed by the NC and recommended to the Board for approval. Based on the results of the evaluation conducted on their fitness and propriety in line with the FPP and the annual assessment and evaluation of the Board for the financial year ended 30 April 2022, the Board had recommended the reappointment of directors to the shareholders for approval at the forthcoming 2<sup>nd</sup> AGM.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

**Changes in Board Committees**

The Board has reviewed the composition of the respective Board Committees and evaluated the gap that is required to meet the recommended practices by the MCCG. The Nominating Committee, Risk Management Committee and ESOS Committee were reconstituted on 1 May 2022 after the redesignation of Ng Chek Yong as the Chairman of the Company in the following manner:-

- Professor Hajjah Ruhanas Binti Harun redesignated as the Chairperson of the Nominating Committee,
- Tan Kim Siong appointed as a new member of the Nominating Committee.
- Ng Chek Yong appointed as the Chairman of the ESOS Committee.

**Directors' Training**

The Board acknowledges that continuous education is essential for its members to gain insight into the state of economy, technological advances, regulatory updates and management strategies.

The following are the training programmes, seminars, workshops and briefings attended by Directors during the financial year ended 30 April 2022: -

No.	Topics	NCY	TKK	HVK	TBL	SES	CKW	TKS	Hajjah Ruhanas
1.	Asia-Pacific Board Leadership Centre   Board and Audit Committee Priorities 2021				√				
2.	e-Commerce: Driving Growth with Digital			√					
3.	Doubling down on Corporate Governance Watch 2020 and Malaysian Code on Corporate Governance (2021 Update)								√
4.	Implementing Amendments In The Malaysian Code On Corporate Governance (MCCG)	√			√				
5.	How to Collaborate Securely whilst Preventing Breaches with Virtual Data Encryption						√		
6.	Governance of China: Perspectives From Southeast Asia								√
7.	Building back better: A board's-eye view				√				
8.	KPMG Board Leadership Center Exclusive The New Reality of Cyber Hygiene	√							
9.	MIRA Webinar: The Malaysian Code on Corporate Governance – updated April 2021			√					

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

#### Directors' Training (Continued)

No.	Topics	NCY	TKK	HVK	TBL	SES	CKW	TKS	Hajjah Ruhanas
10.	Driving consistency in ESG disclosures				√				
11.	The Cooler Earth 2021  Aligning Thought Leadership				√				
12.	Pandemic Recovery and East Asian Economic Resilience								√
13.	The Cooler Earth 2021  Accelerating Sustainability Capacity				√				
14.	The Cooler Earth 2021  Youth Day: Voices of the Next Generation				√				
15.	Understanding Board Decision-Making Process	√							
16.	AOB Conversation with Audit Committees						√	√	
17.	Introducing the First Global Voluntary ESG Disclosure Standards				√				
18.	UOB Asset Management Annual Outlook Seminar 2022			√					
19.	CSR Talk: How Can Robot Reduce Labour Dependency		√						
20.	High Impact Learning Day					√			
21.	NFT Webinar Series - Webinar 3: Demystifying the NFT Landscape				√				
22.	SRI Series 2022 (Part 5): Panel Roundtable Discussion - SRI Taxonomy				√				
23.	Insights into Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainable Finance								√
24.	Women in Peace and Security								√
25.	Built Environment 4.0: Moving towards Diversity, Inclusivity & Sustainability								√

Note:

- (i) NCY (Ng Chek Yong), TKK (Tan Keng Kang), HVK (Hew Von Kin), TBL (Tan Beng Ling), SES (Soon Eng Sing), CKW (Chia Kuo Wui), TKS (Tan Kim Siong), Hajjah Ruhanas (Hajjah Ruhanas Binti Harun)
- (ii) Excluded the late Mr Tan Kai Hee who demised on 22 February 2022.

The Directors are encouraged to participate in other relevant training programmes to further enhance their knowledge and skills in discharging their responsibilities more effectively.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### Intended Outcome 6.0

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Evaluation and Assessment

The process of assessing the Directors is an ongoing responsibility of the entire Board. The Board has put in place a formal evaluation process to annually assess the effectiveness of the Board as a whole and the Board Committees, as well as the contribution and performance of each individual Director, including the Independent Non-Executive Directors.

The criteria used, among others, for the annual assessment of individual Directors include an assessment of their roles, duties, responsibilities, competency, expertise and contribution. For the Board and Board Committees, the criteria used include among others, composition, structure, accountability, responsibilities, adequacy of information and processes. In general, the assessment covers: -

- Individual board member's understanding of the Company's mission and strategic plan;
- Board members' understanding and knowledge of the Group's business and performance and application of good governance principles to create sustainable shareholder's value;
- Board's independence in the process of decision making;
- In the case of Independent Non-Executive Directors, the directors' ability to discharge such responsibilities or functions as expected from Independent Non-Executive Directors and whether the director has any conflicts of interest with the Company.

In line with Guidance 6.1 of the MCCG, the questionnaires on the annual assessment of the effectiveness of the Board and individual Directors also included, among others, the evaluation of their:

- willingness and ability to critically challenge and ask the right questions;
- character and integrity in dealing with potential conflicts of interest situation, if any;
- commitment to serve the Company; and
- confidence to stand up for a point of view.

In respect of the assessment for the financial year ended 30 April 2022 which was internally facilitated together with the external Company Secretary, the Board was satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively and the contribution and performance of each individual Director is satisfactory. The Board was also satisfied that the Board's composition in terms of size, the balance between Executive, Non-Executive and Independent Directors and the mix of skills was adequate.

## Part III – Remuneration

### Intended Outcome 7.0

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Intended Outcome 8.0

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

**Remuneration Committee**

The Remuneration Committee (“RC”) is principally responsible for setting the policy framework and making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors and key Senior Management.

The remuneration packages of the Executive Directors and key Senior Management have been structured to attract and retain Directors and key Senior Management of the right calibre to manage the Group effectively. The recommendation of remuneration of the Executive Directors and key Senior Management is measured by, amongst others, the Directors’ contribution, commitment, responsibilities and expertise while rewards are linked to the Company’s and individual’s performance which comprise financial, non-financial and operational targets. The Executive Directors abstained from deliberation on their own remuneration at Board meetings.

In the case of Non-Executive Directors, the remuneration philosophy is to establish a remuneration structure that commensurate with the seniority, experience, contribution, level of responsibilities and representation in Board Committees by a particular Non-Executive Director. The remuneration and benefits payable to the Non-Executive Directors would be tabled to the shareholders for approval at the forthcoming 2<sup>nd</sup> AGM. The Directors who are also the shareholders shall abstain from voting at the forthcoming 2<sup>nd</sup> AGM on resolutions pertaining to their Directors’ fees and benefits.

The Terms of Reference of the RC which includes the Remuneration Policies was updated in May 2022 and is available on the Company’s website at [www.beshom.com](http://www.beshom.com).

Presently, the RC comprises wholly Non-Executive Directors, all of whom are Independent.

Name	Directorship	No. of Meetings Attended in FY2022
<b>Chairman:</b>		
Soon Eng Sing	Independent Non-Executive Director	3/4
<b>Members:</b>		
Chia Kuo Wui	Independent Non-Executive Director	4/4
Tan Beng Ling	Independent Non-Executive Director	4/4

*Note: The number of meetings includes the meetings of Hai-O Enterprise Berhad held prior to the internal reorganisation which was completed on 29 November 2021.*

During the financial year ended 30 April 2022, the RC held four (4) meetings with 92% attendance rate. The RC has reviewed the remuneration packages of the Executive Directors and key Senior Management staff based on Key Performance Indicators and performance appraisal carried out by the Group Managing Director before making its recommendation to the Board for its consideration and approval. The RC has also reviewed the remuneration package for the newly appointed Chairman and the amendments made to the Directors’ Remuneration Handbook.

The respective Directors abstained from deliberating and voting on their own remuneration at the Board of Directors’ Meetings.

The Directors’ fees, both Executive and Non-Executive, would be tabled to the shareholders for approval at the forthcoming AGM.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## Directors' Remuneration

The details of the remuneration of Directors for the financial year ended 30 April 2022 are as follows:

No	Name	Directorate	Company (RM)				Total
			Directors' Fees	Salaries, Allowances, Bonuses, Incentives <sup>N1</sup>	Benefits-In-Kind <sup>N2</sup>	Other Emoluments <sup>N3</sup>	
1.	Tan Kai Hee*	Late Chairman - Non Executive Director	-	25,000	-	99	25,099
2.	Ng Chek Yong	Chairman, Independent Director	9,583	29,000	-	1,247	39,830
3.	Tan Keng Kang	Group MD - Executive Director	9,583	87,000	-	10,311	106,894
4.	Hew Von Kin	Executive Director	9,583	82,000	-	3,268	94,851
5.	Tan Beng Ling	Independent Director	9,583	36,000	-	3,985	49,568
6.	Tan Kim Siong	Independent Director	9,583	30,000	-	3,635	43,218
7.	Soon Eng Sing	Independent Director	9,583	32,000	-	3,985	45,568
8.	Chia Kuo Wui	Independent Director	9,583	36,000	-	3,985	49,568
9.	Prof. Hajjah Ruhanas Binti Harun	Independent Director	9,583	28,000	-	1,247	38,830

N1 Allowances comprised monthly fixed allowance, meeting allowances and other allowances.

N2 Benefits-in-Kind comprised provision of Company's motor vehicle, driver and others.

N3 Other emoluments comprised of Employer's Provident Fund contribution, Social Security Welfare contribution and Employment Insurance Scheme contribution.

- Redesignated as non-executive Chairman on 12 November 2021 and demised on 22 February 2022.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

## Directors' Remuneration (Continued)

The details of the remuneration of Directors for the financial year ended 30 April 2022 are as follows: (Continued)

No	Name	Directorate	Group (RM)				Total
			Directors' Fees	Salaries, Allowances, Bonuses, Incentives <sup>N1</sup>	Benefits-In-Kind <sup>N2</sup>	Other Emoluments <sup>N3</sup>	
1.	Tan Kai Hee*	Late Chairman - Non Executive Director	-	1,131,200	25,958	1,581	1,158,739
2.	Ng Chek Yong	Chairman, Independent Director	23,000	68,000	-	2,993	93,993
3.	Tan Keng Kang	Group MD - Executive Director	48,000	1,000,000	6,255	156,373	1,210,628
4.	Hew Von Kin	Executive Director	27,000	957,000	20,408	58,425	1,062,833
5.	Tan Beng Ling	Independent Director	23,000	85,000	-	9,563	117,563
6.	Tan Kim Siong	Independent Director	23,000	71,000	-	8,723	102,723
7.	Soon Eng Sing	Independent Director	23,000	77,000	-	9,563	109,563
8.	Chia Kuo Wui	Independent Director	27,000	85,000	-	9,563	121,563
9.	Prof. Hajjah Ruhanas Binti Harun	Independent Director	23,000	66,000	-	2,993	91,993

N1 Allowances comprised monthly fixed allowance, meeting allowances and other allowances.

N2 Benefits-in-Kind comprised provision of Company's motor vehicle, driver and others.

N3 Other emoluments comprised of Employer's Provident Fund contribution, Social Security Welfare contribution and Employment Insurance Scheme contribution.

- Redesignated as non-executive Chairman on 12 November 2021 and demised on 22 February 2022.

Saved as disclosed above, there were no other remuneration paid for services rendered by any Directors to the Company and the Group for the financial year ended 30 April 2022.

The Directors who are shareholders of the Company had abstained from voting at the previous Hai-O Enterprise Bhd's 46<sup>th</sup> AGM and shall abstain from voting at the forthcoming 2<sup>nd</sup> AGM on resolutions pertaining to their Directors' fees, benefits and their respective re-election as Directors.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

The aggregate remuneration of the Senior Management (excluding Group Executive Directors) for the financial year ended 30 April 2022, is as follows: -

Group Level	Salaries, Bonuses Allowances, Incentives (RM)	Other Emoluments <sup>N2</sup> (RM)	Benefits-In- Kind <sup>N3</sup> (RM)	Total (RM)
Senior Management <sup>N1</sup>	798,000	91,678	11,100	900,778

*N1 Senior Management team comprises of Mr. Tham Yoke Lon (General Manager of MLM segment), Mr. Tan Yong Chin (Chief Marketing Officer of Wholesale, Retail and Manufacturing segments) who joined the Group on 1 July 2021 and Mr. Philip Teo Kheng Leong (General Manager of Retail segment).*

*N2 Other Emoluments comprised of Employer's Provident Fund contribution, Social Security Welfare contribution and Employment Insurance Scheme contribution.*

*N3 Benefits-in-Kind comprised provision of company's motor vehicle and others.*

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

## Part I - Audit Committee

## Intended Outcome 9.0

There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

The Audit Committee comprises wholly of Non-Executive Directors, all of whom are Independent. The composition of the Audit Committee, including its roles and responsibilities, is set out on pages 49 to 54 of this Annual Report.

The Chairman of the Audit Committee and the Chairman of the Board are held by different persons.

All members of the Audit Committee are financially literate as they keep themselves abreast with the latest developments in accounting and auditing standards and the impact to the Group through briefings by Management and external auditors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

#### Assessment of suitability and independence of External Auditors

Through the Audit Committee, the Board has established a transparent and professional relationship with the Company's Internal and External Auditors.

The Company's independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Company's financial statements and giving assurance of that reliability to users of these financial statements. In the course of their audit of the Group's financial statements, the External Auditors would highlight to the Audit Committee matters that require the Board's attention. Audit Committee meetings are attended by the External Auditors for purposes of presenting their audit plan and report and presenting their comments on the audited financial statements. At least twice a year, meetings are held without the presence of the Management of the Company to ensure that the External Auditors can freely discuss and express their opinions on any matter to the Audit Committee, and the Audit Committee can be sufficiently assured that Management has fully provided all relevant information and responded to all queries from the External Auditors.

In addition, the External Auditors are invited to attend the AGM of the Company and are required to be available to answer shareholders' questions on the conduct of the statutory audit and contents of their audit report.

The Audit Committee has also put in place a policy and revised its Terms of Reference to include a cooling-off period of at least three (3) years before a former partner of the external audit firm could be appointed as a member of the Audit Committee to safeguard the independence of the audit of the financial statements.

The Audit Committee has also taken note of the non-audit services and the fees charged by the External Auditors. Before appointing the External Auditors to undertake non-audit services, considerations should be given to whether this would create a threat to the External Auditors' independence or objectivity. The External Auditors should not be appointed unless appropriate safeguards are present to eliminate or reduce the threat to an acceptable level. The External Auditors shall observe and comply with the By-Laws of the Malaysian Institute of Accountants in relation to the provision of non-audit services.

The Audit Committee has assessed the independence of KPMG PLT as the External Auditors of the Company as well as reviewed the level of non-audit services rendered by them and after considering the quantum of the fee, which was not material as compared with the total audit fee paid to the External Auditors, concluded and recommended to the Board that the provision of such services did not compromise the External Auditors' independence and objectivity.

The External Auditors, KPMG PLT, have declared to the Audit Committee their independence in carrying out the audit for the Group and their compliance with relevant ethical requirements at the Audit Committee meeting. Having been satisfied with the outcome of the assessment carried out on the performance suitability, technical competency, independence and the information in the Annual Transparency Report 2021, presented by the External Auditors, the Audit Committee recommended the re-appointment of KPMG PLT and their fees to the Board.

CORPORATE GOVERNANCE  
OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

**Company's financial statements is a reliable source of information**

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, as well as through quarterly announcements of its results to shareholders. These financial statements are drawn up in accordance with the Companies Act 2016, the MMLR, the International Financial Reporting Standards and the Financial Reporting Standards in Malaysia and are reviewed by the Audit Committee prior to approval by the Board. The annual financial statements are subject to audit by independent External Auditors.

The Board, with the assistance of the Audit Committee, takes due care and reasonable steps to ensure that its quarterly and annual financial statements are presented in an accurate manner. The Audit Committee, when reviewing the financial statements, is also required, among others, to focus on significant matters highlighted in the financial statements and significant judgments, estimates or assumptions made by the Management.

The Board is responsible to ensure that financial statements of the Company give a true and fair view of the state of the Company and of the Group as at the end of the reporting period. Accordingly, the Board has prepared the responsibility statement pursuant to the MMLR as outlined on page 77 of this Annual Report.

**Part II – Risk Management and Internal Control****Intended Outcome 10.0**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives. The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Intended Outcome 11.0**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

The Board has formalised a structured risk management framework to determine the Company's level of risk tolerance and to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.

The Risk Management Committee ("RMC") consists of three (3) members, two (2) of whom are Independent Non-Executive Directors, hence is in compliance with Practice 10.3 – Step Up of the MCCG which requires the RMC to comprise a majority of independent directors.

Name	Directorship	No. of Meetings <sup>1</sup> Attended in FY2022
Chairman:		
Hew Von Kin	Group Executive Director cum Chief Financial Officer	2/2
Members:		
Chia Kuo Wui	Independent Non-Executive Director	2/2
Tan Beng Ling	Independent Non-Executive Director	2/2
Ng Chek Yong <sup>2</sup>	Senior Independent Non-Executive Director	2/2

Note 1: The number of meetings includes the meetings of Hai-O Enterprise Berhad held prior to the internal reorganisation which was completed on 29 November 2021.

Note 2: Ng Chek Yong ceased to be a member of RMC on 1 May 2022.

During the financial year ended 30 April 2022, the RMC held two (2) meetings with 100% attendance rate.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

The key features of the risk management framework are set out in the Statement on Risk Management and Internal Control. The system of internal control practised by the BESHOM Group spans across financial, operational and compliance aspects, particularly to safeguard the Group's assets and hence shareholders' investments. The system of internal control, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

The Board has also established an independent internal audit function that reports directly to the Audit Committee. Currently, the Head of Group Internal Audit is supported by two (2) internal audit executives. They are independent from the operational activities of the Group and they do not hold management authority and responsibility over the operations covered in their scope of works.

The Head of Group Internal Audit Department, Ms. Wong Ngiik Moi, was appointed in March 2016. She is a member of the Institute of Internal Auditors Malaysia and holds a Degree in Accounting. She has extensive knowledge and working experience in the internal audit field with exposure to various industries. The scope of work covered by the internal audit function during the financial year under review is provided in the Statement on Risk Management and Internal Control contained in this Annual Report.

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### Part I - Engagement with stakeholders

##### Intended Outcome 12.0

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

##### Investor Relations

An Investor Relations Policy enables the Company to communicate effectively with its shareholders, prospective investors, fund managers, investment analysts and public generally with the intention of giving them a clear picture of the Group's performance and operations.

The shareholders and other stakeholders are kept informed of all major developments and performance of the Group through timely quarterly results announcements and various disclosure and announcements made to Bursa Securities through Bursa Link, press releases, the Company's annual report and circular to shareholders, if applicable.

The Company periodically organises briefings and meetings with analysts and fund managers and also facilitates communications through tele-conference to give stakeholders a better understanding of the businesses and developments of the Group. The corporate presentations and interim financial highlights are made available at the Company's website [www.beshom.com](http://www.beshom.com).

To maintain a high level of transparency and effectively address any issues or concerns, the Company maintains a dedicated electronic mail, [ir@beshom.com](mailto:ir@beshom.com) to which stakeholders can direct their queries for investor relations purposes.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

### Corporate Disclosure Policy and Procedure

The Group recognises the importance of transparency and accountability in the disclosure of the Group's business activities to its shareholders and investors. The Board has adopted a Corporate Disclosure Policy and Procedure for the Group which sets out, among others, the scope and extent of disclosure by the various parties within the organisation, timeliness of disclosure as well as assessment of materiality and if it is reasonably expected to have a material effect on the price, value or market activity of any of the Company's securities; or the decision of a member of the Company or an investor in determining his choice of action.

### Leverage on Information Technology for effective dissemination of Information

The Group has also leveraged on information technology for broader and effective dissemination of information and has established an Investor Relations Section within the Corporate website to provide all relevant information including corporate governance, public announcements, annual reports, financial highlights, corporate information, corporate calendar, dividends history, notice of general meetings, minutes of annual general meeting and others.

### Part II - Conduct of General Meetings

#### Intended Outcome 13.0

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

#### General Meeting

The Board recognises the importance of keeping shareholders, stakeholders and the general public informed on the Group's business, performance and corporate developments. The Annual General Meeting ("AGM") remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed and the business operations of the Group.

The date of AGM of the Company is normally scheduled annually in September or October and the Directors are notified at the beginning of the calendar year of the scheduled meeting to ensure that all Directors are present to provide a meaningful response to questions addressed to them. The Directors together with the Senior Management team and external auditors would be present at general meeting(s) to answer queries from the shareholders who participate in the Question and Answer session.

The Notice of AGM will be served to the shareholders of the Company at least 28 days prior to the meeting. The notice of AGM was published in the Annual Report and uploaded on the Company's website upon release to Bursa Securities.

During the financial year 2022, Hai-O Enterprise Berhad ("Hai-O") held its Court Convened Meeting (CCM) and Extraordinary General Meeting (EGM) on 19 May 2021 to consider the Proposed Internal Reorganisation exercise and the 46<sup>th</sup> AGM on 21 October 2021. All the above three (3) meetings were held virtually from the broadcast venue located in Kuala Lumpur.

Likewise, for conducting virtual general meeting, the Board must also ensure that the meeting supports meaningful engagement between the Board, Senior Management and shareholders. This includes having in place the required infrastructure and tools to among others, a smooth broadcast of the general meeting and interactive participation by shareholders. The virtual meeting facilities have enabled the shareholders of the Company to exercise their right to participate (including the right to pose questions to the Board of Directors and/or Management of the Company) and vote in absentia in accordance with the Company's constitution which allows electronic voting and remote shareholders participation. All resolutions were put to vote by poll.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

#### General Meeting (Continued)

All Directors attended the 46<sup>th</sup> AGM, the CCM and the EGM.

The Directors together with the Senior Management team and External Auditors were present at all the above meetings held in FY2022 and responded to the relevant questions which were submitted by remote participants via the messaging window of the electronic meeting portal during the meeting.

The shareholders are also allowed to submit questions in advance to our IR email before the meeting. Answers to the Questions received prior to the meeting will be presented and made visible to all meeting participants during the meeting.

All the relevant questions and answers received before and during AGM/ CCM/EGM were published on our corporate website at [www.beshom.com](http://www.beshom.com). within 30 business days after the respective meetings were held.

#### RESPONSIBILITY STATEMENT BY THE BOARD

The Directors are responsible in ensuring that the annual financial statements of the Group are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of Companies Act 2016 and the MMLR.

They are to ensure that the annual financial statements of the Group give a true and fair view of the state of affairs of the Group at the end of the financial year and the results and cash flows for the year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies on going concern basis and applied them consistently;
- made judgements, estimates and assumptions that are prudent and reasonable;
- ensured that applicable approved accounting standards are complied with; and
- put in-place an internal control system to ensure the financial statements are free from material misstatements, whether due to fraud or error.

The Directors have also taken reasonable steps to safeguard the assets of the Group as well as to prevent and detect other irregularities.

This CG Overview Statement was made in accordance with a Resolution of the Board on 15 August 2022.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2022

## INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") is committed to maintaining a sound internal control and risk management system and constantly reviewing the adequacy and effectiveness of the system. The Board is pleased to provide the following statement on the state of risk management and internal control of Beshom Holdings Berhad ("BESHOM"/"Company") and its subsidiaries ("Group") for the financial year ended 30 April 2022, which has been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities.

## BOARD RESPONSIBILITY

The Board is committed to maintaining a sound system of risk management and internal control and proper management of risk throughout the operations of the Group in order to safeguard shareholders' investments and assets of the Group. The Board is responsible for determining the overall Group's level of risk tolerance and constantly review, assess and monitor the effectiveness and adequacy of the internal control system which has been embedded in all aspects of the Group's activities.

The risk management and internal control system is designed to identify, assess and manage principal risks that may hinder the Group from achieving its strategic goals and business objectives efficiently, effectively and economically instead of eliminating these risks.

The Board takes cognizance of the system's inherent limitations. Accordingly, the system is designed to manage and provide reasonable, rather than absolute assurance against the risk of failure, material misstatement or loss.

## RISK MANAGEMENT FRAMEWORK

The Board has, through its Risk Management Committee ("RMC"), implemented an Enterprise Risk Management ("ERM") Framework throughout the Group to provide an integrated risk management infrastructure to identify, respond to and monitor the strategic key enterprise risks in a systematic and ongoing approach.

### Roles and Responsibilities under the Risk Management Framework

Authority Level	Roles and Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>Approves and oversees the ERM Framework and internal control system (incorporating Policies and Scope), including changes or additions.</li> <li>Responsible for determining the overall Group's level of risk tolerance and review, assess and monitor the effectiveness and adequacy of the risk management and internal control system.</li> </ul>
Audit Committee ("AC") and Risk Management Committee ("RMC")	<ul style="list-style-type: none"> <li>Develops &amp; implements the ERM Framework and internal control system.</li> <li>Reviews the appropriate risk management measures implemented within the Group to ensure the adequacy and effectiveness of the Group's risk management and internal control system.</li> </ul>
Executive Risk Committee ("ERC")	<ul style="list-style-type: none"> <li>Assists the RMC in overseeing risk management through its ERM framework.</li> <li>Ensures that Management and Risk Owners maintain an effective process to identify, evaluate and manage risks.</li> <li>Provides guidance and advice with respect to risk management and monitor risks across the key risk areas.</li> </ul>
Management and Risk Owners of Operating Business Units	<ul style="list-style-type: none"> <li>Identify and prioritise risks and participate in the Group's risk identification and assessment process.</li> <li>Ensure risks are identified, managed and regularly assessed and provide regular updates on risks as well as key indicators measuring the extent of the risks.</li> <li>Document the controls and processes to manage the risks of their respective functional areas.</li> </ul>

STATEMENT ON RISK MANAGEMENT  
AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

**RISK MANAGEMENT FRAMEWORK (CONTINUED)**

The AC and RMC assist the Board to review the appropriate risk management measures implemented within the Group to ensure the adequacy and effectiveness of the Group's risk management and internal control system.

The major business units are required to document the controls and processes to manage the risks of their functional areas, assess the effectiveness of the system and be sensitive and responsive to any changes to prevent and/or mitigate or minimize any damages to such functional areas.

In conjunction with the Internal Reorganisation exercise of the Group, the RMC of BESHOM was constituted on 12 November 2021 concurrent with the appointment of Directors to BESHOM to mirror the Hai-O Enterprise Berhad's Board ahead of the transfer of listing status to BESHOM on Main Market of Bursa Securities on 29 November 2021 ("Transfer listing"). The RMC was then reconstituted on 1 May 2022 following the appointment of Mr. Ng Chek Yong as Chairman of the Company.

The RMC is currently chaired by the Group Executive Director cum Group Chief Financial Officer and its members consist of two (2) Independent Non-Executive Directors as follows:

Name	Designation	Directorship	No. of Meetings <sup>1</sup> Attended in FY2022
Hew Von Kin	Chairman	Group Executive Director cum Group Chief Financial Officer	2/2
Tan Beng Ling	Member	Independent Non-Executive Director	2/2
Chia Kuo Wui	Member	Independent Non-Executive Director	2/2
Ng Chek Yong <sup>2</sup>	Member	Senior Independent Non-Executive Director	2/2

Notes:

1. The number of meetings includes the meetings in Hai-O Enterprise Berhad held prior to the transfer listing to BESHOM on 29 November 2021.
2. Mr. Ng Chek Yong ceased to be a member of RMC on 1 May 2022.

The ERC is led by the Group Executive Director and its members comprise of divisional or departmental heads. The ERC assists the RMC in overseeing risk management through its ERM framework.

The Group Managing Director was invited to all RMC and ERC meetings held during the financial year ended 30 April 2022. The ERC members and the relevant key risk owners have also been invited to attend the RMC meetings. During the financial year ended 30 April 2022, the RMC had reviewed the risk registers and its status update, deliberated on the key and new risks identified and kept track of management actions or measures taken or proposed to be taken within the stipulated timeline at the two (2) RMC meetings held on 17 June 2021 and 17 December 2021 respectively with 100% attendance rate for all RMC members. The Chairman of the RMC reports and briefs the Board under a separate agenda at each Board Meeting following their respective meetings on the salient matters deliberated, including among others, the adequacy of the internal control system in managing the risks, the monitoring process carried out by the Management and the RMC. The Company Secretary is the secretary of the RMC.

The Board has put in place an ERM process for Beshom Holdings Berhad and its principal subsidiaries, namely, Hai-O Enterprise Berhad, Sahajidah Hai-O Marketing Sdn. Bhd., Hai-O Raya Bhd. and SG Global Biotech Sdn. Bhd..

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)



The Group's ERM Process comprises four main phases, namely, Risk Assessment, Risk Impact Analysis, Formulation of Action Plan and Risk Monitoring and Review.

## Risk Assessment

Risk assessments are conducted for each key business function, activity and process to ensure that they are aligned with the Group's objectives and goals. The identification and management of risk is a continuous process linked to the achievement of the objectives. Any risks arising from these assessments will be identified, analysed and reported to the appropriate functional units.

## Risk Impact Analysis

Each risk identified is evaluated and given a gross risk rating based on its impact and probability of occurrence and is evaluated as low, medium or high. The level of residual risk is determined after identifying and evaluating the effectiveness of existing controls and mitigating measures taken. All risks identified are evaluated based on appropriate qualitative and quantitative criteria through discussion with the Management and Risk Owners of the Operating Business Units.

## Formulation of Action Plan

The risk register is compiled to facilitate the identification, assessment and ongoing monitoring of risks. Action plans and mitigating controls are determined for all the risks identified, evaluated and captured in the risk registers. The risk profiles, control procedures and status of action plans are reviewed on a regular basis by the ERC together with the Operating Business Unit Heads.

## Risk Monitoring and Review

For each of the risks identified, the risk owner is responsible for ensuring that the appropriate risk response actions are carried out in a timely manner. The respective risk owners are required to put in place the management actions and control measures, coordinate and communicate with the Risk Coordinator and the Group Internal Auditors to update the Risk Scorecard from time to time. The Internal Auditors will perform an independent review on the risk and internal control areas and report to the AC on a quarterly basis.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## Key Elements of Internal Control

The Group's system of internal control comprises the following key elements:

- 1) An ongoing process and framework for identifying, evaluating and managing significant risks faced by the Group which is in place for the year under review and up to the date of approval of this statement for inclusion in the annual report and reviewed by the Directors.
- 2) Clearly documented risk management principles, standard operating procedures and policies are regularly reviewed to meet operational needs and clearly communicated to employees.
- 3) The Board conducts quarterly reviews of the Group's performance and financial position at its meetings to ensure that the Group's overall objectives are achieved. At business units and divisional levels, the Management Team holds meetings on a regular basis to discuss, review, evaluate and resolve operational, financial and key management issues.
- 4) Each business unit is required to prepare annual budgets to be tabled to the Board for approval. Scheduled operational and management meetings are held to discuss and review business plans, budgets, financial and operational performances of the business units.
- 5) The Code of Ethics and Business Conduct ("Code of Conduct") is implemented within the Group and each employee is contractually bound to abide by the Code of Conduct. This Code serves to guide employees to conduct themselves in the utmost professional manner in dealing with company matters.
- 6) A clearly defined delegation of responsibilities is set for Committees of the Board, the Management Team and business operating units, including assigning appropriate authority levels to the various divisions of the business.
- 7) Insurance coverage and physical safeguards over major assets (property, plant and equipment, investment properties and inventories) are in place to ensure that the assets of the Group are adequately covered against any mishap that may result in material losses to the Group.

## INTERNAL AUDIT FUNCTION

The Group Internal Audit Department ("IAD") provides an independent assessment on the adequacy, effectiveness and reliability of the Group's risk management processes and system of internal controls. The IAD reviews compliance with policies and procedures, advises executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The IAD also conducts a follow up review on the implementation status of action plans previously agreed by Management.

The internal audit plan for Group IAD is approved by the AC on an annual basis. The results of the audits and recommendations for improvement co-developed with Management are tabled at AC meetings for discussion and subsequent assessment. Key and significant risk issues will be escalated to the RMC for deliberation, followed by subsequent monitoring of management actions.

The key risk issues are reported to the Board by the Chairman of the RMC for further deliberation. These include risks at the macro, industry and company specific levels, such as regulatory and compliance risks; the state of the global and domestic economy and the associated risks on key divisions; market share risks; business plan implementation and execution risks; the impact of COVID-19 pandemic, competitiveness of the marketing plan, data protection, price cutting and fake products, product diversification, customers retention and expansion of youth market, surge in product costs and supply shortage, product pricing challenges, business continuity, Management Information System (MIS) control measures and cyber threats.

During the financial year under review, the Group IAD performed control assessment reviews and risk impact analysis on business operations of the Wholesale, Multi-Level Marketing, Retail and Manufacturing segments of the Group. The details of the audit scope and coverage are elaborated in the Audit Committee Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

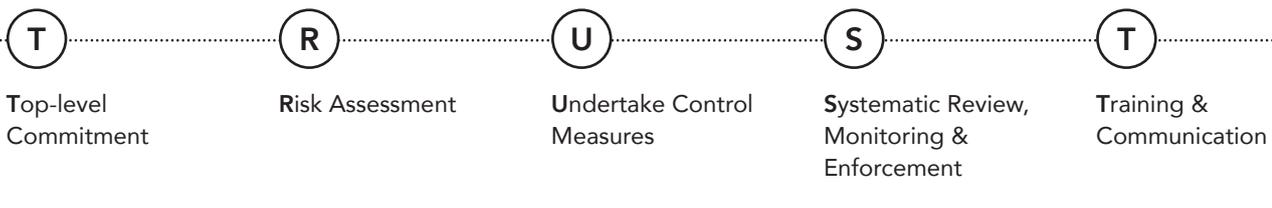
## INTERNAL AUDIT FUNCTION (CONTINUED)

In addition to the above, the Group IAD conducted quarterly follow up reviews with the respective Heads of Business Units of the Wholesale, Multi-Level Marketing, Retail and Manufacturing segments on the implementation status based on audit recommendations made by the Group IAD.

The Group IAD has assessed the system of internal controls, where applicable, based on the principles of COSO Internal Controls – Integrated Framework (“COSO Framework”). The COSO principles outline five essential components of an effective internal control system, namely (i) Control Environment; (ii) Risk Assessment; (iii) Control Activities; (iv) Information and Communication; and (v) Monitoring. The areas of concerns or emphasis that require Management’s immediate or specific attention and monitoring are tabulated in the Key Risk Listing for internal audit focus. Some weaknesses in internal control were identified for the year under review but these were not deemed significant and have not materially impacted the business or operations of the Group.

## ANTI-BRIBERY FRAMEWORK

The Group is committed to conduct its businesses in a lawful and ethical manner and maintaining high standards of ethics and integrity. The Anti-Bribery Framework (“ABF”) was established on 28 May 2020. The ABF sets out the Group’s stance and adopts adequate procedures against bribery activities in its businesses regardless of the country of operation. The ABF was developed based on the five principles of the Ministerial Guidelines, “**T.R.U.S.T**”:



The ABF, which comprises the following key policies and controls, has been put in place:

- Anti-Bribery Policy
- Whistle-Blowing Policy
- Code of Business Ethics
- Policy on Facilitation Payment
- Policy on Gift, Entertainment and Hospitality
- Policy on Third-Party Travel
- Policy on Donation and Sponsorship
- Policy on Business Incentives
- Anti-Bribery Procedures for Managing Stakeholders

### Anti-Bribery Policy

The Anti-Bribery Policy (“ABP”) was established to set out the Company’s expectations for internal and external parties working with, for and on behalf of the Group in upholding the Group’s zero tolerance stance against bribery. Directors, Employees, Suppliers, Distributors, Business Associates, and any third parties working with, for or on behalf of the Group shall adhere to and observe the Group’s anti-bribery stance and relevant provisions, policies, and procedures established by the Group. The Group treats any violation of ABP seriously and will take necessary actions, including, but not limited to, review of employment or appointment, disciplinary action, dismissal, cessation of business relationship, and reporting to the authorities, as is consistent with relevant laws and regulations.

The ABP shall be reviewed by the Company periodically or at least once in three years.

STATEMENT ON RISK MANAGEMENT  
AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

**Anti-Bribery Policy (Continued)**

In providing leadership and top-level commitment to the Group's businesses in managing bribery risks, the respective responsibilities of the Group's governance bodies are as follows:

Governance Body	Key Responsibilities
Board of Directors ("Board")	<ul style="list-style-type: none"> <li>Promoting a culture of integrity throughout the Group, including setting the Group's anti-bribery stance and managing corruption risks of the Group.</li> <li>Ensuring the Group's vision and long-term business strategy include consideration of ethical business practices.</li> <li>Ensuring the establishment of an internal control system which provides reasonable assurance that the Group's bribery risks are managed.</li> </ul>
Audit Committee ("AC")	<ul style="list-style-type: none"> <li>Reviewing audit matters pertaining to ABP, including ensuring the inclusion of ABP in the Group's internal audit scope, and reviewing the effectiveness of the Group's internal control system pertaining to ABP.</li> </ul>
Risk Management Committee ("RMC")	<ul style="list-style-type: none"> <li>Overseeing the establishment and maintenance of the Group's ABF including its implementation and performance.</li> <li>Ensuring the Group identifies and manages its key bribery risks areas and reviewing the same.</li> <li>Reviewing the implementation and performance of the Group's anti-bribery and anti-corruption controls to address key bribery risks.</li> </ul>
Management (including Executive Risk Committee ("ERC"))	<ul style="list-style-type: none"> <li>Establishing, implementing, and maintaining the Group's ABF.</li> <li>Reviewing the Bribery Risk Assessment annually to identify the Group's key bribery risk areas.</li> <li>Reporting to the RMC any significant bribery risks.</li> <li>Overseeing the establishment and effective implementation of the Group's anti-bribery and anti-corruption controls, and reporting their performance to the RMC.</li> </ul>
Anti-Bribery Compliance and Support team ("ABCS"), which comprises Company Heads and Heads of Group Functional Departments	<ul style="list-style-type: none"> <li>Provides advice and guidance in relation to the Group's personnel and business associates in relation to the Group's ABF and its compliance.</li> <li>Receives reports and reviews incidents and cases of attempted offer or solicitation of bribes as reported via the Group's internal reporting.</li> </ul>
Internal Audit	<ul style="list-style-type: none"> <li>Assists the AC in its review of the design adequacy and operating effectiveness of the Group's internal controls in relation to ABF.</li> </ul>

**Bribery Risk Assessment**

The Group has established a process for the identification, evaluation, and management of bribery risk areas ("Bribery Risk Management"), focusing on areas where the Group is exposed to a higher risk of bribery. The ERC is responsible for the conduct of the Group's Bribery Risk Management.

**Bribery Risk Assessment Methodology**

The scope of Bribery Risk Assessment is applicable to all the Group's business operations regardless of country of operations, including all subsidiaries and both active and passive bribery.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## Bribery Risk Assessment Methodology (Continued)

The Group's Bribery Risk Assessment approach adopts one that is similar to the Group's risk assessment process for its enterprise-wide risk management. An illustrative summary of the Bribery Risk Assessment approach is as follows:



The Gap Assessment on the Group's current policies and procedures was conducted against the five principles of the Ministerial Guidelines "T.R.U.S.T". The five principles serve as reference points for setting out adequate procedures in relation to Section 17A, MACC Act, 2009. The areas of improvement were recommended during the course of risk assessment for ABF implementation. The Group's risk management and internal control system has been enhanced for managing the Group's bribery risks as part of the ABF.

The Group conducts a review of its Bribery Risk Assessment at least once a year. During the financial year ended 30 April 2022, the Group IAD has performed a review on high bribery risk area for Wholesale, MLM, Retail and Group undertakings / commitments on trade and non-trade functions on April 2022 and provided recommendations to further improve process and procedures in respect of ABP.

## ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board has reviewed the adequacy and effectiveness of the systems of internal control and risk management that provide reasonable assurance to the Group in achieving its business objectives. The Board has received assurance from the Group Managing Director and Group Chief Financial Officer that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this statement. As the development of a sound system of internal control is an ongoing process, the Board and the Management maintain an ongoing commitment to ensure necessary actions have been taken to remedy significant weaknesses identified from reviews and continues to take appropriate measures to strengthen the risk management and internal control environment of the Group.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Group for the financial year ended 30 April 2022, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement was approved by the Board on 15 August 2022.

## ADDITIONAL CORPORATE DISCLOSURE

### UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised by the Company and its subsidiaries from any corporate proposals.

### AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, KPMG PLT in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 30 April 2022 were as follows:

	The Company RM	The Group RM
Audit fees	34,000	370,800
Non-audit fees	15,000	15,000

### MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of the Company and its subsidiaries, involving Directors, Chief Executive and major shareholders' interests, still subsisting at the end of the financial year.

The Group Managing Director is the Chief Executive who oversees and is primarily responsible for the overall group business operations.

### RECURRENT RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 30 to the Financial Statements.

### EMPLOYEES' SHARE OPTION SCHEME ("HAI-O ESOS")

The shareholders of Hai-O Enterprise Berhad ("HAI-O") had at its Extraordinary General Meeting held on 15 March 2017 approved the establishment of an Employees' Share Option Scheme ("ESOS") of up to 15% of the total number of issued shares in HAI-O (excluding treasury shares) at any one time during the duration of the ESOS for eligible employees and directors of HAI-O and its subsidiaries (excluding subsidiaries which are dormant).

A total of 2,200,000 ESOS options was offered to the eligible employees and directors of HAI-O and its subsidiaries on 3 July 2017 in accordance with the terms of the ESOS By-Laws, of which 2,189,000 options were duly accepted during the Offer Period. The ESOS options granted to the directors and senior management amounting to 33.58% of the total ESOS options.

During the financial year, there was no new ESOS options granted by HAI-O. In line with the internal reorganisation exercise, HAI-O's ESOS was terminated on 29 October 2021. The details of ESOS movement during the financial year as follows:-

Date of offer	Exercise Price (RM)	No. of Options			Balance as at 30.04.2022
		Balance 01.05.2021	Exercised	Forfeited*	
3 July 2017	RM3.63	422,000	-	(422,000)	-

\* Including 413,000 options forfeited due to termination of ESOS.

# ADDITIONAL CORPORATE DISCLOSURE

(CONTINUED)

## DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were six (6) Board of Directors' Meetings held during the financial year ended 30 April 2022. The details of attendance of the Directors are as follows: -

Name of Directors	Number of Board Meetings attended by Directors
Tan Kai Hee (demised on 22 February 2022)	4/4 meetings
Ng Chek Yong	6/6 meetings
Tan Keng Kang	6/6 meetings
Hew Von Kin	6/6 meetings
Tan Beng Ling	6/6 meetings
Soon Eng Sing	5/6 meetings
Chia Kuo Wui	6/6 meetings
Tan Kim Siong	6/6 meetings
Professor Hajjah Ruhanas Binti Harun	6/6 meetings

Note: The number of meetings includes the meetings of Hai-O Enterprise Berhad held prior to the internal reorganisation exercise completed on 29 November 2021.

## FAMILY RELATIONSHIP OF DIRECTORS AND/OR MAJOR SHAREHOLDERS

There is no family relationship among the Directors and / or major shareholders except that: -

- Mr. Tan Keng Kang and Madam Tan Keng Song are brother and sister.
- Madam Phan Van Denh is the wife of Mr. Tan Keng Kang.

## CONFLICT OF INTEREST WITH THE COMPANY

None of the Directors and Key Senior Management have any conflict of interest with the Company.

## DETAILS OF TREASURY SHARES

During the financial year, HAI-O purchased an aggregate of 88,400 HAI-O shares on Bursa Securities at total consideration of RM189,388 which were held as treasury shares in accordance with the provisions of Section 127 of the Act.

The details of shares purchased by HAI-O during the financial year 2022 are as follows:-

Date	Total no. of shares purchased	Price (RM)		Average Price (RM)	Total Consideration* (RM)
		Lowest	Highest		
03.05.2021	17,000	2.13	2.18	2.15	36,766
04.05.2021	4,300	2.14	2.16	2.15	9,277
05.05.2021	10,100	2.12	2.14	2.13	21,668
06.05.2021	13,900	2.11	2.14	2.13	29,768
07.05.2021	5,700	2.13	2.14	2.13	12,231
10.05.2021	6,900	2.13	2.15	2.14	14,816
11.05.2021	15,100	2.11	2.12	2.11	32,093
12.05.2021	6,200	2.11	2.12	2.11	13,162
17.05.2021	8,200	2.11	2.15	2.12	17,455
18.05.2021	1,000	2.12	2.12	2.12	2,152
<b>Total</b>	<b>88,400</b>				<b>189,388</b>

\* Total consideration is inclusive of brokerage and clearing fees.

On 4 June 2021, HAI-O declared a distribution of one (1) treasury share for every twenty-six (26) existing ordinary shares ("Share Dividend"). The entitlement date for Share Dividend was fixed on 22 June 2021. The Share Dividend, totaling to 11,109,328 HAI-O shares was credited into the entitled Depositors' Securities Account respectively on 6 July 2021.

Balance of 194,660 treasury shares was cancelled on 29 October 2021 in line with the internal reorganisation exercise.

# FINANCIAL STATEMENTS



---

Directors' Report	88
Statements of Financial Position	94
Statements of Profit or Loss and Other Comprehensive Income	96
Consolidated Statement of Changes in Equity	98
Statement of Changes in Equity	100
Statements of Cash Flows	101
Notes to the Financial Statements	104
Statement by Directors	175
Statutory Declaration	175
Independent Auditors' Report	176

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2022.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

## Results

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	28,197,187	13,955,967
Non-controlling interests	729,850	-
	<b>28,927,037</b>	<b>13,955,967</b>

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the amounts of dividends paid by the Group were as follows:

- i) In respect of the financial year ended 30 April 2021 as reported in the Directors' Report of that year, a second interim dividend of 5 sen per ordinary share amounting to RM15,005,162 declared on 25 June 2021 and paid on 29 July 2021.
- ii) In respect of the financial year ended 30 April 2022, an interim dividend of 3 sen per ordinary share totalling RM9,003,097 declared on 24 December 2021 and paid on 25 January 2022.

Subsequent to the end of the current financial year, the Directors recommended a final dividend of 5 sen per ordinary share in respect of the financial year ended 30 April 2022.

On 4 June 2021, the subsidiary of the Group, Hai-O Enterprise Berhad ("HOEB") declared a distribution of one (1) treasury share for every twenty-six (26) existing ordinary shares ("Share Dividend") prior to the internal reorganisation. The Share Dividend was credited into the entitled Depositors' Securities Account respectively on 6 July 2021.

DIRECTORS'  
REPORT

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tan Keng Kang (appointed on 12 November 2021)  
Hew Von Kin (appointed on 12 November 2021)  
Ng Chek Yong (appointed on 12 November 2021)  
Tan Beng Ling (appointed on 12 November 2021)  
Soon Eng Sing (appointed on 12 November 2021)  
Chia Kuo Wui (appointed on 12 November 2021)  
Tan Kim Siong (appointed on 12 November 2021)  
Prof Hajjah Ruhanas Binti Harun (appointed on 12 November 2021)  
Tan Kai Hee (appointed on 12 November 2021 and demised on 22 February 2022)  
Chew Mei Ling (resigned on 12 November 2021)  
Tong Set Wah (resigned on 12 November 2021)

## DIRECTORS OF THE SUBSIDIARIES

The names of directors of subsidiaries are set out in their respective subsidiary's directors' report and the board deems such information is included in the holding company's directors' report by such reference and shall form part of the holding company's directors' report.

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and children of the Directors) as recorded in the Register of Directors' Shareholdings are as follows:

	← Number of ordinary shares →				At 30.4.2022
	At date of shares exchange #	Bought	Transferred in	Sold	
Interests in the Company:					
Tan Keng Kang					
- direct	12,388,320	-	476,473	-	12,864,793
- indirect	33,521,742	362,400	1,289,296	-	35,173,438
Hew Von Kin					
- direct	401,152	-	15,428	-	416,580
Chia Kuo Wui					
- direct	1,381,301	-	53,126	-	1,434,427
Tan Kim Siong					
- direct	52,000	9,000	2,000	-	63,000
- indirect	7,500	-	288	-	7,788
Soon Eng Sing					
- direct	50,000	-	1,923	-	51,923

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

	At date of shares exchange #	Number of ordinary shares Transferred			At 30.4.2022
		Bought	in	Sold	
Deemed interests in the Company:					
Tan Keng Kang*	28,354,323	255,700	1,090,550	-	29,700,573

	At 1.5.2021	Number of ordinary shares Transferred			At 30.4.2022
		Bought	in	Sold	

Interests in a subsidiary, Hai-O Raya Bhd.:

Tan Keng Kang					
- direct	16,000	-	-	-	16,000
- indirect	65,000	-	-	-	65,000
Hew Von Kin					
- direct	3,000	-	-	-	3,000

Deemed interests in a subsidiary, Hai-O Raya Bhd.:

Tan Keng Kang*	30,000	-	-	-	30,000
----------------	--------	---	---	---	--------

# On 24 November 2021, being the date of shares exchange of all the existing Directors in conjunction with the internal reorganisation in relation to shares exchange of all the shares of HOEB ("HOEB Share(s)") with the shares of the Company ("Beshom Share(s)") on the basis of 1 Beshom Share for every 1 existing HOEB Share held.

\* Deemed interested by virtue of the Directors' interests in Akintan Sdn. Bhd. and/or Daritan Sdn. Bhd.

In accordance with the Companies Act, the interests and deemed interests of the spouses and children of the Directors in the shares of the Company and of its related corporations (other than wholly owned subsidiaries) shall be treated as the interests of the Directors also.

By virtue of their interests in the shares of the Company, Tan Keng Kang are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Hai-O Enterprise Berhad has an interest.

None of the other Directors holding office at 30 April 2022 had any interest in the shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS'  
REPORT

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

**DIRECTORS' REMUNERATION**

The Directors' remuneration paid to or receivable by the Directors of the Group from the Company and its subsidiaries are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Directors of the Company:</b>				
- Fees	217,000	251,000	76,664	-
- Remuneration	3,799,977	4,393,133	416,762	-
	4,016,977	4,644,133	493,426	-
<b>Directors of subsidiaries:</b>				
- Fees	39,667	42,000	-	-
- Remuneration	550,290	588,034	-	-
	589,957	630,034	-	-
	4,606,934	5,274,167	493,426	-

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company issued 300,103,230 new ordinary shares ("Beshom Share(s)") in exchange of all the shares in Hai-O Enterprise Berhad shares ("HOEB Share(s)") on the basis of 1 Beshom Share for every 1 existing HOEB Share held.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

**OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the financial year.

**INDEMNITY AND INSURANCE COSTS**

During the financial year, the total amount of indemnity sum insured and premium paid for Directors and officers of the Group and of the Company are RM3,000,000 and RM19,800 respectively. There are no indemnity and insurance purchased for the auditors of the Group and of the Company.

**QUALIFICATION OF SUBSIDIARIES'S FINANCIAL STATEMENTS**

The auditors' report on the audit of the financial statements of Company's subsidiaries did not contain any qualification.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 April 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 32 to the financial statements.

## SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

The significant events after the financial year end are disclosed in Note 33 to the financial statements.

DIRECTORS'  
REPORT

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The amount of audit and non-audit fees paid or payable to the external auditors' firm by the Group and the Company for the financial year ended 30 April 2022 are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Auditors' remuneration:</b>				
Audit fees:				
- KPMG PLT	370,800	366,800	34,000	4,000
- Other auditors	47,555	47,444	-	-
Non-audit fees:				
- KPMG PLT	15,000	15,000	15,000	-
	433,355	429,244	49,000	4,000

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Tan Keng Kang**  
Director

**Hew Von Kin**  
Director

Kuala Lumpur

Date: 15 August 2022

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2022

	Note	2022 RM	Group 2021 RM	Company 2022 RM	2021 RM
<b>Assets</b>					
Property, plant and equipment	3	81,924,125	84,591,178	16,055	-
Investment properties	4	43,482,983	44,174,490	-	-
Right-of-use assets	5	10,546,613	11,328,203	-	-
Goodwill	6	84,930	84,930	-	-
Investments in subsidiaries	7	-	-	312,977,659	-
Investment in an associate	8	-	-	-	-
Investment in a joint venture	9	2,000,620	2,120,220	-	-
Other investments	10	112,259	12,280	-	-
Trade and other receivables	11	1,346,093	851,772	-	-
Deferred tax assets	12	2,417,114	3,158,026	-	-
<b>Total non-current assets</b>		<b>141,914,737</b>	<b>146,321,099</b>	<b>312,993,714</b>	<b>-</b>
Inventories	13	89,336,416	89,311,110	-	-
Other investments	10	59,921,733	58,904,190	-	-
Trade and other receivables	11	18,850,610	19,897,696	1,107,055	-
Prepayments		2,059,773	2,297,289	-	-
Current tax assets		692,118	220,073	-	-
Cash and cash equivalents	14	57,363,751	54,548,120	4,191,529	2
<b>Total current assets</b>		<b>228,224,401</b>	<b>225,178,478</b>	<b>5,298,584</b>	<b>2</b>
<b>Total assets</b>		<b>370,139,138</b>	<b>371,499,577</b>	<b>318,292,298</b>	<b>2</b>
<b>Equity</b>					
Share capital	15	312,977,661	2	312,977,661	2
Treasury shares		-	(26,684,256)	-	-
Reorganisation reserve	15.6	(155,823,146)	157,256,450	-	-
Reserves		159,900,336	182,175,683	4,941,609	(11,261)
<b>Equity attributable to owners of the Company</b>		<b>317,054,851</b>	<b>312,747,879</b>	<b>317,919,270</b>	<b>(11,259)</b>
<b>Non-controlling interests</b>		<b>12,044,100</b>	<b>10,340,044</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>329,098,951</b>	<b>323,087,923</b>	<b>317,919,270</b>	<b>(11,259)</b>

STATEMENTS OF  
FINANCIAL POSITION

AS AT 30 APRIL 2022 (CONTINUED)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
<b>Liabilities</b>					
Lease liabilities		2,210,876	2,778,317	-	-
Contract liabilities	18	118,559	39,520	-	-
Deferred tax liabilities	12	288,135	483,869	-	-
<b>Total non-current liabilities</b>		<b>2,617,570</b>	<b>3,301,706</b>	<b>-</b>	<b>-</b>
Trade and other payables	16	35,229,764	38,204,704	347,279	11,261
Lease liabilities		1,521,046	1,627,676	-	-
Current tax liabilities		346,732	3,407,885	25,749	-
Provisions	17	849,300	987,080	-	-
Contract liabilities	18	475,775	882,603	-	-
<b>Total current liabilities</b>		<b>38,422,617</b>	<b>45,109,948</b>	<b>373,028</b>	<b>11,261</b>
<b>Total liabilities</b>		<b>41,040,187</b>	<b>48,411,654</b>	<b>373,028</b>	<b>11,261</b>
<b>Total equity and liabilities</b>		<b>370,139,138</b>	<b>371,499,577</b>	<b>318,292,298</b>	<b>2</b>

The notes on pages 104 to 174 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	11.1.2021 to 30.4.2021 RM
<b>Revenue</b>	19	209,555,415	271,389,537	15,454,955	-
Cost of sales		(123,391,195)	(166,408,768)	-	-
<b>Gross profit</b>		86,164,220	104,980,769	15,454,955	-
Other income		7,060,728	5,243,253	-	-
Distribution expenses		(27,266,775)	(29,159,784)	-	-
Administrative expenses		(24,299,421)	(26,552,199)	(1,471,307)	(10,955)
Net loss on impairment of financial instruments		(567,604)	(1,521,159)	-	-
Other expenses		(1,043,252)	(1,107,383)	(9,780)	(306)
<b>Results from operating activities</b>		40,047,896	51,883,497	13,973,868	(11,261)
Finance income	20	589,414	691,149	16,181	-
Finance costs	21	(217,365)	(263,893)	-	-
<b>Net finance income</b>		372,049	427,256	16,181	-
Share of loss of equity-accounted joint venture, net of tax		(119,600)	(38,000)	-	-
<b>Profit/(Loss) before tax</b>	22	40,300,345	52,272,753	13,990,049	(11,261)
Tax expense	23	(11,373,308)	(13,351,398)	(34,082)	-
<b>Profit/(Loss) for the year</b>		28,927,037	38,921,355	13,955,967	(11,261)
<b>Other comprehensive income/(expense), net of tax Item that is or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		246,638	(127,825)	-	-
<b>Other comprehensive income/(expense) for the year, net of tax</b>		246,638	(127,825)	-	-
<b>Total comprehensive income/(expense) for the year</b>		29,173,675	38,793,530	13,955,967	(11,261)

STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	11.1.2021 to 30.4.2021 RM
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		28,197,187	38,804,937	13,955,967	(11,261)
Non-controlling interests		729,850	116,418	-	-
<b>Profit/(Loss) for the year</b>		<b>28,927,037</b>	<b>38,921,355</b>	<b>13,955,967</b>	<b>(11,261)</b>
<b>Total comprehensive income/(expense) attributable to:</b>					
Owners of the Company		28,443,825	38,677,112	13,955,967	(11,261)
Non-controlling interests		729,850	116,418	-	-
<b>Total comprehensive income/(expense) for the year</b>		<b>29,173,675</b>	<b>38,793,530</b>	<b>13,955,967</b>	<b>(11,261)</b>
<b>Basic earnings per ordinary share (sen)</b>	24	9.46	13.39		
<b>Diluted earnings per ordinary share (sen)</b>	24	9.46	13.39		

The notes on pages 104 to 174 are an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022

Group	Note	Attributable to owners of the Company		Distributable				Total equity RM			
		Share capital RM	Treasury shares RM	Translation reserve RM	Capital reserve RM	Reorganisation reserve RM	Share option reserve RM		Retained earnings RM	Total RM	Non-controlling interests RM
<b>At 1 May 2020</b>		-	(24,158,288)	(89,946)	657,192	157,256,450	526,246	165,394,482	299,586,136	10,603,439	310,189,575
Foreign currency translation differences for foreign operations		-	-	(127,825)	-	-	-	-	(127,825)	-	(127,825)
Total other comprehensive expense for the year		-	-	(127,825)	-	-	-	-	(127,825)	-	(127,825)
Profit for the year		-	-	-	-	-	-	38,804,937	38,804,937	116,418	38,921,355
<b>Total comprehensive income for the year</b>		-	-	(127,825)	-	-	-	38,804,937	38,677,112	116,418	38,793,530
Issue of ordinary shares	15.1	2	-	-	-	-	-	-	2	-	2
Own shares acquired (prior to shares exchange)	15.4	-	(2,525,968)	-	-	-	-	-	(2,525,968)	-	(2,525,968)
Acquisition of additional interests in a subsidiary from non-controlling interests	31.1	-	-	-	-	-	-	183,213	183,213	(278,413)	(95,200)
Share option forfeited		-	-	-	-	-	(22,673)	22,673	-	-	-
Dividends to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	(101,400)	(101,400)
Dividends paid	25	-	-	-	-	-	-	(23,172,616)	(23,172,616)	-	(23,172,616)
<b>Total transactions with owners of the Company</b>		2	(2,525,968)	-	-	-	(22,673)	(22,966,730)	(25,515,369)	(379,813)	(25,895,182)
<b>At 30 April 2021</b>		2	(26,684,256)	(217,771)	657,192	157,256,450	503,573	181,232,689	312,747,879	10,340,044	323,087,923

Note 15.5

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

Group	Note	Attributable to owners of the Company				Distributable			Total equity RM		
		Non-distributable		Share		Retained earnings RM	Non-controlling interests RM	Total RM			
		Share capital RM	Treasury shares RM	Translation reserve RM	Capital reserve RM				Reorganisation reserve RM	Share option reserve RM	
<b>At 1 May 2021</b>		2	(26,684,256)	(217,771)	657,192	157,256,450	503,573	181,232,689	312,747,879	10,340,044	323,087,923
Foreign currency translation differences for foreign operations		-	-	246,638	-	-	-	-	246,638	-	246,638
Total other comprehensive income for the year		-	-	246,638	-	-	-	-	246,638	-	246,638
Profit for the year		-	-	-	-	-	-	28,197,187	28,197,187	729,850	28,927,037
<b>Total comprehensive income for the year</b>		-	-	246,638	-	-	-	28,197,187	28,443,825	729,850	29,173,675
Own shares acquired		-	(189,388)	-	-	-	-	-	(189,388)	-	(189,388)
Cancellation of Company's own shares		-	433,443	-	-	(101,937)	-	(331,506)	-	-	-
Termination of ESOS		-	-	-	-	-	(503,573)	503,573	-	-	-
Distribution of Share Dividend	25	-	26,440,201	-	-	-	-	(26,440,201)	-	-	-
Issue of ordinary shares		-	-	-	-	-	-	-	-	-	-
- Shares exchange with HOEB	15.1	312,977,659	-	-	-	(312,977,659)	-	-	-	-	-
Acquisition of additional investments in a subsidiary by non-controlling interests	7	-	-	-	-	-	-	-	1,260,000	1,260,000	1,260,000
Acquisition of additional interests in a subsidiary from non-controlling interests	31.1	-	-	-	-	-	-	60,794	60,794	(88,794)	(28,000)
Dividends to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	(197,000)	(197,000)
Dividends paid	25	-	-	-	-	-	-	(24,008,259)	(24,008,259)	-	(24,008,259)
<b>Total transactions with owners of the Company</b>		312,977,659	26,684,256	-	-	(313,079,596)	(503,573)	(50,215,599)	(24,136,853)	974,206	(23,162,647)
<b>At 30 April 2022</b>		312,977,661	-	28,867	657,192	(155,823,146)	-	159,214,277	317,054,851	12,044,100	328,098,951

Note 15.5

The notes on pages 104 to 174 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2022

Company	Note	<i>Non-distributable</i> Share capital RM	<i>Distributable</i> (Accumulated losses)/ Retained earnings RM	Total equity RM
<b>At 11 January 2021(date of incorporation)</b>		2	-	2
Loss and total comprehensive expense for the period		-	(11,261)	(11,261)
<b>At 30 April 2021/1 May 2021</b>		2	(11,261)	(11,259)
Profit and total comprehensive income for the year		-	13,955,967	13,955,967
Issue of ordinary shares				
- Shares exchange with HOEB		312,977,659	-	312,977,659
Dividends to owner of the Company	25	-	(9,003,097)	(9,003,097)
<b>Total transactions with owner of the Company</b>		312,977,659	4,952,870	317,930,529
<b>At 30 April 2022</b>		312,977,661	4,941,609	317,919,270

Note 15

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	11.1.2021 to 30.4.2021 RM
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	40,300,345	52,272,753	13,990,049	(11,261)
<i>Adjustments for:</i>				
Changes in lease payments arising from rent concessions	(232,119)	(311,685)	-	-
Depreciation of investment properties	691,507	691,507	-	-
Depreciation of property, plant and equipment	3,511,571	3,632,437	1,265	-
Depreciation of right-of-use assets	1,864,809	1,996,778	-	-
Dividend income	(804,071)	(962,331)	(14,404,955)	-
Fair value (gain)/loss on other investments	(21,404)	78,032	-	-
Finance costs	217,365	263,893	-	-
Finance income	(589,414)	(691,149)	(16,181)	-
Gain on disposal of property, plant and equipment	(2,506,165)	(1,086,031)	-	-
Gain on termination of right-of-use assets	(30,979)	(5,663)	-	-
Net loss on impairment of trade and other receivables	567,604	1,521,159	-	-
Property, plant and equipment written off	26,088	22,672	-	-
Provision for sales campaign	1,052,549	1,693,000	-	-
Share of loss of equity-accounted joint venture, net of tax	119,600	38,000	-	-
Unrealised foreign exchange (gain)/loss	(243,594)	338,793	-	-
<b>Operating profit/(loss) before working capital changes</b>	<b>43,923,692</b>	<b>59,492,165</b>	<b>(429,822)</b>	<b>(11,261)</b>
Change in inventories	(45,742)	4,029,699	-	-
Change in trade and other receivables and prepayments	701,803	(2,186,270)	(21,524)	-
Change in trade and other payables	(3,286,275)	2,353,238	253,449	11,261
<b>Cash generated from/(used in) operations</b>	<b>41,293,478</b>	<b>63,688,832</b>	<b>(197,897)</b>	<b>-</b>
Sales campaign paid	(1,197,329)	(1,407,595)	-	-
Tax paid	(14,412,727)	(11,696,189)	(8,333)	-
Tax refunded	51,399	2,353,873	-	-
Interest paid	(217,365)	(263,893)	-	-
<b>Net cash from/(used in) operating activities</b>	<b>25,517,456</b>	<b>52,675,028</b>	<b>(206,230)</b>	<b>-</b>
<b>Cash flows from investing activities</b>				
Accretion of equity interest in subsidiaries	(28,000)	(95,200)	-	-
Acquisition of other investments	(13,206,909)	(20,100,000)	-	-
Acquisition of property, plant and equipment	(998,974)	(1,729,499)	(17,320)	-
Dividends received	-	-	14,404,955	-
Interest received from fixed deposits and repo	589,414	691,149	16,181	-
Proceeds from issuance of shares	-	2	-	2
Proceeds from disposal of other investments	12,914,862	-	-	-
Proceeds from disposal of property, plant and equipment	2,636,771	1,159,363	-	-
<b>Net cash from/(used in) investing activities</b>	<b>1,907,164</b>	<b>(20,074,185)</b>	<b>14,403,816</b>	<b>2</b>

STATEMENTS OF  
CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

	Group		Company	
	2022 RM	2021 RM	2022 RM	11.1.2021 to 30.4.2021 RM
<b>Cash flows from financing activities</b>				
Dividends paid to non-controlling interests of a subsidiary	(197,000)	(101,400)	-	-
Dividends paid	(24,008,259)	(31,882,015)	(9,003,097)	-
Equity contribution from non-controlling interest	1,260,000	-	-	-
Increase in amounts due to subsidiaries	-	-	82,569	-
Increase in amounts due from subsidiaries	-	-	(1,085,531)	-
Payment of lease liabilities	(1,487,192)	(1,502,960)	-	-
Repurchase of treasury shares	(189,388)	(2,525,968)	-	-
<b>Net cash used in financing activities</b>	<b>(24,621,839)</b>	<b>(36,012,343)</b>	<b>(10,006,059)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,802,781</b>	<b>(3,411,500)</b>	<b>4,191,527</b>	<b>2</b>
Effect of exchange rate fluctuations on cash held	12,850	(4,052)	-	-
Cash and cash equivalents at 1 May 2021/2020	54,548,120	57,963,672	2	-
<b>Cash and cash equivalents at 30 April</b>	<b>57,363,751</b>	<b>54,548,120</b>	<b>4,191,529</b>	<b>2</b>

**Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	11.1.2021 to 30.4.2021 RM
Deposit placed with licensed banks	14	42,452,641	41,764,919	3,796,000	-
Cash and bank balances	14	14,911,110	12,783,201	395,529	2
		57,363,751	54,548,120	4,191,529	2

**Cash outflows for leases as a lessee**

	Note	Group 2022 RM	Group 2021 RM
<b>Included in net cash from operating activities:</b>			
Interest paid in relation to lease liabilities	21	217,365	263,893
<b>Included in net cash from financing activities:</b>			
Payment of lease liabilities		1,487,192	1,502,960
<b>Total cash outflows for leases</b>		<b>1,704,557</b>	<b>1,766,853</b>

STATEMENTS OF  
CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

Reconciliation of movement of liabilities to cash flows arising from financing activities

Group	Lease liabilities RM
<b>At 1 May 2020</b>	5,055,557
<b>Changes from financing cash flows</b>	
Payment of lease liabilities	(1,502,960)
Net changes from financing cash flows	(1,502,960)
Acquisition of new leases	1,023,730
Changes in lease payments arising from rent concessions	(311,685)
Termination of leases	(120,449)
Remeasurement of lease liabilities	261,693
Effect of movements in exchange rates	107
<b>At 30 April 2021/1 May 2021</b>	4,405,993
<b>Changes from financing cash flows</b>	
Payment of lease liabilities	(1,487,192)
Net changes from financing cash flows	(1,487,192)
Acquisition of new leases	745,275
Changes in lease payments arising from rent concessions	(232,119)
Termination of leases	(390,640)
Remeasurement of lease liabilities	689,126
Effect of movements in exchange rates	1,479
<b>At 30 April 2022</b>	3,731,922

The notes on pages 104 to 174 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022

Beshom Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

## Principal place of business

Wisma Hai-O  
Lot 11995, Batu 2  
Jalan Kapar  
41400 Klang  
Selangor Darul Ehsan

## Registered office

Unit 621, 6th Floor, Block A  
Kelana Centre Point  
No 3 Jalan SS7/19 Kelana Jaya  
47301 Petaling Jaya  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 30 April 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and a joint venture. The financial statements of the Company as at and for the financial year ended 30 April 2022 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiary are as stated in Note 7 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 15 August 2022.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 May 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 May 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

### (b) Presentation format

The Company entered into an internal reorganisation exercise with HOEB by way of Scheme of Arrangement pursuant to Section 366(1) of the Companies Act 2016, hereinafter referred to as the "Acquisition".

In accordance with MFRS 3, *Business Combinations*, the Acquisition was accounted for using the reverse acquisition method with the Company being the accounting acquiree and HOEB being the accounting acquirer.

Consolidated financial statements prepared following a reverse acquisition are a continuation of the financial statements of HOEB, which is the accounting acquirer, with one adjustment, which is to adjust retroactively the accounting acquirer's legal capital to reflect the legal capital of the accounting acquiree. Comparative information presented has accordingly been, in the case of the Group, retroactively adjusted into the reorganisation reserve to reflect the legal capital of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 1. BASIS OF PREPARATION (CONTINUED)

### (b) Presentation format (continued)

As the consolidated financial statements represent the continuation of the financial statements of HOEB, including its subsidiaries (collectively known as "HOEB Group"), except for its capital structure, the consolidated financial statements reflect:

- (i) the assets and liabilities of the HOEB Group recognised and measured at their pre-combination carrying amounts;
- (ii) the assets and liabilities of the Company recognised and measured at their fair value;
- (iii) the retained earnings and other equity balances of HOEB Group before the Acquisition;
- (iv) the amount recognised as issued equity interests in the consolidated financial statements is determined by adding the issued equity interest of HOEB Group outstanding immediately before the Acquisition to the fair value of the Company. However, the equity structure reflects the equity structure of the Company, including the equity interests the legal parent issued to effect the Acquisition. Accordingly, the equity structure of HOEB Group is restated using the exchange ratio established in the Scheme of Arrangement to reflect the number of shares of the Company issued in the reverse acquisition; and
- (v) the non-controlling interests' proportionate share of HOEB Group's pre-acquisition carrying amounts of retained earnings and other equity interests.

### (c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

### (d) Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, except for financial information relating to operating segments (Note 26) which has been rounded to the nearest thousand.

### (e) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 – valuation of investment properties
- Note 5 – lease extension options and incremental borrowing rate of lease
- Note 13 – valuation of inventories
- Note 17 – provisions
- Note 27 – measurement of expected credit loss ("ECL")

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

The Group has applied the Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*, issued by MASB in April 2021. The amendment includes an optional practical expedient that simplifies how a lessee accounts for rent concessions, pursuing as a direct consequence of COVID-19 pandemic. The initial application of the amendment to MFRS 16 did not have any material impact to the financial statements of the Group.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

#### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

#### (v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investment in a joint venture is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

#### (vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### (viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint venture are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

#### (ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 May 2011 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments

#### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Financial instrument categories and subsequent measurement

##### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### (a) *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

##### (b) *Fair value through profit or loss*

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement (continued)

##### *Financial liabilities*

##### *Amortised cost*

Financial liabilities are measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (iii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Property, plant and equipment (continued)

#### (i) Recognition and measurement (continued)

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Vintage Pu-Er tea leaves are carried at cost and are not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	50 years
• Motor vehicles	5 years
• Laboratory, furniture and office equipment	3 - 10 years
• Warehouse and electrical fittings	10 years
• Renovation	10 years
• Plant and machinery	5 - 10 years
• Fire fighting and lift systems	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leases

#### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

#### (ii) Recognition and initial measurement

##### (a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leases (continued)

#### (ii) Recognition and initial measurement (continued)

##### (a) As a lessee (continued)

##### COVID-19-related rent concessions

The Group has applied Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

##### (b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

#### (iii) Subsequent measurement

##### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leases (continued)

#### (iii) Subsequent measurement (continued)

##### (b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

### (f) Goodwill

Goodwill which arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity-accounted associates and joint venture.

#### Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

### (g) Investment property

#### (i) Investment property carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include properties which in substance are finance leases held for a currently undetermined future use. Investment properties are initially and subsequently measured at cost and are accounted for similarly to property, plant and equipment.

#### (ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, the carrying amount of the item immediately prior to transfer is recognised as the deemed cost of the investment property for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its carrying amount at the date of reclassification becomes its deemed cost for subsequent accounting.

### (h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value and are used by the Group and the Company in the management of its short-term commitments.

### (k) Impairment

#### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Impairment (continued)

#### (i) Financial assets (continued)

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

#### (ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### (i) Ordinary shares

Ordinary shares are classified as equity.

#### (ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### (m) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Employee benefits (continued)

#### (iii) Share-based payment transactions (continued)

The fair value of the employee share options is measured using a Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

### (n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### (i) Sales campaign

The Group organises various sales campaign programmes for its eligible distributors and wholesale customers. Under the respective sales campaigns, eligible distributors and wholesale customers are entitled to overseas or local trips subject to meeting certain qualifying performance targets. A provision is recognised at the end of each reporting period for eligible distributors and wholesale customers based on the Group's estimated qualifiers and quoted tour fares for the sales campaign programmes.

#### (ii) Goods return

The Group provides pre-agreed return period on products sold by the Group. A provision is recognised at the end of each reporting period for goods return based on the Group's past experience on the level of goods returned.

#### (iii) Restoration cost

This provision is recognised in respect of the Group's obligation to restore leased store to its original state upon the end of the tenancy agreement. The restoration cost is recognised as part of the costs of right-of-use assets.

### (o) Revenue and other income

#### (i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when it transfers control over a product or service to customer. An asset is transferred when the customer obtains control of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Revenue and other income (continued)

#### (i) Revenue (continued)

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

#### (ii) Rental income

Rental income from property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

#### (iii) Hire purchase and lease rental income

Revenue from hire purchase and finance lease is recognised upon commencement of the hire purchase agreement or the lease agreement, on the sum-of-digits method over the period of the agreement. Lease rental income from operating leases is recognised on a straight-line basis over the lease term.

#### (iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted investments is the ex-dividend date.

#### (v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

### (p) Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

### (q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Income tax (continued)

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being a tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

### (r) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

### (s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### (t) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (t) Fair value measurements (continued)

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Motor vehicles RM	Laboratory, furniture, and office equipment RM	Warehouse and electrical fittings RM	Renovation RM	Plant and machinery RM	Fire fighting and lift systems RM	Vintage Pu-Er tea leaves RM	Total RM
<b>Cost</b>										
At 1 May 2020	41,364,461	37,192,153	3,004,305	15,332,069	3,321,253	11,771,701	2,869,926	244,233	3,889,142	118,989,243
Additions	-	-	622,679	674,213	73,900	200,712	157,995	-	-	1,729,499
Disposals	-	-	(672,181)	(954)	-	-	-	-	(73,326)	(746,461)
Written off	-	-	-	(55,990)	(26,056)	(33,738)	(1,758)	-	-	(117,542)
Transfer from investment properties (Note 4)	-	77,909	-	-	-	-	-	-	-	77,909
Effect of movements in exchange rates	-	-	-	712	67	1,175	-	-	-	1,954
<b>At 30 April 2021/</b>										
1 May 2021	41,364,461	37,270,062	2,954,803	15,950,050	3,369,164	11,939,850	3,026,163	244,233	3,815,816	119,934,602
Additions	-	-	2,950	500,831	29,590	86,923	356,980	21,700	-	998,974
Disposals	-	-	(466,244)	(153,457)	-	-	-	-	(90,750)	(710,451)
Written off	-	-	-	(154,864)	(33,645)	(43,790)	(38,112)	-	-	(270,411)
Effect of movements in exchange rates	-	-	-	3,674	344	6,057	-	-	-	10,075
<b>At 30 April 2022</b>	<b>41,364,461</b>	<b>37,270,062</b>	<b>2,491,509</b>	<b>16,146,234</b>	<b>3,365,453</b>	<b>11,989,040</b>	<b>3,345,031</b>	<b>265,933</b>	<b>3,725,066</b>	<b>119,962,789</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM	Buildings RM	Motor vehicles RM	Laboratory, furniture, and office equipment RM	Warehouse and electrical fittings RM	Renovation RM	Plant and machinery RM	Fire fighting and lift systems RM	Vintage Pu-Er tea leaves RM	Total RM
<b>Depreciation and impairment loss</b>										
At 1 May 2020	-	8,452,376	2,589,423	10,757,081	1,564,751	6,484,967	2,423,540	205,421	-	32,477,559
Depreciation for the year	-	761,566	296,566	1,173,530	269,617	1,025,650	85,838	19,670	-	3,632,437
Disposals	-	-	(672,176)	(953)	-	-	-	-	-	(673,129)
Written off	-	-	-	(51,081)	(18,920)	(23,961)	(908)	-	-	(94,870)
Effect of movements in exchange rates	-	-	-	623	44	760	-	-	-	1,427
At 30 April 2021/1 May 2021	-	9,213,942	2,213,813	11,879,200	1,815,492	7,487,416	2,508,470	225,091	-	35,343,424
Depreciation for the year	-	761,563	260,821	1,132,942	262,035	990,070	95,784	8,356	-	3,511,571
Disposals	-	-	(442,932)	(136,913)	-	-	-	-	-	(579,845)
Written off	-	-	-	(144,649)	(28,381)	(34,169)	(37,124)	-	-	(244,323)
Effect of movements in exchange rates	-	-	-	3,287	237	4,313	-	-	-	7,837
At 30 April 2022	-	9,975,505	2,031,702	12,733,867	2,049,383	8,447,630	2,567,130	233,447	-	38,038,664
<b>Carrying amounts</b>										
At 1 May 2020	41,364,461	28,739,777	414,882	4,574,988	1,756,502	5,286,734	446,386	38,812	3,889,142	86,511,684
At 30 April 2021/1 May 2021	41,364,461	28,056,120	740,990	4,070,850	1,553,672	4,452,434	517,693	19,142	3,815,816	84,591,178
At 30 April 2022	41,364,461	27,294,557	459,807	3,412,367	1,316,070	3,541,410	777,901	32,486	3,725,066	81,924,125

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture and office equipment RM
<b>Cost</b>	
At 11 January 2021/30 April 2021/1 May 2021	-
Additions	17,320
At 30 April 2022	17,320
<b>Depreciation</b>	
At 11 January 2021/30 April 2021/1 May 2021	-
Depreciation for the year	1,265
At 30 April 2022	1,265
<b>Carrying amounts</b>	
At 11 January 2021/30 April 2021/1 May 2021	-
At 30 April 2022	16,055

## 3.1 Transfer from investment properties

In the previous financial year, one building was transferred from investment properties to property, plant and equipment following a change in usage from leasing to a third party to being used in the production and supply of goods of the Group.

## 4. INVESTMENT PROPERTIES

Group	2022 RM	2021 RM
<b>Cost</b>		
At 1 May 2021/2020	54,939,063	55,255,525
Offset of accumulated depreciation on properties transferred to:		
- property, plant and equipment	-	(40,873)
- right-of-use assets	-	(73,825)
Transfer to:		
- property, plant and equipment (Note 3)	-	(77,909)
- right-of-use assets (Note 5)	-	(123,855)
At 30 April 2022/2021	54,939,063	54,939,063

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 4. INVESTMENT PROPERTIES (CONTINUED)

Group	2022 RM	2021 RM
<b>Depreciation</b>		
At 1 May 2021/2020	10,764,573	10,187,764
Depreciation for the year	691,507	691,507
Offset of accumulated depreciation on properties transferred to:		
- property, plant and equipment	-	(40,873)
- right-of-use assets	-	(73,825)
At 30 April 2022/2021	11,456,080	10,764,573
<b>Carrying amounts</b>		
At 1 May 2020		45,067,761
At 30 April 2021/1 May 2021		44,174,490
At 30 April 2022		43,482,983
Included in the above are:		
Group	2022 RM	2021 RM
Freehold land	21,152,702	21,152,702
Leasehold land with unexpired period of less than 50 years	484,663	501,643
Leasehold land with unexpired period of more than 50 years	91,623	94,460
Buildings	21,753,995	22,425,685
	43,482,983	44,174,490

Investment properties comprise freehold land, leasehold land and a number of residential and commercial properties that are leased to third parties/subsidiaries or are currently vacant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 4. INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:

Group	2022 RM	2021 RM
Rental income	2,989,509	2,950,124
Direct operating expenses:		
- income generating investment properties	(815,730)	(749,011)
- non-income generating investment properties	(35,088)	(152,612)

### Fair value information

Fair value of investment properties is categorised as follows:

Group	2022 RM	2021 RM
<b>Level 3</b>		
Freehold land	35,318,553	35,318,553
Leasehold land	2,906,933	2,906,933
Buildings	51,431,472	51,431,472
	89,656,958	89,656,958

### Valuation process applied by the Group for Level 3 fair value

In the current and previous financial years, the Directors have used the desktop valuations dated June 2015 provided by the external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued, to estimate the fair value of the investment properties as the Directors considered that the market value is appreciating but with no substantial variation from the value stated in the desktop valuations.

For investment properties purchased subsequent to the desktop valuations carried out in June 2015, the Directors considered that the market value is appreciating but with no substantial variation from the purchase price, and hence deemed the purchase price of those properties purchased in previous financial years as its fair value for the current financial year.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 5. RIGHT-OF-USE ASSETS

Group	Land RM	Buildings RM	Total RM
At 1 May 2020	7,188,211	4,838,679	12,026,890
Additions	-	1,027,230	1,027,230
Depreciation for the year	(138,922)	(1,857,856)	(1,996,778)
Effect of movements in exchange rates	-	99	99
Remeasurement of lease liabilities	-	261,693	261,693
Termination of leases	-	(114,786)	(114,786)
Transfer from investment properties (Note 4)	123,855	-	123,855
At 30 April 2021/1 May 2021	7,173,144	4,155,059	11,328,203
Additions	-	752,275	752,275
Depreciation for the year	(138,922)	(1,725,887)	(1,864,809)
Effect of movements in exchange rates	-	1,479	1,479
Remeasurement of lease liabilities	-	689,126	689,126
Termination of leases	-	(359,661)	(359,661)
At 30 April 2022	7,034,222	3,512,391	10,546,613

## 5.1 Land

Included in the total carrying amount of land of the Group are:

	Group	
	2022 RM	2021 RM
Leasehold land with unexpired lease period of less than 50 years	991,958	1,035,902
Leasehold land with unexpired lease period of more than 50 years	6,042,264	6,137,242
	7,034,222	7,173,144

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 5. RIGHT-OF-USE ASSETS (CONTINUED)

### 5.2 Extension options

Some leases of office buildings and retail stores contain extension options exercisable by the Group up to six years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Group	Lease liabilities recognised RM	Historical rate of extension options exercised %
Retail stores	3,674,873	100
Office buildings	57,049	100

### 5.3 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including its past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

### 5.4 Transfer from investment properties

In the previous financial year, a leasehold land was transferred from investment properties to right-of-use assets following a change in usage from leasing to a third party to being used in the production and supply of goods of the Group.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 6. GOODWILL

	Group	
	2022 RM	2021 RM
At 1 May/30 April	84,930	84,930

**Impairment testing for cash-generating units containing goodwill**

For the purpose of impairment testing, goodwill is allocated to the subsidiaries acquired which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each subsidiary are as follows:

	Group	
	2022 RM	2021 RM
Chop Aik Seng Sdn. Bhd.	79,390	79,390
Sri Pangkor Credit & Leasing Sdn. Bhd.	5,540	5,540
	84,930	84,930

During the current and previous financial years, the Group assessed these subsidiaries for impairment based on actual operating results of these subsidiaries. No impairment was required as these subsidiaries were in net assets position as at financial year end and the Group expects the entities to generate sustainable profits in future periods. The carrying amounts of goodwill are not significantly higher than the profits generated by these subsidiaries during the financial year.

As the goodwill is not significant, hence the key assumptions used in determining the value in use have not been disclosed.

## 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost	312,977,659	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Hai-O Enterprise Berhad ("HOEB") @	Malaysia	Wholesaling and retailing of herbal medicines, healthcare products, wellness and beauty products, investment holding activities and property holding activities	100	-
<b>Direct subsidiaries of HOEB:</b>				
Grand Brands (M) Sdn. Bhd.	Malaysia	General importer, exporter and commission agent	100	100
Hai-O Credit & Leasing Sdn. Bhd. and its subsidiary:	Malaysia	Leasing of machinery, equipment, insurance agent and investment holding	100	100
Sri Pangkor Credit & Leasing Sdn. Bhd.	Malaysia	Licensed money lender and insurance agent	100	100
Hai-O Energy (M) Sdn. Bhd. *	Malaysia	Dormant	100	100
Hai-O I. Sdn. Bhd. *	Malaysia	Dormant	100	100
Hai-O Medicine Sdn. Bhd.	Malaysia	Trading of Chinese herbs and medicine	100	100
Sahajidah Hai-O Marketing Sdn. Bhd. and its subsidiary:	Malaysia	Multi-level direct marketing and investment holding	100	100
Sahajidah Hai-O Marketing (EM) Sdn. Bhd. *	Malaysia	Dormant	100	100
Hai-O (PG) Sdn. Bhd. *	Malaysia	Dormant	95.29	95.29
Hai-O Properties Sdn. Bhd.*, ** and its subsidiary:	Malaysia	Property holding and investment holding	100	100
Hai-O Development Sdn. Bhd. *	Malaysia	Dormant	60	60

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
<b>Direct subsidiaries of HOEB: (continued)</b>				
Hai-O Raya Bhd. ^	Malaysia	Retail chain stores	67.50	67.17
Kinds Resource Sdn. Bhd.	Malaysia	Trading of Chinese herbs	100	100
Samariatan Sdn. Bhd. and its subsidiary:	Malaysia	Investment holding	70.32	70.32
Chop Aik Seng Sdn. Bhd.	Malaysia	Trading of tea and other beverages	70.32	70.32
Sea Gull Advertising Sdn. Bhd. *	Malaysia	Dormant	100	100
SG Global Biotech Sdn. Bhd. and its subsidiary:	Malaysia	Manufacturing of pharmaceutical products and investment holding	100	100
QIS Research Laboratory Sdn. Bhd.	Malaysia	Manufacturing of pharmaceutical products, research and laboratory services	100	100
Tea Reserves Sdn. Bhd. *	Malaysia	Retail sale of tea over the Internet and other general business channel	100	100
Vintage Wine Sdn. Bhd. *	Malaysia	Import and trading of wine	100	100
Yan Ou Holdings (M) Sdn. Bhd. ** and its subsidiary:	Malaysia	Trading and processing of birds' nests and investment holding	60	60
Yan Ou Marketing (Intl) Sdn. Bhd. ***	Malaysia	Trading and distribution of birds' nests and its related products and other healthcare products	60	60
Hai-O (Hong Kong) Investment Limited * and its subsidiary:	Hong Kong	Investment holding and trading of birds' nests	100	100
Hai-O (Guangzhou) Trading Ltd. *, #	China	Trading of medicine, health and related products	100	100

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- \* Not audited by member firms of KPMG International.
- \*\* In June 2021, Yan Ou Holdings (M) Sdn. Bhd. ("YOH") increased its share capital by RM3,150,000 which was subscribed by HOEB and the non-controlling owner in accordance with their equity interest of 60% and 40%, respectively. With effect thereof, the total share capital of YOH increased to RM5,650,000.
- \*\*\* In July 2021, Yan Ou Marketing (Intl) Sdn. Bhd. ("YOM") increased its share capital by RM640,000 which was subscribed by YOH. With effect thereof, the total share capital of YOM increased to RM1,640,000.
- ^ In November 2021 and January 2022, the Company acquired additional 4,000 and 6,000 shares of RM2.80 respectively each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM28,000. These acquisitions increased the equity interest of the Company in Hai-O Raya Bhd. from 67.17% to 67.50%.
- # The statutory financial year end of this subsidiary was 31 December 2021 and it does not coincide with the Group. However, the Company has consolidated the financial position and results of this subsidiary based on the audited financial statements made up to the financial year end of the Group. The Company has been granted approval from the Companies Commission of Malaysia pursuant to Section 247(7) of the Companies Act 2016 for this subsidiary to continue adopting a financial year end that does not coincide with the financial year end of the Group.
- @ In November 2021, the Company acquired the entire equity interest in HOEB through the issuance of 300,103,230 new ordinary shares as shares exchange with the existing shareholders of HOEB for all the shares of HOEB ("HOEB Shares(s)") with the shares of the Company ("Beshom Share(s)") on the basis of 1 new Beshom Share for every 1 HOEB Share held. Upon completion of the above transaction, HOEB became a wholly-owned subsidiary of the Company. In accordance with MFRS 3, *Business Combinations*, the acquisition was accounted for using the reverse acquisition method, with the Company being the accounting acquiree and HOEB being the accounting acquirer.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

## 7.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2022	Hai-O Raya Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	32.50%		
Carrying amount of NCI	9,008,329	3,035,771	12,044,100
Profit/(Loss) allocated to NCI	867,296	(137,446)	729,850

**Summarised financial information before intra-group elimination****As at 30 April**

Non-current assets	13,248,186
Current assets	26,367,449
Non-current liabilities	(2,419,332)
Current liabilities	(9,478,369)
Net assets	27,717,934

**Year ended 30 April**

Revenue	36,969,816
Profit for the year and total comprehensive income	2,668,603

Cash flows from operating activities	5,583,081
Cash flows used in investing activities	(162,808)
Cash flows used in financing activities	(2,424,250)
Net increase in cash and cash equivalents	2,996,023

Dividends paid to NCI	197,000
-----------------------	---------

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### 7.1 Non-controlling interests in subsidiaries (continued)

2021	Hai-O Raya Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	32.83%		
Carrying amount of NCI	8,420,675	1,919,369	10,340,044
Profit/(Loss) allocated to NCI	253,255	(136,837)	116,418
<b>Summarised financial information before intra-group elimination</b>			
<b>As at 30 April</b>			
Non-current assets	14,695,212		
Current assets	23,675,277		
Non-current liabilities	(3,652,292)		
Current liabilities	(9,068,866)		
Net assets	25,649,331		
<b>Year ended 30 April</b>			
Revenue	36,635,690		
Profit for the year and total comprehensive income	771,415		
Cash flows from operating activities	5,705,954		
Cash flows used in investing activities	(6,819)		
Cash flows used in financing activities	(2,070,789)		
Net increase in cash and cash equivalents	3,628,346		
Dividends paid to NCI	101,400		

### 7.2 Significant restrictions

There are no significant restrictions applying to any assets of the Group other than those disclosed elsewhere in the financial statements.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 8. INVESTMENT IN AN ASSOCIATE

	Group	
	2022 RM	2021 RM
Unquoted shares, at cost	-	-
Share of post-acquisition reserves	-	-
	-	-

Details of the associate are as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest	
			2022 %	2021 %
PT Hai-O Indonesia	Indonesia	Multi-level direct marketing	40	40

**Unrecognised share of losses**

The Group had not recognised loss related to an associate totalling RM156,055 in financial year 2022 (2021: RM281,718) and RM477,002 (2021: RM320,946) cumulatively, the Group has no obligation in respect of these losses since the Group's share of losses exceed its interest in the associate.

In view of the associate is not material to the Group and hence, no further disclosures are provided.

## 9. INVESTMENT IN A JOINT VENTURE

	Group	
	2022 RM	2021 RM
Unquoted shares, at cost	760,000	760,000
Share of post-acquisition reserves	1,240,620	1,360,220
Group's share of net assets	2,000,620	2,120,220

Peking Tongrentang (M) Sdn. Bhd. ("PKT"), the only joint arrangement in which the Group participates, is principally engaged in providing traditional Chinese physician services and retail of traditional Chinese medicine in Malaysia.

PKT is structured as a separate entity and provides the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment in PKT as a joint venture.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 9. INVESTMENT IN A JOINT VENTURE (CONTINUED)

The following table summarises the financial information of PKT, as adjusted for any differences in accounting policies.

	Group	
	2022	2021
	RM	RM
Percentage of ownership interest	40%	40%
Percentage of voting interest	40%	40%
<b>Summarised financial information</b>		
<b>As at 30 April</b>		
Non-current assets	6,912,417	7,132,111
Current assets	801,915	1,120,053
Non-current liabilities	(1,878,796)	(2,249,748)
Current liabilities	(833,986)	(563,852)
Net assets	5,001,500	5,438,564
<b>Year ended 30 April</b>		
Loss for the year and total comprehensive expense	(299,000)	(95,000)
<b>Included in the total comprehensive expense are:</b>		
Revenue	1,808,617	2,311,855
Depreciation	(41,321)	(189,736)
Interest expense	(121,804)	(144,899)
Tax expense	-	(4,731)
<b>Group's share of results for the year ended 30 April</b>		
Group's share of loss and total comprehensive expense	(119,600)	(38,000)

## 10. OTHER INVESTMENTS

	Group	
	2022	2021
	RM	RM
<b>Non-current</b>		
Financial assets at fair value through profit or loss:		
- quoted shares in Malaysia	339	360
- unquoted shares	111,920	11,920
	112,259	12,280
<b>Current</b>		
Financial assets at fair value through profit or loss:		
- unit trusts in Malaysia	59,921,733	58,904,190
	60,033,992	58,916,470

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
<b>Non-current</b>					
<b>Trade</b>					
Hire purchase receivables	11.1	97,349	157,805	-	-
Loan receivables	11.2	1,248,744	693,967	-	-
		1,346,093	851,772	-	-
<b>Current</b>					
<b>Trade</b>					
Trade receivables		13,253,519	15,516,867	-	-
Less: Impairment allowance		(850,023)	(1,193,261)	-	-
		12,403,496	14,323,606	-	-
Hire purchase receivables	11.1	60,455	156,873	-	-
Loan receivables	11.2	397,712	202,978	-	-
Amount due from an associate	11.3	1,038,290	1,038,290	-	-
Less: Individual impairment allowance		(1,038,290)	(847,790)	-	-
		-	190,500	-	-
Amount due from a joint venture	11.3	315,977	144,769	-	-
		13,177,640	15,018,726	-	-
<b>Non-trade</b>					
Amount due from an associate	11.3	2,227,676	2,161,418	-	-
Less: Individual impairment allowance		(2,227,676)	(1,507,334)	-	-
		-	654,084	-	-
Amounts due from subsidiaries	11.3	-	-	1,085,531	-
		-	-	1,085,531	-
Other receivables		5,510,452	4,018,497	21,524	-
Less: Individual impairment allowance		(903,258)	(903,258)	-	-
Deposits		4,607,194	3,115,239	21,524	-
		1,065,776	1,109,647	-	-
		5,672,970	4,878,970	1,107,055	-
		18,850,610	19,897,696	1,107,055	-
		20,196,703	20,749,468	1,107,055	-

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

## 11.1 Hire purchase receivables

Hire purchase receivables are receivable as follows:

	Group	
	2022 RM	2021 RM
Less than one year	68,094	171,951
Between one and five years	99,871	154,561
More than five years	8,883	22,288
	176,848	348,800
Less: Unearned interest charges	(19,044)	(34,122)
	157,804	314,678
Carrying amount:		
Current	60,455	156,873
Non-current	97,349	157,805
	157,804	314,678

The Group's financing tenor for hire purchase receivables ranges from 60 months to 84 months (2021: 24 months to 84 months). The average remaining period of maturity as at the financial year end was 73 months (2021: 59 months). The effective interest rates during the financial year generally ranged from 5.57% to 8.29% (2021: 5.57% to 8.29%).

## 11.2 Loan receivables

Loan receivables are receivable as follows:

	Group	
	2022 RM	2021 RM
Less than one year	397,712	202,978
Between one and five years	1,232,160	693,967
More than five years	16,584	-
	1,646,456	896,945
Carrying amount:		
Current	397,712	202,978
Non-current	1,248,744	693,967
	1,646,456	896,945

The Group's financing tenor for loan receivables ranges from 36 months to 84 months (2021: 18 months to 84 months). The average remaining period of maturity as at the financial year end was 60 months (2021: 57 months). The effective interest rates during the financial year generally ranged from 5.29% to 12.17% (2021: 5.29% to 15.98%).

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 11. TRADE AND OTHER RECEIVABLES (CONTINUED)

## 11.3 Related party balances

The trade balances due from an associate and a joint venture are subject to negotiated trade terms.

The non-trade balances due from an associate and subsidiaries are unsecured and repayable on demand.

## 12. DEFERRED TAX ASSETS/(LIABILITIES)

## Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM	2021 RM	2022 RM	2021 RM	2022 RM	2021 RM
Property, plant and equipment	-	-	(2,138,936)	(2,107,897)	(2,138,936)	(2,107,897)
Right-of-use assets	-	-	(829,374)	(992,155)	(829,374)	(992,155)
Lease liabilities	881,971	1,052,044	-	-	881,971	1,052,044
Provisions	3,841,304	4,333,309	-	-	3,841,304	4,333,309
Capital allowance carry-forwards	93,492	1,013	-	-	93,492	1,013
Reinvestment allowance carry-forwards	51,566	38,930	-	-	51,566	38,930
Other items	228,956	348,913	-	-	228,956	348,913
Tax assets/(liabilities)	5,097,289	5,774,209	(2,968,310)	(3,100,052)	2,128,979	2,674,157
Set off of tax	(2,680,175)	(2,616,183)	2,680,175	2,616,183	-	-
Net tax assets/(liabilities)	2,417,114	3,158,026	(288,135)	(483,869)	2,128,979	2,674,157

## Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2022 RM	2021 RM
Property, plant and equipment	(143,929)	(77,630)
Capital allowance carry-forwards	219,307	187,640
Tax loss carry-forwards	9,410,507	7,643,712
Right-of-use assets	(56,661)	(21,080)
Lease liabilities	57,049	22,477
Provisions	27,885	15,962
Others	(18,177)	7,759
	9,495,981	7,778,840

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which certain Group entities can utilise the benefits therefrom.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

## Unrecognised deferred tax assets (continued)

The deductible temporary differences do not expire except for certain tax loss carry-forwards which will expire in ten (10) years (2021: seven (7) years) under the current tax legislation of Malaysia are as follows:

	Group	
	2022 RM	2021 RM
Unutilised tax losses expiring in:		
- 2028	5,981,678	5,981,678
- 2029	627,159	627,159
- 2030	341,383	341,383
- 2031	693,492	693,492
- 2032	1,766,795	-
	9,410,507	7,643,712

## Movement in temporary differences during the year

Group	Recognised in profit or loss		At		Recognised in profit or loss		At	
	At 1.5.2020 RM	(Note 23) RM	30.4.2021/ 1.5.2021 RM	RM	(Note 23) RM	30.4.2022 RM	RM	
Property, plant and equipment	(1,977,604)	(130,293)	(2,107,897)	(31,039)	(2,138,936)			
Right-of-use assets	(1,148,711)	156,556	(992,155)	162,781	(829,374)			
Lease liabilities	1,200,294	(148,250)	1,052,044	(170,073)	881,971			
Provisions	3,142,170	1,191,139	4,333,309	(492,005)	3,841,304			
Capital allowance carry-forwards	84,616	(83,603)	1,013	92,479	93,492			
Reinvestment allowance carry-forwards	51,566	(12,636)	38,930	12,636	51,566			
Other items	271,380	77,533	348,913	(119,957)	228,956			
	1,623,711	1,050,446	2,674,157	(545,178)	2,128,979			

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 13. INVENTORIES

Group	2022 RM	2021 RM
<i>At cost:</i>		
Raw materials	1,394,289	1,553,264
Packaging materials	382,925	353,722
Finished goods and trading goods	79,872,084	79,720,661
Goods in transit	1,784,765	1,745,701
	83,434,063	83,373,348
<i>At net realisable value:</i>		
Finished goods and trading goods	5,902,353	5,937,762
	89,336,416	89,311,110
Recognised in profit or loss:		
Inventories recognised as cost of sales	84,497,666	103,695,311
Inventories written off	430,118	478,412

The write-off is included in cost of sales.

## 14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deposits placed with licensed banks	42,452,641	41,764,919	3,796,000	-
Cash and bank balances	14,911,110	12,783,201	395,529	2
	57,363,751	54,548,120	4,191,529	2

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 15. CAPITAL AND RESERVES

## 15.1 Share capital

	Group and Company		Amount 2021 RM	Number of shares 2021
	Amount 2022 RM	Number of shares 2022		
Issued and fully paid:				
At 1 May 2021/2020	2	2	-	-
Issued during the year/ since incorporation date	312,977,659	300,103,230	2	2
At 30 April	312,977,661	300,103,232	2	2

## Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

## 15.2 Capital reserve

The capital reserve comprises gain arising from disposal of property, plant and equipment and quoted investments in the previous financial years.

## 15.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

## 15.4 Treasury shares

The shareholders of Hai-O Enterprise Berhad ("HOEB"), by special resolutions passed in general meetings held in previous financial years, approved HOEB's plan to repurchase its own shares. The Directors of HOEB are committed to enhancing the value of HOEB to its shareholders and believe that the repurchase plan can be applied in the best interests of HOEB and its shareholders.

During the financial year, HOEB repurchased 88,400 (2021: 1,231,000) of its issued share capital from the open market for a total consideration of RM189,388 (2021: RM2,525,968). The average price paid for the shares repurchased was RM2.14 (2021: RM2.05) per share and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

On 4 June 2021, the subsidiary of the Group, HOEB declared a distribution of one (1) treasury share for every twenty-six (26) existing ordinary shares ("Share Dividend") prior to the internal reorganisation. The Share Dividend was credited into the entitled Depositors' Securities Account respectively on 6 July 2021.

Balance of 194,660 treasury shares was cancelled on 29 October 2021.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 15. CAPITAL AND RESERVES (CONTINUED)

## 15.5 Share option reserve

The share option comprises the cumulative value of employee services received for the issue of share options. The share options reserve in relation to the unexercised option at the expiry of the share option scheme will be transferred to retained earnings.

HOEB has terminated all unexercised ESOS options on 29 October 2021 in line with the internal reorganisation which was approved by the shareholders at the Extraordinary General Meeting held on 19 May 2021.

## 15.6 Reorganisation reserve

The reorganisation reserve at the consolidated financial statements represents the difference between the legal capital of the Company (accounting acquiree) and HOEB (accounting acquirer).

## 16. TRADE AND OTHER PAYABLES

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
<b>Trade</b>					
Trade payables		14,737,056	13,853,299	-	-
<b>Non-trade</b>					
Amounts due to subsidiaries	16.1	-	-	82,569	-
Other payables		9,330,883	12,347,750	300	7,261
Deposits received		4,240,596	4,142,857	-	-
Accrued expenses		6,921,229	7,860,798	264,410	4,000
		20,492,708	24,351,405	347,279	11,261
		35,229,764	38,204,704	347,279	11,261

## 16.1 Related party balances

The non-trade balances due to subsidiaries are unsecured and repayable on demand.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 17. PROVISIONS

Group	Sales campaign RM	Goods return RM	Restoration cost RM	Total RM
At 1 May 2020	298,175	400,000	-	698,175
Provisions made during the year	1,693,000	-	3,500	1,696,500
Provisions used during the year	(1,407,595)	-	-	(1,407,595)
At 30 April 2021/1 May 2021	583,580	400,000	3,500	987,080
Provisions made during the year	1,052,549	-	7,000	1,059,549
Provisions used during the year	(1,197,329)	-	-	(1,197,329)
At 30 April 2022	438,800	400,000	10,500	849,300

**Sales campaign**

The Group organises various sales campaign programmes for its eligible distributors and wholesale customers. Under the respective sales campaigns, eligible distributors and wholesale customers are entitled to overseas or local trips subject to meeting certain qualifying performance targets. A provision is recognised at the end of each reporting period for eligible distributors and wholesale customers based on the Group's estimated qualifiers and quoted tour fares for the sales campaign programmes.

**Goods return**

The Group provides pre-agreed return period on products sold by the Group. A provision is recognised at the end of each reporting period for goods return based on the Group's past experience on the level of goods returned.

**Restoration cost**

Provision made was in respect of the Group's obligation to restore the leased store at the end of its tenancy agreement.

## 18. CONTRACT LIABILITIES

Group	2022 RM	2021 RM
<b>Non-current</b>		
Contract liabilities	118,559	39,520
<b>Current</b>		
Contract liabilities	475,775	882,603
	594,334	922,123

The contract liabilities primarily relate to the membership fee received from the members of a subsidiary, which revenue is recognised over a period of 1 to 3 years.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 18. CONTRACT LIABILITIES (CONTINUED)

Significant changes to contract liabilities balances during the period are as follows:

	Group RM
At 1 May 2020	1,224,469
Increase/(Decrease) in revenue recognised from previous period arising from:	
- Unearned membership fees	(347,790)
- Unexpired cash vouchers	45,444
At 30 April 2021/1 May 2021	922,123
Decrease in revenue recognised from previous period arising from:	
- Unearned membership fees	(100,558)
- Unexpired cash vouchers	(227,231)
At 30 April 2022	594,334

## 19. REVENUE

Group	2022 RM	2021 RM
<b>Revenue from contracts with customers</b>		
- Sale of goods	204,490,433	265,613,272
- Multi-level marketing ("MLM") membership fee	1,960,280	2,690,863
	206,450,713	268,304,135
<b>Other revenue</b>		
- Commissions	61,285	66,092
- Hire purchase and finance lease income	14,949	23,520
- Interest income	192,571	233,064
- Dividend income	142,087	107,378
- Rental income	2,693,810	2,655,348
	3,104,702	3,085,402
<b>Total revenue</b>	209,555,415	271,389,537
<b>Company</b>		
Revenue		
- Dividend income	14,404,955	-
- Management fee income	705,000	-
- Administrative and support charges income	345,000	-
<b>Total revenue</b>	15,454,955	-

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 19. REVENUE (CONTINUED)

## 19.1 Disaggregation of revenue

Group	Wholesale		Reportable segments				Other non-reportable segments				Total		
	2022	2021	Multi-level Marketing ("MLM")		Retail		2022	2021	2022	2021	2022	2021	
			RM	RM	RM	RM							RM
<b>Revenue from contracts with customers</b>													
- Sale of goods	53,130,104	58,549,298	113,440,063	169,758,615	36,958,736	35,802,915	961,530	1,502,444	204,490,433	265,613,272			
- MLM membership fee	-	-	1,960,280	2,690,863	-	-	-	-	1,960,280	2,690,863			
<b>Other revenue</b>	53,130,104	58,549,298	115,400,343	172,449,478	36,958,736	35,802,915	961,530	1,502,444	206,450,713	268,304,135			
	-	-	-	-	-	-	3,104,702	3,085,402	3,104,702	3,085,402			
	53,130,104	58,549,298	115,400,343	172,449,478	36,958,736	35,802,915	4,414,93	4,587,846	209,555,415	271,389,537			
<b>Timing and recognition</b>													
At a point in time	53,130,104	58,549,298	113,440,063	169,758,615	36,958,736	35,802,915	961,530	1,502,444	204,490,433	265,613,272			
Overtime	-	-	1,960,280	2,690,863	-	-	-	-	1,960,280	2,690,863			
	53,130,104	58,549,298	115,400,343	172,449,478	36,958,736	35,802,915	961,530	1,502,444	206,450,713	268,304,135			

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 19. REVENUE (CONTINUED)

### 19.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sale of goods - Wholesale	Revenue is recognised when controls of the goods have been transferred to the customers.	Credit period of 90 days from invoice date.	Early payment discounts for certain customers.	The Group allows return for goods sold with conditions.	Not applicable.
Sale of goods - Retail	Revenue is recognised when controls of the goods have been transferred to the customers.	No credit period given.	Not applicable.	The Group allows return for goods sold subject to section 41 and 42 of The Consumer Protection Act 1999.	Not applicable.
Sale of goods - MLM	Revenue is recognised when controls of the goods have been transferred to the customers.	No credit period given.	There are two types of performance bonus i.e. group effort related performance bonus and personal effort related performance bonus. Personal effort related performance bonus is a reduction of transaction price, whilst group effort related performance bonus is a consideration paid to or payable to customers for the provision of distinct services.	The Group allows return for goods sold subject to a cooling off period of ten working days pursuant to The Direct Sales and the Anti-Pyramid Scheme Act 1993 section 23(1)(b).	Not applicable.
MLM membership	Revenue is recognised overtime according to the membership period.	No credit period given.	Not applicable.	Not applicable.	Not applicable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 19. REVENUE (CONTINUED)

### 19.3 Transaction price allocated to the remaining performance obligations

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

## 20. FINANCE INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits and short term deposits	589,414	691,149	16,181	-

## 21. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense on lease liabilities	217,365	263,893	-	-

## 22. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Profit/(Loss) before tax is arrived at after charging/(crediting):</b>				
<b>Auditors' remuneration:</b>				
Audit fees:				
- KPMG PLT	370,800	366,800	34,000	4,000
- Other auditors	47,555	47,444	-	-
Non-audit fees:				
- KPMG PLT	15,000	15,000	15,000	-

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 22. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Profit/(Loss) before tax is arrived at after charging/(crediting): (continued)</b>				
<b>Material expenses/(income)</b>				
Changes in lease payments				
arising from rent concessions	(232,119)	(311,685)	-	-
Depreciation of investment properties	691,507	691,507	-	-
Depreciation of property, plant and equipment	3,511,571	3,632,437	1,265	-
Depreciation of right-of-use assets	1,864,809	1,996,778	-	-
Inventories written down	430,118	478,412	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,911,480	2,874,659	101,808	-
- Wages, salaries and others	25,550,367	28,636,691	1,015,570	-
Property, plant and equipment written off	26,088	22,672	-	-
Provision for sales campaign	1,052,549	1,693,000	-	-
Net foreign exchange differences:				
- Unrealised	(243,594)	338,793	-	-
- Realised	(378,044)	(676,325)	-	-
Dividend income from:				
- Subsidiaries (unquoted shares)	-	-	(14,404,955)	-
- Unit trusts	(804,071)	(962,331)	-	-
Fair value (gain)/loss on other investments	(21,404)	78,032	-	-
Gain on disposal of property, plant and equipment	(2,506,165)	(1,086,031)	-	-
Gain on termination of right-of-use assets	(30,979)	(5,663)	-	-
Management fees receivable from:				
- Subsidiaries	-	-	(705,000)	-
- Others	(40,200)	(39,300)	-	-
Administrative charges receivable from subsidiaries	-	-	(345,000)	-
Rental income from investment properties	(2,989,509)	(2,950,124)	-	-
<b>Net (reversal of loss)/loss on impairment of financial instruments</b>				
Financial assets at amortised cost:				
- Trade receivables	(152,738)	92,746	-	-
- Other receivables	720,342	1,428,413	-	-
	567,604	1,521,159	-	-

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 23. TAX EXPENSE

## Recognised in profit or loss

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Current tax expense</b>				
Current year	10,922,617	14,709,408	34,082	-
Over provision in prior years	(94,487)	(307,564)	-	-
Total current tax recognised in profit or loss	10,828,130	14,401,844	34,082	-
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	588,109	(1,038,732)	-	-
Over provision in prior years	(42,931)	(11,714)	-	-
Total deferred tax recognised in profit or loss (Note 12)	545,178	(1,050,446)	-	-
Total income tax expense	11,373,308	13,351,398	34,082	-
<b>Reconciliation of tax expense</b>				
Profit/(Loss) before tax	40,300,345	52,272,753	13,990,049	(11,261)
Income tax calculated using				
Malaysian tax rate of 24%	9,672,083	12,545,461	3,357,612	(2,703)
Non-deductible expenses	1,688,168	1,304,071	133,659	2,703
Tax exempt income	(261,639)	(375,656)	(3,457,189)	-
Effect of deferred tax assets not recognised	412,114	196,800	-	-
Over provision in prior years	(137,418)	(319,278)	-	-
	11,373,308	13,351,398	34,082	-

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

**24. EARNINGS PER ORDINARY SHARE****Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 30 April 2022 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2022 RM	Group 2021 RM
Profit attributable to ordinary shareholders	28,197,187	38,804,937
Weighted average number of ordinary shares		
	2022	Group 2021
Issued ordinary shares at 1 May 2021/2020	300,297,892	300,297,892
Effect of treasury shares held	(2,133,487)	(10,432,788)
Weighted average number of ordinary shares at 30 April	298,164,405	289,865,104
Basic earnings per ordinary share (sen)	9.46	13.39

**Diluted earnings per ordinary share**

The calculation of diluted earnings per ordinary share was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	2022	Group 2021
Weighted average number of ordinary shares at 30 April (basic)	300,103,405	289,865,104
Effect of share options on issue	-	-
Weighted average number of ordinary shares at 30 April (diluted)	298,164,405**	289,865,104*
Diluted earnings per ordinary share (sen)	9.46	13.39

\* The diluted earnings per share is same as basic earnings per ordinary share as the exercising of the balance of ESOS granted under the Employee's Share Option Scheme ("ESOS") would result in an anti-dilution situation.

\*\* HOEB has terminated all unexercised ESOS options on 29 October 2021 in line with the internal reorganisation which was approved by the shareholders at the Extraordinary General Meeting held on 19 May 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 25. DIVIDENDS

Dividends recognised by the Group:

	Sen per share	Total amount RM	Date of payment
<b>2022</b>			
Second Interim 2021 ordinary	5	15,005,162*	29 July 2021
First Interim 2022 ordinary	3	9,003,097**	25 January 2022
		24,008,259	
<b>2021</b>			
Final 2020 ordinary	4	11,593,988	19 November 2020
First Interim 2021 ordinary	4	11,578,628	4 March 2021
		23,172,616	

\* Represents the dividends declared and paid by a subsidiary of the Group, Hai-O Enterprise Berhad ("HOEB") prior to the internal reorganisation.

\*\* Represents the dividends declared and paid by the Company after internal reorganisation.

On 4 June 2021, the subsidiary of the Group, HOEB declared a distribution of one (1) treasury share for every twenty-six (26) existing ordinary shares ("Share Dividend") prior to the internal reorganisation. The Share Dividend was credited into the entitled Depositors' Securities Account respectively on 6 July 2021.

After the end of the reporting period, the final dividend recommended by the Directors in respect of the financial year ended 30 April 2022 is 5 sen per ordinary share. The final dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

## 26. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing systems and strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Managing Director) reviews internal management reports at least on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Wholesale.* Includes wholesaling and trading in herbal medicines, healthcare products, wellness and beauty products, herbs and tea.
- *Multi-level Marketing.* Includes operating multi-level direct selling of health food, healthcare products, wellness products and beauty products.
- *Retail.* Includes operating retail chain stores.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 26. OPERATING SEGMENTS (CONTINUED)

The wholesaling and trading of herbal medicines, healthcare products, wellness and beauty products, herbs and tea are managed by a few different segments within the Group. These operating segments are aggregated to form a reportable segment as Wholesale due to the similar nature and economic characteristics of the products. The nature and methods of distribution of the products for these divisions are similar.

Other non-reportable segments comprise operations related to manufacturing, leasing of machinery and equipment, licensed money lender, insurance agent, investment holding and property holding. None of the segments met the qualitative thresholds for reporting segments in 2022 and 2021.

There are varying levels of integration between Wholesale, Multi-level Marketing and Retail reportable segments. This integration includes sales and transfers of inventories and shared distribution services, respectively. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the key results of certain segments relative to other entities that operate within these industries.

### **Segment assets**

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets is used to measure the return on assets of each segment.

### **Segment liabilities**

Segment liabilities comprise operating liabilities and include items such as taxation and borrowings.

### **Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 26. OPERATING SEGMENTS (CONTINUED)

Group	Wholesale RM'000	Multi- level Marketing RM'000	Retail RM'000	Other non- reportable segments RM'000	Total RM'000
<b>2022</b>					
<b>Segment profit</b>	20,262	21,065	3,439	17,297	62,063
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	53,130	115,400	36,959	4,066	209,555
Inter-segment revenue	71,517	95	11	22,736	94,359
Depreciation	(1,481)	(1,667)	(2,132)	(788)	(6,068)
<i>Not included in the measure of segment profit but provided to CODM:</i>					
Tax expense	(4,412)	(5,996)	(770)	(195)	(11,373)
<b>Segment assets</b>	176,514	107,409	38,204	48,012	370,139
<i>Included in the measure of segment assets is:</i>					
Additions to non-current assets other than financial instruments and deferred tax assets	158	219	152	469	998
<b>Segment liabilities</b>	18,789	14,746	5,788	1,717	41,040

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 26. OPERATING SEGMENTS (CONTINUED)

Group	Wholesale RM'000	Multi- level Marketing RM'000	Retail RM'000	Other non- reportable segments RM'000	Total RM'000
<b>2021</b>					
<b>Segment profit</b>	50,792	33,797	1,125	1,792	87,506
<i>Included in the measure of segment profit are:</i>					
Revenue from external customers	58,549	172,449	35,803	4,589	271,390
Inter-segment revenue	107,481	174	2	7,420	115,077
Depreciation	(1,359)	(1,873)	(2,311)	(778)	(6,321)
<i>Not included in the measure of segment profit but provided to CODM:</i>					
Tax expense	(4,508)	(8,176)	(354)	(313)	(13,351)
<b>Segment assets</b>	171,917	118,015	36,936	44,632	371,500
<i>Included in the measure of segment assets is:</i>					
Additions to non-current assets other than financial instruments and deferred tax assets	1,116	333	1,021	286	2,756
<b>Segment liabilities</b>	16,875	22,012	6,317	3,208	48,412
<b>Reconciliation of operating segments' profit or loss</b>					
				<b>Group</b>	
				<b>2022</b>	<b>2021</b>
				<b>RM'000</b>	<b>RM'000</b>
<b>Profit or loss</b>					
Total profit or loss for operating segments				62,063	87,506
Elimination of inter-segment profits				(21,763)	(35,234)
Tax expense				(11,373)	(13,351)
Consolidated profit for the year				28,927	38,921

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 26. OPERATING SEGMENTS (CONTINUED)

### Geographical segments

The Group's reportable segments are managed and operated predominantly in Malaysia (country of domicile). Hence, no further presentation of geographical segments is provided.

### Major customers

The Group does not have any customers with revenue equal or more than 10% of the Group's total revenue.

## 27. FINANCIAL INSTRUMENTS

### 27.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 April 2022 categorised as follows:

- (a) Fair value through profit or loss ("FVTPL")
  - Mandatorily required by MFRS 9
- (b) Amortised cost ("AC")

2022	Carrying amount RM	FVTPL – Mandatorily required by MFRS 9 RM	AC RM
<b>Financial assets</b>			
<b>Group</b>			
Other investments	60,033,992	60,033,992	-
Trade and other receivables	20,196,703	-	20,196,703
Cash and cash equivalents	57,363,751	-	57,363,751
	137,594,446	60,033,992	77,560,454
<b>Company</b>			
Trade and other receivables	1,107,055	-	1,107,055
Cash and cash equivalents	4,191,529	-	4,191,529
	5,298,584	-	5,298,584

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

## 27.1 Categories of financial instruments (continued)

2022	Carrying amount RM	FVTPL – Mandatorily required by MFRS 9 RM	AC RM
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	(35,229,764)	-	(35,229,764)
<b>Company</b>			
Trade and other payables	(347,279)	-	(347,279)
<b>2021</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	58,916,470	58,916,470	-
Trade and other receivables	20,749,468	-	20,749,468
Cash and cash equivalents	54,548,120	-	54,548,120
	134,214,058	58,916,470	75,297,588
<b>Company</b>			
Cash and cash equivalents	2	-	2
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	(38,204,704)	-	(38,204,704)
<b>Company</b>			
Trade and other payables	(11,261)	-	(11,261)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	825,475	884,299	-	-
Financial assets at amortised cost	534,812	(745,499)	16,181	-
Financial liabilities at amortised cost	316,156	509,605	-	-
	1,676,443	648,405	16,181	-

### 27.3 Financial risk management

The Group and the Company have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 27.4 Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, advances to an associate and a joint venture. The Company's exposure to credit risk arises principally from advances to subsidiaries.

#### Trade receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

### 27. FINANCIAL INSTRUMENTS (CONTINUED)

#### 27.4 Credit risk (continued)

##### Trade receivables (continued)

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these trade receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any trade receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the current and previous reporting periods by geographic region was predominantly domestic.

##### *Recognition and measurement of impairment losses*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 45 to 90 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 150 days past due.

Loss rates are based on actual credit loss experience over the past year. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

## 27.4 Credit risk (continued)

## Trade receivables (continued)

*Recognition and measurement of impairment losses (continued)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 April 2022.

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
<b>2022</b>			
Not past due	13,397,150	(48,592)	13,348,558
Past due 1 – 30 days	869,997	(53,469)	816,528
Past due 31 – 60 days	265,283	(43,904)	221,379
Past due more than 60 days	738,415	(601,147)	137,268
	15,270,845	(747,112)	14,523,733
<b>Credit impaired</b>			
Individually impaired	1,141,201	(1,141,201)	-
	16,412,046	(1,888,313)	14,523,733
<b>2021</b>			
Not past due	14,430,377	(61,992)	14,368,385
Past due 1 – 30 days	1,092,036	(28,416)	1,063,620
Past due 31 – 60 days	315,878	(140,857)	175,021
Past due more than 60 days	931,857	(858,885)	72,972
	16,770,148	(1,090,150)	15,679,998
<b>Credit impaired</b>			
Individually impaired	1,141,401	(950,901)	190,500
	17,911,549	(2,041,051)	15,870,498

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

## 27.4 Credit risk (continued)

## Trade receivables (continued)

*Recognition and measurement of impairment losses (continued)*

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

Group	RM
<b>Balance at 1 May 2020</b>	1,948,305
Individually impaired	101,461
Reversal of impairment loss	(2,286)
Net remeasurement of loss allowance	(6,429)
<b>Balance at 30 April 2021/1 May 2021</b>	2,041,051
Individually impaired	190,500
Reversal of impairment loss	(200)
Net remeasurement of loss allowance	(343,038)
<b>Balance at 30 April 2022</b>	1,888,313

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group has satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

**Other receivables**

Credit risks on other receivables are mainly arising from the amounts due from the Group's and the Company's existing long-term business partner and suppliers and deposits paid for office buildings and utilities. The Group and the Company monitor the payments of these partner and suppliers regularly and are confident of the ability of the partner and suppliers to repay the balances owing. The deposits will be received at the end of each contractual terms.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, except for total balances of RM3,130,934 (2021: RM2,410,592) which are deemed not recoverable and impaired, the Group did not recognise any allowance for impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.4 Credit risk (continued)

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

#### Inter-company advances

*Risk management objectives, policies and processes for managing the risk*

The Group provides unsecured advances to an associate. The Group monitors the results of the associate regularly.

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

*Impairment losses*

As at the end of the reporting period, there was no indication that the advances to the subsidiaries and an associate are not recoverable.

### 27.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

## 27.5 Liquidity risk (continued)

## Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Discount rate	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
<b>Group</b>							
<b>2022</b>							
Non-derivative financial liabilities							
Lease liabilities	3,731,922	4.15% - 5.60%	4,264,215	1,818,958	1,376,905	1,036,852	31,500
Trade and other payables	35,229,764	-	35,229,764	35,229,764	-	-	-
	38,961,686		39,493,979	37,048,722	1,376,905	1,036,852	31,500
<b>Company</b>							
<b>2022</b>							
Trade and other payables	347,279	-	347,279	347,279	-	-	-
<b>Group</b>							
<b>2021</b>							
Non-derivative financial liabilities							
Lease liabilities	4,405,993	4.50% - 5.60%	4,759,942	1,820,537	1,580,477	1,358,928	-
Trade and other payables	38,204,704	-	38,204,704	38,204,704	-	-	-
	42,610,697		42,964,646	40,025,241	1,580,477	1,358,928	-
<b>Company</b>							
<b>2021</b>							
Trade and other payables	11,261	-	11,261	11,261	-	-	-

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

## 27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows. The Company is not exposed to foreign currency risk as its transactions are denominated in RM. The Company is also not exposed to interest rate risk and other price risk.

## 27.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to these risks are primarily Chinese Renminbi ("RMB"), U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Indonesia Rupiah ("RP") and Euro ("EUR").

*Risk management objectives, policies and processes for managing the risk*

The Group hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The Group did not enter into any forward foreign exchange contracts in the current and previous financial years.

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Balances recognised in the statement of financial position	Trade and other receivables RM	Cash and cash equivalents RM	Trade and other payables RM	Total RM
<b>Group 2022</b>				
Chinese Renminbi	65,900	4,330,862	(1,517,444)	2,879,318
U.S. Dollar	258,198	3,630,081	(4,077,205)	(188,926)
Singapore Dollar	700,890	44,357	-	745,247
Euro	-	-	(277,898)	(277,898)
<b>Net exposure</b>	<b>1,024,988</b>	<b>8,005,300</b>	<b>(5,872,547)</b>	<b>3,157,741</b>
<b>Group 2021</b>				
Chinese Renminbi	156,269	3,921,627	(1,942,834)	2,135,062
U.S. Dollar	179,039	2,659,968	(2,511,878)	327,129
Singapore Dollar	815,336	79,087	-	894,423
Indonesia Rupiah	844,584	-	-	844,584
<b>Net exposure</b>	<b>1,995,228</b>	<b>6,660,682</b>	<b>(4,454,712)</b>	<b>4,201,198</b>

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

## 27.6 Market risk (continued)

## 27.6.1 Currency risk (continued)

*Currency risk sensitivity analysis*

Foreign currency risk mainly arises from transactions of the Group which are denominated in RMB, USD, SGD, RP and EUR. The exposure to currency risk of currencies other than RMB, USD, SGD, RP and EUR is not material and hence, sensitivity analysis is not presented.

A 5% (2021: 5%) strengthening of RM against the following currencies at the end of the reporting period would have decreased/(increased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

	Group	
	2022 RM	2021 RM
RMB	109,414	81,132
USD	(7,179)	12,431
SGD	28,319	33,988
RP	-	32,094
EUR	(10,560)	-

A 5% (2021: 5%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## 27.6.2 Interest rate risk

Other than hire purchase receivables and loan receivables as disclosed in Note 11, investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

The Group adopts a policy that its interest-bearing financial investments are on a fixed rate basis.

*Exposure to interest rate risk*

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Fixed rate instruments</b>				
Financial assets	44,256,901	42,976,542	3,796,000	2

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.6 Market risk (continued)

#### 27.6.2 Interest rate risk (continued)

*Interest rate risk sensitivity analysis*

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### 27.6.3 Other price risk

Equity price risk arises from the Group's investments in equity securities.

*Risk management objectives, policies and processes for managing the risk*

Management of the Group monitors the equity investments on a portfolio basis which are managed by financial institutions. All buy and sell decisions are approved by the Directors of the Group entities.

*Equity price risk sensitivity analysis*

As the Group has minimal equity investments, the Directors are of the view that the effects of equity price fluctuations within a reasonably possible range for the quoted investments will not have a significant impact on the earnings of the Group and of the Company. Hence, sensitivity analysis is not presented.

### 27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of non-current trade receivables also reasonably approximate fair values upon discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the assets and liabilities.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

### 27. FINANCIAL INSTRUMENTS (CONTINUED)

#### 27.7 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3		
2022	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Financial assets</b>									
Quoted shares	339	-	-	339	-	-	-	339	339
Unquoted shares	-	-	111,920	111,920	-	-	-	111,920	111,920
Unit trusts	-	59,921,733	-	59,921,733	-	-	-	59,921,733	59,921,733
	339	59,921,733	111,920	60,033,992	-	-	-	60,033,992	60,033,992
<b>Group 2021</b>									
<b>Financial assets</b>									
Quoted shares	360	-	-	360	-	-	-	360	360
Unquoted shares	-	-	11,920	11,920	-	-	-	11,920	11,920
Unit trusts	-	58,904,190	-	58,904,190	-	-	-	58,904,190	58,904,190
	360	58,904,190	11,920	58,916,470	-	-	-	58,916,470	58,916,470

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 27. FINANCIAL INSTRUMENTS (CONTINUED)

### 27.7 Fair value information (continued)

#### Level 1 fair value

The fair value of quoted shares is derived from quoted price (unadjusted) by reference to the stock exchange which they are listed on.

#### Level 2 fair value

The fair value of unit trusts is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either direction).

#### Level 3 fair value

The fair value of unquoted shares is derived from the adjusted net asset of the investee companies' financial statements.

The following table shows a reconciliation of Level 3 fair values:

	2022 RM	2021 RM
<b>Unquoted share</b>		
At 1 May 2021/2020	11,920	-
Purchases	100,000	-
At 30 April	111,920	-

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

#### (a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	The fair value of unquoted share is based on adjusted net assets method.	Not applicable.	Not applicable.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

**28. CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group has a strong cash pool and hence does not rely on any significant loans and borrowings.

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

**29. CAPITAL AND OTHER COMMITMENTS**

Group	2022 RM	2021 RM
<b>Capital expenditure and other commitments</b>		
<b>Property, plant and equipment</b>		
Approved, contracted but not provided for	1,694,253	738,469
<b>Capital investment</b>		
Capital investment in Orgabio Holdings Berhad	7,683,908	-

**30. RELATED PARTIES****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The Group has related party relationship with its significant investors, subsidiaries, an associate, a joint venture and key management personnel.

NOTES TO THE  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 30. RELATED PARTIES (CONTINUED)

## Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 11 and 16.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>A. Subsidiaries</b>				
Dividend income	-	-	14,404,955	-
Management fees income	-	-	705,000	-
Administrative and support charges income	-	-	345,000	-
<b>B. Joint venture</b>				
Sale of goods	(355,618)	(339,557)	-	-
Rental income from properties	(348,754)	(312,984)	-	-
<b>C. Key management personnel *</b>				
<b>Directors of the Company:</b>				
- Fees	217,000	251,000	76,664	-
- Remuneration	3,799,977	4,393,133	416,762	-
	4,016,977	4,644,133	493,426	-
<b>Directors of subsidiaries:</b>				
- Fees	39,667	42,000	-	-
- Remuneration	550,290	588,034	-	-
	589,957	630,034	-	-
Total short-term employee benefits	4,606,934	5,274,167	493,426	-

\* Excludes Benefit-In-Kind

## 31. BUSINESS COMBINATIONS

## 2022

## 31.1 Acquisition of non-controlling interests

In November 2021 and January 2022, the Group had acquired additional 10,000 shares of RM2.80 each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM28,000. These acquisitions increased the equity interest of the Group in Hai-O Raya Bhd. from 67.17% to 67.50%.

The Group recognised a decrease in non-controlling interests of RM88,794 and an increase in retained earnings of RM60,794 in respect of the above transactions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 31. BUSINESS COMBINATIONS (CONTINUED)

2021

### 31.2 Acquisition of non-controlling interests

In the previous financial year, the Group acquired additional 34,000 shares of RM2.80 each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM95,200. These acquisitions increased the equity interest of the Group in Hai-O Raya Bhd. from 66.03% to 67.17%.

The Group recognised a decrease in non-controlling interests of RM278,413 and an increase in retained earnings of RM183,213 in respect of the above transactions.

## 32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

### i) Corporate Proposals

On 19 January 2021, the Company entered into a conditional scheme agreement with Hai-O Enterprise Berhad ("HOEB") for the purpose of the following Corporate Proposals:

- a) Proposed exchange of ordinary shares in HOEB ("HOEB Share(s)"), with up to 300,297,890 new ordinary shares in the Company ("Beshom Share(s)") on the basis of 1 Beshom Share for every 1 existing HOEB share held on an entitlement date to be determined ("Proposed Share Exchange");
- b) Proposed assumption of the listing status of HOEB by the Company, the admission of the Company to, and withdrawal of HOEB from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with the listing of and quotation for Beshom Shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing Status");

The Proposed Share Exchange and the Proposed Transfer of Listing Status are collectively referred to as the "Proposed Internal Reorganisation".

- c) Proposed termination of the existing employees' shares option scheme of HOEB; and
- d) Proposed establishment of a new employees' share option scheme ("New ESOS") of up to 15% of the issued share capital of the Company (excluding treasury shares of the Company, if any) at any point in time during the duration of the ESOS, for the eligible employees and Directors of the Company and its subsidiaries which are not dormant, who fulfil the eligibility criteria as set out in the By-Laws of the New ESOS upon the completion of the Proposed Internal Reorganisation.

The Proposed Internal Reorganisation was approved by Bursa Securities and the shareholders in April 2021 and May 2021, respectively. On 23 July 2021, the High Court had sanctioned the HOEB's internal reorganisation through a Scheme of Arrangement with conditions pursuant to Section 366 of the Companies Act 2016.

HOEB has terminated all unexercised ESOS options on 29 October 2021 in line with the internal reorganisation which was approved by the shareholders at the Extraordinary General Meeting held on 19 May 2021.

The Company has on 23 November 2021 allotted 300,103,230 new ordinary shares ("Beshom Share(s)") and completed the share exchange with HOEB ("HOEB Share(s)") with 1 new Beshom Share in exchange for every 1 existing HOEB Share on 24 November 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2022 (CONTINUED)

## 32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

### i) Corporate Proposals (continued)

The Company's entire issued capital comprising 300,103,232 Beshom Shares was listed on the Main Market of Bursa Securities on 29 November 2021. Accordingly, the Company was admitted to the Official List of Bursa Securities in place of HOEB.

ii) In June 2021, Yan Ou Holdings (M) Sdn. Bhd. ("YOH") increased its share capital by RM3,150,000 which was subscribed by HOEB and the non-controlling owner in accordance with their equity interest of 60% and 40%, respectively. With effect thereof, the total share capital of YOH increased to RM5,650,000.

iii) In July 2021, Yan Ou Marketing (Intl) Sdn. Bhd. ("YOM") increased its share capital by RM640,000 which was subscribed by YOH. With effect thereof, the total share capital of YOM increased to RM1,640,000.

## 33. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

In June 2022, HOEB subscribed 24,786,800 shares in Orgabio Holdings Berhad ("Orgabio") for a total cash consideration of RM7,683,908, which represented 10% of Orgabio's share capital. Orgabio was subsequently listed on the ACE Market Bursa Malaysia on 5 July 2022.

In July 2022, the Company announced that it intended to purchase its own shares of up to 10% of its total number of issued shares ("Proposed Share Buy-Back"). The Proposed Share Buy-Back is subject to the approval of the shareholders at forthcoming 2nd Annual General Meeting of the Company to be held on 27 September 2022.

## 34. COMPARATIVE FIGURES

The restatements were due to reclassification between contract liabilities and other payables of the Group to conform with current year's presentation. The restatements do not have any impact to the statement of profit or loss and other comprehensive income, and only reclassification impact to the statement of financial position. The effects are disclosed below:

Group	As previously reported RM	Reclassification RM	As restated RM
<b>As at 30 April 2021</b>			
<b>Statement of financial position</b>			
<b>Non-current liabilities</b>			
Contract liabilities	-	39,520	39,520
<b>Current liabilities</b>			
Other payables	10,751,665	1,596,085	12,347,750
Contract liabilities	2,518,208	(1,556,565)	882,603

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 94 to 174 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**Tan Keng Kang**  
Director

**Hew Von Kin**  
Director

Kuala Lumpur

Date: 15 August 2022

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Tan Keng Kang**, the Director primarily responsible for the financial management of Beshom Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 174 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Tan Keng Kang, NRIC: 760601-14-5689 at Kuala Lumpur in the Federal Territory on 15 August 2022.

**Tan Keng Kang**

Before me:  
Balwant Singh (W857)  
Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BESHOM HOLDINGS BERHAD

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Beshom Holdings Berhad, which comprise the statements of financial position as at 30 April 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 174.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2022, and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue Recognition in the Appropriate Accounting Period

Refer to Note 2(o)(i) – Significant accounting policy: Revenue and other income; Note 19 – Revenue and Note 26 – Operating segments.

The Group's multi-level marketing segment is engaged in the business of direct selling of health food and beverages, healthcare products, wellness and beauty products. This segment is the largest revenue contributor on the statement of profit or loss and other comprehensive income, at RM115,400,343 for the financial year ended 30 April 2022.

Revenue is being recognised when goods sold to members are being recorded in the system by the stockists. There is a risk that goods ordered by members were not delivered to them as at the end of the financial year, thereby causing revenue to be overstated.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BESHOM HOLDINGS BERHAD (CONTINUED)

## Key Audit Matters (continued)

### Revenue Recognition in the Appropriate Accounting Period (continued)

#### How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We tested the configurations of the IT application controls relating to the Group's system. We assessed the relevant reports generated by the system that evidences whether goods ordered by members were delivered as at the end of the financial year.
- Based on the reports, we evaluated whether sales are recognised in the correct accounting period by testing selected samples of sales to acknowledged tax invoices.
- We sent confirmations to stockists and branches on a sampling basis to evaluate the balance of goods held by them.

### Valuation of inventories

Refer to Note 2(h) – Significant accounting policy: Inventories and Note 13 – Inventories.

#### The key audit matter

The Group holds a large amount of inventories to cater for its Retail, Wholesale and Multi-level Marketing businesses. Inventories represented one of the largest category of assets on the statement of financial position, at RM89,336,416 as at 30 April 2022.

Assessing net realisable value is an area of significant judgement, in particular with regards to the estimation of allowances for slow moving and obsolete inventories.

#### How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We obtained the stock movement reports prepared by management and tested the accuracy of the data compiled by management.
- Based on the stock movement reports, for inventories with substantial movement during the financial year, we evaluated whether these inventories are stated at the lower of cost and net realisable value by comparing the cost of these inventories to their selling prices in the sales invoices.
- For inventories with no/minimal movements for the financial year, we assessed and challenged the management on the sufficiency of allowance made for stocks.
- For inventories which have expired, we tested whether these inventories have been written off.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BESHOM HOLDINGS BERHAD (CONTINUED)

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement of Risk Management and Internal Control (but does not include the financial statements of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BESHOM HOLDINGS BERHAD (CONTINUED)

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BESHOM HOLDINGS BERHAD (CONTINUED)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

## OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya, Selangor

Date: 15 August 2022

**Lam Shuh Siang**  
Approval Number: 03045/02/2023 J  
Chartered Accountant

**ANALYSIS OF  
SHAREHOLDINGS**

AS AT 2 AUGUST 2022

Number of Shares Issued : 300,103,232 ordinary shares  
 Issued Share Capital : RM312,977,661  
 Class of Shares : Ordinary shares  
 Voting Rights : One vote per share

**Analysis of Shareholdings**

Size of Holdings	No. of Shareholders	No. of Shares	% of Shares
Less than 100	1,293	35,738	0.01
100 - 1,000	1,283	446,576	0.15
1,001 - 10,000	6,153	23,478,944	7.82
10,001 - 100,000	2,525	63,984,258	21.32
100,001 – 15,005,161 (Less than 5% of issued shares)	243	138,165,907	46.04
15,005,162 and above (5% and above of issued shares)	3	73,991,809	24.66
<b>Total</b>	<b>11,500</b>	<b>300,103,232</b>	<b>100.00</b>

**THIRTY LARGEST SHAREHOLDERS**

Name	No. of Shares	% of Shares
1. The Estate of the late Tan Kai Hee	32,363,629	10.78
2. Akintan Sdn Bhd	25,481,475	8.49
3. Excellant Communication Sdn Bhd	16,146,705	5.38
4. Tan Keng Kang	12,864,793	4.29
5. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chia Kee Siong	10,120,920	3.37
6. Atlantis Marque Sdn Bhd	9,605,769	3.20
7. Daritan Sdn Bhd	5,121,998	1.71
8. Key Development Sdn Berhad	3,894,230	1.30
9. Maybank Nominees (Tempatan)) Sdn Bhd Pledged Securities Account For Chen Tam Chai	3,454,350	1.15
10. Chan Mei Xian	3,102,384	1.03
11. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	2,939,274	0.98
12. Tan Puah Khin @ Tan Puan Hee	2,835,021	0.95
13. Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	2,634,000	0.88
14. Chin Chin Sing @ Tan Cheng Beng	2,625,379	0.88

ANALYSIS OF  
SHAREHOLDINGS

AS AT 2 AUGUST 2022 (CONTINUED)

## THIRTY LARGEST SHAREHOLDERS (CONTINUED)

Name	No. of Shares	% of Shares
15. Oon Teik Chye	2,076,248	0.69
16. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Yoke Fong	2,057,126	0.69
17. Tan Keng Song	1,931,538	0.64
18. Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 1)	1,800,550	0.60
19. Kong Chew Fa	1,787,400	0.60
20. Huang, Chin-Chueh	1,665,408	0.55
21. Chong Foong Foong	1,663,637	0.55
22. Milo McConaghy	1,595,076	0.53
23. Amy McConaghy	1,592,665	0.53
24. Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,592,273	0.53
25. Lim Siew Oon	1,407,306	0.47
26. Chia Kuo Wui	1,378,142	0.46
27. Teoh Jun Seong	1,350,000	0.45
28. Soh Choo @ Soh Ai Choo	1,314,102	0.44
29. Triple Momentum Sdn. Bhd.	1,266,192	0.42
30. Khoo Bee @ Khoo Bee Guat	1,086,230	0.36
<b>Total</b>	<b>158,753,820</b>	<b>52.90</b>

ANALYSIS OF  
SHAREHOLDINGS

AS AT 2 AUGUST 2022 (CONTINUED)

**SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS**

(According to the Register of Substantial Shareholders as at 2 August 2022)

Name	Direct Holdings		Indirect Holdings	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. The Estate of the late Tan Kai Hee	32,363,629	10.78	-	-
2. Akintan Sdn Bhd	25,481,475	8.49	-	-
3. Excellant Communication Sdn Bhd	16,146,705	5.38	-	-
4. Tan Keng Kang	12,864,793	4.29	66,057,211 <sup>(note a)</sup>	22.01
5. Tan Keng Song	1,931,538	0.64	77,473,427 <sup>(note b)</sup>	25.82
6. Phan Van Denh	878,271	0.29	78,043,733 <sup>(note c)</sup>	26.01

**DIRECTORS' SHAREHOLDINGS**

(According to the Register of Directors' Shareholdings as at 2 August 2022)

Name	Direct Holdings		Indirect Holdings	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Keng Kang	12,864,793	4.29	66,057,211 <sup>(note a)</sup>	22.01
2. Hew Von Kin	416,580	0.14	-	-
3. Chia Kuo Wui	1,434,427	0.48	-	-
4. Tan Kim Siong	66,000	0.02	7,788 <sup>(note d)</sup>	0.003
5. Soon Eng Sing	51,923	0.02	-	-
6. Tan Beng Ling	-	-	-	-
7. Professor Hajjah Ruhana Binti Harun	-	-	-	-
8. Ng Chek Yong	-	-	-	-

a) Deemed interested by virtue of his substantial interest in Akintan Sdn. Bhd. and Daritan Sdn. Bhd. and through the direct and indirect interest of his family members in BESHOM respectively.

b) Deemed interested through the direct and indirect interest of her family members in BESHOM.

c) Deemed interested through the direct and indirect interest of her spouse.

d) Deemed interested through the direct and indirect interest of his spouse.

**In the subsidiaries**

By virtue of his interests in shares in the Company, Tan Keng Kang is also deemed to be interested in ordinary shares of the subsidiaries to the extent the Company has an interest.

**Interests in subsidiary company, Hai-O Raya Bhd**

(According to the Register of Members as at 2 August 2022)

Name	Direct Holdings		Indirect Holdings	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Keng Kang	16,000	0.53	95,000 <sup>(note e)</sup>	3.17
2. Hew Von Kin	3,000	0.10	-	-

e) Deemed interested by virtue of his interest in Tan Kai Hee Family Holdings Sdn. Bhd., Daritan Sdn. Bhd. and through the direct and indirect interest of his family members in Hai-O Raya Bhd. respectively.

# TOP 10 PROPERTIES

AS AT 30 APRIL 2022

No.	Location	Description	Date of Acquisition	Land/Floor Area (sg.ft.)	Tenure	Existing Use	Age (year)	Date of Expiry	Net book value as at 30/04/2022 (RM)
1.	Lot 3202, 3203, 3204, 3205, 3206, 6724 and 44128 3 1/4 mile, Jalan Kapar 41400 Klang, Selangor	Industrial premises comprises of 8 buildings and some miscellaneous structures and other land improvements	21 Dec 2007	1,216,220	Freehold	Office, warehouse & a portion being left as vacant land	Range from 18 to 53	-	42,539,281
2.	Geran 7155/M1 Menara Hai-O Jalan Bukit Bintang 55100 Kuala Lumpur	Shoplots, Office lots at Ground, 1 <sup>st</sup> , 6 <sup>th</sup> , 8 <sup>th</sup> & 9 <sup>th</sup> floor, 4 units of apartments & 284 number of car park bays (2 <sup>nd</sup> - 6 <sup>th</sup> floor)	22 Aug 1995, 29 Dec 1997, 01 May 1999 & 05 Feb 2001	86,721	Freehold	Shoplots, Offices, Residential & Car park	44	-	14,499,861
3.	GM 18673, Lot 17874, No. 1388, Mukim Kapar, Jalan Kapar, Batu 2, 41400 Klang, Selangor	2 single storey detached buildings	14 Sept 2010	118,422	Freehold	Office & Warehouse	12	-	12,853,735
4.	Geran 60815 - Lot 4093, Geran 74962 - Lot 1802, Geran 17405 - Lot 1791, Geran 74980 - Lot 4114, Mukim Setul, Daerah Seremban, Negeri Sembilan	Land	03 June 2014	1,145,268	Freehold	Orchard farm	8	-	9,101,916
5.	HS(M) 9019 Lot P.T. 11995, Mukim of Kapar, 1 1/2 Miles, 41400 Klang, Selangor	Factory/ Warehouse & 6 storey building	05 June 1982 & 20 Sept 1997	100,804	Freehold	Office & Warehouse	39 & 25	-	8,176,482
6.	Geran 21337 - Lot 113, Geran 21338 - Lot 114, Geran 20431 - Lot 204, Geran 20432, Lot 205, Daerah Melaka Tengah, Kawasan Bandar XX, No. 53A & 53B, Jalan Bendahara, No. 48A, Jalan Bunga Raya, No. 41A & 41B, Jalan Bendahara, 75100 Melaka	5 contiguous units of 5 storey terraced shop houses/ office and a single storey warehouse	10 Aug 2017	14,689	Freehold	Shoplot, warehouse & a portion is vacant	Range from 34 to 44	-	6,082,493
7.	PN 10263, Lot 39828, Mukim Kuala Lumpur, No. 19, 19-M, 19-1 & 19-2, Jalan 2/90, Taman Pertama, 56100 Cheras, Kuala Lumpur	3 storey shop office (with mezzanine floor)	15 May 2017	1,539	Leasehold for 99 years	Shop	44	29 Sept 2077	2,955,396
8.	Geran 502799 Lot 198459, Geran 502800 Lot 198460, Mukim Plentong, No. 103 & 105, Jalan Tanjong 1, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor.	2 units of 3 storey shop office	22 June 2016	9,900	Freehold	Shop	9	-	2,711,193
9.	Garden City Business Centre PT 15752, Unit No. C01/2 - C12/2 Phase 2B Taman Dagang Jalan Ampang, 68000 Kuala Lumpur	12 units of office lots (2 <sup>nd</sup> floor)	20 Oct 1995	18,708	Leasehold for 99 years	Offices	27	20 Oct 2084	2,240,454
10.	Master title no. NT213206501, Unit No.5, Ground, First & Second Floor I-Plaza Commercial Centre, 89500 Penampang, Sabah	1 unit 3 storey shop office	28 Sept 2016	3,012	Leasehold for 99 years	Shop	7	31 Dec 2110	2,019,631

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2<sup>nd</sup> Annual General Meeting of the Company will be held at the Ballroom I, Level 2, The Federal Hotel Kuala Lumpur, No. 35, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Tuesday, 27 September 2022 at 11.30 a.m. to transact the following business: -

### AGENDA

1. To lay before the Meeting the Audited Financial Statements for the financial year ended 30 April 2022 and the Reports of the Directors and Auditors thereon. **Refer to Explanatory Note**
2. To re-elect the following Directors who are retiring pursuant to Clause 97 of the Company's Constitution: -
  - i. Mr. Ng Chek Yong **Resolution 1**
  - ii. Mr. Tan Keng Kang **Resolution 2**
  - iii. Mr. Hew Von Kin **Resolution 3**
  - iv. Ms. Tan Beng Ling **Resolution 4**
  - v. Mr. Soon Eng Sing **Resolution 5**
  - vi. Professor Hajjah Ruhanas Binti Harun **Resolution 6**
  - vii. Mr. Chia Kuo Wui **Resolution 7**
  - viii. Mr. Tan Kim Siong **Resolution 8**
3.
  - i. To approve the payment of Directors' fees amounting to RM76,664 for the financial year ended 30 April 2022. **Resolution 9**
  - ii. To approve the payment of Directors' remuneration and benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM1,100,000 from 1 December 2021 until the next Annual General Meeting of the Company. **Resolution 10**
4. To declare a final single tier dividend of 5 sen per ordinary share for the financial year ended 30 April 2022. **Resolution 11**
5. To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 12**

### As Special Business: -

6. To consider and if thought fit, to pass the following ordinary resolutions: -

### ORDINARY RESOLUTION I

- i. **To authorise the allotment and issuance of shares pursuant to Sections 75 and 76 of the Companies Act, 2016:-**  
**Resolution 13**

"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 issued shares 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."

NOTICE OF  
ANNUAL GENERAL MEETING

(CONTINUED)

## ORDINARY RESOLUTION II

## ii. Proposed Share Buy-Back by the Company

## Resolution 14

"THAT subject to the rules, regulations and orders made pursuant to the Companies Act, 2016 ("the Act"), provisions of the Company's Constitution 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 ("BESHOM Shares") through Bursa Securities ("Proposed Share Buy-Back") subject to the following:-

- a. the maximum number of BESHOM 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 issued shares of the Company;
- b. the maximum fund to be allocated by the Company for the purpose of purchasing the BESHOM 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 BESHOM Shares by the Company, the Board be and is hereby authorised to retain the BESHOM 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 BESHOM 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."

7. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN** that subject to the approval of the shareholders at the 2<sup>nd</sup> Annual General Meeting to be held on 27 September 2022, a final single tier dividend of 5 sen per ordinary share in respect of the financial year ended 30 April 2022 will be paid on 30 November 2022. The entitlement date for the dividend payment is on 22 November 2022.

A Depositor shall qualify for the entitlement to the dividend only in respect of: -

- (a) Securities transferred into the Depositor's Securities Account before 4.30 p.m. on 22 November 2022 in respect of transfers; and
- (b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**Cynthia Gloria Louis (SSM PC No. 201908003061)(MAICSA 7008306)**  
**Chew Mei Ling (SSM PC No. 201908003178)(MAICSA 7019175)**  
**Company Secretaries**

Selangor Darul Ehsan  
29 August 2022

### Notes:

1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 19 September 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 2<sup>nd</sup> AGM.
2. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 and holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. 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 an officer or attorney duly authorised in writing.
5. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 2<sup>nd</sup> AGM or at any adjournment thereof, as follows:
  - (i) **In hard copy form** - The original instrument appointing a proxy ("Form of Proxy") must be deposited with KPMG Management & Risk Consulting Sdn. Bhd. at the Concourse, KPMG Tower, No.8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia.
  - (ii) **By electronic means** - The Form of Proxy can also be lodged electronically through email to support\_convneagm@kpmg.com.my or at <https://convneagm.my/beshomagm2022>. Please follow the procedures provided in the Administrative Guide of the 2<sup>nd</sup> AGM for submission of the Form of Proxy electronically.
6. If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our 2<sup>nd</sup> AGM by yourself, please write in to support\_convneagm@kpmg.com.my to revoke the earlier appointed proxy not less than forty-eight (48) hours before the meeting.
7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

## Explanatory Notes to Ordinary and Special Business

### Item 1 of the Agenda

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the audited financial statements. Hence, this item 1 of the Agenda is not put forward for voting.

### Ordinary Resolutions 1 to 8

Pursuant to the Clause 97 of the Company's Constitution, the following Directors of the Company who were appointed during the year shall retire and shall be eligible for re-election subject to the approval of the shareholders at the forthcoming 2<sup>nd</sup> AGM of the Company:-

- 1) Mr. Ng Chek Yong
- 2) Mr. Tan Keng Kang
- 3) Mr. Hew Von Kin
- 4) Ms. Tan Beng Ling
- 5) Mr. Soon Eng Sing
- 6) Professor Hajjah Ruhana Binti Harun
- 7) Mr. Chia Kuo Wui
- 8) Mr. Tan Kim Siong

In determining the eligibility of the Directors standing for re-election at the forthcoming 2<sup>nd</sup> AGM, the Nominating Committee (NC) had reviewed the following assessments of each of the retiring Directors:

- i) Assessment on the performance of directors and effectiveness of the Board as a whole
- ii) Assessment on the performance of the members of the Board Committees
- iii) Assessment on the independence of the Independent Directors

The NC was satisfied with the performance of the retiring Directors in discharging their duties and responsibilities professionally and objectively in the best interest of the Company and shareholders. The retiring Directors have met the criteria of character, integrity, experience, competence and time commitment in discharging their roles in line with the Directors' Fit and Proper Policy of the Company. All the Independent Directors have complied with the independence criteria as set by the Bursa Malaysia and confirmed that they are able to exercise independent judgement under all circumstances.

Based on the above, the Board endorsed the re-election of the retiring directors.

### Ordinary Resolution 9

Payment of the Directors' fees for the financial year ended 30 April 2022 amounting to RM76,664 will be made by the Company if the proposed Ordinary Resolution 9 is passed at the forthcoming Annual General Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

### Ordinary Resolution 10

The Directors' remuneration and benefits (excluding Directors' fees) comprises emoluments and other benefits payable to the Non-Executive Directors from 1 December 2021 until the next Annual General Meeting of the Company. The remuneration and benefits are recommended to commensurate with the Directors' commitment, experiences and expertise for discharging their duties.

Description	Emoluments and other benefits
Fixed Allowance	Approximately RM50,000 per month in total
Meeting attendance allowance	RM1,000 to RM2,000 depends on the number of meeting(s) held on the same day
<u>Board Committee</u>	
Chairman / Member	RM12,000 to RM24,000 per annum
Other benefits	Group Medical & Personal Accident and Corporate Liability Insurance, training benefits, Employer's Statutory Contribution, ESOS and other benefits

Payment of the Directors' remuneration and benefits will be made by the Company as and when incurred if the proposed Ordinary Resolution 10 is passed.

### Ordinary Resolution 12

The Board, through the Audit Committee (AC) had conducted assessment on the external auditors' performance and competency taken into consideration of the audit quality, resource capacity, independence and the 2021 Annual Transparency Report presented by the external auditors. Having satisfied with the assessment of competency in its work and independence when carrying out its duties and responsibilities, the Board recommends the re-appointment of Messrs KPMG PLT as Auditors of the Company and seek members' approval at the 2<sup>nd</sup> AGM of the Company.

### Ordinary Resolution 13 – Mandate to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed resolution is to seek members' approval to issue new shares pursuant to Sections 75 and 76 of the Companies Act 2016. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. The authority will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placement of shares, funding for future investment project(s) and/or business expansion and/or working capital and/or acquisitions or the issuance of shares as a consideration for the acquisition of assets.

### Ordinary Resolution 14 - Proposed Share Buy-Back by the Company

The Ordinary Resolution, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the total number of issued shares of the Company. This authority will, unless revoked or varied by the Company at a general meeting, expire at the next Annual General Meeting. For further information on the Proposed Share Buy-Back, please refer to the Share Buy-Back Statement dated 29 August 2022 accompanying the Annual Report 2022.

# NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

## PERSONAL DATA PRIVACY

By lodging of a completed Form of Proxy to KPMG Management & Risk Consulting Sdn. Bhd. for appointing a proxy(ies) and/ or representative(s) to attend and vote in person at the 2<sup>nd</sup> Annual General Meeting and any adjournment thereof, a member of the Company is hereby:

- 1) consented to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 2<sup>nd</sup> Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 2<sup>nd</sup> Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/ or guidelines (collectively, the "**Purposes**");
- 2) warranted that where the member discloses the personal data of the member's proxy(ies) and/ or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/ or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/ or representative(s) for the Purposes ("**Warranty**"); and
- 3) agreed that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Following is the statement made pursuant to paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad:-

As at the date of this notice, there are no individuals who are standing for election.

- 1) The Directors who are appointed during the year and retiring pursuant to Clause 97 of the Company's Constitution, are as follows: -
  - i. Mr. Ng Chek Yong
  - ii. Mr. Tan Keng Kang
  - iii. Mr. Hew Von Kin
  - iv. Ms. Tan Beng Ling
  - v. Mr. Soon Eng Sing
  - vi. Professor Hajjah Ruhanas Binti Harun
  - vii. Mr. Chia Kuo Wui
  - viii. Mr. Tan Kim Siong

The details of the eight (8) Directors seeking for re-election are set out in the Directors' profiles appearing on pages 10 to 14 of the Annual Report.

- 2) Details of attendance of Directors at Board Meetings held during the financial year ended 30 April 2022 are set out on page 86 of the Annual Report.
- 3) Place, Date and Time of the 2<sup>nd</sup> Annual General Meeting are as follows: -

Place : Ballroom I, Level 2,  
The Federal Hotel Kuala Lumpur,  
No.35, Jalan Bukit Bintang,  
55100 Kuala Lumpur, Malaysia.

Date : 27 September 2022 (Tuesday)

Time : 11.30 a.m.

# BESHOM

## BESHOM HOLDINGS BERHAD

Registration No.: 202101001114 (1401412-A)  
(Incorporated in Malaysia)

## FORM OF PROXY

CDS Account No.	
No. of ordinary shares held	

I/We \_\_\_\_\_

NRIC No. (New) \_\_\_\_\_ (Old) \_\_\_\_\_ / Company No. \_\_\_\_\_

of \_\_\_\_\_

email address \_\_\_\_\_ contact number \_\_\_\_\_

being a member / members of **BESHOM HOLDINGS BERHAD** hereby appoint the following person(s):-

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
*And/ or failing him/ her (delete as appropriate)			

For a member who is an exempt authorised nominee with omnibus account, please state the details of the proxies as above if more than two (2) on your letterhead and to attach the same to this Form of Proxy.

or failing him/her/them, THE CHAIRMAN OF THE MEETING, as my/our proxy/proxies, to vote for me/us on my/our behalf at the **2<sup>nd</sup> Annual General Meeting** of the Company will be held at Ballroom I, Level 2, The Federal Hotel Kuala Lumpur, No. 35, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Tuesday, 27 September 2022 at 11.30 a.m. and at any adjournment thereof in the manner as indicated below in respect of the following Resolutions:-

RESOLUTIONS		FOR	AGAINST
Resolution 1	Re-election of Mr. Ng Chek Yong as a Director.		
Resolution 2	Re-election of Mr. Tan Keng Kang as a Director.		
Resolution 3	Re-election of Mr. Hew Von Kin as a Director.		
Resolution 4	Re-election of Ms. Tan Beng Ling as a Director.		
Resolution 5	Re-election of Mr. Soon Eng Sing as a Director.		
Resolution 6	Re-election of Professor Hajjah Ruhanas Binti Harun as a Director.		
Resolution 7	Re-election of Mr. Chia Kuo Wui as a Director.		
Resolution 8	Re-election of Mr. Tan Kim Siong as a Director.		
Resolution 9	Approval for the payment of Directors' fees for the financial year ended 30 April 2022.		
Resolution 10	Approval for the payment of Directors' remuneration and benefits (excluding Directors' fees) to the Non-Executive Directors from 1 December 2021 until the next Annual General Meeting of the Company.		
Resolution 11	Declaration of a final single tier dividend of 5 sen per ordinary share.		
Resolution 12	Re-appointment of Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 13	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Resolution 14	Proposed Share Buy-Back by the Company.		

Please indicate with an "X" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy may vote or abstain from voting at his/her/their discretion.

Date: \_\_\_\_\_

\_\_\_\_\_  
Signature(s)/ Common Seal of Shareholders

**Notes:**

1. *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 19 September 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 2<sup>nd</sup> AGM.*
2. *A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 and holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.*
4. *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 an officer or attorney duly authorised in writing.*
5. *The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 2<sup>nd</sup> AGM or at any adjournment thereof, as follows:*
  - (i) **In hard copy form** - *The original instrument appointing a proxy ("Form of Proxy") must be deposited with KPMG Management & Risk Consulting Sdn. Bhd. at the Concourse, KPMG Tower, No.8, First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor, Malaysia.*
  - (ii) **By electronic means** - *The Form of Proxy can also be lodged electronically through email to support\_convенеagm@kpmg.com.my or at <https://convенеagm.my/beshomagm2022>. Please follow the procedures provided in the Administrative Guide of the 2<sup>nd</sup> AGM for submission of the Form of Proxy electronically.*
6. *If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our 2<sup>nd</sup> AGM by yourself, please write in to support\_convенеagm@kpmg.com.my to revoke the earlier appointed proxy not less than forty-eight (48) hours before the meeting.*
7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by way of poll.*

1<sup>ST</sup> FOLD HERE

AFFIX  
STAMP

**B E S H O M**

**BESHOM HOLDINGS BERHAD**

Registration No.: 202101001114 (1401412-A)

**KPMG Management & Risk Consulting Sdn. Bhd.**

Registration no. 198601000916 (150059-H)

Concourse, KPMG Tower,

No.8, First Avenue, Bandar Utama,

47800 Petaling Jaya,

Selangor, Malaysia

[www.beshom.com](http://www.beshom.com)

**BESHOM HOLDINGS BERHAD**

Registration No. 202101001114 (1401412-A)

Unit 621, 6th Floor, Block A, Kelana Centre Point No.3, Jalan SS7/19,  
Kelana Jaya 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

Tel: 03-7880 9699 | Fax: 03-7880 8699

E: [info@beshom.com](mailto:info@beshom.com)