SENHENG

Senheng New Retail Berhad

202101019079 (1419379-T)

CHAMPIONING
RETAIL TRANSFORMATION

ANNUAL REPORT 2021

CHAMPIONING RETAIL TRANSFORMATION

As the leading consumer E&E retailer in Malaysia, Senheng New Retail Berhad is at the forefront of innovation, combining the best of digital technologies and physical experiences, to reshape the future of retail.

This would entail setting up "Territory Champion" stores, enhancing backend capabilities, and harnessing a complete digital ecosystem to achieve a seamless shopping experience that is far superior to any other.

8
Chairman's Statement

1ST ANNUAL GENERAL MEETING

Virtual meeting via live streaming and online remote voting, using Remote Participation and Voting facilities provided by TIIH Online at:
https://tiih.online/

Friday
24 June 2022
10.00 a.m.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Lim Kim Heng
Non-Independent Executive
Chairman

Mr. Lim Kim Chieng
President/
Non-Independent Executive Director

Mr. Lim Kim Yew
Non-Independent
Non-Executive Director

Dato' Yeow Wah Chin
Independent Non-Executive Director

Ms. Tan Ler Chin
Independent Non-Executive Director

Ms. Ho Kim Poi
Independent Non-Executive Director

Mr. Oh Keng Leng
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

- **Ms. Ho Kim Poi**
  Chairman
- **Ms. Tan Ler Chin**
  Member
- **Mr. Oh Keng Leng**
  Member

REMUNERATION COMMITTEE

- **Mr. Oh Keng Leng**
  Chairman
- **Dato' Yeow Wah Chin**
  Member
- **Ms. Tan Ler Chin**
  Member

NOMINATION COMMITTEE

- **Dato' Yeow Wah Chin**
  Chairman
- **Ms. Tan Ler Chin**
  Member
- **Ms. Ho Kim Poi**
  Member

COMPANY SECRETARIES

- **Mr. Ng Heng Hooi**
  (MAICSA 7048492)
  (SSM PC No. 202008002923)
- **Ms. Wong Mee Kiat**
  (MAICSA 7058813)
  (SSM PC No. 202008001958)
- **Ms. Wong Youn Kim**
  (MAICSA 7018778)
  (SSM PC No. 201908000410)

REGISTERED OFFICE

BO3-B-13-1, Level 13
Menara 3A, KL Eco City
No. 3, Jalan Bangsar
59200 Kuala Lumpur
Tel. No.: +603 2280 6388
Fax. No.: +603 2280 6399

HEAD/MANAGEMENT OFFICE

No. 44B, Jalan Pandan 3/2
Pandan Jaya, 55100 Kuala Lumpur
Tel. No.: +603 9285 4544
Email: ir@senheng.com.my
Website: www.senheng.com.my

AUDITORS & REPORTING ACCOUNTANTS

BDO PLT
LLP0018825-LCA & AF 0206
Level 8, BDO @ Menara Centara
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Tel. No.: +603 2616 2888
Fax. No.: +603 2616 3190

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. No.: +603 2783 9299
Fax. No.: +603 2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: SENHENG
Stock Code: 5305
Shariah-compliant

CORPORATE PROFILE

Incorporated in 1989, Senheng New Retail Berhad ("Senheng" or "the Group") has humbly served generations of families over the past three decades, and grown from a half shoplot in Kuala Lumpur to become Malaysia's leading retailer of consumer electrical and electronics ("E&E") with over 100 retail stores nationwide.

"DIFFERENT…TRULY DIFFERENT"

Helmed by visionary leaders, we have undergone multiple phases of transformation, as we strive to constantly be in the forefront of the latest retail landscape in Malaysia.

Senheng undertook the first transformation, "Chain Store Concept", in 2000. To build a cohesive brand identity, we chose to standardise store front design, signages and customer service procedures for all stores, which laid the foundation to Senheng's expansion over the years.

In 2002, Senheng standardised product pricing through our "Fixed Price Policy" to give customers peace of mind. We also launched the prestigious "PlusOne loyalty programme" to foster long-term relationship with customers, providing members with numerous benefits such as free extended warranty coverage, S-coin cashback for redemptions, members' exclusive deals and many more.

A year later, we embarked on our "Two Channel Strategy" by setting up new "senQ" stores to complement the existing "Senheng" network. "senQ" concept stores hold a wider range of digital gadgets and smart electronics, and are predominantly in shopping malls to target the affluent crowd.

Corporate Profile (Cont'd)

Ever-ready to embrace technological transformation, Senheng invested in business intelligence in 2004 to leverage on data analytics and insights to make informed business decisions. We undertook a full-scale "Digital Transformation" in 2015 to automate and digitalise our operations and business processes, to enhance efficiencies and harness comprehensive data and business analysis to drive future growth.

In 2017, Senheng became Malaysia's first E&E retailer to introduce the "Seamless Retail Model" with omnichannel sales and touch points. Supported by technology and digital capabilities, Senheng integrates physical stores with online platforms to provide customers a seamless, consistent and enhanced shopping experience. This transformation drove exponential growth, propelling annual revenue to above the RM1.0 billion mark since 2018.

In Senheng's next leap forward, we are leveraging our new Senheng App to embark on a platform business model, which gives our members one-stop convenience for all their shopping and lifestyle needs. Today, the Senheng App ecosystem hosts an increasing number of third-party merchants of goods and services beyond the consumer E&E universe, while allowing members to earn lucrative S-Coin cashbacks. Ultimately, this will continue to drive our exponential growth.

Guided by our tagline **"Different… Truly Different"**, Senheng is committed to being the leader who is always ahead of the rest, providing an unparalleled experience in the years to come.

AWARDS

Senheng's progressive growth over the years has garnered us numerous international and domestic accolades, such as:

2020

- **EY Entrepreneur of the Year:** Master Entrepreneur
- **CXP Best Customer Experience Awards**
- **Star Outstanding Business Awards (SOBA):**
  - Male Entrepreneur of the Year *(Par Excellence Achievement)*
  - Malaysian Business of the Year Award
  - Best Innovation
  - Best Use of Technology
  - Best in Marketing
  - Best in Customer Service *(Platinum Award)*
  - Best Employer
  - Best in Retail
  - Best Brand
  - Best Green Initiative *(Silver Award)*
- **Putra Brands Awards:**
  Home Improvement Product and Stores Category *(Bronze)*

2019

- **Sin Chew Business Excellence Awards:**
  Business Excellence Person of the Year
- **Putra Brands Awards:**
  Home Improvement Product and Stores Category *(Bronze)*
- **Billion Dollar Club Award**
- **Malaysia Franchise Award:**
  Best Franchise Employer

2018

- **Star Outstanding Business Awards (SOBA):**
  - Male Entrepreneur of the Year *(Outstanding Achievement)*
  - Malaysian Business of the Year Award
  - Best Innovation
  - Best in Marketing
  - Best in Corporate Social Responsibility *(CSR)*
  - Best Use of Technology *(Platinum Award)*
  - Best Employer *(Gold Award)*
  - Best Brand
- **Putra Brands Awards:**
  Home Improvement Product and Stores Category *(Bronze)*
- **Largest Distribution of Electronics in Malaysia**
- **Mycybersale: Top Category Electronics**

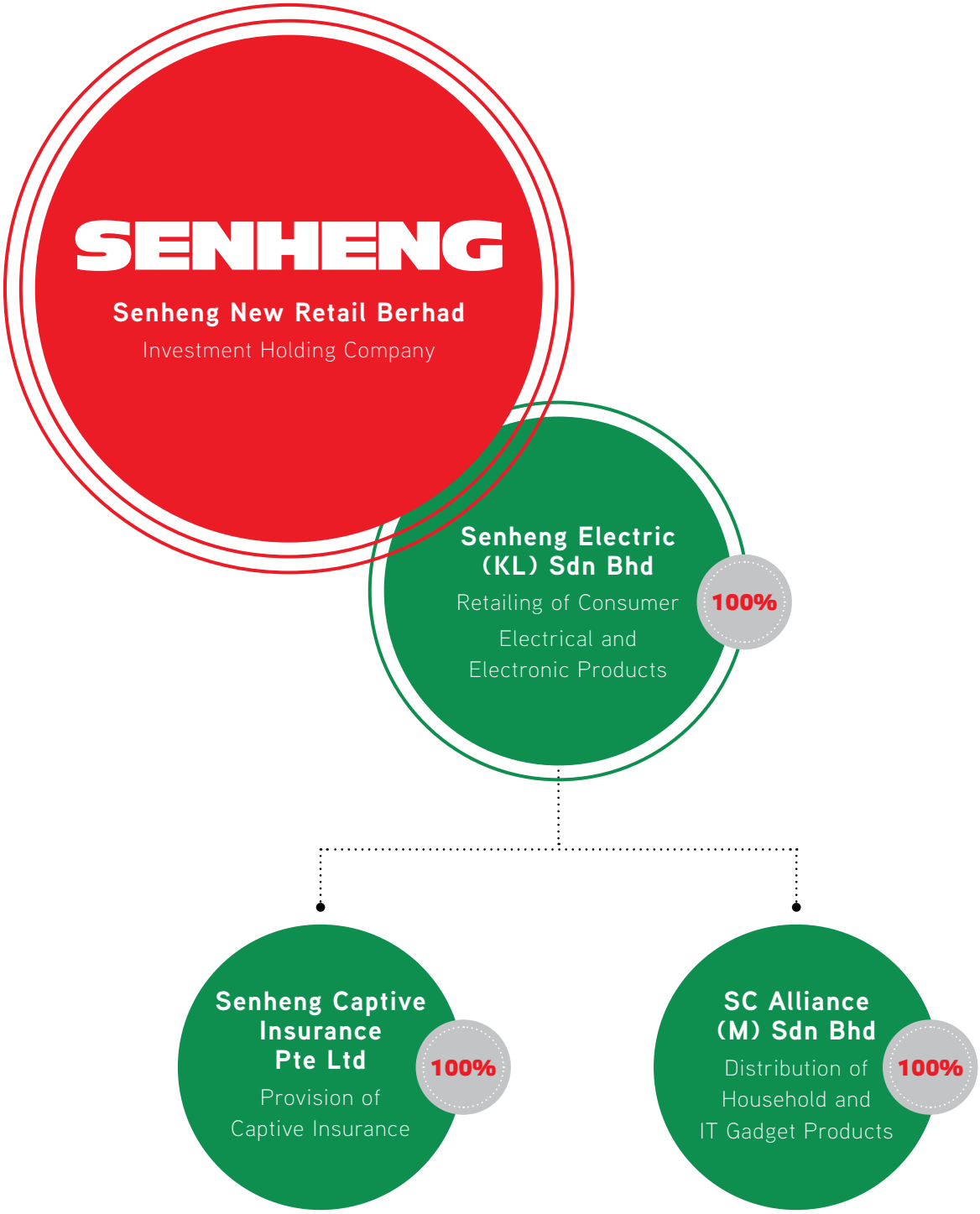
2017

- **Putra Brand Awards:**
  Home Improvement Product and Stores Category *(Silver)*
- **Retail Asia-Pacific Top 500 Award:**
  Top 10 Retailers, Malaysia
- **Malaysia Franchise Awards:**
  Best Franchise Corporate Social Responsibility *(CSR)*
- **Revolutionary Hero Brand Award:**
  Outstanding Performer
- **Mycybersale:**
  Top 3 Electronics and Top 10 Local gross Merchandise Value Achiever

2016

- **Retail Asia-Pacific Top 500 Award:**
  Top 10 Retailers, Malaysia
- **Seller Adoption Pilot Programme:**
  Top 30 Sellers by Domestic Gross Merchandise Value

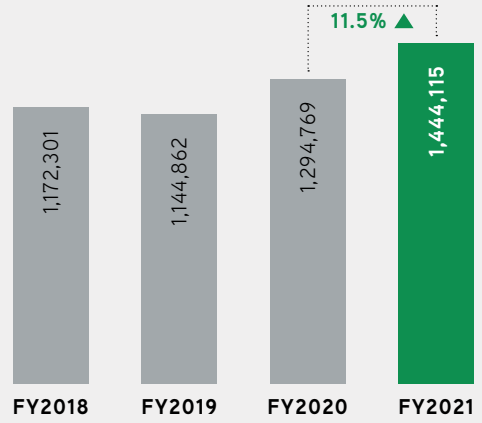
CORPORATE STRUCTURE



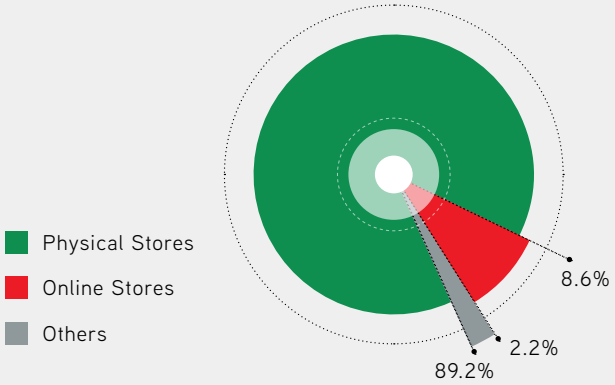
FINANCIAL HIGHLIGHTS

RECORD REVENUE AND NET PROFIT IN FY2021

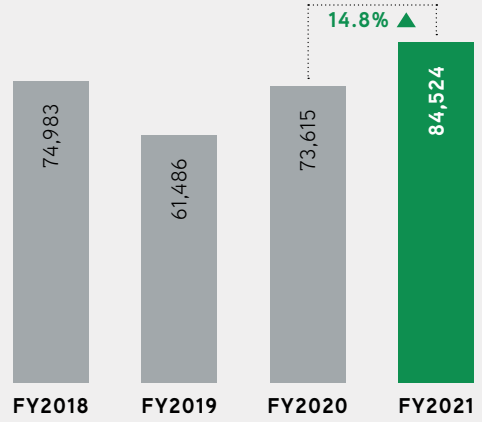
Revenue (RM'000)



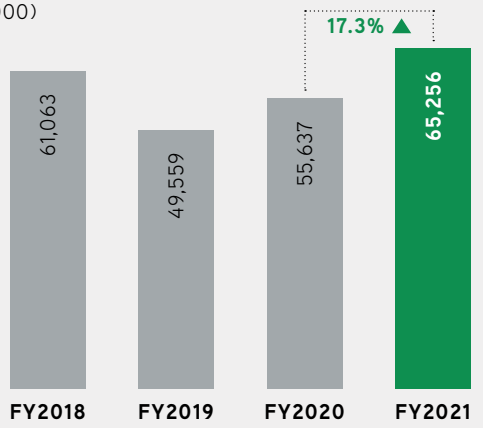
FY2021 Revenue Breakdown by Sales Channels (RM'000)



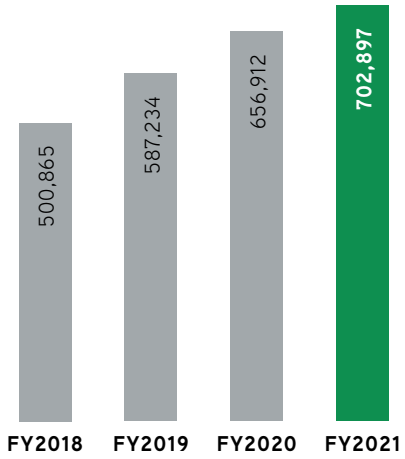
Profit Before Tax (RM'000)



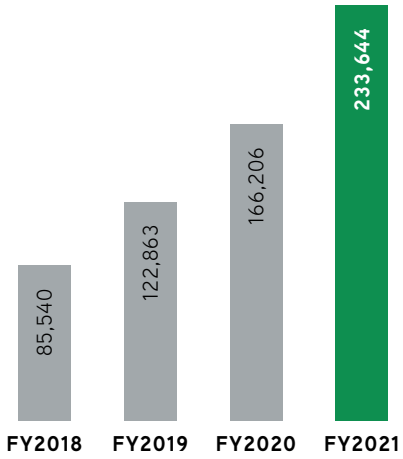
Net Profit Attributable to Shareholders (RM'000)



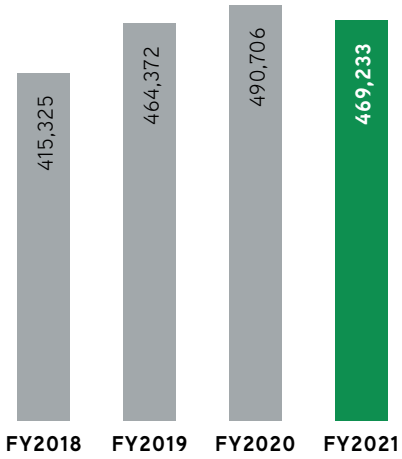
Total Assets (RM'000)



Shareholders' Equity (RM'000)



Total Liabilities (RM'000)



Financial Highlight (Cont'd)

1.3 sen
Dividend per share in respect of FY2021

30%
Dividend payout ratio in respect of FY2021

4-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Summary	2018	2019	2020	2021
For the Financial Year Ended 31 December (RM'000)				
Revenue	1,172,301	1,144,861	1,294,769	**1,444,115**
Gross Profit	261,623	245,340	270,001	**303,648**
Earnings before Interest, Tax, Depreciation and Amortisation	113,730	101,300	113,792	**127,022**
Profit Before Tax	74,983	61,486	73,615	**84,524**
Net Profit Attributable to Shareholders	61,063	49,559	55,637	**65,256**
As At 31 December (RM'000)				
Total Shareholders' Fund	85,540	122,862	166,206	**233,664**
Total Assets	500,865	587,234	656,912	**702,897**
Total Current Assets	281,209	321,071	367,385	**431,770**
Total Liabilities	415,325	464,372	490,706	**469,233**
Total Borrowings	16,500	45,044	55,192	**56,997**
Cash and Bank Balances	23,735	54,412	68,755	**51,742**
Gearing Ratio	N/A	N/A	N/A	**2.3%**

CHAIRMAN'S STATEMENT

Dear Valued Shareholders

Senheng New Retail Berhad ("Senheng" or "the Group") entered a new era in our corporate history, as our Initial Public Offering ("IPO") and subsequent listing on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 January 2022 catapulted us to the major league of corporate Malaysia.

For the past three decades, Senheng has brought joy to numerous communities, with our retail stores and online platforms offering a comprehensive range of home appliances, audio visuals, and digital gadgets that continue to enrich the lives of many.

Backed by the trust of over 3 million PlusOne loyalty members, we have emerged as the leading consumer electronics retailer in Malaysia, featuring a network of over 100 retail stores across Malaysia that have garnered over RM1 billion in annual revenue since 2018.

Mr Lim Kim Heng
Executive Chairman

KEY HIGHLIGHTS

01 RECORD FINANCIAL PERFORMANCE

Senheng recorded best-ever revenue of **RM1.4** billion and net profit of **RM65.3** million in FY2021.

02 IPO EXERCISE

The IPO raised **RM267.5** million in proceeds to enhance customers' overall experiences.

03 NEXT TRANSFORMATION PHASE

We are building the **next generation of our business model**, featuring a **platform-based lifestyle ecosystem** that will bring greater delight to our customers.

Indeed, the tagline of our inaugural annual report, **"Championing Retail Transformation"**, exemplifies our commitment towards innovation and transformation, with our latest Seamless New Retail model skilfully combining digital technologies and retail spaces to bring the best omnichannel shopping experience.

Backed by our robust technology and supply chain infrastructure, Senheng stayed resilient in the face of the COVID-19 pandemic, reliably fulfilling the surge in demand for consumer electrical and electronics goods amidst the work-from-home normality.

With this, I am pleased to present to you on the behalf of the Board of Directors of Senheng the Annual Report and Audited Financial Statements for the financial year ended 31 December 2021 ("FY2021").

2021 ECONOMIC REVIEW AND PERFORMANCE

The year 2021 presented numerous adversities, as the world struggled to regain its footing in the second year of battling the COVID-19 pandemic.

Global economic recovery was hampered by the rapid spread of the Delta and Omicron variants which slowed the reopening of international borders. The Malaysian Government undertook a similar measure, implementing strict lockdowns between June 2021 to August 2021 which restricted non-essential gatherings, travel, and business activities nationwide.

Still, with mass vaccine rollouts, restrictions on domestic social and business activities were gradually lifted from end-August 2021 under the National Recovery Plan, with businesses allowed to resume physical store operations. This spurred national Gross Domestic Product ("GDP") to rebound in the fourth quarter of 2021 to register 3.6% growth rate, compared to a contraction of 4.5% in the previous corresponding quarter. Annual GDP grew 3.1% in 2021 from the 5.6% decline in 2020.

With the return of footfall traffic, Malaysia's retail industry also recorded a strong fourth quarter with retail sales expanding 26.5% compared to a 19.7% decline in the same quarter in the previous year, supported by increased shopping activities.

Despite the uncertain environment, Senheng not only persevered, but also recorded our best-ever revenue of RM1.4 billion and net profit of RM65.3 million in FY2021.

The commendable performance came on the back of our ongoing store expansion strategy to set up "Territory Champion" stores, featuring new and enhanced stores such as Grand Senheng, Grand Senheng Elite, and Grand senQ. These new outlets boast larger floor spaces and an even greater product variety than our typical Senheng stores, and are aimed at continuously bringing the best experiences to consumers.

Leveraging on our technology-centric operations, we also adopted new digital tools and online marketing strategies that enable us to be connected to our customers, understand their desires, and curate personalised product recommendations to promote sales even amidst lockdowns, proving our mettle as a leader in our space.

IPO EXERCISE

Senheng's IPO exercise comprised the issuance of 250.0 million new shares and 139.5 million offer-for-sale shares.

The 250.0 million new shares translated to 16.7% of the Group's enlarged share capital and increased the total number of outstanding shares to 1.5 billion.

Meanwhile, the 139.5 million offer-for-sales shares were made available via placement to institutional and selected investors.

At an issue price of RM1.07 apiece, the IPO raised RM267.5 million in proceeds to enhance our customers' overall experiences. The majority of proceeds will go towards upgrading and expanding our retail stores, developing our new brand distribution business to bring wider range of choices, as well as expanding and upgrading our warehouse and logistics network.

We will also be boosting the Group's digital infrastructure as we continuously strive to reinforce our technology-readiness in the digital era.

FORWARD PROSPECTS

The global economy is slated to recover in 2022 as countries enter COVID endemicity to resume social and business activities. The International Monetary Fund ("IMF"), in its World Economic Outlook report in April 2022, forecasted a 3.6% growth for 2022.

However, there are still underlying risks that could potentially threaten global recovery, such as escalation of geopolitical risks arising from the Russia-Ukraine war, as well as potential emergence of new COVID-19 variants.

Meanwhile for Malaysia, the IMF predicted a 5.6% growth in GDP for 2022, outpacing global growth on the back of high vaccination and booster rates among the population, in addition to the improving domestic economy.

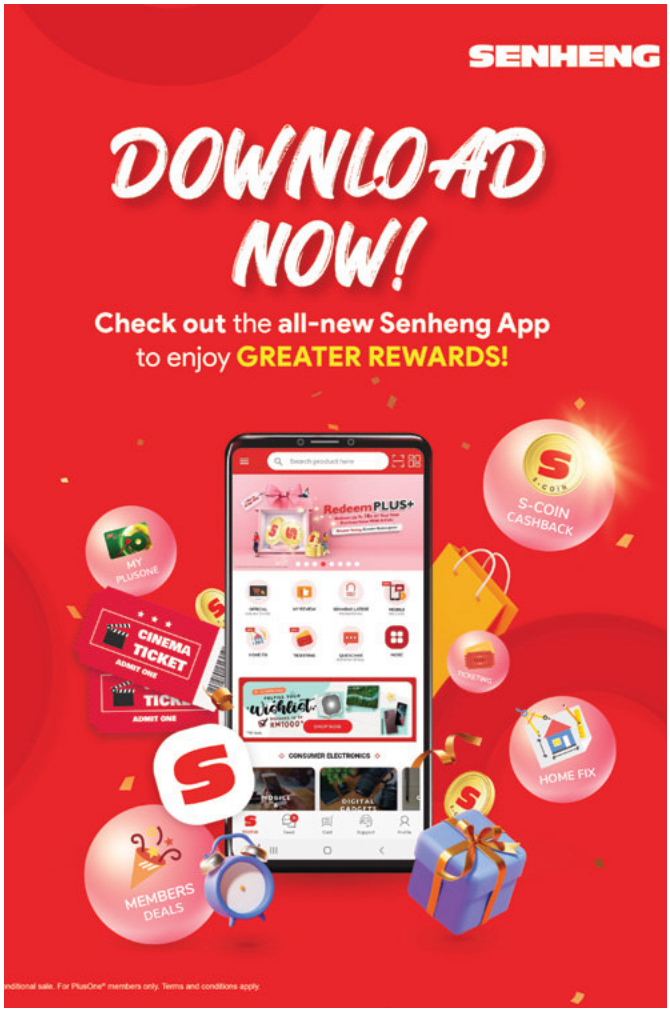
The reopening of Malaysia's borders on 1 April 2022 in light of the nation's transition into COVID endemic phase may also prove to be a strong impetus to economic recovery.

Riding on the surging sentiments as well as our positive momentum from our cutting-edge strategies, Senheng is optimistic of recording yet another year of encouraging growth in 2022. The IPO proceeds are certainly timely for us to accelerate our two-pronged expansion strategy of focusing on enhancing customer experience, as well as improving back-end efficiencies and capabilities to support tech-driven operations.

These efforts are expected to pave the way for Senheng's long-term success, as we present our customers with an unparalleled retail experience by combining latest digital innovations with captivating new physical spaces for the modern consumer.

Additionally, our all-encompassing Senheng App is poised to bring greater convenience and rewards to our customers, going beyond consumer electrical and electronics to include lifestyle offerings and services.

Through the newly enhanced Senheng App, we look to build the next generation of our business model, featuring a platform-based lifestyle ecosystem that will bring greater delight to our customers. I assure you: the best is yet to come.



APPRECIATION

I would like to take the opportunity to express my utmost gratitude to the Board of Directors, management team, and all employees of Senheng for their contributions and commitment to our growth.

I would also like thank all our business partners, brand owners, suppliers, PlusOne members and customers, and particularly our valued shareholders for their unwavering trust as the Group navigated the tough operating environment and capital markets.

Yes, 2021 may have been daunting to most, but because of you, Senheng overcame the odds. We are well on our way to continue our growth trajectory going forward.

Sincerely,
Mr Lim Kim Heng
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Esteemed Shareholders

As one of Malaysia's best known household brands with a history of serving the local communities for over three decades, the listing of Senheng New Retail Berhad ("Senheng" or "the Group") on the Main Market of Bursa Malaysia on 25 January 2022 marks a key milestone as we enter our next chapter of growth.

We are proud that Senheng delivered strong performance in FY2021 with record billion-Ringgit revenue and increased profit, enabled by our omnichannel retail model that features seamless integration of our physical and online stores, as well as high-reliability in serving our customers even amidst challenges posed by the COVID-19 pandemic.

These are the fruits of our innovative use of digital marketing and online sales platforms, which propelled significant sales of consumer electronics during the periodical lockdowns in Malaysia. We also continued our stores expansions and upgrades to bring greater product variety and enhanced retail experiences to our customers.

Above all, our resilience validates our transformation into the Seamless New Retail model that combines the best of technology and physical spaces, as we continue to place ourselves in the forefront of shaping the new retail landscape in Malaysia.

Mr Lim Kim Chieng
President and Executive Director

BUSINESS OVERVIEW

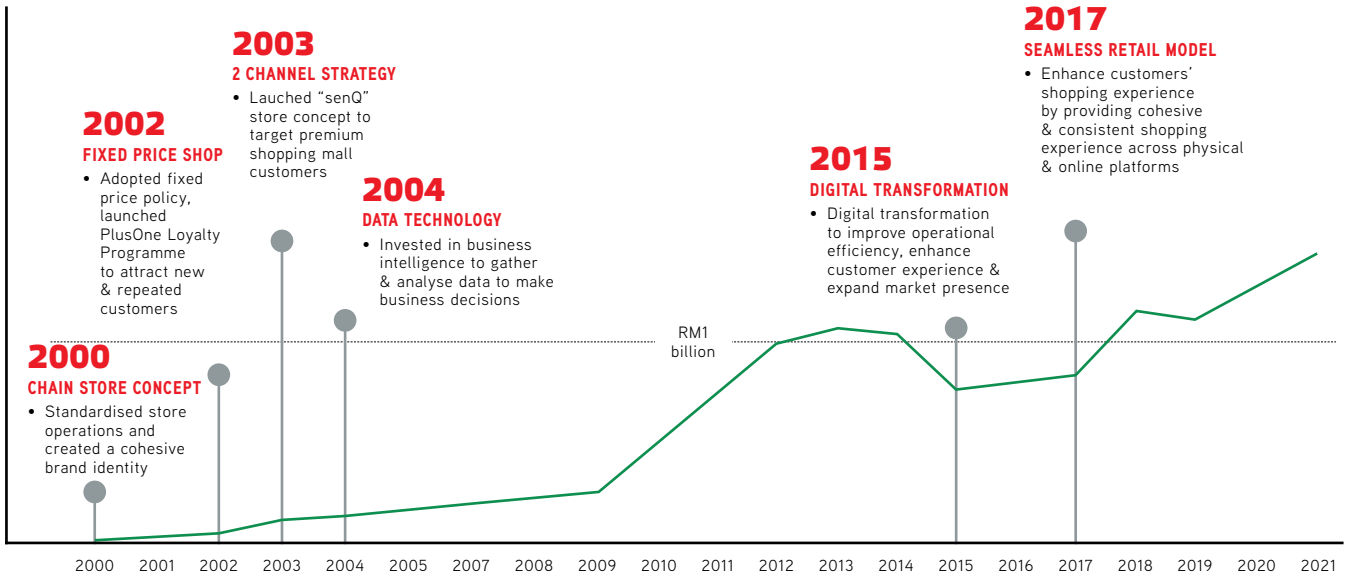
Incorporated in 1989, Senheng is the leading retailer of consumer electrical and electronics ("E&E") products in Malaysia. The Group has a retail network of over 100 stores across every state in Malaysia, with a total of 796,084 sq. ft. in floor space, in addition to our Senheng Online store and e-commerce channels.

Our longstanding track record has generated 3.28 million PlusOne loyalty members to date.

Our tagline, **"Different... Truly Different"**, embodies our immense commitment to serving our customers, by implementing changes and adopting next-generation technology to meet and exceed expectations and provide a continuously-enhanced shopping experience.

Senheng has constantly been innovative, implementing various branding and transformation initiatives that differentiated us from the rest and established multiple years of achieving excellence.

Revenue



The Group's operations are categorised into two segments:

• **Retailing of consumer E&E products**	The Group is involved in the retailing of more than 10,000 SKUs from over 280 renowned international and local brands, featuring a comprehensive range of digital gadgets, audio visuals, home appliances and other related products. Complementary to this, the Group also provides delivery, installation, maintenance, and repair services for customers' convenience and peace of mind.
• **Warranty Services**	The Group offers three types of additional warranties to augment the accompanying manufacturer's warranty for products purchased, through our PlusOne extended warranty, V-care extended warranty, and SWAP/replacement warranty.

OPERATIONS REVIEW

Senheng continued to deliver strong sales despite the tough operating environment in 2021, as we reaped the benefits our strategic expansion plans and digital marketing initiatives. We also officially launched our new Senheng mobile application ("Senheng App") to provide greater convenience and a holistic shopping experience to our members.

- **Store Upgrades/Expansions**

Senheng is on our quest of being "Territory Champions": becoming the largest stores in terms of floor space and variety of consumer electronics offered within a 5-kilometre radius. To do this, we aim to either upgrade existing "Senheng" stores or set up enhanced stores in new locations.

In FY2021, the Group had upgraded and set up a total of 12 outlets, namely:

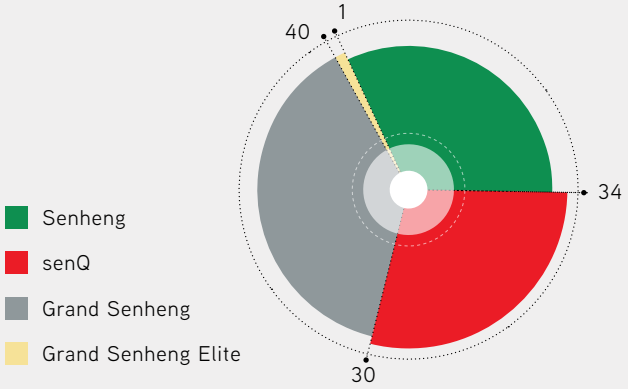
- Upgraded 9 existing "Senheng" stores to "Grand Senheng" stores
- Set up 2 new "Grand Senheng" stores in new locations (Batu Pahat and Balakong)
- Upgraded 1 existing "Senheng" store to establish the first-ever "Grand Senheng Elite" store in SS2, Petaling Jaya

As at 31 December 2021, we have a total of 105 physical stores in West and East Malaysia, comprising 34 "Senheng" stores, 40 "Grand Senheng" stores, 1 "Grand Senheng Elite" store, and 30 "senQ" digital stations.

Grand Senheng Elite, SS2 PJ

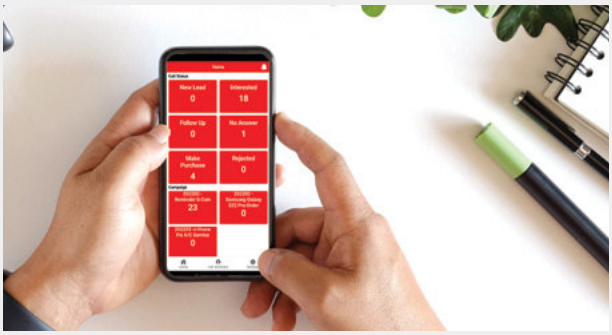
We believe that enriching in-store customer experience is crucial to continuously bringing greater value to our customers, which in turn generates higher basket spend per store. Evidently, the enhanced "Grand Senheng" and "Grand Senheng Elite" stores have recorded 30%-50% higher average monthly sales per store compared to a typical "Senheng" store.

No. of stores (FY2021): **105**



- **Use of In-House Telemarketing Application ("Telemarketing App") and Digital Marketing Initiatives**

The MCO-induced store closures between June to August 2021 accelerated the development of an in-house telemarketing app that enabled us to continue engaging customers remotely and understand their evolving demands quickly. This initiative allowed us to maintain sales uptrend even amidst physical store disruptions, and at the same time achieve greater staff productivity.



Notably, sales conversion from customer engagements initiated through our telemarketing app contributed RM200 million or approximately 13.9% of FY2021 Group revenue.

The Group's decision to embrace fully digital marketing initiatives since 2017 has allowed us to enhance brand visibility and loyalty, by catering to increasing consumer preferences for engaging digital experiences. Furthermore, to ensure a more effective and targeted marketing approach, the Group established a Customer Data Platform ("CDP") in 2021 which consolidates customer behavioural data and purchasing preferences for further analysis, to curate more personalised marketing content.

- **Launch of In-House "Delighto" Cookware Brand**

With our customer data analysis indicating growing demand for high-quality kitchenware, we launched our first in-house cookware brand "Delighto" in August 2021, featuring a variety of premium quality die-cast aluminium and stainless steel pots, pans, and wokpans.

On top of providing a wider selection of products, the direct-to-customer approach would translate to better cost efficiency and direct accessibility to customers' preferences.

We are pleased to note that "Delighto" has received tremendous response, garnering close to RM2 million in sales within the first five months of its launch.

- **Official Launch of the New Senheng App**

In November 2021, we officially launched our new Senheng App, offering a new lifestyle ecosystem beyond consumer E&E to provide greater convenience and value to our customers.

One of the most exciting components of the Senheng App is the S-coin reward token, which PlusOne members can earn through purchases of goods and services on the App, as well as from our retail and online stores. Customers are able to redeem S-coin for future purchases at all Senheng stores and platforms, hence creating an immediate as-good-as-cash reward system to incentivise loyalty.

We envision for Senheng App to feature a comprehensive range of lifestyle products and services, such as food and beverage, leisure services, health, pet fashion, sportswear, and more. Hence, we are increasing the number of third-party merchants on the Senheng App, who will gain preferential access to our 3.28 million and growing loyal member base.

With participating merchants providing cashback in the form of S-coin to our members, our lifestyle ecosystem will bring a whole new and exciting experience for all.

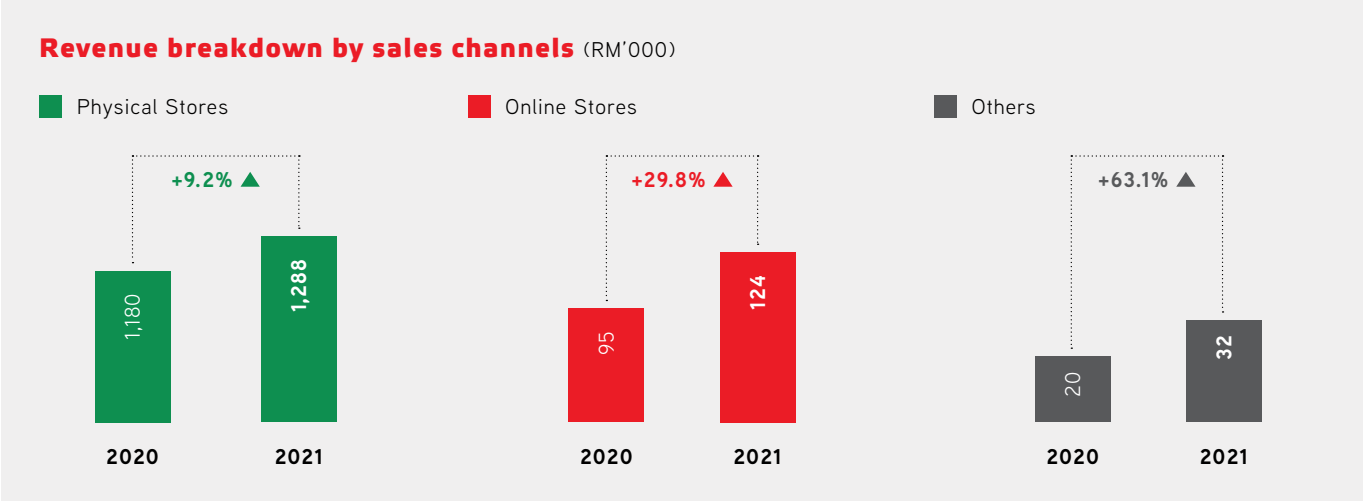
FINANCIAL OVERVIEW

Senheng delivered exemplary results in FY2021, a commendable feat considering that we faced disruptions to store operations during lockdown periods for the year. In fact, the Group recorded its highest ever annual revenue and net profit, with double-digit growth compared to the year before.

- **Statements of Profit or Loss and Other Comprehensive Income**

The Group recorded RM1,444.1 million in revenue for FY2021, 11.5% higher than RM1,294.8 million in the previous corresponding year, despite being affected by physical store closures in June to August 2021 to comply with COVID-19 lockdowns.

The growth trend was seen across all product ranges within the Group's retail segment, as our core physical store channels charted 9.2% growth year-on-year ("yoy"), and our online channels generated a hefty 29.8% growth yoy in sales to contribute 8.6% of FY2021 sales. Meanwhile, other revenue contribution from our warranty segment and corporate purchases demonstrated steady growth for the year in review.



The higher sales reflected the effectiveness of technology and data analytics to enable more curated and personalised marketing and wider consumer reach, resulting in higher conversion rates on digital marketing campaigns during the year.

Senheng also benefited from our ongoing store expansion and upgrading programme, involving the enhancement of stores to become "Territory Champions". The improved stores provide greater choices and better consumer experience, which resulted in more customers and contributed to higher average spend.

	Average Monthly Sales per Store		
Store Concept	FY2021 (RM'000)	FY2020 (RM'000)	Change yoy (%)
"Senheng" stores	**759**	660	15.0%
"Grand Senheng" stores	**1,006**	924	8.8%
"Grand Senheng Elite" store	**1,125**	-	-
"senQ" digital stations	**1,421**	1,402	1.3%

The topline expansions precipitated the 14.8% increase in profit before tax ("PBT") to RM84.5 million in FY2021 from RM73.6 million the year before. Net profit attributable to shareholders also stood 17.3% higher at RM65.3 million for the year, compared to RM55.6 million previously.

- **Statement of Financial Position**

Our commendable report card stood upon a healthy balance sheet, as total assets increased to RM702.9 million as at 31 December 2021 from RM656.9 million a year ago. Ths was driven by higher levels of property, plant and equipment, on the back of our store expansion strategy. The Group also saw increased inventories in line with higher sales for the period.

Most importantly, the Group's continued profitability streak enhanced shareholders' equity to RM233.7 million as at 31 December 2021 from RM166.2 million previously. All things considered, the Group's net cash position, with RM30.9 million in free cash flow for FY2021, testifies of the Group's firm foundation upon which future strategies can be executed.

- **Dividends**

While we aggressively pursue value-creation through business expansions, we are committed to rewarding our shareholders with dividends. Reflecting this, we target to meet a consistent dividend payout of at least 30% of net profit attributable to shareholders.

Senheng is pleased to declare a maiden interim single-tier dividend of 1.3 sen per share in respect of FY2021, which was paid on 29 April 2022. This translates to a total dividend payout of RM19.6 million or 30% of FY2021 net profit, in line with the Group's dividend payout target.

RISKS

- **Economic risks and impact of the COVID-19 pandemic**

Our business may be affected by developments that influence consumer confidence and spending, such as a change in political leadership, variations in general economic and business conditions, fiscal and monetary policies of the Government such as tax policies, and unemployment trends.

Any re-imposition of COVID-19 movement restrictions may result in economic uncertainty, whereby consumers may be more prudent in spending, and may reduce purchases of non-essential goods including premium consumer E&E products. We may also face disruptions to our business operations if we are required to temporarily close any of our physical stores, head office or regional hubs if our employees or customers test positive for COVID-19.

To mitigate these demand and operating risks, we embark on personalised digital marketing initiatives to enhance sales conversions and purchases, while our seamless retail model enables customers to make purchases online or at our physical stores, mitigating the impact of potential movement restrictions.

- **Supply risks**

Our stores carry around 10,000 SKUs, sourced from over 280 local and international brands. The products are supplied by either the brand principals or through various appointed distributors, which tend to not have other alternative suppliers that can provide the same products.

As we do not have any long-term agreements or contracts with our suppliers, any disruption or cessation of supply from our suppliers may result in a shortage of products to our retail outlets, which may affect sales performance as customers choose to shop elsewhere for the said products.

Being the largest consumer E&E retailer in Malaysia, we have fostered a strong and mutually beneficial relationship with our suppliers, which reduces the risk of disrupted supply.

- **Consumer purchasing trends**

The Group's future growth depends on our ability to continue attracting existing and new customers to shop at our physical and online stores. As consumer shopping behaviour continuously evolves, there can be no assurance that changes in customer preference in the future will not have an impact to the Group's business operations, financial performance and prospects.

Backed by a robust database of 3.28 million and growing loyalty members and data from our e-commerce channels, we are able to gain insights through data analytics on latest consumer trends to tailor our business strategies accordingly.

GROWTH STRATEGIES

Our business strategies and future plans are aimed at reinforcing Senheng's position as the leading consumer E&E retailer in Malaysia.

- **To become "Territory Champions"**

Whilst e-commerce avenues provide our customers the options to browse, compare and purchase products online, our research shows that most customers still prefer to test-out products in person at physical stores before making a purchase decision, especially for higher ticket items.

Our expansion strategy of setting up/upgrading "Territory Champion" stores dovetails this objective.

This would entail opening new and/or upgrading existing "Senheng" stores into bigger "Grand Senheng" and "Grand Senheng Elite" stores, and introducing new "Grand senQ" stores, that are designed to provide a more wholesome experience.

In total, we aim to set up/upgrade 61 new stores comprising "Grand Senheng", "Grand Senheng Elite", and "Grand senQ" by the end of 2024.

By providing a wider range of products and brands via our enhanced physical stores, we also aim to become a "one-stop" consumer E&E retailer to our customers.

- **To expand brand distribution business via international and in-house brands**

We ventured into direct importation and distribution of high-potential international brands with minimal or no prior market presence in Malaysia, to provide additional selection of products to our customer base. This includes exclusive distributorship for "ROBAM" kitchen appliances and "JIMMY" vacuum cleaners and hair dryers since 2020. We have also launched our in-house "Delighto" brand in 2021, featuring our own range of cookware products.

Moving forward, we will continue to expand our new brand distribution business by identifying new and suitable brands, with a focus on kitchen appliances, home electricals, personal and beauty care appliances, Internet-of-Things and smart home products.

- **To increase our warehouse storage space and strengthen our logistics network in East Malaysia**

  We believe that East Malaysia is a growing market, with its increasing economic development and affluence which presents vast potential for Senheng.

  The Group has embarked on expanding our two regional hubs in East Malaysia, which are located in Kota Kinabalu and Kuching. The expansion of capacity for both regional hubs is scheduled for completion in the second quarter of 2022.

  At the same time, we intend to set up a Bintulu regional hub by the end of 2023, which will act as the distribution centre for physical stores and customers in Bintulu, Sibu and Miri to reduce delivery time and improve the efficiency of our logistics network.

- **Enhancement of Senheng App and PlusOne Loyalty Programme**

  Following the official launch of our Senheng App and the introduction of S-coin, we aim to launch subsequent App phases including a rewards centre, and other new offerings by third-party service providers including insurance, self-improvement/training services and e-waste management and disposal. We also have plans to provide PlusOne members access to a marketplace for trade-in/second hand goods, and a leasing platform for consumer products.

  In short, we aim to increase our PlusOne member base, entice new customers, and ultimately drive sales growth.

- **To boost our digital infrastructure**

  Our digital infrastructure is the backbone of our business as it supports and facilitates our seamless retail model and business operations. We intend to implement the following enhancements to our digital infrastructure over the next three years:

  - **Establishing a data lake**

    The Group is upgrading our existing data repository system to a centralised data repository platform known as a data lake. Upon successful migration to a data lake, we will be able to store data collected in a non-duplicated, centralised manner which improves efficiency of data sharing across different business applications.

    Besides, the use of data lake provides more complex data analysis to produce better business analysis for use by our management in decision making. The system also facilitates better customer service, as detailed customer information can be collated to our relevant customer service personnel to provide swift and personalised service and recommendation.

  - **Upgrading existing technology platforms**

    We also aim to upgrade the following existing systems over the next three years, to take advantage of the improved functionality the data lake can provide:

    - **CDP**
      We are currently establishing a CDP that integrates and aggregates customer-related data from multiple sources such as our data lake, social media accounts and information shared by third-party sources such as our suppliers.

      Our CDP will enable us to maintain unified records of our existing and potential customers and their attributes, which can be exported by our marketing automation platform to generate targeted marketing materials for customers.

    - **Marketing Automation Platform**
      We aim to upgrade the existing marketing automation platform to ensure compatibility and integrability with the data lake and CDP, which would enable us to better target specific groups of customers more effectively.

      Through our marketing automation platform, we target improvements in conversions of visits into sales, enhanced cross-selling of complementary products, upselling of higher value products, as well as purchases from new customers.

    - **Business Intelligence System**
      We aim to integrate our business intelligence system with our data lake, to enable the system to access a larger pool of structured and unstructured data in the data lake. With improved access to information, the Group is able to analyse data with greater precision to aid management's decision-making process.

APPRECIATION

I would like to thank the Board of Directors, management team, and our employees for their hard work and contributions towards Senheng's record performance for the year in review.

I would also like to extend my appreciation to our valued business partners, PlusOne loyalty members, and loyal shareholders for your trust in us, as we forge new grounds in Malaysia's consumer E&E retail space. Here's to another record year ahead!

Mr Lim Kim Chieng
President and Executive Director

BOARD OF DIRECTORS' PROFILE

1 **LIM KIM HENG**
Non-Independent Executive Chairman

2 **LIM KIM CHIENG**
President/Non-Independent Executive Director

3 **LIM KIM YEW**
Non-Independent Non-Executive Director

4 **HO KIM POI**
Independent Non-Executive Director

5 **DATO' YEOW WAH CHIN**
Independent Non-Executive Director

6 **OH KENG LENG**
Independent Non-Executive Director

7 **TAN LER CHIN**
Independent Non-Executive Director

Board of Directors' Profile (Cont'd)

LIM KIM HENG

Non-Independent Executive Chairman

AGE

61

GENDER

Male

NATIONALITY

Malaysian

DATE OF APPOINTMENT

21 May 2021

NUMBER OF BOARD MEETINGS ATTENDED

3/3

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Pre-university studies at Tunku Abdul Rahman College in 1980
- Member of the Institute of Corporate Directors Malaysia ("ICDM") since August 2021

Lim Kim Heng is our Non-Independent Executive Chairman and was appointed to the Board on 21 May 2021. He is responsible for crafting the business model, business direction as well as strategic planning of our Group and he will continue to leverage on his over 40 years of experience in the Malaysian retail industry to chart our Group's future direction.

He completed his pre-university studies at Tunku Abdul Rahman College in 1980. He has been a member of the Institute of Corporate Directors Malaysia ("ICDM") since August 2021. He started his career in 1981 with Campbell Electronics Sdn Bhd as a sales representative where he was involved in the sales of electrical goods. A few months later, he was promoted to the position of shop supervisor where he was responsible for the day-to-day operations of the shop. In 1986, he left Campbell Electronics Sdn Bhd and joined Senhong Sales and Services Sdn Bhd as the head of operations where he was responsible for the operations of retail outlets. He left Senhong Sales and Services Sdn Bhd in 1989 and cofounded Senheng Electric, a partnership business together with his brothers, Lim Kim Chieng and Lim Kim Yew. Our business was transferred to Senheng Electric (KL) Sdn Bhd ("Senheng KL") in 1994 and the business license for Senheng Electric expired on 12 September 2002.

Under the leadership of Lim Kim Heng, our Group has grown from a single shop into the largest consumer electrical and electronics chain retailer in Malaysia by revenue, with 105 physical stores and a workforce of approximately 1,750 employees. Throughout the years, he charted the overall strategic direction of our Group including the implementation of numerous key initiatives such as the adoption of chain store concept, fixed price policy, launching our PlusOne loyalty programme, undertaking a digital transformation of our business and our seamless retail model. His leadership has also been recognised through the numerous awards received by our Group and Chairman himself personally.

He holds other directorships in Senheng Group of Companies and various private limited companies. His siblings, Lim Kim Chieng and Lim Kim Yew are also members of the Board. He has a direct shareholding in the Company's substantial shareholder, SQ Digital Sdn Bhd.

Board of Directors' Profile (Cont'd)

LIM KIM CHIENG

President/Non-Independent Executive Director

AGE

63

GENDER

Male

NATIONALITY

Malaysian

DATE OF APPOINTMENT

21 May 2021

NUMBER OF BOARD MEETINGS ATTENDED

3/3

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Pre-university studies at Tunku Abdul Rahman College in 1979
- Member of ICDM since August 2021

Lim Kim Chieng is our President/Non-Independent Executive Director and was appointed to the Board on 21 May 2021. He is mainly responsible for the sales, operations and marketing aspects of our Group's business including identifying business opportunities and sales trends as well as initiating and implementing new operational policies and strategies, including the introduction of our centralised logistics model to improve the efficiency of our supply chain. He also plays a vital role in assisting our Chairman in implementing our business transformation initiatives, particularly the adoption of digital technologies such as our EDMS, B2B portal, WMS and mobile application which has enhanced the overall efficiency of our business operations. Moving forward, he will continue to oversee our Group's overall human resource and business solutions, finance and business compliance, retail operations, logistics and services, digital commerce and supply chain, as well as the implementation of our future growth plans and key initiatives.

He completed his pre-university studies at Tunku Abdul Rahman College in 1979. He has been a member of ICDM since August 2021. He began his career in 1980 as a sales representative in a stationery shop located at Kuala Lumpur. Subsequently in 1983, he became self-employed and carried out small-scale renovations for offices, shop lots and residential units. In 1989, he co-founded Senheng Electric, a partnership business together with our Chairman and Lim Kim Yew (our business was transferred to Senheng KL in 1994). Initially, he worked part-time and was responsible for the delivery of goods to customers. In 1990, he joined full time as our sales manager where he was responsible for overseeing the sales and operations of all our physical outlets.

He holds other directorships in Senheng Group of Companies and various private limited companies. His siblings, Lim Kim Heng and Lim Kim Yew are also members of the Board. He has a direct shareholding in the Company's substantial shareholder, SQ Digital Sdn Bhd.

Board of Directors' Profile (Cont'd)

LIM KIM YEW

Non-Independent
Non-Executive Director

AGE

60

GENDER

Male

NATIONALITY

Malaysian

DATE OF APPOINTMENT

21 May 2021

NUMBER OF BOARD MEETINGS ATTENDED

3/3

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Secondary school education at SMK Sultan Sulaiman Shah, Selangor in 1980
- Member of ICDM since August 2021

Lim Kim Yew is our Non-Independent Non-Executive Director and was appointed to the Board on 21 May 2021. Over the years, he was mainly responsible for devising and implementing outlet expansion plans, including identifying suitable new locations for expansion of outlets. He was also involved in the implementation of our ERP system as well as the creation of our franchise and incentive programmes for store managers. In 2017, he stepped down from being involved in the day-to-day operations of our Group. Nevertheless, as a Director, he continues to provide his experience and guidance to the management in his areas of expertise.

He completed his secondary school education at SMK Sultan Sulaiman Shah, Selangor in 1980. He has been a member of ICDM since August 2021. He began his career in 1981 as an assistant interior designer at Interior Graphic (Malaysia) Sdn Bhd, where he worked on the interior design of offices and residential units. In 1984, he left Interior Graphic (Malaysia) Sdn Bhd and joined Planscape (M) Sdn Bhd as an interior designer where he focused on the interior design of open space offices. In 1986, he was promoted to the position of manager where he assisted in the day-to-day operations of the company.

In 1989, he co-founded Senheng Electric, a partnership business together with our Chairman and President (our business was transferred to Senheng KL in 1994). Initially, he worked part-time and handled the delivery of goods to customers and bill collections. Three years later, he joined full time as our administration manager where he managed the human resource and administrative matters as well as billings and collections.

He holds other directorships in Senheng Group of Companies and various private limited companies. His siblings, Lim Kim Heng and Lim Kim Chieng are also members of the Board. He has a direct shareholding in the Company's substantial shareholder, SQ Digital Sdn Bhd.

Board of Directors' Profile (Cont'd)

OH KENG LENG

Independent Non-Executive Director

AGE

54

GENDER

Male

NATIONALITY

Malaysian

DATE OF APPOINTMENT

14 June 2021

NUMBER OF BOARD MEETINGS ATTENDED

2/2

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Commerce degree from University of Melbourne, Australia in 1992
- Chairperson of Remuneration Committee
- Member of Audit and Risk Management Committee
- Member of both the Malaysian Institute of Accountants and CPA Australia since 1995
- Member of ICDM since August 2021

Oh Keng Leng is our Independent Non-Executive Director and was appointed to our Board on 14 June 2021. He graduated from the University of Melbourne, Australia with a Bachelor of Commerce degree in 1992. He has been a member of both the Malaysian Institute of Accountants and CPA Australia since 1995. He has been a member of ICDM since August 2021. He began his career in 1992 as an audit associate with Arthur Anderson & Co. He left Arthur Anderson & Co in 1995 and joined our Group as our finance manager where he was involved in carrying out financial and management accounting functions. He was also involved in the development and implementation of our fixed price policy, loyalty program and franchising scheme.

Mr. Oh left our Group at the end of 2005 and joined Borneo Technical Co (M) Sdn Bhd as the finance controller in early 2006 where he managed the finance, accounts, banking, administration, human resource and information technology departments. In 2010, he was promoted to the position of finance and operation director and supervised additional departments such as warehouse and logistics departments.

In 2015, he left Borneo Technical Co (M) Sdn Bhd and joined Yokohama Distribution Services Sdn Bhd as the finance and operation director, a position he currently holds, where he oversees amongst others, the finance, accounts, banking and administration departments. He also assisted in the setting up of branch offices and a distribution center.

He does not hold any directorships in other public and/or public listed company and has no family relationship with other directors or major shareholders of Senheng.

Board of Directors' Profile (Cont'd)

DATO' YEOW WAH CHIN

Independent Non-Executive Director

AGE

62

GENDER

Male

NATIONALITY

Malaysian

DATE OF APPOINTMENT

14 June 2021

NUMBER OF BOARD MEETINGS ATTENDED

2/2

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Economics (Honours) degree from Universiti Kebangsaan Malaysia in 1984
- Bachelor of Laws (Honours) degree from University College of Wales, Aberystwyth, United Kingdom in 1991
- Chairperson of Nomination Committee
- Member of Remuneration Committee
- Member of ICDM since August 2021

Dato' Yeow Wah Chin is our Independent Non-Executive Director and was appointed to our Board on 14 June 2021. He graduated from Universiti Kebangsaan Malaysia with a Bachelor of Economics (Honours) degree in 1984. He also holds a Bachelor of Laws (Honours) degree from the University College of Wales, Aberystwyth, United Kingdom ("Aberystwyth University") which was obtained in 1991, and he subsequently obtained a certificate in legal practice in 1992. He was called to the Malaysian Bar as an advocate and solicitor in 1993. He has been a member of ICDM since August 2021.

Dato' Yeow began his career in 1984 as a trainee officer with Malayan Banking Berhad ("Maybank"). Upon confirmation he was placed in the corporate planning department and in 1986, he was transferred to the credit review department. He took a sabbatical in 1989 to pursue his law degree at Aberystwyth University and re-joined Maybank in 1991 as a legal counsel where he was responsible for legal matters of Maybank.

He left Maybank in 1993 and joined Ismail Sabri & Wee as the head of conveyancing and commercial department. In 1994, he left Ismail Sabri & Wee and co-founded Yeow & Salleh, of which he is currently the managing partner. In his current firm, he specialises in banking and commercial law matters.

As an experienced practising lawyer, he has been appointed to serve as the legal advisor for the Yeow See Association in Melaka since 2015. He has previously served as a member of the advocates and solicitors disciplinary committee and the conveyancing practice committee of Bar Council Malaysia as well as the legal advisor for the Society of Interpreters of the Deaf in Selangor and Wilayah Persekutuan.

Dato' Yeow Wah Chin has been actively involved in the Lions Club of Kuala Lumpur Central, a voluntary service organisation committed to humanitarian service, since 1994. In 2011, he initiated the formation of the Lions Education Foundation, where students with average academic results could get financial assistance to further their tertiary education. Currently, he also sits on the board of directors of the amongst others, Lions Education Foundation, UKM Holdings Sdn Bhd, Institut Integriti Malaysia and 1MCA Medical Foundation respectively.

He does not hold any directorship in other public and/or public listed company and has no family relationship with other directors or major shareholders of Senheng.

Board of Directors' Profile (Cont'd)

HO KIM POI

Independent Non-Executive Director

AGE

59

GENDER

Female

NATIONALITY

Malaysian

DATE OF APPOINTMENT

14 June 2021

NUMBER OF BOARD MEETINGS ATTENDED

2/2

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Science degree from University of Adelaide, Australia in 1987
- Master of Business Administration from the University of Lincoln, United Kingdom in 2001
- Member of the Malaysian Institute of Accountants and CPA Australia since 1990 and 1991 respectively
- Chairperson of Audit and Risk Management Committee
- Member of Nomination Committee
- Member of ICDM since August 2021

Ho Kim Poi is our Independent Non-Executive Director and was appointed to our Board on 14 June 2021. She graduated from the University of Adelaide, Australia with a Bachelor of Science degree in 1987. She obtained a Master of Business Administration from the University of Lincoln, United Kingdom in 2001. She has been a member of the Malaysian Institute of Accountants and CPA Australia since 1990 and 1991 respectively. She has been a member of ICDM since August 2021.

She began her career in 1987 as a tax assistant with KPMG Malaysia (now known as KPMG PLT), and was promoted to the position of senior tax consultant in 1988. She left KPMG Malaysia in 1990 and joined OYL Industries Berhad group of companies ("OYL Group") as a finance and human resources manager, where she was responsible for amongst others, finance, human resource and business development matters of the OYL Group.

In 1993, she left OYL Group and joined Astra Pharmaceutical Sdn Bhd as its finance and human resources director. In 2000, following the worldwide merger between Astra AB and Zeneca group, she was re-designated as the finance and human resources director of AstraZeneca Sdn Bhd. Subsequently, she was promoted to the position of regional chief financial officer of South East Asia, India and South Africa in 2001, where she was in charge of financial matters and strategies, including setting up the shared service centres for the abovementioned regions.

Ms. Ho left AstraZeneca Sdn Bhd and joined Amway Malaysia Sdn Bhd ("Amway") in 2012 as the regional chief financial officer and strategic planning director for the South East Asia & Australia New Zealand region and was chief financial officer of Amway (Malaysia) Holdings Berhad. In 2018, she was promoted to the position of regional chief financial officer for the Asia Pacific region with the addition of two markets in Japan and South Korea, where she was responsible for finance matters. She left Amway group in 2019 and did not take up any employment thereafter.

She is currently an Independent Non-Executive Director of Mah Sing Group Berhad, a company listed on the Main Market of Bursa Securities, a directorship she held since 2019 and has no family relationship with other directors or major shareholders of Senheng.

Board of Directors' Profile (Cont'd)

TAN LER CHIN

Independent Non-Executive Director

AGE

62

GENDER

Female

NATIONALITY

Malaysian

DATE OF APPOINTMENT

14 June 2021

NUMBER OF BOARD MEETINGS ATTENDED

2/2

ACADEMIC/PROFESSIONAL QUALIFICATION(S):

- Bachelor of Economics (Honours) degree from Universiti Kebangsaan Malaysia in 1983
- Member of Audit and Risk Management Committee
- Member of Nomination Committee
- Member of Remuneration Committee
- Member of ICDM since August 2021

Tan Ler Chin is our Independent Non-Executive Director and was appointed to our Board on 14 June 2021. She graduated from Universiti Kebangsaan Malaysia with a Bachelor of Economics (Honours) degree, majoring in statistics in 1983. She has been a member of ICDM since August 2021.

She began her career in 1984, in the finance department of the Employees Provident Fund ("EPF"). In 1988, she was transferred to the investment department where she was responsible for the management of the EPF's external fund managers and other domestic investment assets including Malaysian Government Securities, loans/debentures, equities and money market placements.

In 1996, she was promoted to the position of senior investment manager, where she specialised in fixed income investments and was involved in EPF's fixed income investments in several large privatisation projects in Malaysia. In 2009, she was appointed as the head of investment compliance and was responsible for ensuring all investment settlements were undertaken in compliance with internal policies/guidelines and other related legal requirements.

In 2019, she was appointed as the head of risk department where she oversaw the management of amongst others, the operational risks, technology risks, investment risks and investment market risks of EPF. She retired from EPF in April 2021.

She currently sits on the board of directors of Sunway Construction Group Berhad, Affin Islamic Bank Berhad and QL Resources Berhad as Independent Non-Executive Director and has no family relationship with other directors or major shareholders of Senheng.

Notes:

1. Lim Kim Heng, Lim Kim Chieng and Lim Kim Yew are siblings.
2. Except as disclosed above, none of the other Directors has any family relationship with any Directors and/or major shareholders of the Company.
3. Except as disclosed above, none of the Directors hold any directorships in other public companies.
4. None of the Directors have any conflict of interest with the Company.
5. None of the Directors have been convicted for offences within the past 5 years other than traffic offences.
6. None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT'S PROFILE

1 WONG CHE HOE
Senior Vice President of Human Resource and Business Solutions

2 MAH CHIN NIAP
Senior Vice President of Finance and Business Compliance

3 HO WENG HUNG
Vice President of Retail Operations, Logistics and Service

4 TENG KEAN KHENG
Vice President of Retail Operations

5 PHANG WENG NAM
Vice President of Digital Commerce and Supply Chain

6 ANG KENG BENG
Division Head of Internal Audit Compliance cum Franchise

7 TAI TZE YEN
Division Head of Digital Marketing

8 RAYMOND TAN CHUN HONG
Division Head of New Retail Technology

Key Senior Management's Profile (Cont'd)

WONG CHE HOE

Senior Vice President of Human Resource and Business Solutions

AGE: 60 | GENDER: Male | NATIONALITY: Malaysian

Wong Che Hoe completed his secondary school education at SMK Sultan Ahmad Shah, Cameron Highlands in 1980.

Wong Che Hoe began his career as a sales representative in Keat Joo Sdn Bhd in 1984 where he was involved in the sales of electrical goods. In 1987, he left Keat Joo Sdn Bhd and joined Senhong Sales and Services Sdn Bhd as a sales supervisor, where he was responsible for the sales and operations of electrical retail outlets. In 1988, he was promoted to the position of sales director where he was responsible for developing and executing strategic plans to achieve sales target and expand the company's customer base.

He left Senhong Sales and Services Sdn Bhd and joined our Group as personal assistant to our chairman in 1996, where he assisted in the daily operations of Senheng KL. He was promoted to the position of purchasing manager in 1997 and was subsequently promoted to head of purchasing in 1998 where he was responsible for amongst others, reviewing and evaluating quotations from suppliers, negotiating contract terms and pricing and reviewing the quality of purchased products.

In 2011, apart from his responsibilities as the head of purchasing, Wong Che Hoe also assisted our co-founders on business transformation initiatives including the adoption of digital technologies. In 2012, he also assisted in the daily retail operations and logistics of all outlets in Peninsular Malaysia.

In September 2020, Wong Che Hoe was promoted to Senior Vice President of Human Resource and Business Solutions where he is responsible for overseeing all matters relating to the human resource and administration of our Group. Apart from the above, he also continues to lead a team to enhance our digital infrastructure.

MAH CHIN NIAP

Senior Vice President of Finance and Business Compliance

AGE: 49 | GENDER: Male | NATIONALITY: Malaysian

Mah Chin Niap graduated from the Systematic Business Training Centre with a Higher Diploma in Accounting in 1993.

He has been a member of the Association of Chartered Certified Accountants ("ACCA") since 2004, the Malaysian Institute of Accountants since 2005, and a fellow of ACCA since 2009.

Mah Chin Niap began his career as an accounts clerk in Harbour View Dai-Ichi Hotel, Singapore in 1995 and was subsequently promoted to the position of accounts assistant. In 1996, he joined Janesis Sdn Bhd as an assistant accountant, where he was responsible for the preparation of monthly financial reports.

In early 1999, he was seconded to Empire Circle Marketing Sdn Bhd as a finance and administrative manager, where he was involved in finance, internal control and human resource matters. He left Empire Circle Marketing Sdn Bhd in end-1999 and joined HOEPharma Holdings Sdn Bhd as a finance manager where he helped oversee the financial, accounting and taxation matters of the companies under the group as well as corporate governance and compliance matters.

Mah Chin Niap joined Senheng KL in 2008 as the head of our finance division where he was responsible for amongst others, the preparation of our Group's financial and accounting reporting and managing the accounts department's day-to-day functions. In this role, he also reviewed and improved the standard operating procedures and internal control processes of the accounts department.

In 2016, he was promoted to our chief financial officer, and took on additional responsibilities in the strategic development and management of the treasury and funding needs of our Group. During his tenure with our Group, he has initiated internal audit exercises and helped to reduce stock losses. He also implemented cost-cutting exercises to streamline costs and expenditure.

In September 2020, he was promoted to Senior Vice President of Finance and Business Compliance. He continues to be responsible for the overall financial accounting, risk management and tax functions of our Group.

Key Senior Management's Profile (Cont'd)

HO WENG HUNG

Vice President of Retail Operations, Logistics and Service

AGE: 42 | GENDER: Male | NATIONALITY: Malaysian

Ho Weng Hung graduated from Universiti Putra Malaysia with a Bachelor of Mass Communication degree in 2004.

In 2004, he began his career and joined Senheng KL as an operation and sales executive, where he was involved in the sales, inventories management and staff management of outlets located in Klang, Shah Alam and Petaling Jaya. Subsequently, he was promoted to area manager in 2006, where he was responsible for setting up and expanding new outlets in Sabah and establishing our Group's logistic systems in Sabah.

In 2013, he was promoted to the position of head of our "senQ" division, where he planned and implemented new strategies, policies and practices in respect of our "senQ" brand. In 2014, he was promoted to the head of our retail commerce, logistics and service division, and was based in Sabah and Sarawak to lead the expansion of our outlets and setting up of new warehouses.

In September 2020, he was promoted to Vice President of Retail Operations, Logistics and Service. His added responsibilities are to oversee the outlets located in the central region, Sabah and Sarawak and to execute policies and procedures for retail, logistic and service operations at all outlets.

TENG KEAN KHENG

Vice President of Retail Operations

AGE: 42 | GENDER: Male | NATIONALITY: Malaysian

Teng Kean Kheng graduated from Anglia Ruskin University with a Bachelor of Arts (Honours) in Business Administration in 2003.

He began his career in 2004 and joined Senheng KL as a trainee team manager, where he was involved in sales, inventories management and staff management for an outlet located in Penang. Subsequently, he was promoted to area manager in 2007, where he took charge of further outlets located in Penang and monitored the development and performance of the outlets. He also assisted our Group in identifying new locations for the expansion of outlets in the northern region of Peninsular Malaysia.

In 2013, he was put in charge of "senQ" outlets located in the northern and east coast regions of Peninsular Malaysia and reported directly to Ho Weng Hung. He also assisted in the implementation of new strategies, policies and practices in respect of our "senQ" brand. In 2015, he was promoted to head of sales division, where he developed strategic plan for the "Senheng" and "senQ" outlets located in the northern and east coast regions of Peninsular Malaysia.

In November 2020, he was promoted to Vice President of Retail Operations. His added responsibilities are to oversee the outlets located in the southern region of Peninsular Malaysia, in addition to overseeing outlets located in the northern and east coast regions and to drive strategies for our Group's outlets to achieve sales targets.

Key Senior Management's Profile (Cont'd)

PHANG WENG NAM

Vice President of Digital Commerce and Supply Chain

AGE: 41 | GENDER: Male | NATIONALITY: Malaysian

Phang Weng Nam graduated from Universiti Teknologi Malaysia with a Bachelor of Science (Human Resource Development) in 2004.

In 2004, Phang Weng Nam began his career and joined Senheng KL as an operation and sales executive, where he was responsible for supervising the daily operations of a few outlets located in the Klang Valley, took charge of the sales, inventories and staff management. Subsequently, he was promoted to a senior operation and sales executive in 2005.

In 2006, he was promoted to our head of purchasing, taking charge of the computer, digital imaging, mobile phone and office automation categories. He reported to Wong Che Hoe and was responsible for sourcing for suppliers, negotiating contracts and monitoring the quality of products and services provided for the computer, digital imaging, mobile phone and office automation categories. He was also involved in collecting and analysing data on consumers' preferences, needs and buying habits to identify potential markets and factors affecting product demand.

In 2012, Phang Weng Nam was promoted to the position of head of division for digital gadgets and took on additional responsibilities of developing and implementing new strategic marketing plans to increase the digital gadgets' revenues.

In September 2020, Phang Weng Nam was promoted to Vice President of Digital Commerce and Supply Chain where he oversees digital marketing, home appliances, digital gadgets, audio visuals, e-commerce, shop-in-shop operations as well as leads our Group's efforts in identifying and securing suitable brands in relation to our brand distribution business.

ANG KENG BENG

Division Head of Internal Audit Compliance cum Franchise

AGE: 52 | GENDER: Male | NATIONALITY: Malaysian

Ang Keng Beng graduated from the National Chengchi University, Taiwan with a Bachelor of Business Administration in 1994.

Ang Keng Beng began his career as a business consultant in Future Management Consultants Sdn Bhd in 1994. He joined Senheng KL in 1997 as the personal assistant to our chairman where he assisted in the daily operations of Senheng KL.

In 2012, he left our Group and joined Wiltek Homeware Sdn Bhd as the general manager, where he was responsible for overseeing the day-to-day retail operations of the company as well as developing and implementing business and corporate strategies.

In 2016, he re-joined Senheng KL as our Division Head of Internal Audit Compliance cum Franchise where he oversees our franchise department, business process compliance department and internal audit department. In respect of the franchise department, he manages all the franchised stores and ensures that all the franchisees manage the franchise business according to our Group's business model and operational standards. For the business process compliance department and internal audit department, he implements the operating procedures for all departments and conducts internal audits on all of our Group's outlets to ensure that all outlets' operations, transactions and documentation are in accordance with our Group's approved operating procedures.

Key Senior Management's Profile (Cont'd)

TAI TZE YEN

Division Head of Digital Marketing

AGE: 50 | GENDER: Female | NATIONALITY: Malaysian

Tai Tze Yen graduated from the University of Southern Queensland, Australia, with a Bachelor of Business in 1996.

She began her career as a marketing executive in Dionn Pearl House Sdn Bhd in 1996 and was subsequently promoted to the position of assistant marketing manager in 1997, where she assisted in the development and execution of marketing and promotional campaigns. In 2000, she joined KSM Dot Com Sdn Bhd as the head of department in the marketing division where she developed internet marketing strategies for new products and provide services in the e-commerce platforms.

In 2004, she joined Clara International Beauty Group Sdn Bhd as the head of marketing where she was responsible for developing marketing strategies for the launch of new products and beauty services. In 2006 she joined F J Benjamin (M) Sdn Bhd as an operations manager where she was responsible for the overall retail operations of "GUESS" brand fashion outlets in Malaysia.

In 2008, she joined Maxis Berhad as a marketing manager in the business division where she managed promotional campaigns and event sponsorship. She left Maxis Berhad in 2013 and took a break thereafter. In 2015, she joined DePaddle Sdn Bhd as the head of marketing, where she was responsible for the operations, brand management, advertising, promotion and store openings of the "JEOEL" jewellery brand.

She joined Senheng KL as Division Head of Digital Marketing in early 2017 and she supervises the branding, advertising and promotion of brands under our Group. She is responsible for implementing our marketing strategies, communicating through media platforms, conducting general market research and other branding and marketing initiatives.

RAYMOND TAN CHUN HONG

Division Head of New Retail Technology

AGE: 31 | GENDER: Male | NATIONALITY: Malaysian

Raymond Tan Chun Hong graduated from Tunku Abdul Rahman College with an Advanced Diploma in Mass Communication (Media Studies) in 2013.

He began his career as a production planning assistant in the transportation and stock department at Futuristic Store Fixtures Pte Ltd in 2013. Subsequently, he joined Legion Media Group as a junior media planner at the end of 2013, where he assisted clients in digital marketing including amongst others, setting-up and maintaining digital platforms such as social media fan pages, official websites and other e-commerce platforms such as Lazada, Lelong, Superbuy and Rakuten.

He left Legion Media Group and joined Lazada Malaysia as a content writer in mid-2014 and was subsequently promoted to the position of production associate at the end of 2014, where he assisted the commercial team in researching for the best method to onboard sellers. In 2015, he was promoted to product manager, where he was involved the provision of back-end support, including the management of technology systems.

He joined Senheng KL in 2017 as our head of department of web technology. In this role, he planned and prepared a web technology system roadmap that includes amongst others, payment integration, front-end experience, marketing and operation features. In mid-2019, he was promoted to his current position as Division Head of New Retail Technology, where he leads our new retail technology initiatives and provides guidance to our Group's departments to achieve business goals by designing technology-focused solutions. He also identifies new opportunities and technological trends that may support the continued success of our Group's business.

Notes:

1. None of the Key Senior Management has any family relationship with any Director and/or major shareholder of the Company.
2. None of the Key Senior Management has been convicted of any offence (other than traffic offences) within the past 5 years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.
3. None of the Key Senior Management has any conflict of interest with the Company.
4. None of the Key Senior Management holds any directorship in public companies and listed corporation.

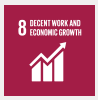
SUSTAINABILITY REPORT

This inaugural sustainability report for 2021 details Senheng New Retail Berhad's ("Senheng") sustainability initiatives and practices in our operations.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Senheng's pursuit of sustainability is aligned with the United Nations' ("UN") Sustainable Development Goals ("SDG"), which are part of the UN Member States 2030 Agenda for Sustainable Development.

We identified five out of 17 UN SDGs deemed relevant to the Group's operations:



- Achieving sustainable economic growth through responsible business practices and innovation (SDG 8)

- Adopting greener practices within our operations (SDG 13)

- Fostering a safe and healthy work environment, as well as employee welfare and diversity (SDG 3, 4, 10)

GOVERNANCE STRUCTURE

The Group's management guides the strategic direction of our sustainability pursuits based on economic, environmental and social ("EES") considerations. The management oversees our sustainability performance, while representatives from various business units are tasked to implement identified sustainability initiatives.

STAKEHOLDER ENGAGEMENT

We engage with stakeholders to obtain a better understanding of their interests, which helps us align our sustainability initiatives to be relevant to their needs.

The common stakeholders we engage with, and the material sustainability matters relevant to them are identified below:

Stakeholder	Material Issues	Engagement	Frequency
Employees	• Career development • Equal opportunity • Safe working environment	• Training and Development Programmes	• Monthly • Quarterly • Annually • Ongoing
		• Safety briefings	• Monthly
Customers	• Customer shopping experience • Product quality and variety	• Advertisements • Promotional Campaigns • "Senheng", "Grand Senheng", "Grand Senheng Elite" "senQ", "Grand senQ" stores, Online Stores	• Ongoing

STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder	Material Issues	Engagement	Frequency
Vendors/Suppliers	• Fair pricing and terms • Transparency • Relationship Management	• Supplier assessment • Meetings and networking	• Annual/ As needed
Regulators/ Certification Bodies	• Corporate governance • Legal & regulatory compliance • Certifications	• Audits • Site visits • Dialogues with government/non-government bodies, regulators & agencies	• Ongoing/ As needed
Local Communities	• Social development • Employment opportunities • Social development/Corporate social activities	• Community events • Environmental awareness and education • Livelihood support • Employment support	• Quarterly/ As needed
Shareholders	• Corporate developments • Financial performance • Growth plans	• Annual Report	• Annual
		• Annual General Meeting	• Annual
		• Fund/analyst briefings	• Quarterly/ As needed
		• Investor relations website	• As needed

MATERIALITY ASSESSMENT

The management identified 11 material issues categorised under the EES pillars. We continue to strive for improvements in our practices in relation to these material issues.

SUSTAINABILITY MATERIALITY MATRIX

ALIGNMENT TO SDGs

No.	Material Sustainability Matters	Relevant Stakeholders	Relevant SDGs
	ECONOMY		
1	Economic Performance	Employees, Shareholders	8 DECENT WORK AND ECONOMIC GROWTH
2	Governance and Ethics	Vendors, Suppliers, Customers	8 DECENT WORK AND ECONOMIC GROWTH
3	Supply Chain Management	Vendors, Suppliers	8 DECENT WORK AND ECONOMIC GROWTH
4	Product Quality and Safety	Customers	8 DECENT WORK AND ECONOMIC GROWTH
	ENVIRONMENT		
5	Environmental Stewardship	Regulators, Community	13 CLIMATE ACTION
6	Energy Consumption	Regulators, Community	13 CLIMATE ACTION
7	Waste Management	Regulators, Community	13 CLIMATE ACTION
	SOCIETY		
8	Diversity and Equal Opportunity	Employees	10 REDUCED INEQUALITIES
9	Occupational Health and Safety	Employees	3 GOOD HEALTH AND WELL-BEING
10	Employee Development	Employees	4 QUALITY EDUCATION
11	Community Development	Community	3 GOOD HEALTH AND WELL-BEING; 4 QUALITY EDUCATION

ECONOMY

ECONOMIC PERFORMANCE

Senheng is committed to generating sustainable growth and creating value for our stakeholders. The Group's business activities contribute to economic growth and employment for local communities in our home country.

We strive to enhance the value generated and distributed by our activities to increase our societal contribution. The economic value retained by our activities are invested into growth, as well as enhancing competitiveness and efficiency in ways that support sustainable and long-term value creation for our stakeholders.

In 2021, Senheng generated RM1.44 billion in economic value, comprising revenue from our trading activity and warranty services.

Total economic value distributed amounted to RM1.37 billion, comprising employees wages and benefits, payments to suppliers and service providers, creditors, shareholders, government, as well as community investments.

Economic value retained amounted to RM72.3 million, to fund future investments and to support our continued growth.

GOVERNANCE & ETHICS

Senheng is committed to promoting sound corporate governance, as well as upholding integrity and ethical conduct to ensure compliance with the highest principles of professional conduct and related laws, regulations, and policies.

- **Compliance Management Framework**

Senheng maintains an integrated Governance Risk Compliance (GRC) approach to effective corporate governance, enterprise risk management, and corporate compliance with applicable laws and legislation.

The Group adopts a strategic framework that defines the responsibilities of management and employees, and facilitates implementation of robust practices to manage compliance obligations. The compliance management framework aims to reduce and/or mitigate the following risks:

- Damage to corporate reputation
- Inadequate internal control systems that may lead to fraud, corruption and/or inefficiencies
- Financial losses
- Staff health and safety issues

The Group's compliance management framework addresses the following key strategic risk operational consequence areas:

- Reputation
- Market and Product Development
- Financial Sustainability
- Financial Systems
- Human Resource Planning
- Project Management
- IT Strategy and Infrastructure
- Legal and Legislative Environment
- Business Interruption
- Government Policy Changes
- Employee Performance and Satisfaction
- International Economic, Political and Social Environment

- **Anti-Bribery and Anti-Corruption Policy**

The Group adopts a zero-tolerance policy against all forms of bribery and corruption. Any person who learns of an actual or suspected violation of applicable laws or the Group's Anti-Bribery and Anti-Corruption Policy is required to report the concern promptly through designated reporting channels and guidelines stated in the Group's Whistleblowing Policy.

The policies apply to all staff, officers, directors, and employees (including contractors and temporary workers/interns) in our business worldwide. It applies to our agents, suppliers, business partners, resellers, distributors, contractors, and other intermediaries acting on our behalf or representing Senheng. All activities carried out on Senheng behalf must be compliant with this policy regardless of local laws or culture.

The Group's Anti-Bribery and Anti-Corruption Policy as well as Whistleblowing Policy are made available on our corporate website at **www.senheng.com**

SUPPLY CHAIN MANAGEMENT

We place strong emphasis on ensuring a reliable supply chain so that our customers' requirements are fulfilled on time.

We have a central distribution centre for the storage of inventory and distribution to other regional hubs nationwide. This is also supported by our inventory management system, which is a highly automated planning and distribution system for replenishment of products sold in our retail stores.

In addition, our business analytics capabilities enable us to better predict customers' purchasing preferences across various product categories, leading to higher reliability and speed in inventories fulfilment.

Furthermore, all employees, suppliers, agents, distributors, and business associates are required to fully comply with the Group's Anti-Bribery and Anti-Corruption Policy.

PRODUCT QUALITY & SAFETY

We place utmost emphasis on the quality, safety and reliability of products sold.

The products sold in our stores comply with all applicable regulations and policies, such as product labelling, and energy efficiency rating also known as Minimum Energy Performance Standards (MEPS). Relevant regulations include Regulation 97 – 101 of the Electricity Regulations 1994 by the Energy Commission, where all products are subject to inspection and approval of the regulator.

We continuously assess and conduct audits on product safety and reliability, and ensure all products supplied to the Group comply with requirements of the Energy Commission and other bodies. Our products carry Certification of Approval, SIRIM Certification, MCMC Certification, as well as MEPS labelling for energy rating.

DATA AND CYBER SECURITY

We are committed to protecting the personal data and privacy of our customers. We also recognise the growing concerns of cyberattacks that may cause disruptions to our operations, in addition to potential theft or leak of confidential information.

We invest in information technology security solutions, such as anti-virus and anti-malware solutions, firewall, and security audits by certified security professionals to protect the integrity of our technology systems and databases.

We also maintain an Information Security Policy, which incorporates requirements of the ISO/IEC 27001:2013 Information Security Management System in our operations and is applicable to all employees of the Group. External parties such as our agents, suppliers, business partners, resellers, distributors, contractors are also required to maintain an effective information security management system to ensure the integrity and safety of confidential information.

ENVIRONMENT

ENVIRONMENTAL STEWARDSHIP

Our operations adhere to all relevant local regulations for environmental protection and waste management. We also go the extra mile to ensure that our day-to-day operations cause minimal impact to the environment.

We undertook a paperless initiative since 2015, by digitalising all processes and operations. We have omitted the need for paper within our business processes, by digitalising documents such as purchase orders, invoices, and receipts.

We have also converted the plastic bags given out by our retail stores to bio-degradable plastics, as we strive to reduce usage of plastics which are harmful to society.

ENERGY CONSUMPTION

We prioritise efficient energy use to reduce the negative impact of our operations to the environment. We strive to adopt energy friendly approaches, such as using energy-efficient air-conditioning systems and LED lighting in our retail stores, offices, and facilities.

We also educate our staff to turn off air-conditioning and lights whenever offices are not in use or are vacant. Employees are required to unplug all idle electronic devices and equipment that use standby power after store closing hours.

Additionally, we are committed in reducing our reliance and usage of fossil fuels in our operations, and strive to optimize logistics routes to reduce fuel consumption.

Our logistics fleet used 655,582 litres of diesel fuel in 2021, compared to 441,822 litres in 2020. The lower fuel consumption in 2020 was mainly to due lower fleet activity due to government mandated pandemic mitigation measures.

In 2021, the Group's greenhouse gas emissions (GHG) from our fleet fuel consumption is estimated at 1,763.0 metric tonnes (MT) of carbon dioxide (CO_2) compared to 1,188.2 MT CO_2 in 2020.

WASTE MANAGEMENT

With the increasing use of electrical and electronics goods in our society, it is imperative to maintain proper collection and management system for safe disposal and recycling of electronic waste (e-waste) to safeguard against environmental impact.

We set up our e-waste recycling programme in 2013, allowing our customers to dispose used items at Senheng retail stores, which will be collected and delivered to licensed e-waste recovery facilities.

In 2021, we collected 3,608 units of e-waste compared to 3,241 units in 2020. Since 2013, the program has collected a total of 11,008 units of e-waste, preventing them from entering landfills and polluting the environment.

As at 31 December 2021, 73 of the Group's retail stores around the country are registered as e-waste collection centres with the Department of Environment.

SOCIETY

DIVERSITY AND EQUAL OPPORTUNITY

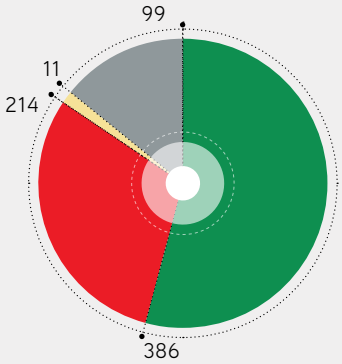
We practice a culture of equal opportunity, and believe that all employees, regardless of their gender, age, ethnicity, religion, or disability status, should be given the same opportunities to grow and succeed. We therefore stand against any form of discrimination.

Workforce Demographics 2021

Employee Count by Local Ethnicity & Sex

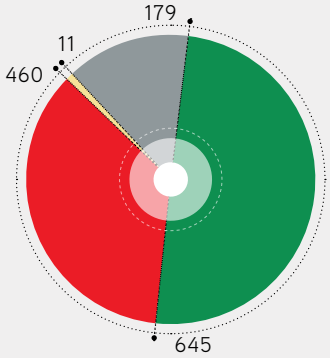
Female

- Malay
- Chinese
- Indian
- Others



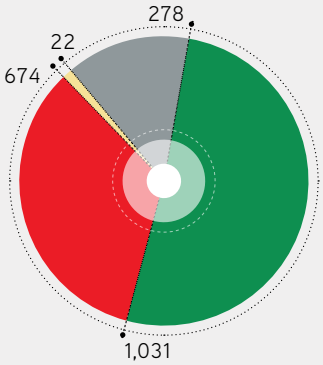
Male

- Malay
- Chinese
- Indian
- Others



Total

- Malay
- Chinese
- Indian
- Others

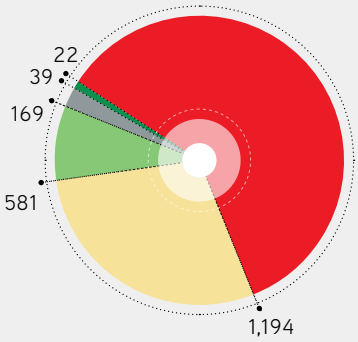


Employee Count by Age Group

Grand Total

2,005

- <20
- 20 – 30
- >30 – 40
- >40 – 50
- >50

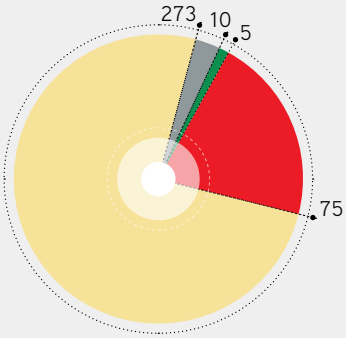


Employee Count by Job Category

Headquarters
Grand Total

363

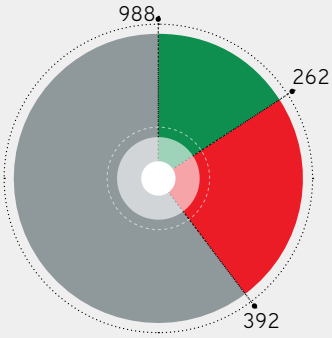
- Senior Management
- Management
- Executive
- Others



Operations
Grand Total

1,642

- Management
- Executive
- Support

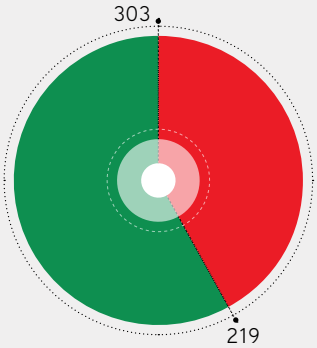


New Hires by Sex

Grand Total

522

- Male
- Female



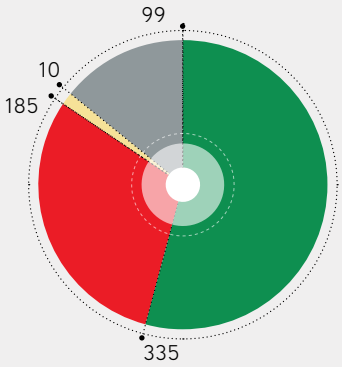
We maintain an open channel of communication where employees with complaints or reports on discrimination can direct them to supervisors or the human resource department. Reports are assured of anonymity to protect employee privacy and rights, and thorough investigations are carried out by the management.

In 2021, we employed a total of 2,005 employees, comprising 64.6% men and 35.4% women. In comparison, our employee count in 2020 amounted to 1,838, of which 65.8% identified as men and 34.2% identified as women.

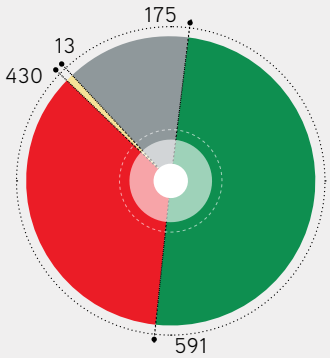
Workforce Demographics 2020

Employee Count by Local Ethnicity & Sex

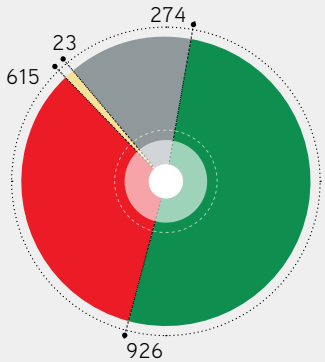
Female



Male



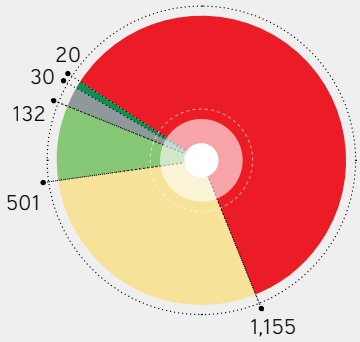
Total



Employee Count by Age Group

Grand Total

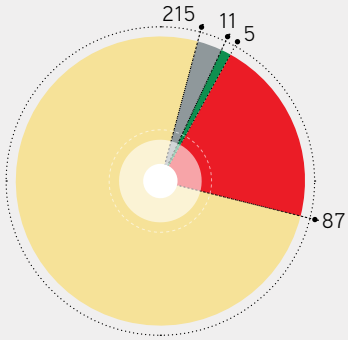
1,838



Employee Count by Job Category

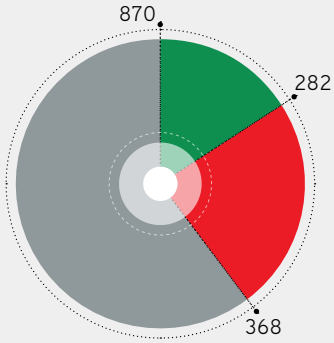
Headquarters
Grand Total

318



Operations
Grand Total

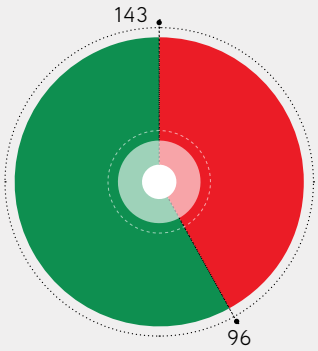
1,520



New Hires by Sex

Grand Total

239



OCCUPATIONAL HEALTH AND SAFETY

We prioritise the health and safety of employees. Our operations comply to the Occupational Safety and Health Act to safeguard the well-being of our employees. We also adopt a Health & Safety Guideline that ensures our employees are educated and trained in handling workplace safety.

At our stores and premises, we adopt comprehensive standard operating procedures for safety and emergency practices, which are aligned to the advisory of industry experts and relevant authorities such as the Fire and Rescue Department, and the Department of Occupational Health and Safety.

Health and Safety Training Programmes in 2021

Programme	Month/Year
Mandatory monthly Safety and Health Induction Training for all headquarter new joiners	January – December 2021
Infectious Disease Response Plan	Ongoing

Additionally, our physical stores comply to all necessary fire prevention requirements and safety measures. We also proactively carry out randomised checks on our facilities, to ensure that the condition of our stores and safety measures are up to standard.

In response to the COVID-19 pandemic, all our premises undergo daily sanitisation to minimize the risks of the COVID-19 disease to protect our employees and customers. We also carry out regular awareness exercise on importance of good hygiene, mask-wearing and social distancing. We also maintain an Infectious Disease Response Plan to identify risks and mitigate airborne transmission of COVID-19 within our offices and stores.

EMPLOYEE DEVELOPMENT

Senheng believes in the innovative capabilities of our employees, and we provide ample opportunities for career development and professional growth. We conduct regular training programmes for our employees to enhance their customer service, management and technical skills. This includes physical and online trainings conducted by our outsourced training provider, SH Retail Academy Sdn Bhd.

Additionally, we organise local study trips for our employees to other companies to learn more about their best practices. Additionally, we organise overseas study trips for our employees to understand and learn the differences in retail culture and dynamism of supply chain between countries.

On average, each employee undertook 17.5 hours of training activity in 2021, compared to 18.1 hours in 2020.

The Group also maintains an incentive training programme that helps retain the services of high performing store managers. Shortlisted managerial candidates who have achieved certain performance metric are offered the opportunity to receive commissions on store sales. At the end of the incentive programme, qualified store managers will also stand a chance to become the franchisee of the Group.

We also offer a Back to School (BTS) programme to selected high potential employees, to promote mobility or horizontal career progression. Through the 5-day BTS programme, employees undertake theoretical and practical education and gain cross functional understanding across our operations.

80% of our office-based Department Heads are internally promoted, while 100% of our outlet managers are internally promoted.

Training and education programme in 2021 (selected):

Programme	
• Customer Service	• Leadership
• Franchisee	• Logistics Personal Development
• HQ Personal Development	• Management + New Retail
• Kaizen PDCA Training	• Management

COMMUNITY DEVELOPMENT

As a responsible corporate citizen, we recognise the need to support the development of local communities. We regularly contribute to medical, education, sports, and other community development activities.

CSR activities in 2021 (selected)

Activity	Month/Year	Sponsored
Donation to Malaysian Franchise Association for its Tabung Amal Francais directed towards flood victims	February 2021	RM 11,180
Donation to Cancer Research Malaysia for cancer research and development	March 2021	RM 30,000
Donation to Malaysian Franchise Association for its Tabung Amal Francais directed towards orphanage and Rumah Perlindungan Nur Qaseh	April 2021	RM 2,000
Donation of 3 units of laptop to Sekolah Kebangsaan Tanah Rata, Cameron Highland	June 2021	RM 7,272
Flood Relief Campaign with additional 20% discount offered to all corporate clients on all products	December 2021	N/A

We also contribute to the education of our youth. We run the Senheng Education Assistance Program, which sponsors deserving students desiring to fulfil their dreams of pursuing higher education. Since the program commenced in 2019, we have sponsored a total of RM400,000 to support 20 students.

In April 2022, we entered into a Memorandum of Understanding with Tunku Abdul Rahman University College (TAR UC) to formalise an academia-industry collaboration. We will share insights on retail industry and operations with TAR UC educators and students, as well as jointly establish a Research and Development Centre. Furthermore, we established a Senheng Scholarship with an allocation of RM5 million over 10 years to eligible TAR UC students, and will offer internship and employment opportunities.

Moving forward, we are committed in better engaging the public and our role in facilitating inclusive community growth.

CONCLUSION

With an eye for a sustainable future, Senheng will continue to adopt responsible and sustainable operating measures into the future, bringing greater value not just to fellow shareholders, but all stakeholders relating to the business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Senheng New Retail Berhad ("Senheng" or the "Company") and its subsidiaries' (collectively referred to as the "Group") acknowledges the importance of the principles and practices as set out in Malaysian Code on Corporate Governance ("MCCG") in managing the Group's business towards its mission of sustainable growth.

Although Senheng was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 January 2022, the Board nevertheless wishes to present this statement to its shareholders and stakeholders with an overview of the Company's application of MCCG practices for the financial year ended 31 December 2021.

However, the Company may not be able to apply all the principles and practices set out in MCCG pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Securities as certain practices and process are in the midst of formalising.

This Corporate Governance Overview Statement should also be read in tandem with the Corporate Governance Report 2021 which is available on the Company's corporate website at **www.senheng.com**.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES

Roles and Responsibilities of the Board of Directors

The Board is collectively responsible for the long term success of the Group and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board determines and leads the strategic direction and overseeing the overall management of the Group. The Board provides an effective oversight of the conduct of the Group's businesses, ensures appropriate risk management and internal control systems are in place as well as regularly reviews such systems to ensure their adequacy, integrity and effectiveness.

The Group is led and controlled by an effective Board which assumes, amongst others, the following principal responsibilities in discharging its stewardship role and fiduciary and leadership functions:-

- to review and adopt strategic plans, addressing the sustainability of the Group's business;
- to oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed;
- to identify principal business risks faced by the Group and ensure the implementation of appropriate systems to manage these risks;
- to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Key Senior Management;
- to develop and implement an investor relations programme or shareholder communications policy for the Company;
- to review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- to promote good corporate governance culture together with Senior Management within the Company for reinforcing ethical, prudent and professional behaviour; and
- to review, challenge and decide on Management's critical proposals for the Company, and oversee its implementation by Management.

Board Composition

The Board currently has seven (7) members, comprising one (1) Executive Chairman, one (1) President/Non-Independent Executive Director, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. The Board ensures that its size and composition is optimum and well balanced, which is consistent with the size of the Group and its operation. At least 1/3 of the Board, or two (2) members, whichever higher, shall consist of Independent Non-Executive Directors. If the number of directors is not 3 or a multiple of 3, then the number nearest 1/3 must be used. The Company's Constitution allows a minimum of two (2) and maximum of fifteen (15) Directors.

All Board members have wide ranging experience, skill, knowledge that adds value to the Company and its Group. The qualifications for Board membership are the ability to make informed business decisions and recommendations; possesses an entrepreneurial talent for contributing to the creation of shareholder value; relevant experience, the ability to appreciate the wider picture of the Group's business; ability to ask probing operational related questions; high ethical standards; sound practical sense; and total commitment to furthering the interests of shareholders and achievement of the Group's goals. In addressing this, the Board shall consider recommendations by the Nomination Committee pertaining to nominees for directorship in the Company.

As the Company was recently listed, none of the Independent Non-Executive Directors had served the Company for a cumulative term of nine (9) years.

The Board acknowledges the recommendations of the MCCG on the establishment of a gender diversity policy. However, there is no formality to implement a gender diversity policy or target. The Board advocates non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group, which includes the selection of Board members. The Company believes in providing equal opportunity to candidates with merits.

There are presently two (2) female directors who are both active participants on the Board. The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's competency, skills, experience, expertise, time commitment, integrity and other qualities in meeting the needs of the Company.

Board Committees

To assist in the discharge of its stewardship role, the Board has established three (3) Board Committees to examine specific issues within their respective terms of reference ("TOR") which have been approved by the Board and to report to the Board with their recommendations.

The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the MMLR of Bursa Securities and the MCCG.

(a) Audit and Risk Management Committee ("ARMC")

The ARMC is formed to play a crucial role in corporate governance process, a process that is one of the cornerstones of shareholders' protection. Board may delegate, but not abdicate its responsibilities to the ARMC. The ARMC is also responsible for overseeing risk management framework and policies of the Group.

The ARMC should assume four fundamental responsibilities:-

- Assessing the risks and control environment;
- Overseeing financial reporting;
- Evaluating the internal and external audit process; and
- Reviewing conflict of interest situations and related party transactions.

For details of its composition and activities during the financial year ended 2021, please refer to the ARMC Report on pages 49 to 50 of this Annual Report.

(b) Nomination Committee ("NC")

The NC was established by the Board on 25 June 2021. The NC comprised of three (3) members, all of whom are Independent Non-Executive directors. The NC members are as below: -

Chairperson	:	**Dato' Yeow Wah Chin** *(Independent Non-Executive Director)*
Members	:	**Ms. Ho Kim Poi** *(Independent Non-Executive Director)* **Ms. Tan Ler Chin** *(Independent Non-Executive Director)*

The NC oversees matters relating to the nomination of new Directors, annually reviews the required mix of skills, experience, assessment of independent directors', reviews succession plans and, boardroom diversity; oversees training courses for directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

The NC have access to adequate resources and authority to discharge its duties and responsibilities, including seeking legal or other professional advice from independent legal advisors, experts or consultants, as it deems appropriate or necessary at the expense of the Company.

The Board will consider and decide on the appointment of a new director upon appropriate recommendation from the NC. For the assessment and selection of Directors, NC shall consider objective criteria, merit with due regard of prospective Directors' character, experience, competence, integrity and time availability, as well as the following factors:-

- industry skills, knowledge expertise, age, cultural background
- gender
- professionalism
- diversity
- contribution and performance
- in the case of candidates for the position of Independent Non-Executive Directors, the Board shall also evaluate the candidates' ability to discharge such responsibilities/ functions as are expected from Independent Non-Executive Directors

In identifying candidates for appointment of directors, the Board does not solely rely on recommendations from existing directors, management or major shareholders. The Board utilises independent sources to identify suitably qualified candidates.

The Board should use a variety of approaches and sources to ensure that it is able to identify the most suitable candidates for board position. This may include sourcing from a directors' registry and open advertisements or the use of independent search firms.

The Board is mindful of the importance for its members to undergo continuous training to keep abreast with changes in regulatory requirements and the impact of such regulatory requirements have on the Group.

Newly appointed director unless they have already attended the same, must attend Mandatory Accreditation Programme as prescribed in the MMLR as well as the IPO Dialogue hosted by Securities Commission Malaysia.

(c) Remuneration Committee ("RC")

The RC was established by the Board on 25 June 2021. The RC comprised of three (3) members, all of whom are Independent Non-Executive directors. The RC members are as below: -

Chairperson : **Mr. Oh Keng Leng**
(Independent Non-Executive Director)

Members : **Dato' Yeow Wah Chin**
(Independent Non-Executive Director)
Ms. Tan Ler Chin
(Independent Non-Executive Director)

The RC is responsible for reviewing and recommending the remuneration framework for Directors as well as the remuneration packages of Executive Directors, Non-Executive Directors and Senior Management to the Board, drawing from outside advice if necessary.

The remuneration packages are determined on the basis of the directors' and senior management's merit, qualification and competence, having regard to the Company's operating results, individual performance and comparable market statistics which shall be competitive and consistent with the Company's culture, objectives and strategy in order to attract and retain the right talent in the board and senior management for Company's long-term objectives.

Details of Directors' remuneration for the financial year ended 31 December 2021 in the Group are as follows:-

Company	Fee RM'000	Salaries, emoluments, and statutory contribution RM'000	Allowances RM'000	Bonuses RM'000	Benefit in-kinds RM'000	Total RM'000
Senheng New Retail Berhad						
Executive Directors						
Lim Kim Heng	-	-	-	-	-	-
Lim Kim Chieng	-	-	-	-	-	-
Non-Executive Directors						
Lim Kim Yew	60	-	-	-	-	60
Dato' Yeow Wah Chin	53	-	1	-	-	54
Oh Keng Leng	53	-	1	-	-	54
Ho Kim Poi	66	-	1	-	-	67
Tan Ler Chin	53	-	1	-	-	54

Group	Fee RM'000	Salaries, emoluments, and statutory contribution RM'000	Allowances RM'000	Bonuses RM'000	Benefit in-kinds RM'000	Total RM'000
Executive Directors						
Lim Kim Heng	-	1,341	3	120	42	1,506
Lim Kim Chieng	-	1,262	3	120	42	1,427
Non-Executive Directors						
Lim Kim Yew	60	104	1	40	9	214
Dato' Yeow Wah Chin	53	-	1	-	-	54
Oh Keng Leng	53	-	1	-	-	54
Ho Kim Poi	66	-	1	-	-	67
Tan Ler Chin	53	-	1	-	-	54

Board Charter

In performing its duties, the Board is guided by the Board Charter that sets amongst others its roles, composition, responsibilities, powers, board committees and board meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board's conducts and guide the business strategic initiative of the Group.

The Board Charter was adopted on 25 June 2021 which aims to ensure that all Board members understand their duties and responsibilities as well as the laws, regulations and best practices governing their conduct.

The Board Charter is to be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is accessible at the Company's website at **www.senheng.com**.

Separation of Roles between Chairman and President

The Chairman carries out a leadership role in the conduct of the Board and its relations to shareholders and other stakeholders. He is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board as a whole.

The key responsibilities of the Chairman of the Board include:-

- Provide leadership to lead the Board in its collective oversight of Management
- Leading the Board in establishing and monitoring good corporate governance in the Company
- Establish the agenda for Board meetings in consultation with the President and Company Secretary
- Ensure that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings
- Ensure that Executive Directors look beyond their executive functions and accept their full share of the responsibilities of governance
- Manage the interface between the Board and Management
- In conjunction with the President, undertake appropriate public relations activities to provide effective communication with stakeholders and to communicate their views to the Board

The President's primary objective is to seek to achieve the ongoing success of the Company through being responsible for all aspects of the management and development of the Company. The President is of critical importance to the Company in guiding the Company to develop new and imaginative ways of winning and conducting business and must possess industry knowledge and credibility to fulfill the requirements of the role.

Hence, there is a separation of the positions of the Chairman and President which promotes the accountability and facilitates the division of responsibilities between them.

Whistleblowing Policy

The Group has engaged BDO Governance Advisory and adopted the Whistleblowing Policy on 27 December 2021 to provide an avenue for concerned parties/stakeholders to raise their concerns about malpractices/improper conduct in a confidential manner and for the execution of inquiries into the reported concerns.

The Whistleblowing Policy sets out the proper policies and procedures to facilitate all Whistleblowers in disclosing any misconduct through a proper channel. A Whistleblower may lodge his/her complaint/allegation on bribery or corruption or any misconduct by writing to the BDO EthicsLine whistle-blower platform.

All reported concerns will be treated in confidentiality and are to be kept protected against any unauthorised use and access, except where applicable laws require its disclosures or where prior adequate notification has been given to the Whistle-Blower.

The Whistleblowing Policy and Procedures is available on the Company's website at **www.senheng.com**.

Anti-Bribery and Corruption Policy

The Group has adopted and implemented Anti-Bribery and Corruption Policy ("ABC Policy") on 27 December 2021 against all forms of bribery and corruption. Refusal to engage in bribery, refusal to participate in acts of corruption, actively raising concerns, or the reporting of possible wrongdoing, will not be penalised even if such actions may result in Senheng Group losing business, not meeting its targets or suffering disadvantage.

The ABC Policy was designed in line with the government's commitment to tackling corruption, improving integrity and implementing good corporate governance pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which was enforced on 1 June 2020, included the (Amendment) Act 2018.

The ABC Policy sets out Senheng Group's position on bribery in all its forms and matters of corruption that may be faced in the course of its operations and provide information and guidance on how to recognise and deal with potential acts of bribery and corruption.

Ethic Statement Regarding Anti-Bribery and Anti-Corruption

Every employee is covered by the Senheng's Human Resources Ethic Statement and the Anti-Bribery and Anti-Corruption Policy where this policy applies to all staff, officers, directors, and employees (including contractors and temporary workers/interns) in Senheng's business worldwide. It applies to Senheng's agents, suppliers, business partners, resellers, distributors, contractors, and other intermediaries acting on our behalf or representing Senheng. All activities carried out on Senheng behalf must be compliant with this policy regardless of local laws or culture. Senheng operates a policy of individual accountability.

Access to Information and Advice

The Board meets on a quarterly basis to review the business, operational and financial performance of the Group. Additional meetings are convened as and when necessary, to deliberate on matters requiring decision/approval of the Board.

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific request, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis to enable them to discharge their duties and responsibilities. The Board may also seek advice from the Management or request further explanation, information or update on any aspect of the Group's operations or business concerns.

All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting. The Board also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairperson of the Board Committees is responsible for informing the Board at each Board Meeting of any salient matters noted by the Committees and which may require the Board's attention or direction.

The Board members have access to the advice and services of the Company Secretaries and key senior management. The Board, whether as a full board or in their individual capacity, in the furtherance of their duties, may seek independent professional advice in discharge of their duties and obligations at the Company's expense.

Qualified Company Secretaries

The Board is supported by suitably qualified Company Secretaries who are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators and are qualified to act as a Company Secretaries under Section 241 of the Companies Act 2016.

The Company Secretaries play an advisory role to the Board for ensuring that the Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Board is regularly updated and apprised by the Company Secretaries whom provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.

All Board members have direct access to the advice and services of the Company Secretaries for the purpose of the Board's affairs and the business.

The Company Secretaries' roles are to:-

- ensuring that Board procedures and applicable rules are observed
- advising the Board on its roles and responsibilities
- facilitating the orientation of new Directors and assisting in directors' training and development
- maintaining records of the Board and ensuring effective management of the Company's records
- managing all Board and Board Committees meeting logistics, attending and preparing comprehensive minutes to document Board and Committee proceedings and ensuring conclusions are accurately recorded
- advising the Board on corporate disclosures and compliance with company and securities regulations and listing requirements
- monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations
- serve as a focal point for stakeholders' communication and engagement on corporate governance issues

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Attendance at Meetings

The attendance of the Directors at the Board and Board Committee meetings during the financial year under review are tabled as below:-

Name	Designation	Board	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Lim Kim Heng	Non-Independent Executive Chairman	3/3	-	-	-
Lim Kim Chieng	President/ Non-Independent Executive Director	3/3	-	-	-
Lim Kim Yew	Non-Independent Non-Executive Director	3/3	-	-	-
Dato' Yeow Wah Chin	Independent Non-Executive Director	2/2	-	-	-
Tan Ler Chin	Independent Non-Executive Director	2/2	1/1	-	-
Ho Kim Poi	Independent Non-Executive Director	2/2	1/1	-	-
Oh Keng Leng	Independent Non-Executive Director	2/2	1/1	-	-

Due to the fact that the Company was listed on 25 January 2022, there were no Nomination Committee and Remuneration Committee meetings held during the financial year ended 31 December 2021.

Remuneration of Senior Management

The number of top five (5) key senior management whose total remuneration falls within the following bands for the financial year ended 31 December 2021 are as follows:-

	Remuneration Band (in band of RM50,000)	
Number of Key Senior Management	**Remuneration (RM)**	**Benefit-in-kind (RM)**
1	750,000-800,000	0-50,000
1	550,000-600,000	0-50,000
2	500,000-550,000	0-50,000
1	450,000-500,000	0-50,000

Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Programme as prescribed in the Listing Requirements as well as the IPO Dialogue hosted by Securities Commission Malaysia.

Besides, the Directors have been enthusiastic in keeping abreast with the latest corporate governance practices, relevant legislations and regulations, and financial reporting standards in discharge of their fiduciary duties in the best interests of the Company. By doing so, the Board members have attended the following trainings/seminars/conferences in the FY2021 listed as below:-

Directors' Name	Title of Training
Ho Kim Poi	• Risk, Strategy and Governance - Integrated thinking in Long term Value Creation • Asian Outlook 2021 • Investing Basics • Finance for Non-Finance Course • ESG Governance • ESG: What Matters to You • Board & Audit committee Priorities • Implementing amendments in the Malaysian Code of Corporate governance • The New Reality of Cyber Hygiene • Building Enterpreneural Efficacy • Land Acquisition Appeals: From the High Court to the Court of Appeal • 2022 Malaysian Budget • Flexible Working Arrangement: Legal Issues & Concerns
Oh Keng Leng	• Avoiding Transfer Pricing Mistakes • Malaysian Service Tax on Digital • Updates on Service Tax • Latest Tax Audit Issues Faced by Taxpayer • An Introduction to Cybersecurity • KPMG Tax: 2021 Year in Review and 2022 The Way Forward • EY Budget 2022 Webinar • Business Sustainability: Survival Strategies • Flexible Working Arrangement: Legal Issues & Concerns
Tan Ler Chin	• Building Experience in Climate Related Financial Reporting

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit and Risk Management Committee ("ARMC") was established on 25 June 2021 in order to accurately reflect the powers of oversight over the risk management matters delegated to the ARMC.

The ARMC consists of three (3) members of the Board, all of whom are Independent Non-Executive Directors.

The external auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC. At least once a year, the ARMC will have a separate session with the external auditors without the presence of the Executive Directors and Management.

The external auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors had provided the declaration in their annual audit plan presented to the ARMC of the Company.

The ARMC has assessed the suitability and independence of the External Auditors. and was satisfied that the external auditors have been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the ARMC and the Group.

Report of the ARMC is set out in later part of this Annual Report.

Risk Management and Internal Control Framework

In safeguarding the interests of shareholders and for the protection of assets of the Group, the Board and the Management recognize and acknowledge the existence of threats where every possibility of a failure to internal control or any inadequate framework might result to adversarial situations. To this end, the Group seeks to identify, develop, implement and maintain a clockwork-like system as the Company's risk management framework and internal control. The Board, under the advisory and guidance of ARMC, is under the constant motion of assessing and examining the effectiveness and efficiency of such framework and internal control.

The risk management framework and internal control involves every aspect of the Group's operation, ranging non-exhaustively from compliance, operational, financial and technological, as the Group intends to proactively search for alternative methods to improve efficiency and eliminate weaknesses from the general operation of the Group.

The expertise of ARMC serves as to be an assurance to potential investors and shareholders of the Group as ARMC is tasked to assess risks from all angles of the Group and provides a comprehensive report for the benefit of the Board to utilise the collective information to make informed decisions as and when necessary. Further details on the methods of risk management can be found under the Statement on Risk Management and Internal Control in this Annual Report.

With this in mind, after an intricate review of the adequacy and effectiveness of the Group's risk management and internal control system for the FY2021, the Board is of the view that the risk management and internal control system laid down is deemed satisfactory and there were no material losses incurred as a result of internal control weakness or adverse compliance events.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Engagement with Stakeholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, the Board maintains an effective communications policy that enables both the Board and Management to communicate effectively with shareholders, stakeholders and the general public.

The Group maintains a corporate website, **www.senheng.com** to disseminate information and enhance its investor relations. All timely disclosures, material information and announcements made to Bursa Securities are published on the website shortly after the same is released by the Company.

Conduct of General Meetings

The Company's Annual General Meeting ("AGM") serves as a principal forum for shareholders dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions.

The forthcoming AGM will be the first AGM of the Company as a public listed company.

A notice period of at least 28 days is given prior to the AGM in line with Practice 13.1 of the MCCG to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed.

In line with the Paragraph 8.29A of the MMLR, all resolutions tabled at general meetings will be voted by way of poll. It also provides that an independent scrutineer shall be appointed to validate the votes cast. The outcome of the AGM are to be announced to Bursa Securities on the same day the meeting is held.

The Company will ensure that all Board members, Management team and External Auditors are available to respond to any enquiries from the shareholders during the AGM and any other general meetings.

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is satisfied that the Company, though listed on 25 January 2022 has substantially complied with and applied with the principals and recommendations of the MCCG, where necessary and appropriate. In pursuit of safeguarding the interest of the shareholders and stakeholders, the Board is committed and will continue to strengthen its application of the best practices in the corporate governance.

This Statement on Corporate Governance has been approved by the Board of Senheng on 25 April 2022.

AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The principal objective of the Audit & Risk Management Committee ("ARMC") is to assist the Board in discharging certain of its statutory duties and responsibilities in relation to financial, accounting and reporting practices and to ensure proper disclosure to the shareholders of the Company.

COMPOSITION AND DESIGNATION OF ARMC MEMBERS

The ARMC was established by the Board on 25 June 2021. The ARMC comprised of three (3) members, all of whom are Independ ent Non-Executive directors. The ARMC members are as below:-

Chairperson : **Ms. Ho Kim Poi**
(Independent Non-Executive Director)

Members : **Mr. Oh Keng Leng**
(Independent Non-Executive Director)
Ms. Tan Ler Chin
(Independent Non-Executive Director)

At least one (1) member of the ARMC:-

a) must be a member of the Malaysian Institute of Accountants ("MIA"); or

b) have at least 3 years' working experience and:-
- must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
- must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

c) fulfils such other requirements as prescribed or approved by the Exchange.

No alternate director is appointed as a member of the ARMC.

TERMS OF REFERENCE

The details of the terms of reference of the ARMC are available for reference at **www.senheng.com**.

MEETINGS AND ATTENDANCE

The ARMC held one (1) meeting during the financial year ended 31 December 2021 prior to the listing date of our Group on 25 January 2022. The Group's External Auditors attended the meeting where they were invited to discuss matters related to the statutory audit for the FY 2021. The attendance of each member at the ARMC meetings is as follows:-

Members	Attendance
Ho Kim Poi	1/1
Oh Keng Leng	1/1
Tan Ler Chin	1/1

SUMMARY OF ACTIVITIES OF THE ARMC DURING THE FINANCIAL YEAR

In preparation for the Company's initial public offering, the following activities were carried out during FY 2021 and in respect of the financial statements for FY 2021:-

- Reviewed the unaudited consolidated quarterly report of the Group for recommendation to the Board for approval prior to submission to Bursa Securities.
- Reviewed the Company's compliance in particular the quarterly and year end financial statements with the Listing Requirements of the Bursa Securities, applicable approved accounting standards and other legal and regulatory requirements.
- Reviewed the related party transactions entered into by the Group.
- Reviewed the report from the External Auditors arising from the final audit for FYE 2021 and had private session with the External Auditors to discuss on any matters arising from the final audit and assistance provided by management to them during the course of audit.
- Reported to the Board on significant issues and concerns discussed during the ARMC meetings.
- Reviewed the suitability and independence of the External Auditors and recommend to the Board on the re-appointment of the external auditors.

INTERNAL AUDIT FUNCTION

The Group, upon listing on 25 January 2022, outsources its internal audit function to KPMG Management & Risk Consulting Sdn Bhd ("KPMGMRC"), an established external professional internal audit firm. The internal audit function reviews the risk management, internal control, anti-corruption, whistleblowing and governance processes objectively and it is independent from the management of the Group and the functions which it audits.

The internal audit team reports the audit findings and recommendation, with Management Action Plan to the ARMC. It performs follow-up on the status of implementation by Management of the Group on the observations raised in preceding cycles of internal audit, and reports the status of corrective actions undertaken to the ARMC on a quarterly basis.

The internal audit function is led by Mohd Khaidzir Shahari, a Certified Internal Auditor ("CIA"), The Institute of Internal Auditors, Inc ("IIA"), Board of Governors, Institute of Internal Auditors Malaysia ("IIA Malaysia"), Chairman of Research and Technical Advisory Committee, IIAM, Professional member, IIA Malaysia, Chartered Accountant, Malaysia Institute of Accountants ("MIA"), Member, Islamic Finance Committee, Certified Global Management Accountant, Chartered Institute of Management Accountant, and Bachelor in Accounting, International Islamic University (Hons), Malaysia. A total of six (6) personnel were deployed by KPMG MRC for the internal audit work during the financial year ending 31 December 2022.

The Internal Audit activities during the upcoming financial year ending 31 December 2022 is summarised below:-

- Established the annual internal audit plan and proposed the plan to the ARMC
- Performing follow-up reviews to assess if proper action has been taken to address issues highlighted in previous audit reports; and
- Presenting significant audit findings, recommendation and Management's responses to the ARMC for consideration

The total cost to be incurred for internal audit function for the upcoming financial year ending 31 December 2022 is RM200,000.00.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS

The Company was listed on the Main Market of Bursa Securities on 25 January 2022 in conjunction with its Initial Public Offering ("IPO"), where the Company undertook a public issue of 250,000,000 new ordinary shares at an issue price of RM1.07 per share, resulting in an entire enlarged issued share capital of the Company comprising of 1,500,000,000 ordinary shares.

The proceeds raised from the IPO amounting to RM267,500,000 shall be utilized in the following manner:-

Utilisation of proceeds

Details of use of proceeds	Timeframe	RM	%	Utilisation RM	Balance RM	
Enhance customer experience via upgrading and expanding our chain of retail stores	Within 36 months	**160,500,000**	**60.0%**	**1,887,337**	**158,612,663**	**98.8%**
Repayment of bank borrowings	Within 6 months	**46,000,000**	**17.2%**	**-**	**46,000,000**	**100.0%**
Develop new brand distribution business	Within 36 months	**22,000,000**	**8.2%**	**2,835,714**	**19,164,286**	**87.1%**
Expand and upgrade our warehouse & logistics network	Within 36 months	**20,000,000**	**7.5%**	**3,807,770**	**16,192,230**	**81.0%**
Boost our digital infrastructure	Within 36 months	**9,700,000**	**3.6%**	**996,002**	**8,703,998**	**89.7%**
Estimated listing expenses	Within 3 months	**9,300,000**	**3.5%**	**9,178,607**	**121,393**	**1.3%**
		267,500,000	**100.0%**	**18,705,430**	**248,794,570**	**93.0%**

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2021, the amount of audit fees paid to the external auditors on the Company and Group basis were RM13,000.00 and RM214,312.00 respectively.

The non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the external auditors' firm by the Company during the financial year ended 31 December 2021 on the Company and Group basis were RM35,000.00 and RM926,257.00 respectively.

The details of the payment are set out below:-

	Company (RM)	Group (RM)
Audit Fees	**13,000**	**214,312**
Non-Audit Fees		
- BDO	**34,000**	**847,621**
- BDO Affiliate	**1,000**	**78,636**
Total	**48,000**	**1,140,569**

MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts entered into by the Company and/or its subsidiary companies involving the interests of Directors and major shareholders, which subsisted at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

1. Share Sale Agreement dated 28 June 2021 entered into between the Company as Purchaser and Lim Kim Heng, Lim Kim Chieng and Lim Kim Yew and SQ Digital Sdn Bhd as Vendors for the acquisition of 100% equity interest in Senheng Electric (KL) Sdn Bhd for a purchase consideration of RM166,206,168 satisfied by the issuance of 166,206,168 new shares in the Company at an issue price of approximately RM1.00 per share, which was completed on 25 November 2021.

RECURRENT RELATED PARTY TRANSACTION ("RRPT")

The RRPTs of the Group have been entered into in the normal course of business. The Company will be seeking its first shareholder's mandate for the RRPTs, following its listing on 25 January 2022, at its forthcoming 1st Annual General Meeting to be held on 24 June 2022. The details of the proposed shareholder's mandate for RRPTs to be entered by the Group with the related parties are disclosed in Section 2.6 of the Circular to Shareholders dated 29 April 2022, which includes the name of the related parties and the Company's relationship with the related parties.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control for the financial year ended 31 December 2021 is made in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. The Board of Senheng New Retail Berhad ("Board") is committed to maintain and continuously improve the system of risk management and internal control for Senheng New Retail Berhad and its subsidiaries ("Group"), and is pleased to provide the following statement which outlines the nature and scope of risk management and internal controls of the Group during the year under review.

BOARD RESPONSIBILITY

The Board recognises the importance of proper risk management practice and internal controls to safeguard shareholders' interests and Group's assets. The Board acknowledges its responsibility for the Group's risk management and internal control, which includes establishment of an appropriate risk management and internal control framework, disclosing of the features of the risk management and internal control framework, as well as to review the adequacy and effectiveness of the frameworks from time to time. In discharging its duty, the Board has assigned the management to have in place a systematic process of identifying, analysing, evaluating, monitoring and managing significant risks faced by the Group in the midst of pursuing its objectives. The process is designated to provide the Board with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Group's objectives is mitigated and well managed.

In view of the inherent limitation to any system of risk management and internal control, the Board recognises that the system is designed to manage risks within acceptable limits and to minimise impact, rather than to completely eliminate risk at the expense of the Group's achievement of its business objectives. As such, the system can only provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

Based on the assurance provided and routine reviews, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Group's financial statements, are adequate and effective to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

In line with Practice 10.1 & 10.2 of the Malaysian Code on Corporate Governance ("MCCG"), the Board has established and disclosed a structured risk management framework with the function of identifying, evaluating, to control, monitor and report significant business risks faced by the Group, where the updated risk profiles of the Group concerned are tabled to the Audit & Risk Management Committee ("ARMC") for deliberation and action plans to be taken by the Management in mitigating the risks. The Compliance & Risk Management Framework is to implement effective corporate governance, enterprise risk management and corporate compliance with applicable laws and legislation. The Compliance & Risk Management Framework consists of the following four (4) crucial components:-

Risk Identification

Risk assessments are undertaken by the pivotol employees of the Company together with Corporate Compliance & Management Division ("CCM") which includes the input of the respective Division Heads and Head of Department ("Key Employees") to identify and update risks profile in terms of likelihood of exposures, the risks of non-compliance and impact on the Group's business as well as the Management action plans to manage these risks on a continuing basis.

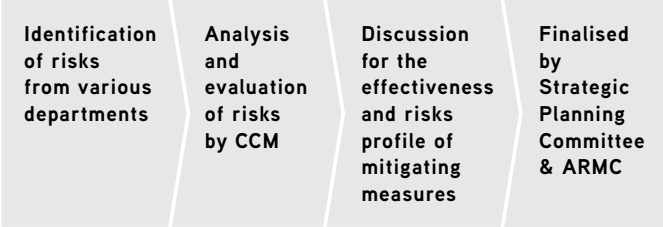
Risk Evaluation

CCM Division ensures that Annual Compliance Plans are completed by Key Employees documenting their compliance responsibilities; reporting, training requirements, and details of compliance risks rated 'Medium' or above. By completing and signing off of this Annual Compliance Plan, it acknowledges that a Department recognizes the compliance requirements and obligations related to their area, that they will effectively manage the risks within acceptable limits associated with the compliance requirements.

Risk Treatment

The significant risk issues evaluated by the Key Employees and CCM are discussed at ARMC meetings. The ARMC reviews the Group's risks profile and effectiveness of the mitigating measures or management action plans that implemented by Management and reports to the Board where the analysis of the identified risks shall be determined how likely a non-compliance could occur and its consequence in the event of its occurrence.

Risk Monitoring and Review



The CCM oversees the assessment of processes relating to the Group's risk management and internal control system and ensures the Management has implemented and follows a robust risk management framework, where all assessment processes are aligned with the Company's Risk Management Policy and Guidelines. Its principal roles and responsibilities are as follows:-

(a) Developing and maintaining the Compliance Management Policy, Framework and operating procedures, making sure that expectations for managing compliance are properly documented, readily available to and clearly understood by relevant management and employees
(b) Continually reviewing and assessing the appropriateness and effectiveness of the Compliance Management Framework in identifying and managing compliance obligations
(c) Regularly reporting on compliance management issues any breaches to Management and the ARMC
(d) Promoting a culture of compliance management and control throughout the Company
(e) Communicating and implementing the Compliance Management Framework and Policy across the Company

The Compliance & Risk Management framework outlines the Group's risk management system, defines management's responsibilities via risk accountability structure and reporting structure, and sets the Group's risk appetite and risk tolerance.

KEY INTERNAL CONTROL PROCESSES

The Board and Management have taken various steps to establish a control environment that covers integrity and ethical values of the Group, the governance structure at both the Board and Management level that would allow the discharge of their respective duties and assignment of authority and responsibility. Some of the key elements of the Group's system of internal control comprises the following:-

Organization Chart

The Board established a well-defined Organization Chart which specifies clear lines of authority, accountability and responsibilities of each level of the Company's personnel, led by the Non-Independent Executive Chairman and Non-Independent Executive Director who are in charge of day to day operation of the Company and execution of the Group's strategies and achievement of objectives.

With the Organization Chart, there is an established and effective segregation of duties via reviews and reconciliation activities to prevent human errors, fraud and abuses.

Anti-Bribery and Corruption Policy

The Group has adopted a zero-tolerance policy against all forms of bribery and corruption in all our dealings and strictly prohibits Directors and employees of the Group from committing any form of bribery and corruption. This policy has been developed as part of the Group's Anti-Bribery Management System, which has been designed to help prevent, detect and address bribery and corruption, by establishing a good corporate culture with integrity, transparency and with strict compliance to legislation and regulations.

All employees, directors and any personnel of the Group discharging duties on behalf of the Group are informed of the features and details of this Policy. The Group has also been conducting trainings on this Policy which form part of the induction process for all new employees and directors.

Whistleblowing Policy

The Group has established a Whistleblowing Policy which provides an avenue for internal and external stakeholders to raise their concerns about any malpractices or improper conduct in a confidential manner without fear of retaliation or any unfair treatment. The Policy is designed to allow any internal or external stakeholders to report any perceived breach of any legislation or regulation, including the Group's policies and regulatory framework, via appropriate channel for further actions to be deliberated following by execution of inquiries into the reported matters.

The Policy sets out whistleblowing procedures and reporting hierarchy, as well as the protection provided to whistleblowers who have reported in good faith, from unfair treatment or practices as displayed in the Policy in a non-exhaustive list.

To demonstrate commitment to efficient and independent handling of whistleblowing matters, the Group has also engaged BDO Governance Advisory Sdn Bhd to play an independent role in facilitating investigation process.

Statement on Risk Management and Internal Control (Cont'd)

Board Committees

The Board has established several committees to oversee the various functions within the Group which include the ARMC, Nomination Committee and Remuneration Committee. These Committees have been delegated with specific duties to review and consider all matter within their scope of responsibility as defined in their respective terms of reference.

During the financial year ended 31 December 2021, the Board and the ARMC met once a year to discuss on audit planning, update on Malaysian Code of Corporate Governance and reviewing of quarterly financial results. After listing, the Board and ARMC will meet every quarter to discuss about operational and internal audit updates on adequacy of risk management and internal control mechanism in place. The ARMC also review the effectiveness of the internal audit function in strengthening internal control of the Company and to ensure that the Company adopts best corporate governance practices.

INTERNAL AUDIT FUNCTION

The Company was listed on the Main Market of Bursa Securities on 25 January 2022 ("Listing"). Upon listing, the Group outsources its internal audit function to an independent consulting firm Messrs. KPMG Management & Risk Consulting Sdn Bhd to provide an independent review of internal control and to report to the ARMC directly on the Company's financial reporting process, internal controls, risk management and governance.

All reports from the internal audit reviews carried out by the internal auditor are to be presented to the ARMC in the ARMC Meeting, with recommendation of corrective action to be undertaken by the Management, if any.

In performing the internal audit review, the Internal Auditors refer to and are guided by The International Professional Practices Framework ("IPPF") that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

In pursuant to Paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the Audit and Assurance Practice Guide 3 (AAPG 3): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the financial year ended 31 December 2021.

Based on the external auditors review, nothing has come to their attention that causes them to believe that this Statement is not prepared, in material respects, in accordance to the disclosure requirements set out under Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor being factually inaccurate.

CONCLUSION

The Board recognizes that the risk management and internal control system, however well-designed, can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud. However, the Board and ARMC, are committed to maintaining as far as is practical, a proper system of risk management and internal control that is aligned to and reflective of current Group's business needs and can support the achievement of the Group's strategic objectives.

The Board has received assurance from the Executive Director and Chief Financial Officer that the Group's risk management and internal control system is operating effectively, in all material respects for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

The statement has been approved by the Board on 25 April 2022.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Companies Act 2016 ("the Act") and Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Directors are required to prepare the financial statements for each financial year in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards ("IFRSs") and the requirements of the Act in Malaysia.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.
In preparing the financial statements, the Directors ensured that the Management has:

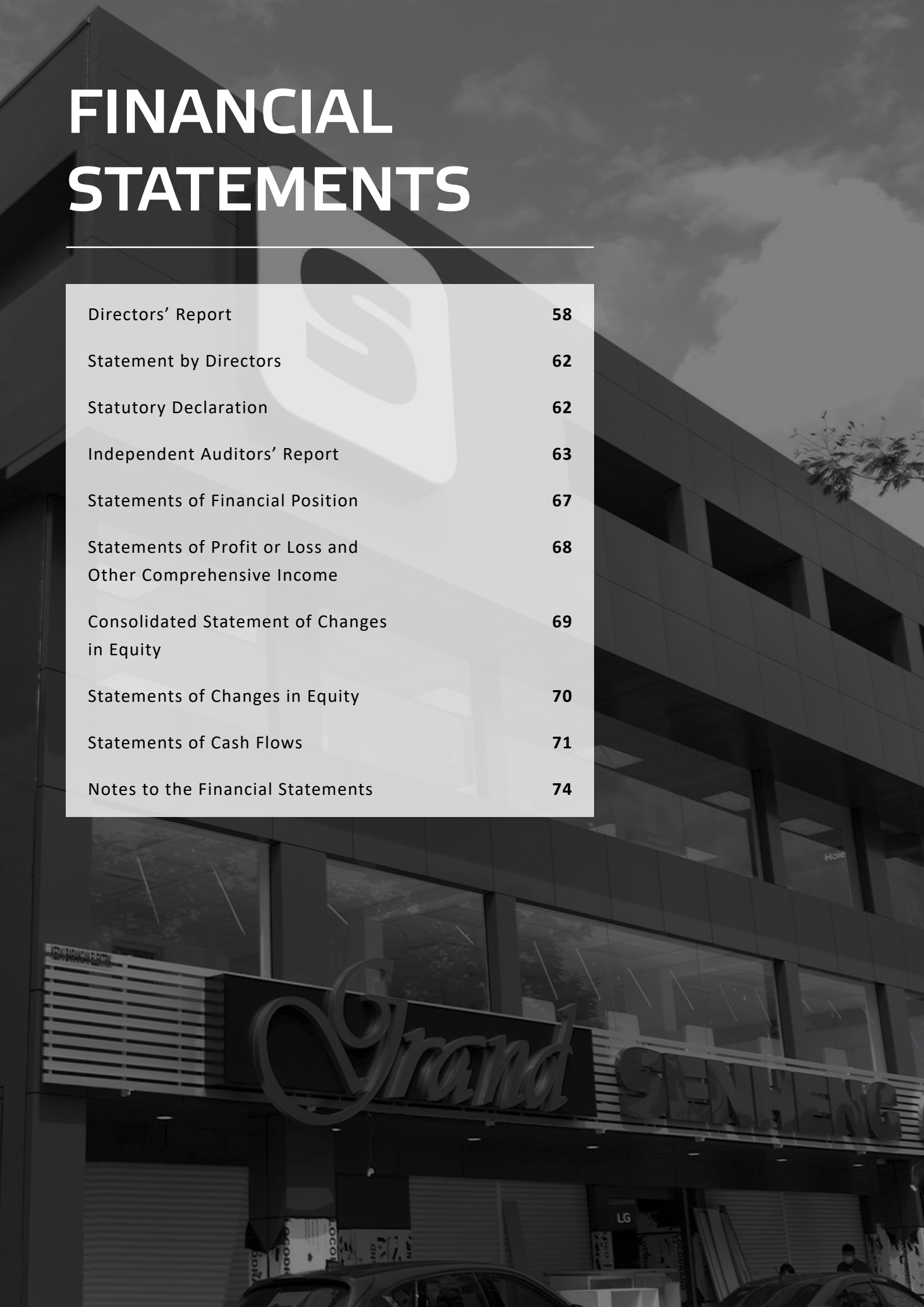
- adopted appropriate accounting policies in accordance with applicable approved accounting standards and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors have the responsibility to ensure that the Group to keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the provisions of the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

This Statement is approved by the Board of Directors on 25 April 2022.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

DIRECTORS' REPORT

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 31 December 2021 and financial period from 21 May 2021 (date of incorporation) to 31 December 2021 respectively.

DATE OF INCORPORATION AND PRINCIPAL ACTIVITIES

The Company was incorporated on 21 May 2021 under the Companies Act 2016 as a public limited company, and domiciled in Malaysia.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 11 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial period.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year/period	**65,256,477**	**(377,118)**

DIVIDENDS

On 28 February 2022, the Board of Directors declared a first interim single tier dividend of RM0.013 per ordinary share amounting to RM19,578,743 for the financial period ended 31 December 2021, which is payable on 29 April 2022 to shareholders of the Company whose names appear in the Record of Depositors on 12 April 2022. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Directors do not recommend the payment of any final dividend in respect of the financial period ended 31 December 2021.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those presented in the statements of changes in equity.

ISSUE OF SHARES AND DEBENTURES

The Company was incorporated on 21 May 2021 with an issued and paid up share capital of RM3 comprising 3 ordinary shares of RM1.00 each.

During the financial period, the Company increased its issued and paid-up share capital from RM3 to RM166,206,171 by way of an issuance of 166,206,168 new ordinary shares for a total consideration of RM166,206,168 as full payment for the acquisition of the entire issued and paid-up share capital of Senheng Electric (KL) Sdn. Bhd..

The Company had further carried out a subdivision of 166,206,171 existing shares into 1,250,000,000 shares on 26 November 2021.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company. The Company did not issue any debentures during the financial period.

DIRECTORS

The Directors who have held office since the date of incorporation and up to the date of this report are as follows:

Senheng New Retail Berhad

Lim Kim Heng	First Director, appointed on 21 May 2021
Lim Kim Chieng	First Director, appointed on 21 May 2021
Lim Kim Yew	First Director, appointed on 21 May 2021
Dato' Yeow Wah Chin	Appointed on 14 June 2021
Tan Ler Chin	Appointed on 14 June 2021
Ho Kim Poi	Appointed on 14 June 2021
Oh Keng Leng	Appointed on 14 June 2021

Subsidiaries of Senheng New Retail Berhad

Lim Kim Heng
Lim Kim Chieng
Lim Kim Yew
Wong Che Hoe

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial period and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial period ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

		[---------- Number of ordinary shares ----------]				
Shares in the Company	**Note**	**Balance as at date of appointment**	**Bought**	**Allotment and subdivision**	**Sold**	**Balance as at 31.12.2021**
Direct interest:						
Lim Kim Heng		**1**	**-**	**126,799,999**	**-**	**126,800,000**
Lim Kim Chieng		**1**	**-**	**126,799,999**	**-**	**126,800,000**
Lim Kim Yew		**1**	**-**	**126,799,999**	**-**	**126,800,000**
Deemed interest:						
Lim Kim Heng	**(a)**	**-**	**-**	**869,600,000**	**-**	**869,600,000**
Lim Kim Chieng	**(a)**	**-**	**-**	**869,600,000**	**-**	**869,600,000**
Lim Kim Yew	**(a)**	**-**	**-**	**869,600,000**	**-**	**869,600,000**

(a) Deemed interested by virtue of their interest in SQ Digital Sdn. Bhd., applying Section 8(4) of the Companies Act 2016.

By virtue of their interests in the ordinary shares of the Company, Lim Kim Heng, Lim Kim Chieng and Lim Kim Yew are also deemed to be interested in the ordinary shares of the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial period held any interests in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the date of incorporation, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) 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, other than the following:

(a) certain Directors who may be deemed to derive benefits by virtue of transactions entered into with companies in which certain Directors have financial interests as disclosed in Note 30 to the financial statements; and

(b) certain Directors who received remunerations from the subsidiaries as Directors of the subsidiaries.

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

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 29 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There were no indemnity given to or insurance effected to any Directors, officers or auditors of the Group and of the Company during the financial period.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL PERIOD

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
   (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL PERIOD TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:
   (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any material extent;
   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
   (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(II) FROM THE END OF THE FINANCIAL PERIOD TO THE DATE OF THIS REPORT (CONTINUED)

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial period which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial period to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial period.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

HOLDING COMPANY

The Directors regard SQ Digital Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

Significant event during the financial period is disclosed in Note 35 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events subsequent to the end of the reporting period is disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial period/year ended 31 December 2021 are disclosed in Note 25 to the financial statements.

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

.....

Lim Kim Chieng
Director

.....

Lim Kim Heng
Director

Kuala Lumpur
25 April 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 67 to 131 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2021 and financial period from 21 May 2021 (date of incorporation) to 31 December 2021 respectively.

On behalf of the Board,

.....
Lim Kim Chieng
Director

.....
Lim Kim Heng
Director

Kuala Lumpur
25 April 2022

STATUTORY DECLARATION

I, Lim Kim Chieng, being the Director primarily responsible for the financial management of Senheng New Retail Berhad, do solemnly and sincerely declare that the financial statements set out on pages 67 to 131 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
25 April 2022) **Lim Kim Chieng**

Before me:

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Senheng New Retail Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and 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 ended 31 December 2021 and financial period from 21 May 2021 (date of incorporation) to 31 December 2021 respectively, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 131.

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 31 December 2021, and of their financial performance and their cash flows for the financial year ended 31 December 2021 and financial period from 21 May 2021 (date of incorporation) to 31 December 2021 respectively in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 financial year ended 31 December 2021 and financial period from 21 May 2021 (date of incorporation) to 31 December 2021 respectively. 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.

(a) Recognition of right-of-use assets and lease liabilities

As at 31 December 2021, the Group had recognised right-of-use assets and lease liabilities for leases of Group with carrying amounts of RM87,444,013 and RM80,458,944 respectively as disclosed in Note 9 to the financial statements.

We have determined this to be a key audit matter because it requires management to exercise significant judgements for specific assumptions applied in determining right-of-use assets and lease liabilities. The specific assumptions include the determination of appropriate discount rates and assessment of lease terms, including renewal and termination options of the leases.

Audit response

Our audit procedures included the following:

(i) Obtained an understanding of the design and implementation of key controls pertaining to the recognition of leases;
(ii) Assessed the appropriateness of the discount rates applied in determining lease liabilities based on the lease contracts and relevant inputs;

Key Audit Matters (continued)

(a) Recognition of right-of-use assets and lease liabilities (continued)

Audit response (continued)

Our audit procedures included the following: (continued)

(iii) Assessed the appropriateness of the assumptions applied in determining the lease terms of the lease liabilities, including renewal and termination options of the leases;
(iv) Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information; and
(v) Assessed the appropriateness of applying the requirements of Amendment to *MFRS 16 COVID-19-Related Rent Concessions*.

(b) Carrying amount of inventories at the lower of cost and net realisable value

Inventories of the Group as at 31 December 2021 amounted to RM253,940,687 of which RM13,448,353 are stated at net realisable value as disclosed in Note 15 to the financial statements.

We have determined this to be a key audit matter due to significant judgements made by management in their assessment of the current selling prices and future customers demand to evaluate the adequacy of write down of the inventories to their net realisable values.

(i) Obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value used in the valuation of inventories; and
(ii) Assessed the appropriateness of inventories written down, inventories written off and inventories written back by verifying sales subsequent to the end of the reporting period.

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

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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 MFRSs, IFRSs 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 ISAs 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 decision 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

(a) 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.

(b) 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 internal control of the Group and of the Company.

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

(d) 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 and the Company to cease to continue as a going concern.

(e) 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 achieves fair presentation.

(f) 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.

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Campanies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

.....
Ng Soe Kei
02982/08/2023 J
Chartered Accountant

Kuala Lumpur
25 April 2022

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM
ASSETS				
Non-current assets				
Property, plant and equipment	8	**108,351,158**	96,429,977	-
Right-of-use assets	9	**87,444,013**	82,392,168	-
Intangible assets	10	**15,177**	4,930	-
Investments in subsidiaries	11	-	-	**166,206,168**
Other investments	12	**2,921,311**	15,104,977	-
Deferred tax assets	13	**24,675,260**	26,063,925	-
Other receivables	14	**47,720,743**	69,531,117	-
		271,127,662	289,527,094	**166,206,168**
Current assets				
Inventories	15	**253,940,687**	211,379,805	-
Other investments	12	**37,277,432**	12,968,291	-
Trade and other receivables	14	**88,776,952**	74,281,913	**1,416,877**
Current tax assets		**32,200**	-	-
Cash and bank balances	16	**51,742,236**	68,755,267	**66,107**
		431,769,507	367,385,276	**1,482,984**
TOTAL ASSETS		**702,897,169**	656,912,370	**167,689,152**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	17	**166,206,171**	1,000,003	**166,206,171**
Reserves	18	**67,458,132**	165,206,168	**(377,118)**
TOTAL EQUITY		**233,664,303**	166,206,171	**165,829,053**
LIABILITIES				
Non-current Liabilities				
Lease liabilities	9	**55,809,057**	49,145,179	-
Deferred tax liabilities	13	**1,800**	1,827	-
Borrowings	19	**40,052,841**	40,737,355	-
Provision for restoration costs	21	**5,054,468**	8,640,923	-
Contract liabilities	23	**91,130,938**	138,821,782	-
		192,049,104	237,347,066	-
Current Liabilities				
Trade and other payables	22	**170,465,611**	124,813,307	**1,860,099**
Lease liabilities	9	**24,649,887**	25,667,184	-
Provision for restoration costs	21	**1,284,860**	1,661,326	-
Contract liabilities	23	**63,571,442**	84,158,058	-
Borrowings	19	**16,944,019**	14,455,062	-
Current tax liabilities		**267,943**	2,604,196	-
		277,183,762	253,359,133	**1,860,099**
TOTAL LIABILITIES		**469,232,866**	490,706,199	**1,860,099**
TOTAL EQUITY AND LIABILITIES		**702,897,169**	656,912,370	**167,689,152**

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2021

		Group		Company
		1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	21.5.2021 to 31.12.2021
	Note	RM	RM	RM
Revenue	24	**1,444,115,080**	1,294,768,630	-
Cost of sales		**(1,140,467,114)**	(1,024,768,361)	-
Gross profit		**303,647,966**	270,000,269	-
Other operating income		**16,419,050**	13,270,738	-
Net loss on impairment of financial assets		**(3,352,083)**	(1,007,410)	-
Operating and administrative expenses		**(228,946,140)**	(204,930,055)	**(375,779)**
Interest income		**1,718,570**	1,681,087	-
Finance costs		**(4,963,071)**	(5,400,078)	**(1,339)**
Profit/(Loss) before tax	25	**84,524,292**	73,614,551	**(377,118)**
Tax expense	26	**(19,267,815)**	(17,977,768)	-
Profit/(Loss) for the financial year/period, attributable to the owners of the Company		**65,256,477**	55,636,783	**(377,118)**
Other comprehensive income/(loss)				
Item that may be reclassified to profit or loss in subsequent period				
Foreign currency translations		**370,794**	(293,184)	-
Item that will not be reclassified to profit or loss in subsequent period				
Fair value gain of other investments at fair value through other comprehensive income (“FVTOCI”)		**1,830,861**	-	-
Other comprehensive income/(loss) for the financial year/period, net of tax		**2,201,655**	(293,184)	**(377,118)**
Total comprehensive income/(loss) attributable to the owners of the Company		**67,458,132**	55,343,599	**(377,118)**
Earnings per ordinary share attributable to equity holders of the Company:				
Basic earnings per ordinary share (sen)	27	**5.22**	4.45	
Diluted earnings per ordinary share (sen)	27	**5.22**	4.45	

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Share capital RM	Merger reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2020	1,000,003	-	-	(368,117)	122,230,686	122,862,572
Profit for the financial year	-	-	-	-	55,636,783	55,636,783
Other comprehensive loss, net of tax	-	-	-	(293,184)	-	(293,184)
Total comprehensive (loss)/income	-	-	-	(293,184)	55,636,783	55,343,599
Transaction with owners:						
Dividend (Note 28)	-	-	-	-	(12,000,000)	(12,000,000)
Balance as at 31 December 2020	1,000,003	-	-	(661,301)	165,867,469	166,206,171
Balance as at 1 January 2021	1,000,003	-	-	(661,301)	165,867,469	166,206,171
Profit for the financial year	**-**	**-**	**-**	**-**	**65,256,477**	**65,256,477**
Other comprehensive income, net of tax	**-**	**-**	**1,830,861**	**370,794**	**-**	**2,201,655**
Total comprehensive income	**-**	**-**	**1,830,861**	**370,794**	**65,256,477**	**67,458,132**
Transaction with owners:						
Issuance of shares for the acquisition of subsidiaries (Note 17)	**166,206,168**	**(165,206,168)**	**-**	**-**	**-**	**1,000,000**
Adjustment on the acquisition of subsidiaries (Note 17)	**(1,000,000)**	**-**	**-**	**-**	**-**	**(1,000,000)**
Balance as at 31 December 2021	**166,206,171**	**(165,206,168)**	**1,830,861**	**(290,507)**	**231,123,946**	**233,664,303**

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD FROM 21 MAY 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2021

Company	Share capital RM	Accumulated losses RM	Total equity RM
Balance as at 21 May 2021 (date of incorporation)	**3**	**-**	**3**
Loss for the financial period	**-**	**(377,118)**	**(377,118)**
Other comprehensive income, net of tax	**-**	**-**	**-**
Total comprehensive loss	**-**	**(377,118)**	**(377,118)**
Transaction with owners:			
Issuance of shares for the acquisition of subsidiaries (Note 17)	**166,206,168**	**-**	**166,206,168**
Balance as at 31 December 2021	**166,206,171**	**(377,118)**	**165,829,053**

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR/PERIOD ENDED 31 DECEMBER 2021

		Group		Company
		1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	21.5.2021 to 31.12.2021
	Note	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax		**84,524,292**	73,614,551	**(377,118)**
Adjustments for:				
Amortisation of intangible assets	10	**2,753**	170	**-**
Bad debts written off	25	**267,479**	-	**-**
Depreciation of property, plant and equipment	8	**11,090,197**	9,827,113	**-**
Depreciation of right-of-use assets	9	**28,160,287**	26,630,605	**-**
Dividend income	25	**(130,721)**	(330,263)	**-**
Gain on disposal of property, plant and equipment	25	**(1,400)**	(125,236)	**-**
Gain on disposal of other investments	25	**(390,372)**	-	**-**
Fair value adjustments on other investments	25	**221,320**	234,883	**-**
Interest expense on:				
- borrowings		**1,937,123**	2,075,667	**1,339**
- lease liabilities	9	**2,823,814**	2,999,005	**-**
- unwinding of discount on provision for restoration costs	21	**202,134**	325,406	**-**
Interest income		**(1,718,570)**	(1,681,087)	**-**
Inventories written down	15	**1,896,634**	6,379,841	**-**
Inventories written back	15	**(6,931,421)**	(5,708,585)	**-**
Impairment losses on trade and other receivables	14	**3,670,319**	1,425,854	**-**
Impairment losses on right-of-use assets	9	**-**	433,859	**-**
(Gain)/Loss on reassessments and modifications of leases	25	**(2,969,068)**	780,578	**-**
Property, plant and equipment written off	25	**307,533**	-	**-**
Rent concessions	9	**(1,098,465)**	(2,176,697)	**-**
Reversal of impairment losses on right-of-use assets	9	**(762,280)**	-	**-**
Reversal of impairment losses on trade and other receivables	14	**(318,236)**	(418,444)	**-**
Reversal of provision of restoration costs	21	**(39,050)**	(73,177)	**-**
Unrealised foreign exchange loss/(gain)	25	**1,227,918**	(1,056,359)	**-**
Operating profit/(loss) before changes in working capital		**121,972,220**	113,157,684	**(375,779)**
Increase in inventories		**(37,526,095)**	(40,336,668)	**-**
Decrease/(Increase) in trade and other receivables		**2,913,983**	(14,470,269)	**(1,416,877)**
Increase/(Decrease) in trade and other payables		**56,761,405**	(1,303,304)	**1,295,099**
(Decrease)/Increase in contract liabilities		**(68,277,460)**	10,014,193	**-**
Cash generated from/(used in) operations		**75,844,053**	67,061,636	**(497,557)**
Interest paid		**(1,937,123)**	(2,075,667)	**(1,339)**
Tax paid		**(20,247,630)**	(14,840,840)	**-**
Tax refund		**-**	8,480,683	**-**
Net cash from/(used in) operating activities		**53,659,300**	58,625,812	**(498,896)**

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows (Cont'd)

For the Financial Year/Period ended 31 December 2021

	Note	Group 1.1.2021 to 31.12.2021 RM	Group 1.1.2020 to 31.12.2020 RM	Company 21.5.2021 to 31.12.2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances from a subsidiary		**-**	-	**565,000**
Repayments to related parties		**-**	(6,895,603)	**-**
Dividend received		**130,721**	330,263	**-**
Interest received		**1,718,570**	1,681,087	**-**
Placement of fixed deposits with licensed banks with original maturity more than three (3) months		**(71,931)**	(117,029)	**-**
Proceeds from disposal of:				
- other investments		**6,935,565**	21,803,421	**-**
- property, plant and equipment		**1,400**	139,686	**-**
Purchase of:				
- intangible assets	10	**(13,000)**	(5,100)	**-**
- other investments		**(16,880,535)**	(20,716,263)	**-**
- property, plant and equipment	8	**(22,778,786)**	(7,493,921)	**-**
Net cash (used in)/from investing activities		**(30,957,996)**	(11,273,459)	**565,000**
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid		**(12,000,000)**	(12,000,000)	**-**
Drawdown of bankers' acceptances		**230,246,538**	191,854,000	**-**
Drawdown of term loans		**5,867,000**	9,518,382	**-**
Payments of lease liabilities	9	**(29,302,994)**	(26,577,209)	**-**
Repayments of:				
- bankers' acceptances		**(228,687,696)**	(192,854,000)	**-**
- term loans		**(6,161,524)**	(3,751,132)	**-**
Net cash used in financing activities		**(40,038,676)**	(33,809,959)	**-**
Net (decrease)/increase in cash and cash equivalents		**(17,337,372)**	13,542,394	**66,104**
Effects of exchange rate changes on cash and cash equivalents		**252,410**	684,245	**-**
Cash and cash equivalents at beginning of financial year/date of incorporation		**64,867,148**	50,640,509	**3**
Cash and cash equivalents at end of financial year/period	16	**47,782,186**	64,867,148	**66,107**

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows (Cont'd)

For the Financial Year/Period ended 31 December 2021

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities RM (Note 9)	Other borrowings RM (Note 19)
At 1 January 2020	74,349,976	45,044,022
Cash flows	(26,577,209)	4,767,250
Non-cash flows:		
- Addition	17,581,995	5,381,145
- Reassessments and modifications	8,635,725	-
- Rent concessions	(2,176,697)	-
- Exchange differences	(432)	-
- Unwinding of interest	2,999,005	-
At 31 December 2020	74,812,363	55,192,417
At 1 January 2021	**74,812,363**	**55,192,417**
Cash flows	**(29,302,994)**	**1,264,318**
Non-cash flows:		
- Addition	**5,342,522**	**540,125**
- Reassessments and modifications	**27,881,038**	**-**
- Rent concessions	**(1,098,465)**	**-**
- Exchange differences	**666**	**-**
- Unwinding of interest	**2,823,814**	**-**
At 31 December 2021	**80,458,944**	**56,996,860**

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1. CORPORATE INFORMATION

Senheng New Retail Berhad (the "Company") was incorporated on 21 May 2021 under the Companies Act 2016 as a public limited company, and domiciled in Malaysia. The registered office of the Company is located at BO3-B-13-1, Level 13, Menara 3A, KL Eco City, No. 3, Jalan Bangsar, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 44B, Jalan Pandan 3/2, Pandan Jaya, 55100 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial period.

The holding company of the Company is SQ Digital Sdn. Bhd., a company incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 April 2022.

2. DATE OF INCORPORATION AND PRINCIPAL ACTIVITIES

The Company was incorporated on 21 May 2021 and principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under historical cost in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The acquisitions of Senheng Electric (KL) Sdn. Bhd. have been accounted for as a business combination amongst entities under common control. Accordingly, the financial statements of Senheng New Retail Berhad have been consolidated using the merger method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Basis of accounting (continued)

The Group and the Company apply the accounting policies set out below consistently throughout the years presented in these financial statements, unless otherwise stated.

4.2 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and all its subsidiaries. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

(a) power over the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting of similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual agreements; and
(c) the voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated in the consolidated financial statements. Unrealised gains arising from transactions with the associate are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries is prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Non-controlling interests, if any, represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

(a) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed off. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combinations

Business combinations other than those involving entities under common control, are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
(b) right of use assets and lease liabilities for leases are recognised and measured in accordance with MFRS 16 *Leases*
(c) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
(d) assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. The Group accounts for changes in fair value of contingent consideration that are not measurement period adjustments as follows:

(a) Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity.
(b) Other contingent consideration that:
    (i) is within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9 *Financial Instruments* for the relevant period.
    (ii) is not within the scope of MFRS 9 *Financial Instruments* shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRS. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the Group. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The statements of profit or loss and other comprehensive income reflects the results of the entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Business combination (continued)

Entities under common control are entities, which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of commonly controlled entities are included in the consolidated financial statements from the day that control commences until the date that control ceases.

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

(a) the assets and liabilities of the acquired entity are recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
(b) the retained earnings and other equity balances of acquired entity immediately before the business combination are those of the Group; and
(c) the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in merger reserve.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of an item property, plant and equipment are recognised in profit or loss in the period in which the costs are incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates are as follows:

Buildings	2%
Furniture and fittings	20%
Office equipment	20%
Office computers	20%
Motor vehicles	20%
Renovations and signboards	20%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents building under construction and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.4 Property, plant and equipment and depreciation (continued)

The residual values, useful lives and depreciation method of previous estimates shall be reviewed if there is indication of impairment to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If current expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases 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.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
(c) any initial direct costs incurred by the Group; and
(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is 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 lease terms of right-of-use assets are as follows:

Leasehold land	Over the remaining lease period of 31 - 95 years
Buildings	3 - 12 years
Motor vehicles	5 years

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Leases (continued)

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group as lessor

As a lessor, Group determines at lease inception whether each lease is a finance lease or an operating lease. To clarify 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 to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

4.6 Investments in subsidiaries

A subsidiary is an entity in which the Group and of the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less any accumulated impairment losses, if any.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise the carrying amount of the investment and recognise the consideration received. The resulting difference is recognised as a gain or loss on disposal of the subsidiary in profit or loss.

4.7 Intangible asset

Intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met. Intangible assets are initially measured at cost.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the operating and administrative expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.7 Intangible asset (continued)

Expenditure on an intangible item that are initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

Computer software

Acquired computer software is capitalised on the basis of the cost incurred to acquire and bring to use the specific software. This cost is amortised over its estimated useful live of five (5) years on a straight-line basis. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates.

4.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined on a weighted average basis and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), deferred tax assets and inventories, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, to reduce the carrying amount of the on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' 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. Such reversals are recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments

(a) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequently to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments, which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. Any gains or losses arising from the changes in fair value are recognised in profit or loss.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group has an option to elect an irrevocable option to designate its equity instruments at initial recognition as financial assets measured at FVTOCI if the equity instruments are not held for trading.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss for equity instruments measured at FVTPL. As for equity instruments measured at FVTOCI, any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss.

Dividend on equity instruments are recognised in profit or loss when the right to receive payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

Cash and bank balances are measured at amortised cost. 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 fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial instruments are classified as liabilities in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss.

(ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholder are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholder in a general meeting.

The Group and the Company measures a liability to distribute non-cash assets as a dividend to the owner of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is re-measured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group and the Company recognises the difference, if any, between the carrying amount of the asset distributed and the carrying amount of the liability in profit or loss.

4.12 Impairment of financial assets

The Group and the Company recognises an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost. The Group apply the simplified and general approach to measure expected credit loss ("ECL") on trade and other receivables.

The Group and the Company measures loss allowances for cash and bank balances that are determined to have low credit risk at the reporting date at 12-month expected credit loss.

The Group and the Company recognises allowance for impairment loss for trade receivables based on the simplified approach in accordance with MFRS 9 Financial Instruments and measures the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

Impairment for other receivables and amounts owing by related companies are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The Group and the Company determined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information.

The Group and the Company considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions i.e. Gross Domestic Product ("GDP"), inflation rate and consumer price index, to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Evidence that a financial asset is credit impaired includes the following observable data:

(i) Significant financial difficulties of the debtor;
(ii) It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
(iii) The disappearance of an active market for a security because of financial difficulties.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.12 Impairment of financial assets (continued)

The Group and the Company defines significant increase in credit risk based on past due information, i.e. 365 days after credit term, operating performance of the receivables, changes to contractual terms and payment trends.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4.13 Borrowing costs

All borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

4.14 Income tax

Income taxes include all taxes on taxable profits.

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.15 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, and when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where The Group and the Company expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group and the Company have a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Provision for restoration costs

This provision is recognised in respect of the obligation of the Group to restore leased outlets to its original state upon the expiry of tenancy agreements.

Provision for restoration costs comprises estimates of reinstatement costs for stores upon termination of tenancy.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Sales of goods

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Revenue recognition (continued)

(a) Sales of goods (continued)

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below: (continued)

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time if the performance of the Group:

(i) Does not create an asset with an alternative use to the Group has an enforceable right to payment for performance completed to-date; or

(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

(b) Sales of services

(i) Warranty

The Group provides a warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold together with the sale of goods. Contracts for bundled sales of goods and service-type warranty comprise two performance obligations because the goods and service-type warranty are both sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a liability (deferred income) in the statement of financial position. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

(ii) Membership income

Membership income is recognised in profit or loss when the payment is received and proportion to the membership tenure.

(c) Customer loyalty awards

The Group operate the customer loyalty programme, which allows customers to accumulate points for future redemption when they purchase products at the Group's stores.

The consideration received from the sale of goods is allocated to the goods sold and the points issued that are expected to be redeemed. The consideration allocated to the points issued is measured at fair value of the points. It is recognised as a liability (deferred income) in the statement of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number of points expected to be redeemed.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.17 Revenue recognition (continued)

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

Dividend income is recognised when the right to receive payment is established.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(c) Rental income

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

(d) Subsidies and incentives income

The Group receives subsidies and incentives from suppliers for various programs, primarily advertisement and promotional incentives. Subsidies and incentives are recognised to statements of profit or loss and other comprehensive income when the performance obligations for promotional programs have been fulfilled by the Group in accordance with the terms as stipulated in the agreements with suppliers.

4.18 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as a current liability when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate of the obligation can be made.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any amount already paid and as an expense in the period in which the employees render their services.

4.19 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the functional and presentation currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.19 Foreign currencies (continued)

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.20 Fair value measurements

The fair value of an asset or a liability except for 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 fair value 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.

The Group and the Company measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group and the Company have considered the following characteristics when determining fair value:

(a) the condition and location of the asset; and
(b) restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant 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.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) a liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
(b) an entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable:

(a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2 fair value measurements are those derived from inputs other than quoted shares prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.20 Fair value measurements (continued)

(c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observables market data (unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

4.21 Operating segments

Operating segments are defined as components of the Group that:

(a) engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the consolidated revenue, internal and external, of all operating segments.
(b) the absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
    (i) the consolidated reported profit of all operating segments that did not report a loss; and
    (ii) the consolidated reported loss of all operating segments that reported a loss.
(c) its assets are ten percent (10%) or more of the consolidated assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group.

4.22 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	**1 January 2021**
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)	**1 April 2021 (early adopted)**

Adoption of the above Amendments did not have any material effect on the financial performance or position of the Group and of the Company.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standard and Amendments of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	**1 January 2022**
Amendments to MFRS 3 *Reference to the Conceptual Framework*	**1 January 2022**
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	**1 January 2022**
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	**1 January 2022**
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	**1 January 2023**
MFRS 17 *Insurance Contracts*	**1 January 2023**
Amendments to MFRS 17 *Insurance Contracts*	**1 January 2023**
Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*	**1 January 2023**
Amendments to MFRS 101 *Presentation of Financial Statements -Disclosures of Accounting Policies*	**1 January 2023**
Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates*	**1 January 2023**
Amendments to MFRS 112 *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	**1 January 2023**
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	**Deferred**

The Group and the Company are in the process of assessing the impact of implementing these Standard and Amendments, since the effects would only be observable for future financial years.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

6.2 Critical judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the accounting policies of the Group and of the Company that have the most significant effect on the accounts recognised in the financial statements.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Writes down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(b) Determination of discount rates and lease term for leases

The Group determines the discount rates for leases based on the incremental borrowing rates of the Group. Significant judgements are required to be exercised by management in determining the appropriate discount rate for the respective leases based on prevailing market borrowing rates over similar lease terms, of similar value as the respective right-of-use assets in a similar economic environment.

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease.

(c) Provision for restoration costs

The Group estimates provision for restoration costs based on average historical costs incurred per outlet. The estimated provision for restoration costs are reviewed periodically and are updated if expectations differ from previous estimates due to changes in cost factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs of the Group.

7. OPERATING SEGMENTS

The Group is principally engaged in the retailing of electrical appliances.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of the products and services. The reportable segments are summarised as follows:

(i) Trading division – Trading of the Group's products
(ii) Warranty division – Provision of warranty services in relation to replacement, repair and maintenance of products sold

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The Group evaluates performance on the basis of profit or loss from operations after tax.

7. OPERATING SEGMENTS (CONTINUED)

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

Inter-segment revenue are carried out at negotiated terms and conditions.

2021	Trading RM	Warranty RM	Others RM	Total RM
Segment profits	48,249,898	17,383,697	(377,118)	65,256,477
Included in the measure of segment profits are:				
Revenue from external customers	**1,308,351,843**	**135,763,237**	**-**	**1,444,115,080**
Inter-segment revenue	**-**	**24,349,101**	**-**	**24,349,101**
Amortisation of intangible assets	**(2,753)**	**-**	**-**	**(2,753)**
Bad debts written off	**(267,479)**	**-**	**-**	**(267,479)**
Depreciation of property, plant and equipment	**(11,089,171)**	**(1,026)**	**-**	**(11,090,197)**
Depreciation of right-of-use assets	**(28,148,855)**	**(11,432)**	**-**	**(28,160,287)**
Gain on reassessments and modifications of leases	**2,969,068**	**-**	**-**	**2,969,068**
Impairment losses on trade receivables	**(3,670,319)**	**-**	**-**	**(3,670,319)**
Interest expense	**(4,962,217)**	**(854)**	**-**	**(4,963,071)**
Interest income	**882,331**	**836,239**	**-**	**1,718,570**
Inventories written down	**(1,896,634)**	**-**	**-**	**(1,896,634)**
Inventories written back	**6,931,421**	**-**	**-**	**6,931,421**
Reversal of impairment losses on trade and other receivables	**304,424**	**13,812**	**-**	**318,236**
Reversal of impairment losses on right-of-use assets	**762,280**	**-**	**-**	**762,280**
Tax expense	**(19,135,080)**	**(132,735)**	**-**	**(19,267,815)**
Segment assets	**454,643,854**	**55,856,703**	**167,689,152**	**678,189,709**
Current tax assets	**32,200**	**-**	**-**	**32,200**
Deferred tax assets	**24,675,260**	**-**	**-**	**24,675,260**
Total assets				**702,897,169**
Included in the measure of segment assets are:				
Additions to property, plant and equipment	**23,318,911**	**-**	**-**	**23,318,911**
Additions to intangible assets	**13,000**	**-**	**-**	**13,000**
Additions to right-of-use assets	**5,400,766**	**-**	**-**	**5,400,766**
Additions to other investments	**8,788,592**	**8,091,943**	**-**	**16,880,535**
Segment liabilities	**463,827,722**	**3,275,302**	**1,860,099**	**468,963,123**
Current tax liabilities	**136,493**	**131,450**	**-**	**267,943**
Deferred tax liabilities	**1,800**	**-**	**-**	**1,800**
Total liabilities				**469,232,866**

7. OPERATING SEGMENTS (CONTINUED)

2020	Trading RM	Warranty RM	Others RM	Total RM
Segment profits	52,553,180	3,083,603	-	55,636,783
Included in the measure of segment profits are:				
Revenue from external customers	1,228,163,392	66,605,238	-	1,294,768,630
Inter-segment revenue	-	18,855,709	-	18,855,709
Amortisation of intangible assets	(170)	-	-	(170)
Depreciation of property, plant and equipment	(9,825,895)	(1,218)	-	(9,827,113)
Depreciation of right-of-use assets	(26,619,780)	(10,825)	-	(26,630,605)
Loss on reassessments and modifications of leases	(780,578)	-	-	(780,578)
Interest expense	(5,399,144)	(934)	-	(5,400,078)
Interest income	1,497,564	183,523	-	1,681,087
Inventories written down	(6,379,841)	-	-	(6,379,841)
Inventories written back	5,708,585	-	-	5,708,585
Impairment loss on right-of -use assets	(433,859)	-	-	(433,859)
Impairment loss on trade and other receivables	(1,407,861)	(17,993)	-	(1,425,854)
Reversal of impairment losses on trade receivables	403,689	14,755	-	418,444
Tax expense	(17,667,185)	(310,583)	-	(17,977,768)
Segment assets	591,160,440	39,688,002	3	630,848,445
Deferred tax assets	26,063,925	-	-	26,063,925
Total assets				656,912,370
Included in the measure of segment assets are:				
Additions to property, plant and equipment	14,962,766	-	-	14,962,766
Additions to intangible assets	5,100	-	-	5,100
Additions to right-of-use assets	24,122,878	-	-	24,122,878
Additions to other investments	20,716,263	-	-	20,716,263
Segment liabilities	484,432,825	3,667,351	-	488,100,176
Current tax liabilities	2,295,649	308,547	-	2,604,196
Deferred tax liabilities	1,827	-	-	1,827
Total liabilities				490,706,199

Geographical segments

The business activities of the Group are predominantly located in Malaysia and as such segment reporting by geographical location is not presented.

Major customer

There are no major customers with revenue equal or more than ten percent (10%) of the Group revenue. As such, information on major customers is not presented.

8. PROPERTY, PLANT AND EQUIPMENT

Group 2021	Balance as at 1.1.2021 RM	Additions RM	Disposals RM	Written off RM	Balance as at 31.12.2021 RM
At cost					
Freehold land	8,930,097	-	-	-	8,930,097
Buildings	67,205,600	-	-	-	67,205,600
Furniture and fittings	18,021,716	2,661,700	-	(144,080)	20,539,336
Office equipment	12,232,972	1,142,633	-	(42,070)	13,333,535
Office computers	12,868,236	3,257,171	-	-	16,125,407
Motor vehicles	12,849,355	1,173,067	(295,000)	(72,210)	13,655,212
Renovation and signboards	82,231,015	10,298,840	-	(150,460)	92,379,395
Capital work-in-progress	100,939	4,785,500	-	-	4,886,439
	214,439,930	23,318,911	(295,000)	(408,820)	237,055,021

	Balance as at 1.1.2021 RM	Depreciation charge for the financial year RM	Disposals RM	Written off RM	Balance as at 31.12.2021 RM
Accumulated depreciation					
Buildings	2,907,505	1,344,112	-	-	4,251,617
Furniture and fittings	13,025,466	1,828,773	-	(12,007)	14,842,232
Office equipment	10,561,958	668,214	-	(4,207)	11,225,965
Office computers	9,695,822	1,282,350	-	-	10,978,172
Motor vehicles	9,182,515	1,273,783	(295,000)	(72,210)	10,089,088
Renovation and signboards	72,636,687	4,692,965	-	(12,863)	77,316,789
	118,009,953	11,090,197	(295,000)	(101,287)	128,703,863

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group 2020	Balance as at 1.1.2020 RM	Additions RM	Disposals RM	Reclassification RM	Balance as at 31.12.2020 RM
At cost					
Freehold land	8,930,097	-	-	-	8,930,097
Buildings	46,399,361	157,094	-	20,649,145	67,205,600
Furniture and fittings	15,518,106	2,503,610	-	-	18,021,716
Office equipment	11,364,094	868,878	-	-	12,232,972
Office computers	11,318,125	1,550,111	-	-	12,868,236
Motor vehicles	11,778,437	1,254,818	(183,900)	-	12,849,355
Renovation and signboards	78,483,884	3,747,131	-	-	82,231,015
Capital work-in-progress	15,868,960	4,881,124	-	(20,649,145)	100,939
	199,661,064	14,962,766	(183,900)	-	214,439,930

	Balance as at 1.1.2020 RM	Depreciation charge for the financial year RM	Disposals RM	Balance as at 31.12.2020 RM
Accumulated depreciation				
Buildings	1,678,081	1,229,424	-	2,907,505
Furniture and fittings	11,169,623	1,855,843	-	13,025,466
Office equipment	9,861,293	700,665	-	10,561,958
Office computers	8,846,058	849,764	-	9,695,822
Motor vehicles	8,243,628	1,108,337	(169,450)	9,182,515
Renovation and signboards	68,553,607	4,083,080	-	72,636,687
	108,352,290	9,827,113	(169,450)	118,009,953

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2021	2020
Carrying amount	**RM**	**RM**
Freehold land	**8,930,097**	8,930,097
Buildings	**62,953,983**	64,298,095
Furniture and fittings	**5,697,104**	4,996,250
Office equipment	**2,107,570**	1,671,014
Office computers	**5,147,235**	3,172,414
Motor vehicles	**3,566,124**	3,666,840
Renovation and signboards	**15,062,606**	9,594,328
Capital work-in-progress	**4,886,439**	100,939
	108,351,158	96,429,977

(a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2021	2020
	RM	**RM**
Purchase of property, plant and equipment	**23,318,911**	14,962,766
Other payables	**-**	(2,087,700)
Financed by term loans	**(540,125)**	(5,381,145)
Cash payments on purchase of property, plant and equipment	**22,778,786**	7,493,921

(b) Certain freehold land, buildings and capital work-in-progress of the Group have been pledged as securities to banks for borrowings granted to the Group as disclosed in Note 20 to the financial statements with carrying amounts as follows:

	Group	
	2021	2020
	RM	**RM**
Freehold land	**7,688,826**	7,688,826
Buildings	**58,995,887**	60,234,834
Capital work-in-progress	**2,186,439**	-
Carrying amount	**68,871,152**	67,923,660

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

Group	Leasehold land RM	Buildings RM	Motor vehicles RM	Total RM
Cost				
As at 1 January 2021	**9,734,932**	**191,724,016**	**1,729,225**	**203,188,173**
Addition	**-**	**5,400,766**	**-**	**5,400,766**
Reassessments and modifications	**-**	**24,645,860**	**-**	**24,645,860**
Reversals	**-**	**(6,864,914)**	**-**	**(6,864,914)**
As at 31 December 2021	**9,734,932**	**214,905,728**	**1,729,225**	**226,369,885**
Accumulated depreciation and impairment losses				
As at 1 January 2021	**703,101**	**118,709,523**	**1,383,381**	**120,796,005**
Depreciation charged during the financial year	**237,923**	**27,576,520**	**345,844**	**28,160,287**
Reassessments and modifications	**-**	**(2,402,577)**	**-**	**(2,402,577)**
Reversals	**-**	**(6,864,914)**	**-**	**(6,864,914)**
Exchanges differences	**-**	**(649)**	**-**	**(649)**
Reversal of impairment losses	**-**	**(762,280)**	**-**	**(762,280)**
As at 31 December 2021	**941,024**	**136,255,623**	**1,729,225**	**138,925,872**
Cost				
As at 1 January 2020	3,434,932	176,002,219	1,729,225	181,166,376
Addition	6,300,000	17,822,878	-	24,122,878
Reassessments and modifications	-	10,775,095	-	10,775,095
Reversals	-	(12,876,176)	-	(12,876,176)
As at 31 December 2020	9,734,932	191,724,016	1,729,225	203,188,173
Accumulated depreciation and impairment losses				
As at 1 January 2020	617,599	104,094,774	1,037,536	105,749,909
Depreciation charged during the financial year	85,502	26,199,258	345,845	26,630,605
Reassessments and modifications	-	857,380	-	857,380
Reversals	-	(12,876,176)	-	(12,876,176)
Exchanges differences	-	428	-	428
Impairment losses	-	433,859	-	433,859
As at 31 December 2020	703,101	118,709,523	1,383,381	120,796,005
Carrying amounts				
As at 31 December 2021	8,793,908	78,650,105	-	87,444,013
As at 31 December 2020	9,031,831	73,014,493	345,844	82,392,168

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessee (continued)

Lease liabilities

Group	Buildings RM	Motor vehicles RM	Total RM
As at 1 January 2021	**74,311,789**	**500,574**	**74,812,363**
Addition	**5,342,522**	**-**	**5,342,522**
Lease payments	**(28,755,168)**	**(547,826)**	**(29,302,994)**
Interest expenses	**2,776,562**	**47,252**	**2,823,814**
Exchange differences	**666**	**-**	**666**
Rent concessions	**(1,098,465)**	**-**	**(1,098,465)**
Reassessments and modifications	**27,881,038**	**-**	**27,881,038**
As at 31 December 2021	**80,458,944**	**-**	**80,458,944**

	Buildings RM	Motor vehicles RM	Total RM
As at 1 January 2020	73,546,565	803,411	74,349,976
Addition	17,581,995	-	17,581,995
Lease payments	(26,243,916)	(333,293)	(26,577,209)
Interest expenses	2,968,549	30,456	2,999,005
Exchange differences	(432)	-	(432)
Rent concessions	(2,176,697)	-	(2,176,697)
Reassessments and modifications	8,635,725	-	8,635,725
As at 31 December 2020	74,311,789	500,574	74,812,363

	Group	
	2021 RM	**2020 RM**
Represented by:		
Current liabilities	**24,649,887**	25,667,184
Non-current liabilities	**55,809,057**	49,145,179
	80,458,944	74,812,363
Lease liabilities owing to:		
Financial institutions	**-**	500,574
Non-financial institutions	**80,458,944**	74,311,789
	80,458,944	74,812,363

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessee (continued)

(a) The following are the amounts recognised in profit or loss:

	Group	
	2021	**2020**
	RM	**RM**
Other operating income:		
Reversal of impairment losses on right-of-use assets	**(762,280)**	-
Gain on reassessments and modifications of leases	**(2,969,068)**	-
Finance costs:		
Interest expense on lease liabilities	**2,823,814**	2,999,005
Operating and administrative expenses:		
Depreciation of right-of-use assets	**28,160,287**	26,630,605
Expenses relating to short- term lease	**-**	280,800
Expense relating to leases of low-value assets	**24,516**	17,116
Impairment losses on right-of-use assets	**-**	433,859
Loss on reassessments and modifications of leases	**-**	780,578
Variable lease payments:		
- based on sales	**479,490**	558,348
- arising from COVID-19 related rent concession	**(1,098,465)**	(2,176,697)
	26,658,294	29,523,614

The Group has entered into tenancy agreements for the lease of outlets, which contain variable lease payments, which is the common commercial practice in Malaysia, based on predetermined revenue threshold. Variable lease payments are recognised in profit or loss when the conditions that triggers those payments occur. The Group has determined that these contingent rental features are not embedded derivatives to be separately accounted for due to the economic characteristics and risk of these contingent rental features are closely related to the economic characteristics and risk of the underlying tenancy agreements. There are no leverage features contained within these contingent rental features.

(b) Some leases of retail outlets contain variable lease payments that are based on sales that the Group makes at the outlets. Those payments are common in retail outlets in Malaysia. Fixed and variable rental payments were as follows:

Group	**Fixed payments RM**	**Variable payments RM**	**Total payments RM**	**Estimated annual impact on rent of a 1% increase in sales RM**
2021				
Leases with lease payments based on sales	**28,755,168**	**479,490**	**29,234,658**	**4,795**
2020				
Leases with lease payments based on sales	**26,243,916**	**558,348**	**26,802,264**	**5,583**

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessee (continued)

(c) The following are total cash outflows for leases as a lessee:

	Group	
	2021	**2020**
	RM	**RM**
Included in net cash from operating activities:		
Payment relating to short-term leases and low value assets	**24,516**	297,916
Payment relating to variable lease payments not included in the measurement of lease liabilities:		
- based on sales	**479,490**	558,348
Included in net cash from financing activities:		
Payment of lease liabilities	**29,302,994**	26,577,209
	29,807,000	27,433,473

(d) The following table sets out the carrying amounts, the incremental borrowing rates and the remaining maturities of the lease liabilities of the Group:

Group	Incremental borrowing rates %	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
2021					
Lease liabilities	**3.27% - 4.77%**	**24,649,887**	**53,129,744**	**2,679,313**	**80,458,944**
2020					
Lease liabilities	3.27% - 4.77%	25,667,184	45,838,639	3,306,540	74,812,363

(e) The table below summarises the maturity profile of the lease liabilities of the Group at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

Group	Within 1 year RM	1 - 5 yeas RM	More than 5 years RM	Total RM
2021				
Lease liabilities	**27,010,846**	**56,232,287**	**2,734,945**	**85,978,078**
2020				
Lease liabilities	28,050,394	48,767,397	3,442,947	80,260,738

(f) Sensitivity analysis for lease liabilities as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rate.

(g) The Group has certain leases of truck with lease term of 12 months or less and low value leases of office equipment of RM20,000 and below. The Group apply the "short-term lease" and "lease of low-value asset" exemptions for these leases.

9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The Group as lessor

The Group has entered into non-cancellable lease agreements on certain properties for terms of between one (1) to three (3) years and renewable at the end of the lease period subject to an increase clause.

The Group has aggregate future minimum lease receivable as at the end of each reporting period as follows:

	Group	
	2021	**2020**
	RM	**RM**
Less than one (1) year	**1,306,541**	1,131,344
One (1) to two (2) years	**918,784**	366,530
Two (2) to three (3) years	**448,400**	192,000
	2,673,725	1,689,874

10. INTANGIBLE ASSETS

Group	**Balance as at 1.1.2021 RM**	**Additions RM**	**Balance as at 31.12.2021 RM**
At cost			
Computer software	**5,100**	**13,000**	**18,100**

Group	**Balance as at 1.1.2021 RM**	**Amortisation charged for the financial year RM**	**Balance as at 31.12.2021 RM**
Accumulated amortisation			
Computer software	**170**	**2,753**	**2,923**

Group	**Balance as at 1.1.2020 RM**	**Additions RM**	**Balance as at 31.12.2020 RM**
At cost			
Computer software	-	5,100	5,100

10. INTANGIBLE ASSETS (CONTINUED)

Group	Balance as at 1.1.2020 RM	Amortisation charged for the financial year RM	Balance as at 31.12.2020 RM
Accumulated amortisation			
Computer software	-	170	170

Group	2021 RM	2020 RM
Carrying amount		
Computer software	**15,177**	4,930

11. INVESTMENTS IN SUBSIDIARIES

	Company 2021 RM
At cost:	
- Unquoted shares	**166,206,168**

Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity 2021 %	Principal activities
Senheng Electric (KL) Sdn. Bhd. ("SHKL")	**Kuala Lumpur, Malaysia**	**100**	**Retail of consumer electrical and electronic products**
Subsidiaries of SHKL			
Senheng Captive Insurance Pte. Ltd.	**Federal Territory of Labuan, Malaysia**	**100**	**Provision of captive insurance**
SC Alliance (M) Sdn. Bhd.	**Kuala Lumpur, Malaysia,**	**100**	**Distribution of household and IT gadget products**

12. OTHER INVESTMENTS

	Group	
	2021	2020
Equity securities	**RM**	**RM**
Non-current		
Unquoted shares in Malaysia	**2,921,311**	3,000,000
Unquoted shares outside Malaysia	**-**	5,435,696
Unquoted trust fund outside Malaysia	**-**	6,669,281
	2,921,311	15,104,977
Current		
Unquoted shares outside Malaysia	**6,774,509**	-
Unquoted trust fund outside Malaysia	**5,580,613**	-
Quoted shares in Malaysia	**749,571**	22,500
Quoted shares outside Malaysia	**3,825,875**	485,552
Quoted unit trusts in Malaysia	**20,346,864**	12,460,239
	37,277,432	12,968,291
Total other investments	**40,198,743**	28,073,268

(a) Quoted shares and quoted unit trusts of the Group are categorised as Level 1 in the fair value hierarchy. Fair value of investments in quoted shares and unit trusts are based on information provided by observable market data. There is no transfer between levels in the hierarchy during the financial year.

(b) Unquoted shares and unquoted trust fund of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of investments in unquoted shares and unquoted trust fund are estimated based on the discounted cash flows method. Management believe that the estimated fair value is the most appropriate at the end of the reporting period. There is no transfer between levels in the hierarchy during the financial year.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair values, is detailed in the table below:

Financial instruments	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
Unquoted shares and trust fund	Discounted cash flows method	Discount rate at 2.19% (2020: 3.00%)	The higher the discount rate, the lower the fair value

12. OTHER INVESTMENTS (CONTINUED)

(c) The following table shows a reconciliation of Level 3 fair values:

	Group	
	2021	**2020**
	RM	**RM**
Balance as at 1 January	**15,104,977**	18,506,588
Disposal	**(1,659,405)**	(3,401,611)
Fair Value changes through other comprehensive income	**1,830,861**	-
Balance as at 31 December	**15,276,433**	15,104,977

Sensitivity analysis for investments in unquoted trust fund are not disclosed as it is not material to the Group.

(d) The foreign currencies profile of the investments are as follows:

	Group	
	2021	**2020**
	RM	**RM**
United States Dollar	**2,967,014**	2,616,324
Australian Dollar	**172,141**	159,794
Singapore Dollar	**9,388,108**	9,488,653
Hong Kong Dollar	**3,123,819**	-
Chinese Yuan	**529,915**	325,758

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Effects of 3% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	**67,648**	59,652
- Australian Dollar	**3,925**	3,643
- Singapore Dollar	**214,049**	216,341
- Hong Kong Dollar	**71,223**	-
- Chinese Yuan	**12,082**	7,427

12. OTHER INVESTMENTS (CONTINUED)

(f) Sensitivity analysis of market price at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Effects of 3% changes to market price		
Profit after tax		
- Quoted shares in Malaysia	**22,487**	675
- Quoted shares outside Malaysia	**114,776**	14,567
- Quoted unit trusts in Malaysia	**610,406**	373,807

As the Group do not have the intention, nor historical trend of active trading in unquoted shares, the Directors are of the opinion that the unquoted shares are not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

13. DEFERRED TAX ASSETS/(LIABILITIES)

(a) The deferred tax assets/(liabilities) are made up of the following:

	Group	
	2021	**2020**
	RM	**RM**
As at 1 January	**26,062,098**	24,583,280
Recognised in profit or loss (Note 26)	**(1,388,638)**	1,478,818
Balance as at 31 December	**24,673,460**	26,062,098
Presented after appropriate offsetting:		
Deferred tax assets, net	**24,675,260**	26,063,925
Deferred tax liabilities, net	**(1,800)**	(1,827)
	24,673,460	26,062,098

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

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Leases RM	Provisions RM	Other temporary differences RM	Total RM
As at 1 January 2021	**2,783,759**	**796,238**	**23,876,203**	**27,456,200**
Recognised in profit or loss	**(828,363)**	**459,258**	**(943,237)**	**(1,312,342)**
At 31 December 2021 (before off-setting)	**1,955,396**	**1,255,496**	**22,932,966**	**26,143,858**
Off-setting	**-**	**-**	**(1,468,598)**	**(1,468,598)**
At 31 December 2021 (after off-setting)	**1,955,396**	**1,255,496**	**21,464,368**	**24,675,260**
As at 1 January 2020	2,282,130	775,884	21,734,783	24,792,797
Recognised in profit or loss	501,629	20,354	2,141,420	2,663,403
As at 31 December 2020 (before off-setting)	2,783,759	796,238	23,876,203	27,456,200
Off-setting	-	-	(1,392,275)	(1,392,275)
At 31 December 2020 (after off-setting)	2,783,759	796,238	22,483,928	26,063,925

Deferred tax liabilities of the Group

	Property, plant and equipment RM
As at 1 January 2021	**1,390,448**
Recognised in profit or loss	**76,350**
At 31 December 2021 (before off-setting)	**1,466,798**
Off-setting	**(1,468,598)**
At 31 December 2021 (after off-setting)	**(1,800)**
As at 1 January 2020	209,517
Recognised in profit or loss	1,180,931
At 31 December 2020 (before off-setting)	1,390,448
Off-setting	(1,392,275)
At 31 December 2020 (after off-setting)	(1,827)

14. TRADE AND OTHER RECEIVABLES

	Group		Company
	2021	2020	2021
	RM	RM	RM
Non-current			
Other receivables	**10,711,668**	12,038,695	-
Less: Impairment losses	**(896)**	(12,657)	-
	10,710,772	12,026,038	-
Prepayments	**37,009,971**	57,505,079	-
Total other receivables (non-current)	**47,720,743**	69,531,117	-
Current			
Trade receivables	**47,956,297**	37,808,899	-
Amounts due from related parties	**588,833**	2,367	-
Less: Impairment losses	**(18,278,787)**	(14,912,892)	-
Total trade receivables	**30,266,343**	22,898,374	-
Other receivables			
Other receivables	**16,191,508**	7,480,317	-
Less: Impairment losses	**(3,539)**	(5,590)	-
	16,187,969	7,474,727	-
Deposits	**14,607,963**	13,167,340	-
Total other receivables	**30,795,932**	20,642,067	-
	61,062,275	43,540,441	-
Prepayments	**27,714,677**	30,741,472	**1,416,877**
Total trade and other receivables (current)	**88,776,952**	74,281,913	**1,416,877**
Total trade and other receivables (non-current and current)	**136,497,695**	143,813,030	**1,416,877**

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 7 days to 60 days (2020: 7 days to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. During the financial year, the Group did not renegotiate the terms of any trade receivables.

(b) Non-current other receivables of the Group are carried at amortised cost and the discount rates used are based on the effective interest rate of approximately 1.36% (2020: 1.71%).

(c) Included in prepayments of the Group are insurance premium paid for products' warranties of RM61,875,809 (2020: RM88,506,146).

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Lifetime expected loss provision for trade receivables at the end of the reporting period are as follows:

Group 2021 Customers' characteristics	Weighted-average expected loss rate %	Gross carrying amount RM	Impairment loss allowance RM
Low risk	**0.05%**	**14,767,098**	**7,594**
Fair risk	**0.08%**	**7,928,621**	**6,118**
Substandard	**7.33%**	**8,184,420**	**600,084**
Loss	**100.00%**	**17,664,991**	**17,664,991**
		48,545,130	**18,278,787**

Group 2020 Customers' characteristics	Weighted-average expected loss rate %	Gross carrying amount RM	Impairment loss allowance RM
Low risk	0.05%	13,634,459	6,951
Fair risk	0.08%	3,252,318	2,488
Substandard	7.84%	6,533,440	512,404
Loss	100.00%	14,391,049	14,391,049
		37,811,266	14,912,892

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined by management using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by customers' characteristics and an expected credit losses rate is calculated for each segment based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(e) The reconciliation of movement in the impairment losses for trade receivables is as follows:

Group	Lifetime ECL RM	Credit impaired RM	Total RM
At 1 January 2021	**521,843**	**14,391,049**	**14,912,892**
Reversal of impairment losses	**(12,966)**	**(291,458)**	**(304,424)**
Charge for the financial year	**104,919**	**3,565,400**	**3,670,319**
At 31 December 2021	**613,796**	**17,664,991**	**18,278,787**
At 1 January 2020	477,600	13,445,875	13,923,475
Reversal of impairment losses	(153,507)	(264,937)	(418,444)
Charge for the financial year	197,750	1,210,111	1,407,861
At 31 December 2020	521,843	14,391,049	14,912,892

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments with balances outstanding for more than 365 days as at the financial year end.

(f) The reconciliation of movement in the impairment losses for other receivables is as follows:

Group	Lifetime ECL RM	12 months ECL RM	Total RM
At 1 January 2021	**12,657**	**5,590**	**18,247**
Reversal for impairment	**(11,761)**	**(2,051)**	**(13,812)**
At 31 December 2021	**896**	**3,539**	**4,435**
At 1 January 2020	-	254	254
Charge for the financial year	12,657	5,336	17,993
At 31 December 2020	12,657	5,590	18,247

(g) The Group do not have any significant exposure to any individual customers or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

(h) Trade and other receivables are denominated in RM.

15. INVENTORIES

	Group	
	2021	2020
	RM	RM
At cost		
Finished goods	**240,492,334**	191,918,645
At net realisable value		
Finished goods	**13,448,353**	19,461,160
	253,940,687	211,379,805

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM1,073,521,220 (2020: RM970,114,957).

(b) A write down of inventories to net realisable value of RM1,896,634 (2020: RM6,379,841) was made by the Group during the financial year.

(c) The Group reversed RM6,931,421 (2020: RM5,708,585) in respect of inventories written down in the previous financial years that was subsequently not required as the Group were able to sell those inventories above their carrying amounts.

16. CASH AND BANK BALANCES

	Group		Company
	2021	2020	2021
	RM	RM	RM
Cash and bank balances	**47,782,186**	64,867,148	**66,107**
Deposits with licensed banks	**3,960,050**	3,888,119	**-**
As per statements of financial position	**51,742,236**	68,755,267	**66,107**
Less:			
Fixed deposits placed with licensed banks with original maturity of more than three (3) months	**(3,960,050)**	(3,888,119)	**-**
As per statements of cash flows	**47,782,186**	64,867,148	**66,107**

(a) Deposits with licensed banks of the Group have an average maturity period of 364 days (2020: 229 days).

16. CASH AND BANK BALANCES (CONTINUED)

(b) The foreign currencies profile of cash and bank balances are as follows:

	Group	
	2021	**2020**
	RM	**RM**
United States Dollar	**129,721**	593,141
Singapore Dollar	**-**	1,254,794
Chinese Yuan	**1,048**	988

(c) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021	**2020**
Effects of 3% changes to RM against foreign currencies	**RM**	**RM**
Profit after tax		
- United States Dollar	**2,958**	13,524
- Singapore Dollar	**-**	28,609
- Chinese Yuan	**24**	23

(d) Weighted average effective interest rate of deposits with licensed banks of the Group as at the end of each reporting period are as follows:

	Group	
	2021	**2020**
Fixed rates	**1.85%**	1.85%

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rate.

(e) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

17. SHARE CAPITAL

	Group			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Ordinary shares				
At 1 January	**1,000,003**	**1,000,003**	1,000,003	1,000,003
Shares issued				
Issuance of shares for the acquisition of subsidiaries	**166,206,168**	**166,206,168**	-	-
Adjustment on the acquisition of subsidiaries	**(1,000,000)**	**(1,000,000)**	-	-
Subdivision of existing ordinary shares	**1,083,793,829**	**-**	-	-
At 31 December	**1,250,000,000**	**166,206,171**	1,000,003	1,000,003

		Company	
	Note	Number of shares	Amount RM
Ordinary shares			
Issued and fully paid			
At 21 May 2021 (date of incorporation)		**3**	**3**
Issuance of shares	(b)	**166,206,168**	**166,206,168**
Subdivision of existing ordinary shares	(c)	**1,083,793,829**	**-**
At 31 December 2021		**1,250,000,000**	**166,206,171**

For the purpose of this report, the total number of shares as at 31 December 2020 represent the aggregate number of issued shares of all entities within the Group. Pursuant to the Pre-Initial Public Offering, the total number of shares as at 31 December 2021 represents the number of issued shares of the Group.

(a) The Company was incorporated on 21 May 2021 with an issued and paid up share capital of RM3 comprising 3 ordinary shares of RM1.00 each.

(b) During the financial period, the Company increased its issued and paid-up share capital from RM3 to RM166,206,171 by way of an issuance of 166,206,168 new ordinary shares for a total consideration of RM166,206,168 as full payment for the acquisition of the entire issued and paid-up share capital of Senheng Electric (KL) Sdn. Bhd..

(c) The Company had further carried out a subdivision of 166,206,171 existing shares into 1,250,000,000 shares on 26 November 2021.

(d) The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(e) Owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. RESERVES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM
Non-distributable				
Merger reserve	(a)	**(165,206,168)**	-	**-**
Fair value reserve	(b)	**1,830,861**	-	**-**
Foreign currency translation reserve	(c)	**(290,507)**	(661,301)	**-**
Distributable				
Retained earnings/(Accumulated losses)		**231,123,946**	165,867,469	**(377,118)**
		67,458,132	165,206,168	**(377,118)**

(a) Merger reserve

Merger reserve represents consideration paid over the share capital of Senheng Electric (KL) Sdn. Bhd. as at the acquisition dates under the pooling of interest method of accounting as follows:

	Senheng Electric (KL) Sdn. Bhd. RM
Purchase consideration	**166,206,168**
Less: Share capital as at acquisition date	**(1,000,000)**
Merger reserve	**165,206,168**

(b) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value, net of tax, through other comprehensive income investment held until the investment is derecognised.

(c) Foreign currency translation reserve

Foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

19. BORROWINGS

	Group	
	2021 RM	2020 RM
Current liabilities		
Bankers' acceptances	**11,558,842**	10,000,000
Term loans (Note 20)	**5,385,177**	4,455,062
	16,944,019	14,455,062
Non-current liabilities		
Term loans (Note 20)	**40,052,841**	40,737,355
	40,052,841	40,737,355
Total borrowings		
Bankers' acceptances	**11,558,842**	10,000,000
Term loans (Note 20)	**45,438,018**	45,192,417
	56,996,860	55,192,417

(a) All borrowings are denominated in RM.

(b) The bankers' acceptances are secured by a joint and several guarantee by certain Directors of the Group.

(c) Fair value of the borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(d) The carrying amounts of the current portion of borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

The fair values of the term loans that carry floating interest rates approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(e) At the end of reporting date, the interest rate profiles of the borrowings were:

	Group	
	2021 RM	2020 RM
- Fixed rates	**11,558,842**	10,000,000
- Floating rates	**45,438,018**	45,192,417
	56,996,860	55,192,417

19. BORROWINGS (CONTINUED)

(f) At the end of reporting date, the weighted average effective interest rates for the borrowings were as follows:

	Group	
	2021 %	**2020 %**
Bankers' acceptances	**2.42%**	2.41%
Term loans	**3.49%**	6.20%

(g) The following table sets out the carrying amounts as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk.

Group	**On demand or within one year RM**	**Two to five years RM**	**Over five years RM**	**Total RM**
At 31 December 2021				
Financial liabilities				
Borrowings	**16,944,019**	**21,242,805**	**18,810,036**	**56,996,860**
At 31 December 2020				
Financial liabilities				
Borrowings	14,455,062	18,961,412	21,775,943	55,192,417

(h) The table below summarises the maturity profile of borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations.

Group	**On demand or within one year RM**	**Two to five years RM**	**Over five years RM**	**Total RM**
At 31 December 2021				
Financial liabilities				
Borrowings	**18,053,928**	**24,337,058**	**19,739,797**	**62,130,783**
At 31 December 2020				
Financial liabilities				
Borrowings	15,543,712	22,174,848	23,191,353	60,909,913

19. BORROWINGS (CONTINUED)

(i) Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant, is as follows:

	Group	
	2021	2020
	RM	RM
Effects of 50bp changes to profit after tax		
Floating rate instruments	**172,664**	171,731

Sensitivity analysis for fixed rate borrowings as at the end of each reporting period is not presented as fixed rate instruments are not affected by changes in interest rates.

20. TERM LOANS

	Group	
	2021	2020
	RM	RM
Current liability		
Secured		
Term loans (Note 19)	**5,385,177**	4,455,062
Non-current liability		
Secured		
Term loans (Note 19)	**40,052,841**	40,737,355
Total borrowing		
Term loans (Note 19)	**45,438,018**	45,192,417

20. TERM LOANS (CONTINUED)

	Group	
	2021	2020
	RM	RM
Term loans		
Term loans I repayable by 120 equal monthly installments commenced 2019	**1,505,264**	1,680,367
Term loans II repayable by 120 equal monthly installments commenced 2019	**3,103,717**	3,478,641
Term loans III repayable by 120 equal monthly installments commenced 2019	**206,928**	237,851
Term loans IV repayable by 120 equal monthly installments commenced 2019	**489,477**	548,260
Term loans V repayable by 120 equal monthly installments commenced 2019	**4,083,706**	4,570,182
Term loans VI repayable by 120 equal monthly installments commenced 2019	**4,944,540**	5,518,230
Term loans VII repayable by 120 equal monthly installments commenced 2019	**1,213,328**	1,354,230
Term loans VIII repayable by 120 equal monthly installments commenced 2019	**1,213,328**	1,354,230
Term loans IX repayable by 120 equal monthly installments commenced 2019	**2,366,612**	2,641,401
Term loans X repayable by 120 equal monthly installments commenced 2019	**3,004,039**	3,374,047
Term loans XI repayable by 120 equal monthly instllments commenced 2019	**276,476**	310,484
Term loans XII repayable by 120 equal monthly installments commenced 2019	**3,394,372**	3,804,376
Term loans XIII repayable by 120 equal monthly installments commenced 2019	**907,503**	1,017,507
Term loans XIV repayable by 120 equal monthly installments commenced 2019	**899,246**	1,008,254
Term loans XV repayable by 120 equal monthly installments commenced 2019	**891,011**	999,011
Term loans XVI repayable by 180 equal monthly installments commenced 2019	**1,265,191**	1,347,649
Term loans XVII repayable by 180 equal monthly installments commenced 2019	**1,265,091**	1,347,649
Term loans XVIII repayable by 180 equal monthly Installments commenced 2019	**1,344,721**	1,432,406
Term loans XIX repayable by 120 equal monthly installments commenced 2020	**248,302**	276,962
Term loans XX repayable by 120 equal monthly installments commenced 2020	**2,201,685**	2,437,644
Term loans XXI repayable by 120 equal monthly installments commenced 2020	**1,582,166**	1,750,254
Term loans XXII repayable by 120 equal monthly installments commenced 2020	**1,023,693**	1,132,569
Term loans XXIII repayable by 120 equal monthly installments commenced 2020	**2,201,685**	2,437,644
Term loans XXIV repayable by 120 equal monthly installments commenced 2020	**1,023,693**	1,132,569
Term loans XXV repayable by 120 equal monthly installments commenced 2021	**4,240,901**	-
Term loans XXVI repayable by 120 equal monthly installments commenced 2021	**80,591**	-
Term loans XXVII repayable by 120 equal monthly installments commenced 2021	**117,084**	-
Term loans XXVIII repayable by 120 equal monthly installments commenced 2021	**80,591**	-
Term loans XXIX repayable by 120 equal monthly installments commenced 2021	**76,447**	-
Term loans XXX repayable by 120 equal monthly installments commenced 2021	**110,183**	-
Term loans XXXI repayable by 120 equal monthly installments commenced 2021	**76,447**	-
	45,438,018	45,192,417

Term loans of the Group were secured by:

(a) Legal charges over the Group's properties as disclosed in Note 8 to the financial statements; and

(b) A joint and several guarantee by certain Directors of the Group.

21. PROVISION FOR RESTORATION COSTS

	Group	
	2021 RM	2020 RM
Non-current		
Provision for restoration costs	**5,054,468**	8,640,923
Current		
Provision for restoration costs	**1,284,860**	1,661,326
	6,339,328	10,302,249

(a) Provision for restoration costs comprises estimates of reinstatement costs for retail outlets upon termination of tenancy.

(b) A reconciliation of the provision for restoration costs are as follows:

	Group	
	2021 RM	2020 RM
As at 1 January	**10,302,249**	7,870,104
Addition	**58,244**	240,883
Modifications due to changes in rate	**(3,801,669)**	2,062,568
Finance cost	**202,134**	325,406
Utilisation	**(382,580)**	(123,535)
Reversal	**(39,050)**	(73,177)
As at 31 December	**6,339,328**	10,302,249

22. TRADE AND OTHER PAYABLES

	Group		Company
	2021 RM	2020 RM	2021 RM
Trade payables			
Third parties	**137,250,558**	80,514,383	**-**
Amounts due to related parties	**6,669,573**	2,810,742	**-**
	143,920,131	83,325,125	**-**
Other payables			
Other payables	**7,071,158**	20,406,000	**-**
Deposits	**1,905,609**	1,827,587	**-**
Accruals	**17,222,281**	16,141,909	**332,996**
Amounts due to related parties	**346,432**	2,733	**-**
Amount due to a subsidiary	**-**	-	**1,527,103**
Amounts due to Directors	**-**	3,109,953	**-**
	26,545,480	41,488,182	**1,860,099**
Total payables	**170,465,611**	124,813,307	**1,860,099**

22. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 15 days to 90 days (2020: 15 days to 90 days).

(b) Amounts due to related parties represents advances and payment on behalf, which are unsecured, interest-free and repayable on demand.

(c) In the previous financial year, the amounts due to Directors were unsecured, interest-free and repayable on demand.

(d) Amount due to a subsidiary represents advances and payment on behalf, which are unsecured, interest-free and repayable on demand except for an amount of RM565,000, which was subject to interest at a rate of 2% per annum.

(e) In the previous financial year, included in other payables of the Group was dividend payable of RM12,000,000.

(f) The maturity profile of the trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

(g) The foreign currency profile of trade and other payables is as follows:

	Group	
	2021 RM	**2020 RM**
Chinese Yuan	**236,317**	2,092,806

(h) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2021 RM	**2020 RM**
Effects of 3% changes to RM against foreign currency		
Profit after tax		
- Chinese Yuan	**5,388**	47,716

23. CONTRACT LIABILITIES

	Group	
	2021 RM	**2020 RM**
Current		
- Deferred income	**63,571,442**	84,158,058
Non-current		
- Deferred income	**91,130,938**	138,821,782
	154,702,380	222,979,840

23. CONTRACT LIABILITIES (CONTINUED)

(a) Deferred income

	Group	
	2021 RM	**2020 RM**
Current		
- Customer loyalty programme	**3,167,762**	8,034,775
- Warranty	**52,683,195**	65,122,143
- Membership fee	**2,728,564**	3,023,182
- Cash vouchers	**4,991,921**	7,977,958
	63,571,442	84,158,058
Non-current		
- Customer loyalty programme	**2,810,440**	7,899,045
- Warranty	**88,320,498**	130,922,737
	91,130,938	138,821,782

(i) Customer loyalty programme

Customer loyalty programme allows its members to accumulate customer loyalty points, namely Plus One Loyalty Points and EZ Credit Rebate, on the purchases of the products of the Group sold in its own retail outlets. These customer loyalty points are then converted into redemption points for selected redemption products and cash rebates based on the term and conditions in force.

The deferred income arising from customer loyalty points are estimated based on the amount of loyalty points outstanding as at the end of the reporting period that are expected to be redeemed within one (1) month to three (3) years (2020: one (1) month to three (3) years).

(ii) Warranty

Deferred income of warranty relates to the consideration received from the customers for the provision of warranty for the purchases of the products of the Group, which revenue is recognised over time, which the warranty period is covered.

(iii) Membership fee

Deferred income of membership fee relates to the consideration received from customers for a twelve (12) months period of services, which revenue is recognised over time over the service period on a straight line basis.

(iv) Cash vouchers

Deferred income of cash vouchers relates to the unutilised cash vouchers. The amount will be recognised as revenue when the cash vouchers are utilised by customers.

(b) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) at the end of the reporting date, are as follow:

Group 2021	**Within a year RM**	**More than one year RM**	**Total RM**
Contract liabilities	**63,571,442**	**91,130,938**	**154,702,380**
2020			
Contract liabilities	**84,158,058**	**138,821,782**	**222,979,840**

23. CONTRACT LIABILITIES (CONTINUED)

(c) A reconciliation of the deferred income is as follows:

Group	Customer loyalty programme RM	Warranty RM	Membership fee RM	Cash vouchers RM	Total RM
At 1 January 2020	19,318,143	188,333,182	2,689,657	2,624,665	212,965,647
Addition	22,406,888	71,627,279	3,023,182	7,977,958	105,035,307
Utilisation	(25,791,211)	-	-	(2,624,665)	(28,415,876)
Reversal	-	(63,915,581)	(2,689,657)	-	(66,605,238)
At 31 December 2020/1 January 2021	**15,933,820**	**196,044,880**	**3,023,182**	**7,977,958**	**222,979,840**
Addition	**9,126,375**	**77,698,868**	**2,728,564**	**4,991,921**	**94,545,728**
Utilisation	**(19,081,993)**	**-**	**-**	**(7,977,958)**	**(27,059,951)**
Reversal	**-**	**(132,740,055)**	**(3,023,182)**	**-**	**(135,763,237)**
At 31 December 2021	**5,978,202**	**141,003,693**	**2,728,564**	**4,991,921**	**154,702,380**

24. REVENUE

	Group	
	1.1.2021 to 31.12.2021 RM	**1.1.2020 to 31.12.2020 RM**
Revenue from contracts with customers		
- Sales of goods	**1,308,351,843**	1,228,163,392
- Sales of services	**135,763,237**	66,605,238
	1,444,115,080	1,294,768,630
Timing of revenue recognition		
Transferred at a point in time	**1,308,351,843**	1,228,163,392
Transferred over time	**135,763,237**	66,605,238
	1,444,115,080	1,294,768,630

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 7 to the financial statements, which has been presented based on nature of products and services from which the sale of transactions originated.

25. PROFIT/(LOSS) BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit/(loss) before tax is arrived at:

	Group		Company
	1.1.2021 to 31.12.2021 RM	1.1.2020 to 31.12.2020 RM	21.5.2021 to 31.12.2021 RM
After charging:			
Auditors' remuneration			
Statutory audit			
- BDO PLT	**214,312**	186,377	**13,000**
Non-statutory audit			
- BDO PLT*	**847,621**	154,500	**34,000**
- Affiliate firm of BDO PLT^	**78,636**	155,625	**1,000**
Bad debts written off	**267,479**	-	**-**
Director remuneration	**3,283,540**	3,046,193	**289,266**
Fair value adjustments on other investments	**221,320**	234,883	**-**
Impairment losses on trade and other receivables	**3,670,319**	1,425,854	**-**
Interest expenses on:			
- bankers' acceptance	**334,697**	346,764	**-**
- amount due to a subsidiary	**-**	-	**1,339**
- term loans	**1,507,815**	1,681,007	**-**
- lease liabilities	**2,823,814**	2,999,005	**-**
- provision for restoration costs	**202,134**	325,406	**-**
- others	**94,611**	47,896	**-**
Loss on reassessments and modifications of leases	**-**	780,578	**-**
Property, plant and equipment written off	**307,533**	-	**-**
Realised loss on foreign exchange	**220,022**	149,993	**-**
Rental of motor vehicles	**-**	280,800	**-**
Rental of office equipment	**24,516**	17,116	**-**
Rental of premises	**479,490**	558,348	**-**
Share of profit paid as part of incentive programme	**24,245,084**	22,379,081	**-**
Unrealised loss on foreign exchange	**1,227,918**	-	**-**
And crediting:			
Dividend income	**130,721**	330,263	**-**
Gain on disposal of property, plant and equipment	**1,400**	125,236	**-**
Gain on disposal of other investments	**390,372**	-	**-**
Gain on reassessments and modifications of leases	**2,969,068**	-	**-**
Interest income on:			
- deposits with licensed banks	**1,718,570**	1,681,087	**-**
Income arising from rent concession	**1,098,465**	2,176,697	**-**
Rental income	**1,244,695**	1,314,440	**-**
Reversal on impairement losses on trade and other receivables	**318,236**	418,444	**-**
Unrealised foreign exchange gain	**-**	1,056,359	**-**

* *Included non-statutory audit fees relating to the initial public offering and listing of the Company of RM797,121 (2020: RM137,000) for the Group and RM29,000 for the Company respectively.*

^ *Included non-statutory audit fees relating to the initial public offering and listing of the Company of RM17,100 (2020: RM130,700) for the Group.*

26. TAX EXPENSE

	Group		Company
	1.1.2021 to 31.12.2021 RM	1.1.2020 to 31.12.2020 RM	21.5.2021 to 31.12.2021 RM
Current tax expense based on profit for the financial year/period	**17,487,570**	18,539,464	-
Under provision in prior years	**391,607**	917,122	-
	17,879,177	19,456,586	-
Deferred tax (Note 13)			
Relating to origination and reversal of temporary differences	**2,124,397**	(1,065,006)	-
Over provision in prior years	**(735,759)**	(413,812)	-
	1,388,638	(1,478,818)	-
	19,267,815	17,977,768	-

(a) There is no income tax expense for the current financial period as the Company has no chargeable income.

(b) Malaysian income tax is calculated at the statutory tax rate 24% (2020: 24%) of the estimated taxable profits for the fiscal year/period.

(c) Numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company
	1.1.2021 to 31.12.2021 RM	1.1.2020 to 31.12.2020 RM	21.5.2021 to 31.12.2021 RM
Profit/(Loss) before tax	**84,524,292**	73,614,551	**(377,118)**
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	**20,285,830**	17,667,492	**(90,508)**
Tax effects in respect of:			
- Reduction in statutory tax rate	**(41,997)**	(9,174)	-
- Non-allowable expenses	**4,482,908**	4,466,346	**90,508**
- Non-taxable income	**(5,114,774)**	(4,650,206)	-
	19,611,967	17,474,458	-
Under/(Over) provision in prior years:			
- Current tax	**391,607**	917,122	-
- Deferred tax	**(735,759)**	(413,812)	-
	19,267,815	17,977,768	-

26. TAX EXPENSE (CONTINUED)

(d) Tax on each component of other comprehensive income is as follows:

	Group		
2021	Before tax RM	Tax effect RM	After tax RM
Item that may be reclassified to profit or loss in subsequent period			
Foreign currency translations	**370,794**	**-**	**370,794**
Item that will not be reclassified to profit or loss in subsequent period			
Fair value gain of other investments at FVTOCI	**1,830,861**	**-**	**1,830,861**
	2,201,655	**-**	**2,201,655**
2020			
Item that may be reclassified to profit or loss in subsequent periods			
Foreign currency translations	(293,184)	-	(293,184)

27. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	2020
Profit for the financial year attributable to ordinary equity holders of the Company (RM)	**65,256,477**	55,636,783
Weighted average number of ordinary shares in issue	**1,250,000,000**	1,250,000,000*
Basic earnings per ordinary share (RM)	**5.22**	4.45

* *In the calculation of earnings per ordinary share for the financial year ended 31 December 2020. It is assumed 1,250,000,000 ordinary shares were in issue as the acquisition of a subsidiary was accounted for under the merger method of accounting.*

(b) Diluted

The diluted earnings per ordinary share equal basic earnings per ordinary share because there was no potential dilutive ordinary shares as at the end of the reporting period.

28. DIVIDENDS

	Group 2020	
	Dividendper share sen	Amount of dividend RM
In respect of the financial year ended 31 December 2020		
- First interim single-tier dividend	450	4,500,000
- Second interim single-tier dividend	300	3,000,000
- Third interim single-tier dividend	450	4,500,000
	1,200	12,000,000

On 28 February 2022, the Board of Directors declared a first interim single tier dividend of RM0.013 per ordinary share amounting to RM19,578,743 for the financial period ended 31 December 2021, which is payable on 29 April 2022 to shareholders of the Company whose names appear in the Record of Depositors on 12 April 2022. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Directors do not recommend the payment of any final dividend in respect of the financial period ended 31 December 2021.

29. DIRECTORS' REMUNERATION

	Group		Company
	1.1.2021 to 31.12.2021 RM	1.1.2020 to 31.12.2020 RM	21.5.2021 to 31.12.2021 RM
Directors of the Company:			
Executive:			
Salaries	**2,469,194**	2,400,000	-
Bonus	**240,000**	-	-
Others	**140,296**	315,756	-
Benefits-in-kind	**83,550**	83,550	-
	2,933,040	2,799,306	-
Non-Executive:			
Fees	**283,266**	-	**283,266**
Salaries	**88,038**	240,000	-
Bonus	**40,000**	-	-
Others	**22,746**	90,437	**6,000**
Benefits-in-kind	**9,342**	28,023	-
	443,392	358,460	**289,266**
	3,376,432	3,157,766	**289,266**

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM92,892 (2020: RM111,573).

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its subsidiaries and its holding company.

Related parties of the Group include:

(i) Subsidiaries as disclosed in Note 11 to the financial statements.

(ii) Companies in which certain Directors have financial interests.

(iii) Key management personnel who are 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 include all the Directors of the Company, and certain members of the senior management of the Group.

(b) In addition to the related party transactions disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company
	1.1.2021 to 31.12.2021 RM	**1.1.2020 to 31.12.2020 RM**	**21.5.2021 to 31.12.2021 RM**
Related parties:			
- Administration and marketing fees receivable	**1,988,345**	1,772,271	-
- Administration and marketing fees payable	**(301,019)**	(313,971)	-
- Concession income receivable	**4,499**	60,948	-
- Commission payable	**(4,990,571)**	-	-
- Insurance premium collected on behalf of third-party insurance companies	**(31,010,992)**	(30,963,165)	-
- Marketing expenses	**(23,073,795)**	-	-
- Purchases of goods	**(8,888,806)**	(11,453,730)	-
- Rental income	**73,441**	6,600	-
- Rental payable	**(1,070,166)**	(2,464,951)	-
- Sales of goods	**79,117**	-	-
- Service rendered	**(4,882,800)**	(4,724,748)	-
Subsidiary:			
- Interest payable	-	-	**(1,339)**

The related parties transactions described above have been entered into the normal course of business and have been established at terms agreed between the parties during the financial year.

30. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

	Group		Company
	1.1.2021 to 31.12.2021 RM	**1.1.2020 to 31.12.2020 RM**	**21.5.2021 to 31.12.2021 RM**
Short term employees benefits	**5,727,506**	4,773,849	**289,266**
Contributions to defined contribution plan	**452,669**	452,296	**-**
	6,180,175	5,226,145	**289,266**
Benefits-in-kind	**143,642**	149,522	**-**
	6,323,817	5,375,667	**289,266**

31. EMPLOYEE BENEFITS

	Group	
	1.1.2021 to 31.12.2021 RM	**1.1.2020 to 31.12.2020 RM**
Short term employees benefits	**60,327,127**	61,890,925
Contributions to defined contribution plan	**9,741,164**	9,488,134
Other employee benefits	**2,972,171**	3,284,664
	73,040,462	74,663,723

Included in employee benefits expense of the Group are Executive Directors' remuneration excluding benifits-in-kind amounting to RM2,849,490 (2020: RM2,715,756).

32. CAPITAL COMMITMENTS

	Group	
	2021 RM	**2020 RM**
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	**-**	2,650,000
Contracted but not provided	**3,240,750**	5,326,250
	3,240,750	7,976,250

33. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitor capital using a gearing ratio, which is net debt divided by total capital. The Group include within net debt, loans and borrowings, less cash and bank balances. Capital represents only equity attributable to the owners of the Company.

		Group		Company
		2021	**2020**	**2021**
	Note	**RM**	**RM**	**RM**
Borrowings	19	**56,996,860**	55,192,417	**-**
Lease liabilities*	9	**-**	500,574	**-**
Less: Cash and bank balances	16	**(51,742,236)**	(68,755,267)	**66,107**
Net debt/(cash)		**5,320,731**	(13,062,276)	**(66,107)**
Equity attributable to the owners of the Company		**233,664,303**	166,206,171	**165,829,053**
Gearing ratio		**2.28%**	N/A	**N/A**

* *Represent lease liabilities owing to financial institutions only.*

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and price risk.

The following sections provide details regarding the Group's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group and of the Company to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group and the Company are exposed to minimal credit risk.

The primary exposure of the Group and of the Company to credit risk arises through their trade and other receivables. The credit period is generally for a period of one (1) month, extending up to two (2) months for major customers. Each customer has a maximum credit limit and the Group and the Company seek to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

The risk concentration profile has been disclosed in Note 14 and Note 16 to the financial statements.

(ii) Liquidity and cash flow risk

The Group and the Company actively manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group and the Company measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and the Company.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Note 9, Note 19 and Note 22 to the financial statements.

(iii) Interest rate risk

The primary interest rate risk of the Group and the Company relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposits and borrowings of the Group is exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group and the Company are exposed to a risk of change in cash flows due to changes in interest rates. The Group and the Company borrows in the desired currencies at both fixed and floating rates of interest.

The Group and the Company actively review its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows the Group and the Company to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 9, Note 14, Note 16, Note 19 and Note 22 to the financial statements respectively.

33. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Financial risk management (continued)

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign currency rate.

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities. Exposure in foreign currency is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The foreign currency profile and sensitivity analysis have been disclosed in Note 12, Note 16 and Note 22 to the financial statements.

(v) Price risk

Price risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to price risk arising from investments held in the Group. These instruments are classified as financial assets designated at fair value through profit or loss.

The Group will monitor the exposure of price risk on-going basis.

The sensitivity analysis of price risk have been disclosed in Note 12 to the financial statements.

34. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	Group		Company
	2021	**2020**	**2021**
	RM	**RM**	**RM**
Financial assets			
Amortised costs			
Trade and other receivables, net of prepayments	**71,773,047**	55,566,479	-
Cash and bank balances	**51,742,236**	68,755,267	**66,107**
Fair value through profit or loss			
Other investments	**24,922,310**	12,968,291	-
Fair value through other comprehensive income			
Other investments	**15,276,433**	15,104,977	-
	163,714,026	152,395,014	**66,107**

34. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

	Group		Company
	2021	2020	2021
	RM	RM	RM
Financial liabilities			
Amortised costs			
Lease liabilities	**80,458,944**	74,812,363	-
Trade and other payables	**170,465,611**	124,813,307	**1,860,099**
Borrowings	**56,996,860**	55,192,417	-
	307,921,415	254,818,087	**1,860,099**

35. SIGNIFICANT EVENT DURING THE FINANCIAL PERIOD

(a) On 28 June 2021, the Company entered into a conditional share sale agreement with the shareholders of SHKL, namely Lim Kim Heng, Lim Kim Chieng and Lim Kim Yew to acquire the entire issued share capital of SHKL of RM1,000,000 comprising 1,000,000 ordinary shares for a total consideration of RM166,206,168. The acquisition of SHKL was wholly satisfied via the issuance of 166,206,168 new ordinary shares of the Company at an issue price of RM1.00 per share to be issued to SQ Digital Sdn. Bhd., Lim Kim Heng, Lim Kim Chieng and Lim Kim Yew.

The total purchase consideration of RM166,206,168 was arrived at on a "willing-buyer willing-seller" basis and represents the audited net assets of SHKL as at 31 December 2020.

Upon completion of the acquisition of SHKL on 25 November 2021, the total number of ordinary shares in the Company increased from 3 to 166,206,171 shares and SHKL became a wholly-owned subsidiary of the Company.

(b) The Company had further carried out a subdivision of 166,206,171 existing shares into 1,250,000,000 shares on 26 November 2021.

36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 29 December 2021, the Company issued a prospectus in connection with the Initial Public offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital in the Company on the main market of Bursa Malaysia Security Berhad ("Listing") . The IPO involves the offering of 389,500,000 ordinary shares in the Company in conjunction with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad comprising an offer for sale of up to 139,500,000 existing ordinary shares in the Company and a public issue of 250,000,000 new ordinary shares in the Company. The IPO and the Listing were completed on 25 January 2022.

(b) On 31 March 2022, Senheng Electric (KL) Sdn. Bhd. entered into a Sale and Purchase Agreement ("SPA") to acquire a freehold industrial land for a purchase consideration of RM25,282,272. A total cash deposit of RM505,645 was paid and the balance of the purchase consideration shall be paid upon completion of the acquisition. The acquisition is expected to be completed within three (3) months from the date of the SPA or one (1) month from the Economic Planning Unit's Consent being obtained by SHKL or the SHKL's Solicitors, whichever is later.

37. COMPARATIVE FIGURES

There are no comparative figures presented as this is the Company's first set of audited financial statements since its incorporation on 21 May 2021.

LIST OF MAJOR PROPERTIES

HELD AS AT 31 DECEMBER 2021

No.	Address	Description/ Existing Use	Tenure/ Date of Expiry of Lease	Net Book Value (RM'000)	Approximate Land Area/ Built Up Area (square feet)	Date of Acquisition	Approximate Age of Building (Years)
1.	40, 42, 44, 46-1, 46-2, 46-3, 48-1 and 48-3, Jalan Pandan 3/2, Pandan Jaya, 55100 Kuala Lumpur.	**"Grand Senheng" store:- Lots 40-G, 40-1, 42-G, 42-1, 44-G, 44-1** – 3 intermediate units of 4-storey shop offices **Head Office:-** **Lots 40-2, 40-3, 42-2, 42-3, 44-2, 44-3** – 3 intermediate units of 4-storey shop offices **Lot 46** – A 4-storey shop office where we own first, second and third floor **Lot 48** – A 4-Storey shop office where we own first and third floor	Leasehold/ 05.05.2087	9,782	16,146/ 16,146	27.12.2018 (Lot 40, 42, 44, 46-1, 46-2, 46-3, 48-1) & 18.11.1999 (Lot 48-3)	37
2.	Lot 2, KKIP Exported Oriented Industrial Zone Phase 2, Kota Kinabalu Industrial Park, Jalan Sepangar, 88450 Kota Kinabalu, Sabah.	A detached factory building comprising of single-storey warehouse and 2-storey office building with 1 guard house and 1 pump house	Leasehold/ 31.12.2096	8,090	87,941/ 26,000	28.12.2018	5
3.	No. 62, 63 and 64, Jalan Raja Harun, Bandar Kajang Seksyen 7, Kajang, 43000 Kajang, Selangor.	3 intermediate units of 3½-storey shop offices	Leasehold/ 26.06.2089	7,874	6,211/ 6,211	09.09.2019	29
4.	HS(D) No. 560793, No. PTD 186337 Mukim Tebrau, Daerah Johor Bahru, Johor.	Vacant land	Freehold	7,689	111,945	25.09.2018	N/A

List of Major Properties (Cont'd)

Held as at 31 December 2021

No.	Address	Description/ Existing Use	Tenure/ Date of Expiry of Lease	Net Book Value (RM'000)	Approximate Land Area/ Built Up Area (square feet)	Date of Acquisition	Approximate Age of Building (Years)
5.	23, 23A, 23B, 24, 24A, 24B, 25, 25A, 25B, 26, 26A and 26B, Jalan Lingkaran Bentara 1, Pusat Komersial Bentara 83000 Batu Pahat, Johor.	4 intermediate units of 3-storey shop offices	Freehold	7,622	6,588/ 13,196	24.06.2019 (23, 23A, 23B, 24, 24A, 24B, 25, 25A and 25B) & 16.01.2020 (26, 26A and 26B)	1
6.	No.11 and 13, Jalan Diplomatik P15, Precint 15, 62000 Putrajaya.	2 units of 4-storey shop offices	Freehold	6,250	4,715/ 16,626	01.10.2019	5
7.	No. 2, 2A and 6, Persiaran Permatang Rawa, Bukit Mertajam Wellesley, 14000 Bukit Mertajam, Penang.	3 intermediate units of 3-storey shop offices	Freehold	6,064	4,971/ 4,971	09.10.2019	4
8.	Lot 1379, Section 66, Jalan Buruh, Bintawa Industrial Estate, 93450 Kuching, Sarawak.	A detached factory building comprising of single-storey warehouse and 2-storey office building together with 1 pump house	Leasehold/ 10.02.2052	6,046	59,158/ 35,011	18.09.2020	27
9.	2770, Lorong Jelawat 2, Seberang Jaya, 13700 Perai, Penang.	A detached factory comprising of a single-storey warehouse with 2-storey office building	Leasehold/ 18.08.2073	5,442	32,733/ 13,500	27.12.2018	25
10.	Lot 46 & 48, Jalan Pendekar 11, Taman Ungku Tun Aminah, 81300 Skudai Johor.	2 units of 3-storey shop offices	Freehold	5,241	4,596/ 13,936	31.07.2019	6

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2022

A SHARE CAPITAL

Number of Issued Shares	:	1,500,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

B DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	7	0.059	263	0.000
100 - 1,000	1,945	16.560	1,254,837	0.084
1,001 - 10,000	6,625	56.407	34,422,000	2.295
10,001 - 100,000	2,671	22.742	82,862,900	5.524
100,001 – 74,999,999 (*)	493	4.198	265,460,000	17.697
75,000,000 AND ABOVE (**)	4	0.034	1,116,000,000	74.400
TOTAL	11,745	100.00	1,500,000,000	100.00

*Remark: * less than 5% of issued shares*
*** 5% and above of issued shares*

C SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS

Substantial Shareholders based on the Register of Substantial Shareholders

	Direct		Indirect	
Name	No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1 SQ Digital Sdn Bhd	869,600,000	57.973	-	-
2 Mr Lim Kim Heng	83,800,000	5.587	870,955,600 [(a) & (b)]	58.064
3 Mr Lim Kim Chieng	81,800,000	5.453	870,790,600 [(a) & (c)]	58.053
4 Mr Lim Kim Yew	81,300,000	5.420	869,600,000 [(a)]	57.973

Directors' Shareholdings based on Register of Directors' Shareholdings

	Direct		Indirect	
Name	No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1 Mr Lim Kim Heng	83,800,000	5.587	870,955,600 [(a) & (b)]	58.064
2 Mr Lim Kim Chieng	81,800,000	5.453	870,790,600 [(a) & (c)]	58.053
3 Mr Lim Kim Yew	81,300,000	5.420	869,600,000 [(a)]	57.973
4 Mr Oh Keng Leng	240,000	0.016		
5 Ms Tan Ler Chin	240,000	0.016	-	-
6 Dato' Yeow Wah Chin	240,000	0.016	-	-
7 Ms Ho Kim Poi	240,000	0.016	-	-

(a) Deemed interested by virtue of his shareholdings in SQ Digital sdn.bhd, pursuant to Section 8 of the Companies Act, 2016.
(b) Indirect interested by virtue of his child's direct shareholdings, pursuant to Section 59(11)(c) of the Companies Act, 2016.
(c) Indirect interested by virtue of his spouse's and children's direct shareholdings, pursuant to Section 59(11)(c) of the Companies Act, 2016.

Analysis of Shareholdings (Cont'd)
As at 31 March 2022

D LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	Shares Held	Percentage (%)
1	SQ DIGITAL SDN BHD	**869,600,000**	**57.973**
2	LIM KIM CHIENG	**80,300,000**	**5.353**
3	LIM KIM HENG	**80,300,000**	**5.353**
4	LIM KIM YEW	**80,300,000**	**5.353**
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	**10,834,800**	**0.722**
6	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	**10,412,400**	**0.694**
7	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	**9,502,000**	**0.633**
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	**8,951,400**	**0.596**
9	YAYASAN ISLAM TERENGGANU	**8,000,000**	**0.533**
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEE BERHAD FOR DANA MAKMUR PHEIM (211901)	**6,281,300**	**0.418**
11	MAJLIS AGAMA ISLAM NEGERI SEMBILAN	**5,000,000**	**0.333**
12	ITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	**4,743,300**	**0.316**
13	SHIN KAM SUN	**4,000,000**	**0.266**
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VFIVE GROUP SDN BHD	**3,112,200**	**0.207**
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR BIMB I GROWTH FUND (940160)	**3,050,000**	**0.203**
16	LIM KIM HENG	**3,000,000**	**0.200**
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	**2,997,700**	**0.199**
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	**2,816,900**	**0.187**
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	**2,603,800**	**0.173**
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPRING ABSR EQ)	**2,500,000**	**0.166**
21	CITIGROUP NOMINEES (ASING) SDN BHD CEP FOR PHEIM SICAV-SIF	**2,266,900**	**0.151**
22	DZUHAIRI BIN JAAFAR THANI	**2,199,000**	**0.146**
23	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSEQUITY INCOME FUND	**2,197,200**	**0.146**
24	CHIA SEONG POW	**2,000,000**	**0.133**
25	LIM WEE CHAI	**2,000,000**	**0.133**
26	TAN HO KENG	**2,000,000**	**0.133**
27	MEDILIANCE (M) SDN BHD	**1,940,000**	**0.129**
28	AMANAHRAYA TRUSTEES BERHAD BIMB I FLEXI FUND	**1,871,000**	**0.124**
29	ZACKRI RADZI TAN	**1,869,000**	**0.124**
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	**1,853,500**	**0.123**
	Total	**1,218,502,400**	**81.233**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the First Annual General Meeting ("1st AGM") of SENHENG NEW RETAIL BERHAD ("Senheng" or "the Company") will be conducted on a virtual manner through live streaming from the Broadcast Venue at No. 11, Jalan Astana 5/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan ("Broadcast Venue") and online remote voting by using the Remote Participation and Voting ("RPV") Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website in Malaysia at **https://tiih.online** on **Friday, 24 June 2022 at 10.00 a.m**. for the purpose of considering and if thought fit, to pass the following resolutions, with or without modifications: -

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Note (a)*
2. To re-elect the following Directors who retire pursuant to Clause 114 of the Company's Constitution:-
   - (i) Lim Kim Heng *Resolution 1*
   - (ii) Lim Kim Chieng *Resolution 2*
   - (iii) Lim Kim Yew *Resolution 3*
   - (iv) Oh Keng Leng *Resolution 4*
   - (v) Dato' Yeow Wah Chin *Resolution 5*
   - (vi) Ho Kim Poi *Resolution 6*
   - (vii) Tan Ler Chin *Resolution 7*
3. To approve the payment of Directors' fees of up to RM528,000.00 and benefits of up to RM45,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company. *Resolution 8* *Please refer to Explanatory Note (b)*
4. To re-appoint Messrs. BDO PLT as Auditors of the Company for the ensuing financial year, and to authorise the Directors to determine their remuneration. *Resolution 9* *Please refer to Explanatory Note (c)*

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following resolutions: -

5. **Authority to Issue Shares**

   "THAT subject always to the Companies Act 2016, the Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 and Section 76 of the Companies Act 2016, to issue not more than ten per centum (10%) of the total number of issued shares of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof." *Resolution 10* *Please refer to Explanatory Note (d)*

6. **Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** *Resolution 11* *Please refer to Explanatory Note (e)*

   ("Proposed Ratification and New Mandate for RRPT")

   "THAT approval be and is hereby given to the Company and its subsidiary(ies) ("Group") to enter into and give effect to the recurrent related party transactions of a revenue or trading nature particulars with the specified classes of related parties as specified in Section 2.6 of the Circular to Shareholders dated 29 April 2022, provided that:

   (a) such arrangements and/or transactions are necessary for the Group's day-to-day operations;

AS SPECIAL BUSINESS: (continued)

To consider and if thought fit, to pass the following resolutions: - (continued)

6. **Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (continued)**

Resolution 11
Please refer to Explanatory Note (e)

("Proposed Ratification and New Mandate for RRPT")

(b) such arrangements and/or transactions undertaken are in the ordinary course of business, at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party;

(c) such arrangements and/or transactions are not detrimental to the minority shareholders of the Company; and

(d) the disclosure is made in the annual report on the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year in relation to:
   (i) the related transacting parties and their respective relationship with the Company; and
   (ii) the nature of the recurrent transactions.

THAT such authority shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM"), unless the authority is renewed by a resolution passed at the next AGM; or

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but will not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever is the earlier.

AND THAT all Recurrent Related Party Transactions entered into by the Related Parties, from 25 January 2022, being the date of listing of the Company on the Main Market of Bursa Malaysia Securities Berhad, up to the date of this Ordinary Resolution, particulars which are set out in Section 2.6 of the Circular to Shareholders dated 29 April 2022 be and are hereby approved, confirmed and ratified;

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

7. To transact any other business for which due notice shall have been given.

By Order of the Board

NG HENG HOOI (MAICSA 7048492) (SSM PC No. 202008002923)
WONG MEE KIAT (MAICSA 7058813) (SSM PC No. 202008001958)
WONG YOUN KIM (MAICSA 7018778) (SSM PC No. 201908000410)
Company Secretaries

Kuala Lumpur
Dated: 29 April 2022

Notes:-

1. The Broadcast Venue of the 1st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting.

   No shareholders/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 1st AGM using RPV facilities from Tricor via its TIIH Online website at **https://tiih.online**. Members are advised to refer to the Administrative Guide which is available on the Company's corporate website at **www.senheng.com** for the procedures to remote participation and voting via RPV Facilities.

2. Only members whose names appear on the Record of Depositors as at 16 June 2022 shall be eligible to attend, speak and vote at the AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

3. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

   An Exempt Authorised Nominee (which holds ordinary shares in the Company for the Omnibus Account) may appoint one or more proxies to attend on the same occasion. There is no limit to the number of proxies which an Exempt Authorised Nominee may appoint in respect of each Omnibus Account the Exempt Authorised Nominee holds.

4. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at a meeting.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

6. The proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 1st AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner **not later than Wednesday, 22 June 2022 at 10.00 a.m.**:-

   (i) **In hard copy**
   By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

   (ii) **By electronic means**
   All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarized in the Administrative Guide.

7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 1st AGM will be put to vote by way of poll.

Explanatory Notes:-

(a) Audited Financial Statements and Reports of Directors and Auditors

The provisions of Section 340(1) of the Companies Act 2016 ("the Act") require that the Audited Financial Statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

(b) Payment of Directors' fees and benefits

Pursuant to Section 230(1) of the Act, fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Remuneration for the period from this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in 2023. The Remuneration comprises of fees and meeting allowances payable to directors.

(c) Re-appointment of Auditors

The Board, through the Audit and Risk Management Committee, had conducted an assessment on the suitability, objectivity and independence of Messrs. BDO PLT in respect of the financial year ended 31 December 2021. The Board was satisfied with the performance of Messrs. BDO PLT and recommended the re-appointment of Messrs. BDO PLT as Auditors of the Company to hold office until the conclusion of the next AGM in 2023 in accordance with Section 271 of the Act.

(d) Authority to Issue Shares

The proposed Ordinary Resolution 10 is a new mandate, if passed, will authorise the Directors to issue not more than ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors may deem fit and in the interest of the Company. The authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The Board of Directors is of the view that the 10% General Mandate is in the best interest of the Company and its shareholders as the authority will facilitate any possible fundraising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital, repayment of bank borrowings and/or acquisitions.

(e) Proposed Ratification and New Mandate for RRPT

The proposed Ordinary Resolution 11, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company. For more information, please refer to the Circular to Shareholders dated 29 April 2022.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(PERSUANT TO PARAGRAPH 8.27 (2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

The Directors who are seeking for re-election are set out in the Directors' Profiles as disclosed in pages 18 to 25 of the Annual Report.

The details of their interest in the securities of the Company are stated in the Analysis of Shareholdings which appear on the pages 134 to 135 of the Annual Report.

SENHENG

SENHENG NEW RETAIL BERHAD *202101019079 (1419379-T)*
Incorporated in Malaysia

PROXY FORM

CDS Account No.	
No. of ordinary shares held	

I/We _____
(full name in block letters)

NRIC/Passport/Company No.* _____

of _____
(full address)

with email address _____ Mobile phone no. _____

being a member/members of **SENHENG NEW RETAIL BERHAD** hereby appoint the following person(s):

Full Name (in Block)	NRIC/Passport No.*	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

and/or*

Full Name (in Block)	NRIC/Passport No.*	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the meeting as my/our* proxy/proxies* to vote for me/us on my/our behalf, at the First Annual General Meeting ("1st AGM") of the Company to be conducted on a virtual manner through live streaming from the Broadcast Venue at No. 11, Jalan Astana 5/KU2, Bandar Bukit Raja, 41050 Klang, Selangor Darul Ehsan ("Broadcast Venue") and online remote voting by using the Remote Participation and Voting ("RPV") Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website in Malaysia at https://tiih.online on **Friday, 24 June 2022 at 10.00 a.m.** and at any adjournment thereof:-

RESOLUTIONS		**FOR**	**AGAINST**
1.	Re-election of Mr. Lim Kim Heng as Director		
2.	Re-election of Mr. Lim Kim Chieng as Director		
3.	Re-election of Mr. Lim Kim Yew as Director		
4.	Re-election of Mr. Oh Keng Leng as Director		
5.	Re-election of Dato' Yeow Wah Chin as Director		
6.	Re-election of Ms. Ho Kim Poi as Director		
7.	Re-election of Ms. Tan Ler Chin as Director		
8.	Payment of Directors' fees of up to RM528,000.00 and benefits of up to RM45,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company.		
9.	Re-Appointment of Messrs. BDO PLT as Auditors of the Company for the ensuing financial year, and to authorise the Directors to fix their remuneration.		
10.	Authority to Issue Shares		
11.	Proposed Shareholders' Ratification and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

(Please indicate with "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion. All votings will be conducted by way of poll.)

* *delete whichever is not applicable.*

Dated this: _____ Signature/Common Seal of Shareholder(s)

1. The Broadcast Venue of the 1st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting.

   No shareholders/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 1st AGM using RPV facilities from Tricor via its TIIH Online website at **https://tiih.online**. Members are advised to refer to the Administrative Guide which is available on the Company's corporate website at **www.senheng.com** for the procedures to remote participation and voting via RPV Facilities.

2. Only members whose names appear on the Record of Depositors as at 16 June 2022 shall be eligible to attend, speak and vote at the AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

3. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

   An Exempt Authorised Nominee (which holds ordinary shares in the Company for the Omnibus Account) may appoint one or more proxies to attend on the same occasion. There is no limit to the number of proxies which an Exempt Authorised Nominee may appoint in respect of each Omnibus Account the Exempt Authorised Nominee holds.

4. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at a meeting.

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THE SHARE REGISTRAR
SENHENG NEW RETAIL BERHAD
Registration No. 202101019079 (1419379-T)
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Malaysia.

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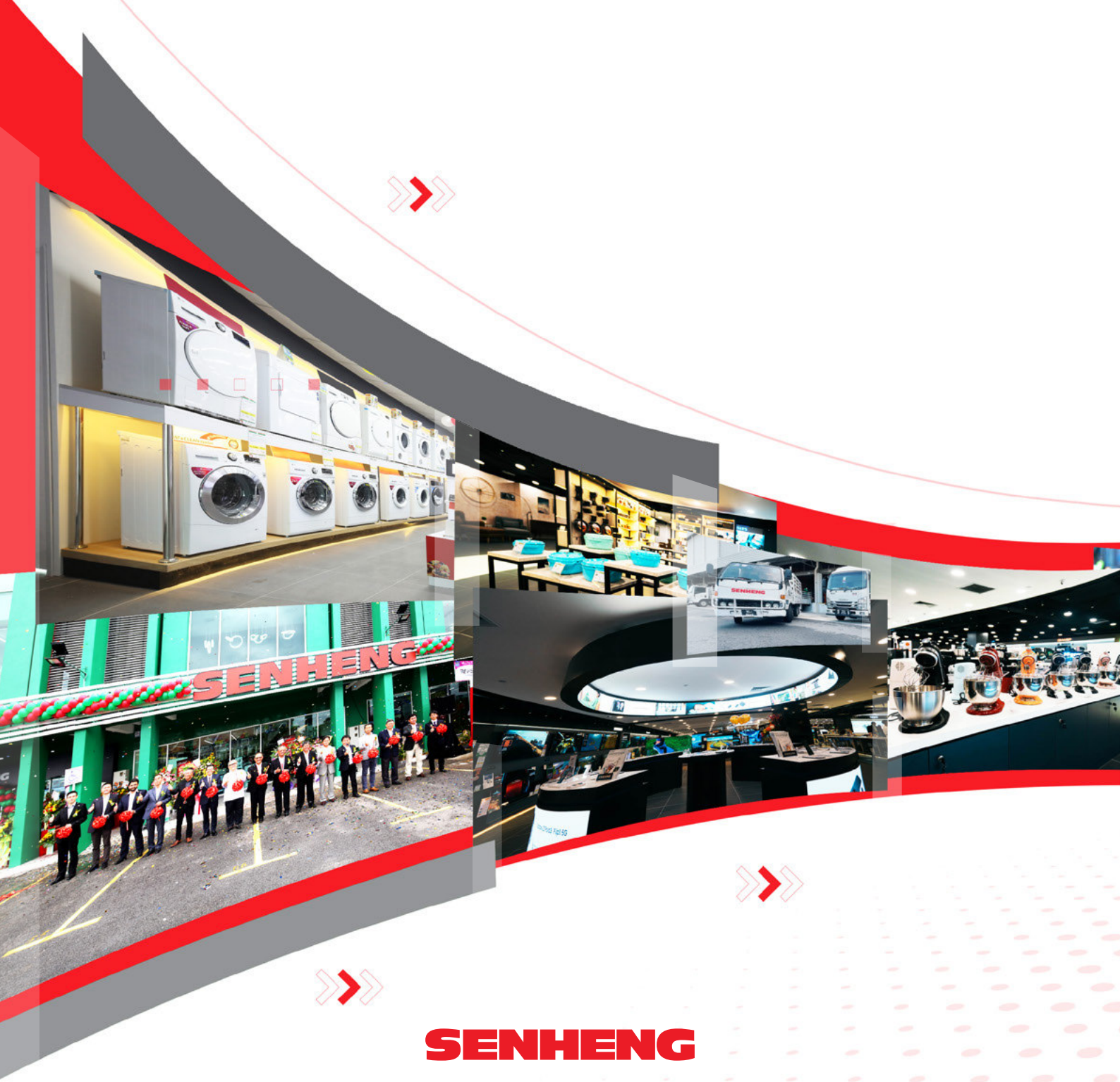
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

6. The proxy forms and/or documents relating to the appointment of proxy/ corporate representative/attorney for the 1st AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner **not later than Wednesday, 22 June 2022 at 10.00 a.m.**:-

   (i) **In hard copy**
   By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

   (ii) **By electronic means**
   All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarized in the Administrative Guide.

7. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 1st AGM will be put to vote by way of poll.



SENHENG

Senheng New Retail Berhad

No. 44B, Jalan Pandan 3/2
Pandan Jaya
55100 Kuala Lumpur

www.senheng.com.my

Bursa: 5305 / SENHENG
Bloomberg: 5305:MK
Reuters: SENH.KL

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