

# B E S H O M

THE BEST STARTS FROM HOME

(Registration No.: 202101001114 (1401412-A))

**5<sup>TH</sup> ANNUAL GENERAL MEETING**

**25 SEPTEMBER 2025**

Reply to Questions from  
Minority Shareholders Watch Group  
(MSWG)

BEYOND

50

**A Journey to Greater Heights**

## A. Operational & Financial Matters

1. In FY2025, the Group has leveraged on bank borrowings to finance a purchase of a shop lot for the Retail segment. Liquidity remained ample for FY2025 with cash and cash equivalents, and other investments of financial assets in unit trusts amounted to RM92.6 million as at 30 April 2025 (FY2024: RM103.7 million). Although there is a slight decrease in cash held as at 30 April 2025, the Board of Directors (“Board”) is of the view that the cash position of the Group remains adequate to capture new opportunities while sustaining the operations of the Group’s business. (Source: Page 21 of AR 2025)
  - a) Given that the Retail segment contributed 23% of the Group’s total revenue yet recorded a segmental loss for FY2025 (Source: Page 36 of AR 2025), what is the rationale for investing in additional retail property? How is the acquisition of the shop lot expected to enhance the profitability of the Retail segment?
  - b) Could the Group clarify which areas are being explored for growth, and how these plans are being evaluated, considering the current cash position?
  - c) Given current economic uncertainties, how confident is the Group in sustaining a healthy cash position in the near term?

**Answer to Q1 (a):**

The newly acquired property is strategically located in a prime area of Petaling Jaya, Selangor, that provides the Company with the flexibility to either:

- i. establish an additional retail outlet to expand our retail footprint for strengthening market presence; or
- ii. serve as a replacement for the existing outlet to reduce dependency on lease renewals to mitigate rental escalation risk for long-term operational stability.

Currently, the property is generating an approximate 3.5% return on investment per annum, after netting off interest expenses, which provides the Retail segment with a stable recurring income, in addition to potential capital appreciation and/or rental growth in the future.



**Answer to Q1 (b):**

The Group is exploring growth opportunities that may arise from time to time, focusing on areas aligned with our core businesses, particularly in manufacturing and/or distribution of healthcare products, food supplements, Fast-Moving Consumer Goods (FMCG) and related business activities. In evaluating such opportunities, the Group will consider among others, factors such as market potential, financial viability within current cash position, distribution channel, risk profile, and long-term sustainability.

**Answer to Q1 (c):**

Despite the prevailing economic uncertainties, the Group remains confident of sustaining a healthy cash position in the near term. Approximately 60% of the Group's businesses are transacting in cash terms, which provides the Group steady liquidity. This is further supported by the Group's prudent working capital management, disciplined cost control, and the business model that does not require significant capital expenditure. These factors collectively strengthen the Group's resilience and ability to maintain a sound financial position.

2. During FY2025, the Group successfully expanded its payment network to include the Buy Now Pay Later option through partnership with Atome. Currently, only a few big-ticket items such as the 360 Thera products, AiryVentz, Bio Velocity Sleep Mate and Bio-Evolve come with the Atome instalment payment option. This strategic expansion of payment option has gained traction among the members with more than 800 transactions recorded with sales value of approximately RM1.0 mil transacted via this payment option. The Group will consider expanding the payment options to more products in the future (Source: Page 30 of AR 2025)
- a) What is the average basket size of Buy Now Pay Later (BNPL) transactions compared to standard transactions, and what does this show about customer purchasing patterns?
  - b) Is the Group confident that BNPL can be extended to a wider product range without reducing profit margins? What cost controls are in place to manage the risk?
  - c) Based on the current figures, how much growth in BNPL transactions is anticipated in FY2026? What steps will be taken to encourage more customers to use this option?



**Answer to Q2 (a):**

The average basket size for Buy Now Pay Later (BNPL) transactions is approximately RM1,350, as compared to an average RM300 for standard transactions. This indicates that BNPL model not only enhances purchasing power but also influences consumer behaviour by enabling access to higher-value products that may be less affordable through upfront payments.

**Answer to Q2 (b):**

The Group is confident that BNPL can be extended to a wider product range without compromising profit margins. This is supported by careful product selection and disciplined cost management, including strategically negotiated transaction fees and operational efficiency. As BNPL is provided through third-party service providers, the Group is not exposed to direct credit risk, further safeguarding profitability while offering customers greater financial flexibility in payment options.



**Answer to Q2 (c):**

BNPL transactions are expected to remain broadly unchanged in FY2026. To encourage greater adoption, the Group will continue to pursue initiatives such as offering targeted sales promotions, product bundling, and to enhance customer awareness of the BNPL payment option.

3. The Group's remaining 4% of the total revenue for FY2025 was contributed by the Group's other operating activities in investment in properties and manufacturing of traditional Chinese medicines and food supplements. Other operating activities recorded a total revenue of RM6.7 million (FY2024: RM6.1 million) and PBT of RM4.1 million (FY2024: RM4.0 million) which represent an increase of 9.8% and 2.5% respectively. The increase was due to higher rental income received from our investment properties for the financial year with the performance of the manufacturing activities stayed largely unchanged as compared to the prior financial year. (Source: Page 39 of AR 2025)
- a) Please provide an overview of the Group's investment properties, including location details, current occupancy levels, and the average lease length. To what extent is the current level of rental income expected to be sustained in the near term?
  - b) How has the overall sales revenue from the manufacturing segment in FY2025 differed from that in FY2024, and what factors contributed to this?
  - c) Has the Group explored improving returns by adjusting investment between rental and manufacturing, including exiting weaker areas?

**Answer to Q3 (a):**

The Group's investment properties are primarily located in key urban and suburban areas such as Kuala Lumpur, Klang, Petaling Jaya, Johor Bahru and Melaka, with selected exposure in smaller towns and rural areas. Lease tenures range from monthly to annual terms and up to three years, providing a balanced profile of recurring rental income and flexibility for rental adjustments upon renewal. The average occupancy rate for Group investment properties is over 80%.

In the near term, rental income is expected to remain sustainable, underpinned by the quality tenant mix, strategic property locations, and proactive tenant engagement.



**Answer to Q3 (b):**

The manufacturing segment recorded sales of RM0.85 million in FY2025, as compared to RM1.12 million in FY2024, reflecting a 24% decline due to the slowdown in overseas orders and global uncertainties that affected consumer sentiment.

**Answer to Q3 (c):**

The manufacturing segment continues to play an important role in supporting the Group's businesses, particularly in the innovation, development, and production of Traditional Complementary Medicine (TCM) products. While recent performance has been affected by slower demand due to market uncertainties, we believe performance will improve progressively, with recovery expected from securing additional OEM contracts and stronger inter-segment sales. Accordingly, the Group is of the view that manufacturing activities remain strategically relevant to the overall Group's businesses and will continue to optimise resources across both rental and manufacturing to enhance returns.

## B. Sustainability Matters

1. During the financial year under review, approximately 45% of the Group's trade-related procurement, including the sourcing of packaged products and raw materials, are procured from Malaysian businesses. (Source: Page 23 of Sustainability Statement 2025)
  - a) Please share a breakdown of procurement from foreign suppliers, along with the key sourcing regions.
  - b) To what extent do logistics and tariffs impact the cost gap between local and international suppliers?
  - c) What is the Group's target for increasing local procurement over the next 3 to 5 years? Are certain product categories being targeted for local sourcing?



**Answer to Q1 (a):**

Imported purchases are mainly sourcing from China and other Asia countries and selected products from New Zealand and the Europe region. The imported products segregated by product category are set out in the following table:

	Product Category	Sourcing region	%
1.	Chinese medicated tonic	China	45.6
2.	Healthcare & wellness products	China	32.6
3.	Chinese patented medicines & herbs	China	12.2
4.	Western liquor & wines	Europe, Japan, New Zealand & Taiwan	6.1
5.	Raw material, packaged and Gift items	China	3.5
		Total	100

**Answer to Q1 (b):**

With a significant portion of our procurement sourced from international suppliers, changes in logistics costs and tariff adjustments pose risks to our products cost structure. Increases in freight charges, customs duties, or tariffs inevitably widen the cost gap between international and local suppliers. To address this risk, the Group continues to improve supply chain management, optimise shipping arrangements, and collaborate with our suppliers to manage costs and maintain competitiveness.

**Answer to Q1 (c):**

Reducing dependency on foreign purchases has always been an on-going effort of the Group over the medium term. While certain products, particularly the products under exclusive distributorships, can only be sourced from overseas, our target over the next 3 to 5 years is to gradually increase the proportion of local purchases where feasible. We will focus on product categories where local supply is available and meets both our requirements as well as customers' expectations, including packaging materials and FMCG.



B E S H O M

**THANK YOU**

**BEYOND**

**50**

**A Journey to Greater Heights**