HAI-O ENTERPRISE BERHAD

Registration No. 197501000919 (22544-D)

TRANSITIONING TO A VIBRANT FUTURE

Annual Report 2021

Scan this QR code to view our **Annual Report 2021** on your mobile or tablet or log on to our website at www.hai-o.com.my

46TH ANNUAL GENERAL MEETING

21 OCTOBER 2021

Thursday, 11:30 a.m.

Broadcast Venue
Lot 6.03, 6th Floor, Menara Hai-O,
Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia

WHAT'S INSIDE

CORPORATE FRAMEWORK

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION

CORPORATE INFORMATION

AS AT 3 SEPTEMBER 2021

Board of Directors

Tan Kai Hee
Group Executive Chairman
Non-Independent

Tan Keng Kang
Group Managing Director
Non-Independent

Hew Von Kin
Group Executive Director cum
Group Chief Financial Officer
Non-Independent

Ng Chek Yong
Senior Independent
Non-Executive Director

Tan Beng Ling
Independent
Non-Executive Director

Soon Eng Sing
Independent
Non-Executive Director

Chia Kuo Wui
Independent
Non-Executive Director

Tan Kim Siong
Independent
Non-Executive Director

Professor Hajjah Ruhanas Binti Harun
Independent
Non-Executive Director

AUDIT COMMITTEE

Chairperson
Tan Beng Ling

Members
Tan Kim Siong
Chia Kuo Wui

COMPANY SECRETARIES

Cynthia Gloria Louis
(SSM PC No. 201908003061)
(MAICSA 7008306)

Chew Mei Ling
(SSM PC No. 201908003178)
(MAICSA 7019175)

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

REGISTERED OFFICE

Unit 621, 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
Email : 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
Email : info@hai-o.com.my
Website URL : www.hai-o.com.my

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

Chooi & Company + Cheang & Ariff

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Name / Code: HAIO 7668
ISIN : MYL766800006

GROUP CORPORATE STRUCTURE

OF MAIN OPERATING COMPANIES AS AT 3 SEPTEMBER 2021

HAI-O ENTERPRISE BERHAD

WHOLESALE

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

MULTI-LEVEL MARKETING ("MLM")

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

RETAIL

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

MANUFACTURING

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

OTHERS

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

● Subsidiary Company ● Associate Company ● Joint Venture Company

GROUP FINANCIAL HIGHLIGHTS

	YEAR ENDED 30 APRIL				
	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	404,240	461,696	328,407	255,174	**271,390**
Gross profit	132,528	161,547	125,894	99,171	**104,981**
Gross margin	32.8%	35.0%	38.3%	38.9%	**38.7%**
Profit before tax	78,269	96,491	63,394	41,517	**52,284**
Profit after tax	59,415	72,521	47,447	32,319	**38,933**
Profit attributable to Owners of the Company	59,475	72,254	47,743	32,576	**38,816**
Net margin	14.7%	15.7%	14.4%	12.7%	**14.3%**
Total Assets	364,301	395,999	364,235	361,720	**371,500**
Total Liabilities	68,132	77,076	43,561	51,530	**48,400**
Share capital	149,327	157,092	157,256	157,256	**157,256**
Shareholders' equity	284,815	307,905	310,219	299,586	**312,759**

Financial Indicators

	2017	2018	2019	2020	2021
Return on Shareholders' Equity	20.9%	23.5%	15.4%	10.9%	**12.4%**
Earnings per share (sen)^*	20.54	24.88	16.43	11.22	**13.39**
Single Tier Dividend (sen)	16.0	20.0	13.0	10.0	**9.0**
Current ratio (times)	3.5	3.3	5.0	4.5	**5.0**
Net assets per share (sen)^^	98	106	107	103	**108**
Price earnings ratio (times)	18.55	19.93	15.64	15.33	**16.13**
Share Price as at the financial year end (RM)	3.81	4.96	2.57	1.72	**2.16**
Market Capitalisation as at the financial year end (RM'000)	1,137,871	1,489,309	771,766	516,512	**648,643**

Notes:

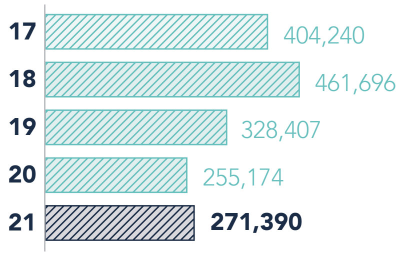
^ Calculated based on weighted average number of shares in issue, net of treasury shares and after adjustment for the Bonus Issue in FY2017.

^^ Equity attributable to owners of the Company after adjustment for the Bonus Issue in FY2017.

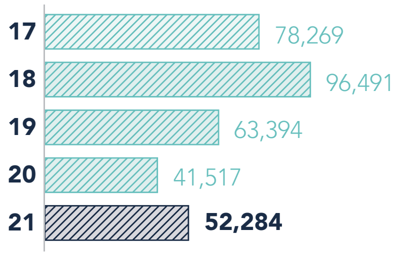
* FY2018 & FY2019 calculation after inclusion of shares issued pursuant to Employees' Share Option Scheme ("ESOS") exercised.

GROUP FINANCIAL HIGHLIGHTS
(CONTINUED)

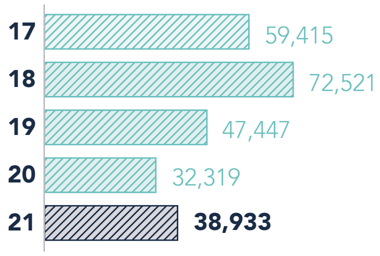
REVENUE
(RM'000)



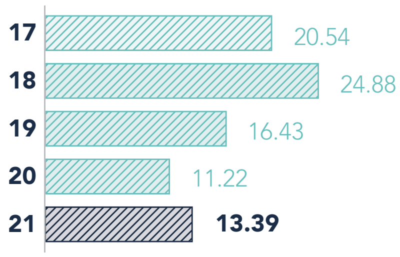
PROFIT BEFORE TAXATION
(RM'000)



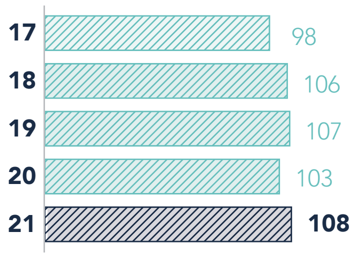
PROFIT AFTER TAX
(RM'000)



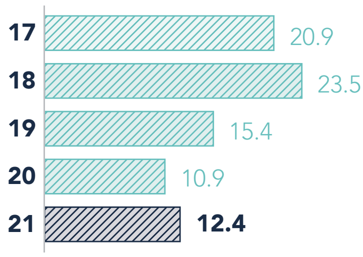
EARNINGS PER SHARE
(SEN)



NET ASSETS PER SHARE
(SEN)



RETURN ON SHAREHOLDERS' EQUITY
(%)



	Dividends (RM'000)	Payout ratio
FY2012	17,794	50%
FY2013	27,584	57%
FY2014	27,416	67%
FY2015	29,195	96%
FY2016	28,972	79%
FY2017	41,629	70%
FY2018	58,176	80%
FY2019	37,745	80%
FY2020	29,013	90%
FY2021	26,584	68%
10 YEARS CASH DIVIDEND (FY2012-2021)	**324,108**	**73%**

CORPORATE PROFILE

WHO WE ARE

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 Wholesaling, Retailing and Multi-Level-Marketing ("MLM").

The Company 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.

The "Hai-O" brand name has been the Group's proud history and footprint in Malaysia and the Company has sought listing using the "Hai-O" brand name. However, to facilitate the future strategic direction, an internal reorganisation is being undertaken where the Group's listing vehicle will be rebranded to Beshom Holdings Berhad ("BESHOM"). Our new corporate identity will allow the Group to achieve greater flexibility in management, reporting, and reorganising our businesses, whilst "Hai-O" brand name will remain as our key brand ambassador as a trusted traditional health food supplier.

OUR BRICK & MORTAR PRESENCE

36

MLM branches, stockists and sales points

55

Retail chain stores and franchises

2

International-standard manufacturing facilities

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 more than 89,000 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.

WHERE WE OPERATE

The Group operates primarily in Malaysia with a total of 93 business setups units comprising 36 MLM branches, stockists and sales points spanning 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 foothold in all major cities in Malaysia. The Group's 2 international-standard manufacturing facilities are located in Klang, Selangor.

BOARD OF DIRECTORS

From left to right (Behind):

Tan Beng Ling / Independent Non-Executive Director
Chia Kuo Wui / Independent Non-Executive Director
Soon Eng Sing / Independent Non-Executive Director
Tan Kim Siong / Independent Non-Executive Director
Professor Hajjah Ruhanas Binti Harun / Independent Non-Executive Director

From left to right (Front):

Tan Keng Kang / Group Managing Director, Non-Independent
Tan Kai Hee / Group Executive Chairman, Non-Independent
Hew Von Kin / Group Executive Director cum Group Chief Financial Officer, Non-Independent
Ng Chek Yong / Senior Independent Non-Executive Director

PROFILE OF THE BOARD OF DIRECTORS

Tan Kai Hee

Group Executive Chairman
Non-Independent

Age	84
Gender	Male
Nationality	Malaysian

Mr. Tan Kai Hee is one of the founders, main policy and decision-makers of the Company. Mr. Tan, a well-known businessman, has more than 40 years of commercial experience in the trading business.

Apart from managing the Company's business, he is also an active social worker involved in community work for the past 40 years. Mr. Tan is the founder of the Malaysia-China Friendship Association (PPMC: Honorary Life President, Malaysia-China Chamber of Commerce (MCCC: Honorary President), Malaysia-China Culture & Arts Association (PKKMC: Advisor), and Vice President of China-Asean Business Association, Malaysia (CABA). Mr. Tan is also a Founder / Joint President of Tan Kah Kee Foundation and an advisor to the Federation of Chinese Physicians and Medicine Dealers Association of Malaysia (FCPMDAM).

In 2014, Mr. Tan has sponsored the formation of Yayasan Usman Awang, a non-profit organisation which honours the literary works of Malaysian National Laureate Dato' Usman Awang.

Mr. Tan was appointed to the Board on 30 August 1975 and was appointed as Group Executive Chairman on 1 February 2016. He is the Chairman of the Employees' Share Option Scheme (ESOS) Committee. He is a Director in Hai-O Raya Bhd and also holds directorship in several private limited companies.

Mr. Tan is the father of Mr. Tan Keng Kang, the Group Managing Director of Hai-O.

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 Keng Kang

Group Managing Director
Non-Independent

Age	45
Gender	Male
Nationality	Malaysian

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

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

Mr. Tan was appointed to the Board 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 and is also a director in 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 Hai-O 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 (Secretary-General), China-Asean (Malaysia) Entrepreneurs' Association (Vice President), China Trade Promotion Association (Vice President) and also Advisor to China Entrepreneurs' Association in Malaysia (PUCM).

Mr. Tan Keng Kang is the son of Mr. Tan Kai Hee who is the Group Executive Chairman of Hai-O.

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)

Hew Von Kin

Group Executive Director cum Group Chief Financial Officer Non-Independent

Age	59
Gender	Male
Nationality	Malaysian

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

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

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

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

Mr. Hew was appointed to the Board as Group Executive Director on 1 February 2016. He is the Chairman of the Risk Management Committee, a member of the Sustainability Steering Committee and ESOS Committee. He also 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 Hai-O.

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.

Ng Chek Yong

Senior Independent Non-Executive Director

Age	64
Gender	Male
Nationality	Malaysian

Mr. Ng Chek Yong completed his A Level at Cambridge Higher School Certificate, St. Patrick School, Kuching, Sarawak, Malaysia. Mr. Ng joined 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), 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, 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 on 2 May 2019 and was designated as the Senior Independent Non-Executive Director on 1 July 2020. He is the Chairman of the Nominating Committee and also a member of the Risk Management Committee.

He has no family relationship with any other director or major shareholder of Hai-O.

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

PROFILE OF THE BOARD OF DIRECTORS

(CONTINUED)

Tan Beng Ling

Independent Non-Executive Director

Age	58
Gender	Female
Nationality	Malaysian

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

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

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

Ms. Tan was appointed to the Board on 16 April 2018 as an Independent Non-Executive Director. She is a member of the Audit Committee since 16 April 2018 and was redesignated to Chairperson on 1 August 2019. She is also a member of the Risk Management Committee, Remuneration Committee and Sustainability Steering Committee.

She has no family relationship with any other director or major shareholder of Hai-O.

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

Soon Eng Sing

Independent Non-Executive Director

Age	45
Gender	Male
Nationality	Malaysian

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

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

Mr. Soon was appointed to the Board on 1 December 2015 as an Independent Non-Executive Director. He is a member of the Remuneration Committee since 16 December 2015 and was redesignated to Chairman on 17 December 2018. He is also a member of the Nominating Committee.

He has no family relationship with any other director or major shareholder of Hai-O.

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

PROFILE OF THE BOARD OF DIRECTORS
(CONTINUED)

Chia Kuo Wui

Independent Non-Executive Director

Age	44
Gender	Male
Nationality	Malaysian

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

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

Mr. Chia was appointed to the Board on 14 November 2008 as an Executive Director and redesignated to Non-Independent Non-Executive Director on 2 January 2015. On 16 April 2018, he was redesignated to Independent Non-Executive Director. Mr. Chia is a member of the Audit Committee, Risk Management Committee, Remuneration Committee and Sustainability Steering Committee.

He has no family relationship with any other director or major shareholder of Hai-O.

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

Tan Kim Siong

Independent Non-Executive Director

Age	45
Gender	Male
Nationality	Malaysian

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

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

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

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

Mr. Tan was appointed to the Board on 8 January 2014 as an Independent Non-Executive Director and is a member of the Audit Committee.

He has no family relationship with any other director or major shareholder of Hai-O.

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

PROFILE OF THE BOARD OF DIRECTORS
(CONTINUED)

Professor Hajjah Ruhanas Binti Harun

Independent Non-Executive Director

Age	70
Gender	Female
Nationality	Malaysian

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

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

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

Apart from making a mark as an expert on Malaysia's national security, Hajjah Ruhanas has also distinguished herself as Malaysia's leading expert on Indo-China. Besides teaching and researching, she has translated books and articles from French into Malay language (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 on 2 July 2018 as an Independent Non-Executive Director. She is a member of the Nominating Committee.

She has no family relationship with any other director or major shareholder of Hai-O.

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:
The details of the Directors' shareholdings in the Company and its subsidiaries are disclosed on page 168 of this Annual Report.
The details of the conflict of interest with the Company are disclosed on page 72 of this Annual Report.

PROFILE OF THE KEY SENIOR MANAGEMENT

Tham Yoke Lon	Hew Von Kin	Tan Kai Hee	Tan Keng Kang	Philip Teo Kheng Leong

Tham Yoke Lon

General Manager
Age 52 / Male / Malaysian
Sahajidah Hai-O Marketing Sdn. Bhd.
(MLM segment)

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

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

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

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

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

Philip Teo Kheng Leong

General Manager
Age 43 / Male / Malaysian
Hai-O Raya Bhd.
(Retail segment)

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

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

Prior to joining Hai-O, 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

"Delivering resilience and emerging stronger"

Dear Shareholders,

The financial year ended 30 April 2021 ("FY2021") saw the full impact of the Coronavirus disease ("COVID-19") pandemic on the businesses and operations of Hai-O and its group of subsidiaries ("Hai-O Group" or "Group"). The global health crisis has affected all business segments and reshaped the way we work and the way we live. I believe we will not go back to the old ways of living and doing business. Critical changes that the Group has and will continue to put in place to counter the evolving challenges brought about by COVID-19 will drive the future for us and all stakeholders (including employees, customers, suppliers, the environment and the communities in which our businesses operate).

I am proud to report that Hai-O Group has delivered resilient results amidst the challenges which have driven us to work harder to emerge stronger. Notwithstanding the adverse impact from various control measures imposed by the Government which dealt a hard blow on our consumer-centric businesses, Hai-O Group has maintained our unbroken profit track record since we were listed on Bursa Malaysia Securities Berhad. The Group's diversified products portfolios have demonstrated remarkable resilience as evident in the modest growth in revenue, while our relentless focus on products, product mix, marketing channels and cost optimisation efforts, just to name a few, has helped to lift profits commendably higher. The health and safety of our stakeholders, including employees and customers, are areas of focus for us during the crisis as strict standard operating procedures ("SOPs") are enforced across all businesses.

On behalf of the Board of Directors ("Board"), I am pleased to present to you the Group's Annual Report and Financial Statements for FY2021.

Resilience in the Face of COVID-19

The Group's revenue rose 6.3% to RM271.4 million (FY2020: RM255.2 million) and profit before taxation ("PBT") grew 26.0% to RM52.3 million (FY2020: RM41.5 million) in FY2021.

We started the financial year right at the height of the pandemic in May 2020. During this turbulent time, the Board and Management worked together to help the Group adapt to short-term challenges and achieve long-term sustainability. Products and product launches were adjusted in anticipation of a decline in purchasing power, e-commerce platforms were actively explored and established, while costs and expenses were further optimised in the face of the new way of conducting businesses. I am very glad that the crisis has brought out the best in many employees who stepped up to address setbacks and enhance the inter-company synergies seamlessly, and I am indeed pleased that the team spirit and cooperation across different segments have reached the highest level ever.

Further information on the business strategies and other measures adopted by the Group during the financial year will be discussed more extensively in the Management Discussion & Analysis by the Group Managing Director in this Annual Report.

Our capital and liquidity positions remained strong. The Group has maintained solid cash flows from operating activities with RM113.5 million (FY2020: RM95.9 million) held as cash and cash equivalents and other investments in the form of financial assets as at the end of FY2021, which was higher than the previous financial year. The Group remained in a net cash position with no borrowings as at the end of the financial year, which provides us with the flexibility and capability to support our employees and business associates in this extended trying period. To this end, I am proud to report that Hai-O Group has not implemented any retrenchments nor salary reduction for our employees despite the severe and direct challenges faced by our consumer-centric businesses.

The key financial metrics of the Group for the FY2021 are set out below:

KEY FINANCIAL METRICS

REVENUE	PROFIT BEFORE TAXATION	NET ASSETS
+6.3%	+26.0%	+4.4%
RM271.4 MILLION	RM52.3 MILLION	RM312.8 MILLION
Higher sales in MLM and Wholesale	Cost optimization and change in sales mix	Results improvement and capital conservation

DIVIDEND

9 SEN PER SHARE

Total dividend of 9 sen per share reflected the economic environment, financial performance and conservation of capital position. The payout ratio was slightly moderated to 68% in these uncertain times but was still above the Company's committed minimum payout ratio of 50%.

The equity attributable to shareholders as at the end of FY2021 was RM312.8 million (FY2020: RM299.6 million) or RM1.08 per share (FY2020: RM1.03), which was again higher than the previous financial year due to improved financial performance and conservation of capital in the uncertain environment.

Consistent Returns to Shareholders

The Board is conscious of the impact of COVID-19 on our shareholders, many of whom may to some extent rely on our consistent dividend payments as extra income. The annual dividend of the Company is directly driven by the Group's overall financial performance and the prospects of the general business environment.

In respect of FY2021, the Board had declared 1st and 2nd single tier interim dividends of 4 sen and 5 sen per share respectively. The said cash dividends were paid on 4 March 2021 and 29 July 2021 respectively. These have brought total dividends declared and paid to 9 sen per share for FY2021 (FY2020: 10 sen per share), which was consistent with the economic environment, financial performance and conservation of capital position. Every decision by the Board reflects a tactical balance of our short and long-term responsibilities to shareholders and our ability to serve customers and communities.

The Company's policy is to pay at least 50% of the Group's annual profit after taxation as dividends. In FY2021, the dividend payout ratio was 68% as we continued to declare and pay dividends exceeding the minimum commitment on the basis that dividends received are of real value to our shareholders.

In addition to the cash dividends and also to facilitate greater equity participation for our shareholders, the Board had also on 4 June 2021, declared a distribution of share dividend of 1 treasury share for every 26 existing ordinary shares held on 22 June 2021. The share dividend was credited into the entitled Depositors' Securities Accounts on 6 July 2021.

Year Ahead

At the time of production of this Annual Report, we continue to see resurgence of COVID-19 cases in Malaysia and other emerging markets, despite the aggressive roll-out of vaccination efforts by various countries. The COVID-19 pandemic has fundamentally changed the business environment in which we operate, and we have to constantly anticipate, adjust, adapt and strategize in response.

Widespread containment measures, international border closures and the consequently weak external demand has persistently dragged domestic economic activity. Containment measures in the form of movement control orders and SOPs, while necessary to curb the spread of the virus, have considerably dampened domestic production and consumption and weakened labour market conditions. Overall, Malaysia's Gross Domestic Products contracted by 5.6% in 2020 (2019: +4.3%). Inflationary pressures were muted with headline inflation turning negative for the year at -1.2% (2019: +0.7%) due mainly to substantially lower global oil prices (Source: Bank Negara Malaysia Annual Report 2020).

While it is almost impossible to accurately predict the future, we remain optimistic on the prospects of Hai-O Group given the strong fundamentals, the track record, the demonstrated capability, dedication and team spirit of our employees, Management and the Board as we face the unprecedented

CHAIRMAN'S STATEMENT

(CONTINUED)

crisis together. There are more challenges ahead but the constructive feedback and results in the past 18 months have bolstered our confidence on the actions taken so far. This will provide a very helpful and valuable guidance on the way forward as the pandemic enters a new phase.

Broadly, the Group has plans in place to strengthen growth, fortify sustainability and manage business risks as we strive to add values to all stakeholders in a responsible and sustainable manner. These include continuation of optimizing costs, upgrading and enhancing the digital infrastructures of our major business segments to support the sharp rise in e-commerce, exploring and adopting various sustainable business practices as we progress on our Environmental, Social and Governance ("ESG") journey. The Group remains committed to deliver consistent positive financial results for our shareholders, balancing between growth and return as well as short-and long-term goals.

Major Corporate Development

During FY2021, the Company announced a Proposed Internal Reorganisation which involved separating the investment holding and business operating functions of the listing vehicle of Hai-O Group. Beshom Holdings Berhad, which will be assuming the listing status of Hai-O Enterprise Berhad, will be purely an investment holding company while Hai-O Enterprise Berhad and its subsidiaries will continue to operate the existing businesses with no change in business activities. One of the objectives of the internal reorganisation is to provide a clear demarcation of business for the Group's business segments which will allow Management to have a more focused and targeted business and risk management initiatives for each segment. The High Court of Malaya has on 23 July 2021 sanctioned the Company's Scheme of Arrangement under the Proposed Internal Reorganisation. Barring unforeseen circumstances, the implementation of the Proposed Internal Reorganisation is expected to complete by 3QFY2022.

Presentation of long service awards to our long-serving employees for their continuous support and contribution.

Building a Sustainable Future

Hai-O Group firmly believes that business has an important role to play for a sustainable future. Our approaches to ensuring sustainability through responsible long-term management are set out in the Sustainability Statement 2021.

While focusing on addressing immediate needs, Hai-O Group is committed to creating a lasting positive impact for all stakeholders. We seek to strike a balance between positive returns to shareholders and the interests of other stakeholders. We aim to do this by leveraging our resources and working closely with strategic partners to build a sustainable future. To ensure meaningful resources are deployed for a sustainable future, regular reviews and reassessment exercises are conducted to measure the impact of our businesses on the economy, environment, society and overall governance of the Group. The Group's inaugural Sustainability Statement was first published in August 2018 and has since been updated on an annual basis.

Appreciation and Acknowledgement

I would like to take this opportunity to thank our fellow Board members for their guidance and wise counsel as we successfully navigated Hai-O Group through this most challenging period in FY2021.

On behalf of the Board, to all our shareholders, thank you for your support and trust in Hai-O. Last but not least, I would like to thank the Group's Management, employees and agents, who have remained focused on doing right for our customers and who have steadfastly helped to steer the Group through this unprecedented health crisis. We are proud and grateful for your contributions in these challenging circumstances as we support one another in the big Hai-O family.

Please take good care and stay healthy.

Tan Kai Hee
Group Executive Chairman
3 September 2021

MANAGEMENT DISCUSSION and ANALYSIS ("MD&A")

BY THE GROUP MANAGING DIRECTOR

"Honing Agility while Enhancing Stability and Sustainability to Emerge Stronger from the Global Pandemic"

In this MD&A, I will bring you through the financial and operational performance of Hai-O Enterprise Berhad ("Hai-O") and its subsidiaries ("Hai-O Group" or "Group") for the financial year ended 30 April 2021 ("FY2021"). This MD&A will cover the review of the Group's overall financial performance for FY2021, followed by detailed discussions of the financial and operating performance of the Group's major businesses which are divided into four business segments as follows:

CORE BUSINESS

M

Multi Level Marketing ("MLM")
Multi level direct marketing of nutritional food & beverage, wellness supplements, skincare, beauty & cosmetic, personal care and household products

W

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

O

Others
Including manufacturing, credit & leasing, insurance agent, investment holding and property holding

R

Retail
Operating traditional complementary medicines ("TCM") retail chain stores and provide Chinese physician consultation services

MD&A
(CONTINUED)

ONLINE MARKETING HAS NOT ONLY INSULATED US FROM THE UNPRECEDENTED CHALLENGES, BUT ALSO OPENED UP NEW OPPORTUNITIES FOR THE GROUP

REVENUE

+6.3%

RM271.4 MILLION

FY2020: RM255.2 million

PROFIT BEFORE TAXATION

+26.0%

RM52.3 MILLION

FY2020: RM41.5 million

Some of the statements contained in this MD&A that are not historical facts are statements of future expectations with respect to financial results and positions, operations and businesses, and business plans. Forward-looking information is based on Management's current views and assumptions, taking into account prevailing economic and market conditions. While we make the best effort to keep shareholders abreast of key developments, mid-term direction and the overall health of operations for FY2021 and the coming financial year, such forward looking statements are not guarantees of future performance and would involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Group, which may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are many factors that could cause actual results to differ materially from those projected in such statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of the Coronavirus disease ("COVID-19"), changes to the Malaysian and global economic environment, market conditions and changes to the operating environment of the Group. Given such uncertainties, readers are cautioned and advised not to place undue reliance on the forward-looking statements.

The fundamentals of the Group and our people have been tested by the global health crisis which continues to have severe repercussions on our general business environment. The Group has constantly responded and adapted to changes arising from rapidly evolving customer behaviours and spending power amidst the many waves of the pandemic. Indeed, the Group has had a long track record of successfully navigating through many challenges in our history spanning more than four decades. The improvement in the Group's financial results in FY2021 is again a testament to our strong teamwork and capabilities to overcome challenges together.

The prolonged crisis has further heightened our focus on four essential factors to serve our customers well: the right Products at the right Price via the right Place (which can be virtual) and supported by the right Promotion. Our diversified product portfolios, right pricing, effective promotions and engagement with our customers via online marketing has not only insulated us from the unprecedented challenges, but also opened up new opportunities for the Group. The cost optimisation plan implemented since the last financial year has further supported our resilient performance in the face of the pandemic.

As a strategic step to streamline and fortify the Group's operations, the Company has announced an internal reorganisation exercise and has obtained the High Court of Malaya's sanction on 23 July 2021 for the Scheme of Arrangement under the internal reorganisation. Barring unforeseen circumstances, the internal reorganization exercise is expected to be completed in 3QFY2022. Through the above exercise, the investment holding function and the operating business entities of the Group will be separated. Beshom Holdings Berhad will become the investment holding entity assuming the listing status of Hai-O, whilst Hai-O and its subsidiaries will continue to operate the existing businesses. The clear demarcation of business activities will enable the respective business segments to monitor their operational risks more effectively, a move that we believe will create value for shareholders through enhancing the Group's operational, reporting and financial flexibility.

With the right strategies and initiatives in place, the Group is set to emerge stronger from the global pandemic. This crisis has pushed us to hone our agility and ability to respond to constantly evolving changes, while enhancing business stability and sustainability to tap new opportunities when the health crisis subsides.

DELIVERING RESILIENCE AND MORE

As we moved cautiously into FY2021, the Group already had in place strategic plans to prepare our people and businesses for unprecedented challenges brought about by COVID-19. Our people under the leadership of the Board and Management have done an extraordinary job and responded quickly and effectively to evolving circumstances as the severity of the crisis deepened with rising infection rates during the course of the financial year. As a quick flashback on the main strategies that was discussed previously in the FY2020 Annual Report, we have tailored our product offerings to focus on low to mid-priced essential health products; we have reduced dependency on physical presence by selling on digital platforms and also automating and streamlining operational processes; increased social media engagements to improve product presence and last but not least, we have continued our efforts to optimise costs. These initiatives have improved the Group's resilience in the face of the pandemic as we recorded a commendable growth in profit amidst modest revenue growth in FY2021.

The Group posted a revenue of RM271.4 million (FY2020: RM255.2 million) in FY2021, an improvement of approximately 6.3% from FY2020. The MLM and Wholesale segments remains the two largest revenue contributors in FY2021, accounting for approximately 85% of the Group's revenue. During the financial year, MLM segment's revenue rose by 10.0% while Wholesale segment's revenue improved by 6.4%. This helped to offset lower revenue from the Retail segment (-2.5%) and other businesses (-30.3%). The Retail segment was hard hit as the operation of the retail chain stores was affected by various movement controls imposed by the Government, whilst revenue from other businesses was primarily affected by the reduction in manufacturing activities due to lower export sales.

While the modest improvement in revenue was respectable amidst the pandemic, the 26% growth in profit before taxation ("PBT") to RM52.3 million (FY2020: RM41.5 million) was even commendable and could not have been possible without the hard work and dedication of our experienced team. The increase in PBT was also aided by the Group's cost optimization initiatives which yielded total savings of more than RM3.5 million, as well as a one-off gain from disposal of vintage tea amounting to RM0.9 million.

BALANCE SHEET STRENGTH

The Group's strong balance sheet is the pillar of our support, underpinning our ability to drive core business outcomes and deliver returns for shareholders. As at the close of FY2021, total assets of the Group stood at RM371.5 million against total liabilities of RM48.4 million. The Group's current ratio stood at a healthy 5.0 times where the current assets of the Group comprising of inventories, trade receivables, short-term financial investments, and cash and cash equivalents made up approximately 60.6% of total assets. The Group had zero borrowings as at 30 April 2021. Total equity attributable to shareholders as at 30 April 2021 improved by approximately 4.4% from RM299.6 million (equivalent to RM1.03 per share) in FY2020 to RM312.8 million (equivalent to RM1.08 per share).

CASH AND CAPITAL MANAGEMENT

The Group achieves our capital management's objectives by prioritising the Group's ability to continue as a going concern whilst seeking to maximise value to shareholders and stakeholders. The Group regularly reviews and manages our capital structure to achieve a balance between shareholder returns and maintaining a strong balance sheet. To maintain an efficient capital structure, the Group takes into consideration projected operating cash flows, capital commitments and strategic investment opportunities, if any, which arise from time to time.

In response to prevailing business challenges, we have exercised extra prudence in capital and cash management. There was no major capital expenditure made during the year. Liquidity position of the Group remained robust with cash and cash equivalents plus other short-term investments in cash and money market funds of RM113.5 million as at 30 April 2021, as compared to RM95.9 million as at 30 April 2020. Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and cash balance for the Group's businesses which are substantially transacted in cash and to provide flexibility to develop new businesses as and when the opportunities arise. As the Group is in a net cash position, the Group would have sufficient financing capabilities to tap on new investment opportunities, if any.

Cash dividends paid to shareholders remained the largest cash outflows for the Group in FY2021, amounting to RM31.9 million, of which RM20.3 million was dividend paid in respect of the financial year ended 30 April 2020.

MD&A
(CONTINUED)

REVIEW OF OPERATIONS

MLM Segment

MLM segment remains the largest revenue and profit contributor of the Group

Multi-pronged strategy focussing on products pricing and mix, members recruitment and engagement, digital adoption and operational improvement

MLM recorded 10% revenue growth to RM172.4 million and 4.6% PBT growth to RM34.0 million in FY2021

REVENUE

+10.0%

RM172.4 MILLION

FY2020: RM156.7 million

PROFIT BEFORE TAXATION

+4.6%

RM34.0 MILLION

FY2020: RM32.5 million

The Group ventured into the MLM business back in 1992. The MLM segment is housed under Sahajidah Hai-O Marketing Sdn. Bhd. ("**SHOM**"), which carries more than 250 SKUs of a wide range of products including nutritional food & beverages, wellness supplements, skincare, beauty & cosmetic, personal care and household products. As at the close of FY2021, SHOM had a network of more than 89,000 members. Our MLM products are distributed through 13 branches where 6 are located in East Malaysia after the Group expanded its foothold to Sabah and Sarawak in recent years. The segment is complemented by 21 stockists and 2 sales points across Malaysia that offer efficient logistic and stock management.

Being a major revenue and profit contributor, MLM has played a pivotal role in the Group's overall performance. During the financial year under review, the key focus was to drive operational improvement for the segment which was significantly affected by sluggish consumer spending. To ensure sustainability, MLM management has devised transformational business plans in response to the rapid evolving customer behaviours in an era of "new normal". The segment constantly explores and develops new ways to refine operations in line with customer needs and changing business conditions during the pandemic.

FY2021 will be year remembered for many timely and effective adjustments made for the MLM business, thanks to the nimble management and the strong backing of a wide range of SKUs and the extensive members network. The segment recorded revenue of RM172.4 million and PBT of RM34.0 million in FY2021, which represented an improvement of 10.0% and 4.6% respectively as compared to the last financial year despite market volatility.

Similar to the Group, MLM has focused on the four essential factors of **Products**, **Price**, **Promotion** and **Place**:-

STRATEGIES TO MAINTAIN SUSTAINABILITY AND CONTINUITY	
PRODUCTS	Focus on essential health products
	Products enhancement
	Products line extension
	New products line-up
PRICE	Emphasis placed on low to mid-priced products
	Flash sales campaigns
	Free delivery deal
PROMOTION	Regular review of effectiveness on promotion
	Frequent promotions to maintain momentum
	Variety of purpose driven promotions
PLACE	Broadening digital capabilities for excellent customer experience
	Enhancement of corporate website
	Mobile App
	Stockist on e-Commerce

MD&A

(CONTINUED)

New Min Kaffe and Sahajidah Garam Buluh with enhanced taste and added health benefits.

Products – Selling a wide range of products is one of the key success factors for the MLM segment. Nonetheless, during a period when trading conditions were badly affected by the pandemic, we need to have not just a variety of products but also greater awareness and responsiveness to the marketplace so that our product mix can be dynamically adjusted with the evolving needs of consumers. The MLM segment has devoted substantial resources in the development, promotion and marketing of essential health products during the financial year under review. Two of our star products, Sahajidah Garam Buluh and Min Kaffe, were launched with enhanced taste and added health benefits in FY2021. Sahajidah Garam Buluh is a salt formulated using traditional Korean recipe, which is rich with minerals and micro-elements that are beneficial to the body.

Apart from Sahajidah Garam Buluh and Min Kaffe, encouraging response was also seen for BB+Glo which managed to double its sales during the year with the help of a more affordable seven-day trial pack and a series of promotions.

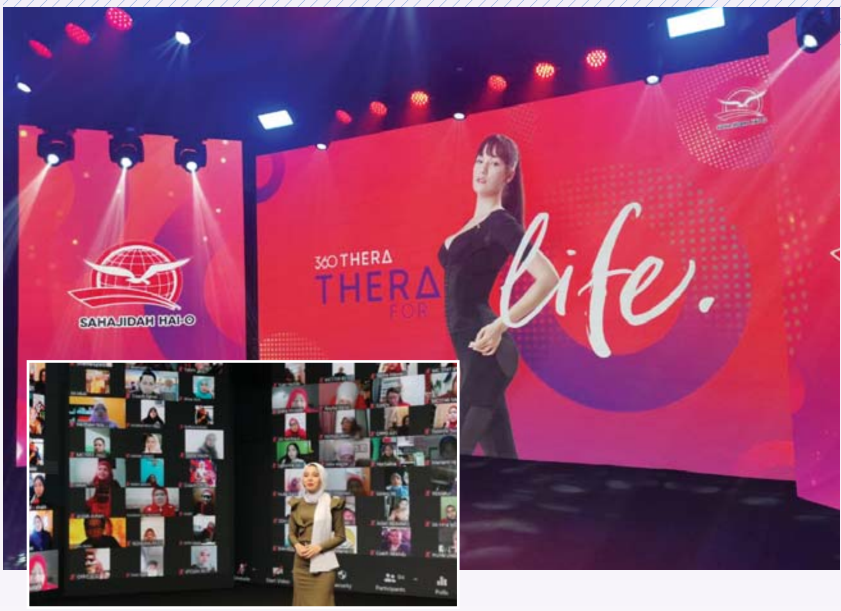
During FY2021, the Marine Essence Beauty Bar was also given a new look and enhanced with reformulated bamboo salt, which formed part of the product enhancement efforts. Besides the renewed image, the Marine Essence Beauty Bar is now offered in single-unit and three-unit packs to cater to a wider base of consumers with different needs.

Following the success of the renewed Marine Essence Beauty Bar, product development for other variations of beauty products using bamboo salt is underway to widen the product series to include premium hair care, premium body care and oral hygiene extensions. Our product extension strategy will also include halal Cozuma cosmetics, 360 Thera functional shaping attires, Bfit protein supplements targeted at male consumers, and functional inner wear for young female consumers.

Price – In response to weak spending power, the MLM segment focussed its strategy on low to mid-priced products during the year. Flash sales campaigns were conducted to entice members and to clear slow-moving stocks. Free delivery option was offered with minimum purchase to encourage higher spending and to overcome the general resistance towards paying for delivery. During the year, SHOM also launched smaller packs for some of its products, such as the single-unit pack for Marine Essence Beauty Bar and seven-day trial pack for BB+Glo to meet lower pricing market demand and to encourage sales.

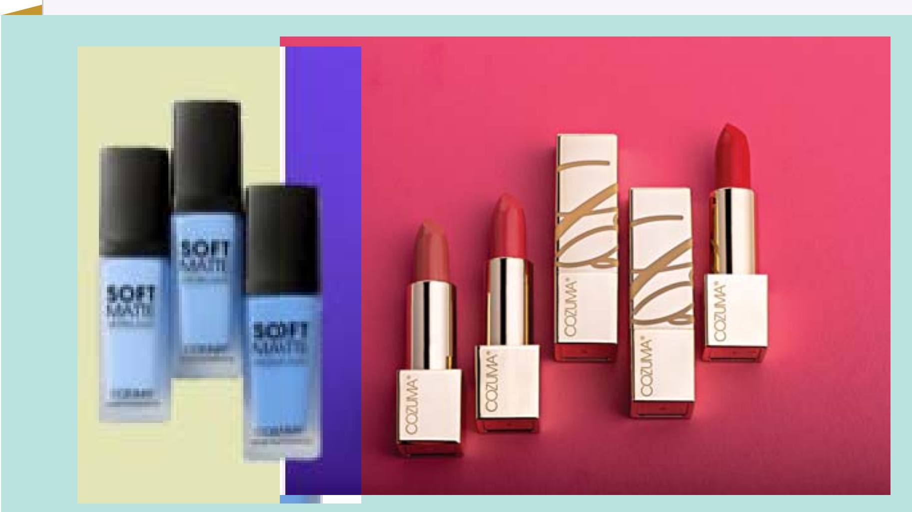
BB+Glo and Marine Essence Beauty Bar

MD&A
(CONTINUED)



Promotion – Promotional activities are vital to the MLM businesses, and it is important to strike the right balance to drive sales while at the same time increase customer loyalty. Management regularly reviews the effectiveness of various promotional activities to make sure that they meet their objectives and to explore areas for improvement. During the year, the MLM segment achieved encouraging results from its various promotions, such as promotion for Min Kaffe and the bundle sales of the Premium Beautiful range of products.

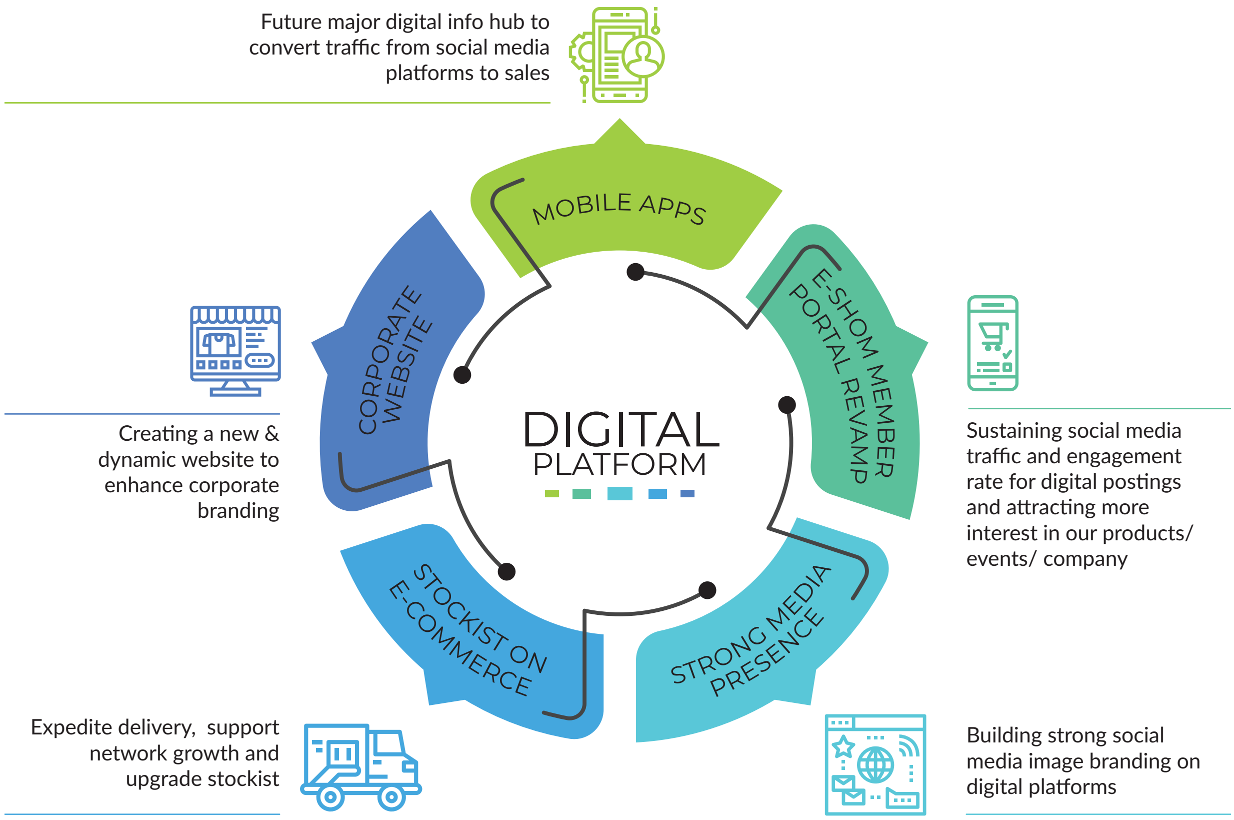
The highlight of the year was the "360 Thera Virtual launch" where a series of promotional activities to showcase the 360 Thera attires was successively rolled out to build the momentum for the launch of the 360 Thera Vest and its related products. These included the 360 Thera Challenge, 3D Virtual event and 360 TheraLife.



MD&A
(CONTINUED)

Place – The pandemic has heightened the importance of digital adoption in a wide range of business activities from office administration to the marketing and selling of products. While we have seen a rising pace of digital adoption over the years, COVID-19 has accelerated the trend when the extended movement controls forced most employees to work from home and consumers to shop from home. Hence, one key focus for the MLM segment during the year was to further enhance our digital platforms to provide a smooth and seamless experience for our members. Our investments of time, hard work and capital in previous years for early digital adoption are indeed paying off, providing continuity when business activities are severely disrupted by COVID-19.

During the financial year, the MLM segment has achieved many milestones to further strengthen its digital adoption by enhancing various digital platforms to future proof its operations as follows:



The initiatives to entrench our digital foothold have resulted in greater sales conversion through various e-Commerce platforms, enables active members' engagements even during the pandemic and supports uninterrupted delivery of products to customers. E-Commerce sales surged 62% increase to account for 17.5% of total sales for the MLM segment in FY2021 (FY2020: 11.9%). This is indeed the best testimony for business continuity and sustainability.

MD&A
(CONTINUED)

Other supporting strategies - Our wide network of distributors have always been our prized asset. Various programmes were rolled out during the year to recruit and retain members, including "Kita Bersama Free Membership Campaign", "Be Your Own Boss" and "SHOM e-Renewal with Free Gift". These membership renewal and recruitment programmes have helped to maintain the momentum and high spirit of members amid the persistent challenges. Coupled with other sales promotions, the MLM segment managed to record higher spending per new member as compared to the previous financial year. SHOM's membership base as at the close of FY2021 was 89,000 members.

SHOM has launched various transformational programmes to help and train aspiring members to become "SHOMpreneurs". These programmes helped participants to streamline/revamp/enhance marketing tools, including online and offline materials to boost sales and multiple marketing tools via social media channels. Regular video tutorials for product introduction, product demonstration and instructions as well as testimonial videos were made available throughout the financial year. In addition, Zoominar and Facebook LIVE sessions for product training were held on a monthly basis to provide ample training resources to members in support of their transition to "SHOMpreneurs". For existing "SHOMpreneurs", we have rolled out the e-SHOM Academy to cover future and current trends of sourcing opportunities for their businesses in this digital age. Education topics completed during the year included "How to migrate FB personal to Business Page", "How to use Canva", "How to conduct FB LIVE" and "How to optimize FB reach out".

Another supporting initiative which was actively pursued during the year was cost control and margin management. Leveraging on our good relationship with suppliers and marketing agencies, sponsorships were sought for various product campaigns and promotions to reduce costs and improve profitability for the segment.

MD&A

(CONTINUED)

The Wholesale segment was a remarkable performer in FY2021, posting a more than two-fold increase in PBT to RM13.8 million (FY2020: RM6.0 million) on the back of a moderate 6.4% growth in revenue to RM58.6 million. The sharp growth in profit came from the depressed base in FY2020 when the sales of premium products took a hard hit from the outbreak of COVID-19. More importantly, it reflected the impact of timely and effective actions taken by Management in response to the challenging operating environment, which was most gratifying and provided a big motivational boost to the team.

Higher sales for the Wholesale segment in FY2021 were primarily driven by Chinese medicated tonic, premium cooking wine and patented medicine which yielded higher margins, while active cost optimisation measures further increased profitability. Among others, the Wholesale segment benefited from lower costs for marketing and distribution, as well as reduced event expenses with many functions and celebrations held virtually. There was an added boost from one-off gains from the disposal of vintage tea of RM0.9 million.

The Wholesale segment took COVID-19 challenges in their stride by learning, adapting and responding quickly to develop new practices and remain a trusted wholesale supplier to our customers. The segment has benefited from higher demand of essential products after the relaxation of movement controls when restaurants were allowed to open and conditional "dine-in" was permitted. Post movement control order ("MCO") 1.0, we also observed customers' tendency to keep a higher stock level of essential products with long expiry dates, which helped to bolster sales. Despite efforts to ensure minimal supply disruption, we still experienced limitations which necessitated some adjustments to the selling price for some products. The price adjustments, which helped to preserve margins, were generally well received and deemed fair by our customers. These have mutually benefited our Company and customers.

Wholesale Segment

Performance spurred by the distribution of higher margins products in FY2021

The benefits of ongoing cost optimisation initiatives further lifted profitability

Wholesale segment posted a 6.4% growth in revenue to RM58.6 million and more than two-fold increase in PBT to RM13.8 million in FY2021

REVENUE

+6.4%

RM58.6 MILLION

FY2020: RM55.1 million

PROFIT BEFORE TAXATION

+130.0%

RM13.8 MILLION

FY2020: RM6 million

ON ONGOING TRANSFORMATION FOR PANDEMIC TRANSITION

A — Committed to stay as a trusted wholesale supplier to minimise supply disruption for customers

B — Fair price adjustments to preserve margins

C — Deep rooted culture which promotes teamwork

MD&A

(CONTINUED)

Moving ahead, we foresee further challenges as the demand for premium healthcare products will be affected by weakened spending power due to the prolonged lockdowns. As such, we plan to step up the development of relatively more affordable health products to cater to everyday needs. Young consumer market will continue to be this segment's focus, given the advantages of easier product acceptance, faster consumption cycles and higher volume. To penetrate this market segment, product selection and design will be the key. We plan to introduce a series of Japanese food products to target this market and expand our product line for fast moving consumer goods.

The Wholesale segment intensified its digital adoption efforts in FY2021 by leveraging on established third-party digital platforms. Supported by our manufacturing arm, which specialises in healthcare products, we are able to provide customised supplements and healthcare products exclusively for chain stores or online platforms. We started this initiative with Caring Pharmacy and Beijing Tongrentang's online overseas flagship store.

In light of the current situation and the lingering pandemic in the foreseeable future, there will be further changes to the way we work, market and serve our customers. The Wholesale segment has demonstrated its crisis handling ability through dedication, perseverance, teamwork and collaborations with other departments, defending sales and improving profits despite unprecedented challenges. The team has emerged stronger and will be ready to grasp new opportunities when the pandemic subsides. We keenly await the next breakthrough from the development of more affordable healthcare supplements and the penetration into the young consumer market.

Retail Segment

- Operations hardest hit by the COVID-19 pandemic
- Focusing on value creation from the perspective of sales channel, promotion and cost containment remain relevant
- Retail segment staged a profit turnaround to record PBT of RM1.2 million amidst a slight decline in revenue to RM35.8 million in FY2021, which was commendable in a crisis year

REVENUE

-2.5%

RM35.8 MILLION

FY2020: RM36.7 million

PROFIT BEFORE TAXATION

*

RM1.2 MILLION

FY2020: –RM0.1 million

** Not applicable due to a loss position for the last financial year*

MD&A
(CONTINUED)

Our retail business was the hardest hit by the COVID-19 pandemic, facing multiple challenges from many fronts as it dealt with various phases of MCO and their associated restrictions and evolving standard operating procedures set by the Government, as well as the inevitable change in customer buying behaviour, just to name a few. However, as a localized retail chain store operator, it is important that we maintain a meaningful presence across Malaysia. With the closure of 2 loss-making branches in Tampin and Jinjang, the Group still operates 55 retail outlets at the end of FY2021.

The Retail segment recorded a revenue of RM35.8 million and a PBT of RM1.2 million in FY2021. Against the adverse business conditions, the marginal 2.5% drop in revenue was deemed respectable. Stringent lockdowns had led to a virtual elimination of casual shoppers for major retail businesses, but our focus on essential health foods and supplements and our intensified digital adoption have helped to prevent further arrest the decline in revenue. Furthermore, the Retail segment staged a commendable profit turnaround, thanks to the comprehensive efforts to contain costs including the efficient use of social media which helped to lower costs for advertising and promotional activities.

STRATEGIES IN RESPONSE TO CHALLENGING TRADING CONDITIONS IN THE RETAIL SEGMENT

1 Revamped sales model

2 Expansion in e-Commerce

3 Cost optimisation initiatives

Revamped Sales Model - Recognising the changes in consumer behaviour, we need to revamp the Retail segment sales model with urgency, anticipating customer needs and maintaining competitiveness being critical challenges.

Our focus will remain the health and wellbeing of our customers. In FY2021, we rolled out the Zan Summer Herbs Tea and Protect & Care 500ml hand sanitizer. These products were launched in response to the COVID-19 pandemic and were affordably priced for the benefit of the general public.

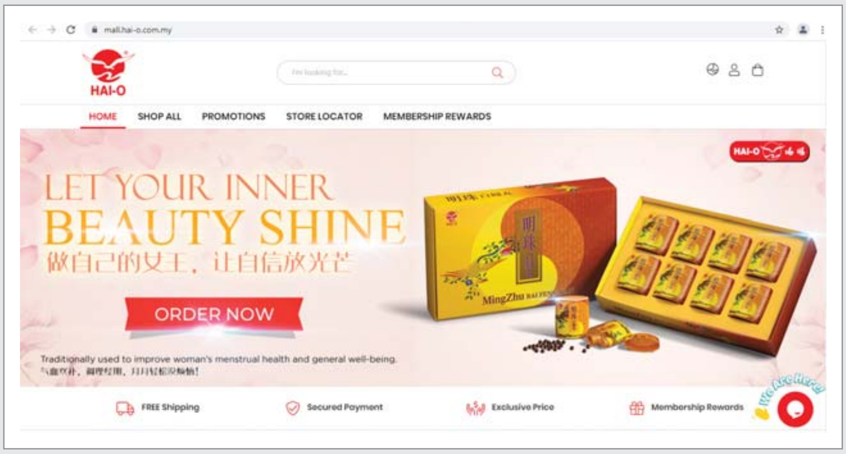
MD&A

(CONTINUED)

To improve buying momentum, a series of promotions were carried out throughout FY2021, including promotions with marketing affiliates such as TK Bakery and 1Utama's 1Shop. To maximize our reach, such promotions were held at both physical stores and online platforms and where applicable, in conjunction with special occasions such as Parents' Day, 38 women day, as well as Lazada and Shopee sales events.

MD&A
(CONTINUED)

Expansion in e-Commerce - As lockdowns continue amidst rising COVID-19 infection in Malaysia, consumers increasingly spent more time shopping online in FY2021. Recognising this important shift, the Retail segment has expanded our digital foothold from our internal e-Commerce platform to other online market places by setting up Hai-O flagship stores at both Lazada and Shopee in August 2020. Thematic promotions were run every month targeting different products and product categories such as the soup packets series, Chinese medicinal products series and Liquor/Wine series. Sales from third-party online platforms have steadily picked up and we expect this momentum to accelerate when the Hai-O brand gains further "cyber" traction. We are actively extending our reach to more consumers via social media such as Facebook Live, Instagram and WhatsApp messaging services, which are conducive for product introduction, consumer education and product testaments.



Moving to the current financial year, we have revamped our Hai-O eStore which has gone live in August 2021, a timely move to make online shopping a simpler and more pleasurable experience for our shoppers. The revamp is also to complement the Group's ongoing efforts to penetrate the younger consumer markets.

Cost optimisation initiatives – As with other segments, the Retail segment has continued to explore options to optimize costs and enhance business sustainability and continuity. Cost containment initiatives at both head office and retail outlets in FY2021 included the closure of two loss-making outlets, the increasing adoption of social media advertising which saved printing and advertising costs, and the migration to virtual training for employees which is not only safer amidst the pandemic but also reduced event costs and associated travelling and accommodation expenses.

Other Operating Activities

Contributions primarily from the rental of investment properties and the manufacturing of TCM and food supplements

REVENUE

-30.3%

RM4.6 MILLION

FY2020: RM6.6 million

PROFIT BEFORE TAXATION

+6.5%

RM3.3 MILLION

FY2020: RM3.1 million

Income derived from other operating activities are primarily income received from the rental of investment properties held by the Group. Rental income recorded for FY2021 decreased by 15% to approximately RM2.9 million while income derived from manufacturing activities were relatively stable, with support from the MLM, Wholesale and Retail segments helping to offset lower export sales.

The improvement in PBT in FY2021 mainly reflected a one-off litigation claim of RM0.5 million recorded in the last financial year.

MD&A

(CONTINUED)

OUTLOOK - FINDING THE RIGHT ALIGNMENT FOR BUSINESS SUSTAINABILITY AND CONTINUITY

For the Malaysian economy, better-than-expected economic activity in the first quarter of 2021 continued into April, as reflected by latest indicators, particularly on exports, retail spending and labour market conditions. The re-imposition of nation-wide containment measures to curb the resurgence in COVID-19 cases, however, will dampen the growth momentum. The degree of impact to the economy is highly dependent on the stringency and duration of containment measures. Nevertheless, continued allowances for essential economic sectors to operate, albeit at a reduced capacity, and higher adaptability to remote work, automation and digitalisation will partly mitigate the impact of restrictions. The various policy support packages will alleviate some of the financial burdens of households and businesses. Favourable external demand conditions will continue to provide a lift to growth. Going forward, the gradual relaxation of containment measures, alongside the rapid progress of the domestic vaccination programme and continued strength in external demand will provide support for the growth recovery into 2022. The growth outlook, however, remains subject to significant downside risks, due mainly to factors that could lead to a delay in the easing of containment measures or imposition of tighter containment measures, and a weaker-than-expected global growth recovery. The materialisation of these risks could undermine the growth recovery.

(Source: Monetary Policy Statement Press Release by Bank Negara Malaysia on 8 July 2021)

FY2021 has posed enormous and unique challenges to all of us in the Group and I am gratified that we have risen to the challenges in an outstanding way, thanks to great teamwork and the Group's strong foundation that was built over the years. Amidst the pandemic which dealt a hard blow to our consumer-oriented businesses, the Hai-O Group not only delivered resilient revenue and higher profit but more importantly, was able to further hone agility and adaptability to strengthen stability and sustainability for the future.

While the accelerated rollout of the National COVID-19 Immunisation Programme in Malaysia provides some glimmers of hope, the COVID-19's path remains unpredictable with high risks of virus mutations. We remain hopeful that the Country can achieve herd immunity to support business recovery and improve consumer sentiment in a more sustainable manner, but also recognise the need to brace ourselves for further uncertainties and challenges ahead.

Being consumer centric, the Group is keenly aware of the evolving challenges and is constantly brainstorming to develop, refine and adapt strategies to control and manage risks as we strive to stay ahead and defend our market position as a key essential healthcare player.

In the near term, the Group remains committed to entrenching our businesses and operations digitally by strengthening and enhancing the existing digital infrastructures. We have made encouraging progress on digital adoption since FY2020, and the journey will continue to evolve with changing consumer behaviour alongside technology advances. At the same time, we will relentlessly focus on the delivery of the four essential factors: Product, Price, Promotion, Place, as we execute various strategies on both the digital and non-digital platforms. Costs optimization is another key initiative across the Group to enhance business sustainability. Amidst the COVID-19 storm, the Board is confident of emerging stronger with a solid foundation for the next financial year.

APPRECIATION

I would like to thank the members of the Board for your steadfast support and confidence in the Management team through a year of unprecedented challenges. In closing and on behalf of the Board, I would like to express my heartfelt appreciation to everyone at Hai-O for your commitment, dedication and efforts to keep each other safe while exploring options to defend, grow and sustain the business during the crisis. Many have gone out of their way in an exemplary show of loyalty and teamwork, and demonstrated the ability, creativity and adaptability to deal with unexpected changes. A big round of applause to a great team.

I would also like to thank our shareholders, customers, business partners and Government agencies for their continued support. Thank you for your faith in Hai-O over the last financial year and for many years to come.

Tan Keng Kang
Group Managing Director
3 September 2021

SUSTAINABILITY SUMMARY REPORT

This Sustainability Summary Report highlights Hai-O Enterprise Berhad ("Hai-O" or the "Company") and its subsidiaries ("Hai-O Group" or the "Group") ongoing sustainability efforts in managing the Company's material sustainability matters for the period from May 1, 2020 to April 30, 2021 ("FY2021").

Following our last Sustainability Statement included in Hai-O's Annual Report FY2020, we are pleased to present our 2021 Sustainability Summary Report together with our first stand-alone Sustainability Statement since embarking on our sustainability reporting journey in FY2018.

OUR BELIEF AND VALUES

At Hai-O, we believe in the importance of strong healthcare culture in the society towards the continuous development and improvement of human well-being. Through our businesses, we operate and contribute to society in alignment with our belief and mission, while we aim to become the premier healthcare company in Malaysia.

In all we do, we are committed to upholding our corporate values which constantly guide us in our quest to create and preserve value for all.

MISSION

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

VISION

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

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

We are committed to uphold our

CORPORATE VALUES

S E A G U L L

Social Responsibility, Excellent Services, Attitude, Growing, Unity, Loyalty, Learning

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

SUSTAINABILITY SUMMARY REPORT

(CONTINUED)

SUSTAINABILITY STRATEGY AND POLICY

Ensuring balanced and optimised value creation involves considering business values of various forms, including but not limited to, values in terms of financials, human capital, social capital, and natural environment and resources, and is a long-term priority of the Group. Bearing in mind our mission and vision, we have identified the following broad themes, namely **Economy, Governance, People, Product, and Planet**, which summarise our sustainability focus areas and the Group's materiality sustainability matters.

ECONOMY	GOVERNANCE	PEOPLE	PRODUCT	PLANET
To contribute to the sustainable growth of the local economy and to create business opportunities for entrepreneurs	To foster corporate transparency and lay the foundation for strong and sound leadership	To create a corporate culture that champions safety, good conduct, skill development and community engagement	To provide safe and high-quality products that cater to improving the well-being of our customers	To strengthen our efforts towards protecting the environment when carrying out our business operations

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

As we work towards achieving our mission and vision, we are guided by Hai-O's sustainability strategy which places emphasis on the 5 Key Sustainability Focus Areas which are crucial elements to building a sustainable business. Furthermore, key priorities are also set for each of the Key Sustainability Focus Areas, and they are set out in our 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 the value chain, adhere to laws, regulations, and internal conduct and policies, manage material sustainability matters, and embed integrity and transparency into our corporate culture.

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 the 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 Hai-O and our customers.

PLANET

We shall educate the practice of 3R (Reduce, Reuse and Recycle), reduce the use of Styrofoam in product packaging, promote green initiatives and introduce products which contain eco-friendly ingredients that are less harmful to the environment as well as human health.

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

SUSTAINABLE VALUE FOR ALL

Through our diverse businesses, Hai-O brings access to a market which offers a wide range of products including healthcare, nutritional food and beverages, personal care and household, skincare, beauty, and cosmetic, herbs and tea, traditional complementary medicines, and many more. In addition, our MLM business also provides a platform that promotes MLM entrepreneurship, offering wide career and economic opportunities to our society. We are also committed to bringing sustainable returns for our shareholders and investors, as we have demonstrated throughout the years and will continue to do so.

The focus of our businesses is centred on creating and preserving value for our stakeholders, including our shareholders, employees, distributors, customers, supply chain partners, the community, and others, as we believe firmly in the roles business corporations play in forming a sustainable, mutually beneficial relationships with those who are involved in the business.

Distributors	Customers	Shareholders and Investors
Vendors and Suppliers	KEY STAKEHOLDERS	Employees
Local Communities	Media	Certification, Standards, and Regulatory Bodies

That said, the interest and value of stakeholders may not be perceived in the same manner by the Group and all its stakeholders. In addition, in the everchanging business environment that we operate, stakeholders' interests and perceived value may also change across time. This is why it is our practice to have ongoing engagements with our stakeholders to understand their views and concerns and to include them in our key business decisions.

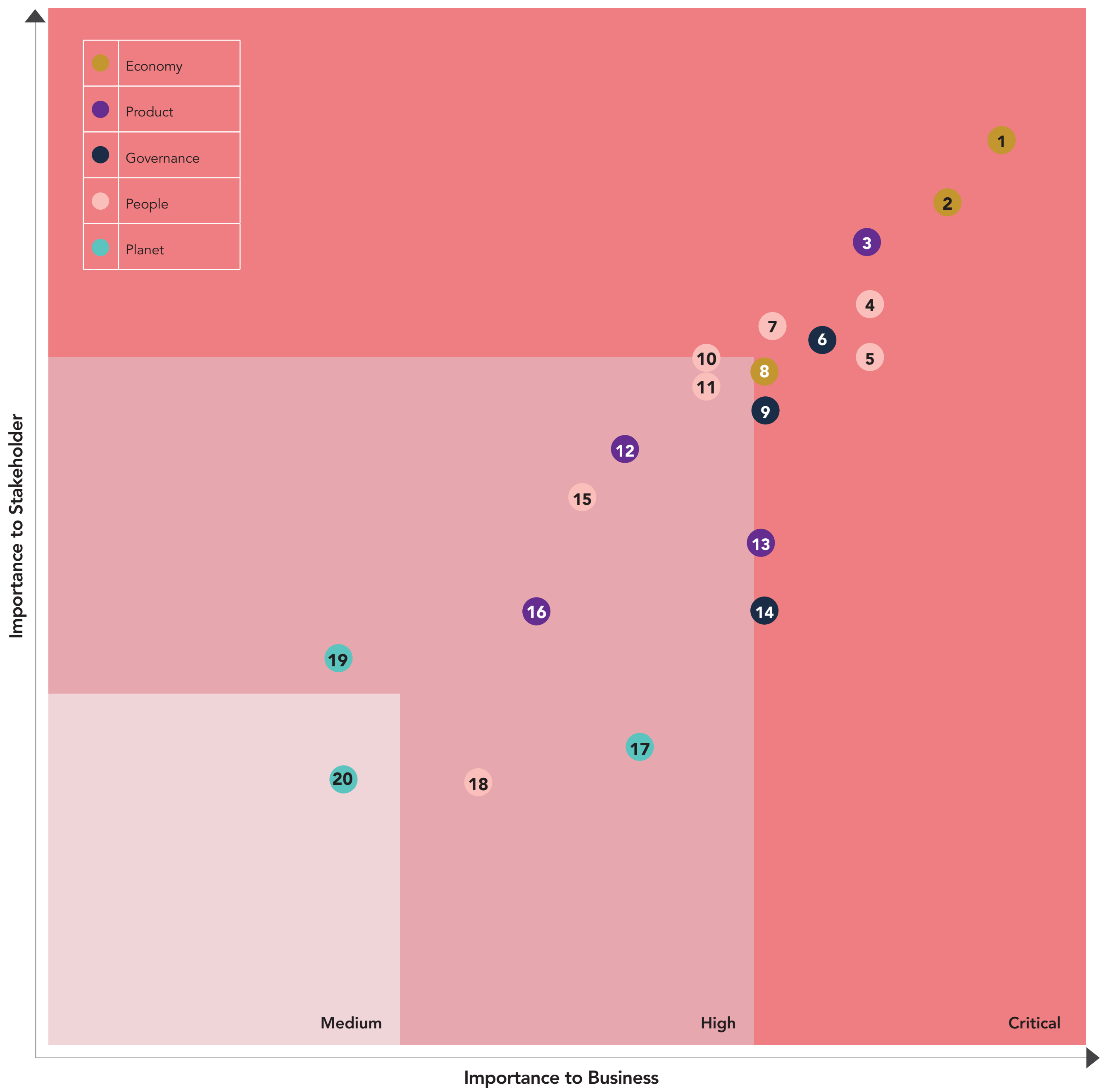
Bi-directional engagement is especially crucial during FY2021 where we worked closely together with our stakeholders to chart through business challenges while balancing stakeholders' interest in the midst of weaker economic fundamentals and various stages of Movement Control Order imposed by the Federal and State Governments.

The details of stakeholder engagement activities conducted in FY2021 and their key highlights are spelled out in the Sustainability Statement which is available at www.hai-o.com.my.

In the upcoming financial year FY2022, we will further enhance our stakeholder engagement approach by taking advantage of the normalisation of online communication to conduct online surveys with our stakeholders to obtain their inputs to be considered in Hai-O Group's materiality assessment process. This will facilitate a more holistic review of our Group and business operations, as well as assessment of the Group's sustainability matters based on our mission, vision and sustainability strategies in achieving our short, medium and long-term goals and objectives.

MATERIALITY MATRIX

Hai-O Group's updated materiality matrix for FY2021 is presented as follows, with our 20 material sustainability matters categorised according to the 5 Key Sustainability Focus Areas. Generally, Occupational Health and Safety, Employee Well-being, and Supply Chain Management have risen in their materiality due to recent changes in the overall business and market environment, which has largely been affected by the pandemic.



SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

Key Sustainability Focus Ares	Material Sustainability Matters	Materiality Ranking	Description
Economy	Economic Performance	1	Good economic growth will enable Hai-O to have adequate capital to maintain its social licence to operate, comply with new regulations and standards, as well as preparing for potential risks and changes in the future.
	Brand and Reputation	2	Hai-O 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.
	Supply Chain Management	8	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, costs optimisation, risk management and also strengthens our commercial positioning.
Governance	Corporate Governance and Risk Management	6	Hai-O 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	9	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.
	Succession Planning	14	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 developments.
People	MLM Entrepreneurship	4	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.
	Customer Satisfaction	5	This topic is material because by listening to the individuals who use our products, we can better understand how they interact with our products and identify ways to improve both the products and services that we offer.
	Employee Well-being	7	We nurture employees by providing fair remuneration and comprehensive benefit packages to assure job security for employees who are vital to Hai-O.
	Occupational Health and Safety	10	We operate in accordance with the principles of occupational health and workplace safety to ensure a suitable and sustainable workplace environment.

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

Relevant stakeholder groups	Relevant GRI (Global Reporting Initiative) disclosures	Relevant SDG (Sustainable Development Goal)
• Shareholders and Investors	• Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices • Diversity and Equal Opportunity	8 DECENT WORK AND ECONOMIC GROWTH
• Shareholders and Investors • Media	Non GRI Disclosure	8 DECENT WORK AND ECONOMIC GROWTH
• Vendors and Suppliers	• Supplier Environmental Assessment • Child Labour • Forced or Compulsory Labour • Supplier Social Assessment	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 • 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
• Shareholders and Investors • Employees	• Training and Education	8 DECENT WORK AND ECONOMIC GROWTH 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
• Distributors	Non-GRI Disclosure	1 NO POVERTY 3 GOOD HEALTH AND WELL-BEING
• Customers • Certification, Standards and Regulatory Bodies	Non-GRI Disclosure	3 GOOD HEALTH AND WELL-BEING
• Employees	• Employment • Occupational Health and Safety	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
• Employees • Certification, Standards and Regulatory Bodies	• Occupational Health and Safety	3 GOOD HEALTH AND WELL-BEING

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

Key Sustainability Focus Ares	Material Sustainability Matters	Materiality Ranking	Description
People	**Equal Employment Opportunities and Leadership Development**	11	Human capital is key to our growth. We are dedicated to maintaining a high standard of employment practices by attracting and retaining the right talents through their outstanding merits. This best practice enhances our Company's performance and the equity of the Company as a responsible employer.
	Training and Development	15	Hai-O has always made persistent efforts to equip employees with the right skills to keep them abreast of the latest knowledge and techniques. Our training programmes are aimed at enhancing the skills, capabilities and knowledge required for decision making and creative thinking.
	Community Engagement	18	Hai-O 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	**Product Safety and Quality and Responsible Marketing**	3	Our commitment to "promoting healthcare culture and improving human's well-being" entails the provision of safe and quality products.
	Product Innovation	12	Fundamentally, we strive to contribute a healthier community by innovating safe products without exploiting people working in the supply chain or damaging the environment.
	Product Certification	13	Our healthcare products that improve the customers' 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.
	Manufacturing Certification	16	We consistently stay proactive to ensure that our manufacturing processes are undertaken in a safe and efficient manner.
Planet	**Green Product and Packaging**	17	Hai-O works towards offering green products by avoiding harmful materials, sourcing raw materials with lower environmental impact and utilising sustainable packaging materials.
	Energy Consumption	19	Hai-O strives to use resources and energy in an efficient and environmentally friendly manner to help alleviate global climate change.
	Waste and Recycling	20	We aim to reduce waste across the Group while stepping up efforts to reuse and recycle.

Relevant stakeholder groups	Relevant GRI (Global Reporting Initiative) disclosures	Relevant SDG (Sustainable Development Goal)
• Employees	• Diversity and Equal Opportunity	8 DECENT WORK AND ECONOMIC GROWTH
• Employees	• Training and Education	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
• Local Communities	• Economic Performance • Indirect Economic Impacts	1 NO POVERTY 4 QUALITY EDUCATION
• Customers • Certification, Standards and Regulatory Bodies • Distributors	• Marketing and Labeling	3 GOOD HEALTH AND WELL-BEING
• Customers • Distributors	• Customer Health and Safety	3 GOOD HEALTH AND WELL-BEING
• Certification, Standards and Regulatory Bodies • Customers	Non-GRI Disclosure	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
• Certification, Standards and Regulatory Bodies	Non-GRI Disclosure	8 DECENT WORK AND ECONOMIC GROWTH
• Certification, Standards and Regulatory Bodies • Customers	Non-GRI Disclosure	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
• Certification, Standards and Regulatory Bodies	• Energy	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
• Certification, Standards and Regulatory Bodies	• Environmental Compliance	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SUSTAINABILITY SUMMARY REPORT
(CONTINUED)

The materiality matrix guides our focus and efforts in managing the Group's sustainability matters. The highlights of the Group's management of material sustainability matters for FY2021 are summarised below:

OUR ECONOMY

- **Profit Before Tax** RM52.3 million — 26.0% y-o-y Compare FY2020
- **Total Revenue** RM271.4 million — 6.3% y-o-y Compare FY2020
- **Total Assets** RM371.5 million
- **Market Capitalisation** RM648.6 million
- 60% Local trade procurement
- **Average entry level non-executive wage: minimum wage** 1.67 : 1 East Malaysia; 1.42 : 1 West Malaysia
- **Internship Programme** for 9 Students

OUR GOVERNANCE

- **Anti-Bribery Policy** communicated to **all** directors, employees, distributors, and active suppliers and business associates
- Developed **Code of Business Ethics** for **suppliers** and **business associates**
- **Code of Ethics and Business Conduct** is made available in: **English, Bahasa Malaysia and Chinese**
- **2 TCM** Manufacturing Plants Certification: **GMP**
- **MLM & Manufacturing** Certification: **ISO 9001:2015**

OUR PEOPLE

- **483** employees; **89,000** MLM Distributors
- **100% complaints resolved** for all business segments
- **0 case** work-related injuries
- **36% male 64% female** Management diversity
- **11 training hours** per employee
- **Community Engagement Activities** Higher Educational Aid, Blood Donation, Giveaway of 10,000 packets of herbal tea at 55 chain stores and franchises

OUR PRODUCT

- Guidelines in place to govern **responsible marketing**
- **Compliant** with relevant regulatory requirements: **MAL, NPRA, FSQD, KKLIU**
- **0 case** of product **recall**
- **> 100 products** with **HALAL certifications**

OUR PLANET

- **7.34 kWh/ ft²** Total electricity usage intensity (per square foot)
- **99.8% new MLM members** registered on electronic platform
- Electronic communication with stakeholders (**100%** MLM e-bulletin, Board e-portal, e-vouchers, and etc)
- Efforts to **reduce** packaging and use of **paper** and **plastic** materials

Detailed discussions on the sustainability matters are presented in our Sustainability Statement 2021 which is available on our Company's website at www.hai-o.com.my or scan this QR code.

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	Directorship	No. of Meetings Attended in FY2021
Chairperson: Tan Beng Ling	Independent Non-Executive Director	5/5
Members: Tan Kim Siong	Independent Non-Executive Director	5/5
Chia Kuo Wui *(appointed as a member on 1 July 2020)*	Independent Non-Executive Director	4/4

Note: Chow Kee Kan @ Chow Tuck Kwan ceased as a member on 4 May 2020.

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.hai-o.com.my under Investor Relations – Corporate Governance section.

ATTENDANCE OF MEETINGS

A total of five (5) Committee meetings were held during the financial year ended 30 April 2021 with attendance rate of 100%. The attendance of each Committee member is summarized as per the table above.

The quorum for a meeting shall be made up of a majority of the members present who shall be Independent Directors. The Company Secretary is the secretary of the AC.

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

During the financial year ended 30 April 2021, 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.

AUDIT COMMITTEE REPORT

(CONTINUED)

ATTENDANCE OF MEETINGS (CONTINUED)

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

The Head of Group Internal Audit Department ("IAD") 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 2021

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

During the financial year ended 30 April 2021 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 2021 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 2021. The audit plan covered among others, its engagement team, audit materiality, key audit matters, other significant audit matters and audit methodology;

4. Reviewed and assessed the audit fees and the nature of non-audit services and the related fee level compared to the external audit fees of the Company and the Group;

5. Reviewed and assessed the performance and independence of the External Auditors, KPMG PLT, taking into account the quality and timeliness of the reports 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 FY2021 and recommended to the Board for the re-appointment of KPMG PLT as External Auditors for the financial year ending 30 April 2022 and the fees proposed;

6. Held two (2) private sessions with the External Auditors and one (1) private session with the Head of Group IAD 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 Group Internal Auditors;

7. Reviewed and assessed the staff force requirement of the Group IAD;

8. Reviewed, appraised and assessed the performance of the Head of Group IAD;

9. Deliberated and approved the Internal Audit Plan for the financial year to ensure adequate scope and comprehensive coverage of audit and that audit resources were sufficient to enable the Group IAD to discharge its functions effectively;

SUMMARY OF WORK DURING THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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 Group Internal Auditors and Management and the outcome therefrom to ensure that all high and critical risk areas were being addressed;

13. Reviewed related party transactions ("RPT"), recurrent related party transactions ("RRPT") and conflicts of interest situations that may arise within the Company or the Group including any transactions, procedures or code of conduct that may raise concerns or questions on Management's integrity. The Group has put in place a set of policies and procedures to be adhered to in the event of RPT, RRPT, and conflicts of interest situations. The AC has reviewed the RPT, RRPT and potential conflicts of interest matters once during the financial year ended 30 April 2021;

14. Reviewed and verified that the total options allocated and granted under the Company's Employees' Share Option Scheme ("ESOS") to-date were in accordance with the allocation criteria approved by the ESOS Committee and in compliance with the By-Laws of the ESOS. Areas reviewed included the maximum number of shares available under the ESOS, eligibility of the allottees and basis of allocation. The AC has also reviewed the status of ESOS including total options forfeited during the financial year;

15. Conducted pre-AC meetings with the Head of the Group IAD to gain greater understanding and insight into audit issues including the quality and timeliness of management response and follow up actions. One of the AC members held discussions and performed ad-hoc visits to the Head of the Group IAD to review ongoing audit matters, audit recommendations and the status of action plans taken by Management;

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

17. Reviewed the AC Report and the Statement on Risk Management and Internal Control before recommending to the Board for approval for inclusion in the FY2021 Annual Report.

HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR ENDED 30 APRIL 2021

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.

AUDIT COMMITTEE REPORT

(CONTINUED)

HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

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 2021 at the AC meetings held on 26 June 2020, 17 July 2020 and 25 March 2021. The AC had two (2) private meetings with the External Auditors without the presence of the Management at the meetings held on 26 June 2020 and 25 March 2021 respectively.

3. Internal Audit

The AC reviewed and approved the Internal Audit Plan for the financial year ended 30 April 2021 for the Company and the Group presented by the Head of Group IAD to authorise the deployment of necessary resources to address risk areas identified.

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 2021, the AC met five (5) times with the Head of the Group IAD at the AC meetings held on 26 June 2020, 17 July 2020, 28 September 2020, 17 December 2020 and 25 March 2021. Since December 2020, the AC members have also held pre-AC meetings with the Head of the Group IAD to gain greater insight into audit issues. In addition, the AC had one (1) private meeting with the Head of the Group IAD without the presence of the Management at the AC meeting held on 17 December 2020.

A total of ten (10) audit reports were furnished to the AC for review and deliberation. The Group IAD had reviewed and conducted audits and assessed the adequacy and integrity of the internal control systems in accordance with the audit plan as approved by the AC. The results of the audit conducted, as well as key control issues and recommendations were highlighted to the AC upon completion of each audit session for discussion and assessment.

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

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

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

HOW THE AUDIT COMMITTEE DISCHARGED AND MET ITS RESPONSIBILITIES DURING THE FINANCIAL YEAR ENDED 30 APRIL 2021 (CONTINUED)

4. Related Party Transactions ("RPT")

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

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

During the financial year ended 30 April 2021, 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 may arise within the Company and the Group.

During the financial year ended 30 April 2021, the Group IAD reviewed and conducted ten (10) 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 Marketing Event, Advertising and Sponsorship and Non-trade Event Management, Hamper Sales and Monitoring Process, Incentive Trip Monitoring and Management, Inventory and Warehouse Management, Sales & Debtors and Salesman & Promoter Commission Management, Outlets Operation Management - Central Region, Machinery Repair & Maintenance and assessed the effectiveness of the Group's internal control system pertaining to ABP.

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 2021 amounted to RM242,201.

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.hai-o.com.my. 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 2021 and up to the date of this Report.

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

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

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

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

- Practice 4.5: The Board discloses the Company's policies on gender diversity, its targets and measures to meet those targets.
- Practice 7.2 & Practice 7.3 Step Up: The Board discloses on a named basis the top five (5) senior management's remuneration.

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

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Part I - Board Responsibilities

Intended Outcome 1.0

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

Intended Outcome 2.0

There is demarcation of responsibilities between the board, board committees and management; there is clarity in the authority of the board, its committees and individual directors.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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:

BOARD OF DIRECTORS

Audit Committee	Risk Management Committee	Nominating Committee	Remuneration Committee	Sustainability Steering Committee	ESOS Committee
Internal Audit	Executive Risk Management Committee			Sustainability Working Committee	

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. The Company Secretary keeps the minutes of the Board meetings, a draft of which is circulated to Management and Directors for their comments prior to approval by the Chairman.

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

The Board, assisted by the respective Board Committees, is responsible for, among others, the following:

- Reviewing and adopting a strategic plan for the Group, taking into account the sustainability of the business of the Group with attention given to the environmental, economic and social aspects of the operations;
- Overseeing and evaluating the conduct of the Group's businesses, review of business plans and approval of annual budget;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Establishing a succession plan for Senior Management;
- Overseeing the development and implementation of Investor Relation's policy;
- Reviewing the adequacy and integrity of the management information and internal controls system of the Group;
- Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour including setting the anti-bribery stance and managing corruption risks of the Group;
- Formulating corporate policies and strategies;
- Approving key matters such as quarterly financial results, audited financial statements as well as major investments and divestments, major acquisitions and disposals and major capital expenditure;
- Assessing on an annual basis the effectiveness of the Board, Board Committees, individual Directors and Senior Management;
- Reviewing the terms of office and performance of the Board Committees and each of its members in accordance with their respective terms of office;
- Ensuring that all its directors are able to understand financial statements and form a view on information presented.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Activities in the Financial Year Ended 30 April 2021 and Future Priorities

The following is a summary of key matters addressed by the Board either directly or via its respective Board Committees in FY2021 and up to the date of this Report: -

FOCUS AREA STRATEGIC PLANS AND SUSTAINABILITY

ACTIVITIES

- Reviewed and approved the Group's business plan and strategies and Budget for FY2021.
- Assessed Management performance to determine whether the business is being properly managed.
- Reviewed the KPI for Executive Directors and Senior Management.
- Reviewed the Sustainability strategies and policies and updated the status of key sustainability matters of the Group.
- Together with Management, assessed and managed the impact of COVID-19 to the Group's business operations and put in place the relevant Standard Operating Procedures across the business divisions.
- Proposed to undertake the following "Corporate Proposals": -
  (i) Proposed internal reorganisation by way of Scheme of Arrangement comprising of: -
    (a) Proposed share exchange of up to 300,297,890 Hai-O Enterprise Shares, representing the entire issued share capital of Hai-O Enterprise (including treasury shares held by Hai-O Enterprise) with up to 300,297,890 Beshom Holdings Berhad ("BESHOM") Shares on the basis of 1 BESHOM Share for every 1 existing Hai-O Enterprise Share held on the Entitlement Date; and
    (b) Proposed assumption of the listing status of our Company by BESHOM, the admission of BESHOM to, and withdrawal of our Company from, the Official List of Bursa Securities, with the listing of and quotation for 300,297,892 BESHOM Shares on the Main Market of Bursa Securities;
  (ii) Proposed termination of the Existing ESOS; and
  (iii) Proposed establishment of new ESOS of up to 15% of the issued share capital of BESHOM (excluding treasury shares of BESHOM, if any) at any point in time over the duration of the Proposed New ESOS to the Eligible Persons.

FOCUS AREA GOVERNANCE & FINANCIAL REPORTING

ACTIVITIES

- Reviewed the composition and skills of the Board and Board Committees, the performance and effectiveness of the Board, Board Committees and individual Directors.
- Reviewed and approved the reconstitution of the Remuneration Committee, Nominating Committee and Risk Management Committee.
- Reviewed and approved the annual report, quarterly results and audited financial statements.
- Reviewed the solvency position of the Company and approved dividend payments.

FOCUS AREA RISK MANAGEMENT & INTERNAL CONTROL

ACTIVITIES

- 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.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Looking ahead to Financial Year Ending 30 April 2022: -

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;
- Drive a culture that prioritises compliance, internal control, risk management practices and sustainability governance to build a strong and resilient organisation;
- Intensify digital transformation strategies to achieve revenue growth and cost optimisation;
- Supervise the implementation of the Corporate Proposals and after the completion of the Proposed Internal Reorganisation, to further streamline the BESHOM Group to have separate identifiable business streams which better reflects the diverse operations of BESHOM Group; and
- Together with Management, continue to assess and manage the impact of COVID-19 pandemic on the Group's business operations and put in place/enhance the relevant Standard Operating Procedures across the business divisions.

Succession Planning

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

The Chairman

Mr. Tan Kai Hee is the Chairman of the Group who is responsible for ensuring the smooth and effective functioning of the Board. 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 to discuss all relevant issues at Board meetings.

Company Secretary

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

Board Charter

To enhance accountability, the Board Charter which clearly sets out the roles, functions, composition, operation and processes of the Board was developed and replaced with the Directors Handbook which was established in 2010. The Board Charter clearly sets out the roles and responsibilities of the Board and Board Committees, the function of the Board and those delegated to Management, the processes and procedures for convening their meetings and the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company. The Board Charter will be periodically reviewed and updated to take into consideration the needs of the Company as well as any development in relevant rules, regulations and laws that may impact the discharge of the Board's duties and responsibilities.

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. The Board Charter and the Terms of Reference of the relevant Board Committees were last updated and enhanced in July 2021.

The Board Charter, Terms of Reference of Audit Committee, Nominating Committee and Remuneration Committee are available on the Company's website at www.hai-o.com.my under the Investor Relations section.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Access to Information and advice

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

Notice of meetings set out the agenda and accompanied by the relevant Board papers are given to the Directors with sufficient time to enable the Directors to review, seek additional information or clarify the matters to be deliberated at Board meetings.

The Board meets at least once every three (3) months. During the financial year ended 30 April 2021, the Board met six (6) times with attendance rate of 100%. Senior Management staff were invited to attend the Board meetings to provide the Board with operational, management and financial details. The details of Directors' attendance during the financial year ended 30 April 2021 are set out on page 72 of this Annual Report.

The Chairman of the respective Board Committees are given time under a separate Agenda at each Board Meeting following their respective meetings to brief the Board on salient matters deliberated at such Committee meetings and if necessary, recommend to the Board actions to be taken.

The Board has unrestricted access to all staff for any information pertaining to the Group's affairs. In addition, the Board has access to the advice and services of the Company Secretaries who are responsible in ensuring that Board meeting procedures are followed and that applicable rules and regulations are being complied with. The Board 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 key Senior Management or the Company Secretaries for consideration of the Board at a Board meeting to be held.

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

Time Commitment and Protocols for accepting new directorship

The Board meets at least quarterly with additional meetings convened as and when necessary. Board meetings for each financial year are scheduled in advance to enable the Directors to allocate time for such meetings.

The Board obtains this commitment from the Directors at the time of appointment and this is assessed by the Nominating Committee annually. In any circumstances, the Directors must not hold more than five (5) directorships in public listed companies in accordance with the Main Market Listing Requirements of Bursa Securities ("MMLR").

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 which is published on the Company's website at www.hai-o.com.my. 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.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Code of Ethics and Whistle-Blowing Policy (Continued)

The Board is also guided by the new Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries ("Guidelines") issued by Securities Commission ("SC") on 30 July 2020 and the revised Guidelines dated 12 April 2021 ("revised Guidelines") in discharging their fiduciary duties. The Guidelines set out guidance on duties and responsibilities of board in company group structures and requirements for the establishment of a group-wide framework to enable, among others, oversight of the group performance and the implementation of corporate governance policies. The revised Guidelines serves as a guide for Hai-O and its subsidiaries and their directors in establishing a group governance framework. It highlights salient features of the group governance framework such as setting the tone for leadership, alignment of strategies and establishing policies and procedures of the group.

The Guidelines is available at the SC's website at www.sc.com.my.

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 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.hai-o.com.my.

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

Part II – Board Composition

Intended Outcome 4.0

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

Our Board has nine (9) members, comprising three (3) Executive Directors and six (6) Independent Non-Executive Directors. This complies with Paragraph 15.02 of the MMLR that requires at least one-third (1/3) of the Board to be Independent Directors as well as Practice 4.1 of the MCCG that requires at least half of the board to comprise of 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, 67% of our directors are independent while the female representation is 22% with two (2) women directors. The Board will take necessary efforts to close the gap to achieve 30% women directors in our Board in the near future.

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

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Part II – Board Composition (Continued)

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

The positions of the Group Executive Chairman and Group Managing Director are held by different individuals. There is also a clear distinction of responsibilities between the Group Executive Chairman and the Group Managing Director to maintain a balance of authority and accountability. The Group Executive Chairman provides overall leadership to the Board and is primarily responsible for the orderly conduct and function of the Board to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates the discussion. The Group Managing Director is the 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.

The Non-Executive Directors are encouraged to meet among themselves at least annually to discuss, among others strategic, governance and operational issues.

The Board's composition represents a mix of knowledge, skills and expertise relevant to the activities of the Group. A brief profile of each Director is presented on pages 8 to 12.

Nominating Committee

The Board has delegated to the Nominating Committee 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 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 Nominating Committee in the discharge of all its functions are properly documented.

The Board had set up a Nominating Committee on 18 December 2001. The Nominating Committee was reconstituted on 1 July 2020 and currently comprises exclusively of Independent Non-Executive Directors. The members are as follows: -

Name	Directorship	No. of Meetings Attended in FY2021
Chairman: Ng Chek Yong *(appointed as Chairman and member on 1 July 2020)*	Senior Independent Non-Executive Director	1/1
Members: Soon Eng Sing	Independent Non-Executive Director	2/2
Professor Hajjah Ruhanas Binti Harun *(appointed as a member on 1 July 2020)*	Independent Non-Executive Director	1/1

Note: Chia Kuo Wui ceased to be a member of Nominating Committee on 1 July 2020.

The Chairman of the Nominating Committee, Ng Chek Yong, was designated as the Senior Independent Non-Executive Director on 1 July 2020. The role of the Senior Independent Non-Executive Director, amongst others, includes taking the lead of succession planning, recommending the appointment of Board and Committee members, annual review of Board and Board Committees effectiveness, and assessment of the performance of each individual Director. The Senior Independent Non-Executive Director is also the point of contact for shareholders to convey their concerns. The Terms of Reference of the Nominating Committee was updated and enhanced in July 2021 and is available at our website www.hai-o.com.my.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Nominating Committee (Continued)

The Nominating Committee has developed criteria for the assessment of the Independent Directors annually. The Nominating Committee 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.

The Nominating Committee meets at least once a year with additional meetings to be convened, if necessary. During the financial year under review, the Nominating Committee met twice (2) with 100% attendance rate, to carry out the following key activities:

a) reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
b) evaluated the performance and effectiveness of the Board and each individual Director;
c) assessed the independence of the Independent Directors;
d) evaluated the performance and effectiveness of the Audit Committee, Remuneration Committee, Risk Management Committee and each of its members respectively;
e) identified the training needs of Directors for continuous education;
f) assessed and recommended to the Board the re-election of the Directors who are due for retirement pursuant to Clause 119 of the Company's Constitution to be tabled to the shareholders for approval at the forthcoming AGM;
g) reconstituted the Remuneration Committee, Nominating Committee, Audit Committee and Risk Management Committee effective from 1 July 2020.

In compliance with the Constitution of the Company, one third (1/3) of the directors shall retire by rotation at each AGM and that a director who is appointed during the year shall retire at the next AGM. The Constitution further provides that all Directors shall retire from office at least once in every three (3) years.

Board Nomination and Election Process of Director(s)

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

Based on the recommendation of the Nominating Committee, the Board would evaluate and decide on the appointment of the proposed candidate.

Members of the Nominating Committee would meet with potential candidates for the position of director to assess their suitability based on a prescribed set of criteria as set out in the Terms of Reference of the Nominating Committee. Potential candidates are required to declare and confirm in writing, amongst others, his/her time commitment, current directorships, that he/she is not an undischarged bankrupt, or is involved in any court proceedings in connection with the promotion, formation or management of a corporation involving fraud or dishonesty punishable on conviction with imprisonment or is subject to any investigations by any regulatory authorities under any legislations. Furthermore, candidates being considered for the position of independent directors are required to declare and confirm their independence based on the criteria set out in the MMLR.

Management would conduct an induction program to assist the new directors to familiarise themselves with the Group's structure and businesses and provide the directors with relevant information about the Group. New directors are also encouraged to undertake site visits and to meet with key senior executives.

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

SELECTION AND APPOINTMENT PROCESS FOR NEW DIRECTOR

Analyse and identify needs of the Board	Source Candidate	Conduct interaction with candidate	Nominate candidate to the Board	Board approval	Appointment process	Orientation Program for new director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Nomination and Election Process of Director(s) (Continued)

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. In designing the Board Composition, the Group believes 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 Board is open to utilise independent sources in identifying suitably qualified candidates where necessary.

Changes in Board Committees

The Board has reviewed the composition of the respective Board Committees and evaluated the gap that is required to meet the recommended practices by the MCCG. The Audit Committee, Remuneration Committee, Nominating Committee and Risk Management Committee were reconstituted on 1 July 2020 after the resignation of Chow Kee Kan @ Chow Tuck Kwan from the Board.

The Audit Committee, Remuneration Committee, Nominating Committee and Risk Management Committee were reconstituted with the appointments of Chia Kuo Wui as a new member of the Audit Committee, Ng Chek Yong as the Chairman of the Nominating Committee, Professor Hajjah Ruhanas Binti Harun as a new member of the Nominating Committee, Tan Beng Ling as a new member of the Remuneration Committee and the re-designation of Hew Von Kin as the Chairman of the Risk Management Committee, all effective from 1 July 2020.

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 2021:-

No.	Topics	TKH	TKK	HVK	NCY	TBL	SES	CKW	TKS	HJR
1.	Anti-Bribery Framework	√								
2.	Road to Economic Recovery: Rebuilding the Global Economy Amidst Radical Uncertainty						√			
3.	The Cooler Earth Summit - Webinar: Profits with a purpose					√				
4.	The Cooler Earth Summit - Online Masterclass: Environmental Reporting & TCFD for Red GHG Emissions					√				
5.	The Cooler Earth Summit - Sustainability Careers: Build a Sustainable World					√				
6.	CGM's Malaysia Showcase at Climate Week New York					√				
7.	Hai-O Group New H&S Policy Briefing			√						
8.	Fraud Risk Management Workshop			√						
9.	BRI POST COVID-19: New Opportunities And Challenges		√		√					
10.	Post U.S. Election: What's next for U.S. Commercial Real Estate?					√				

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Directors' Training (Continued)

No.	Topics	TKH	TKK	HVK	NCY	TBL	SES	CKW	TKS	HJR
11.	Social Media Marketing and Branding Development (1) - (3)			√						
12.	The Auditor's Response to Assessed Risks							√		
13.	Webinar Series I: Primer on Climate Governance					√				
14.	Understanding Board Decision-Making Process								√	
15.	Virtual Workplace Excellence	√								
16.	Managing Human Rights: Why is it important to corporations?									√
17.	A dialogue with IRB | SVDP, Tax Audits & Investigations: What you need to know					√				
18.	Challenges and Opportunities Facing the Asian Economy after the Epidemic				√					
19.	Cyber Security Awareness Briefing			√		√				
20.	Increasing Expectations on Reporting and Disclosure					√				
21.	E-Commerce trend in the age of Covid-19 with Shopee					√				

Note: TKH (Tan Kai Hee), TKK (Tan Keng Kang), HVK (Hew Von Kin), NCY (Ng Chek Yong), TBL (Tan Beng Ling), SES (Soon Eng Sing), CKW (Chia Kuo Wui), TKS (Tan Kim Siong), HJR (Hajjah Ruhanas Binti Harun)

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 5.0

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 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Evaluation and Assessment (Continued)

In line with Practice 5.1 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;
- 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 2021 which was carried out internally and facilitated by 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 mix of skills was adequate.

Part III – Remuneration

Intended Outcome 6.0

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 7.0

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 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 Terms of Reference of the Remuneration Committee which includes the Remuneration Policies was updated and enhanced in August 2018 and is available on website at www.hai-o.com.my.

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 excused themselves from deliberation on their own remuneration at Board meetings.

In the case of Non-Executive Directors, the remuneration philosophy is to establish a remuneration structure that commensurate with the seniority, experience, contribution, level of responsibilities and representation in Board Committees by a particular Non-Executive Director. The remuneration and benefits payable to the Non-Executive Directors would be tabled to the shareholders for approval at the forthcoming AGM.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Remuneration Committee (Continued)

The Remuneration Committee was reconstituted on 1 July 2020. Presently, it comprises wholly Non-Executive Directors, all of whom are Independent.

Name	Directorship	No. of Meetings Attended in FY2021
Chairman:		
Soon Eng Sing	Independent Non-Executive Director	2/2
Members:		
Chia Kuo Wui	Independent Non-Executive Director	2/2
Tan Beng Ling *(appointed as member on 1 July 2020)*	Independent Non-Executive Director	1/1

During the financial year ended 30 April 2021, the Remuneration Committee held two (2) meetings with 100% attendance rate. The Remuneration Committee has reviewed the remuneration packages of the Executive Directors and key Senior Management based on Key Performance Indicators and performance appraisal carried out by the Group Managing Director before making its recommendation to the Board for its consideration and approval.

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

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

Directors' Remuneration

The details of the remuneration of Directors for the financial year ended 30 April 2021 are as follows:

Company	Directors' Fees (RM)	Salaries, Allowances Bonuses, Incentives (RM)	Other Emoluments[N1] (RM)	Benefits-In-Kind[N2] (RM)	Total (RM)
Executive Directors					
Tan Kai Hee	23,000	636,000	6,593	31,150	696,743
Tan Keng Kang	23,000	945,000	67,811	7,845	1,043,656
Hew Von Kin	23,000	866,000	107,665	23,750	1,020,415
Sub-Total	**69,000**	**2,447,000**	**182,069**	**62,745**	**2,760,814**
Non-Executive Directors					
Ng Chek Yong	23,000	60,000	11,993	-	94,993
Tan Beng Ling	23,000	72,000	20,563	-	115,563
Soon Eng Sing	23,000	72,000	16,563	-	111,563
Chia Kuo Wui	23,000	72,000	20,563	-	115,563
Tan Kim Siong	23,000	60,000	17,723	-	100,723
Hajjah Ruhanas Binti Harun	23,000	60,000	8,993	-	91,993
Sub-Total	**138,000**	**396,000**	**96,398**	**-**	**630,398**
Grand Total	**207,000**	**2,843,000**	**278,467**	**62,745**	**3,391,212**

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

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 2021 are as follows: (Continued)

Group	Directors' Fees (RM)	Salaries, Allowances Bonuses, Incentives (RM)	Other Emoluments[N1] (RM)	Benefits-In-Kind[N2] (RM)	Total (RM)
Executive Directors					
Tan Kai Hee	34,000	1,459,600	7,778	31,150	1,532,528
Tan Keng Kang	48,000	1,263,000	115,151	7,845	1,433,996
Hew Von Kin	27,000	941,000	114,206	23,750	1,105,956
Sub-Total	**109,000**	**3,663,600**	**237,135**	**62,745**	**4,072,480**
Non-Executive Directors					
Ng Chek Yong	23,000	60,000	11,993	-	94,993
Tan Beng Ling	23,000	72,000	20,563	-	115,563
Soon Eng Sing	23,000	72,000	16,563	-	111,563
Chia Kuo Wui	27,000	72,000	20,563	-	119,563
Tan Kim Siong	23,000	60,000	17,723	-	100,723
Hajjah Ruhanas Binti Harun	23,000	60,000	8,993	-	91,993
Sub-Total	**142,000**	**396,000**	**96,398**	**-**	**634,398**
Grand Total	**251,000**	**4,059,600**	**333,533**	**62,745**	**4,706,878**

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

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 2021.

The Directors who are shareholders of the Company had abstained from voting at the previous 45th AGM and shall abstain from voting at the forthcoming 46th 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 2021, is as follows: -

Group Level	Salaries, Allowances Bonuses, Incentives (RM)	Other Emoluments[N1] (RM)	Benefits-In-Kind[N2] (RM)	Total (RM)
Senior Management	596,750	65,586	11,100	673,436

N1 Other Emoluments comprised allowances, Employer's Provident Fund contribution, Social Security Welfare contribution and Employment Insurance Scheme contribution.
N2 Benefits-in-Kind comprised provision of Company's motor vehicle and others.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I - Audit Committee

Intended Outcome 8.0

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 41 to 45 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 contents of their audit report.

The Audit Committee shall carry out assessment on the performance, suitability and independence of the External Auditors annually covering among others, the following areas:
(a) Service quality;
(b) Sufficiency of resources;
(c) Communication with the Management; and
(d) Independence, Objectivity and Professionalism.

The Audit Committee has also put in place a policy and had 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 Hai-O and arrangements are put in place to preserve the integrity of the external audit process. The Board must specifically approve such exceptions.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Assessment of suitability and independence of External Auditors (Continued)

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 fees, which was not material as compared with the total audit fees 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 26 June 2020, 17 July 2020 and 25 March 2021 during the financial year ended 30 April 2021. The Audit Committee has allocated a discussion session with the External Auditors without the presence of the Executive Directors and Management at the meetings held on 26 June 2020 and 25 March 2021.

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 63 of this Annual Report.

Part II – Risk Management and Internal Control

Intended Outcome 9.0

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 10.0

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

Recognising the importance of risk management, the Risk Management Committee ("RMC") was established on 21 December 2011. 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.

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

Part II – Risk Management and Internal Control (Continued)

The RMC was restructured on 1 July 2020. Presently, the RMC consists of four (4) members, three (3) of whom are Independent Non-Executive Directors and is in compliance with Practice 9.3 – Step Up of the MCCG which requires the Risk Management Committee to comprise a majority of independent directors.

Name	Directorship	No. of Meetings Attended in FY2021
Chairman:		
Hew Von Kin *(re-designated as Chairman on 1 July 2020)*	Group Executive Director cum Chief Financial Officer	3/3
Members:		
Ng Chek Yong	Senior Independent Non-Executive Director	3/3
Chia Kuo Wui	Independent Non-Executive Director	3/3
Tan Beng Ling	Independent Non-Executive Director	3/3

Note: Tan Keng Kang ceased to be the Chairman and member of RMC on 1 July 2020.

During the financial year ended 30 April 2021, the RMC held three (3) meetings with 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 Hai-O Group spans across financial, operational and compliance aspects, particularly to safeguard the Hai-O Group's assets and hence shareholders' investments. The system of internal control, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

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

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

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I - Communication with stakeholders

Intended Outcome 11.0

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(CONTINUED)

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

Investor Relations

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

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

The Company periodically organises briefings and meetings with analysts and fund managers and also facilitates communications through tele-conference to give stakeholders a better understanding of the businesses and developments of the Group. The corporate presentations and interim financial highlights are made available on the Company's website at www.hai-o.com.my.

To maintain a high level of transparency and effectively address any issues or concerns, the Company maintains a dedicated electronic mail, ir@hai-o.com.my to which stakeholders can direct their queries for Investor Relations purposes.

Corporate Disclosure Policies & Procedures

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 Policies & Procedures 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 Hai-O Group has also leveraged on information technology for broader and effective dissemination of information and has established an Investor Relations section within the Hai-O 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 general meetings and others.

Part II - Conduct of General Meetings

Intended Outcome 12.0

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 participated in the Question and Answer session.

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

General Meeting (Continued)

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.

The Company held its 45th AGM on 1 October 2020. The Company had also convened its Court Convened Meeting and Extraordinary General Meeting on 19 May 2021 to consider the Proposed Internal Reorganistion exercise.

All Directors attended the 45th AGM, the Court Convened Meeting and the Extraordinary General Meeting. The three (3) meetings were held virtually from the broadcast venue located in Kuala Lumpur, Malaysia.

Likewise, for conducting virtual general meeting, the Board must also ensure that the meeting supports meaningful engagement between the Board, Senior Management and shareholders. This includes having in place the required infrastructure and tools to among others, a smooth broadcast of the general meeting and interactive participation by shareholders.

Resolutions put forth are voted by the members via electronic voting to ensure accurate recording of votes. All resolutions will be put to vote by poll.

A summary of the minutes of general meeting(s) including the Question and Answer session is made available to the shareholders on the Company's website at www.hai-o.com.my.

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 23 August 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2021

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 internal control of Hai-O Enterprise Berhad ("Company") and its subsidiaries ("Group") for the financial year ended 30 April 2021, 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.

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 was reconstituted on 1 July 2020 and is currently chaired by the Group Executive Director cum Group Chief Financial Officer and its members consist of three (3) Independent Non-Executive Directors as follows:

Name	Directorship	No. of Meetings Attended in FY2021
Chairman:		
Hew Von Kin *(re-designated as Chairman on 1 July 2020)*	Group Executive Director cum Group Chief Financial Officer	3/3
Member:		
Ng Chek Yong	Senior Independent Non-Executive Director	3/3
Tan Beng Ling	Independent Non-Executive Director	3/3
Chia Kuo Wui	Independent Non-Executive Director	3/3

Note: Tan Keng Kang ceased to be the Chairman and member of RMC on 1 July 2020.

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 meetings held during the financial year ended 30 April 2021. 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 2021, 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 and recommended the adoption of the Anti-Bribery Framework at the three (3) RMC meetings held on 22 May 2020, 25 June 2020 and 17 December 2020 respectively with an attendance rate of 100% for all RMC members. The Chairman of the RMC reports and briefs the Board under a separate agenda at each Board Meeting following their respective meetings on the salient matters deliberated, including among others, the adequacy of the internal control system in managing the risks, the monitoring process carried out by the Management and the RMC. The Company Secretary is the secretary of the RMC.

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

THE GROUP'S ENTERPRISE RISK MANAGEMENT PROCESS

Risk Assessment	Risk Impact Analysis	Formulation of Action Plan	Risk Monitoring and Review
1. Review Vision & Mission and external & internal environment 2. Identify the key business risks, causes & consequences	3. Analyse its impact to get Gross Risk Rating 4. Review the adequacy of existing control 5. Assess Net Risk Rating	6. Develop detailed Management Action with ownership & timeline	7. Set Key Risk Indicators 8. Monitor and update the progress 9. Report to RMC & Board

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

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

Risk Assessment

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

Risk Impact Analysis

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

Formulation of Action Plan

The risk register is compiled to facilitate the identification, assessment and 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.

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 Group 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; market share risks; business plan implementation and execution risks; products price cutting issues; fake and counterfeit products; data protection and security, the impact of COVID-19 pandemic and Movement Control Restriction; business continuity strategies; risks on credit control and debts management; product pricing threat, expansion of e-commerce market, customers retention and expansion of youth market risks, and MIS control measures and management to cyber threat.

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 RMC at its meeting held on 22 May 2020 deliberated and reviewed the proposed establishment of an Anti-Bribery Framework ("ABF") which was then recommended to the Board for adoption 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

T*op-level Commitment*
R*isk Assessment*
U*ndertake Control Measures*
S*ystematic Review, Monitoring & Enforcement*
T*raining & Communication*

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

ANTI-BRIBERY FRAMEWORK (CONTINUED)

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.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2021 (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: (Continued)

Governance Body	Key Responsibilities
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			
Identify Bribery Risk	**Assess Gross Risk Rating**	**Managing Bribery Risk-Internal Controls**	**Assess Net Risk Rating**

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 shall conduct a review of its Bribery Risk Assessment at least once a year. During the financial year ended 30 April 2021, the ERC has reviewed the identified thirteen (13) bribery risk areas and assessed its net risk ratings based on the existing controls in place. The bribery net risk scorecard was reported to the RMC during the meeting on 17 December 2020. The Group IAD further performed a review on high bribery risk area for Wholesale, MLM, Retail and Group undertakings / commitments on non-trade functions in March 2021 and provided recommendations to further improve process and procedures in respect of ABP.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

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 2021, 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 23 August 2021.

ADDITIONAL CORPORATE DISCLOSURE

UTILISATION OF PROCEEDS

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

AUDIT AND NON-AUDIT FEES

The fees payable to the External Auditors, KPMG PLT in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 30 April 2021 are as follows:

	The Company RM	The Group RM
Audit fees	110,000	366,800
Non-audit fees	15,000	15,000

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

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

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

RECURRENT RELATED PARTY TRANSACTIONS

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 32 to the Financial Statements.

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

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

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

During the financial year, there was no new ESOS options granted. The balance ESOS options for the financial year ended 30 April 2021 was 422,000 options. The changes noted during the financial year ended 30 April 2021 are as follows:

Date of offer	Exercise Price (RM)	No. of Options			
		Balance 01.05.2020	Exercised	Forfeited	Balance as at 30.04.2021
3 July 2017	RM3.63	441,000	-	(19,000)	422,000

ADDITIONAL CORPORATE DISCLOSURE

(CONTINUED)

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETING

There were six (6) Board of Directors' Meetings held during the financial year ended 30 April 2021. The details of attendance of the Directors are as follows:-

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

FAMILY RELATIONSHIP OF DIRECTORS AND /OR MAJOR SHAREHOLDERS

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

- Mr. Tan Keng Kang and Madam Tan Keng Song are the son and daughter of Mr. Tan Kai Hee.
- 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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021

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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the wholesaling and retailing of herbal medicines, healthcare products, wellness and beauty products, investment holding activities and property 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.

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	38,816,198	46,943,136
Non-controlling interests	116,418	-
	38,932,616	46,943,136

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 Company were as follows:

i) In respect of the financial year ended 30 April 2020 as reported in the Directors' Report of that year:

- a second interim dividend of 3 sen per ordinary share totalling RM8,709,399 declared on 25 March 2020 and paid on 16 June 2020.

- a final dividend of 4 sen per ordinary share totalling RM11,593,988 declared on 2 October 2020 and paid on 19 November 2020.

ii) In respect of the financial year ended 30 April 2021, a first interim dividend of 4 sen per ordinary share totalling RM11,578,628 declared on 13 January 2021 and paid on 4 March 2021.

Subsequent to the end of the current financial year, the Directors declared a second interim dividend of 5 sen per ordinary share totalling RM15,005,162 on 25 June 2021 in respect of the financial year ended 30 April 2021, which was paid on 29 July 2021.

On 4 June 2021, the Company declared a distribution of one (1) treasury share for every twenty-six (26) existing ordinary shares ("Share Dividend") in respect of the financial year ending 30 April 2022. The Share Dividend was credited into the entitled Depositors' Securities Account respectively on 6 July 2021.

DIRECTORS OF THE COMPANY

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

Tan Kai Hee
Tan Keng Kang
Hew Von Kin
Ng Chek Yong
Tan Beng Ling
Soon Eng Sing
Chia Kuo Wui
Tan Kim Siong
Prof Hajjah Ruhanas Binti Harun
Chow Kee Kan @ Chow Tuck Kwan (resigned on 4 May 2020)

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 1.5.2020	**Bought**	**Transferred in**	**Sold**	**At 30.4.2021**
Interests in the Company:					
Tan Kai Hee					
- direct	29,822,499	993,500	-	-	30,815,999
- indirect	14,949,383	144,680	-	-	15,094,063
Tan Keng Kang					
- direct	12,388,320	-	-	-	12,388,320
- indirect	32,383,562	1,138,180	-	-	33,521,742
Hew Von Kin					
- direct	401,152	-	-	-	401,152
Chia Kuo Wui					
- direct	1,381,301	-	-	-	1,381,301
Tan Kim Siong					
- direct	52,000	-	-	-	52,000
- indirect	7,500	-	-	-	7,500
Soon Eng Sing					
- direct	50,000	-	-	-	50,000

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

	Number of ordinary shares				
	At 1.5.2020	**Bought**	**Transferred in**	**Sold**	**At 30.4.2021**
Deemed interests in the Company:					
Tan Kai Hee *	28,354,323	-	-	-	28,354,323
Tan Keng Kang *	28,354,323	-	-	-	28,354,323
Interests in a subsidiary, Hai-O Raya Bhd.:					
Tan Kai Hee					
- direct	34,000	-	-	-	34,000
- indirect	47,000	-	-	-	47,000
Tan Keng Kang					
- direct	16,000	-	-	-	16,000
- indirect	65,000	-	-	-	65,000
Hew Von Kin					
- direct	3,000	-	-	-	3,000
Deemed interests in a subsidiary, Hai-O Raya Bhd.:					
Tan Kai Hee*	30,000	-	-	-	30,000
Tan Keng Kang*	30,000	-	-	-	30,000

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

	Number of options over ordinary shares			
	At 1.5.2020	**Granted**	**Exercised**	**At 30.4.2021**
Hew Von Kin	20,000	-	-	20,000

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 Kai Hee and Tan Keng Kang are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Hai-O Enterprise Berhad has an interest.

None of the other Directors holding office at 30 April 2021 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, apart from the issue of the Employees' Share Option Scheme ("ESOS") in the previous financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company repurchased 1,231,000 (2020: 52,200) of its issued share capital from the open market for a total consideration of RM2,525,968 (2020: RM105,044). The average price paid for the shares repurchased was RM2.05 (2020: RM2.01) per share and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

At 30 April 2021, the Company held 11,215,588 (2020: 9,984,588) of its own shares.

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, apart from the issue of options pursuant to ESOS in financial year 2018.

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

The salient features of the ESOS scheme are, *inter alia*, as follows:

i) Eligible employees are those who must be at least eighteen (18) years of age, employed on a full time basis by any company in the Group and must have been confirmed in service for a continuous period of one (1) year on the date of offer; or serving under an employment contract for a fixed duration of at least one (1) year in the Group and have been continuously in service for at least two (2) years in the group prior to the date of offer.

ii) Any Director of the Group shall be eligible to participate in the ESOS, if as at the date of offer, such Director has been appointed for at least one (1) year prior to the date of offer. An eligible Director who is non-executive Director in the Group shall not sell, transfer or assign the shares obtained through the exercise of the Options granted to him within one (1) year from the date of offer.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

iii) The aggregate number of new shares that may be offered under the Options and allotted to an eligible person shall be:

a) at any one time when an offer is made, not more than ten per centum (10%) of the new shares available under the Scheme be allocated to any eligible person who, either singly or collectively through persons connected with the eligible person, holds twenty per centum (20%) or more in the total number of issued shares in the Company (excluding treasury shares, if any);

b) at any one time during the ESOS Period, not more than fifty per centum (50%) of the new shares available under the Scheme shall be allocated in aggregate to the Directors and Senior Management of the Group; and

c) the Directors and Senior Management of the Group do not participate in the deliberation or discussion of their own allocation of Options;

provided that it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Securities or any other relevant authorities, as amended from time to time.

iv) The Scheme shall be in force for a period of five (5) years from the first grant date and may be extended for a period of five (5) years after the expiration of the first five year period.

v) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer.

vi) An option holder may, in a particular year, exercise up to such maximum number of shares in the option certificate or as determined by the Board of Directors.

vii) The option granted to eligible person will lapse when they are no longer in employment or in contract of service with the Group.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

Date of offer	Exercise price	At 1.5.2020	Exercised	Forfeited	At 30.4.2021
3 July 2017	RM3.63	441,000	-	(19,000)	422,000

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 RM18,000 respectively. There are no indemnity and insurance purchased for the auditors of the Group and of the Company.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

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

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 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

i) In November 2020, Hai-O Properties Sdn. Bhd. ("HOP") increased its share capital by RM12,500,000 which was subscribed by the Company by way of loan capitalisation. With effect thereof, the share capital of HOP has increased to RM12,800,000.

ii) During the financial year, the Company acquired additional 34,000 shares of RM2.80 each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM95,200. These acquisitions increased the equity interest of the Company in Hai-O Raya Bhd. from 66.03% to 67.17%.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

i) Corporate Proposals

In January 2021, the Company announced that it intended to undertake the following Corporate Proposals:

a) Proposed exchange of ordinary shares in Hai-O Enterprise Berhad ("HOEB") ("HOEB Share(s)"), with up to 300,297,890 new ordinary shares in Beshom Holdings Berhad ("Beshom") ("Beshom Share(s)") on the basis of 1 Beshom Share for every 1 existing HOEB share held on an entitlement date to be determined ("Proposed Share Exchange");

b) Proposed assumption of the listing status of HOEB by Beshom, the admission of Beshom to, and withdrawal of HOEB from the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") with the listing of and quotation for Beshom shares on the Main Market of Bursa Securities ("Proposed Transfer of Listing Status");

The Proposed Share Exchange and the Proposed Transfer of Listing Status are collectively referred to as the "Proposed Internal Reorganisation".

c) Proposed termination of the existing employees' shares option scheme of the Company; and

d) Proposed establishment of a new employees' share option scheme ("New ESOS") of up to 15% of the issued share capital of Beshom (excluding treasury shares of Beshom, if any) at any point in time during the duration of the ESOS, for the eligible employees and directors of Beshom and its subsidiary companies which are not dormant, who fulfil the eligibility criteria as set out in the by-laws of the ESOS upon the completion of the Proposed Internal Reorganisation.

The above Corporate Proposals were approved by Bursa Securities and the shareholders in April 2021 and May 2021, respectively.

The High Court has sanctioned the Scheme of Arrangement with conditions in July 2021 pursuant to Section 366 of the Companies Act 2016 in relation to the Proposed Internal Reorganisation as follows:

1) a copy of the Court Order and the scheme of Internal Reorganisation shall be served by HOEB upon each lender or financial institution who at as this date has granted any loan or facility to HOEB or its subsidiary and the Court Order shall only become unconditional upon the lapse of 1 month from the date of the said service without any objection filed by any lender or financial institution or, in the event of such objection being filed, upon the High Court's disposal of the said objection in favour of HOEB;

2) within a period of 3 months after the Court Order has become unconditional pursuant to order (1) above, HOEB or its subsidiary shall not carry out any inter-company transfer or assignment of property, assets and/or accounts receivable in excess of the cumulative value of RM5,000,000 without any prior approval of the High Court;

3) pursuant to subsection 366(7) of the Act, the period for complying with the requirement of subsection 366(6) of the Act is limited to 6 months after the date the Court Order has become unconditional pursuant to order (1) above; and

4) HOEB is at liberty to apply.

ii) In June 2021, Yan Ou Holdings (M) Sdn Bhd ("YOH") increased its share capital by RM3,150,000 which was subscribed by the Company and the non-controlling owner in accordance with their equity interest of 60% and 40%, respectively. With effect thereof, the total share capital of YOH increased to RM5,650,000.

iii) In July 2021, Yan Ou Marketing (Intl) Sdn Bhd ("YOM") increased its share capital by RM640,000 which was subscribed by YOH by way of loan capitalisation. With effect thereof, the total share capital of YOM increased to RM1,640,000.

AUDITORS

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

The auditors' remuneration is disclosed in Note 24 to the financial statements.

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: 23 August 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Assets					
Property, plant and equipment	3	84,591,178	86,511,684	33,756,922	34,353,160
Investment properties	4	44,174,490	45,067,761	40,912,031	41,547,931
Right-of-use assets	5	11,328,203	12,026,890	87,043	139,270
Goodwill	6	84,930	84,930	-	-
Investments in subsidiaries	7	-	-	30,161,488	17,566,288
Investments in associates	8	-	-	-	-
Investment in a joint venture	9	2,120,220	2,158,220	760,000	760,000
Other investments	10	12,280	12,253	-	-
Trade and other receivables	11	851,772	1,181,377	-	-
Deferred tax assets	12	3,158,026	2,060,249	1,628,250	1,385,119
Total non-current assets		146,321,099	149,103,364	107,305,734	95,751,768
Inventories	13	89,311,110	93,330,813	41,132,353	42,406,015
Other investments	10	58,904,190	37,919,918	10,781,508	6,162,695
Trade and other receivables	11	19,897,696	18,796,416	37,511,521	35,823,598
Prepayments		2,297,289	2,725,885	1,100,733	1,646,780
Current tax assets		220,073	1,879,436	-	491,616
Cash and cash equivalents	14	54,548,118	57,963,672	12,995,176	16,650,611
Total current assets		225,178,476	212,616,140	103,521,291	103,181,315
Total assets		371,499,575	361,719,504	210,827,025	198,933,083
Equity					
Share capital		157,256,450	157,256,450	157,256,450	157,256,450
Treasury shares		(26,684,256)	(24,158,288)	(26,684,256)	(24,158,288)
Reserves		182,186,944	166,487,974	61,980,905	38,219,385
Equity attributable to owners of the Company	15	312,759,138	299,586,136	192,553,099	171,317,547
Non-controlling interests		10,340,044	10,603,439	-	-
Total equity		323,099,182	310,189,575	192,553,099	171,317,547
Liabilities					
Lease liabilities		2,778,317	3,434,966	39,173	95,263
Loans and borrowings	16	-	-	371,528	123,753
Deferred tax liabilities	12	483,869	436,538	-	-
Total non-current liabilities		3,262,186	3,871,504	410,701	219,016
Loans and borrowings	16	-	-	194,637	173,703
Trade and other payables	18	36,597,358	44,107,470	17,194,401	27,169,774
Lease liabilities		1,627,676	1,620,591	56,090	53,043
Current tax liabilities		3,407,885	7,720	418,097	-
Provisions	19	987,080	698,175	-	-
Contract liabilities	20	2,518,208	1,224,469	-	-
Total current liabilities		45,138,207	47,658,425	17,863,225	27,396,520
Total liabilities		48,400,393	51,529,929	18,273,926	27,615,536
Total equity and liabilities		371,499,575	361,719,504	210,827,025	198,933,083

The notes on pages 90 to 159 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	21	271,389,537	255,173,521	143,926,831	137,855,602
Cost of sales		(166,408,768)	(156,002,799)	(72,172,222)	(65,537,462)
Gross profit		104,980,769	99,170,722	71,754,609	72,318,140
Other income		5,243,253	5,790,465	3,159,855	1,679,118
Distribution expenses		(29,159,784)	(32,474,979)	(11,209,671)	(12,785,400)
Administrative expenses		(26,541,244)	(28,035,475)	(12,708,876)	(13,736,000)
Net loss on impairment of financial instruments		(1,521,159)	(2,095,556)	(90,434)	(1,139,075)
Other expenses		(1,107,077)	(1,427,494)	(258,658)	(574,421)
Results from operating activities		51,894,758	40,927,683	50,646,825	45,762,362
Finance income	22	691,149	979,978	254,529	232,605
Finance costs	23	(263,893)	(361,147)	(31,103)	(59,329)
Net finance income		427,256	618,831	223,426	173,276
Share of loss of equity-accounted joint venture, net of tax		(38,000)	(29,283)	-	-
Profit before tax	24	52,284,014	41,517,231	50,870,251	45,935,638
Tax expense	25	(13,351,398)	(9,198,107)	(3,936,115)	(1,123,005)
Profit for the year		38,932,616	32,319,124	46,934,136	44,812,633
Other comprehensive (expense)/income, net of tax					
Item that is or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(127,825)	213,310	-	-
Other comprehensive (expense)/income for the year, net of tax		(127,825)	213,310	-	-
Total comprehensive income for the year		38,804,791	32,532,434	46,934,136	44,812,633
Profit attributable to:					
Owners of the Company		38,816,198	32,576,454	46,934,136	44,812,633
Non-controlling interests		116,418	(257,330)	-	-
Profit for the year		38,932,616	32,319,124	46,934,136	44,812,633
Total comprehensive income attributable to:					
Owners of the Company		38,688,373	32,789,764	46,934,136	44,812,633
Non-controlling interests		116,418	(257,330)	-	-
Total comprehensive income for the year		38,804,791	32,532,434	46,934,136	44,812,633
Basic earnings per ordinary share (sen)	26	13.39	11.22		
Diluted earnings per ordinary share (sen)	26	-	-		

The notes on pages 90 to 159 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

		Attributable to owners of the Company								
		Non-distributable					*Distributable*			
Group	**Note**	**Share capital RM**	**Treasury shares RM**	**Translation reserve RM**	**Capital reserve RM**	**Share option reserve RM**	**Retained earnings RM**	**Total RM**	**Non-controlling interests RM**	**Total equity RM**
At 1 May 2019		157,256,450	(24,053,244)	(303,256)	657,192	597,844	175,996,590	310,151,576	10,455,710	320,607,286
Foreign currency translation differences for foreign operations		-	-	(153,128)	-	-	-	(153,128)	-	(153,128)
Realisation of translation reserve from disposal of subsidiaries		-	-	366,438	-	-	-	366,438	-	366,438
Total other comprehensive income for the year		-	-	213,310	-	-	-	213,310	-	213,310
Profit for the year		-	-	-	-	-	32,576,454	32,576,454	(257,330)	32,319,124
Total comprehensive income for the year		-	-	213,310	-	-	32,576,454	32,789,764	(257,330)	32,532,434
Own shares acquired	15.4	-	(105,044)	-	-	-	-	(105,044)	-	(105,044)
Acquisition of additional interests in subsidiaries from non-controlling interests	33.1	-	-	-	-	-	298,779	298,779	(577,579)	(278,800)
Minority shareholders of disposed subsidiary	33.2	-	-	-	-	-	-	-	800,438	800,438
Acquisition of additional interest in a subsidiary by non-controlling interest	33.1	-	-	-	-	-	-	-	400,000	400,000
Share option forfeited		-	-	-	-	(71,598)	71,598	-	-	-
Dividends to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	(217,800)	(217,800)
Dividends to owners of the Company	27	-	-	-	-	-	(43,548,939)	(43,548,939)	-	(43,548,939)
Total transactions with owners of the Company		-	(105,044)	-	-	(71,598)	(43,178,562)	(43,355,204)	405,059	(42,950,145)
At 30 April 2020		157,256,450	(24,158,288)	(89,946)	657,192	526,246	165,394,482	299,586,136	10,603,439	310,189,575
						Note 15.5				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group	Note	Share capital RM	Treasury shares RM	Translation reserve RM	Capital reserve RM	Share option reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 May 2020		157,256,450	(24,158,288)	(89,946)	657,192	526,246	165,394,482	299,586,136	10,603,439	310,189,575
Foreign currency translation differences for foreign operations		-	-	(127,825)	-	-	-	(127,825)	-	(127,825)
Total other comprehensive expense for the year		-	-	(127,825)	-	-	-	(127,825)	-	(127,825)
Profit for the year		-	-	-	-	-	38,816,198	38,816,198	116,418	38,932,616
Total comprehensive income for the year		-	-	(127,825)	-	-	38,816,198	38,688,373	116,418	38,804,791
Own shares acquired	15.4	-	(2,525,968)	-	-	-	-	(2,525,968)	-	(2,525,968)
Acquisition of additional interests in a subsidiary from non-controlling interests	33.1	-	-	-	-	-	183,213	183,213	(278,413)	(95,200)
Share option forfeited		-	-	-	-	(22,673)	22,673	-	-	-
Dividends to non-controlling interests of a subsidiary		-	-	-	-	-	-	-	(101,400)	(101,400)
Dividends to owners of the Company	27	-	-	-	-	-	(23,172,616)	(23,172,616)	-	(23,172,616)
Total transactions with owners of the Company		-	(2,525,968)	-	-	(22,673)	(22,966,730)	(25,515,371)	(379,813)	(25,895,184)
At 30 April 2021		157,256,450	(26,684,256)	(217,771)	657,192	503,573	181,243,950	312,759,138	10,340,044	323,099,182
						Note 15.5				

The notes on pages 90 to 159 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

Company	Note	Share capital RM	Treasury shares RM	Capital reserve RM	Share option reserve RM	Retained earnings RM	Total equity RM
		← *Non-distributable*			→	*Distributable*	
At 1 May 2019		157,256,450	(24,053,244)	210	597,844	36,357,637	170,158,897
Profit and total comprehensive income for the year		-	-	-	-	44,812,633	44,812,633
Own shares acquired	15.4	-	(105,044)	-	-	-	(105,044)
Share option forfeited		-	-	-	(71,598)	71,598	-
Dividends to owners of the Company	27	-	-	-	-	(43,548,939)	(43,548,939)
Total transactions with owners of the Company		-	(105,044)	-	(71,598)	(43,477,341)	(43,653,983)
At 30 April 2020/ 1 May 2020		157,256,450	(24,158,288)	210	526,246	37,692,929	171,317,547
Profit and total comprehensive income for the year		-	-	-	-	46,934,136	46,934,136
Own shares acquired	15.4	-	(2,525,968)	-	-	-	(2,525,968)
Share option forfeited		-	-	-	(22,673)	22,673	-
Dividends to owners of the Company	27	-	-	-	-	(23,172,616)	(23,172,616)
Total transactions with owners of the Company		-	(2,525,968)	-	(22,673)	(23,149,943)	(25,698,584)
At 30 April 2021		157,256,450	(26,684,256)	210	503,573	61,477,122	192,553,099
					Note 15.5		

The notes on pages 90 to 159 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit before tax	52,284,014	41,517,231	50,870,251	45,935,638
Adjustments for:				
Changes in lease payments arising from rent concessions	(311,685)	-	-	-
Depreciation of investment properties	691,507	672,181	635,900	635,900
Depreciation of property, plant and equipment	3,632,437	3,867,431	1,270,211	1,284,161
Depreciation of right-of-use assets	1,996,778	2,070,190	52,227	52,227
Dividend income	(962,331)	(1,319,585)	(36,537,270)	(39,843,001)
Fair value loss/(gain) on other investments	78,032	(163,318)	11,357	(8,048)
Finance costs	263,893	361,147	31,103	59,329
Finance income	(691,149)	(979,978)	(254,529)	(232,605)
Gain on disposal of other investments	-	(10,412)	-	-
Gain on disposal of property, plant and equipment	(1,086,031)	-	(1,085,882)	-
Gain on disposal of subsidiaries	-	(1,110,733)	-	-
Gain on termination of right-of-use assets	(5,663)	-	-	-
Net loss on impairment of trade and other receivables	1,521,159	2,095,556	90,434	1,139,075
Property, plant and equipment written off	22,672	10,805	3,375	1,449
Provision for sales campaign	1,693,000	1,170,000	-	-
Share of loss of equity - accounted joint venture, net of tax	38,000	29,283	-	-
Unrealised foreign exchange loss/(gain)	338,793	(255,266)	(111,729)	(16,930)
Operating profit before working capital changes	59,503,426	47,954,532	14,975,448	9,007,195
Change in inventories	4,029,699	3,699,705	1,273,662	(481,623)
Change in trade and other receivables and prepayments	(2,186,270)	(1,480,459)	(3,111,524)	6,308,531
Change in trade and other payables	2,341,977	(121,786)	3,774,710	(1,480,574)
Cash generated from operations	63,688,832	50,051,992	16,912,296	13,353,529
Sales campaign paid	(1,407,595)	(2,001,075)	-	-
Tax paid	(11,696,189)	(11,846,385)	(3,269,533)	(1,856,292)
Tax refunded	2,353,873	376,014	-	143,732
Interest paid	(263,893)	(338,408)	(6,957)	(9,840)
Net cash from operating activities	52,675,028	36,242,138	13,635,806	11,631,129
Cash flows from investing activities				
Accretion of equity interest in subsidiaries	(95,200)	(278,800)	-	-
Acquisition of investment properties	-	(81,151)	-	-
Acquisition of other investments	(20,100,000)	(10,500,121)	(4,500,000)	(1,500,000)
Acquisition of property, plant and equipment	(1,729,499)	(634,669)	(189,201)	(227,690)
Dividends received	-	4,500	26,407,100	34,640,700
Increase in investments in subsidiaries	-	-	(95,200)	(1,798,800)
Interest received from fixed deposits and repo	691,149	979,978	254,529	232,605
Proceeds from disposal of other investments	-	15,390,286	-	2,102,321
Proceeds from disposal of property, plant and equipment	1,159,363	422	1,159,214	422
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	-	(123,264)	-	-
Net cash (used in)/from investing activities	(20,074,187)	4,757,181	23,036,442	33,449,558

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from financing activities				
Dividends paid to non-controlling interests of a subsidiary	(101,400)	(217,800)	-	-
Dividends paid to owners of the Company	(31,882,015)	(34,839,540)	(31,882,015)	(34,839,540)
Equity contribution from non-controlling interest	-	400,000	-	-
Net repayment of bankers' acceptances	-	(289,000)	-	(289,000)
(Decrease)/Increase in amounts due to subsidiaries	-	-	(5,039,746)	3,697,945
Increase in amounts due from subsidiaries	-	-	(620,786)	(4,789,469)
Increase in amount due from an associate	-	-	-	(5,236)
Interest paid on loans and borrowings	-	(22,739)	(24,146)	(49,489)
Repayment of hire purchase liabilities due to a subsidiary	-	-	(292,770)	(220,920)
Payment of lease liabilities	(1,502,960)	(1,806,178)	(53,043)	(50,160)
Repurchase of treasury shares	(2,525,968)	(105,044)	(2,525,968)	(105,044)
Net cash used in financing activities	(36,012,343)	(36,880,301)	(40,438,474)	(36,650,913)
Net (decrease)/increase in cash and cash equivalents	(3,411,502)	4,119,018	(3,766,226)	8,429,774
Effect of exchange rate fluctuations on cash held	(4,052)	52,591	110,791	(2,372)
Cash and cash equivalents at 1 May 2020/2019	57,963,672	53,792,063	16,650,611	8,223,209
Cash and cash equivalents at 30 April	54,548,118	57,963,672	12,995,176	16,650,611

Cash and cash equivalents

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

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Deposit placed with licensed banks	14	41,764,919	45,015,448	8,736,894	15,800,754
Cash and bank balances	14	12,783,199	12,948,224	4,258,282	849,857
		54,548,118	57,963,672	12,995,176	16,650,611

Acquisition of property, plant and equipment

During the financial year, the Company acquired property, plant and equipment with an aggregate cost of RM750,680 (2020: RM227,690) of which RM561,479 (2020: Nil) were acquired by means of hire purchase liabilities.

Cash outflows for leases as a lessee

	Note	2021 RM	2020 RM
Group			
Included in net cash from operating activities:			
Interest paid in relation to lease liabilities	23	263,893	338,408
Included in net cash from financing activities:			
Payment of lease liabilities		1,502,960	1,806,178
Total cash outflows for leases		1,766,853	2,144,586

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

Cash outflows for leases as a lessee (continued)

	Note	2021 RM	2020 RM
Company			
Included in net cash from operating activities:			
Interest paid in relation to lease liabilities	23	6,957	9,840
Included in net cash from financing activities:			
Payment of lease liabilities		53,043	50,160
Total cash outflows for leases		60,000	60,000

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

	At 1 May 2019 RM	Net changes from financing cash flows RM	At 30 April 2020/ 1 May 2020 RM	Net changes from financing cash flows RM	Acquisitions RM	Other changes RM	At 30 April 2021 RM
Group							
Bankers' acceptances	289,000	(289,000)	-	-	-	-	-
Lease liabilities	6,861,735	(1,806,178)	5,055,557	(1,502,960)	1,023,730	(170,334)	4,405,993
Total liabilities from financing activities	7,150,735	(2,095,178)	5,055,557	(1,502,960)	1,023,730	(170,334)	4,405,993
Company							
Bankers' acceptances	289,000	(289,000)	-	-	-	-	-
Hire purchase liabilities due to a subsidiary	518,376	(220,920)	297,456	(292,770)	561,479	-	566,165
Lease liabilities	198,466	(50,160)	148,306	(53,043)	-	-	95,263
Total liabilities from financing activities	1,005,842	(560,080)	445,762	(345,813)	561,479	-	661,428

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

Hai-O Enterprise 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 2021 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 2021 do not include other entities.

The Company is principally engaged in the wholesaling and retailing of herbal medicines and healthcare products, wellness and beauty products, investment holding activities and property holding activities, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 23 August 2021.

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 except for Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions:*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020
- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement,* MFRS 7, *Financial Instruments: Disclosures,* MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021
- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023
- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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

- from the annual period beginning on 1 May 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021 except for Amendments to MFRS 4 which is not applicable to the Group and the Company.

- from the annual period beginning on 1 May 2021 for those amendments that are effective for annual periods beginning on or after 1 April 2021.

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

- from the annual period beginning on 1 May 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

1. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement

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

(c) 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 28) which has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS 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 5 – lease extension options and incremental borrowing rate of lease
- Note 13 – valuation of inventories
- Note 19 – provisions
- Note 29 – 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Associates (continued)

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

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

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

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

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

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

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 measurement

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

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

(b) Fair value through profit or loss

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

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

(b) Fair value through profit or loss (continued)

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)).

Financial liabilities

Amortised cost

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

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

(iii) Derecognition

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

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

(iv) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases

(i) Definition of a lease

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

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

Covid-19-related rent concessions

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

(b) As a lessor

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

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

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

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

(iii) Subsequent measurement

(a) As a lessee

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

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

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

(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".

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Goodwill

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

Amortisation

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

(g) Investment property

(i) Investment property carried at cost

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

(ii) Reclassification to/from investment property

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

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

(h) Inventories

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

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Motor vehicles RM	Laboratory, furniture, and office equipment RM	Warehouse and electrical fittings RM	Renovation RM	Plant and machinery RM	Fire fighting and lift systems RM	Vintage Pu-Er tea leaves RM	Total RM
Cost										
At 1 May 2019	41,364,461	37,081,835	3,088,165	15,587,204	3,308,209	11,872,271	2,732,590	244,233	3,889,142	119,168,110
Additions	-	110,318	-	292,725	39,325	54,965	137,336	-	-	634,669
Disposal of a subsidiary	-	-	(85,425)	(410,607)	(12,334)	(144,943)	-	-	-	(653,309)
Disposals	-	-	-	(831)	-	-	-	-	-	(831)
Written off	-	-	-	(144,808)	(14,256)	(14,545)	-	-	-	(173,609)
Effect of movements in exchange rates	-	-	1,565	8,386	309	3,953	-	-	-	14,213
At 30 April 2020/ 1 May 2020	41,364,461	37,192,153	3,004,305	15,332,069	3,321,253	11,771,701	2,869,926	244,233	3,889,142	118,989,243
Additions	-	-	622,679	674,213	73,900	200,712	157,995	-	-	1,729,499
Disposals	-	-	(672,181)	(954)	-	-	-	-	(73,326)	(746,461)
Written off	-	-	-	(55,990)	(26,056)	(33,738)	(1,758)	-	-	(117,542)
Transfer from investment properties (Note 4)	-	77,909	-	-	-	-	-	-	-	77,909
Effect of movements in exchange rates	-	-	-	712	67	1,175	-	-	-	1,954
At 30 April 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

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM	Buildings RM	Motor vehicles RM	Laboratory, furniture, and office equipment RM	Warehouse and electrical fittings RM	Renovation RM	Plant and machinery RM	Fire fighting and lift systems RM	Vintage Pu-Er tea leaves RM	Total RM
Depreciation and impairment loss										
At 1 May 2019	-	7,669,272	2,358,119	9,852,571	1,367,760	5,585,839	2,329,529	181,676	-	29,344,766
Depreciation for the year	-	783,104	315,163	1,385,556	234,906	1,030,946	94,011	23,745	-	3,867,431
Disposal of a subsidiary	-	-	(85,424)	(352,002)	(25,560)	(120,446)	-	-	-	(583,432)
Disposals	-	-	-	(409)	-	-	-	-	-	(409)
Written off	-	-	-	(135,645)	(12,624)	(14,535)	-	-	-	(162,804)
Effect of movements in exchange rates	-	-	1,565	7,010	269	3,163	-	-	-	12,007
At 30 April 2020/ 1 May 2020	-	8,452,376	2,589,423	10,757,081	1,564,751	6,484,967	2,423,540	205,421	-	32,477,559
Depreciation for the year	-	761,566	296,566	1,173,530	269,617	1,025,650	85,838	19,670	-	3,632,437
Disposals	-	-	(672,176)	(953)	-	-	-	-	-	(673,129)
Written off	-	-	-	(51,081)	(18,920)	(23,961)	(908)	-	-	(94,870)
Effect of movements in exchange rates	-	-	-	623	44	760	-	-	-	1,427
At 30 April 2021	-	9,213,942	2,213,813	11,879,200	1,815,492	7,487,416	2,508,470	225,091	-	35,343,424
Carrying amounts										
At 1 May 2019	41,364,461	29,412,563	730,046	5,734,633	1,940,449	6,286,432	403,061	62,557	3,889,142	89,823,344
At 30 April 2020/ 1 May 2020	41,364,461	28,739,777	414,882	4,574,988	1,756,502	5,286,734	446,386	38,812	3,889,142	86,511,684
At 30 April 2021	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Freehold land RM	Buildings RM	Motor vehicles RM	Furniture and office equipment RM	Electrical fittings RM	Renovation RM	Plant and machinery RM	Vintage Pu-Er tea leaves RM	Total RM
Cost									
At 1 May 2019	17,028,856	13,386,884	2,228,194	3,279,217	443,283	5,274,080	50,500	3,853,142	45,544,156
Additions	-	92,769	-	133,581	1,340	-	-	-	227,690
Disposals	-	-	-	(835)	-	-	-	-	(835)
Written off	-	-	-	(5,912)	-	-	-	-	(5,912)
Transfer from investment properties (Note 4)	239,272	112,825	-	-	-	-	-	-	352,097
At 30 April 2020/1 May 2020	17,268,128	13,592,478	2,228,194	3,406,051	444,623	5,274,080	50,500	3,853,142	46,117,196
Additions	-	-	621,479	66,001	63,200	-	-	-	750,680
Disposals	-	-	(672,182)	-	-	-	-	(73,326)	(745,508)
Written off	-	-	-	(4,770)	(5,690)	-	-	-	(10,460)
At 30 April 2021	17,268,128	13,592,478	2,177,491	3,467,282	502,133	5,274,080	50,500	3,779,816	46,111,908
Depreciation									
At 1 May 2019	-	3,725,293	1,722,806	2,285,408	52,817	2,623,104	50,500	-	10,459,928
Depreciation for the year	-	271,238	226,567	275,734	42,410	468,212	-	-	1,284,161
Disposals	-	-	-	(413)	-	-	-	-	(413)
Written off	-	-	-	(4,463)	-	-	-	-	(4,463)
Transfer from investment Properties (Note 4)	-	24,823	-	-	-	-	-	-	24,823
At 30 April 2020/1 May 2020	-	4,021,354	1,949,373	2,556,266	95,227	3,091,316	50,500	-	11,764,036
Depreciation for the year	-	271,850	227,491	258,210	44,448	468,212	-	-	1,270,211
Disposals	-	-	(672,176)	-	-	-	-	-	(672,176)
Written off	-	-	-	(4,335)	(2,750)	-	-	-	(7,085)
At 30 April 2021	-	4,293,204	1,504,688	2,810,141	136,925	3,559,528	50,500	-	12,354,986
Carrying amounts									
At 1 May 2019	17,028,856	9,661,591	505,388	993,809	390,466	2,650,976	-	3,853,142	35,084,228
At 30 April 2020/1 May 2020	17,268,128	9,571,124	278,821	849,785	349,396	2,182,764	-	3,853,142	34,353,160
At 30 April 2021	17,268,128	9,299,274	672,803	657,141	365,208	1,714,552	-	3,779,816	33,756,922

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Leased motor vehicles

At 30 April 2021, the net carrying amount of leased motor vehicles from a subsidiary of the Company was RM616,794 (2020: RM278,597).

3.2 Security

The leased motor vehicles discussed above secure lease obligations (see Note 16).

3.3 Transfer from investment properties

During the current financial year, one building was transferred from investment properties to property, plant and equipment following a change in usage from leasing to a third party to being used in the production and supply of goods of the Group.

4. INVESTMENT PROPERTIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cost				
At 1 May 2020/2019	55,255,525	55,174,374	52,488,927	52,841,024
Additions	-	81,151	-	-
Offset of accumulated depreciation on properties transferred to:				
- property, plant and equipment	(40,873)	-	-	-
- right-of-use assets	(73,825)	-	-	-
Transfer to:				
- property, plant and equipment (Note 3)	(77,909)	-	-	(352,097)
- right-of-use assets (Note 5)	(123,855)	-	-	-
At 30 April	54,939,063	55,255,525	52,488,927	52,488,927
Depreciation				
At 1 May 2020/2019	10,187,764	9,515,583	10,940,996	10,329,919
Depreciation for the year	691,507	672,181	635,900	635,900
Offset of accumulated depreciation on properties transferred to:				
- property, plant and equipment	(40,873)	-	-	-
- right-of-use assets	(73,825)	-	-	-
Transfer to property, plant and equipment (Note 3)	-	-	-	(24,823)
At 30 April	10,764,573	10,187,764	11,576,896	10,940,996

4. INVESTMENT PROPERTIES (CONTINUED)

	Group RM	Company RM
Carrying amounts		
At 1 May 2019	45,658,791	42,511,105
At 30 April 2020/1 May 2020	45,067,761	41,547,931
At 30 April 2021	44,174,490	40,912,031

Included in the above are:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Freehold land	21,152,702	21,152,702	21,396,965	21,396,965
Leasehold land with unexpired period of less than 50 years	501,643	593,826	60,800	62,400
Leasehold land with unexpired period of more than 50 years	94,460	145,948	-	-
Buildings	22,425,685	23,175,285	19,454,266	20,088,566
	44,174,490	45,067,761	40,912,031	41,547,931

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.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Rental income	2,950,124	3,462,196	4,307,300	4,525,679
Direct operating expenses:				
- income generating investment properties	(749,011)	(511,444)	(585,823)	(468,263)
- non-income generating investment properties	(152,612)	(2,906)	(150,998)	-

4. INVESTMENT PROPERTIES (CONTINUED)

Fair value information

Fair value of investment properties is categorised as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Level 3				
Freehold land	35,318,553	35,318,553	59,596,903	59,596,903
Leasehold land	2,906,933	3,397,900	345,000	345,000
Buildings	51,431,472	51,637,173	49,992,076	49,992,076
	89,656,958	90,353,626	109,933,979	109,933,979

Valuation process applied by the Group for Level 3 fair value

In the current and previous financial years, the Directors have used the desktop valuations dated June 2015 provided by the external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued, to estimate the fair value of the investment properties as the Directors considered that the market value is appreciating but with no substantial variation from the value stated in the desktop valuations.

For investment properties purchased subsequent to the desktop valuations carried out in June 2015, the Directors considered that the market value is appreciating but with no substantial variation from the purchase price, and hence deemed the purchase price of those properties purchased in previous financial years as its fair value for the current financial year.

5. RIGHT-OF-USE ASSETS

	Land RM	Buildings RM	Total RM
Group			
At 1 May 2019	7,323,179	6,773,536	14,096,715
Depreciation for the year	(134,968)	(1,935,222)	(2,070,190)
Effect of movements in exchange rates	-	365	365
At 30 April 2020/1 May 2020	7,188,211	4,838,679	12,026,890
Additions	-	1,027,230	1,027,230
Depreciation for the year	(138,922)	(1,857,856)	(1,996,778)
Effect of movements in exchange rates	-	99	99
Remeasurement of lease liabilities	-	261,693	261,693
Termination of leases	-	(114,786)	(114,786)
Transfer from investment properties (Note 4)	123,855	-	123,855
At 30 April 2021	7,173,144	4,155,059	11,328,203

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

5. RIGHT-OF-USE ASSETS (CONTINUED)

	Land RM	Buildings RM	Total RM
Company			
At 1 May 2019	-	191,497	191,497
Depreciation for the year	-	(52,227)	(52,227)
At 30 April 2020/1 May 2020	-	139,270	139,270
Depreciation for the year	-	(52,227)	(52,227)
At 30 April 2021	-	87,043	87,043

5.1 Land

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

	Group 2021 RM	2020 RM
Leasehold land with unexpired lease period of less than 50 years	1,035,902	1,004,640
Leasehold land with unexpired lease period of more than 50 years	6,137,242	6,183,571
	7,173,144	7,188,211

5.2 Extension options

Some leases of office buildings and retail stores contain extension options exercisable by the Group and the Company up to six years before the end of the non-cancellable contract period. Where applicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Company and not by the lessors. The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised RM	Historical rate of extension options exercised %
Group		
Retail stores	4,383,519	100
Office buildings	22,474	100
Company		
Office building	95,263	100

5. RIGHT-OF-USE ASSETS (CONTINUED)

5.3 Significant judgements and assumptions in relation to lease

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group and the Company consider 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 and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5.4 Transfer from investment properties

During the current financial year, a leasehold land was transferred from investment properties to right-of-use assets following a change in usage from leasing to a third party to being used in the production and supply of goods of the Group.

6. GOODWILL

	Group	
	2021 RM	**2020 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	
	2021 RM	**2020 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 generating profits and the Group expects the profits to be sustainable 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

7. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost	33,606,660	21,011,460
Equity contribution in subsidiaries	1,976,240	1,976,240
Less: Impairment loss	(5,421,412)	(5,421,412)
	30,161,488	17,566,288

The movements of investments in subsidiaries are as follows:

	Company 2021 RM	Company 2020 RM
At 1 May	17,566,288	15,767,488
Subscription of additional shares	95,200	198,800
Increase in equity contribution in subsidiaries	12,500,000	600,000
Incorporation of new subsidiary	-	1,000,000
At 30 April	30,161,488	17,566,288

Details of the subsidiaries are as follows:

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2021 %	Effective ownership interest and voting interest 2020 %
Grand Brands (M) Sdn. Bhd.	Malaysia	General importer, exporter and commission agent	100	100
Hai-O Credit & Leasing Sdn. Bhd. and its subsidiary:	Malaysia	Leasing of machinery, equipment, insurance agent and investment holding	100	100
Sri Pangkor Credit & Leasing Sdn. Bhd.	Malaysia	Licensed money lender and insurance agent	100	100
Hai-O Energy (M) Sdn. Bhd. *	Malaysia	Dormant	100	100
Hai-O I. Sdn. Bhd. *	Malaysia	Dormant	100	100
Hai-O Medicine Sdn.Bhd.	Malaysia	Trading of Chinese herbs and medicine	100	100
Sahajidah Hai-O Marketing Sdn. Bhd. and its subsidiary:	Malaysia	Multi-level direct marketing and investment holding	100	100

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (continued)

Name of entity	Principal place of business	Principal activities	Effective ownership interest and voting interest 2021 %	2020 %
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
Hai-O Raya Bhd. ***	Malaysia	Retail chain stores	67.17	66.03
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 subsidiaries:	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

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

* Not audited by member firms of KPMG International.

** In November 2020, Hai-O Properties Sdn. Bhd. ("HOP") increased its share capital by RM12,500,000 which was subscribed by the Company by way of loan capitalisation. With effect thereof, the share capital of HOP has increased to RM12,800,000.

*** During the financial year, the Company acquired additional 34,000 shares of RM2.80 each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM95,200. These acquisitions increased the equity interest of the Company in Hai-O Raya Bhd. from 66.03% to 67.17%.

\# The statutory financial year end of this subsidiary was 31 December 2020 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.

7.1 Non-controlling interests in subsidiaries

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

2021	Hai-O Raya Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	32.83%		
Carrying amount of NCI	8,420,675	1,919,369	10,340,044
Profit/(Loss) allocated to NCI	253,255	(136,837)	116,418

Summarised financial information before intra-group elimination	
As at 30 April	
Non-current assets	14,695,212
Current assets	23,675,277
Non-current liabilities	(3,652,292)
Current liabilities	(9,068,866)
Net assets	25,649,331
Year ended 30 April	
Revenue	36,635,690
Profit for the year and total comprehensive income	771,415
Cash flows from operating activities	5,705,954
Cash flows used in investing activities	(6,819)
Cash flows used in financing activities	(2,070,789)
Net increase in cash and cash equivalents	3,628,346
Dividends paid to NCI	101,400

7. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

7.1 Non-controlling interests in subsidiaries (continued)

2020	Hai-O Raya Bhd. RM	Other subsidiaries with immaterial NCI RM	Total RM
NCI percentage of ownership interest and voting interest	33.97%		
Carrying amount of NCI	8,552,938	2,050,501	10,603,439
Loss allocated to NCI	(49,115)	(208,215)	(257,330)

Summarised financial information before intra-group elimination	
As at 30 April	
Non-current assets	16,092,980
Current assets	20,334,261
Non-current liabilities	(4,537,568)
Current liabilities	(6,711,757)
Net assets	25,177,916
Year ended 30 April	
Revenue	36,710,756
Loss for the year and total comprehensive expense	(144,583)
Cash flows used in operating activities	(127,587)
Cash flows from investing activities	1,226,332
Cash flows used in financing activities	(2,373,153)
Net decrease in cash and cash equivalents	(1,274,408)
Dividends paid to NCI	217,800

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.

8. INVESTMENTS IN ASSOCIATES

	Group	
	2021 RM	2020 RM
Unquoted shares, at cost	-	15
Share of post-acquisition reserves	-	(15)
	-	-

Details of the associates are as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest 2021 %	2020 %
Yan Ou (Hong Kong) Trading Limited *	Hong Kong	Trading of birds' nests and its related products. Currently inactive	-	40
PT Hai-O Indonesia **	Indonesia	Multi-level direct marketing	40	40

* During the financial year, the de-registration exercise of Yan Ou (Hong Kong) Trading Limited was completed. As the Group has not recognised any share of loss of the associate, the de-registration of the associate has no financial impact to the Group.

** In financial year 2020, Sahajidah Hai-O Marketing Sdn. Bhd. ("SHOM"), a wholly owned subsidiary of the Company, diluted its equity interest in PT Hai-O Indonesia ("PTI") from 55% to 40% by the disposal of 162,000 shares for a total cash consideration of RM50,000. With effect thereof, PTI has become an associate company of SHOM.

Unrecognised share of losses

The Group had not recognised loss related to an associate totalling RM281,718 in financial year 2021 (2020: RM44,680) and RM320,946 (2020: RM70,826) cumulatively, since the Group has no obligation in respect of these losses.

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		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted shares, at cost	760,000	760,000	760,000	760,000
Share of post-acquisition reserves	1,360,220	1,398,220	-	-
Group's share of net assets	2,120,220	2,158,220	760,000	760,000

9. INVESTMENT IN A JOINT VENTURE (CONTINUED)

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.

The following table summarises the financial information of PKT, as adjusted for any differences in accounting policies.

	Group	
	2021	**2020**
	RM	**RM**
Percentage of ownership interest	40%	40%
Percentage of voting interest	40%	40%
Summarised financial information		
As at 30 April		
Non-current assets	7,132,111	6,326,242
Current assets	1,120,053	1,545,633
Non-current liabilities	(2,249,748)	(1,894,842)
Current liabilities	(563,852)	(581,264)
Net assets	5,438,564	5,395,769
Year ended 30 April		
Loss for the year and total comprehensive expense	(95,000)	(73,206)
Included in the total comprehensive (expense)/income are:		
Revenue	2,311,855	2,478,089
Depreciation	(189,736)	(53,679)
Interest expense	(144,899)	(96,935)
Tax expense	(4,731)	(45,328)
Group's share of results for the year ended 30 April		
Group's share of loss and total comprehensive expense	(38,000)	(29,283)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

10. OTHER INVESTMENTS

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current				
Financial assets at fair value through profit or loss:				
- quoted shares in Malaysia	360	333	-	-
- unquoted shares	11,920	11,920	-	-
	12,280	12,253	-	-
Current				
Financial assets at fair value through profit or loss:				
- unit trusts in Malaysia	58,904,190	37,919,918	10,781,508	6,162,695
	58,916,470	37,932,171	10,781,508	6,162,695

11. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current					
Trade					
Hire purchase receivables	11.1	157,805	223,558	-	-
Loan receivables	11.2	693,967	957,819	-	-
		851,772	1,181,377	-	-
Current					
Trade					
Trade receivables		15,516,867	12,839,437	10,386,671	8,244,048
Less: Impairment allowance		(1,193,261)	(1,100,515)	(1,184,248)	(1,093,814)
		14,323,606	11,738,922	9,202,423	7,150,234
Hire purchase receivables	11.1	156,873	211,934	-	-
Loan receivables	11.2	202,978	349,616	-	-
Amounts due from subsidiaries	11.3	-	-	6,067,648	4,491,789
Amount due from an associate	11.3	1,038,290	1,038,290	1,038,290	1,038,290
Less: Individual impairment allowance		(847,790)	(847,790)	(847,790)	(847,790)
		190,500	190,500	190,500	190,500
Amount due from a joint venture	11.3	144,769	579,062	14,350	89,259
		15,018,726	13,070,034	15,474,921	11,921,782

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-trade					
Amount due from an associate	11.3	2,161,418	2,059,674	5,236	5,236
Less: Individual impairment allowance		(1,507,334)	(78,771)	-	-
		654,084	1,980,903	5,236	5,236
Amounts due from subsidiaries	11.3	-	-	22,821,496	24,700,710
Less: Individual impairment allowance		-	-	(1,700,417)	(1,700,417)
		-	-	21,121,079	23,000,293
Other receivables		4,018,497	3,533,405	596,016	582,687
Less: Individual impairment allowance		(903,258)	(903,408)	-	-
		3,115,239	2,629,997	596,016	582,687
Deposits		1,109,647	1,115,482	314,269	313,600
		4,878,970	5,726,382	22,036,600	23,901,816
		19,897,696	18,796,416	37,511,521	35,823,598
		20,749,468	19,977,793	37,511,521	35,823,598

11.1 Hire purchase receivables

Hire purchase receivables are receivable as follows:

	Group 2021 RM	Group 2020 RM
Less than one year	171,951	234,434
Between one and five years	154,561	229,433
More than five years	22,288	12,991
	348,800	476,858
Less: Unearned interest charges	(34,122)	(41,366)
	314,678	435,492
Carrying amount:		
Current	156,873	211,934
Non-current	157,805	223,558
	314,678	435,492

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

11.1 Hire purchase receivables (continued)

The Group's financing tenor for hire purchase receivables ranges from 24 months to 84 months (2020: 12 months to 84 months). The average remaining period of maturity as at the financial year end was 59 months (2020: 53 months). The effective interest rates during the financial year generally ranged from 5.57% to 8.29% (2020: 5.64% to 8.29%).

11.2 Loan receivables

Loan receivables are receivable as follows:

	Group	
	2021 RM	2020 RM
Less than one year	202,978	349,616
Between one and five years	693,967	925,916
More than five years	-	31,903
	896,945	1,307,435
Carrying amount:		
Current	202,978	349,616
Non-current	693,967	957,819
	896,945	1,307,435

The Group's financing tenor for loan receivables ranges from 18 months to 84 months (2020: 12 months to 84 months). The average remaining period of maturity as at the financial year end was 57 months (2020: 48 months). The effective interest rates during the financial year generally ranged from 5.29% to 15.98% (2020: 5.29% to 15.99%).

11.3 Related party balances

The trade balances due from subsidiaries, 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	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Property, plant and equipment	-	-	(2,107,897)	(1,977,604)	(2,107,897)	(1,977,604)
Right-of-use assets	-	-	(992,155)	(1,148,711)	(992,155)	(1,148,711)
Lease liabilities	1,052,044	1,200,294	-	-	1,052,044	1,200,294
Provisions	4,333,309	3,142,170	-	-	4,333,309	3,142,170
Capital allowance carry-forwards	1,013	84,616	-	-	1,013	84,616
Reinvestment allowance carry-forwards	38,930	51,566	-	-	38,930	51,566
Other items	348,913	271,380	-	-	348,913	271,380
Tax assets/(liabilities)	5,774,209	4,750,026	(3,100,052)	(3,126,315)	2,674,157	1,623,711
Set off of tax	(2,616,183)	(2,689,777)	2,616,183	2,689,777	-	-
Net tax assets/(liabilities)	3,158,026	2,060,249	(483,869)	(436,538)	2,674,157	1,623,711

Company

Property, plant and equipment	-	-	(194,623)	(218,387)	(194,623)	(218,387)
Right-of-use asset	-	-	(20,890)	(33,425)	(20,890)	(33,425)
Lease liability	22,863	35,593	-	-	22,863	35,593
Provisions	1,847,715	1,605,401	-	-	1,847,715	1,605,401
Other items	(26,815)	-	-	(4,063)	(26,815)	(4,063)
Tax assets/(liabilities)	1,843,763	1,640,994	(215,513)	(255,875)	1,628,250	1,385,119
Set off of tax	(215,513)	(255,875)	215,513	255,875	-	-
Net tax assets	1,628,250	1,385,119	-	-	1,628,250	1,385,119

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	
	2021 RM	**2020 RM**
Property, plant and equipment	(78,000)	(45,000)
Capital allowance carry-forwards	188,000	148,000
Tax loss carry-forwards	7,740,000	6,950,000
Right-of-use assets	(21,000)	(52,000)
Lease liabilities	22,000	54,000
Provisions	16,000	-
Others	8,000	-
	7,875,000	7,055,000

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 seven (7) years under the current tax legislation of Malaysia are as follows:

	Group	
	2021 RM	**2020 RM**
Unutilised tax losses expiring in:		
- 2025	5,982,000	5,982,000
- 2026	627,000	627,000
- 2027	341,000	341,000
- 2028	790,000	-
	7,740,000	6,950,000

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the year

Group	At 1.5.2019 RM	Recognised in profit or loss (Note 25) RM	At 30.4.2020/ 1.5.2020 RM	Recognised in profit or loss (Note 25) RM	At 30.4.2021 RM
Property, plant and equipment	(2,910,318)	932,714	(1,977,604)	(130,293)	(2,107,897)
Right-of-use assets	(1,605,685)	456,974	(1,148,711)	156,556	(992,155)
Lease liabilities	1,626,670	(426,376)	1,200,294	(148,250)	1,052,044
Provisions	2,511,621	630,549	3,142,170	1,191,139	4,333,309
Capital allowance carry-forwards	1,539	83,077	84,616	(83,603)	1,013
Reinvestment allowance carry-forwards	51,566	-	51,566	(12,636)	38,930
Tax loss carry-forwards	10,232	(10,232)	-	-	-
Other items	717,630	(446,250)	271,380	77,533	348,913
	403,255	1,220,456	1,623,711	1,050,446	2,674,157

Company					
Property, plant and equipment	(1,074,930)	856,543	(218,387)	23,764	(194,623)
Right-of-use asset	(45,959)	12,534	(33,425)	12,535	(20,890)
Lease liability	47,632	(12,039)	35,593	(12,730)	22,863
Provisions	1,385,135	220,266	1,605,401	242,314	1,847,715
Other items	18,973	(23,036)	(4,063)	(22,752)	(26,815)
	330,851	1,054,268	1,385,119	243,131	1,628,250

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

13. INVENTORIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At cost:				
Raw materials	1,553,264	1,786,632	-	-
Packaging materials	353,722	364,761	-	-
Finished goods and trading goods	79,720,661	82,911,019	34,584,048	35,960,754
Goods in transit	1,745,701	2,221,298	1,528,647	1,339,316
	83,373,348	87,283,710	36,112,695	37,300,070
At net realisable value:				
Finished goods and trading goods	5,937,762	6,047,103	5,019,658	5,105,945
	89,311,110	93,330,813	41,132,353	42,406,015
Recognised in profit or loss:				
Inventories recognised as cost of sales	103,695,311	96,244,197	71,212,770	64,452,939
Inventories written off	478,412	446,679	320,412	60,111

The write-off is included in cost of sales.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deposits placed with licensed banks	41,764,919	45,015,448	8,736,894	15,800,754
Cash and bank balances	12,783,199	12,948,224	4,258,282	849,857
	54,548,118	57,963,672	12,995,176	16,650,611

15. CAPITAL AND RESERVES

15.1 Share capital

	Group and Company			
	Amount 2021 RM	Number of shares 2021	Amount 2020 RM	Number of shares 2020
Issued and fully paid:				
At 1 May/30 April	157,256,450	300,297,890	157,256,450	300,297,890

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. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

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 the Company, by special resolutions passed in general meetings held in previous financial years, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 1,231,000 (2020: 52,200) of its issued share capital from the open market for a total consideration of RM2,525,968 (2020: RM105,044). The average price paid for the shares repurchased was RM2.05 (2020: RM2.01) per share and the repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

At 30 April 2021, the Company held 11,215,588 (2020: 9,984,588) of its own shares.

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. Share option is disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

16. LOANS AND BORROWINGS

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current					
Hire purchase liabilities due to a subsidiary	16.1	-	-	371,528	123,753
Current					
Hire purchase liabilities due to a subsidiary	16.1	-	-	194,637	173,703
		-	-	194,637	173,703
		-	-	566,165	297,456

16.1 Hire purchase liabilities due to a subsidiary

Hire purchase liabilities due to a subsidiary are payable by the Company as follows:

	Company 2021 RM	Company 2020 RM
Less than one year	223,159	187,909
Between one and five years	410,799	128,326
	633,958	316,235
Less: Future interest charges	(67,793)	(18,779)
	566,165	297,456
Carrying amount:		
Current	194,637	173,703
Non-current	371,528	123,753
	566,165	297,456

17. SHARE-BASED PAYMENT ARRANGEMENT

On 3 July 2017, the Group granted share options to eligible Directors and employees to subscribe for the ordinary shares in the Company under the Employee Share Option Scheme approved by the shareholders of the Company on 3 May 2017.

The fair value of share options granted, measured using a black-schole model, with the following inputs:

Grant date	Number of options	Vesting conditions	Options life
3 July 2017	2,189,000	None	5 years

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2021 RM	Number of options 2021
Outstanding at 1 May 2020	3.63	441,000
Forfeited during the year	3.63	(19,000)
Outstanding at 30 April 2021	3.63	422,000

	Group and Company 2018
Fair value at grant date (RM)	1.19
Weighted average share price (RM)	4.01
Share price at grant date (RM)	4.19
Weighted volatility (weighted average volatility) (%)	62.92
Expected dividend (%)	4.72
Option life (expected weighted average life) (years)	5

Value of employee services received for the issue of share option

	Group 2018 RM	Company 2018 RM
Share option granted in 2018	2,596,621	1,194,493
Total expenses recognised as share-based payment	2,596,621	1,194,493

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

18. TRADE AND OTHER PAYABLES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Trade					
Trade payables		13,853,299	12,564,867	8,973,905	9,411,689
Amounts due to subsidiaries	18.1	-	-	3,250,414	679,370
		13,853,299	12,564,867	12,224,319	10,091,059
Non-trade					
Amounts due to subsidiaries	18.1	-	-	678,341	5,718,087
Other payables		10,744,404	21,692,524	337,663	8,892,127
Deposits received		4,142,857	4,787,614	765,102	804,034
Accrued expenses		7,856,798	5,062,465	3,188,976	1,664,467
		22,744,059	31,542,603	4,970,082	17,078,715
		36,597,358	44,107,470	17,194,401	27,169,774

18.1 Related party balances

The trade balances due to subsidiaries are subject to negotiated trade terms.

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

19. PROVISIONS

Group	Sales campaign RM	Goods return RM	Restoration cost RM	Total RM
At 1 May 2019	1,129,250	400,000	-	1,529,250
Provisions made during the year	1,170,000	-	-	1,170,000
Provisions used during the year	(2,001,075)	-	-	(2,001,075)
At 30 April 2020/1 May 2020	298,175	400,000	-	698,175
Provisions made during the year	1,693,000	-	3,500	1,696,500
Provisions used during the year	(1,407,595)	-	-	(1,407,595)
At 30 April 2021	583,580	400,000	3,500	987,080

19. PROVISIONS (CONTINUED)

Sales campaign

The Group organises various sales campaign programmes for its eligible distributors and wholesale customers. Under the respective sales campaigns, eligible distributors and wholesale customers are entitled to overseas or local trips subject to meeting certain qualifying performance targets. A provision is recognised at the end of each reporting period for eligible distributors and wholesale customers based on the Group's estimated qualifiers and quoted tour fares for the sales campaign programmes.

Goods return

The Group provides pre-agreed return period on products sold by the Group. A provision is recognised at the end of each reporting period for goods return based on the Group's past experience on the level of goods returned.

Restoration cost

Provision made was in respect of the Group's obligation to restore the leased store at the end of its tenancy agreement.

20. CONTRACT LIABILITIES

Group	2021 RM	2020 RM
Contract liabilities	2,518,208	1,224,469

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 and advertising and promotion rebates received for goods purchased from the holding company and a related company, which income is recognised when goods are sold.

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

	Group RM
At 1 May 2019	1,723,106
Increase/(Decrease) in revenue recognised from previous period arising from:	
- Unearned membership fees	(773,897)
- Unexpired cash vouchers	275,260
At 30 April 2020/1 May 2020	1,224,469
Increase/(Decrease) in revenue recognised from previous period arising from:	
- Unearned membership fees	(347,790)
- Unexpired cash vouchers	45,444
Increased due to cash received from goods yet to be sold:	
- Unearned advertising and promotion income	1,596,085
At 30 April 2021	2,518,208

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

21. REVENUE

Group	2021 RM	2020 RM
Revenue from contracts with customers		
- Sale of goods	265,613,272	247,736,580
- Multi-level marketing ("MLM") membership fee	2,690,863	3,875,950
	268,304,135	251,612,530
Other revenue		
- Commissions	66,092	74,088
- Hire purchase and finance lease income	23,520	31,412
- Interest income	233,064	260,996
- Dividend income	107,378	93,158
- Rental income	2,655,348	3,101,337
	3,085,402	3,560,991
Total revenue	271,389,537	255,173,521

Company	2021 RM	2020 RM
Revenue from contracts with customers		
- Sale of goods – wholesale	103,212,431	93,689,223
Other revenue		
- Dividend income	36,407,100	39,640,700
- Rental income	4,307,300	4,525,679
Total revenue	143,926,831	137,855,602

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

21. REVENUE (CONTINUED)

21.1 Disaggregation of revenue

	Reportable segments									
	Wholesale		Multi-level marketing ("MLM")		Retail		Other non-reportable segments		Total	
Group	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers										
- Sale of goods	58,549,298	57,431,723	169,758,615	152,840,155	35,802,915	36,707,040	1,502,444	757,662	265,613,272	247,736,580
- MLM membership fee	-	-	2,690,863	3,875,950	-	-	-	-	2,690,863	3,875,950
	58,549,298	57,431,723	172,449,478	156,716,105	35,802,915	36,707,040	1,502,444	757,662	268,304,135	251,612,530
Other revenue	-	-	-	-	-	-	3,085,402	3,560,991	3,085,402	3,560,991
	58,549,298	57,431,723	172,449,478	156,716,105	35,802,915	36,707,040	4,587,846	4,318,653	271,389,537	255,173,521
Timing and recognition										
At a point in time	58,549,298	57,431,723	169,758,615	152,840,155	35,802,915	36,707,040	1,502,444	757,662	265,613,272	247,736,580
Overtime	-	-	2,690,863	3,875,950	-	-	-	-	2,690,863	3,875,950
	58,549,298	57,431,723	172,449,478	156,716,105	35,802,915	36,707,040	1,502,444	757,662	268,304,135	251,612,530

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

21. REVENUE (CONTINUED)

21.2 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.

21. REVENUE (CONTINUED)

21.3 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.

22. FINANCE INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits and short term deposit	691,149	979,978	254,529	232,605

23. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Bankers' acceptances	-	22,739	-	22,739
Hire purchase	-	-	24,146	26,750
Interest expense on lease liabilities	263,893	338,408	6,957	9,840
	263,893	361,147	31,103	59,329

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

24. PROFIT BEFORE TAX

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax is arrived at after charging/(crediting):				
Auditors' remuneration:				
Audit fees:				
- KPMG PLT	366,800	348,800	110,000	101,000
- Other auditors	47,444	29,734	-	-
Non-audit fees:				
- KPMG PLT	15,000	15,000	15,000	15,000
Material expenses/(income)				
Changes in lease payments arising from rent concessions	(311,685)	-	-	-
Depreciation of investment properties	691,507	672,181	635,900	635,900
Depreciation of property, plant and equipment	3,632,437	3,867,431	1,270,211	1,284,161
Deprecation of right-of-use assets	1,996,778	2,070,190	52,227	52,227
Inventories written down	478,412	446,679	320,412	60,111
Personnel expenses (including key management personnel):				
- Contributions to Employees' Provident Fund	2,874,659	2,995,252	919,598	1,010,118
- Wages, salaries and others	28,636,691	30,019,132	10,175,232	10,275,080
Property, plant and equipment written off	22,672	10,805	3,375	1,449
Provision for sales campaign	1,693,000	1,170,000	-	-
Net foreign exchange differences:				
- unrealised	338,793	(255,266)	(111,729)	(16,930)
- realised	(676,325)	(102,379)	(161,255)	(179,581)
Dividend income from:				
- unquoted shares	-	(4,500)	-	-
- subsidiaries (unquoted shares)	-	-	(36,407,100)	(39,640,700)
- unit trusts	(962,331)	(1,315,085)	(130,170)	(202,301)
Fair value loss/(gain) on other investments	78,032	(163,318)	11,357	(8,048)
Gain on disposal of other investments	-	(10,412)	-	-
Gain on disposal of property, plant and equipment	(1,086,031)	-	(1,085,882)	-
Gain on disposal of subsidiaries	-	(1,110,733)	-	-
Management fees receivable from:				
- subsidiaries	-	-	(1,083,600)	(1,083,600)
- others	(39,300)	(34,800)	-	-
Rental income from:				
- investment properties	(2,950,124)	(3,462,196)	(4,307,300)	(4,525,679)

Net loss on impairment of financial instruments				
Financial assets at amortised cost:				
- Trade receivables	92,746	1,141,136	90,434	1,139,075
- Other receivables	1,428,413	954,420	-	-
	1,521,159	2,095,556	90,434	1,139,075

25. TAX EXPENSE

Recognised in profit or loss

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Current tax expense				
Current year	14,709,408	11,383,493	4,349,269	2,514,892
Over provision in prior years	(307,564)	(964,930)	(170,023)	(337,619)
Total current tax recognised in profit or loss	14,401,844	10,418,563	4,179,246	2,177,273
Deferred tax expense				
Origination and reversal of temporary differences	(1,038,732)	(304,586)	(265,227)	(304,767)
(Over)/Under provision in prior year	(11,714)	(915,870)	22,096	(749,501)
Total deferred tax recognised in profit or loss (Note 12)	(1,050,446)	(1,220,456)	(243,131)	(1,054,268)
Total income tax expense	13,351,398	9,198,107	3,936,115	1,123,005
Reconciliation of tax expense				
Profit before tax	52,284,014	41,517,231	50,870,251	45,935,638
Income tax calculated using Malaysian tax rate of 24%	12,548,163	9,964,135	12,208,860	11,024,553
Non-deductible expenses	1,301,369	1,704,555	644,127	749,824
Non-taxable income	-	(266,576)	-	-
Tax exempt income	(375,656)	(371,927)	(8,768,945)	(9,564,252)
Effect of deferred tax assets not recognised	196,800	73,285	-	-
Recognition of previously unrecognised capital allowances	-	(24,565)	-	-
Over provision in prior years	(319,278)	(1,880,800)	(147,927)	(1,087,120)
	13,351,398	9,198,107	3,936,115	1,123,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

26. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 April 2021 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021 RM	2020 RM
Profit attributable to ordinary shareholders	38,816,198	32,576,454

Weighted average number of ordinary shares

	Group	
	2021	2020
Issued ordinary shares at 1 May 2020/2019	300,297,890	300,297,890
Effect of treasury shares held	(10,432,788)	(9,951,838)
Weighted average number of ordinary shares at 30 April	289,865,102	290,346,052
Basic earnings per ordinary share	13.39	11.22

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 30 April 2021 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2021	2020
Weighted average number of ordinary shares at 30 April (basic)	-	-
Effect of share options on issue	-	-
Weighted average number of ordinary shares at 30 April (diluted)	-	-
Diluted earnings per ordinary share (sen)	-*	-*

* The diluted earnings per share is not presented as the exercising of the balance of ESOS granted under the Employee's Share Option Scheme ("ESOS") would result in an anti-dilution situation.

27. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM	Date of payment
2021			
Final 2020 ordinary	4	11,593,988	19 November 2020
First Interim 2021 ordinary	4	11,578,628	4 March 2021
		23,172,616	
2020			
Final 2019 ordinary	9	26,129,655	21 November 2019
First Interim 2020 ordinary	3	8,709,885	5 March 2020
Second Interim 2020 ordinary	3	8,709,399	16 June 2020
		43,548,939	

Subsequent to the end of the current financial year, the Directors declared a second interim dividend of 5 sen per ordinary share totalling RM15,005,162 on 25 June 2021 in respect of the financial year ended 30 April 2021, which was paid on 29 July 2021. This dividend will be recognised in subsequent financial period.

On 4 June 2021, the Company declared a distribution of one (1) treasury share for every twenty-six (26) existing ordinary shares ("Share Dividend") in respect of the financial year ending 30 April 2022. The Share Dividend was credited into the entitled Depositors' Securities Account respectively on 6 July 2021.

The Directors do not recommend any final dividend to be paid for the financial year under review.

28. 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 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

28. OPERATING SEGMENTS (CONTINUED)

There are varying levels of integration between Wholesale, Multi-level Marketing and Retail reportable segments. This integration includes sales and transfers of inventories and shared distribution services, respectively. Inter-segment pricing is determined on negotiated basis.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the key results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities comprise operating liabilities and include items such as taxation and borrowings.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

Group	Wholesale RM'000	Multi-level marketing RM'000	Retail RM'000	Other non-reportable segments RM'000	Total RM'000
2021					
Segment profit	50,792	33,797	1,125	1,792	87,506
Included in the measure of segment profit are:					
Revenue from external customers	58,549	172,449	35,803	4,589	271,390
Inter-segment revenue	107,481	174	2	7,420	115,077
Depreciation	(1,359)	(1,873)	(2,311)	(778)	(6,321)
Not included in the measure of segment profit but provided to CODM:					
Tax expense	(4,508)	(8,176)	(354)	(313)	(13,351)
Segment assets	171,917	118,015	36,936	44,632	371,500
Included in the measure of segment assets is:					
Additions to non-current assets other than financial instruments and deferred tax assets	1,116	333	1,021	286	2,756
Segment liabilities	16,875	22,000	6,317	3,208	48,400

28. OPERATING SEGMENTS (CONTINUED)

Group	Wholesale RM'000	Multi-level marketing RM'000	Retail RM'000	Other non-reportable segments RM'000	Total RM'000
2020					
Segment profit/(loss)	46,256	32,265	(172)	2,196	80,545
Included in the measure of segment profit are:					
Revenue from external customers	57,432	156,716	36,707	4,319	255,174
Inter-segment revenue	108,121	110	4	6,461	114,696
Depreciation	(1,617)	(1,779)	(2,476)	(738)	(6,610)
Not included in the measure of segment profit but provided to CODM:					
Tax (expense)/credit	(1,973)	(7,273)	27	21	(9,198)
Segment assets	175,517	110,193	34,930	41,080	361,720
Included in the measure of segment assets is:					
Additions to non-current assets other than financial instruments and deferred tax assets	274	150	136	156	716
Segment liabilities	26,020	17,086	6,703	1,721	51,530

Reconciliation of operating segments' profit or loss

	Group 2021 RM	Group 2020 RM
Profit or loss		
Total profit or loss for operating segments	87,506	80,545
Elimination of inter-segment profits	(35,222)	(39,028)
Tax expense	(13,351)	(9,198)
Consolidated profit for the year	38,933	32,319

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 April 2021 categorised as follows:

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

(b) Amortised cost ("AC")

2021	Carrying amount RM	FVTPL – Mandatorily required by MFRS 9 RM	AC RM
Financial assets			
Group			
Other investments	58,916,470	58,916,470	-
Trade and other receivables	20,749,468	-	20,749,468
Cash and cash equivalents	54,548,118	-	54,548,118
	134,214,056	58,916,470	75,297,586
Company			
Other investments	10,781,508	10,781,508	-
Trade and other receivables	37,511,521	-	37,511,521
Cash and cash equivalents	12,995,176	-	12,995,176
	61,288,205	10,781,508	50,506,697
Financial liabilities			
Group			
Trade and other payables	(36,597,358)	-	(36,597,358)
	(36,597,358)	-	(36,597,358)
Company			
Loans and borrowings	(566,165)	-	(566,165)
Trade and other payables	(17,194,401)	-	(17,194,401)
	(17,760,566)	-	(17,760,566)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.1 Categories of financial instruments (continued)

2020	Carrying amount RM	FVTPL – Mandatorily required by MFRS 9 RM	AC RM
Financial assets			
Group			
Other investments	37,932,171	37,932,171	-
Trade and other receivables	19,977,793	-	19,977,793
Cash and cash equivalents	57,963,672	-	57,963,672
	115,873,636	37,932,171	77,941,465
Company			
Other investments	6,162,695	6,162,695	-
Trade and other receivables	35,823,598	-	35,823,598
Cash and cash equivalents	16,650,611	-	16,650,611
	58,636,904	6,162,695	52,474,209
Financial liabilities			
Group			
Trade and other payables	(44,107,470)	-	(44,107,470)
	(44,107,470)	-	(44,107,470)
Company			
Loans and borrowings	(297,456)	-	(297,456)
Trade and other payables	(27,169,774)	-	(27,169,774)
	(27,467,230)	-	(27,467,230)

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	884,299	1,493,315	118,813	210,349
Financial assets at amortised cost	(745,499)	(673,848)	283,833	(908,175)
Financial liabilities at amortised cost	509,605	314,952	129,100	148,727
	648,405	1,134,419	531,746	(549,099)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.3 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

29.4 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, loans and advances to an associate. The Company's exposure to credit risk arises principally from its receivables from customers, advances to subsidiaries and an associate.

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 or the Company 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 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. 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 and with the Company. The Group and the Company use 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.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 150 days past due.

Loss rates are based on actual credit loss experience over the past year. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 April 2021.

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
2021			
Not past due	14,430,377	(61,992)	14,368,385
Past due 1 – 30 days	1,092,036	(28,416)	1,063,620
Past due 31 – 60 days	315,878	(140,857)	175,021
Past due more than 60 days	931,857	(858,885)	72,972
	16,770,148	(1,090,150)	15,679,998
Credit impaired			
Individually impaired	1,141,401	(950,901)	190,500
	17,911,549	(2,041,051)	15,870,498

Company			
2021			
Not past due	14,343,293	(61,618)	14,281,675
Past due 1 – 30 days	920,930	(28,331)	892,599
Past due 31 – 60 days	250,885	(140,738)	110,147
Past due more than 60 days	852,100	(852,100)	-
	16,367,208	(1,082,787)	15,284,421
Credit impaired			
Individually impaired	1,139,751	(949,251)	190,500
	17,506,959	(2,032,038)	15,474,921

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021 (CONTINUED)

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

Group	Gross carrying amount RM	Loss allowances RM	Net balance RM
2020			
Not past due	10,615,513	(88,482)	10,527,031
Past due 1 – 30 days	2,106,826	(108,571)	1,998,255
Past due 31 – 60 days	1,371,160	(42,908)	1,328,252
Past due more than 60 days	1,063,991	(856,618)	207,373
	15,157,490	(1,096,579)	14,060,911
Credit impaired			
Individually impaired	1,042,226	(851,726)	190,500
	16,199,716	(1,948,305)	14,251,411

Company	Gross carrying amount RM	Loss allowances RM	Net balance RM
2020			
Not past due	8,924,638	(87,904)	8,836,734
Past due 1 – 30 days	2,221,822	(108,279)	2,113,543
Past due 31 – 60 days	818,986	(42,724)	776,262
Past due more than 60 days	858,164	(853,421)	4,743
	12,823,610	(1,092,328)	11,731,282
Credit impaired			
Individually impaired	1,039,776	(849,276)	190,500
	13,863,386	(1,941,604)	11,921,782

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Group RM	Company RM
Balance at 30 April 2019	807,169	802,529
Individually impaired	847,790	847,790
Reversal of impairment loss	(2,190)	-
Net remeasurement of loss allowance	295,536	291,285
Balance at 30 April 2020/1 May 2020	1,948,305	1,941,604
Individually impaired	101,461	101,461
Reversal of impairment loss	(2,286)	(1,486)
Net remeasurement of loss allowance	(6,429)	(9,541)
Balance at 30 April 2021	2,041,051	2,032,038

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group and the Company are 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 is 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 RM2,410,592 (2020: RM982,179) 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.

Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

The Group provides unsecured advances to an associate. The Group monitors the results of the associate 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, except for a balance of RM1,700,417 (2020: RM1,700,417) due from a subsidiary which is deemed not recoverable and fully impaired, there was no indication that the advances to the subsidiaries are not recoverable.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.5 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, loans and borrowings.

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.

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	Contractual interest rate/ coupon Discount rate	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
Group							
2021							
Non-derivative financial liabilities							
Lease liabilities	4,405,993	4.50% - 5.60%	4,759,942	1,820,537	1,580,477	1,358,928	-
Trade and other payables	36,597,358	-	36,597,358	36,597,358	-	-	-
	41,003,351		41,357,300	38,417,895	1,580,477	1,358,928	-
Company							
2021							
Non-derivative financial liabilities							
Lease liability	95,263	5.60%	100,000	60,000	40,000	-	-
Hire purchase liabilities due to a subsidiary	566,165	3.25% - 4.50%	633,958	223,159	125,452	285,347	-
Trade and other payables	17,194,401	-	17,194,401	17,194,401	-	-	-
	17,855,829		17,928,359	17,477,560	165,452	285,347	-

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.5 Liquidity risk (continued)

	Carrying amount RM	Contractual interest rate/ coupon Discount rate	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
Group							
2020							
Non-derivative financial liabilities							
Lease liabilities	5,055,557	5.60%	5,578,706	1,859,473	1,463,065	2,233,568	22,600
Trade and other payables	44,107,470	-	44,107,470	44,107,470	-	-	-
	49,163,027		49,686,176	45,966,943	1,463,065	2,233,568	22,600
Company							
2020							
Non-derivative financial liabilities							
Lease liability	148,306	5.60%	160,000	60,000	60,000	40,000	-
Hire purchase liabilities due to a subsidiary	297,456	3.25% - 4.50%	316,235	187,909	128,326	-	-
Trade and other payables	27,169,774	-	27,169,774	27,169,774	-	-	-
	27,615,536		27,646,009	27,417,683	188,326	40,000	-

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.6 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.

29.6.1 Currency risk

The Group and the Company are 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 and of the Company. The currencies giving rise to these risks are primarily Chinese Renminbi ("RMB"), U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD"), Indonesia Rupiah ("RP"), Pound Sterling ("GBP") and Euro ("EUR").

Risk management objectives, policies and processes for managing the risk

The Group and the Company hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The Group and the Company did not enter into any forward foreign exchange contracts in the current and previous financial years.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities and the Company) 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				
2021				
Chinese Renminbi	156,269	3,921,627	(1,942,834)	2,135,062
U.S. Dollar	179,039	2,659,968	(2,511,878)	327,129
Singapore Dollar	815,336	79,087	-	894,423
Indonesia Rupiah	844,584	-	-	844,584
Brunei Dollar	8,153	-	(45,015)	(36,862)
Net exposure	2,003,381	6,660,682	(4,499,727)	4,164,336
Company				
2021				
Chinese Renminbi	156,269	3,910,119	(1,658,313)	2,408,075
U.S. Dollar	176,244	1,301,118	(1,063,575)	413,787
Singapore Dollar	815,336	-	-	815,336
Indonesia Rupiah	195,736	-	-	195,736
Net exposure	1,343,585	5,211,237	(2,721,888)	3,832,934

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.6 Market risk (continued)

29.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

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				
2020				
Chinese Renminbi	65,900	3,695,685	(1,330,463)	2,431,122
U.S. Dollar	77,499	2,194,467	(1,956,710)	315,256
Singapore Dollar	920,889	60,626	-	981,515
Indonesia Rupiah	2,171,403	-	-	2,171,403
Pound Sterling	-	-	(326,011)	(326,011)
Euro	-	-	(95,046)	(95,046)
Net exposure	3,235,691	5,950,778	(3,708,230)	5,478,239
Company				
2020				
Chinese Renminbi	65,900	3,680,362	(891,154)	2,855,108
U.S. Dollar	77,499	242,197	(1,434,433)	(1,114,737)
Singapore Dollar	920,889	-	-	920,889
Indonesia Rupiah	195,736	-	-	195,736
Pound Sterling	-	-	(171,523)	(171,523)
Net exposure	1,260,024	3,922,559	(2,497,110)	2,685,473

Currency risk sensitivity analysis

Foreign currency risk mainly arises from transactions of the Group and the Company which are denominated in RMB, USD, SGD and RP. The exposure to currency risk of currencies other than RMB, USD, SGD and RP is not material and hence, sensitivity analysis is not presented.

A 5% (2020: 5%) strengthening of RM against the following currencies at the end of the reporting period would have decreased/(increase) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and that the Company 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 sales and purchases.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.6 Market risk (continued)

29.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
RMB	81,132	92,383	91,507	108,494
USD	12,431	11,980	15,724	(42,360)
SGD	33,988	37,298	30,983	34,994
RP	32,094	82,513	7,438	7,438

A 5% (2020: 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.

29.6.2 Interest rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. 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 and the Company borrow in their desired currencies at both fixed and floating rates of interest.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Fixed rate instruments				
Financial assets	42,976,542	46,758,375	8,736,894	15,800,754
Financial liabilities	-	-	(566,165)	(297,456)
	42,976,542	46,758,375	8,170,729	15,503,298

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.6 Market risk (continued)

29.6.2 Interest rate risk (continued)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do 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.

29.6.3 Other price risk

Equity price risk arises from the Group's and the Company'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 and the Company have 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.

29.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

The carrying amounts of non-current trade receivables and hire purchase liabilities due to a subsidiary 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.

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.

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.7 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Total fair value RM	Carrying amount RM
Group										
2021										
Financial assets										
Quoted shares	360	-	-	360	-	-	-	-	360	360
Unquoted shares	-	-	11,920	11,920	-	-	-	-	11,920	11,920
Unit trusts	-	58,904,190	-	58,904,190	-	-	-	-	58,904,190	58,904,190
	360	58,904,190	11,920	58,916,470	-	-	-	-	58,916,470	58,916,470
Company										
2021										
Financial assets										
Unit trusts	-	10,781,508	-	10,781,508	-	-	-	-	10,781,508	10,781,508
	-	10,781,508	-	10,781,508	-	-	-	-	10,781,508	10,781,508
Group										
2020										
Financial assets										
Quoted shares	333	-	-	333	-	-	-	-	333	333
Unquoted shares	-	-	11,920	11,920	-	-	-	-	11,920	11,920
Unit trusts	-	37,919,918	-	37,919,918	-	-	-	-	37,919,918	37,919,918
	333	37,919,918	11,920	37,932,171	-	-	-	-	37,932,171	37,932,171
Company										
2020										
Financial assets										
Unit trusts	-	6,162,695	-	6,162,695	-	-	-	-	6,162,695	6,162,695
	-	6,162,695	-	6,162,695	-	-	-	-	6,162,695	6,162,695

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.7 Fair value information (continued)

Level 1 fair value

The fair value of quoted shares is derived from quoted price (unadjusted) by reference to the stock exchange which they are listed on.

Level 2 fair value

The fair value of unit trusts is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2020: no transfer in either direction).

Level 3 fair value

The fair value of unquoted shares is derived from the adjusted net asset of the investee companies' financial statements.

30. 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.

31. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Capital expenditure commitments				
Property, plant and equipment				
Approved, contracted but not provided for	738,469	764,334	-	4,000
	738,469	764,334	-	4,000

32. 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 party 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, associates, 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 18.

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
A. Subsidiaries				
Sale of goods	-	-	(61,305,393)	(56,776,688)
Purchase of goods	-	-	1,805,903	2,065,284
Dividend income	-	-	(36,407,100)	(39,640,700)
Interest expense on hire purchase	-	-	24,146	26,750
Management fees income	-	-	(1,083,600)	(1,083,600)
Rental income from properties	-	-	(1,909,094)	(1,739,610)
Advertising and promotion expense	-	-	4,803,728	5,332,660
B. Joint venture				
Sale of goods	(339,557)	(982,685)	(25,857)	(13,269)
Rental income from properties	(312,984)	(348,754)	(312,984)	(348,754)
C. Key management personnel *				
Directors of the Company:				
- Fees	251,000	276,000	207,000	230,000
- Remuneration	4,393,133	3,886,941	3,121,468	2,629,934
	4,644,133	4,162,941	3,328,468	2,859,934
Directors of subsidiaries:				
- Fees	42,000	44,000	-	-
- Remuneration	588,034	541,390	-	-
	630,034	585,390	-	-
Total short-term employee benefits	5,274,167	4,748,331	3,328,468	2,859,934

* Excludes Benefit-In-Kind

33. BUSINESS COMBINATIONS

2021

33.1 Acquisition of non-controlling interests

During the financial year, the Company acquired additional 34,000 shares of RM2.80 each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM95,200. These acquisitions increased the equity interest of the Company in Hai-O Raya Bhd. from 66.03% to 67.17%.

The Group recognised a decrease in non-controlling interests of RM278,413 and an increase in retained earnings of RM183,213 in respect of the above transactions.

2020

33.2 Acquisition of non-controlling interests

In June 2019, a subsidiary of the Group – Yan Ou Holdings (M) Sdn. Bhd. ("YOH") has acquired the remaining 100,000 shares of RM0.80 each in its subsidiary – Yan Ou Marketing (Intl) Sdn. Bhd. ("YOM") from non-controlling owners for a total cash consideration of RM80,000. The acquisition increased the equity interest in YOM from 90% to 100%. Pursuant to the acquisition, the Group's effective interest over YOM via YOH increased from 54% to 60%.

During previous financial year, the Company acquired additional 71,000 shares of RM2.80 each in Hai-O Raya Bhd. through several acquisitions from non-controlling owners for a total cash consideration of RM198,800. These acquisitions increased the equity interest of the Company in Hai-O Raya Bhd. from 63.67% to 66.03%.

The Group recognised a decrease in non-controlling interests of RM577,579 and an increase in retained earnings of RM298,779 in respect of the above transactions.

33.3 Disposal of subsidiaries

In November 2019 and February 2020, the Group disposed two subsidiaries in Multi-level marketing and another non-reportable segment respectively.

Effect of disposal on the financial position of the Group

Group		**2020**	
	PT Hai-O Indonesia RM	**Seagull Technology (Beijing) Co. Ltd. RM**	**Total RM**
Property, plant and equipment	69,877	-	69,877
Inventories	1,053,674	-	1,053,674
Other receivables	72,802	-	72,802
Cash and cash equivalents	113,201	1,066,055	1,179,256
Trade and other payables	(3,402,434)	(60,063)	(3,462,497)
Current tax liabilities	(134,729)	-	(134,729)
Net assets and (liabilities)	(2,227,609)	1,005,992	(1,221,617)
Non-controlling interest derecognised	800,438	-	800,438
Realisation of foreign exchange reserve arising from disposal of subsidiaries	240,119	126,319	366,438
Gain/(Loss) on disposal of subsidiaries	1,237,052	(126,319)	1,110,733
Consideration received, satisfied in cash	50,000	1,005,992	1,055,992
Cash and cash equivalents disposed of	(113,201)	(1,066,055)	(1,179,256)
Net cash outflow	(63,201)	(60,063)	(123,264)

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 82 to 159 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 2021 and of their financial performance and cash flows for the financial year then ended.

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

Tan Keng Kang
Director

Hew Von Kin
Director

Kuala Lumpur

Date: 23 August 2021

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 Hai-O Enterprise Berhad, do solemnly and sincerely declare that the financial statements set out on pages 82 to 159 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 above named Tan Keng Kang, NRIC: 760601-14-5689, at Kuala Lumpur in the Federal Territory on 23 August 2021.

Tan Keng Kang

Before me:
Samugam Vassoo (W632)
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HAI-O ENTERPRISE BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Hai-O Enterprise Berhad, which comprise the statements of financial position as at 30 April 2021 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 159.

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 2021, and of their financial performance and their cash flows for the financial 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 21 – Revenue and Note 28 – 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 RM172,449,478 for the financial year ended 30 April 2021.

The sales volume tends to be high towards the end of incentive trip promotion period should the promotion period ended coincide with the financial year. 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 HAI-O ENTERPRISE BERHAD (CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Revenue Recognition in the Appropriate Accounting Period (Continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We tested the configurations of the IT application controls relating to the Group's system. We assessed the relevant reports generated by the system that evidences whether goods ordered by members were delivered as at the end of the financial year.
- Based on the reports, we evaluated whether sales are recognised in the correct accounting period by testing selected samples of sales to acknowledged tax invoices.
- We sent confirmations to stockists and branches on a sampling basis to evaluate the balance of goods held by them.

Valuation of inventories

Refer to Note 2(h) – Significant accounting policy: Inventories and Note 13 – Inventories.

The key audit matter

The Group and the Company hold a large amount of inventories to cater for their Retail, Wholesale and Multi-level Marketing business. Inventories represented one of the largest category of assets on the statements of financial position, at RM89,311,110 and RM41,132,353 respectively, as at 30 April 2021.

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.

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 on 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with the approved standards on auditing in Malaysia and International Standards on Auditing.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HAI-O ENTERPRISE BERHAD (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HAI-O ENTERPRISE BERHAD (CONTINUED)

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

Lam Shuh Siang
Approval Number: 03045/02/2023 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 23 August 2021

ANALYSIS OF SHAREHOLDINGS

AS AT 3 SEPTEMBER 2021

Number of Shares Issued	: 300,297,890 ordinary shares
Issued Share Capital	: RM157,256,450.00
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	1,100	28,400	0.01
100 - 1,000	1,287	425,047	0.14
1,001 - 10,000	6,382	24,081,142	8.03
10,001 - 100,000	2,569	64,820,031	21.60
100,001 – 15,005,161 (Less than 5% of issued shares*)	242	138,204,501	46.05
15,005,162 and above (5% and above of issued shares*)	3	72,544,109	24.17
Total excludes Treasury Shares	**11,583**	**300,103,230**	**100.00**

Note:

* *Excluding a total of 194,660 shares bought back by Hai-O and retained as treasury shares as at 3 September 2021.*

THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares	% of Shares
1. Tan Kai Hee	32,001,229	10.66
2. Akintan Sdn Bhd	24,396,175	8.13
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	5,048,698	1.68
8. Key Development Sdn Berhad	3,894,230	1.30
9. Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	3,435,542	1.15
10. Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chen Tam Chai	3,163,050	1.05
11. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chan Chong Soon (E-KPG)	3,115,384	1.04
12. UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	2,941,474	0.98
13. Tan Puah Khin @ Tan Puan Hee	2,835,021	0.95
14. Chin Chin Sing @ Tan Cheng Beng	2,625,379	0.88

ANALYSIS OF SHAREHOLDINGS

AS AT 3 SEPTEMBER 2021 (CONTINUED)

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

Name	No. of Shares	% of Shares
15. Oon Teik Chye	2,076,248	0.69
16. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Yoke Fong	2,039,126	0.68
17. Tan Keng Song	1,931,538	0.64
18. Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 1)	1,800,550	0.60
19. Kong Chew Fa	1,787,400	0.60
20. Huang, Chin-Chueh	1,665,408	0.56
21. Chong Foong Foong	1,663,637	0.55
22. Milo McConaghy	1,595,076	0.53
23. Amy McConaghy	1,592,665	0.53
24. Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	1,592,273	0.53
25. Lim Siew Oon	1,407,306	0.47
26. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chia Kuo Wui (CEB)	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. Triple Momentum Sdn. Bhd.	950,492	0.32
Total	**157,424,562**	**52.47**

ANALYSIS OF SHAREHOLDINGS

AS AT 3 SEPTEMBER 2021 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(According to the Register of Substantial Shareholders as at 3 September 2021)

	Direct Holdings		Indirect Holdings	
Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Kai Hee	32,001,229	10.66	45,119,475 (note a)	15.04
2. Akintan Sdn Bhd	24,396,175	8.13	-	-
3. Excellant Communication Sdn Bhd	16,146,705	5.38	-	-
4. Tan Keng Kang	12,864,793	4.29	64,255,911 (note b)	21.41
5. Tan Keng Song	1,931,538	0.64	75,952,427 (note c)	25.31
6. Phan Van Denh	878,271	0.29	76,242,433 (note d)	25.41

DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings as at 3 September 2021)

	Direct Holdings		Indirect Holdings	
Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Kai Hee	32,001,229	10.66	45,119,475 (note a)	15.04
2. Tan Keng Kang	12,864,793	4.29	64,255,911 (note b)	21.41
3. Hew Von Kin	416,580	0.14	-	-
4. Chia Kuo Wui	1,434,427	0.48	-	-
5. Tan Kim Siong	54,000	0.02	7,788 (note e)	0.003
6. Soon Eng Sing	51,923	0.02	-	-
7. Tan Beng Ling	-	-	-	-
8. Professor Hajjah Ruhanas Binti Harun	-	-	-	-
9. Ng Chek Yong	-	-	-	-

a) *Deemed interested by virtue of his substantial interest in Akintan Sdn. Bhd. and Daritan Sdn. Bhd. and through the direct and indirect interest of his family members in Hai-O respectively.*
b) *Deemed interested through the direct and indirect interest of his family members in Hai-O.*
c) *Deemed interested through the direct and indirect interest of her family members in Hai-O.*
d) *Deemed interested through the direct and indirect interest of her spouse.*
e) *Deemed interested through the direct and indirect interest of his spouse.*

In the subsidiaries

By virtue of their interests in shares in the Company, Tan Kai Hee and Tan Keng Kang are also deemed to be interested in the ordinary shares of the subsidiaries to the extent the Company has an interest.

Interests in subsidiary company, Hai-O Raya Bhd

(According to the Register of Directors' Shareholdings as at 3 September 2021)

	Direct Holdings		Indirect Holdings	
Name	No. of Shares	% of Shares	No. of Shares	% of Shares
1. Tan Kai Hee	34,000	1.13	77,000 (note f)	2.57
2. Tan Keng Kang	16,000	0.53	95,000 (note g)	3.17
3. Hew Von Kin	3,000	0.10	-	-

f) *Deemed interested by virtue of his interest in Daritan Sdn. Bhd. and through the direct and indirect interest of his family members in Hai-O Raya Bhd. respectively.*
g) *Deemed interested through the direct and indirect interest of his family members in Hai-O Raya Bhd.*

TOP 10 PROPERTIES

AS AT 30 APRIL 2021

No.	Location	Description	Date of Acquisition	Land/Floor Area (sg.ft.)	Tenure	Existing Use	Age (year)	Date of Expiry	Net book value as at 30/04/2021 (RM)
1.	Lot 3202, 3203, 3204, 3205, 3206, 6724 and 44128 3 1/4 mile, Jalan Kapar 41400 Klang, Selangor	Industrial premises comprises of 8 buildings and some miscellaneous structures and other land improvements	21 Dec 2007	1,216,220	Freehold	Office, warehouse & a portion being left as vacant land	Range from 17 to 52	-	42,715,047
2.	Geran 7155/M1 Menara Hai-O (Sun Kompleks), Jalan Bukit Bintang 55100 Kuala Lumpurr	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	43	-	14,977,473
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	11	-	13,015,103
4	Geran 60815 - Lot 4093, Geran 74962 - Lot 1802, Geran 17405 - Lot 1791, Geran 74980 - Lot 4114, Mukim Setul, Daerah Seremban, Negeri Sembilan	Land	03 June 2014	1,145,268	Freehold	Orchard farm	7	-	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	38 & 24	-	8,424,280
6.	Geran 21337 - Lot 113, Geran 21338 - Lot 114, Geran 20431 - Lot 204, Geran 20432, Lot 205, Daerah Melaka Tengah, Kawasan Bandar XX, No. 53A & 53B, Jalan Bendahara, No. 48A, Jalan Bunga Raya, No. 41A & 41B, Jalan Bendahara, 75100 Melaka	5 contiguous units of 5 storey terraced shop houses/ office and a single storey warehouse	10 Aug 2017	14,689	Freehold	Shoplot, warehouse & a portion is vacant	Range from 33 to 43	-	6,130,258
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	43	29 Sept 2077	3,008,887
8.	Geran 502799 Lot 198459, Geran 502800 Lot 198460, Mukim Plentong, No. 103 & 105, Jalan Tanjong 1, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor.	2 units of 3 storey shop office	22 June 2016	9,900	Freehold	Shop	8	-	2,740,643
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	26	20 Oct 2084	2,313,180
10.	Master title no. NT213206501, Unit No.5, Ground, First & Second Floor I-Plaza Commercial Centre, 89500 Penampang, Sabah	1 unit 3 storey shop office	28 Sept 2016	3,012	Leasehold for 99 years	Shop	6	31 Dec 2110	2,042,344

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting ("46th AGM") of the Company will be held on a virtual basis at Lot 6.03, 6th Floor, Menara Hai-O, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 21 October 2021 at 11:30 a.m. to transact the following businesses:-

AGENDA

1. To lay before the Meeting the Audited Financial Statements for the financial year ended 30 April 2021 and the Reports of the Directors and Auditors thereon. **Refer to Explanatory Note**

2. To re-elect the following Directors who are retiring by rotation pursuant to Clause 119 of the Company's Constitution:-
   i. Mr. Soon Eng Sing **Resolution 1**
   ii. Ms. Tan Beng Ling **Resolution 2**
   iii. Professor Hajjah Ruhanas Binti Harun **Resolution 3**

3. i. To approve the payment of Directors' fees amounting to RM207,000 for the financial year ended 30 April 2021. **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 RM800,000 from 22 October 2021 until the next Annual General Meeting of the Company. **Resolution 5**

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

5. 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.

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
22 September 2021

Notes:
1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 13 October 2021 (General Meeting Record of Depositors) shall be entitled to register, speak, participate and vote remotely at this virtual 46th AGM.
2. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 and holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.

5. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 46th 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 at the Company's Share Registrar's Office, 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.
   (ii) **By electronic means** - The Form of Proxy can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at https://investor.boardroomlimited.com/ or email to BSR.Helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide of the 46th 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 virtual 46th AGM yourself, please write in to BSR.Helpdesk@boardroomlimited.com 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 Business

Item 1 of the Agenda

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the audited financial statements. Hence, this item 1 of the Agenda is not put forward for voting.

Ordinary Resolution 4

Payment of the Directors' fees for the financial year ended 30 April 2021 amounting to RM207,000 will be made by the Company if the proposed Ordinary Resolution 4 is passed at the forthcoming 46th AGM.

Ordinary Resolution 5

The Directors' remuneration and benefits (excluding Directors' fees) comprises emoluments and other benefits payable to the Non-Executive Directors from 22 October 2021 until the next Annual General Meeting of the Company. For newly appointed Non- Executive Director(s), the Directors' remuneration and benefits (excluding Directors' fees) are payable from the date of the respective appointment(s) 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 RM50,000 per month in total
Meeting attendance allowance	RM1,000 per day basis
Board Committee Chairman Member	 RM24,000 to RM36,000 per annum 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.

NOTICE OF ANNUAL GENERAL MEETING

(CONTINUED)

PERSONAL DATA PRIVACY

By lodging of a completed Form of Proxy to the Share Registrar of the Company for appointing a proxy(ies) and/ or representative(s) to attend and vote in person at the 46th AGM 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 46th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 46th AGM (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: -

1) As at the date of this notice, there are no individuals who are standing for election excluding the following Directors who are standing for re-election at the 46th AGM of the Company: -

   i) The Directors who are retiring by rotation pursuant to Clause 119 of the Company's Constitution and seeking re-election, are: -
      - Mr. Soon Eng Sing
      - Ms. Tan Beng Ling
      - Professor Hajjah Ruhanas Binti Harun

   The details of the three (3) Directors seeking for re-election are set out in the Directors' profiles appearing on pages 10 and 12 of the Annual Report.

2) Details of attendance of Directors at Board Meetings held during the financial year ended 30 April 2021 are set out on page 72 of the Annual Report.

3) Broadcast Venue, Date and Time of the 46th AGM are as follows: -

Broadcast Venue	:	Lot 6.03, 6th Floor, Menara Hai-O, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia.
Date	:	21 October 2021 (Thursday)
Time	:	11:30 a.m.

FORM OF PROXY

HAI-O ENTERPRISE BERHAD
Registration No. 197501000919 (22544-D)
(Incorporated in Malaysia)

CDS Account No.	
No. of ordinary shares held	

I/We____

NRIC No. (New) __________________ (Old) ______________ / Company No. ____________

of____

email address ________________________ contact number ____________________

being a member / members of **HAI-O ENTERPRISE 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 **46th Annual General Meeting** of the Company will be held on a virtual basis at Lot 6.03, 6th Floor, Menara Hai-O, Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 21 October 2021 at 11:30 a.m. and at any adjournment thereof in the manner as indicated below in respect of the following Resolutions:-

RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	Re-election of Mr. Soon Eng Sing as a Director.		
Resolution 2	Re-election of Ms. Tan Beng Ling as a Director.		
Resolution 3	Re-election of Professor Hajjah Ruhanas Binti Harun as a Director.		
Resolution 4	Approval for the payment of Directors' fees for the financial year ended 30 April 2021.		
Resolution 5	Approval for the payment of Directors' remuneration and benefits (excluding Directors' fees) to the Non-Executive Directors from 22 October 2021 until the next Annual General Meeting of the Company.		
Resolution 6	Re-appointment of Messrs. KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		

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

FOLD THIS FLAP FOR SEALING

Notes:
1. In respect of deposited securities, only Members whose names appear in the Record of Depositors on 13 October 2021 (General Meeting Record of Depositors) shall be entitled to register, speak, participate and vote remotely at this virtual 46th AGM.
2. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 and holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
5. The appointment of proxy may be made in a hard copy form or by electronic means, not less than forty-eight (48) hours before the time for holding the 46th 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 at the Company's Share Registrar's Office, 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.
   (ii) **By electronic means** - The Form of Proxy can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Online Portal at https://investor.boardroomlimited.com/ or email to BSR.Helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide of the 46th 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 virtual 46th AGM yourself, please write in to BSR.Helpdesk@boardroomlimited.com 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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AFFIX
STAMP

Hai-O Enterprise Berhad
Registration No. 197501000919 (22544-D)

The Share Registrar
Boardroom Share Registrars Sdn. Bhd.
Registration No.199601006647 (378993-D)
11th Floor, Menara Symphony,
No.5 Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

www.hai-o.com.my

HAI-O ENTERPRISE BERHAD
Registration No. 197501000919 (22544-D)

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