BESHOM

THE BEST STARTS FROM HOME

BESHOM HOLDINGS BERHAD

Registration No. 202101001114 (1401412-A)

SUSTAINABILITY IS A JOURNEY

ANNUAL REPORT 2023

The headline of the cover design, "**Sustainability is a Journey**" highlights how BESHOM embedded sustainability strategies throughout the organisation and its business operations, positioning itself as a responsible corporate entity, promoting healthcare culture and improving human's well being.

On the cover, vector graphics illustrate how the Company's products and services enhance the health and wellness of countless people while contributing towards a greater sustainability journey.

Scan this QR code for the soft copy version of our annual report.

3RD ANNUAL GENERAL MEETING

Date :	26 September 2023 (Tuesday)
Time :	11:30 a.m.
Venue :	Ballroom 1, Level 2, The Federal Hotel, Kuala Lumpur

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CORPORATE INFORMATION

AS AT 2 AUGUST 2023

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

Tay Bee Koo
Independent Non-Executive Director

AUDIT COMMITTEE

Tan Beng Ling
Chairperson
(Independent Non-Executive Director)

Chia Kuo Wui
Member
(Independent Non-Executive Director)

Soon Eng Sing
Member
(Independent Non-Executive Director)

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, 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-mail : info@corporatepartners.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
11th 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
Email : BSR.Helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

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

ADVOCATES & SOLICITORS

Cheang & Ariff
Chooi & Company

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 2023

BESHOM
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.
- BH Wellness Sdn. Bhd. *(formerly known as Hai-O I. 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.

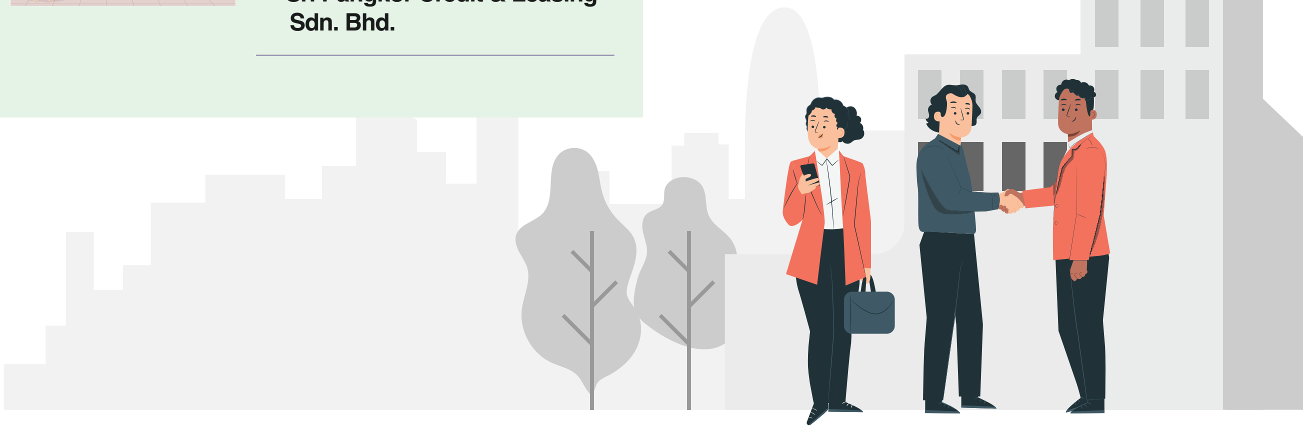
MANUFACTURING

- 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

	Financial Year Ended 30 April				
	2019^ RM'000	2020^ RM'000	2021^^ RM'000	2022 RM'000	2023 RM'000
Revenue	328,407	255,174	271,390	209,555	174,229
Gross profit	125,894	99,171	104,981	86,164	73,190
Gross margin	38.3%	38.9%	38.7%	41.1%	42.0%
Profit before tax	63,394	41,517	52,273	40,300	24,264
Profit after tax	47,447	32,319	38,921	28,927	16,775
Profit attributable to Owners of the Company	47,743	32,576	38,805	28,197	16,285
Net margin	14.4%	12.7%	14.3%	13.8%	9.6%
Total Assets	364,235	361,720	371,500	370,139	353,182
Total Liabilities	43,561	51,530	48,412	41,040	31,410
Share capital	157,256	157,256	157,256	312,978	312,978
Shareholders' equity	310,219	299,586	312,748	317,055	309,661
Financial Indicators					
Return on Shareholders' Equity	15.4%	10.9%	12.4%	8.9%	5.3%
Earnings per share (sen)#*	16.43	11.22	13.39	9.46	5.43
Single Tier Dividend (sen)	13.0	10.0	9.0	8.0	5.0
Current ratio (times)	5.0	4.5	5.0	5.9	7.2
Net assets per share (sen)	107	103	108	106	103
Price earnings ratio (times)	15.64	15.33	16.13	17.02	21.75
Share Price as at the financial year end (RM)	2.57	1.72	2.16	1.61	1.18
Market Capitalisation as at the financial year end (RM'000)	771,766	516,512	648,643	483,166	354,122

Notes:

^ *FY2019 and FY2020 reported under Hai-O Enterprise Berhad & its subsidiaries.*

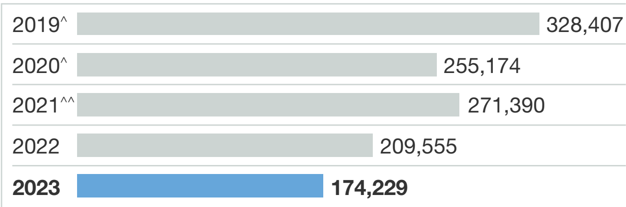
^^ *FY2021 restated to include audited financial statements of Beshom Holdings Berhad for FY2021.*

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

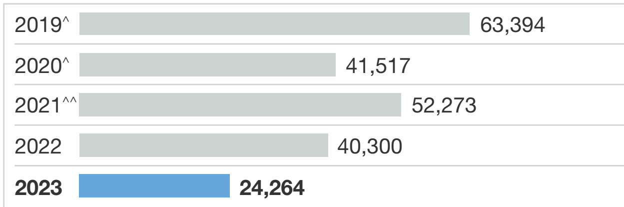
* *FY2019 calculation after inclusion of shares issued pursuant to Employees' Share Option Scheme ("ESOS") exercised.*

GROUP FINANCIAL HIGHLIGHTS
(CONTINUED)

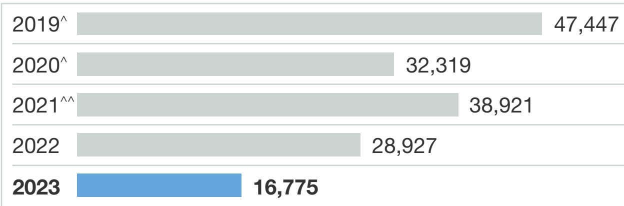
REVENUE
(RM'000)



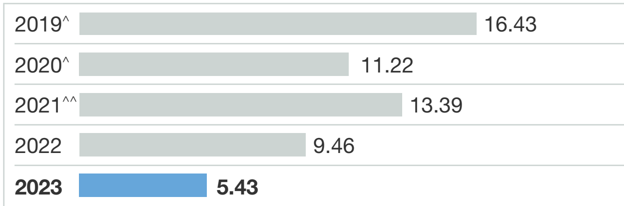
PROFIT BEFORE TAXATION
(RM'000)



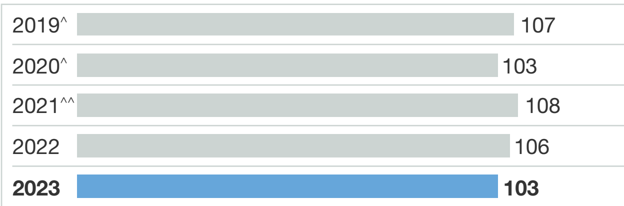
PROFIT AFTER TAX
(RM'000)



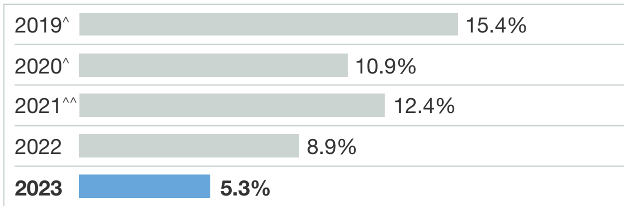
EARNINGS PER SHARE
(SEN)



NET ASSETS PER SHARE
(SEN)



RETURN ON SHAREHOLDERS' EQUITY
(%)



Notes:
^ *FY2019 to FY2020 reported under Hai-O Enterprise Berhad & its subsidiaries.*
^^ *FY2021 restated to include audited financial statements of Beshom Holdings Berhad for FY2021.*

Financial Year (FY)	Cash Dividends (RM'000)	Payout ratio
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%
FY2023	15,005	89%
10 years Cash Dividends (FY2014 - FY2023)	**302,738**	**79%**

CORPORATE PROFILE

OUR

CORPORATE JOURNEY

Welcome to BESHOM…… 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"). HAI-O and the other subsidiaries will continue to operate their 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.

CORPORATE PROFILE
(CONTINUED)

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.

Retailer of Chinese medicated products since

1975

SINCE

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 42,000 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.

Stock keeping units ("SKU")

>2,000

Independent MLM distributors

42,000

Wholesalers and retailers

>2,000

International certified manufacturing plants

2

GEOGRAPHICAL PRESENCE

The Group operates primarily in Malaysia with a total of 87 business setup units comprise of 32 MLM branches, stockists and sales points across both Peninsular and East Malaysia as well as 1 branch in Brunei, and 55 retail chain stores and franchises, primarily located in the Klang Valley and with a foothold in all major states in Malaysia.

MLM branches, stockists and sales points

32

Retail chain stores and franchises

55

BRAND STORY

BESHOM

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)

Soon Eng Sing
Independent Non-Executive Director

Tan Beng Ling
Independent Non-Executive Director

Chia Kuo Wui
Independent Non-Executive Director

Professor Hajjah Ruhanas Binti Harun
Independent Non-Executive Director

Tay Bee Koo
Independent Non-Executive Director

PROFILE OF THE BOARD OF DIRECTORS

NG CHEK YONG

Chairman,
Senior Independent Non-Executive Director

Nationality	**Malaysian**	Gender	**Male**	Age	**66**

Mr. Ng Chek Yong completed his A Level at Cambridge Higher School Certificate, St. Patrick School, Kuching, Sarawak, Malaysia. Mr. Ng joined the Chinese Media Industry in 1979 and has served the industry for more than 38 years until his retirement from the 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") and is 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 as the Senior Independent Non-Executive 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 Enterprise Berhad ("HAI-O") to BESHOM pursuant to the Group's internal reorganisation exercise. Mr. Ng was then appointed as the Chairman of BESHOM on 1 May 2022. He is also the Chairman of the ESOS Committee. Mr. Ng is the Independent Non-Executive Director since he was appointed to HAI-O on 2 May 2019.

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

Nationality	Gender	Age
Malaysian	**Male**	**47**

Mr. Tan Keng Kang has attended the course in International Economics at Beijing University, China in 1997. He joined Hai-O Enterprise Berhad 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 the Sales Manager and Director of Chop Aik Seng Sdn. Bhd., a subsidiary of Hai-O dealing in tea and other beverages.

Mr. Tan 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 Enterprise Berhad ("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 of 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 is 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.

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

Nationality	Gender	Age
Malaysian	**Male**	**61**

Mr. Hew Von Kin is the Group Chief Financial Officer of BESHOM Group and has been working with the Group for more than 30 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 implement sustainability strategies, oversee the risk management, succession planning, human capital development and promoting corporate responsibility related works for the Group.

Mr. Hew was appointed to the Board of BESHOM as the Group Executive Director 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. 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

Nationality	Malaysian	Gender	Female	Age	60

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. Currently, she is an Independent Non-Executive Director of JCBNext Berhad and sits on the Board of Trustees of Chua Family Foundation.

Ms. Tan was appointed to the Board of BESHOM on 12 November 2021 as an Independent Non-Executive 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 Enterprise Berhad ("HAI-O") to BESHOM pursuant to the Group's internal reorganisation exercise. She is the Chairperson of the Audit Committee, a member of the Risk Management Committee, Remuneration Committee and Sustainability Steering Committee. Ms. Tan is the Independent Non-Executive Director since she was appointed to HAI-O on 16 April 2018.

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

Nationality	Malaysian	Gender	Male	Age	47

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 for leading global multinational 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 as an Independent Non-Executive 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 Enterprise Berhad ("HAI-O") to BESHOM pursuant to the Group's internal reorganisation exercise. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee. Mr. Soon is the Independent Non-Executive Director since he was appointed to HAI-O on 1 December 2015.

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

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

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 ("HAI-O"), 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 as an Independent Non-Executive 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. He is a member of the Audit Committee, Risk Management Committee, Remuneration Committee and Sustainability Steering Committee. Mr. Chia was the Executive Director appointed in HAI-O 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.

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.

PROFESSOR HAJJAH RUHANAS BINTI HARUN

Independent
Non-Executive Director

Nationality	**Malaysian**	Gender	**Female**	Age	**72**

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 Forced Defence College, Kuala Lumpur. Hajjah Ruhanas researches, lectures and publishes on her area of expertise which include Malaysia's foreign policy, national security and peace building and regional integration.

Hajjah Ruhanas is currently the 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 as an Independent Non-Executive 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 Enterprise Berhad ("HAI-O") 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 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.

PROFILE OF THE BOARD OF DIRECTORS

(CONTINUED)

TAY BEE KOO

Independent
Non-Executive Director

Nationality	Malaysian	Gender	Female	Age	62

Ms. Tay Bee Koo was appointed to the Board on 6 April 2023 as an Independent Non-Executive Director. She is a member of the Malaysian Institute of Accountants and a fellow member of the Chartered Association of Certified Accountants.

Ms. Tay began her career in 1986 as an Assistant Audit Manager where she gained experience among others, specific audit, tax and special investigation assignments and conduct feasibility studies for major loan applications, property and theme park development and hotel projects as well as coordinating mergers, acquisitions and take-over.

In 1990, Ms. Tay joined Sunrider International (M) Sdn. Bhd. ("Sunrider"), one of the world's leading manufacturers, distributors and marketers of weight management, beauty and herbal health products as an Accountant and has served Sunrider for 32 years before her retirement as the Regional Corporate Director (Southeast Asia) in 2022. During her term of office in Sunrider, she was assigned to represent the Company as a symposium and conference speaker in the regional and international arena and supervise the operations in Indonesia, Singapore, Thailand, Vietnam, and Philippines. She designed several major changes in operations and sales and business strategies, which were later adopted by the Company for worldwide implementation.

Ms. Tay is currently managing her own company which principally trades in social E-Commerce.

Ms. Tay is actively involved in various trade and non-trade associations. She is currently the Immediate Past President of the Malaysia Retail Chain Association, the Chairperson of the Commerce Committee of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, the Deputy Chairperson of the Commerce Committee (National Council Member) of The Associated Chinese Chambers of Commerce and Industry of Malaysia and the Committee Member of the Women in Business of NCCIM (National Chamber of Commerce Industry of Malaysia).

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 168 of this Annual Report.*
2. *The details of the conflict of interest with the Company are disclosed on page 82 of this Annual Report.*

KEY SENIOR MANAGEMENT

From left to right

Tham Yoke Lon

Tan Yong Chin

Tan Keng Kang

Hew Von Kin

Philip Teo Kheng Leong

PROFILE OF THE KEY SENIOR MANAGEMENT

THAM YOKE LON

General Manager

Nationality	Malaysian	Gender	Male	Age	54

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 Sahajidah Hai-O Marketing Sdn. Bhd., the Multi-Level Marketing segment of BESHOM as the Senior Marketing Manager on 1 February 2012. He was then appointed as the Assistant General Manager on 1 June 2014 and thereafter promoted as the General Manager on 1 January 2016.

Prior to joining BESHOM Group, he was attached with several private limited companies involved in the retailing and direct selling business. 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

Nationality	Malaysian	Gender	Male	Age	48

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 Chief Executive Officer ("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 the 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

Nationality	Malaysian	Gender	Male	Age	45

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 segment 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.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

On behalf of the Board of Directors ("**Board**"), I am pleased to present to you the Annual Report of the Company and its subsidiaries ("**BESHOM Group**" or "**Group**") for the financial year ended 30 April 2023 ("FY2023").

NG CHEK YONG

Chairman, Senior Independent Non-Executive Director

2022 represents the year in which the world began to adapt to living alongside the Coronavirus disease ("**COVID-19**"). Despite the expectations of a rebound in the global economy with the worst pandemic crisis behind us, the operating environment remains challenging. A volatile international environment, marked by a global energy crisis, heightened geopolitical tensions, slowing global growth, inflation, and higher interest rates has wide-ranging ramifications across economies and social systems, escalating the global recession risk. These factors to a larger extent, affected the Group's financial performance as the Group's business is impacted by consumer confidence.

Nonetheless, at BESHOM, we continue to maintain an unbroken track record of profitability supported by the Group's solid financial position and we have achieved business continuity despite the challenging operating environment with subdued consumer confidence.

FY2023 was another challenging year and our Group financial performance during this period reflected the challenging trading environment.

GROUP RESULTS FOR FY2023

Higher operating costs from inflationary pressures and upliftment of rent-waiver period, coupled with softer consumer demand have contributed and impacted the Group's financial performance in FY2023. Broadly speaking, while we experienced an increase in revenue for the Wholesale and Retail segments, earnings declined across all business segments in FY2023, with the Multi-Level-Marketing ("**MLM**") segment being the hardest hit.

Overall, the Group recorded lower revenue of RM174.2 million (FY2022: RM209.6 million) and profit before taxation ("**PBT**") of RM24.3 million for FY2023 (FY2022: RM40.3 million), representing a decrease of 16.9% and 39.7% respectively. The MLM segment, which is the Group's major contributor to both topline and earnings, particularly felt the impact of persistent inflationary pressures, interest rate hikes and the weakening of the Ringgit ("**RM**") currency. These factors have affected consumers' ability and willingness to spend. As the business environment becomes more challenging, we also experienced a decrease in our distributor base in FY2023, which had an adverse impact on revenue. We believe that the interest rate hikes and tightening of credit by banks are the two major factors contributing to the shrinkage of our distribution base.

CHAIRMAN'S STATEMENT
(CONTINUED)

Both the Wholesale and Retail segments benefitted from the normalisation of economic activities post COVID-19 pandemic, resulting in improved revenue compared to FY2022. However, the PBT contributed by these segments was lower in FY2023 due to inflationary pressures resulting in high operating costs, that were difficult to pass on to consumers who were already experiencing weakening purchasing power.

A detailed discussion and analysis of the performance of each business segment is provided in the Management Discussion and Analysis report by our Group Managing Director.

Turning to our balance sheet, we were cautious in allocating capital to growth investments. While impacted by COVID-19 related effects on earnings and more recently by a global economic slowdown, our equity attributable to equity holders of the parent as at 30 April 2023 remained strong and stood at RM309.7 million (FY2022: RM317.1 million) after factoring in the final dividend of RM15.0 million for FY2022 and an interim dividend of RM9.0 million for FY2023. Accordingly, the net asset per share was RM1.03 as at 30 April 2023, compared to RM1.06 as at 30 April 2022.

As of the close of the financial year, the Group held cash in the form of cash and cash equivalents amounting to RM95.6 million (FY2022: RM117.3 million) and we do not have any bank borrowings. This allows us to maintain significant balance sheet flexibility, supporting continued investment activity across the Group and providing us with the capacity to manage risks and opportunities under a range of economic scenarios, especially in an environment where we continue to see the possibility of more interest rate hikes. Our net cash position gives us the capacity to access additional liquidity should we require it and significant headroom to accommodate adverse changes in the general macro environment or business performance.

FY 2023

Revenue

RM174.2 million

Profit before taxation

RM24.3 million

Net Assets

RM309.7 million

Recognising the glorious moments of member promotion to Double Diamond Manager.

CHAIRMAN'S STATEMENT
(CONTINUED)

DIVIDEND

While financial performance and the payment of healthy dividends are important, the main focus of the Board and management is on long-term shareholder returns. That has been the focus since our public listing on the then Second Board of Kuala Lumpur Stock Exchange in December 1996.

Given the current financial year's results and the Group's cash position, the Board has declared / proposed 2 tranches of dividend payments in respect of FY2023. An interim single-tier dividend of 3 sen per share amounting to RM9,003,097 was paid on 16 March 2023, while the proposed final single tier dividend of 2 sen per share for FY2023, is subject to the shareholders' approval at the forthcoming annual general meeting. This takes the total dividend payout to 5 sen per share for FY2023 (FY2022: 8 sen per share). We have maintained a dividend distribution policy with a payout ratio of not less than 50% of the Group's PAT. The total dividend of 5 sen for FY2023, represents a payout ratio of 89% for FY2023, significantly surpassing our policy of paying out 50% of the Group's PAT, which the Board considered was appropriate in the current environment.

OUTLOOK FOR THE NEXT CHAPTER

While Malaysia's economic growth exceeded its pre-pandemic level in 2022, the economy is expected to face headwinds in the coming year, particularly from global developments. Conditions will continue to evolve and uncertainties remain surrounding global growth and global financial markets amid monetary policy tightening in major economies and recent banking sector issues, geopolitical conflicts and supply chain disruptions. *(Source: Bank Negara Malaysia Annual Report 2022)*

In line with the recent global economic forecast by the International Monetary Fund and World Bank, Malaysia Gross Domestic Product (GDP) growth is expected to moderate in 2023 due to slower external demand resulting from weakening global trade. Geopolitical tensions, elevated price pressures and tighter financial conditions will also continue to affect the world economic outlook. Despite these global economic challenges and uncertainties, the Government is confident of achieving a growth forecast of 4.0% – 5.0% for 2023, supported by Malaysia's strong economic fundamentals and implementation of Belanjawan 2023 measures. *(Source: Press release by Ministry of Finance dated 12 May 2023).*

We expect that the business environment in the coming year to remain challenging as we continue to face risks from increasing geopolitical conflict, escalating inflation rates and tighter financial conditions, which inevitably affect the real purchasing power of consumers and their spending confidence. We are also conscious of the challenges of inflation and its pressure on our customers' cost of living. We know value remains more important than ever, and we need to continue to look at every opportunity to rebrand and roll out new products to remain competitive.

To navigate this situation, our foremost focus in business will be the right calibration between product mix, pricing, and distribution. On the operation front, we remained focused on driving operations excellence to provide greater efficiency for a more connected consumer buying experience and greater cost savings for sustainable financial growth. While we have become more agile, supply chain challenges and higher inflationary pressures will remain a reality. We remain watchful, but the Group's established position in the market and well-earned reputation as a reliable supplier of health products will take us to another profitable financial year in 2024.

BOARD CHANGES

We would like to express our gratitude to Mr. Tan Kim Siong, who has stepped down as an Independent Non-Executive Director, for his invaluable contributions to the Group during his tenure as a member of the Board. Mr. Tan's resignation is in line with BESHOM's policy, as outlined in the Board Charter, which limits the tenure of an Independent Director to a term of 9 years without further extension. Since he became a member of the Board, Mr. Tan has served in several capacities on the Board committees, including being a member of the Audit Committee and Nominating Committee. The Group has benefited greatly from his insights over the years.

We welcomed Madam Tay Bee Koo, who joined the Group as an Independent Non-Executive Director on 6 April 2023. Madam Tay brings with her more than 30 years of experience in the retail industry and her experience, particularly in sales and business strategies, will provide market intuitions to the Group, which constantly needs to reimagine the way we serve customers to cater to evolving consumer buying patterns. Madam Tay Bee Koo currently holds positions as the Immediate Past President of the Malaysia Retail Chain Association, the Chairperson of the Commerce Committee of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, the Deputy Chairperson of the Commerce Committee (National Council Member) of The Associated Chinese Chambers of Commerce and Industry of Malaysia and the Industry Advisory Council of the Department of Polytechnic and Community College Education, Ministry of Higher Learning. Madam Tay's appointment will provide the Group with further diversity in terms of both gender, core competencies and skillsets of the Board.

CHAIRMAN'S STATEMENT
(CONTINUED)

RUNNING OUR BUSINESS SUSTAINABLY

The Board regularly considers environmental and social matters, given their importance to our stakeholders and the Group's long-term performance. At BESHOM Group, we remain fully committed and strive to deliver excellence and sustainable value for all our stakeholders. We adopt a robust and holistic approach to positive environmental, social and governance (ESG) factors integrated across our business while managing our risks. Since the last financial year, we embarked on a Solar Energy project. We recognise that energy consumption is a key sustainable development criterion that warrants our attention due to its direct link to the fixed or variable costs of our business, as well as its contribution to saving our planet.

The Solar Energy project, which involves the installation of solar photovoltaic panels at the Group's main premises in Klang, Selangor, has been successfully commissioned, effective June 2023. With the commissioning of solar energy in the Group's main premises, we expect to benefit from a reduction in electricity bills, a decrease in ambient temperature, and a lower carbon footprint.

Our ongoing efforts related to sustainability are shared in the Group's Sustainability Statement, first published in August 2018 and updated annually. The Group's sustainability progress on material matters is further detailed in the Sustainability Statement 2023.

APPRECIATION AND ACKNOWLEDGEMENT

I want to recognise the efforts of the entire BESHOM family over the past year. Across the Group, our people have shown incredible resilience and professionalism as we navigated the impacts of a challenging business environment and economic conditions. I would like to thank the Board, executives, and employees for their steadfast commitment to journeying with the Group and being adaptable to the dynamic situation to the best of their abilities. I am confident that we will get through this trying period together and look forward to carrying out our promise of delivering sustainable value to all our stakeholders.

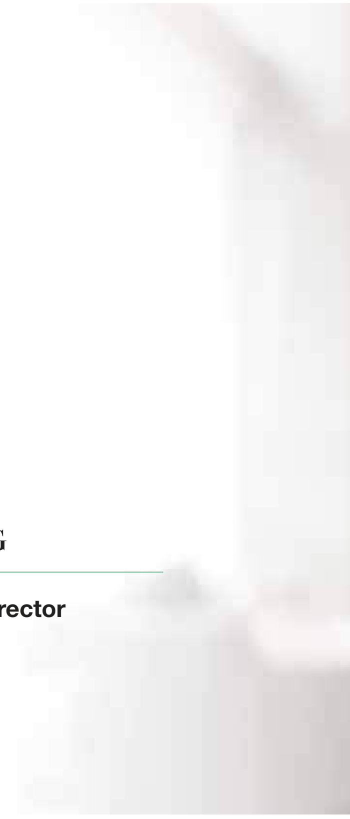
Thank you.

Ng Chek Yong
Chairman
15 August 2023

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR

"AS WE EMBRACED NORMALCY THAT MOST OF THE COVID-19 RESTRICTIONS BEING UPLIFTED, WE WERE NEVERTHELESS FACED WITH OTHER ECONOMIC UNCERTAINTIES".



TAN KENG KANG

Group Managing Director

This MD&A is a consolidated summary of business and financial information of Beshom Holdings Berhad ("**BESHOM**" or "**Company**") and its group of subsidiaries ("**BESHOM Group**" or "**Group**") for the financial year ended 30 April 2023 ("FY2023"). This MD&A is to communicate how our strategy, operational and financial performance have created value for stakeholders over the short, medium and long term. The MD&A contains general background information about the activities of the BESHOM 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 results of operations and financial conditions. Those statements are usually predictive in character; or may be affected by assumptions made or unknown risks and uncertainties; or may differ materially from results ultimately achieved. Given such uncertainties, readers are cautioned and advised not to place undue reliance on forward-looking statements.

Alongside continued uncertainties caused by the Coronavirus disease ("**COVID-19**"), which has had a persistent impact on the operations and profitability of businesses, the general economy has also been affected by geopolitical unrest and, more recently, rising interest rates and inflationary pressures. Although BESHOM remained profitable in FY2023, we delivered a full-year operating result which was below our expectations.

There have been no significant changes in the nature of the principal activities of the Group during the financial year. Following the successful completion of our internal reorganisation on 29 November 2021, BESHOM has become the investment holding entity assuming the listing status while the major business operating entities are segmented into Multi-Level Marketing ("**MLM**"), Wholesale, Retail and Others as follows:

MULTI-LEVEL MARKETING
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

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")
BY GROUP MANAGING DIRECTOR (CONTINUED)

Financial Performance Highlights

Revenue
RM174.2 million

PBT
RM24.3 million

Net Assets Per Share*
RM1.03

Total Equity*
RM309.7 million

Dividend Per Share
5 sen

** Attributable to owners of the Company*

The "Hai-O" branding has been our Group's icon and a household name. The Group continues to use the "Hai-O" branding as our brand ambassador in our business activities.

FINANCIAL PERFORMANCE FOR FY2023

FY2023 witnessed significant economic and geopolitical changes which I know have affected many of you, particularly your cost of living. While we embrace normalcy with most COVID-19 restrictions having been lifted, we are nevertheless challenged by new economic and other uncertainties. As we co-exist with COVID-19, we are now facing with the reality that new and more frequent challenges and disruptions will be a norm for businesses. After an extended period of low inflation and historically low interest rates, the global economy has since entered into a starkly different era of high inflation accompanied by monetary tightening leading to hikes in interest rates globally.

For the third year in a row, FY2023 proved to be another year of great uncertainty for the Group, primarily due to external factors such as uncertainties in the global political and economic environment. Generally, the Group's financial performance was disrupted by low consumer confidence in the face of high interest rates which affected the ability and willingness to spend, supply chain bottlenecks and the weakening of Ringgit Malaysia. In FY2023, we recorded revenue of RM174.2 million (FY2022: RM209.6 million), representing a decrease of approximately 16.9% compared to the financial year ended 30 April 2022 ("**FY2022**"). The MLM segment performed below par for FY2023, as the high cost of living led to a decline in discretionary spending by MLM members. Total revenue of the Group also declined in FY2023 as higher revenue posted by both the Wholesale and Retail segments could not offset the slack in the MLM segment. Consequently, Group profit before taxation ("**PBT**") decreased by 39.7% to RM24.3 million in FY2023 (FY2022: RM40.3 million). Despite implementing various cost control measures, operating leverage inevitably reversed with falling revenue. In addition, we were unable to fully pass on cost increases as we are committed to bringing real value for our customers especially during prevailing difficult times, opting to partly absorb the impact of short-term pain for long-term business sustainability.

BALANCE SHEET STRENGTH

Maintaining a long-term focus and remaining prudent can be particularly challenging for the Board of Directors ("**Board**") and management in the face of demand for short term results, which is common for listed companies. This is where it is important that management is supported by a strong Board that appreciates the importance of a long-term focus.

As at the close of FY2023, the Group was in a net cash position of RM95.6 million (FY2022: RM117.3 million), backed by total assets of RM353.2 million against total liabilities of RM31.4 million. Approximately 27% of the Group's total assets comprised highly liquid financial

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

assets, cash and cash equivalents. Total equity attributable to owners of the Company as at the end of FY2023 amounted to RM309.7 million (FY2022: RM317.1 million), representing a decrease of RM7.4 million, while net assets per share attributable to ordinary equity holders of the parent ("**NA**") stood at RM1.03 as at the end of FY2023 as compared to RM1.06 a year ago. The decline in the total equity attributable to owners of Company and NA per share was due to the Group continuing to maintain a high dividend payout despite the less satisfactory financial results for FY2023.

CASH AND CAPITAL MANAGEMENT

The Group manages its capital structure with the objective of enhancing long-term shareholders' value. The Board is responsible for setting our capital management objective, which is to maintain a strong capital position. The sustainability of the Group as a going-concern remains the top priority, while providing shareholders with steady returns on investment is another key consideration for core capital management. We maintain a disciplined approach to regularly review the capital structure of the Group, reinforcing our commitment to ensure that our shareholders are rewarded over time.

A key component of total shareholder return is the dividends paid to shareholders. As mentioned above, the Company remains committed to the dividend policy of distributing at least 50% of the Company's net profit in any financial year as dividends to shareholders. As many shareholders prefer to receive dividends in the form of cash, the Company has in the past exceeded the minimum payout ratio of 50%, as was the case in the financial year under review. For FY2023, the Board declared / proposed a total dividend payout of 5 sen per share (FY2022: 8 sen per share). This comprised an interim single tier dividend of 3 sen per share amounting to RM9.0 million paid on 16 March 2023, and the proposed final single tier dividend of 2 sen per share, which is subject to shareholders' approval at the forthcoming annual general meeting. Total full-year dividends of 5 sen per share for FY2023 represented a payout ratio of 89% in the face of the challenging financial performance. The Company is committed to providing sustainable returns to shareholders as we balance long-term strategic growth opportunities and proactive capital management.

Launching the Sustainability Awareness Programme "Together We Pledge to Enable a Sustainable Tomorrow" with the objective of working together to manage our business and daily operations in a more sustainable manner.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

REVIEW OF OPERATIONS

MULTI-LEVEL MARKETING SEGMENT

- Revenue from MLM segment is derived from operating Multi level direct marketing of nutritional food & beverage, wellness supplements, skincare, beauty & cosmetic, personal care and household products
- Remains as the anchor revenue and profit contributor of the Group despite its financial performance for FY2023
- Revenue and PBT decreased by RM44.7 million (-38.7%) and RM13.7 million (-65.0%) respectively
- The financial performance was affected primarily due to lower distributor base, weakening of members' purhasing power and emergence of other casual employment options

Revenue

RM70.7 million

PBT

RM7.4 million

For FY2023, the MLM segment delivered revenue of RM70.7 million (FY2022: RM115.4 million) and PBT of RM7.4 million (FY2022: RM21.1 million). The business environment for the MLM segment continued to be challenged by intense competition, low consumer confidence and the weakening of our local currency. As a result, the MLM segment recorded a decline in revenue and PBT of 38.7% and 65.0%, respectively. While the financial performance of the MLM segment for FY2023 was below our expectations, the segment remained the major contributor in terms of revenue. However, its position as the largest profit contributor of the Group has been taken over by the Wholesale segment in FY2023 as the latter's focus on health food and supplements has proven to be more resilient in a difficult year.

Multifaceted challenges and unpredictable external factors have contributed to weak consumer sentiments and led to reduced participation of distributors in MLM promotional activities. The weakening of purchasing power and the availability of other casual employment options, such as food delivery and online businesses, are additional factors hampering the recruitment and retention of distributors. Our distributor base has contracted considerably and the response to incentive trip campaigns and other promotional activities has been lukewarm. With social network connections increasingly playing a significant role in sales and brand loyalty, the MLM segment has directed various initiatives towards the social media to capitalize on the strength of our distributors. Our distributor base comprises more than 75% female distributors, of which more than 50% are within the age group between 31 to 45. This gender and age group composition is a powerful combination to drive sales, as they have greater spending power and are social media savvy.

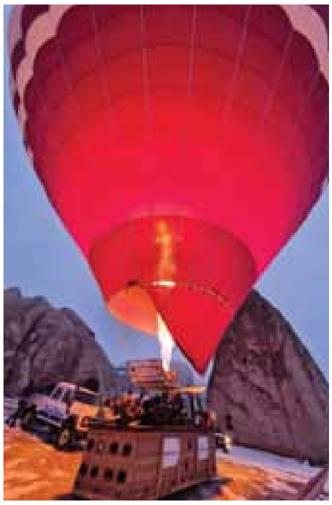
During the financial year, the MLM segment rolled out several activities to motivate, attract and retain distributors.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

MOTIVATE

Quality engagement remained as top priority in the MLM segment to promote sales and revenue. We celebrated SHOM's 30th Anniversary with a twist, including introducing the song "Kita SHOM" to strengthen togetherness, lucky draw programs and launching of special projects. More than 2,500 distributors participated in this fun-filled celebration. Not forgetting recognition from high achievers, we rolled out seven initiatives under our hall of fame theme, including Diamond Achievers, CDM Extra Bonus Achievers, Projek Kasih Ihsan Mendiang Tan Kai Hee Achievers, Crown Diamond Manager ("**CDM**") Baharu 2022, Million Dollar Achiever Board 2022, Istanbul Trip Achievers and Bandung Trip Achievers. The MLM segment managed to secure sales of nearly RM50 million from the 2 initiatives alone through Projek Kasih Ihsan Mendiang Tan Kai Hee Achievers and Istanbul Trip Achievers.



The Incentive Trip Achievers had their fun in Istanbul following their success in meeting sales targets.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")
BY GROUP MANAGING DIRECTOR (CONTINUED)

ATTRACT

Building upon motivational initiatives, we actively develop opportunities and create environments to facilitate entrepreneurial mindsets and groom reward-orientated entrepreneurs. The MLM market in East Malaysia is still largely untapped with low penetration rate. Accordingly, a number of events was organised in FY2023 to strengthen our foothold in East Malaysia, such as the Sabah Raya event at the Penampang branch which kicked off the East Malaysian promotional activities in May 2022, followed by the Airyvents & Thera Home Party in Tawau, and the Infinence Beaute Lab and Pentoli Event in Sabah. During these events, we also seized the opportunity to bundle new recruitment campaigns with exclusive premiums and gifts to attract new distributors. Our young entrepreneurship program was designed to promote the uniqueness of MLM as a business that is easy to start and grow. We introduced a recruitment package with instant rewards and special reward path for new members who could achieve a certain rank within a specific period. To make this program attractive to new joiners, we also offered welcome, starter and beauty starter kits upon joining.

RETAIN

To manage the attrition rate of distributors, we constantly review our processes and business platforms to ensure they are effective for our distributors' success. We have enhanced marketing tools and content management, including increasing the number of short videos on YouTube and Reels. Our digital platforms are upgraded and refreshed frequently with new features and contents to increase the digital adoption rate among distributors. We focus on providing accessible product information and attractive, easy to navigate content for an enhanced shopping experience. We have also collaborated with specific brands to increase brand and product visibility. Notably, there was a strategic collaboration with LG Puricare for the "Best Home Rental Plan" in FY2023. Alongside brand collaboration, we also emphasised promotional activities with thematic applications to better serve targeted focus groups. For example, we have brought in seasonal or limited-edition products during targeted festive seasons or special occasions such as Parents' Day.

A strategic collaboration project with LG Puricare for the "Best Home Rental Plan" in FY2023.

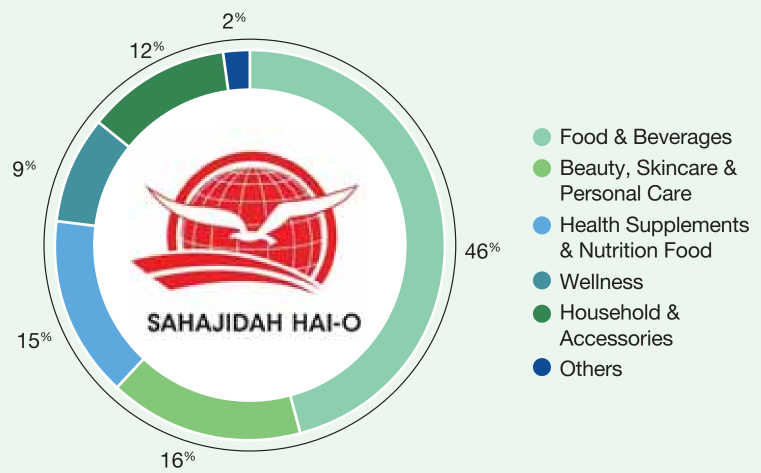
Apart from the digital platform, we also strive to ensure that our physical branches remain appealing for distributors. We completed the renovation for our Batu Pahat branch in August 2022 to improve its appearance and product showcase area. To encourage participation in the activities held in physical branches and stockists, we also provided free gifts for distributors who joined such activities. This had not only promoted fun learning and product knowledge sharing but also allowed us to gather product feedback from distributors effectively.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

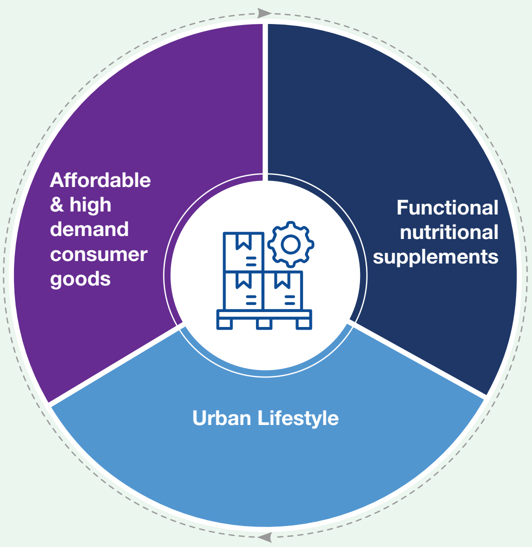
PRODUCT DEVELOPMENT

Complementing a series of initiatives that focus on the "People" and "Place", making the right "Product" is equally crucial for the success of the MLM segment.



Products distributed through the MLM segment in FY2023 focussed primarily on small ticket items that comprised Food & Beverage ("**F&B**") products (46%), Beauty, Skincare & Personal Care products (16%), Health Supplements & Nutrition Food (15%) and Wellness products (9%). The MLM segment will continue to fine tune the right calibration between suitability, quality and affordability in our product development initiatives, taking into account of the current high inflation and cost of living.

The MLM segment's focus for product development in FY2023 is on price, demand, functionality, and lifestyle. However, due to the prevailing high cost of living, finding the right balance between quality products and cost-effectiveness has proven to be more challenging than ever. Nonetheless, the MLM segment has successfully developed and launched more than 15 new stock keeping units ("**SKUs**") in FY2023.



MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")
BY GROUP MANAGING DIRECTOR (CONTINUED)

New products launched in FY2023 included Sarang Botanical Mix Beverage Goji with Honey and Bird's Nest, Infinence Photon Fusion Tone & Lift Beauty Device, Infinence Oxygenating Charcoal Cleansing Mask, Pentoli Cookware series (6 SKUs), D'Chef Pulut Lemak, Sarang Apple Blossom Bird's Nest, freeze-dried jackfruit, freeze-dried kurma, dark chocolate and popcorn.

Apart from introducing new products, the MLM segment has also taken the initiative to enhance, upgrade and rebrand our existing range of products to prolong their product life cycles and refresh buying interests. The Thera series of products, one of our best-selling product series under the Beauty, Skincare & Personal Care category, was the focus in FY2023. In addition, we also introduced the newly formulated Marine Essence toothpaste, body wash and shampoo, which are the extension of another popular series of our products under the Marine Essence.

While the recent past has been incredibly difficult for the MLM segment, the future appears brighter as consumers adjust to the new norm of heighted inflation and normalised interest rates. Nonetheless, we will remain vigilant in managing the business to ensure business sustainability.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

WHOLESALE SEGMENT

- Revenue from Wholesale segment is derived from wholesaling and tranding in Chinese medicated wine and liquor, healthcare & nutrition products, general & value herbs, tea & others
- Revenue improved by RM6.6 million (+12.4%) but PBT decreased by RM1.7 million (-13.7%)
- Wholesale segment was the largest profit contributor for FY2023
- Sales improved largely due to aggressive promotional activities and incentives scheme but at the same time we incurred higher sales and marketing costs

Revenue

RM59.7 million

PBT

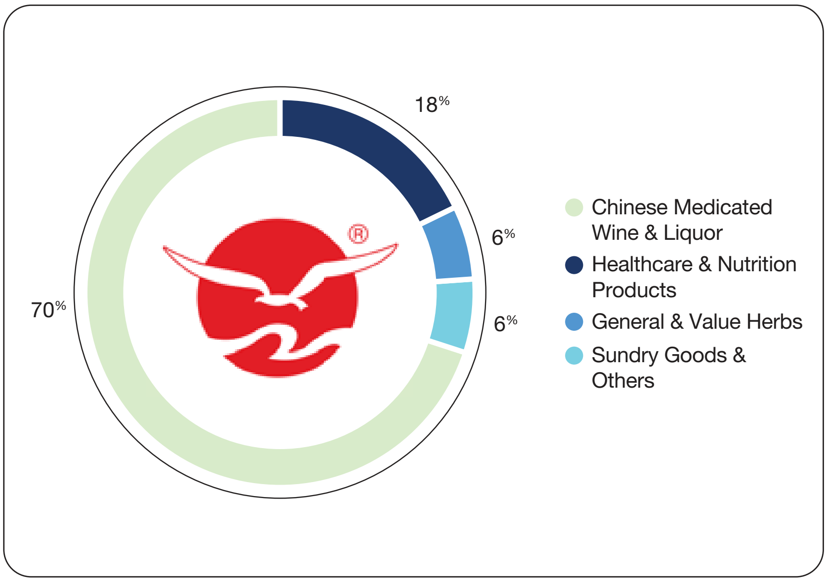
RM10.7 million

The Wholesale segment derives its revenue from wholesaling and trading in Chinese medicated wine and liquor, healthcare & nutrition products, general & value herbs, tea & others. In FY2023, the Wholesale segment was the Group's largest profit contributor.

Wholesale revenue reached RM59.7 million (FY2022: RM53.1 million) while PBT amounted to RM10.7 million in FY2023 (FY2022: RM12.4 million).

Improved Wholesale revenue was largely driven by higher sales of Chinese medicated tonic, reflecting overwhelming response to the "last-buy" sales promotion for selected Chinese medicated tonic range of products and cooking wines before the price adjustments.

Chinese medicated wine & liquor continued to anchor the Wholesale segment, contributing 70% of total sales, followed by healthcare & nutrition products at 18%. The remaining sales were split evenly between general and value herbs, and sundry goods and others.



With most COVID-19 restrictions having been lifted, the Wholesale segment has enjoyed revived orders from restaurants and duty-free outlets. Capitalising on the post-pandemic sales momentum, a revised salesman incentive scheme was proactively implemented to motivate and incentivise our salesforce to further spur buying interest from various customers, including restaurant owners and Chinese medical halls. Following various initiatives, the segment's GP margin has improved from 30.3% in FY2022 to 32.6% in FY2023. Nonetheless, the segment closed the financial year with a lower PBT at RM10.7 million, due to lower inter-segment sales from the MLM segment and higher promotion and marketing costs incurred.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

	PRODUCT DEVELOPMENT	NETWORK POSITIONING AND EXPANSION	MARKETING ACTIVITIES
Wholesale segment market positioning initiatives	• Develop and distribute the right products for the right markets • Promote house brand and OEM products for growth and margins	• Refresh sales incentive schemes • Expand sales channels including convenience stores, pharmacies and hypermarkets	• Sponsor culinary events • Conduct CNY roadshows • Step up promotion activities and incentive campaigns

MARKET POSITIONING INITIATIVES

Acknowledging the necessity to change the way we operate to meet evolving market needs, the Wholesale segment is constantly seeking the right mix of products at the right pricing as it adapts to weakening consumer spending power and external uncertainties. Leveraging on the strengths of the Group's in-house pharmaceutical expertise and manufacturing capabilities, it has kick-started the development of a series of products under the "original equipment manufacturing ("**OEM**")" concept. These products are marketed under our Group's internally established house brand and distributed via pharmacies and Chinese medical halls.

In FY2023, we worked with various prominent market players, such as Caring Pharmacy, to strengthen the line of products distributed through their network of pharmacies. Additionally, Watsons Pharmacy is currently distributing seven products under the Minshan brand. We also expanded our reach to include other Pharmacy chains to develop TCM supplements for distribution.

Ongoing efforts include enhancement and expansion of the range of health food in our house brand series as we seek to improve margins while providing affordable products to consumers. We will also continue to expand the fast-moving consumer goods ("**FMCG**") segment under our house brands. Amidst the twin challenges of reduced spending power and rising costs of raw materials aggravated by the weakening of Ringgit Malaysia and scarcity of supplies, the availability of more affordable and healthcare related FMCG products is key for business sustainability. New FMCG products which expanded our offerings in FY2023 included Vinut Bird's Nest Drink, Mount Dewitt Manuka Honey, YUMM Bird's Nest Red Date & Wolfberry Collagen Drink, Hai-O Meng Heong Yuen Bak Kut Teh and Pepper Soup Packs. Save for Vinut, the rest, i.e. Mount Dewitt, YUMM and Meng Heong are house-brand products.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")
BY GROUP MANAGING DIRECTOR (CONTINUED)

To take advantage of rising patronage in physical stores and restaurants with the full opening of the economy, the Wholesale segment has implemented incentive schemes to boost revenue. To make the scheme more palatable, two types of Incentive Trips were offered with options to choose from trips to either Asia or Southeast Asia. A total of 69 customers qualified in FY2023, which was 15% higher than our internal target.

To counter lower sales from hypermarkets and supermarkets after the Chinese New Year ("**CNY**") festivities, we have expanded our distribution network to include convenience stores such as 7-Eleven for some health beverages and food under our house brands. We will continue to engage with popular online platforms and pharmacy outlets with wide networks to strengthen our market reach.

As we start to coexist with COVID-19, many are still adjusting to the new norm. To boost sales momentum, the Wholesale segment has stepped up its marketing and promotional activities. These included CNY hampers and CNY gifting roadshows, in addition to participating in regular shopping mall promotional activities. We were also proud sponsors of culinary events, including the Global Culinary Challenge Malaysia held in conjunction with the 23rd anniversary of Persatuan Pengusaha Restoran dan Pemasak Negeri Sembilan. We participated in the Malaysia Selangor and Federal Territory Ku Su Shin Chong Hung Restaurant Association's 100th anniversary celebration and co-sponsored the China Malaysia Cuisine Master Chef Culinary Competition. These events have attracted wide media coverage and helped with brand recognition and market expansion. Meanwhile, clearance sales for slow-moving products were part of the promotional initiatives undertaken during the financial year to reduce stock holdings and strengthen cash flow.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

RETAIL SEGMENT

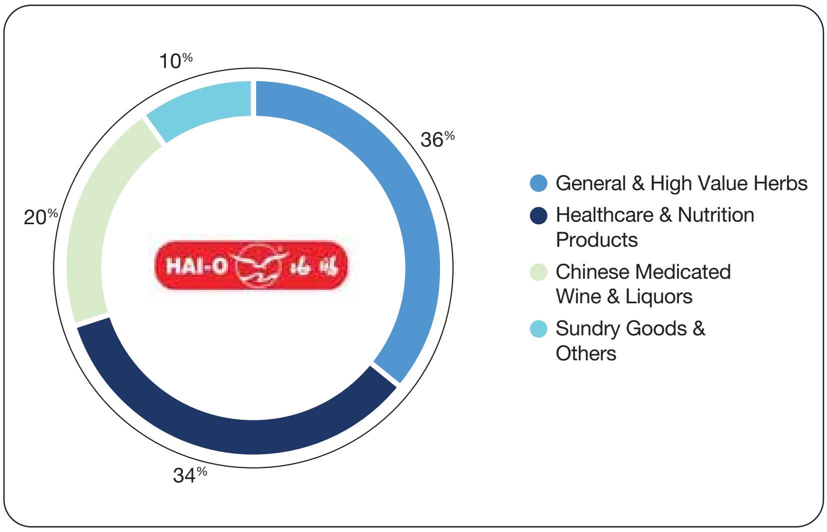
- Revenue from Retail segment is derived from operating retail chain store
- Revenue improved by RM2.0 million (+5.4%) but PBT decreased by RM0.6 million (-17.6%)
- Represented by 55 retail chain stores and franchises across Klang Valley and all major states in Malaysia
- Return to pre COVID-19 normalcy resulted in the improvement in sales but PBT was affected by higher rental and other operating cost such as labour and utility expenses

Revenue

RM39.0 million

PBT

RM2.8 million



General and high value herbs, healthcare & nutrition products contributed 70% of total Retail sales for FY2023. Chinese medicated wines and liquors brought in another 20% with the remaining from sundry goods and others, as above.

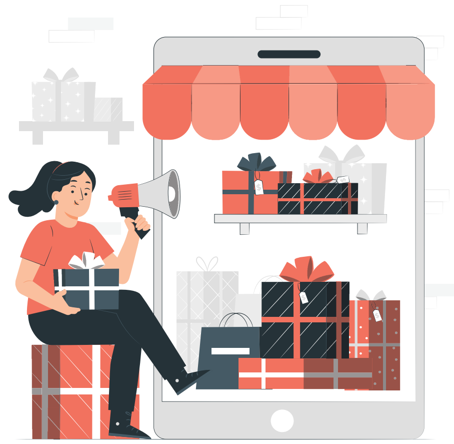
Malaysia entered the endemic phase on 1 April 2022 with progressive relaxation of COVID-19 restrictions. The Retail segment has benefited from the resumption and reopening of the retail sector. FY2023 witnessed a renewed interest in physical retail stores after nearly two years of movement restrictions. As a result, the Retail segment closed FY2023 with higher revenue of RM39.0 million (FY2022: RM37.0 million), mainly driven by improved sales of house brands and OEM products for which we have better control over cost and margins. However, as was the case for the Wholesale segment, higher operating costs led to a drop in in PBT for the Retail segment from RM3.4 million in the previous financial year to RM2.8 million in FY2023.

Higher operating costs mostly arose from higher rental expenses and labour costs (including incentive payout to outlet personnels). Full operating hours are accompanied by rising numbers of customers also came with higher utility and staff costs, both of which were affected by higher inflationary pressures. We view these higher operating costs as interim adjustments in the return to normalcy. We believe it is essential to allocate more resources to welcome customers back to our physical stores for their convenience.

MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

Hai-O is expanding its retail segment by opening new outlets at strategic locations, aiming to create more value for stakeholders.



MARKETING AND PROMOTIONS

The Retail segment has organised a series of promotional and marketing activities with event-exclusive deals and offers to capitalise on revived customers' interests in our physical retail stores. These marketing and promotional activities included the "Year End Sales 2022", "2 Are Better Than 1" bundle sales campaign, a series of 38 promotions specifically targeting female customers and other activities held in collaboration with business alliances and partners, such as Alliance Bank, Public Bank, United Overseas Bank, Celcom and Halal Food Master, just to name a few. During the FY2023, we also rolled out monthly brand/product spotlight campaigns to boost sales for our signature products.

The Retail segment implemented an aggressive two-pronged members recruitment programme, incentivising outlet staff to recruit new members, while simultaneously launching an attractive membership package via our e-Store https://mall.hai-o.com.my/. This two-pronged approach has attracted more than 25,000 new members to the Friendship Program and brought in approximately RM5 million in associated sales. This initiative was indeed timely, considering the slowdown in e-commerce sales after the resumption of physical retail activities. E-commerce transactions via various platforms, including external market players Lazada and Shopee, contributed 2.79% of the Retail segment's sales.

To increase brand awareness and to expand our distribution network, we also participated in promotional activities on AstroGo Live Broadcast to promote the health benefits of our medicated tonic, Zhen-G Health Tonic.

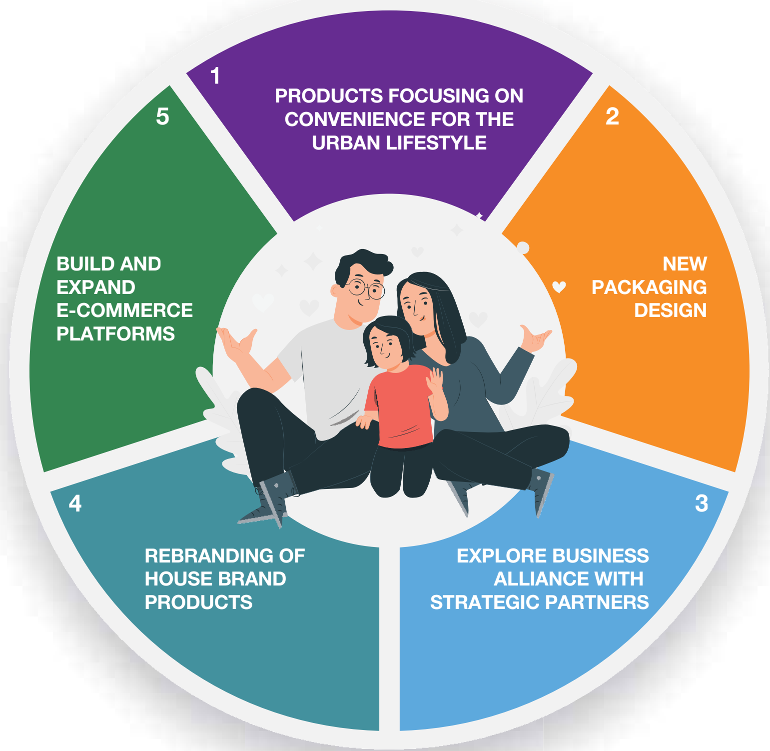
MANAGEMENT DISCUSSION & ANALYSIS ("MD&A")

BY GROUP MANAGING DIRECTOR (CONTINUED)

STRATEGIC MARKETING INITIATIVES

In the coming year, the Retail segment will collaborate with the Wholesale segment to proactively develop and calibrate products, positioning and pricing to increase our penetration of the young consumer market. Such collaboration will be synergistic to tap on the group's strength, improve our reach, and sharpen our sensitivity and response to ever evolving market trends and consumer behaviours. A key focus going forward for both the Retail and Wholesale segments will be products which are convenient to the consumers catering to the urban lifestyle.

Participating in the Malaysia Health & Wellness Fair to enhance our outreach and sensitivity to ever-evolving market trends.



In FY2023, the Retail segment completed the repackaging for two tea and herbs products under our house brand. In view of encouraging feedback, other new packaging and rebranding of house brand products will be implemented in the coming years to refresh the product image.

Although e-commerce sales have slowed since the reopening of physical stores, we recognise that online shopping is here to stay as a consumer lifestyle and will continue to build and expand e-commerce platforms which are also more cost-efficient.

Last but not least, we will continue to tap the network of more strategic partners to explore various business alliances for effective and cost-efficient promotional activities.

MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP MANAGING DIRECTOR

BY GROUP MANAGING DIRECTOR (CONTINUED)

OTHER OPERATING ACTIVITIES

- Revenue from "Other" is derived primarily from the rental of investment properties and the manufacturing of TCM and food supplements
- Revenue improved by RM0.7 million but PBT maintained at RM3.4 million
- Other activities of the Group were primarily affected by lower inter-segment orders under the manufacturing of TCM and food supplements

Revenue

RM4.8
million

PBT

RM3.4
million

Revenue from other operating activities of the Group is primarily derived from the rental of investment properties held by the Group and the production of health supplements under the Group's two manufacturing facilities located in Klang.

Post the COVID-19 pandemic, we have successfully rented out two vacant properties, thus contributing higher rental income for FY2023. However, the improvement in rental income was offset by the decline in inter-segment orders for health supplements due to fewer orders from the MLM segment. Other operating activities ended the financial year with a revenue of RM4.8 million (FY2022: RM4.1 million) and a maintainable PBT of RM3.4 million (FY2022: RM3.4 million).

OUTLOOK – CALIBRATING THE RIGHT MIX BETWEEN PRODUCTS, PRICING, DISTRIBUTION NETWORK AND OPERATION EXCELLENCE

The global economy continues to expand, driven by resilient domestic demand supported by strong labour market conditions. Global growth, however, remains weighed down by persistent core inflation and higher interest rates. While China's reopening remains supportive of the global economy, its pace of recovery has slowed in recent months. Globally, headline inflation continued to moderate, but core inflation remains above historical averages. For most central banks, the monetary policy stance is likely to remain tight. The growth outlook remains subject to downside risks, mainly from a slower momentum in major economies, higher-than-anticipated inflation outturns, an escalation of geopolitical tensions, and a sharp tightening in financial market conditions.

Following a strong outturn in the first quarter of the year, the Malaysian economy expanded at a more moderate pace in recent months as exports were weighed down by slower external demand, as expected. Growth for the remainder of the year will continue to be driven by resilient domestic demand. Household spending continues to be underpinned by favourable labour market conditions, particularly in the domestic-oriented sectors. Tourist arrivals have been steadily improving, and are expected to continue rising, thereby lifting tourism-related activities. Investment activity would be supported by continued progress of multi-year infrastructure projects. Domestic financial conditions also remain conducive to financial intermediation amid sustained credit growth. While the growth outlook is subject to some downside risks stemming from weaker-than-expected global growth, upside risks mainly emanate from domestic factors such as stronger-than-expected tourism activity and faster implementation of projects.

Headline inflation has continued to ease amid lower cost factors. While core inflation has also moderated, it remains elevated relative to the long-term average amid lingering demand and cost factors. For the second half of 2023, both headline and core inflation are projected to trend lower, broadly within expectations. Risks to the inflation outlook remain highly subject to the degree of persistence in core inflation, changes to domestic policy on subsidies and price controls, as well as global commodity prices and financial market development.

(Source: Bank Negara Malaysia Monetary Policy Statement dated 6 July 2023)

MANAGEMENT DISCUSSION AND ANALYSIS BY THE GROUP MANAGING DIRECTOR

BY GROUP MANAGING DIRECTOR (CONTINUED)

Elevated inflation, higher interest rates and the weakening of Ringgit Malaysia are expected to impact consumer spending and cause households to become even more value conscious. The effects of these changes are still filtering through the economy and have contributed to a more uncertain outlook for 2023/2024.

The strong value credentials and low-cost operating models across the Group's businesses will be vital to meet the challenges of this new environment of heightened inflation, reduced spending power and greater emphasis on value as householders stretch their shrinking disposable income amidst the rising cost of living. Whether interest rates will be raised further remains to be seen, but consumer demand is set to moderate with households struggling to deal with the various challenges.

In response to the prevailing economic uncertainties, we will continue to focus on the Group's existing businesses with the following strategies:

Optimising business operations	Refreshing image and brand portfolio	Motivational initiatives	Reconstituting distributors' base
Streamlining operational efficiency and strengthening existing businesses through operating excellence for cost management	Enhancing physical outlets and digital platforms to refresh brand portfolio for a better customer experience	Securing growth opportunities through finetuning sales incentive schemes across all business segments	Maintaining a sustainable distributors' base with focused group marketing activities and growth opportunities

Beyond the solid financial position of the Group, it's the teamwork, agility and resilience that we have built which anchors our confidence in the future. The Group's strong balance sheet and cash-generative businesses give us the flexibility to respond to potential risks and capitalise on opportunities across various economic scenarios. In the past, our Group has withstood varying market conditions by remaining focused on our objective to deliver sustainable returns to shareholders over the long term and exercise prudence in investments. I am confident that the Group's core strength will continue to serve us effectively in the current financial year and beyond.

APPRECIATION

Finally, I would like to extend my appreciation to our management, employees, and distributors for their contributions, as well as the Board for their invaluable support and guidance during yet another challenging year. I would like to thank all of you who have continued to live our values of integrity and determination. We have worked together to deliver another profitable year for our shareholders and investors. I would also like to express my gratitude to you, our shareholders, as well as our customers, and all other stakeholders, including government agencies and suppliers, for your continued support and contribution to the Group's sustainable growth.

Tan Keng Kang
Group Managing Director
15 August 2023

SUSTAINABILITY SUMMARY REPORT

AT BESHOM GROUP, WE STRIVE TO GENERATE SUSTAINABLE VALUE FOR OUR STAKEHOLDERS, INCLUDING SHAREHOLDERS AND INVESTORS, OUR EMPLOYEES, OUR CUSTOMERS AND CONSUMERS, OUR SUPPLY CHAIN PARTNERS AND BUSINESS ASSOCIATES, AND NOT FORGETTING THE SOCIETY, COMMUNITIES WITHIN THE REACH OF OUR OPERATIONS AND PRODUCTS, AS WELL AS THE NATURAL ENVIRONMENT.

Sustainability considerations encompassing economic, environmental, social governance aspects, play a central role in how the Group drives its value creation in the short, medium, and long term as we believe that sustainable value is generated by striking a good balance among the generation and consumption of financial and non-financial capitals in our business model. Some of these values are even more important and cannot be measured in financial terms, for example, the fundamental rights of all humans and the conditions of the natural environment which may be highly irreversible if damaged.

As a responsible corporate citizen, the BESHOM Group incorporates these considerations in how we do business, towards ensuring the sustainability of our business, the environment, and the society. These aspiration of ours are embedded in our Group Mission, Vison, and Corporate Values, and further supported by the Group's Sustainability Policy.

Recognising the urgency of addressing climate-related impacts on the business, as well as joining global efforts to combat climate change for our future generation, the Board has updated the Group's Sustainability Policy to incorporate our commitment to addressing climate-related risks.

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

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 delivering our **CORPORATE VALUES**

S	E	A	G	U	L	L
Social Responsibility	**Excellent Services**	**Attitude**	**Growing**	**Unity**	**Loyalty**	**Learning**

These values are also encompassed in our Sustainability Policy which sets out the Group's focus in 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.

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

BESHOM's Sustainability Policy

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.

Governance

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

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.

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.

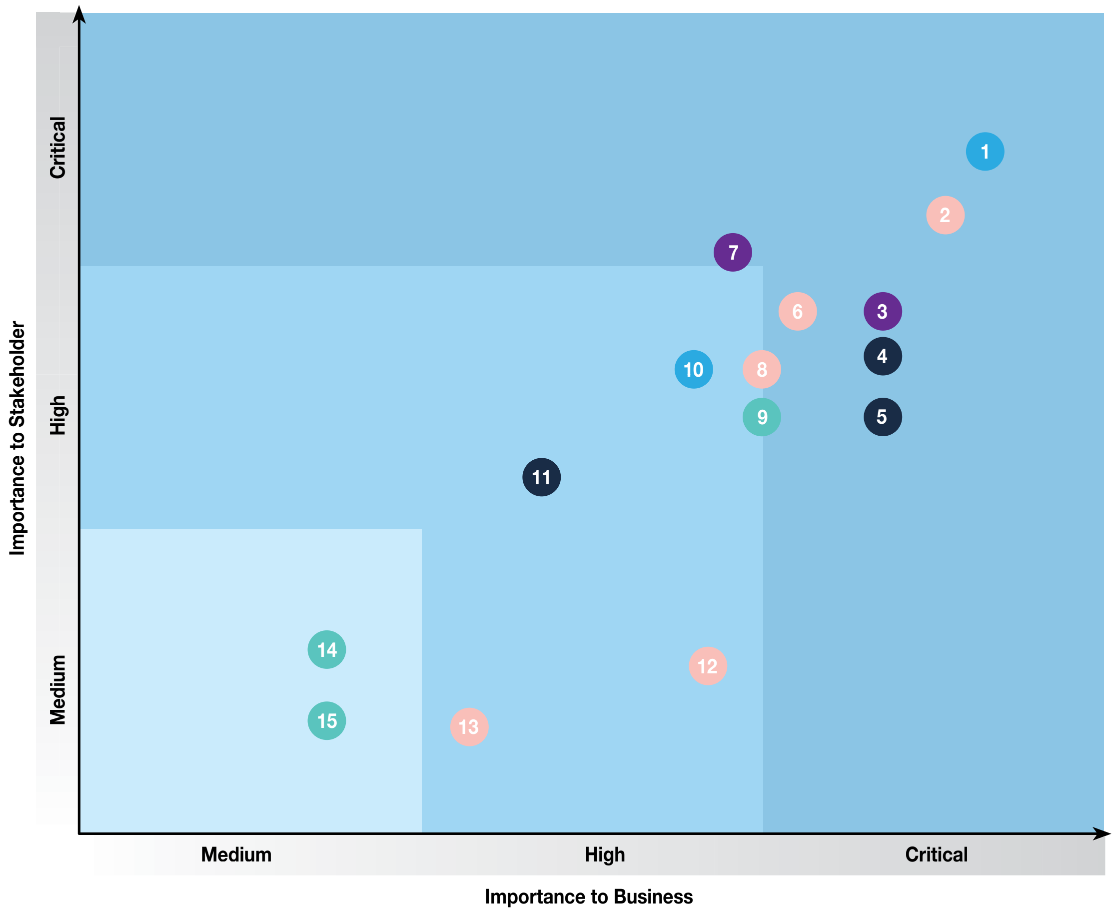
We also acknowledge our roles in the global, joint efforts towards combating climate change and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. We shall take necessary efforts to account for and report our greenhouse gas ("GHG") emissions and to formulate appropriate strategies to mitigate our GHG impacts.

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

Following a greater worldwide focus on governments and businesses to increase efforts to address climate change, the materiality for “Energy and GHG Emissions Management” increased during the most recent review.

The summary of BESHOM Group’s materiality matrix for FY2023, followed by how they relate to our key sustainability focus areas, stakeholders, and GRI topics, is presented as follows:

BESHOM Group’s Materiality Matrix



Economy	Governance	People	Product	Planet
1. Economic Performance	4. Ethics and Integrity	2. MLM Entrepreneurship	3. Reputable Brands, Products, and Services	9. Energy and GHG Emissions Management
10. Supply Chain Management	5. Corporate Governance and Risk Management	6. Employee Well-being and Inclusiveness	7. Customer Responsibility	14. Green Product and Packaging
	11. Intellectual Property (IP) and Data Integrity	8. Talent Management and Succession Planning		15. Resource and Waste Management
		12. Occupational Health and Safety		
		13. Community Engagement		

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 licences 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.
	Intellectual Property (IP) and Data Integrity	11	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 **smooth transition in our operational structure**. We oversee and follow up on the **competency development** 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)
• Shareholders and Investors • Employees • Local Communities	• Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices	8 DECENT WORK AND ECONOMIC GROWTH
• Vendors and Suppliers	• Child Labour • Forced or Compulsory Labour	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
• Certification, Standards, and Regulatory Bodies • Employees	Non-GRI Disclosure	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
• Certification, Standards, and Regulatory Bodies • Shareholders and Investors • Employees • Vendors and Suppliers • Distributors	• Anti-corruption • Non-discrimination • Freedom of Association and Collective Bargaining • Child Labour • Forced or Compulsory Labour • Public Policy	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
• Customers • Distributors • Vendors and Suppliers • Certification, Standards, and Regulatory Bodies	• Customer Privacy	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
• Distributors	Non-GRI Disclosure	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING
• Employees	• Market Presence • Employment • Occupational Health and Safety • Diversity and Equal Opportunity	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
• Employees • Shareholders and Investors	• Training and Education	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

Key Sustainability Focus Areas	Material Sustainability Matters	Materiality Ranking	Description
People	**Occupational Health and Safety**	12	We operate in accordance with the principles of occupational health and workplace safety to ensure a suitable and sustainable workplace environment.
	Community Engagement	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.
Product	**Reputable Brands, Products, and Services**	3	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. 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.
	Customer Responsibility	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.
Planet	**Green Product and Packaging**	14	BESHOM works towards offering green products by avoiding harmful materials, sourcing raw materials with lower environmental impact and utilising sustainable packaging materials.
	Energy and GHG Emissions Management	9	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.
	Resource and Waste Management	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)
• Employees • Certification, Standards, and Regulatory Bodies	• Occupational Health and Safety	
• Local Communities	• Indirect Economic Impacts	
• Shareholders and Investors • Media • Customers • Distributors • Certification, Standards, and Regulatory Bodies	• Customer Health and Safety	
• Customers • Certification, Standards, and Regulatory Bodies • Distributors	• Marketing and Labeling	
• Certification, Standards, and Regulatory Bodies • Customers	Non-GRI Disclosure	
• Certification, Standards, and Regulatory Bodies • Employees	• Energy • Emissions	
• Certification, Standards, and Regulatory Bodies • Employees • Vendors and Suppliers	Non-GRI Disclosure	

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

The Group's FY2023 key sustainability performance, reported in the context of the 5 Key Sustainability Focus Areas of BESHOM's sustainability policy, namely **Economy**, **Governance**, **People**, **Products**, and **Planet**, is summarised as follows.

Our Economy

Profit Before Tax **RM24.3** million

Total Revenue **RM174.2** million

Total Assets **RM353.2** million

Average entry level non-executive wage minimum wage*
1.4 : 1 (East Malaysia)
1.3 : 1 (West Malaysia)

50% local trade procurement

Internship Programme for **16** students

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

Supplier environmental and social impact assessment

** The minimum wage of RM1,500 was used.*

Our Governance

Anti-Bribery Policy

Code of Business Ethics for Suppliers and Business Associates

2 GMP-certified TCM Manufacturing Plants

ISO 9001:2015 certified MLM and Manufacturing

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

NO breaches relating to customer data or privacy

Our People

479 employees
41,681 MLM Distributors

100% complaints resolved

0 Cases work-related injuries

37% : 63% male : female
Employee diversity

14 training hours per employee

Community engagement activities

Our Product

Guidelines to govern **responsible marketing**

Compliant: **MAL, NPRA, FSQD, KKLIU**

0 Cases of product recall

>150 product with HALAL certifications

Our Planet

7.40 kWh/ ft² Total electricity usage intensity (per square foot)**

Solar Project installed and energised

Efforts to reduce packaging and use of paper and plastic materials

Electronic communication with stakeholders

24,854 reams savings of A4 80-gram paper from paperless efforts

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

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

Last year, a set of sustainability KPIs was established to measure the Group's overall sustainability performance, covering various areas including Socioeconomic, Governance, and Environmental KPIs. The Board is pleased to report that the Group has achieved 15 out of the 16 KPIs established. The Sustainability KPIs for FY2024 have also been updated.

The Group's performance against the FY2023 Sustainability KPIs and the updated Sustainability KPIs for FY2024 are summarised as follows.

Sustainability category	FY2023 Target	FY2023 Performance	Achieved	FY2024 Target
Socioeconomic	more than 80,000 transactions order made via e-commerce platform	Achieved 94% of the target (75,513 transactions made) (or approximately 15% sales of MLM & Retail Segments in total)	X	at least 15% of sales amount made via e-commerce platform
	facilitate at least 2 cross-over projects with business alliances to cater for market needs and synergy reach	12 major collaboration projects/ events	√	facilitate at least 2 cross-over projects with business alliances to cater for market needs and synergy reach
	zero incidents of product recall	0 incidents recorded	√	zero incidents of product recall
	at least 75% employees meeting the minimum training hours required	79% employees met the minimum training hours required	√	at least 75% employees meeting the minimum training hours required
	maintaining a Gender Wage Parity Index of 1:0.91 among employees	1:0.91 achieved	√	maintaining a Gender Wage Parity Index of 1:0.91 among employees
	achieving zero cases of work-related injuries	0 cases recorded	√	achieving zero cases of work-related injuries
	sponsorship, fund-raising, or similar programmes which benefit more than 30,000 students and teachers	Achieved 35,369 which consists 33,638 students and 1,731 teachers	√	sponsorship, fund-raising, or similar programmes which benefit more than 4,000 students and teachers for the 6 identified schools that require funding to upgrade facilities
	resolving 100% of complaints received	100% resolved	√	resolving 100% of complaints received
Governance	achieving 100% training completion rate for management-level employees on mandatory topics	100% completion	√	achieving 100% training completion rate for management-level employees on mandatory topics
	achieving an average passing rate of at least 70% for in-house post-training assessment on Anti-Bribery	95% passing rate recorded	√	achieving an average passing rate of at least 70% for in-house post-training assessment on Anti-Bribery
	zero complaints on breaches of customer privacy	Zero complaints recorded	√	zero complaints on breaches of customer privacy
	zero food safety incidents	Zero incidents recorded	√	zero food safety incidents

SUSTAINABILITY SUMMARY REPORT

(CONTINUED)

Sustainability category	FY2023 Target	FY2023 Performance	Achieved	FY2024 Target
Environment	savings of 20,000 reams of A4 paper (1 ream = 500 pieces of 80gsm paper)	24,854 reams saved	√	savings of 20,000 reams of A4 paper (1 ream = 500 pieces of 80gsm paper)
	prioritise the use of environmentally friendly packaging for new products or product rebranding	Use of grey pack packing in 4 products launched during the financial year	√	at least half of rebranded products or new products during the year incorporate elements of environmentally friendly packaging
	solar energy project ready for commissioning by 1st half of 2023	Solar panel systems for all 3 locations installed and energised	√	to provide up to 800,000 kWh renewable energy
	to use LED lighting systems for all new outlets	Installed for one (1) new outlet and one (1) branch relocated during the financial year	√	to use LED lighting systems for all new outlets

Detailed discussions on the sustainability matters are presented in our Sustainability Statement FY2023 which is available on our Company website at 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 FY2023
Tan Beng Ling	Chairperson	Independent Non-Executive Director	5/5
Chia Kuo Wui	Member	Independent Non-Executive Director	5/5
Soon Eng Sing *(appointed as a member on 6 April 2023)*	Member	Independent Non-Executive Director	-
Tan Kim Siong *(ceased to be a member on 8 January 2023)*	Member	Independent Non-Executive Director	4/4

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 Investor Relations – Corporate Governance section.

ATTENDANCE OF MEETINGS

A total of five (5) Committee meetings were held during the financial year ended 30 April 2023 with 100% attendance rate. The attendance of each Committee members is summarized as per the table above.

AUDIT COMMITTEE REPORT
(CONTINUED)

ATTENDANCE OF MEETINGS (CONTINUED)

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 or the representatives of the Internal Audit team, 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.

During the financial year ended 30 April 2023, 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 aligned with the requirement of the prevailing accounting standards.

The Internal Audit team 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 2023

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

During the financial year ended 30 April 2023 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 2023 before recommending to the Board for approval.

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 2023. The audit plan covered among others, its engagement team, audit materiality, key audit matters, other significant audit matters and audit methodology;

AUDIT COMMITTEE REPORT
(CONTINUED)

SUMMARY OF WORK DURING THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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;

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. The AC was satisfied with the outcome of the performance assessment and independence of the External Auditors for FY2023 and recommended to the Board for the re-appointment of KPMG PLT as External Auditors for the financial year ending 30 April 2024 and the fees proposed;

6. Held two (2) private sessions with the External Auditors and one (1) private session with the Head of 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 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 arose, may arise, or persist within the Company or the Group including any transactions, procedures or code of conduct that may raise concerns or questions on Management's integrity and the measures proposed and taken to resolve, eliminate or mitigate such conflicts. 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 once during the financial year ended 30 April 2023;

14. Conducted pre-AC meetings with the Head of the Group IA and Internal Audit team to gain greater understanding and insight into audit issues including the quality and timeliness of management response and follow up actions. The AC members also held discussions and performed ad-hoc visits to the Group IAD to review ongoing audit matters, audit recommendations and the status of action plans implemented by Management during the financial year ended 30 April 2023;

15. Reviewed the Group Anti-Bribery Policy ("ABP") and assessed the effectiveness of the Group's internal control system pertaining to ABP; and

16. Reviewed the AC Report and the Statement on Risk Management and Internal Control before recommending to the Board for approval for inclusion in the FY2023 Annual Report.

AUDIT COMMITTEE REPORT
(CONTINUED)

HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR ENDED 30 APRIL 2023

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 2023 at the AC meetings held on 23 June 2022, 28 July 2022 and 24 March 2023. The AC had two (2) private meetings with the External Auditors without the presence of the Management at the meetings held on 23 June 2022 and 24 March 2023 respectively.

AUDIT COMMITTEE REPORT
(CONTINUED)

HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

3. Internal Audit

The AC reviewed and approved the Internal Audit Plan for the financial year ended 30 April 2023 for the Company and the Group presented by the Head of Group IA to authorise the deployment of necessary resources to address risk areas identified.

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 2023, the AC met five (5) times with the Head of the Group IAD and Internal Audit team at the AC meetings held on 23 June 2022, 28 July 2022, 28 September 2022, 20 December 2022 and 24 March 2023. Since December 2020, AC members have also held pre-AC meetings with the Head of the Group IA to gain greater insight into audit issues. In addition, the AC had one (1) private meeting with the Head of the Group IA without the presence of the Management at the AC meeting held on 20 December 2022.

A total of six (6) 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 IA, Ms. Wong Ngiik Moi, who joined the Group on March 2016 has resigned in Feb 2023. During her tenure in office, she was supported by two (2) Senior Executives. 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. The Company is actively looking for replacement to fill the vacancy. The IA function is currently performed by two (2) Senior Executives.

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.

AUDIT COMMITTEE REPORT

(CONTINUED)

HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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

During the financial year ended 30 April 2023, there were no RPT or RRPT that triggered the disclosure threshold under the MMLR and required approval by shareholders at 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.

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/ recurrent RPT and conflicts of interest situations that arose and may arise within the Company and the Group.

During the financial year ended 30 April 2023, the Group IAD reviewed and conducted six (6) 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 the Procurement and Sales & Debtors Management, Warehouse and Inventory Management, Customer Service Management, Production and Material Planning Management and also Sales Commissions and Incentives Management. The Group IAD also performed a review on the bribery risk area for all business units in respect of exclusive distributorships and provided recommendations to further improve process and procedures in respect of ABP. The Group IAD also reviewed the assessment results of staff awareness on Group's Internal Control system pertaining to ABP subsequent to the respective ABP trainings held by the Group Human Resource Department during the financial year ended 30 April 2023.

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 2023 amounted to RM279,981.

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. 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 2023 AND UP TO THE DATE OF THIS REPORT.

The Board recognises the importance of the MCCG and is committed towards achieving a high standard of corporate governance practices, values and ethical business conducts. Corporate governance practices shall be the fundamental aspect of 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 departure and non-adoption under the MCCG, the explanation for the departure, the Company's intended actions and timeframe to address the departure are disclosed in the CG Report.

RESOURCES ON BESHOM'S WEBSITE

The following documents referred to in this Statement are available on our Company's website at 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

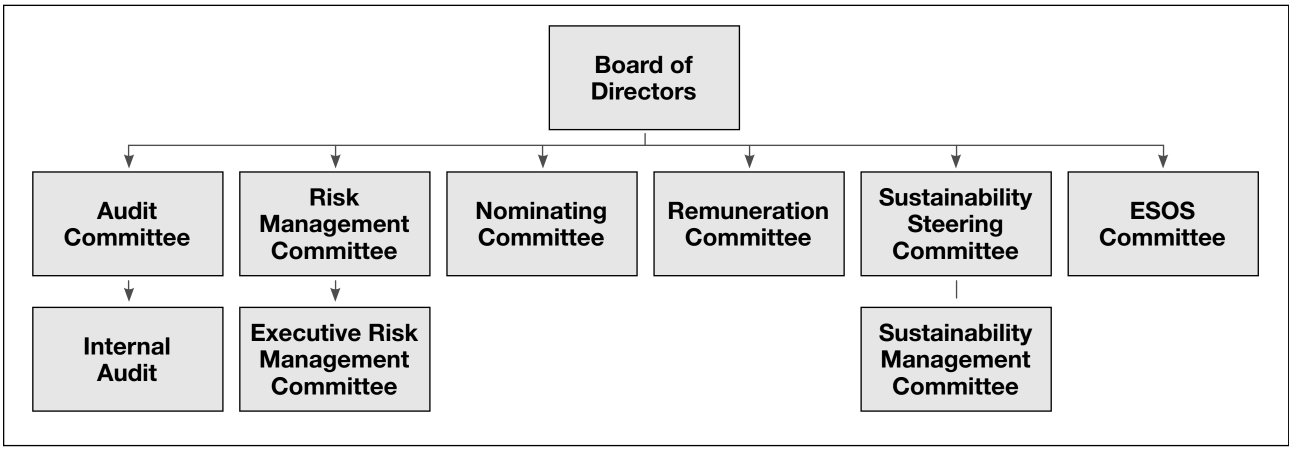
Part I - Board Responsibilities

Intended Outcome 1.0

Every company is headed by a board, which assumes the 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 the 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 required.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Activities in the Financial Year Ended 30 April 2023 and Future Priorities

The following is a summary of key matters addressed by the Board either directly or via its respective Board Committees in FY2023 and up to the date of this Report: -

FOCUS AREA	ACTIVITIES
Strategic Plans and Sustainability	• Reviewed and approved the Group's business plans, strategies and Budget for FY2023. • Assessed Management's performance to determine whether the business is being properly managed. • Reviewed the KPIs of the Group Managing Director, Group Executive Director and Senior Management. The KPIs comprise both qualitative and quantitative measurements, including the key sustainability matters of the 3 main business segments. • Reviewed the Sustainability strategies and policies and updated the status of key sustainability matters of the Group. • Reviewed, discussed and evaluated strategic and project proposals of the Group. • Together with Management, continued to assess the uncertainty caused by Corona Virus disease ("**COVID-19**"), which has had a persistent impact on the operations and assess the slow down in the general economy, rising interest rates and inflationary pressures affected the Group's business performance, and reviewed the strategies or countermeasures to combat the risks while accessing opportunities across the business divisions.
Governance & Financial Reporting	• Reviewed the composition and skills of the Board and Board Committees, the performance and effectiveness of the Board, Board Committees and individual Directors during the course of the annual assessments exercise, including the Directors' fit & proper policy, diversity policy and tenure of Independent Directors policy to serve on Board. • Reviewed and approved the changes in the composition of the Board, i.e. (i) resignation of Mr. Tan Kim Siong who has stepped down as an Independent Non-Executive Director in line with the policy which limits the tenure of an Independent Director to a term of 9 years without further extension. (ii) appointment of Ms. Tay Bee Koo as an Independent Non-Executive Director of the Company. • Reviewed and approved the reconstitution of the Audit Committee (AC) following the resignation of Mr. Tan Kim Siong to fill in the casual vacancy of AC within three (3) months. • Reviewed and approved the annual report, quarterly results and audited financial statements. • Reviewed the solvency position of the Company and approved dividend payments.
Risk Management & Internal Control	• Reviewed principal business risks and ensured the implementation of mitigating measures and internal controls. • Assessed the effectiveness of internal controls in respect of the Anti-Bribery Framework and to determine areas for improvement. • Reviewed internal audit findings and Management responses. • Reviewed and approved the Statement on Risk Management and Internal Control for inclusion in the Annual Report. • Reviewed the report of the External Auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Looking ahead to Financial Year Ending 30 April 2024: -

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 streamline the BESHOM Group further to have separate identifiable business streams which better reflect the diverse operations of BESHOM Group; and
- Together with Management, continue to assess and manage the impact of the current weak market condition, rising inflationary pressures as well as any significant new challenges.

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 vacant due to retirement, resignation, death or disability and new business opportunities.

Intended Outcome 2.0

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

There is clarity 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. He 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 the 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 MCCG 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. During FY2023, the 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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 under the Investor Relations section. The Board Charter and the Terms of Reference of the relevant Board Committees were updated and enhanced in August 2023 among others, to include the amendments pursuant to the Main Market listing requirements ("MMLR") on conflict of interest ("COI") and other amendments. The scope of the Audit Committee's review of COI situations expands to include those that arose, may arise or persist and the measures taken to resolve, eliminate, or mitigate the COI.

The Board Charter will be periodically reviewed and updated to consider 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.

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 can plan ahead to allocate time for attending 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 Committees 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 2023, the Board met five (5) times with a 100% attendance rate. Senior Management staff were invited to attend the Board meetings to provide the Board with operational, management and financial details.

The following table is the attendance at the Board meetings and Board Committees meetings held during FY2023:

Directors	Number of Meetings Held in FY2023					
	Board	AC	RC	NC	RMC	SSC
Executive Directors						
Tan Keng Kang	5/5	-	-	-	-	1/1
Hew Von Kin	5/5	-	-	-	2/2	1/1
Non-Executive Directors						
Ng Chek Yong	5/5	-	-	-	-	-
Tan Beng Ling	5/5	5/5	2/2	-	2/2	1/1
Soon Eng Sing	5/5	-	2/2	2/2	-	-
Prof. Hajjah Ruhanas Binti Harun	5/5	-	-	2/2	-	-
Chia Kuo Wui	5/5	5/5	2/2	-	2/2	1/1
Tan Kim Siong (resigned on 8 January 2023)	4/4	4/4	-	1/1	-	-
Tay Bee Koo (appointed on 6 April 2023)	-	-	-	-	-	-

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Access to Information and advice (Continued)

In addition, the Board is also briefed and updated on the latest amendment to 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 and the Company's website at 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.

The Board is also guided by the new Guidelines on Conduct of Directors of Listed Issuers and Their Subsidiaries ("Guidelines") issued by the 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 the duties and responsibilities of boards in the company's group structures and requirements for establishing a group-wide framework to enable, among others, oversight of the group performance and the implementation of corporate governance policies. The revised Guidelines serve 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 are available at the SC's website at 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:-

• Whistle-Blowing Policy	• Anti-Bribery & Anti-Corruption
• Related Party Transactions, Conflict of Interest	• Health & Safety and Environment
• Company Property and Intellectual Property	• Purchasing & Financial Code of Ethics
• Dealing with Company shares / Insider Trading	• Gift & Entertainment

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.

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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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.

Intended Outcome 4.0

The Company addresses sustainability risks and opportunities in an integrated and strategic manner to support its 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" 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 the Group Executive Director cum CFO and two Independent Directors. The role of the SSC includes developing sustainability strategies, 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 consider 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 FY2023, we conducted the Supplier Engagement on Sustainability Survey on our top suppliers, which consists of trade (local and overseas) and non-trade suppliers, to better understand the possible sustainability issues related to our group supply chain 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 FY2023, the evaluation for Group Managing Director and Group Executive Director have 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 to support the Company in enhancing its sustainability focus and formulating 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 pages 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 37.5% with three (3) women directors.

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. 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.

As at 30 April 2023, none of the tenure of Independent Directors exceeds a cumulative term limit of 9 years.

Intended Outcome 6.0

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

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 (Countinued)

The NC was reconstituted on 1 May 2022. The Terms of Reference of NC was last updated on 3 August 2023. The NC comprises exclusively of Independent Non-Executive Directors. The members are as follows: -

Name	Directorship	No. of Meetings Attended in FY2023
Chairperson: Professor Hajjah Ruhanas Binti Harun *(redesignated as Chairperson on 1 May 2022)*	Independent Non-Executive Director	2/2
Members: Soon Eng Sing	Independent Non-Executive Director	2/2
Tan Kim Siong *(appointed as a member on 1 May 2022 and resigned on 8 January 2023)*	Independent Non-Executive Director	1/1

The Terms of Reference of the Nominating Committee is available at our website 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 a 100% 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, 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. For the newly appointed Independent Non-Executive Director Ms. Tay Bee Koo, the assessment was conducted prior to her appointment on 6 April 2023.

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.

Board Nomination and Election Process of Directors

The NC is responsible for recommending 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 for conducting 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: -

Selection & Appointment Process for New Director						
1. Analyse and identify needs of the Board	2. Source Candidate	3. Conduct interaction with candidate	4. Nominate candidate to the Board	5. Board approval	6. Appointment process	7. Orientation Program for new director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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

The Board has considered the Board Diversity 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 directors' skill 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.

During the financial year 2023, the Nominating Committee having considered the criteria and experience of Tay Bee Koo, has recommended her appointment to the Board. Ms. Tay Bee Koo was appointed to the Board on 6 April 2023 as an Independent Non-Executive Director.

During FY2023, 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, performance and calibre and the annual assessment and evaluation of the Board for the financial year ended 30 April 2023, the Board had recommended the re-election of directors pursuant to Clause 97 and Clause 119 of the Company's Consitution to the shareholders for approval at the 3rd AGM.

Changes in Board Committees

The Board has reviewed the composition of the respective Board Committees and evaluated the gap required to meet the recommended practices by the MCCG.

During FY2023, the changes in Audit Committee and Nominating Committee are noted below:-

- Tan Kim Siong resigned as a member of the Audit Committee and Nominating Committee on 8 January 2023; and
- Soon Eng Sing appointed as a member of the Audit Committee on 6 April 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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 2023 : -

No.	Topics	NCY	TKK	HVK	TBL	SES	CKW	Hajjah Ruhanas	TBK
1.	Sustainability and Its Impact on Organizations: What Directors Need to Know	√						√	
2.	Governance in Groups (2 Days)	√							
3.	Green Wash or Green Tech - Is Solar nice to have or must have in Malaysia's energy mix?		√		√				
4.	Global Treasury Forum			√					
5.	Values as a Source of Competitive Advantage						√		
6.	Corporate Governance & Remuneration Practices For the ESG World						√		
7.	The Cooler Earth Sustainability Summit 2022 Day 1 & 3				√				
8.	B2W Team Building Programme		√	√					
9.	Imperial Sustainability Leadership Programme					√			
10.	Conversation with Audit Committees – Session 2				√				
11.	2022 MFRS Updates				√				
12.	Cyber Security			√					
13.	Be The Leader		√						
14.	Enhance Workplace Effectiveness - Taking Productivity To A Whole New Level		√						
15.	Understanding Cybersecurity Threat		√						
16.	Tax Budget 2023			√					
17.	ICDM PowerTalk Sustainability Series - (Re)Building the Board for Innovation to be moderated				√				
18.	Anti-Bribery & Anti-Corruption		√	√					
19.	Bursa Malaysia Mandatory[(iii)] Accreditation Programme								√

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), Hajjah Ruhanas (Hajjah Ruhanas Binti Harun), TBK (Tay Bee Koo)
(ii) Excluded Tan Kim Siong who resigned on 8 January 2023
(iii) TBK completed the Bursa Malaysia Mandatory Accreditation Programme on 2 June 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Directors' Training (Continued)

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

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 on-going 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 2023 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.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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.

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 is 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 3rd AGM. The Directors who are also the shareholders shall abstain from voting at the forthcoming 3rd 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.

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

Name	Directorship	No. of Meetings Attended in FY2023
Chairman: Soon Eng Sing	Independent Non-Executive Director	2/2
Members: Chia Kuo Wui Tan Beng Ling	Independent Non-Executive Director Independent Non-Executive Director	2/2 2/2

During the financial year ended 30 April 2023, the RC held two (2) meetings with a 100% 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 appraisals carried out by the Group Managing Director before recommending to the Board for its consideration and approval.

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 3rd 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 2023 are as follows:

Company	Directors' fee (RM)	Salaries, Allowances Bonuses Incentives[N1] (RM)	Benefits in-Kind[N2] (RM)	Other Emoluments[N3] (RM)	Total (RM)
Executive Directors					
Tan Keng Kang	20,000	422,000	-	51,000	493,000
Hew Von Kin	20,000	384,000	-	15,733	419,733
Sub-Total	40,000	806,000	-	66,733	912,733
Non-Executive Directors					
Ng Chek Yong	20,000	136,237	-	5,493	161,730
Tan Beng Ling	20,000	88,650	-	9,720	118,370
Soon Eng Sing	20,000	81,500	-	9,720	111,220
Hajjah Ruhanas Binti Harun	20,000	67,750	-	3,093	90,843
Chia Kuo Wui	20,000	88,800	-	9,720	118,520
Tay Bee Koo (appointed on 6 April 2023	1,370	4,167	-	220	5,757
Tan Kim Siong (resigned on 8 January 2023)	13,774	51,490	-	6,088	71,352
Sub-Total	115,144	518,594	-	44,054	677,792
Grand Total	**155,144**	**1,324,594**	**-**	**110,787**	**1,590,525**

N1 Allowances comprised monthly fixed allowance, meeting allowance and other allowances.
N2 Benefits-in-Kind comprised provision of Company's motor vehicle, driver and others.
N3 Other Emoluments comprised of contribution for Employer's Provident Fund, Social Security Welfare and Employment Insurance Scheme.

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 2023 are as follows: (Continued)

Group	Directors' fee (RM)	Salaries, Allowances Bonuses Incentives[N1] (RM)	Benefits in-Kind[N2] (RM)	Other Emoluments[N3] (RM)	Total (RM)
Executive Directors					
Tan Keng Kang	45,000	1,126,000	8,800	138,527	1,318,327
Hew Von Kin	29,000	931,000	13,326	37,940	1,011,266
Sub-Total	74,000	2,057,000	22,126	176,467	2,329,593
Non-Executive Directors					
Ng Chek Yong	20,000	136,237	-	5,493	161,730
Tan Beng Ling	20,000	88,650	-	9,720	118,370
Soon Eng Sing	20,000	81,500	-	9,720	111,220
Hajjah Ruhanas Binti Harun	20,000	67,750	-	3,093	90,843
Chia Kuo Wui	24,000	88,800	-	9,720	122,520
Tay Bee Koo (appointed on 6 April 2023	1,370	4,167	-	220	5,757
Tan Kim Siong (resigned on 8 January 2023)	13,774	51,490	-	6,088	71,352
Sub-Total	119,144	518,594	-	44,054	681,792
Grand Total	**193,144**	**2,575,594**	**22,126**	**220,521**	**3,011,385**

N1 Allowances comprised monthly fixed allowance, meeting allowance and other allowances.
N2 Benefits-in-Kind comprised provision of Company's motor vehicle, driver and others.
N3 Other Emoluments comprised of contribution for Employer's Provident Fund, Social Security Welfare and Employment Insurance Scheme.

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 2023.

The Directors who are shareholders of the Company had abstained from voting at the previous 2nd AGM and shall abstain from voting at the forthcoming 3rd AGM on resolutions pertaining to their Directors' fees, benefits and their respective re-election as Directors.

The aggregate remuneration of the Senior Management (excluding Group Executive Directors) for the financial year ended 30 April 2023, is as follows: -

Group	Directors' fee (RM)	Salaries, Bonuses Allowances, Incentives (RM)	Benefits-In-Kind[N2] (RM)	Other Emoluments[N3] (RM)	Total (RM)
Senior Management [N1]	3,000	879,100	9,600	107,799	999,499

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) and Mr. Philip Teo Kheng Leong (General Manager of Retail segment).
N2 Benefits-in-Kind comprised provision of company's motor vehicle and others.
N3 Other Emoluments comprised of contribution for Employer's Provident Fund, Social Security Welfare and Employment Insurance Scheme.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

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.

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 the contents of their audit report.

During the financial year, the Audit Committee assessed the performance, suitability and independence of the External Auditors covering, among others, the following areas:-

(a) Service quality;
(b) Sufficiency of resources;
(c) Communication with the Management; and
(d) Independence, Objectivity and Professionalism

In addition to the above, the Audit Committee had also considered the information presented in the Annual Transparency Report for the year ended 31 December 2022 of the External Auditors in carrying out the External Auditors' assessment.

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. The policy on audit and non-audit services is guided by the following principles: -

(a) the External Auditors may provide audit and non-audit related services that, while outside the scope of the statutory audit, are consistent with the role of auditors;
(b) the External Auditors should not provide services that are perceived to be materially in conflict with their role as auditors. However, the external auditors may be permitted to provide non-audit services that are not perceived to be materially in conflict with the role of auditors; and
(c) exceptions may be made to the policy where the variation is in the interest of the Company and arrangements are put in place to preserve the integrity of the external audit process. The Board must specifically approve such exceptions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Assessment of suitability and independence of External Auditors (Continued)

Before appointing 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 their performance, technical competency and audit independence, the Audit Committee recommended their fees and suitability for re-appointment to the Board.

The Audit Committee met with the External Auditors three (3) times at the Audit Committee meetings held on 23 June 2022, 28 July 2022 and 24 March 2023 during the financial year ended 30 April 2023. The Audit Committee has allocated a discussion session with the External Auditors without the presence of the Executive Directors and Management at the meeting held on 23 June 2022 and 24 March 2023.

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 74 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

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 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 Attended in FY2023
Chairman: Hew Von Kin	Group Executive Director cum Group Chief Financial Officer	2/2
Members: Chia Kuo Wui Tan Beng Ling	 Independent Non-Executive Director Independent Non-Executive Director	 2/2 2/2

During the financial year ended 30 April 2023, the RMC held two (2) meetings with a 100% attendance rate.

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 Group Internal Audit Department comprises of two (2) Senior Executives. The Head of Group IAD, Ms. Wong Ngiik Moi, who joined the Group on March 2016, resigned in February 2023. The Company is actively looking for a replacement to fill the vacancy. The Group Internal Audit Team is 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 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 the 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 available at the Company's website 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, to which stakeholders can direct their queries for investor relations purposes.

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. It 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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

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, 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.

For conducting general meetings, either physical or on a virtual basis, 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, encourage interactive participation by shareholders and provide a smooth broadcast of the general meeting if it is to be held on a virtual basis. 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.

The 2nd AGM was held physically on 27 September 2022 in Kuala Lumpur. All resolutions were put to vote by poll.

All Directors attended the 2nd AGM. The Directors, together with the Senior Management team and External Auditors were present at the 2nd AGM and responded to the questions raised by the shareholders 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 were presented and made visible to all meeting participants during the meeting. All the relevant questions and answers received before and during AGM were published on our corporate website at www.beshom.com. within 30 business days after the meeting.

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 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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 2023, 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 on-going approach.

Roles and Responsibilities under the Risk Management Framework

Authority Level	Roles and Responsibilities
Board of Directors	• Approves and oversees the ERM Framework and internal control system (incorporating Policies and Scope), including changes or additions. • 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.
Audit Committee ("AC") and Risk Management Committee ("RMC")	• Develops & implements the ERM Framework and internal control system. • 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.
Executive Risk Committee ("ERC")	• Assists the RMC in overseeing risk management through its ERM framework. • Ensures that Management and Risk Owners maintain an effective process to identify, evaluate and manage risks. • Provides guidance and advice with respect to risk management and monitor risks across the key risk areas.
Management and Risk Owners of Operating Business Units	• Identify and prioritise risks and participate in the Group's risk identification and assessment process. • 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. • Document the controls and processes to manage the risks of their respective functional areas.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

Roles and Responsibilities under the 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.

The RMC of BESHOM was constituted on 12 November 2021 ahead of the transfer of listing status from Hai-O Enterprise Berhad to BESHOM on Main Market of Bursa Securities on 29 November 2021. 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 Attended in FY2023
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

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 2023. 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 2023, 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.

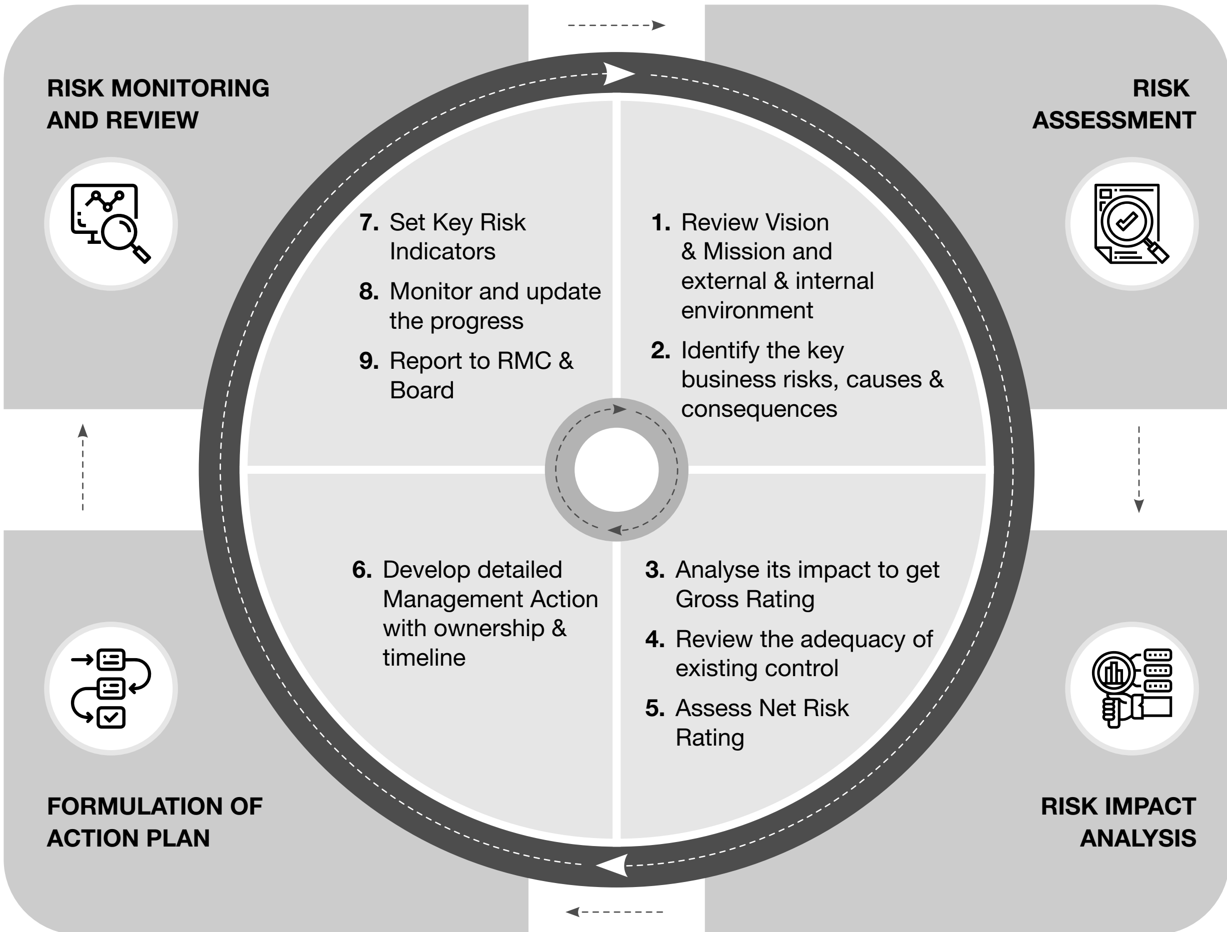
During the financial year 2023, two (2) RMC meetings were held on 31 May 2022 and 2 December 2022 respectively with 100% attendance rate. The Chairman of the RMC reports and briefs the Board under a separate agenda at each Board Meeting following their respective meetings on the salient matters deliberated, 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 FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

The Group's Enterprise Risk Management Process



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 on-going 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

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.

Key Elements of Internal Control

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

1) An on-going 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; economic downturn risks; currency risks; business plan implementation and execution risks; competitiveness of the marketing plan, data protection, price cutting and fake products, compliance of Company's Code of Ethics, product diversification, customers retention and expansion of youth market, surge in product costs and supply shortage, inventory management, safety & health control prevention, labour shortage (outlets), business continuity and corporate liability provision risks.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023 (CONTINUED)

INTERNAL AUDIT FUNCTION (CONTINUED)

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.

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**”:

T	R	U	S	T
Top-level Commitment	**Risk Assessment**	**Undertake Control Measures**	**Systematic Review, Monitoring & Enforcement**	**Training & Communication**

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 FINANCIAL YEAR ENDED 30 APRIL 2023 (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")	• Promoting a culture of integrity throughout the Group, including setting the Group's anti-bribery stance and managing corruption risks of the Group. • Ensuring the Group's vision and long-term business strategy include consideration of ethical business practices. • Ensuring the establishment of an internal control system which provides reasonable assurance that the Group's bribery risks are managed.
Audit Committee ("AC")	• 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.
Risk Management Committee ("RMC")	• Overseeing the establishment and maintenance of the Group's ABF including its implementation and performance. • Ensuring the Group identifies and manages its key bribery risks areas and reviewing the same. • Reviewing the implementation and performance of the Group's anti-bribery and anti-corruption controls to address key bribery risks.
Management (including Executive Risk Committee ("ERC")	• Establishing, implementing, and maintaining the Group's ABF. • Reviewing the Bribery Risk Assessment annually to identify the Group's key bribery risk areas. • Reporting to the RMC any significant bribery risks. • Overseeing the establishment and effective implementation of the Group's anti-bribery and anti-corruption controls, and reporting their performance to the RMC.
Anti-Bribery Compliance and Support team ("ABCS"), which comprises Company Heads and Heads of Group Functional Departments	• Provides advice and guidance in relation to the Group's personnel and business associates in relation to the Group's ABF and its compliance. • Receives reports and reviews incidents and cases of attempted offer or solicitation of bribes as reported via the Group's internal reporting.
Internal Audit	• Assists the AC in its review of the design adequacy and operating effectiveness of the Group's internal controls in relation to ABF.

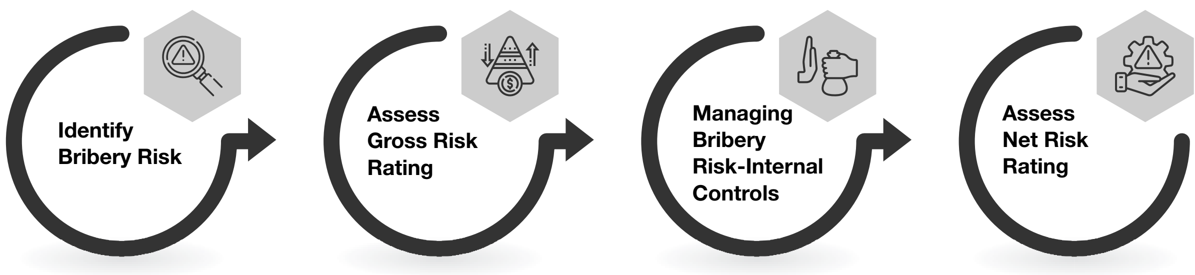
Bribery Risk Assessment

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.

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:



Bribery Risk Assessment Methodology (Continued)

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 2023, the Group IAD has performed a review on the bribery risk area for all business units in respect of exclusive distributorships and provided recommendations to further improve processes and procedures in respect of ABP. The Group IAD also reviewed the assessment results of staff awareness on Group's Internal Control system pertaining to ABP subsequent to the respective ABP trainings conducted by the Group Human Resource Department during the financial year ended 30 April 2023.

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 on-going process, the Board and the Management maintain an on-going 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 2023, 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 2023.

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' firm in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 30 April 2023 are as follows:

	The Company RM	The Group RM
Audit fees		
- KPMG PLT	39,500	400,750
- Other auditors	-	52,609
Non-audit fees		
- KPMG PLT	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.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were five (5) Board of Directors' Meetings held during the financial year ended 30 April 2023. The details of attendance of the Directors are as follows: -

Name of Directors	Number of Board Meetings attended by Directors
Ng Chek Yong	5/5 meetings
Tan Keng Kang	5/5 meetings
Hew Von Kin	5/5 meetings
Tan Beng Ling	5/5 meetings
Soon Eng Sing	5/5 meetings
Professor Hajjah Ruhanas Binti Harun	5/5 meetings
Chia Kuo Wui	5/5 meetings
Tan Kim Siong (resigned on 8 January 2023)	4/4 meetings
Tay Bee Koo (appointed on 6 April 2023)	-

FAMILY RELATIONSHIP OF DIRECTORS AND /OR MAJOR SHAREHOLDERS

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

- 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 and its subsidiaries during the financial year, which is material pursuant to the Main Market Listing Requirements and Companies Act 2016.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2023

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 2023.

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	16,285,082	32,663,492
Non-controlling interests	489,906	-
	16,774,988	32,663,492

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 2022 as reported in the Directors' Report of that year, a final dividend of 5 sen per ordinary share amounting to RM15,005,162 declared on 27 September 2022 and paid on 30 November 2022.

ii) In respect of the financial year ended 30 April 2023, an interim dividend of 3 sen per ordinary share totalling RM9,003,097 declared on 21 December 2022 and paid on 16 March 2023.

Subsequent to the end of the current financial year, the Directors recommended a final dividend of 2 sen per ordinary share in respect of the financial year ended 30 April 2023.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

Directors of the Company

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

Tan Keng Kang
Hew Von Kin
Ng Chek Yong
Tan Beng Ling
Soon Eng Sing
Prof Hajjah Ruhanas Binti Harun
Chia Kuo Wui
Tay Bee Koo (Appointed on 6 April 2023)
Tan Kim Siong (Resigned on 8 January 2023)

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 1.5.2022	**Bought**	**Transferred in/(out)**	**Sold**	**At 30.4.2023**
Interests in the Company:					
Tan Keng Kang					
- direct	12,864,793	-	-	-	12,864,793
- indirect	35,173,438	280,300	(34,295,167)	-	1,158,571
Hew Von Kin					
- direct	416,580	-	-	-	416,580
Chia Kuo Wui					
- direct	1,434,427	-	-	-	1,434,427
Soon Eng Sing					
- direct	51,923	-	-	-	51,923
Deemed interests in the Company:					
Tan Keng Kang*	29,700,573	2,361,600	32,363,629	-	64,425,802

* Deemed interested by virtue of the Directors' interests in Akintan Sdn. Bhd., Daritan Sdn. Bhd. and Tan Kai Hee Family Holdings Sdn. Bhd.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

Directors' interests in shares (continued)

	Number of ordinary shares				
	At 1.5.2022	**Bought**	**Transferred in/(out)**	**Sold**	**At 30.4.2023**
Interests in a subsidiary, Hai-O Raya Bhd.:					
Tan Keng Kang					
- direct	16,000	-	-	-	16,000
- indirect	65,000	-	(51,000)	-	14,000
Hew Von Kin					
- direct	3,000	-	-	-	3,000
Deemed interests in a subsidiary, Hai-O Raya Bhd.:					
Tan Keng Kang*	30,000	-	34,000	-	64,000

* Deemed interested by virtue of the Directors' interests in Akintan Sdn. Bhd., Daritan Sdn. Bhd. and Tan Kai Hee Family Holdings 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 Beshom Holdings Berhad has an interest.

None of the other Directors holding office at 30 April 2023 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 2023 (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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
Directors of the Company:				
- Fees	193,144	217,000	155,144	76,664
- Remuneration	2,796,115	3,799,977	1,435,381	416,762
	2,989,259	4,016,977	1,590,525	493,426
Directors of subsidiaries:				
- Fees	26,250	39,667	-	-
- Remuneration	672,123	550,290	-	-
	698,373	589,957	-	-
	3,687,632	4,606,934	1,590,525	493,426

Issue of shares and debentures

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 RM21,780 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 2023 (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 2023 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 after the financial year end.

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2023 (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 2023 are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration:				
Audit fees:				
- KPMG PLT	400,750	370,800	39,500	34,000
- Other auditors	52,609	47,555	-	-
Non-audit fees:				
- KPMG PLT	15,000	15,000	15,000	15,000
	468,359	433,355	54,500	49,000

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 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Assets					
Property, plant and equipment	3	81,975,783	81,924,125	24,688	16,055
Investment properties	4	42,791,476	43,482,983	-	-
Right-of-use assets	5	10,510,346	10,546,613	-	-
Goodwill	6	84,930	84,930	-	-
Investments in subsidiaries	7	-	-	312,977,659	312,977,659
Investment in an associate	8	-	-	-	-
Investment in a joint venture	9	1,845,778	2,000,620	-	-
Other investments	10	7,300,442	112,259	-	-
Trade and other receivables	11	1,650,941	1,346,093	-	-
Deferred tax assets	12	2,006,526	2,417,114	-	-
Total non-current assets		148,166,222	141,914,737	313,002,347	312,993,714
Inventories	13	87,527,276	89,336,416	-	-
Other investments	10	60,472,532	59,921,733	6,590,768	-
Trade and other receivables	11	16,343,157	18,850,610	6,028,402	1,107,055
Prepayments		1,870,317	2,059,773	-	-
Current tax assets		3,649,402	692,118	-	-
Cash and cash equivalents	14	35,153,238	57,363,751	1,469,391	4,191,529
Total current assets		205,015,922	228,224,401	14,088,561	5,298,584
Total assets		353,182,144	370,139,138	327,090,908	318,292,298
Equity					
Share capital	15	312,977,661	312,977,661	312,977,661	312,977,661
Reorganisation reserve	15.6	(155,823,146)	(155,823,146)	-	-
Reserves		152,506,693	159,900,336	13,596,842	4,941,609
Equity attributable to owners of the Company		309,661,208	317,054,851	326,574,503	317,919,270
Non-controlling interests		12,110,714	12,044,100	-	-
Total equity		321,771,922	329,098,951	326,574,503	317,919,270

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2023 (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Liabilities					
Lease liabilities		2,470,967	2,210,876	-	-
Contract liabilities	18	344,553	118,559	-	-
Deferred tax liabilities	12	308,332	288,135	-	-
Total non-current liabilities		3,123,852	2,617,570	-	-
Trade and other payables	16	25,848,735	35,229,764	339,954	347,279
Lease liabilities		1,354,022	1,521,046	-	-
Current tax liabilities		181,495	346,732	176,451	25,749
Provisions	17	349,600	849,300	-	-
Contract liabilities	18	552,518	475,775	-	-
Total current liabilities		28,286,370	38,422,617	516,405	373,028
Total liabilities		31,410,222	41,040,187	516,405	373,028
Total equity and liabilities		353,182,144	370,139,138	327,090,908	318,292,298

The notes on pages 100 to 160 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	19	174,228,637	209,555,415	37,211,355	15,454,955
Cost of sales		(101,038,647)	(123,391,195)	-	-
Gross profit		73,189,990	86,164,220	37,211,355	15,454,955
Other income		5,902,829	7,060,728	-	-
Distribution expenses		(30,430,702)	(27,266,775)	108,768	-
Administrative expenses		(24,007,904)	(24,299,421)	(4,440,419)	(1,471,307)
Net gain/(loss) on impairment of financial instruments		21,503	(567,604)	-	-
Other expenses		(647,228)	(1,043,252)	(37,850)	(9,780)
Results from operating activities		24,028,488	40,047,896	32,841,854	13,973,868
Finance income	20	611,523	589,414	59,833	16,181
Finance costs	21	(221,098)	(217,365)	-	-
Net finance income		390,425	372,049	59,833	16,181
Share of loss of equity-accounted joint venture, net of tax		(154,842)	(119,600)	-	-
Profit before tax	22	24,264,071	40,300,345	32,901,687	13,990,049
Tax expense	23	(7,489,083)	(11,373,308)	(238,195)	(34,082)
Profit for the year		16,774,988	28,927,037	32,663,492	13,955,967

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Other comprehensive income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Net change in fair value of equity investments designated at fair value through other comprehensive income		(495,736)	-	-	-
Foreign currency translation differences for foreign operations		698,178	246,638	-	-
Other comprehensive income for the year, net of tax		202,442	246,638	-	-
Total comprehensive income for the year		16,977,430	29,173,675	32,663,492	13,955,967
Profit attributable to:					
Owners of the Company		16,285,082	28,197,187	32,663,492	13,955,967
Non-controlling interests		489,906	729,850	-	-
Profit for the year		16,774,988	28,927,037	32,663,492	13,955,967
Total comprehensive income attributable to:					
Owners of the Company		16,487,524	28,443,825	32,663,492	13,955,967
Non-controlling interests		489,906	729,850	-	-
Total comprehensive income for the year		16,977,430	29,173,675	32,663,492	13,955,967
Basic earnings per ordinary share (sen)	24	5.43	9.46		
Diluted earnings per ordinary share (sen)	24	5.43	9.46		

The notes on pages 100 to 160 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2023

Group	Note	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	Total equity RM
		Attributable to owners of the Company									
		Non-distributable						Distributable			
At 1 May 2021		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
Total comprehensive income for the year		-	-	246,638	-	-	-	28,197,187	28,443,825	729,850	29,173,675
Own shares acquired	15.4	-	(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
Acquisition of additional interests in a subsidiary from non-controlling interests	31.2	-	-	-	-	-	-	60,794	60,794	(88,794)	(28,000)
Dividends to non-controlling interests of a subsidiary	7.1	-	-	-	-	-	-	-	-	(197,000)	(197,000)
Dividends paid	25	-	-	-	-	-	-	(24,008,259)	(24,008,259)	-	(24,008,259)
Total transactions with owners of the Company		312,977,659	26,684,256	-	-	(313,079,596)	(503,573)	(50,215,599)	(24,136,853)	974,206	(23,162,647)
At 30 April 2022		312,977,661	-	28,867	657,192	(155,823,146)	-	159,214,277	317,054,851	12,044,100	329,098,951
							Note 15.5				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

Group	Note	Attributable to owners of the Company: Non-distributable: Share capital RM	Treasury shares RM	Translation reserve RM	Capital reserve RM	Reorganisation reserve RM	Share option reserve RM	Distributable: Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 May 2022		312,977,661	-	28,867	657,192	(155,823,146)	-	159,214,277	317,054,851	12,044,100	329,098,951
Net change in fair value of equity investments designated at fair value through OCI		-	-	-	-	-	-	(495,736)	(495,736)	-	(495,736)
Foreign currency translation differences for foreign operations		-	-	698,178	-	-	-	-	698,178	-	698,178
Total other comprehensive income for the year		-	-	698,178	-	-	-	(495,736)	202,442	-	202,442
Profit for the year		-	-	-	-	-	-	16,285,082	16,285,082	489,906	16,774,988
Total comprehensive income for the year		-	-	698,178	-	-	-	15,789,346	16,487,524	489,906	16,977,430
Acquisition of additional interests in a subsidiary from non-controlling interests	31.1	-	-	-	-	-	-	127,092	127,092	(180,292)	(53,200)
Dividends to non-controlling interests of a subsidiary	7.1	-	-	-	-	-	-	-	-	(243,000)	(243,000)
Dividends paid	25	-	-	-	-	-	-	(24,008,259)	(24,008,259)	-	(24,008,259)
Total transactions with owners of the Company		-	-	-	-	-	-	(23,881,167)	(23,881,167)	(423,292)	(24,304,459)
At 30 April 2023		312,977,661	-	727,045	657,192	(155,823,146)	-	151,122,456	309,661,208	12,110,714	321,771,922

The notes on pages 100 to 160 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2023

Company	Note	Non-distributable Share capital RM	Distributable (Accumulated losses)/ Retained earnings RM	Total equity RM
At 1 May 2021		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)
Total transactions with owner of the Company		312,977,659	4,952,870	317,930,529
At 30 April 2022/1 May 2022		312,977,661	4,941,609	317,919,270
Profit and total comprehensive income for the year		-	32,663,492	32,663,492
Dividends to owner of the Company	25	-	(24,008,259)	(24,008,259)
Total transactions with owner of the Company		-	8,655,233	8,655,233
At 30 April 2023		312,977,661	13,596,842	326,574,503
		Note 15		

The notes on pages 100 to 160 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from operating activities				
Profit before tax	24,264,071	40,300,345	32,901,687	13,990,049
Adjustments for:				
Changes in lease payments arising from rent concessions	(24,147)	(232,119)	-	-
Depreciation of investment properties	691,507	691,507	-	-
Depreciation of property, plant and equipment	3,089,603	3,511,571	5,123	1,265
Depreciation of right-of-use assets	1,724,198	1,864,809	-	-
Dividend income	(808,635)	(804,071)	(33,096,038)	(14,404,955)
Fair value gain on other investments	(793,485)	(21,404)	(6,085)	-
Finance costs	221,098	217,365	-	-
Finance income	(611,523)	(589,414)	(59,833)	(16,181)
Gain on disposal of other Investments	(112,223)	-	-	-
Gain on disposal of property, plant and equipment	(1,792,771)	(2,506,165)	-	-
Gain on termination of right-of-use assets	-	(30,979)	-	-
Net (gain)/loss on impairment of trade and other receivables	(21,503)	567,604	-	-
Property, plant and equipment written off	71,239	26,088	-	-
Provision for sales campaign	912,639	1,052,549	-	-
Reversal of provision for goods return	(400,000)	-	-	-
Reversal of provision for restoration cost	(7,000)	-	-	-
Share of loss of equity-accounted joint venture, net of tax	154,842	119,600	-	-
Unrealised foreign exchange loss/(gain)	29,228	(243,594)	-	-
Operating profit/(loss) before working capital changes	26,587,138	43,923,692	(255,146)	(429,822)
Change in inventories	1,816,477	(45,742)	-	-
Change in trade and other receivables and prepayments	2,431,949	701,803	(6,274)	(21,524)
Change in trade and other payables	(8,448,341)	(3,286,275)	68,524	253,449
Cash generated from/(used in) operations	22,387,223	41,293,478	(192,896)	(197,897)
Sales campaign paid	(1,015,839)	(1,197,329)	-	-
Tax paid	(10,338,487)	(14,412,727)	(87,493)	(8,333)
Tax refunded	157,668	51,399	-	-
Interest paid	(221,098)	(217,365)	-	-
Net cash from/(used in) operating activities	10,969,467	25,517,456	(280,389)	(206,230)
Cash flows from investing activities				
Accretion of equity interest in subsidiaries	(53,200)	(28,000)	-	-
Acquisition of other investments	(38,354,443)	(13,206,909)	(6,500,000)	-
Acquisition of property, plant and equipment	(3,284,878)	(998,974)	(13,756)	(17,320)
Dividends received	-	-	33,011,355	14,404,955
Interest received from fixed deposits and repo	611,523	589,414	59,833	16,181
Proceeds from disposal of other investments	31,834,068	12,914,862	-	-
Proceeds from disposal of property, plant and equipment	1,867,781	2,636,771	-	-
Net cash (used in)/from investing activities	(7,379,149)	1,907,164	26,557,432	14,403,816

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash flows from financing activities				
Dividends paid to non-controlling interests of a subsidiary	(243,000)	(197,000)	-	-
Dividends paid	(24,008,259)	(24,008,259)	(24,008,259)	(9,003,097)
Equity contribution from non-controlling interest	-	1,260,000	-	-
Increase in amounts due to subsidiaries	-	-	(75,849)	82,569
Increase in amounts due from subsidiaries	-	-	(4,915,073)	(1,085,531)
Payment of lease liabilities	(1,560,239)	(1,487,192)	-	-
Repurchase of treasury shares	-	(189,388)	-	-
Net cash used in financing activities	(25,811,498)	(24,621,839)	(28,999,181)	(10,006,059)
Net (decrease)/increase in cash and cash equivalents	(22,221,180)	2,802,781	(2,722,138)	4,191,527
Effect of exchange rate fluctuations on cash held	10,667	12,850	-	-
Cash and cash equivalents at 1 May 2022/2021	57,363,751	54,548,120	4,191,529	2
Cash and cash equivalents at 30 April	35,153,238	57,363,751	1,469,391	4,191,529

Cash and cash equivalents

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

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Deposit placed with licensed banks	14	24,167,323	42,452,641	1,000,000	3,796,000
Cash and bank balances	14	10,985,915	14,911,110	469,391	395,529
		35,153,238	57,363,751	1,469,391	4,191,529

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

Cash outflows for leases as a lessee

	Note	Group 2023 RM	Group 2022 RM
Included in net cash from operating activities:			
Interest paid in relation to lease liabilities	21	221,098	217,365
Included in net cash from financing activities:			
Payment of lease liabilities		1,560,239	1,487,192
Total cash outflows for leases		1,781,337	1,704,557

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

Group	**Lease liabilities RM**
At 1 May 2021	4,405,993
Changes from financing cash flows	
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
At 30 April 2022/1 May 2022	3,731,922
Changes from financing cash flows	
Payment of lease liabilities	(1,560,239)
Net changes from financing cash flows	(1,560,239)
Acquisition of new leases	278,684
Changes in lease payments arising from rent concessions	(24,147)
Remeasurement of lease liabilities	1,396,857
Effect of movements in exchange rates	1,912
At 30 April 2023	3,824,989

The notes on pages 100 to 160 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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 2023 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 2023 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 2023.

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 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 – 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 and International Tax Reform – Pillar Two Model Rules*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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 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

During the previous financial year, 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 Acquistion 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

1. Basis of preparation (continued)

(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")

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

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.

(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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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 other comprehensive income

(i) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) 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)).

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(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. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. 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.

(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.

2. Significant accounting policies (continued)

(e) Leases (continued)

(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.

Covid-19-related rent concessions

The Group has applied Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond* 30 June 2022. 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. Significant accounting policies (continued)

(e) Leases (continued)

(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.

(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.

2. Significant accounting policies (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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.

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
(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

2. Significant accounting policies (continued)

(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.

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.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. Significant accounting policies (continued)

(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.

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
(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	Capital work-in-progress RM	Total RM
Cost											
At 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
At 30 April 2022/1 May 2022	41,364,461	37,270,062	2,491,509	16,146,234	3,365,453	11,989,040	3,345,031	265,933	3,725,066	-	119,962,789
Additions	-	-	318,131	826,026	214,497	810,549	131,825	-	-	983,850	3,284,878
Disposals	-	-	(188,876)	(20,404)	-	-	-	-	(68,063)	-	(277,343)
Reclassification	-	-	-	(55,900)	-	-	-	55,900	-	-	-
Written off	-	-	-	(290,083)	(91,649)	(127,871)	(1)	-	-	-	(509,604)
Effect of movements in exchange rates	-	-	-	5,520	517	9,102	-	-	-	-	15,139
At 30 April 2023	41,364,461	37,270,062	2,620,764	16,611,393	3,488,818	12,680,820	3,476,855	321,833	3,657,003	983,850	122,475,859

NOTES TO THE FINANCIAL STATEMENTS
(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	Capital work-in-progress RM	Total RM
Depreciation and impairment loss											
At 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 2022/1 May 2022	-	9,975,505	2,031,702	12,733,867	2,049,383	8,447,630	2,567,130	233,447	-	-	38,038,664
Depreciation for the year	-	761,563	165,537	849,648	262,465	917,668	123,100	9,622	-	-	3,089,603
Disposals	-	-	(188,874)	(13,459)	-	-	-	-	-	-	(202,333)
Reclassification				(17,236)	-	-	-	17,236			-
Written off	-	-	-	(277,899)	(69,179)	(91,286)	(1)	-	-	-	(438,365)
Effect of movements in exchange rates	-	-	-	5,054	389	7,064	-	-	-	-	12,507
At 30 April 2023	-	10,737,068	2,008,365	13,279,975	2,243,058	9,281,076	2,690,229	260,305	-	-	40,500,076
Carrying amounts											
At 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 2022/1 May 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
At 30 April 2023	41,364,461	26,532,994	612,399	3,331,418	1,245,760	3,399,744	786,626	61,528	3,657,003	983,850	81,975,783

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. Property, plant and equipment (continued)

Company	**Furniture and office equipment RM**
Cost	
At 1 May 2021	-
Additions	17,320
At 30 April 2022/1 May 2022	17,320
Additions	13,756
At 30 April 2023	31,076
Depreciation	
At 1 May 2021	-
Depreciation for the year	1,265
At 30 April 2022/1 May 2022	1,265
Depreciation for the year	5,123
At 30 April 2023	6,388
Carrying amounts	
At 1 May 2021	-
At 30 April 2022/1 May 2022	16,055
At 30 April 2023	24,688

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

4. Investment properties

Group	**2023 RM**	**2022 RM**
Cost		
At 1 May 2021/30 April 2022/30 April 2023	54,939,063	54,939,063
Depreciation		
At 1 May 2022/1 May 2021	11,456,080	10,764,573
Depreciation for the year	691,507	691,507
At 30 April 2023/30 April 2022	12,147,587	11,456,080
Carrying amounts		
At 1 May 2021		44,174,490
At 30 April 2022/1 May 2022		43,482,983
At 30 April 2023		42,791,476

Included in the above are:

Group	**2023 RM**	**2022 RM**
Freehold land	21,152,702	21,152,702
Leasehold land with unexpired period of less than 50 years	467,683	484,663
Leasehold land with unexpired period of more than 50 years	88,786	91,623
Buildings	21,082,305	21,753,995
	42,791,476	43,482,983

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
(CONTINUED)

4. Investment properties (continued)

The following are recognised in profit or loss in respect of investment properties:

Group	2023 RM	2022 RM
Rental income	3,406,967	2,989,509
Direct operating expenses:		
- income generating investment properties	(684,053)	(815,730)
- non-income generating investment properties	(135,334)	(35,088)

Fair value information

Fair value of investment properties is categorised as follows:

Group	2023 RM	2022 RM
Level 3		
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

Level 3 fair value is estimated using unobservable inputs for the investment property.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Fair value information

Description of valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Sales comparison approach: Sales price of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.	Price per square foot: RM33 to RM3,905 (2022: RM33 to RM3,905).	The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. Right-of-use assets

Group	Land RM	Buildings RM	Total RM
At 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 2022/1 May 2022	7,034,222	3,512,391	10,546,613
Additions	-	289,184	289,184
Depreciation for the year	(138,922)	(1,585,276)	(1,724,198)
Effect of movements in exchange rates	-	1,890	1,890
Remeasurement of lease liabilities	-	1,396,857	1,396,857
At 30 April 2023	6,895,300	3,615,046	10,510,346

5.1 Land

Included in the total carrying amount of land of the Group are:

	Group 2023 RM	Group 2022 RM
Leasehold land with unexpired lease period of less than 50 years	948,014	991,958
Leasehold land with unexpired lease period of more than 50 years	5,947,286	6,042,264
	6,895,300	7,034,222

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	3,651,917	100
Office buildings	173,072	100

5. Right-of-use assets (continued)

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.

6. Goodwill

	Group	
	2023	**2022**
	RM	**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	
	2023	**2022**
	RM	**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	
	2023	**2022**
	RM	**RM**
Unquoted shares, at cost	312,977,659	312,977,659

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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 2023 %	2022 %
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	100
Direct subsidiaries of HOEB:				
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
BH Wellness Sdn. Bhd. (formerly known as 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
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7. Investments in subsidiaries (continued)

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2023 %	2022 %
Direct subsidiaries of HOEB: (continued)				
Hai-O Raya Bhd. ^	Malaysia	Retail chain stores	68.13	67.50
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

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(CONTINUED)

7. Investments in subsidiaries (continued)

* Not audited by member firms of KPMG International.

^ In September 2022, October 2022, January 2023 and April 2023, the Group had acquired additional 2,000, 1,000, 9,000 and 7,000 shares of RM2.80 respectively each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM53,200. These acquisitions increased the equity of the Group in Hai-O Raya Bhd. from 67.50% to 68.13%.

\# The statutory financial year end of this subsidiary was 31 December 2022 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 Share(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.

7.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2023	**Hai-O Raya Bhd. RM**	**Other subsidiaries with immaterial NCI RM**	**Total RM**
NCI percentage of ownership interest and voting interest	31.87%		
Carrying amount of NCI	9,255,434	2,855,280	12,110,714
Profit/(Loss) allocated to NCI	660,753	(170,847)	489,906
Summarised financial information before intra-group elimination			
As at 30 April			
Non-current assets	13,378,172		
Current assets	26,779,160		
Non-current liabilities	(2,902,026)		
Current liabilities	(8,214,096)		
Net assets	29,041,210		
Year ended 30 April			
Revenue	39,015,613		
Profit for the year and total comprehensive income	2,073,276		
Cash flows from operating activities	2,612,323		
Cash flows used in investing activities	(4,294,774)		
Cash flows used in financing activities	(2,448,576)		
Net decrease in cash and cash equivalents	(4,131,027)		
Dividends paid to NCI	243,000		

7. Investments in subsidiaries (continued)

7.1 Non-controlling interests in subsidiaries (continued)

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		

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

(CONTINUED)

8. Investment in an associate

	Group 2023 RM	Group 2022 RM
Unquoted shares, at cost	1,251,095	1,251,095
Share of post-acquisition reserves	(1,251,095)	(1,251,095)
	-	-

Details of the associate are as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest 2023 %	Effective ownership interest and voting interest 2022 %
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 RM56,635 in financial year 2023 (2022: RM156,055) and RM533,637 (2022: RM477,002) 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 2023 RM	Group 2022 RM
Unquoted shares, at cost	760,000	760,000
Share of post-acquisition reserves	1,085,778	1,240,620
Group's share of net assets	1,845,778	2,000,620

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
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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 2023 RM	Group 2022 RM
Percentage of ownership interest	40%	40%
Percentage of voting interest	40%	40%
Summarised financial information		
As at 30 April		
Non-current assets	6,887,189	6,912,417
Current assets	607,966	801,915
Non-current liabilities	(1,887,426)	(1,878,796)
Current liabilities	(993,285)	(833,986)
Net assets	4,614,444	5,001,550
Year ended 30 April		
Loss for the year and total comprehensive expense	(387,105)	(299,000)
Included in the total comprehensive expense are:		
Revenue	1,802,219	1,808,617
Depreciation	(41,250)	(41,321)
Interest expense	(108,636)	(121,804)
Group's share of results for the year ended 30 April		
Group's share of loss and total comprehensive expense	(154,842)	(119,600)

10. Other investments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current				
Financial assets at fair value through profit or loss:				
- quoted shares in Malaysia	350	339	-	-
- unquoted shares	111,920	111,920	-	-
Financial assets at fair value through other comprehensive income:				
- quoted shares in Malaysia	7,188,172	-	-	-
	7,300,442	112,259	-	-
Current				
Financial assets at fair value through profit or loss:				
- unit trusts in Malaysia	60,472,532	59,921,733	6,590,768	-
	67,772,974	60,033,992	6,590,768	-

NOTES TO THE FINANCIAL STATEMENTS
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11. Trade and other receivables

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Non-current					
Trade					
Hire purchase receivables	11.1	750,737	97,349	-	-
Loan receivables	11.2	900,204	1,248,744	-	-
		1,650,941	1,346,093	-	-
Current					
Trade					
Trade receivables		13,512,631	13,253,519	-	-
Less: Impairment allowance		(841,271)	(850,023)	-	-
		12,671,360	12,403,496	-	-
Hire purchase receivables	11.1	277,794	60,455	-	-
Loan receivables	11.2	370,444	397,712	-	-
Amount due from an associate	11.3	1,038,290	1,038,290	-	-
Less: Individual impairment allowance		(1,038,290)	(1,038,290)	-	-
		-	-		-
Amount due from a joint venture	11.3	593,520	315,977	-	-
		13,913,118	13,177,640	-	-
Non-trade					
Amount due from an associate	11.3	2,213,474	2,227,676	-	-
Less: Individual impairment allowance		(2,213,474)	(2,227,676)	-	-
		-	-		-
Amounts due from subsidiaries	11.3	-	-	6,000,604	1,085,531
		-	-	6,000,604	1,085,531
Other receivables		2,016,701	5,510,452	25,798	21,524
Less: Individual impairment allowance		(903,258)	(903,258)	-	-
		1,113,443	4,607,194	25,798	21,524
Deposits		1,316,596	1,065,776	2,000	-
		2,430,039	5,672,970	6,028,402	1,107,055
		16,343,157	18,850,610	6,028,402	1,107,055
		17,994,098	20,196,703	6,028,402	1,107,055

11. Trade and other receivables (continued)

11.1 Hire purchase receivables

Hire purchase receivables are receivable as follows:

	Group	
	2023 RM	2022 RM
Less than one year	342,039	68,094
Between one and five years	838,510	99,871
More than five years	-	8,883
	1,180,549	176,848
Less: Unearned interest charges	(152,018)	(19,044)
	1,028,531	157,804
Carrying amount:		
Current	277,794	60,455
Non-current	750,737	97,349
	1,028,531	157,804

The Group's financing tenor for hire purchase receivables ranges from 24 months to 84 months (2022: 60 months to 84 months). The average remaining period of maturity as at the financial year end was 50 months (2022: 73 months). The effective interest rates during the financial year generally ranged from 5.57% to 8.14% (2022: 5.57% to 8.29%) per annum.

11.2 Loan receivables

Loan receivables are receivable as follows:

	Group	
	2023 RM	2022 RM
Less than one year	370,444	397,712
Between one and five years	900,204	1,232,160
More than five years	-	16,584
	1,270,648	1,646,456
Carrying amount:		
Current	370,444	397,712
Non-current	900,204	1,248,744
	1,270,648	1,646,456

The Group's financing tenor for loan receivables ranges from 18 months to 84 months (2022: 36 months to 84 months). The average remaining period of maturity as at the financial year end was 51 months (2022: 60 months). The effective interest rates during the financial year generally ranged from 5.29% to 15.99% (2022: 5.29% to 12.17%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
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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:

	Assets		Liabilities		Net	
Group	**2023 RM**	**2022 RM**	**2023 RM**	**2022 RM**	**2023 RM**	**2022 RM**
Property, plant and equipment	-	-	(2,864,763)	(2,138,936)	(2,864,763)	(2,138,936)
Right-of-use assets	-	-	(532,172)	(829,374)	(532,172)	(829,374)
Lease liabilities	575,823	881,971	-	-	575,823	881,971
Provisions	3,941,455	3,841,304	-	-	3,941,455	3,841,304
Capital allowance carry-forwards	61,693	93,492	-	-	61,693	93,492
Reinvestment allowance carry-forwards	51,566	51,566	-	-	51,566	51,566
Other items	464,592	228,956	-	-	464,592	228,956
Tax assets/ (liabilities)	5,095,129	5,097,289	(3,396,935)	(2,968,310)	1,698,194	2,128,979
Set off of tax	(3,088,603)	(2,680,175)	3,088,603	2,680,175	-	-
Net tax assets/ (liabilities)	2,006,526	2,417,114	(308,332)	(288,135)	1,698,194	2,128,979

12. Deferred tax assets/(liabilities) (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2023	**2022**
	RM	**RM**
Property, plant and equipment	(119,090)	(140,330)
Capital allowance carry-forwards	228,795	227,088
Tax loss carry-forwards	8,553,690	8,199,316
Right-of-use assets	(23,685)	(56,661)
Lease liabilities	24,342	57,049
Provisions	151,887	28,085
Others	24,541	(18,177)
	8,840,480	8,296,370

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.

The deductible temporary differences do not expire except for certain tax loss carry-forwards which will expire in ten (10) years (2022: ten (10) years) under the current tax legislation of Malaysia are as follows:

	Group	
	2023	**2022**
	RM	**RM**
Unutilised tax losses expiring in:		
- 2028	5,981,678	5,981,678
- 2029	627,159	627,159
- 2030	341,383	341,383
- 2031	444,247	777,922
- 2032	471,174	471,174
- 2033	688,049	-
	8,553,690	8,199,316

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

12. Deferred tax assets/(liabilities) (continued)

Movement in temporary differences during the year

Group	At 1.5.2021 RM	Recognised in profit or loss (Note 23) RM	At 30.4.2022/ 1.5.2022 RM	Recognised in profit or loss (Note 23) RM	At 30.4.2023 RM
Property, plant and equipment	(2,107,897)	(31,039)	(2,138,936)	(725,827)	(2,864,763)
Right-of-use assets	(992,155)	162,781	(829,374)	297,202	(532,172)
Lease liabilities	1,052,044	(170,073)	881,971	(306,148)	575,823
Provisions	4,333,309	(492,005)	3,841,304	100,151	3,941,455
Capital allowance carry-forwards	1,013	92,479	93,492	(31,799)	61,693
Reinvestment allowance carry-forwards	38,930	12,636	51,566	-	51,566
Other items	348,913	(119,957)	228,956	235,636	464,592
	2,674,157	(545,178)	2,128,979	(430,785)	1,698,194

13. Inventories

Group	2023 RM	2022 RM
At cost:		
Raw materials	1,609,143	1,394,289
Packaging materials	478,345	382,925
Finished goods and trading goods	77,852,065	79,872,084
Goods in transit	1,024,626	1,784,765
	80,964,179	83,434,063
At net realisable value:		
Finished goods and trading goods	6,563,097	5,902,353
	87,527,276	89,336,416
Recognised in profit or loss:		
Inventories recognised as cost of sales	76,638,750	84,589,334
Inventories written off	368,741	430,118

The write-off is included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS
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14. Cash and cash equivalents

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits placed with licensed banks	24,167,323	42,452,641	1,000,000	3,796,000
Cash and bank balances	10,985,915	14,911,110	469,391	395,529
	35,153,238	57,363,751	1,469,391	4,191,529

15. Capital and reserves

15.1 Share capital

	Group and Company			
	Amount 2023 RM	Number of shares 2023	Amount 2022 RM	Number of shares 2022
Issued and fully paid:				
At 1 May 2022/1 May 2021	312,977,661	300,103,232	2	2
Issued during the year	-	-	312,977,659	300,103,230
At 30 April	312,977,661	300,103,232	312,977,661	300,103,232

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 previous financial year, HOEB repurchased 88,400 of its issued share capital from the open market for a total consideration of RM189,388. The average price paid for the shares repurchased was RM2.14 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
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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 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Trade					
Trade payables		8,368,057	14,737,056	-	-
Other trade payables		4,138,736	6,190,987	-	-
		12,506,793	20,928,043	-	-
Non-trade					
Amounts due to subsidiaries	16.1	-	-	6,720	82,569
Other payables		2,626,887	3,139,896	12,041	300
Deposits received		4,185,091	4,240,596	1,800	-
Accrued expenses		6,529,964	6,921,229	319,393	264,410
		13,341,942	14,301,721	339,954	347,279
		25,848,735	35,229,764	339,954	347,279

16.1 Related party balances

The non-trade balances due to subsidiaries are unsecured and repayable on demand.

17. Provisions

Group	Sales campaign RM	Goods return RM	Restoration cost RM	Total RM
At 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 2022/1 May 2022	438,800	400,000	10,500	849,300
Provisions made during the year	912,639	-	10,500	923,139
Provisions used during the year	(1,015,839)	-	-	(1,015,839)
Reversal of provisions made	-	(400,000)	(7,000)	(407,000)
At 30 April 2023	335,600	-	14,000	349,600

17. Provisions (continued)

Sales campaign

The Group organises various sales campaign programmes for its eligible distributors. Under the respective sales campaigns, eligible distributors 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 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. During the financial year, the provision on goods return was no longer required as the probability of occurrence is unlikely.

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	**2023 RM**	**2022 RM**
Non-current		
Contract liabilities	344,553	118,559
Current		
Contract liabilities	552,518	475,775
	897,071	594,334

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.

Significant changes to contract liabilities balances during the period are as follows:

	Group RM
At 1 May 2021	922,123
Movement during the period:	
- Unearned membership fees	(100,558)
- Unexpired cash vouchers	(227,231)
At 30 April 2022/1 May 2022	594,334
Movement during the period:	
- Unearned membership fees	333,831
- Unexpired cash vouchers	(31,094)
At 30 April 2023	897,071

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

19. Revenue

Group	2023 RM	2022 RM
Revenue from contracts with customers		
- Sale of goods	168,583,315	204,490,433
- Multi-level marketing ("MLM") membership fee	1,754,788	1,960,280
	170,338,103	206,450,713
Other revenue		
- Commissions	387,748	61,285
- Hire purchase and finance lease income	20,161	14,949
- Interest income	192,727	192,571
- Dividend income	204,203	142,087
- Rental income	3,085,695	2,693,810
	3,890,534	3,104,702
Total revenue	174,228,637	209,555,415

Company		
Revenue		
- Dividend income	33,011,355	14,404,955
- Management fee income	2,820,000	705,000
- Administrative and support charges income	1,380,000	345,000
Total revenue	37,211,355	15,454,955

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

19. Revenue (continued)

19.1 Disaggregation of revenue

	Reportable segments									
	Wholesale		Multi-level marketing ("MLM")		Retail		Other non-reportable segments		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue from contracts with customers										
- Sale of goods	59,751,752	53,130,104	68,579,667	113,440,063	39,013,709	36,958,736	1,238,187	961,530	168,583,315	204,490,433
- MLM membership fee	-	-	1,754,788	1,960,280	-	-	-	-	1,754,788	1,960,280
	59,751,752	53,130,104	70,334,455	115,400,343	39,013,709	36,958,736	1,238,187	961,530	170,338,103	206,450,713
Other revenue	-	-	337,163	-	-	-	3,553,371	3,104,702	3,890,534	3,104,702
	59,751,752	53,130,104	70,671,618	115,400,343	39,013,709	36,958,736	4,791,558	4,066,232	174,228,637	209,555,415
Timing and recognition										
At a point in time	59,751,752	53,130,104	68,579,667	113,440,063	39,013,709	36,958,736	1,238,187	961,530	168,583,315	204,490,433
Overtime	-	-	1,754,788	1,960,280	-	-	-	-	1,754,788	1,960,280
	59,751,752	53,130,104	70,334,455	115,400,343	39,013,709	36,958,736	1,238,187	961,530	170,338,103	206,450,713

NOTES TO THE FINANCIAL STATEMENTS
(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
(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	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposits and short term deposits	611,523	589,414	59,833	16,181

21. Finance costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on lease liabilities	221,098	217,365	-	-

22. Profit before tax

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax is arrived at after charging/ (crediting):				
Auditors' remuneration:				
Audit fees:				
- KPMG PLT	400,750	370,800	39,500	34,000
- Other auditors	52,609	47,555	-	-
Non-audit fees:				
- KPMG PLT	15,000	15,000	15,000	15,000
Material expenses/(income)				
Changes in lease payments arising from rent concessions	(24,147)	(232,119)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

22. Profit before tax (continued)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax is arrived at after charging/(crediting): (continued)				
Material expenses/(income) (continued)				
Depreciation of investment properties	691,507	691,507	-	-
Depreciation of property, plant and equipment	3,089,603	3,511,571	5,123	1,265
Deprecation of right-of-use assets	1,724,198	1,864,809	-	-
Inventories written off	368,741	430,118	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,928,695	2,911,480	331,078	101,808
- Wages, salaries and others	28,036,140	25,807,034	3,461,384	1,092,234
Property, plant and equipment written off	71,239	26,088	-	-
Provision for sales campaign	912,369	1,052,549	-	-
Reversal for provision goods return	(400,000)	-	-	-
Reversal for provision of restoration cost	(7,000)	-	-	-
Net foreign exchange differences:				
- Unrealised	29,228	(243,594)	-	-
- Realised	(616,149)	(378,044)	-	-
Dividend income from:				
- Subsidiaries	-	-	(33,011,355)	(14,404,955)
- Unit trusts	(808,635)	(804,071)	(84,683)	-
Fair value gain on other investments	(793,485)	(21,404)	(6,085)	-
Gain on disposal of other investments	(112,223)	-	-	-
Gain on disposal of property, plant and equipment	(1,792,771)	(2,506,165)	-	-
Gain on termination of right-of-use assets	-	(30,979)	-	-
Management fees receivable from:				
- Subsidiaries	-	-	(2,820,000)	(705,000)
- Others	(40,200)	(40,200)	-	-
Administrative charges receivable from subsidiaries	-	-	(1,380,000)	(345,000)
Rental income from investment properties	(3,406,967)	(2,989,509)	-	-
Net (gain)/loss on impairment of financial instruments				
Financial assets at amortised cost:				
- Trade receivables	(7,301)	(152,738)	-	-
- Other receivables	(14,202)	720,342	-	-
	(21,503)	567,604	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

23. Tax expense

Recognised in profit or loss

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense				
Current year	7,313,191	10,922,617	241,498	34,082
Over provision in prior years	(254,893)	(94,487)	(3,303)	-
Total current tax recognised in profit or loss	7,058,298	10,828,130	238,195	34,082
Deferred tax expense				
Origination and reversal of temporary differences	(303,151)	588,109	-	-
Under/(Over) provision in prior years	733,936	(42,931)	-	-
Total deferred tax recognised in profit or loss (Note 12)	430,785	545,178	-	-
Total income tax expense	7,489,083	11,373,308	238,195	34,082
Reconciliation of tax expense				
Profit before tax	24,264,071	40,300,345	32,901,687	13,990,049
Income tax calculated using Malaysian tax rate of 24%	5,823,377	9,672,083	7,896,405	3,357,612
Non-deductible expenses	1,458,379	1,688,168	288,142	133,659
Tax exempt income	(402,302)	(261,639)	(7,943,049)	(3,457,189)
Effect of deferred tax assets not recognised	130,586	412,114	-	-
Under/(Over) provision in prior years	479,043	(137,418)	(3,303)	-
	7,489,083	11,373,308	238,195	34,082

24. Earnings per ordinary share

Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share at 30 April 2023 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2023 RM	2022 RM
Profit attributable to ordinary shareholders	16,285,082	28,197,187

Weighted average number of ordinary shares

	Group	
	2023	2022
Issued ordinary shares at 1 May 2022/2021	300,103,232	300,297,892
Effect of treasury shares held	-	(2,133,487)
Weighted average number of ordinary shares at 30 April	300,103,232	298,164,405
Basic and diluted earnings per ordinary share (sen)	5.43	9.46

The diluted earnings per share is presented the same as basic earnings per share given that the Group does not have any dilutive potential ordinary share.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

25. Dividends

Dividends recognised by the Group:

	Sen per share	Total amount RM	Date of payment
2023			
Final 2022 ordinary	5	15,005,162	30 November 2022
First Interim 2023 ordinary	3	9,003,097	16 March 2023
		24,008,259	
2022			
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	

* 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 2023 is 2 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.

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 2023 and 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

26. Operating segments (continued)

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.

Group	**Wholesale RM'000**	**Multi-level Marketing RM'000**	**Retail RM'000**	**Other non-reportable segment RM'000**	**Total RM'000**
2023					
Segment profit	33,178	8,236	2,774	35,871	80,059
Included in the measure of segment profit are:					
Revenue from external customers	59,752	70,672	39,014	4,791	174,229
Inter-segment revenue	67,914	61	2	42,532	110,509
Depreciation	(1,253)	(1,491)	(1,946)	(815)	(5,505)
Not included in the measure of segment profit but provided to CODM:					
Tax expense	(4,602)	(1,953)	(697)	(237)	(7,489)
Segment assets	178,324	85,769	38,905	50,184	353,182
Included in the measure of segment assets is:					
Additions to non-current assets other than financial instruments and deferred tax assets	1,412	1,546	506	110	3,574
Segment liabilities	12,803	11,175	5,709	1,723	31,410

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

26. Operating segments (continued)

Group	Wholesale RM'000	Multi-level Marketing RM'000	Retail RM'000	Other non-reportable segment RM'000	Total RM'000
2022					
Segment profit	20,262	21,065	3,439	17,297	62,063
Included in the measure of segment profit are:					
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)
Not included in the measure of segment profit but provided to CODM:					
Tax expense	(4,412)	(5,996)	(770)	(195)	(11,373)
Segment assets	176,514	107,409	38,204	48,012	370,139
Included in the measure of segment assets is:					
Additions to non-current assets other than financial instruments and deferred tax assets	158	606	517	470	1,751
Segment liabilities	18,789	14,746	5,788	1,717	41,040

Reconciliation of operating segments' profit or loss

	Group 2023 RM'000	Group 2022 RM'000
Profit or loss		
Total profit or loss for operating segments	80,059	62,063
Elimination of inter-segment profits	(55,795)	(21,763)
Tax expense	(7,489)	(11,373)
Consolidated profit for the year	16,775	28,927

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 2023 categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

(b) Amortised cost ("AC")

(c) Fair value through other comprehensive income ("FVOCI")
- Equity instrument designated upon initial recognition ("EIDUIR")

2023	Carrying amount RM	FVTPL – Mandatorily required by MFRS 9 RM	AC RM	FVOCI – EIDUIR RM
Financial assets				
Group				
Other investments	67,772,974	60,584,802	-	7,188,172
Trade and other receivables	17,994,098	-	17,994,098	-
Cash and cash equivalents	35,153,238	-	35,153,238	-
	120,920,310	60,584,802	53,147,336	7,188,172
Company				
Other investments	6,590,768	6,590,768	-	-
Trade and other receivables	6,028,402	-	6,028,402	-
Cash and cash equivalents	1,469,391	-	1,469,391	-
	14,088,561	6,590,768	7,497,793	-
Financial liabilities				
Group				
Trade and other payables	(25,848,735)	-	(25,848,735)	-
Company				
Trade and other payables	(339,954)	-	(339,954)	-

NOTES TO THE FINANCIAL STATEMENTS
(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	FVOCI – EIDUIR RM
Financial assets				
Group				
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	-
Company				
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	-
Financial liabilities				
Group				
Trade and other payables	(35,229,764)	-	(35,229,764)	-
Company				
Trade and other payables	(347,279)	-	(347,279)	-

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
-Mandatorily required by MFRS 9	1,714,343	825,475	90,768	-
Equity instruments designated at fair value through other comprehensive income:				
-Recognised in other comprehensive income	(495,736)	-	-	-
Financial assets at amortised cost	661,133	534,812	59,833	16,181
Financial liabilities at amortised cost	771,702	316,156	-	-
	2,651,442	1,676,443	150,601	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. Financial instruments (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. Financial instruments (continued)

27.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

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.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 April 2023.

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
2023			
Not past due	14,199,050	(34,209)	14,164,841
Past due 1 – 30 days	858,006	(25,653)	832,353
Past due 31 – 60 days	335,191	(40,283)	294,908
Past due more than 60 days	911,623	(639,666)	271,957
	16,303,870	(739,811)	15,564,059
Credit impaired			
Individually impaired	1,139,750	(1,139,750)	-
	17,443,620	(1,879,561)	15,564,059
2022			
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
Credit impaired			
Individually impaired	1,141,201	(1,141,201)	-
	16,412,046	(1,888,313)	14,523,733

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
Balance at 1 May 2021	2,041,051
Individually impaired	190,500
Reversal of impairment loss	(200)
Net remeasurement of loss allowance	(343,038)
Balance at 30 April 2022/1 May 2022	1,888,313
Amounts written off	(1,451)
Net remeasurement of loss allowance	(7,301)
Balance at 30 April 2023	1,879,561

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 RM3,116,732 (2022: RM3,130,934) which are deemed not recoverable and impaired, the Group did not recognise any allowance for impairment losses.

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.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. Financial instruments (continued)

27.4 Credit risk (continued)

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 and lease liabilities.

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.

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
Group							
2023							
Non-derivative financial liabilities							
Lease liabilities	3,824,989	4.15% - 5.60%	4,194,789	1,520,770	1,126,269	1,524,700	23,050
Trade and other payables	25,848,735	-	25,848,735	25,848,735	-	-	-
	29,673,724		30,043,524	27,369,505	1,126,269	1,524,700	23,050
Company							
2023							
Trade and other payables	339,954	-	339,954	339,954	-	-	-
Group							
2022							
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
Company							
2022							
Trade and other payables	347,279	-	347,279	347,279	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

(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 Australian Dollar ("AUD"), Chinese Renminbi ("RMB"), Japanese Yen ("JPY"), Pound Sterling ("GBP"), U.S. Dollar ("USD"), Singapore Dollar ("SGD") 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**
Group				
2023				
Australian Dollar	-	-	(93,092)	(93,092)
Chinese Renminbi	65,900	4,218,144	(603,479)	3,680,565
Japanese Yen	-	-	(108,658)	(108,658)
Pound Sterling	-	-	(429,696)	(429,696)
U.S. Dollar	80,540	2,607,303	(661,706)	2,026,137
Singapore Dollar	699,132	36,141	-	735,273
Euro	-	-	(133,854)	(133,854)
Net exposure	845,572	6,861,588	(2,030,485)	5,676,675
Group				
2022				
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)
Net exposure	1,024,988	8,005,300	(5,872,547)	3,157,741

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 AUD, RMB, JPY, GBP, USD, SGD and EUR.

A 5% (2022: 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	
	2023	**2022**
	RM	**RM**
AUD	(3,537)	-
RMB	139,861	109,414
JPY	(4,129)	-
GBP	(16,328)	-
USD	76,993	(7,179)
SGD	27,940	28,319
EUR	(5,086)	(10,560)

A 5% (2022: 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	
	2023	**2022**	**2023**	**2022**
	RM	**RM**	**RM**	**RM**
Fixed rate instruments				
Financial assets	26,466,502	44,256,901	1,000,000	3,796,000
Financial liabilities	(3,824,989)	(3,731,922)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(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
(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.

	Fair value of financial instruments carried at fair value				Total fair	Carrying
	Level 1	Level 2	Level 3	Total	value	amount
2023	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial assets						
Group						
Quoted shares	7,188,522	-	-	7,188,522	7,188,522	7,188,522
Unquoted shares	-	-	111,920	111,920	111,920	111,920
Unit trusts	-	60,472,532	-	60,472,532	60,472,532	60,472,532
	7,188,522	60,472,532	111,920	67,772,974	67,772,974	67,772,974
Company						
Unit trusts	-	6,590,768	-	6,590,768	6,590,768	6,590,768
2022						
Financial assets						
Group						
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

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 (2022: no transfer in either direction).

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

27. Financial instruments (continued)

27.7 Fair value information (continued)

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:

	2023 RM	2022 RM
Unquoted share		
At 1 May 2022/2021	111,920	11,920
Purchases	-	100,000
At 30 April	111,920	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.

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	2023 RM	2022 RM
Capital expenditure and other commitments		
Property, plant and equipment		
Approved, contracted but not provided for	2,402,666	1,694,253
Capital investment		
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.

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	
	2023 RM	**2022 RM**	**2023 RM**	**2022 RM**
A. Subsidiaries				
Dividend income	-	-	33,011,355	14,404,955
Management fees income	-	-	2,820,000	705,000
Administrative and support charges income	-	-	1,380,000	345,000
B. Joint venture				
Sale of goods	(510,215)	(355,618)	-	-
Rental income from properties	(357,696)	(348,754)	-	-
C. Key management personnel *				
Directors of the Company:				
- Fees	193,144	217,000	155,144	76,664
- Remuneration	2,796,115	3,799,977	1,435,381	416,762
	2,989,259	4,016,977	1,590,525	493,426
Directors of subsidiaries:				
- Fees	26,250	39,667	-	-
- Remuneration	672,123	550,290	-	-
	698,373	589,957	-	-
Total	3,687,632	4,606,934	1,590,525	493,426

* Excludes Benefit-In-Kind

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

31. Business combinations

2023

31.1 Acquisition of non-controlling interests

In September 2022, October 2022, January 2023 and April 2023, the Group had acquired additional 2,000, 1,000, 9,000 and 7,000 shares of RM2.80 respectively each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM53,200. These acquisitions increased the equity of the Company in Hai-O Raya Bhd. from 67.50% to 68.13%.

The Group recognised a decrease in non-controlling interests of RM180,292 and an increase in retained earnings of RM127,092 in respect of the above transactions.

2022

31.2 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.

32. Significant events after the financial year end

On 26 April 2023, the Company has entered into Agreement on Sale and Purchase of Shares with its subsidiary, Hai-O Enterprise Bhd. to acquire 100% equity interest in Sahajidah Hai-O Marketing Sdn. Bhd., Hai-O Credit & Leasing Sdn. Bhd., and SG Global Biotech Sdn. Bhd. for a total cash consideration of RM5,500,000. The shares transfer have been completed on 24 July 2023 and Sahajidah Hai-O Marketing Sdn. Bhd., Hai-O Credit & Leasing Sdn. Bhd., and SG Global Biotech Sdn. Bhd. are now direct subsidiaries of the Company.

On 7 August 2023, the Company acquired 100% equity interest in BH Wellness Sdn. Bhd. (formerly known as Hai-O I. Sdn. Bhd.) from its wholly owned subsidiary, Hai-O Enterprise Bhd. for a total cash consideration of RM350,000. With effect thereof, BH Wellness Sdn. Bhd. is now direct subsidiary of the Company.

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 90 to 160 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 2023 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	**Hew Von Kin**
Director	Director

Kuala Lumpur

Date: 15 August 2023

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 90 to 160 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 2023.

………………………………
Tan Keng Kang

Before me:

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 2023 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 90 to 160.

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 2023, 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 key audit matter

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 RM70,671,618 for the financial year ended 30 April 2023.

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)

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 RM87,527,276 as at 30 April 2023.

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.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BESHOM HOLDINGS BERHAD (CONTINUED)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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.

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 entites 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BESHOM HOLDINGS BERHAD (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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.

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 2023

Lam Shuh Siang
Approval Number: 03045/02/2025 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

AS AT 2 AUGUST 2023

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	1,394	39,329	0.01
100 - 1,000	1,312	469,667	0.16
1,001 - 10,000	5,959	23,142,629	7.71
10,001 - 100,000	2,519	65,180,372	21.72
100,001 – 15,005,161 (Less than 5% of issued shares)	242	136,279,126	45.41
15,005,162 and above (5% and above of issued shares)	3	74,992,109	24.99
Total	**11,429**	**300,103,232**	**100.00**

THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares	% of Shares
1.	Tan Kai Hee Family Holdings Sdn Bhd	32,787,229	10.93
2.	Akintan Sdn Bhd	26,058,175	8.68
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	5,580,398	1.86
8.	Key Development Sdn Berhad	3,894,230	1.30
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chen Tam Chai	3,528,050	1.18
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)	2,916,428	0.97
12.	Tan Puah Khin @ Tan Puan Hee	2,835,021	0.94
13.	Chin Chin Sing @ Tan Cheng Beng	2,625,379	0.87
14.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Yoke Fong	2,092,126	0.70
15.	Oon Teik Chye	2,076,248	0.69

ANALYSIS OF SHAREHOLDINGS
AS AT 2 AUGUST 2023 (CONTINUED)

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

Name	No. of Shares	% of Shares
16. Tan Keng Song	1,940,000	0.65
17. Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 1)	1,800,550	0.60
18. Kong Shiuh Yong	1,787,400	0.60
19. Huang, Chin-Chueh	1,665,408	0.56
20. Chong Foong Foong	1,663,637	0.55
21. Milo McConaghy	1,595,076	0.53
22. Amy McConaghy	1,592,665	0.53
23. Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,592,273	0.53
24. Triple Momentum Sdn. Bhd.	1,438,992	0.48
25. Lim Siew Oon	1,407,306	0.47
26. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For 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. Khoo Bee @ Khoo Bee Guat	1,086,230	0.36
30. Phan Van Denh	878,271	0.29
Total	**158,723,907**	**52.89**

ANALYSIS OF SHAREHOLDINGS

AS AT 2 AUGUST 2023 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(According to the Register of Substantial Shareholders as at 2 August 2023)

Name	Direct Holdings		Indirect Holdings	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Kai Hee Family Holdings Sdn Bhd	32,787,229	10.93	31,638,573 (note a)	10.54
2. Akintan Sdn Bhd	26,058,175	8.68	-	-
3. Excellant Communication Sdn Bhd	16,146,705	5.38	-	-
4. Tan Keng Kang	12,864,793	4.29	65,584,373 (note b)	21.85
5. Phan Van Denh	878,271	0.29	77,570,895 (note c)	25.85

DIRECTORS' SHAREHOLDINGS
(According to the Register of Directors' Shareholdings as at 2 August 2023)

Name	Direct Holdings		Indirect Holdings	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Keng Kang	12,864,793	4.29	65,584,373 (note b)	21.85
2. Hew Von Kin	416,580	0.14	-	-
3. Chia Kuo Wui	1,434,427	0.48	-	-
4. Soon Eng Sing	51,923	0.02	-	-
5. Tan Beng Ling	-	-	-	-
6. Professor Hajjah Ruhanas Binti Harun	-	-	-	-
7. Ng Chek Yong	-	-	-	-
8. Tay Bee Koo	-	-	-	-

a) *Deemed interested by virtue of its substantial interest in Akintan Sdn. Bhd. and Daritan Sdn. Bhd. in BESHOM respectively.*
b) *Deemed interested by virtue of his substantial interest in Tan Kai Hee Family Holdings Sdn. Bhd., Akintan Sdn. Bhd., Daritan Sdn. Bhd. and through the direct and indirect interest of his family members in BESHOM respectively.*
c) *Deemed interested through the direct and indirect interest of her spouse.*

In the subsidiaries

By virtue of his interests in shares in the Company, Tan Keng Kang is also deemed to be interested in 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 2023)

Name	Direct Holdings		Indirect Holdings	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Keng Kang	16,000	0.53	78,000 (note d)	2.60
2. Hew Von Kin	3,000	0.10	-	-

d) *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 spouse in Hai-O Raya Bhd. respectively.*

TOP 10 PROPERTIES

AS AT 30 APRIL 2023

No.	Location	Description	Date of Acquisition	Land/ Floor Area (sg.ft.)	Tenure	Existing Use	Age (year)	Date of Expiry	Net book value as at 30/04/2023 (RM)
1.	Lot 3203, 3205, 6724, 44128, 98804, 98805 and 102078 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	1,211,187	Freehold	Office, warehouse & a portion being left as vacant land	Range from 19 to 54	-	42,363,515
2.	Geran 7155/M1 Menara Hai-O, Jalan Bukit Bintang 55100 Kuala Lumpur	Shoplots, Office lots at Ground, 1st, 6th, 8th & 9th floor, 4 units of apartments & 284 number of car park bays (2nd - 6th floor)	22 Aug 1995, 29 Dec 1997, 01 May 1999 & 05 Feb 2001	86,721	Freehold	Shoplots, Offices Residential & Car park	45	-	14,022,250
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	13	-	12,692,365
4.	Geran 60815 - Lot 4093, Geran 74962 - Lot 1802, Geran 17405 - Lot 1791, Geran 74980 - Lot 4114, Mukim Setul, Daerah Seremban, Negeri Sembilan	Land	3 June 2014	1,145,268	Freehold	Orchard farm	9	-	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	40 & 26	-	7,928,683
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 August 2017	14,689	Freehold	Shoplot, warehouse & a portion is vacant	Range from 35 to 45	-	6,034,728
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	45	29 Sept 2077	2,901,904
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 Jun 2016	9,900	Freehold	Shop	10	-	2,681,743
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 (2nd floor)	20 Oct 1995	18,708	Leasehold for 99 years	Offices	28	20 Oct 2084	2,167,728
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 Sep 2016	3,012	Leasehold for 99 years	Shop	8	31 Dec 2110	1,996,917

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 3rd 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, 26 September 2023 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 2023 and the Reports of the Directors and Auditors thereon. **Refer to Explanatory Note**

2. To re-elect Director Ms. Tay Bee Koo who is retiring pursuant to Clause 97 of the Company's Constitution. **Resolution 1**

3. To re-elect the following Directors who are retiring by rotation pursuant to Clause 119 of the Company's Constitution: -
   i. Mr. Ng Chek Yong **Resolution 2**
   ii. Mr. Tan Keng Kang **Resolution 3**
   iii. Ms. Tan Beng Ling

   Ms. Tan Beng Ling has expressed her intention not to seek for re-election. Hence, Ms. Tan will retain office until the close of the 3rd AGM.

4. i. To approve the payment of Directors' fees amounting to RM155,144 for the financial year ended 30 April 2023. **Resolution 4**

   ii. To approve the payment of Directors' remuneration and benefits (excluding Directors' fees) to the Non-Executive Directors up to an amount of RM700,000 from 27 September 2023 until the next Annual General Meeting of the Company. **Resolution 5**

5. To declare a final single tier dividend of 2 sen per ordinary share for the financial year ended 30 April 2023. **Resolution 6**

6. To re-appoint Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

As Special Business: -

7. 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 8**

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act") 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."

AND THAT in connection with the above, pursuant to Section 85 of the Act read together with Clause 59 of the Constitution of the Company, approval be and is hereby given to the Company to waive the statutory pre-emptive rights conferred upon the shareholders of the Company and that the Board is exempted from the obligation to offer such New Shares first to the existing shareholders of the Company arising from any issuance of the New Shares pursuant to the Mandate."

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

ORDINARY RESOLUTION II

ii. Proposed Share Buy-Back by the Company **Resolution 9**

"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 3rd Annual General Meeting to be held on 26 September 2023, a final single tier dividend of 2 sen per ordinary share in respect of the financial year ended 30 April 2023 will be paid on 30 November 2023. The entitlement date for the dividend payment is on 22 November 2023.

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 2023 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
28 August 2023

Notes:
1. *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 19 September 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 3rd 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 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 proportions of his holding(s) 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 3rd 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_conveneagm@kpmg.com.my** or at **https://conveneagm.my/beshomagm2023**, the ConveneAGM Meeting Platform. Please follow the procedures provided in the Administrative Guide of the 3rd 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 3rd AGM by yourself, please write in to support_conveneagm@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.*

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.

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

Ordinary Resolutions 1,2 and 3

In determining the eligibility of the Directors standing for re-election at the forthcoming 3rd 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;
iv) Assessment on the fit and proper of the directors in line with the Directors' Fit and Proper Policy of the Company; and
v) Assessment on the tenure of service of the Independent Directors and composition of the Board.

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 circumstance.

On the proposed Ordinary Resolution 1, the NC has assessed Ms Tay Bee Koo's qualification, skills, experience and fit and proper criteria in line with the Directors' Fit and Proper Policy prior to her appointment on 6 April 2023.

Based on the above, the Board endorsed the NC's recommendation on re-election of the retiring directors.

Ordinary Resolution 4

Payment of the Directors' fees for the financial year ended 30 April 2023 amounting to RM155,144 will be made by the Company if the proposed Ordinary Resolution 4 is passed at the forthcoming Annual General Meeting.

Ordinary Resolution 5

The Directors' remuneration and benefits (excluding Directors' fees) comprises emoluments and other benefits payable to the Non-Executive Directors from 27 September 2023 until the next Annual General Meeting of the Company. For newly appointed Non-Executive Director, the Directors' remuneration and benefits (excluding Directors' fees) are payable from the date of appointment during the year. 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 RM40,000 per month in total
Meeting attendance allowance	RM1,000 to RM2,000 depends on the number of meeting(s) held on the same day.
Board Committee 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 5 is passed.

Ordinary Resolution 7

The Board, through the Audit Committee had conducted assessment on the external auditors' performance and competency taken into consideration of the audit quality, resource capacity, independence and the 2022 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 3rd AGM of the Company.

NOTICE OF ANNUAL GENERAL MEETING
(CONTINUED)

Ordinary Resolution 8 – Mandate to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Directors did not issue any new shares pursuant to the existing Mandate which will lapse at the conclusion of the 3rd AGM. 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 9 - 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 28 August 2023 accompanying the Annual Report 2023.

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 3rd 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 3rd Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 3rd 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 Director, Ms. Tay Bee Koo who was appointed during the year and retiring pursuant to Clause 97 of the Company's Constitution.

2) The Directors who are retiring by rotation pursuant to Clause 119 of the Company's Constitution, are as follows: -

   i. Mr. Ng Chek Yong
   ii. Mr. Tan Keng Kang

   The details of the three (3) Directors seeking for re-election are set out in the Directors' profiles appearing on pages 10 to 14 of the Annual Report.

3) Details of attendance of Directors at Board Meetings held during the financial year ended 30 April 2023 are set out on page 82 of the Annual Report.

4) Place, Date and Time of the 3rd 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 : 26 September 2023 (Tuesday)
   Time : 11:30 a.m.

BESHOM

BESHOM HOLDINGS BERHAD
Registration No.: 202101001114 (1401412-A)
(Incorporated in Malaysia)

CDS Account No.	
No. of ordinary shares held	

FORM OF PROXY

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 3rd **Annual General Meeting** of the Company will be held on at Ballroom I, Level 2, The Federal Hotel Kuala Lumpur, No. 35, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia on Tuesday, 26 September 2023 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 Ms. Tay Bee Koo as a Director.		
Resolution 2	Re-election of Mr. Ng Chek Yong as a Director.		
Resolution 3	Re-election of Mr. Tan Keng Kang as a Director.		
Resolution 4	Approval for the payment of Directors' fees for the financial year ended 30 April 2023.		
Resolution 5	Approval for the payment of Directors' remuneration and benefits (excluding Directors' fees) to the Non-Executive Directors from 27 September 2023 until the next Annual General Meeting of the Company.		
Resolution 6	Declaration of a final single tier dividend of 2 sen per ordinary share.		
Resolution 7	Re-appointment of Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 8	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Resolution 9	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

Lastly, fold this flap for sealing

Notes:

1. *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 19 September 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 3rd 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 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 proportions of his holding(s) 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 3rd 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_conveneagm@kpmg.com.my*** *or at* ***https://conveneagm.my/beshomagm2023****, the ConveneAGM Meeting Platform. Please follow the procedures provided in the Administrative Guide of the 3rd 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 3rd AGM by yourself, please write in to support_conveneagm@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.*

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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

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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. No. : 03-7880 9699 Fax No. : 03-7880 8699
Email : info@beshom.com