

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5305
COMPANY NAME : SENHENG NEW RETAIL BERHAD
FINANCIAL YEAR : December 31, 2022

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

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

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is collectively responsible for the long-term success of Senheng New Retail Berhad ("Company") and its subsidiaries ("Group") by acting in the best interest of the stakeholders of the Group.</p> <p>The Board recognises the importance of demarcation of responsibilities between the Board, Board Committees and Management in discharging its fiduciary duties, and established a Board Charter published on the Company's website at https://senheng.com/about-us/corporate-governance/ which is subject to periodic review.</p> <p>The Board is guided by the Board Charter, which clearly outlines its duties and responsibilities:-</p> <ul style="list-style-type: none">a) to review and adopt strategic plans, addressing the sustainability of the Group's business;b) to oversee the conduct of the Group's businesses and evaluate whether or not the businesses are being properly managed;c) to identify principal business risks faced by the Group and ensure the implementation of appropriate systems to manage these risks;d) to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;e) to develop and implement an investor relations programme or shareholder communications policy for the Company;f) 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;g) to promote good corporate governance culture together with

	Senior Management within the Company for reinforcing ethical, prudent and professional behaviour; and h) to review, challenge and decide on Management's critical proposals for the Company, and oversee its implementation by Management.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Executive Chairman, Mr Lim Kim Heng 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.</p> <p>The Chairman's role consists of two main aspects: within the boardroom and outside the boardroom, as outlined in the Board Charter.</p> <p>The Board Charter is accessible on the Company's website at https://senheng.com/about-us/corporate-governance/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	<p>There is a clear segregation of responsibilities between the Chairman and President to ensure proper balance of power, authority and accountability at the Board level.</p> <p>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.</p> <p>The President's primary role is to seek to achieve the continuous success of the Company. He is 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 innovative ways of winning and conducting business. The President possesses industry knowledge and credibility to fulfil the requirements of the role.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Applied
Explanation on application of the practice :	The Executive Chairman, Mr Lim Kim Heng is not a member of the Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") of the Company. All Board Committees consist of Independent Non-Executive Directors ("INEDs"). The Executive Chairman does not participate in Board Committees' meetings.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company Secretaries provide professional advice to the Board on all corporate governance matters to ensure that the Board and Board Committees function in accordance with their Terms of Reference while observing the relevant rules and procedures, and corporate governance best practices.</p> <p>During the financial year ended 31 December 2022 ("FY2022"), the Board was supported by Mr Ng Heng Hooi, Ms Wong Mee Kiat and Ms Wong Youn Kim who are qualified Company Secretaries under the Companies Act 2016 ("Act").</p> <p>On 31 December 2022, Mr Ng Heng Hooi, Ms Wong Mee Kiat and Ms Wong Youn Kim resigned as Company Secretaries and in place thereof, Ms Kuan Hui Fang and Ms Fong Seah Lih were appointed by the Board.</p> <p>Both are members of relevant professional bodies and qualified to act as Company Secretaries in accordance with Section 235(2) of the Act and possess relevant knowledge and experience to discharge their duties.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>To ensure that the Directors have sufficient time to consider matters that are to be discussed at a meeting, the agenda items and board papers are circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. If a report is presented, an executive summary or brief summary of findings and/or recommendations are prepared.</p> <p>Minutes are prepared after a board meeting and the draft will be circulated to the Board to ensure that the minutes accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter. The draft minutes will be re-circulated with the board papers in readiness for signing at the next meeting. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion or concluding remarks of final decisions made. If one or more Directors request their opinion to be noted, the Company Secretaries shall comply with the request.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Board Charter, which outlines the roles and responsibilities of the Board, Board Committees and Directors to facilitate their effective functions and other matters that are important for good corporate governance. The Board has a list of matters reserved for collective decision of the Board to ensure that the governance of the Group is in the Board’s hands.</p> <p>The Board Charter shall be reviewed by the Board periodically, as and when required, to keep it aligned with the changes to relevant laws and regulations that may arise from time to time and to raise the Directors’ awareness of the organisation’s overall policy framework.</p> <p>The Board Charter is accessible on the Company’s website at https://senheng.com/about-us/corporate-governance/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted the Directors' Code of Conduct, which will be reviewed and updated periodically. The Board shall ensure that the Group upholds high standards of ethics and corporate behaviour. A governing Board is in a position of trust. It holds in trust not only the Group's physical and intellectual assets but also the efforts of those who have gone before. It preserves and grows these things for the current and future generations. Its stewardship will protect the organisation from harm and steer it towards positive achievement.</p> <p>In that light and in the performance of their duties, a Director of Senheng is first and foremost held accountable in demonstrating Corporate Governance, relationship with shareholders, employees, creditors and customers and social responsibilities and the environment.</p> <p>The details of the Directors' Code of Conduct which is part of the Board Charter are available on the Company's website at https://senheng.com/about-us/corporate-governance/.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has adopted the Whistle-Blowing Policies and Procedures (“WBPP”) 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 to facilitate inquiries into the reported concerns. The Group has engaged BDO Governance Advisory Sdn. Bhd. to set up and manage the Whistle-Blower channel.</p> <p>The WBPP outlines the policies and procedures to facilitate all Whistle-Blowers to report misconducts through a proper channel. A Whistle-Blower may lodge his/her complaint/allegation of bribery or corruption or any misconduct by writing to the BDO EthicsLine whistle-blower platform.</p> <p>The WBPP is available on the Company’s website at https://senheng.com/about-us/corporate-governance/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the impact of the pertinent factors on environmental, social and governance ("ESG") to the performance of the Group and recognises the importance of sustainability governance in enhancing the Group's performance. As a joint effort with Management, the Board has established a sustainability framework for smooth implementation of sustainability strategies, targets and initiatives by ensuring that there are adequate policies and procedures in place oriented towards achieving the Group's sustainability objectives and targets.</p> <p>In line with the sustainability framework, the Group has formed a Sustainability Committee, consisting of Senior Management to perform operational monitoring on the implementation of sustainability initiatives. The Sustainability Committee monitors the progress of the implementation of sustainability initiatives with support from the Sustainability Reporting Champion and Sustainability Coordinator. The Sustainability Reporting Champion plays a role in assessing key sustainability matters and the stakeholders involved in sustainability for the Group while the Sustainability Coordinator compiles the sustainability implementation status and reports to the Sustainability Committee.</p> <p>The Sustainability Committee provides briefings and updates to the Board periodically on sustainability strategies, targets and initiatives, enabling the Board to take sustainability factors into account when discharging their fiduciary duties by setting business direction and strategic planning for the Group.</p> <p>The Board also engages with stakeholders who have an interest in the economic, environmental, and social impact on the Group's business to ensure that the Group's sustainability initiatives are well-aligned</p>

	with the stakeholders' interests and expectations.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>In 2022, the Board has formalised a sustainability framework, serving as a guide to the Directors, Management and employees of the Group ("internal stakeholders"), demonstrating the Group's direction in setting the sustainability strategies, priorities and targets, as well as the action plans to be carried out and respective roles to be played by the internal stakeholders for the aim of ensuring smooth implementation of the sustainability strategies and achieving sustainability targets.</p> <p>Besides, the Board communicates the Group's sustainability effort to the customers, vendors/suppliers, regulators/certification bodies, local communities and shareholders ("external stakeholders") by establishing a sustainability report setting out in detail, the Board's strategic planning and initiatives to enhance sustainability of the Group. The Sustainability Report is on pages 27 to 52 of the Annual Report and is available to the public on the Company's website at https://ir.senheng.com/annual-reports/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board carries out its sustainability practices based on the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad. The Board also ensures that the Group’s pursuit of sustainability is aligned with the United Nations’ Sustainable Development Goals.</p> <p>The Board strives to ensure that the business operates in a sustainable and responsible manner. As an effort of integrating sustainability elements to all business planning and direction setting, the Board has set up a robust sustainability governance structure which ensures implementation, monitoring and effective enforcement of sustainability policies.</p> <p>As part of the effort in establishing a robust structure, the Board has delegated its sustainability responsibilities to Sustainability Committee which supports sustainability accountability of the Board for FY2022. The Sustainability Committee, which is chaired by the President and Executive Director, comprises Senior Management team. The Sustainability Committee is supported by the Sustainability Coordinator and Sustainability Reporting Champion who drive sustainability initiatives and report the progress of implementation to the Sustainability Committee.</p> <p>To foster sustainable economic growth and provide value-added services for all stakeholders, the Group has established a solid online presence and integrated it with network of physical locations to provide customers with a seamless shopping experience and to boost economic performance. The Group also strives to boost societal contribution by reinvesting the economic value retained from the Group’s operations to promote growth, increase competitiveness and improve efficiency, to create sustainable and long-term value to stakeholders.</p> <p>The Board is also dedicated to upholding the highest standards of professional conducts as well as promoting integrity and ethical behaviour to ensure compliance with relevant laws, regulations and policies. The Group currently has in place clear and concise frameworks and policies, such as Compliance and Risk Management Framework (“CRMF”) and Anti-Bribery and Corruption Policy, to</p>

	<p>achieve the Board’s target to uphold the highest standards in corporate governance.</p> <p>The Board also prioritises compliance with all applicable local regulations concerning environmental protection and waste management in the Group’s operations to minimise environmental impact in the Group’s daily activities, as one of the most essential efforts in recognising the importance of environmental factor in sustainability practices.</p> <p>In terms of social aspect, the Board retains an appropriate pool of talents for the Group by instilling ESG considerations, focusing on diversity and providing equal opportunities, with the aim of improving employee engagement, enhancing the Group’s reputation, increasing innovations and reducing risks to promote the Group’s sustainability.</p> <p>The Board has also implemented an Occupational, Health and Safety Management system that complies with all legal and regulatory regulations, rules and code of practice, including the Factories and Machinery Act 1967 and the Occupational Safety and Health Act 1994, as an initiative to foster a safe working environment to safeguard the wellbeing of the stakeholders across the Group’s value chain as a sustainability effort.</p> <p>Further details are set out in the Sustainability Report on pages 27 to 52 of the Annual Report which is available on the Company’s website at https://ir.senheng.com/annual-reports/.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>In 2022, the Company has incorporated sustainability as one of the evaluation criteria when establishing the key performance indicators to assess the performance of the Board and Senior Management in relation to remuneration.</p> <p>The Board and Senior Management's performance are evaluated based on the Company's performance in respect to ESG and their performance in addressing material sustainability risks and opportunities.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Company has formed a Sustainability Committee in 2022 which has the responsibility of managing, overseeing, monitoring and reporting on all sustainability related matters across the Group. The Senior Management of the Group are appointed to play the role of the Sustainability Committee.</p> <p>Corporate Compliance and Management (“CCM”) Department will be the Sustainability Coordinator for sustainability initiatives for the Group. CCM’s roles as Sustainability Coordinator mainly involve the drafting of the Terms of Reference of the Sustainability Committee, facilitating the identification of key sustainability matters, coordinating with Sustainability Reporting Champion to obtain sustainability information, preparing sustainability progress reports for Sustainability Committee and preparing a Sustainability Report for disclosure in the Annual Report.</p> <p>To support the Sustainability Coordinator in performing their functions, the Company has appointed the Senior Vice Presidents and Vice Presidents of the Group to carry out the following duties as Sustainability Reporting Champions:-</p> <ul style="list-style-type: none">a) Supporting the Sustainability Coordinator for sustainability initiatives for the Group;b) Assessing the key sustainability matters and stakeholders involved for the Group, divisional and/or subsidiaries;c) Driving the sustainability initiatives in line with the sustainability framework;d) Evaluating the need to outsource sustainability initiatives which the Group does not possess expertise in; ande) Liaising with the Sustainability Coordinator on the implementation status and updates of sustainability reporting initiatives and inputs of disclosure information.

Intended Outcome

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

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director’s performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>Apart from the NC’s Terms of Reference, the NC is guided by the Board Member Recruitment Policy, Board Diversity Policy and Directors’ Assessment Policy established by the Board in 2022 when conducting the annual evaluation exercise on the Board, Board Committees and Directors.</p> <p>The tenure of each Director will be reviewed by the NC annually and the re-election of a Director will be contingent upon a satisfactory evaluation of the Director’s performance and contribution to the Board.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>During FY2022, the INEDs comprised more than half of the Board composition.</p> <p>The profile of the INEDs is available on pages 21 to 24 of the Annual Report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders’ approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	None of the INEDs have served beyond nine (9) years. The Board Charter has set the tenure of an INED of not exceeding a cumulative term limit of nine (9) years. Upon completion of nine (9) years, an INED may continue to serve the Board subject to the Director’s re-designation as a Non-Independent Director and assessment of the NC. The Board will justify and seek shareholders’ approval if they intend to retain an INED beyond nine (9) years through a two-tier voting process.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

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

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p>Based on the NC's Terms of Reference, the Board will consider and decide on the appointment of a new director upon a recommendation from the NC.</p> <p>For the appointment of Directors, the NC considers the objective criteria, merit and with due regard of prospective Directors' character, experience, competence, integrity and time availability, as well as taking into account the following factors:-</p> <ul style="list-style-type: none">• industry skills, knowledge expertise, age, cultural background;• gender;• professionalism;• diversity;• contribution and performance; and• in the case of candidates for the position of INEDs, the Board shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from INEDs. <p>In identifying candidates for appointment as Directors, the Board does not solely rely on the recommendations from existing Directors, Management or major shareholders. The Board may also utilise independent sources to identify suitably qualified candidates such as sourcing from a directors' registry, open advertisements or engaging the services of independent search firms.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.6

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

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>During FY2022, the NC has formalised a Board Member Recruitment Policy, to be read in conjunction with the Guidelines on Fit and Proper Person and Board Diversity Policy.</p> <p>The Board Member Recruitment Policy spells out the process of recruitment of Board members which may involve advertising board vacancies through the following independent sources:-</p> <ul style="list-style-type: none">a) Word of mouth;b) Advertising on the Institute of Corporate Directors Malaysia;c) Social media or the Company's website;d) Contacting professional organisations/representatives bodies; ande) Contacting the Company's shareholder base. <p>Assessment and selection shall be carried out by the NC whereby the NC will take into account the potential candidates' skills, knowledge, experience, competence, qualifications, attributes, and their potential contribution to the Company.</p> <p>The appointment will be decided by the Board, supported by the recommendations of the NC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	The details of the Directors who stood for re-election at the First Annual General Meeting (“AGM”) were set out in the Directors’ Profile and the Statement accompanying the Notice of the First AGM issued on 29 April 2022.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The NC is chaired by Dato' Yeow Wah Chin, an INED.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges the importance of having a diverse board with the appropriate mix in skills, experience, age, background, cultural background and gender that contributes diverse perspective and insights during the Board’s deliberation and decision-making.	
		The Company currently has two (2) female directors on board which represents 28.57% of the Board composition. The Board supports the view that diversity should be based on expertise, experience, skills, and not just gender. Therefore, the NC will continue to source for a suitable female candidate who has the right industry knowledge and experience to bring value to the Company's business.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board established the Board Diversity Policy, which includes gender diversity, in 2022.</p> <p>The Board acknowledges the best practices set out in the Malaysian Code on Corporate Governance ("MCCG") which recommends the establishment of gender diversity policy and has set out in the Board Diversity Policy that the Company advocates for maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical, mental state, ethnicity, nationality, religion, age or family status.</p> <p>The Board also takes cognizant of the recommendation of the Malaysian Government to have at least 30% female decision makers in corporate sector. The Board will continue to take necessary measures to attract women participation on the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The NC carries out a formal and objective annual evaluation on the performance and effectiveness of the Board, Board Committees and Directors.</p> <p>The assessment for individual directors was on peer and self-assessment basis. The assessment was performed on the areas on fit and proper, contribution and performance, and calibre and personality in relation to the individual directors' contribution to the Board.</p> <p>The assessment for the Board and Board Committees was based on the criteria on Board composition, quality of information and decision making, boardroom activities, Board's relationship with Management, Board's contribution to ESG issues and the effectiveness of the Board Committees.</p> <p>The annual evaluation in respect of FY2022 was conducted internally on 27 February 2023, facilitated by the Company Secretaries. The Directors' responses were collated by the Company Secretaries and the summary of findings was tabled before the NC for deliberation. The NC reviewed and assessed the findings and made recommendations to the Board.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has applied the Remuneration Policy to determine the remuneration of Directors which will be reviewed periodically.</p> <p>In the case of the Executive Directors and Senior Management, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. Whereas, in the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. Where applicable, the Board also takes into consideration any relevant information from survey data.</p> <p>The Remuneration Policy is available on the Company's website at https://senheng.com/about-us/corporate-governance/.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The RC was established to assist the Board to develop and ensure that a transparent and independent process is in place to determine the remuneration packages of the Directors and Senior Management of the Company.</p> <p>During FY2022, the RC comprised the following members:-</p> <ul style="list-style-type: none">a) Mr Oh Keng Leng – Chairman (<i>INED</i>);b) Dato' Yeow Wah Chin – Member (<i>INED</i>); andc) Ms Tan Ler Chin – Member (<i>INED</i>). <p>The Terms of Reference of the RC is available on the Company's website at https://senheng.com/about-us/corporate-governance/.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	<p>The details of the remuneration for Directors are available in the Corporate Governance Overview Statement contained in the Annual Report for the detailed disclosure. The remuneration breakdown of individual directors includes fees, salaries, emoluments and statutory contribution, allowances, bonuses and benefits in kinds.</p> <p>The remuneration packages of the INEDs which involve fees, allowance and benefit in kind, if any, are subject to shareholders' approval annually during the AGM. The interested Directors shall abstain from voting in respect of the resolution in relation to their own remuneration package at the Company's AGM.</p> <p>The remuneration of the Directors for FY2022 is set out in the table on the following page.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Lim Kim Heng	Executive Director	-	-	-	-	-	-	-	-	2	1,324	158	24	59	1,567
2	Lim Kim Chieng	Executive Director	-	-	-	-	-	-	-	-	2	1,324	158	35	59	1,578
3	Lim Kim Yew	Non-Executive Non-Independent Director	60	-	-	-	-	-	60	60	-	-	-	-	-	60
4	Dato' Yeow Wah Chin	Independent Director	96	10	-	-	-	-	106	96	10	-	-	-	-	106
5	Oh Keng Leng	Independent Director	96	13	-	-	-	-	109	96	13	-	-	-	-	109
6	Ho Kim Poi	Independent Director	120	12	-	-	-	-	132	120	12	-	-	-	-	132
7	Tan Ler Chin	Independent Director	96	14	-	-	-	-	110	96	14	-	-	-	-	110
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

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

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board has decided not to disclose, on a named basis, the top five Senior Management's remuneration components including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	
		The Board believes that the disclosure of key executives' remuneration is neither to the Group's advantage nor in its business interests, given the sensitive nature of such information and the fierce competition for talent in the industry.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

Intended Outcome

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

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The ARMC is chaired by Ms Ho Kim Poi, an INED, whereas Mr Lim Kim Heng is the Executive Chairman of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>In accordance with the Terms of Reference of the ARMC, a former key audit partner of the Company shall observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.</p> <p>Currently, none of the members of the ARMC are former key audit partners of the Company.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with the Terms of Reference of the ARMC, the ARMC shall review and monitor the suitability and independence of the External Auditors.</p> <p>On 27 February 2023, the ARMC conducted an assessment of the External Auditors, taking into consideration the following criteria:-</p> <ul style="list-style-type: none">a) quality and rigour of their audit;b) quality of service provided;c) internal quality control procedures;d) effectiveness and timeliness of their communication and report to the Board and/or the ARMC;e) independence (both in fact and appearance) and objectivity; andf) appropriateness of the proposed fees to support a quality audit. <p>The ARMC was satisfied with the results of the assessment.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	All members of the ARMC are INEDs. During FY2022, the ARMC comprised the following members:- a) Ms Ho Kim Poi – Chairperson (<i>INED</i>); b) Mr Oh Keng Leng – Member (<i>INED</i>); and c) Ms Tan Ler Chin – Member (<i>INED</i>).

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>Ms Ho Kim Poi, the Chairperson of the ARMC, is a member of the Malaysian Institute of Accountants and CPA Australia.</p> <p>In the year under review, the members of the ARMC have regularly undertook continuous professional development to stay abreast with the relevant developments in accounting and auditing standards, practices and rules through seminars and conferences. They were also briefed by the External Auditors on financial reporting developments and changes in regulatory environment.</p> <p>The details of the training attended by the ARMC members can be found on pages 60 and 61 of the Annual Report.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Since its listing on 25 January 2022, the Group has engaged Messrs KPMG Management & Risk Consulting Sdn. Bhd. ("KPMG MRC") as its Internal Auditors to provide an independent review of the internal controls.</p> <p>As part of the Group's risk management processes, the Group has adopted an Enterprise Risk Management ("ERM") system. The ERM system sets out the risk awareness creation and risk management knowledge building, strategic risk and opportunity assessment, risk solutions and action plans development and key risk indicators.</p> <p>The ARMC will assess the adequacy and effectiveness of risk management framework for identifying, managing and monitoring the critical risks that have impact on the Group and oversee the execution of risk management process and the results. The risk management framework will be reviewed and evaluated from time to time to ensure it is continuously improved as the business environment changes.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with Practice 10.2 of the MCCG, the Board has established and disclosed a structured risk management framework with the function of identifying, evaluating, controlling, monitoring and reporting significant business risks faced by the Group, which is known as the CRMF, consisting of the following four (4) crucial components:-</p> <ul style="list-style-type: none">a) Risk Identificationb) Risk Evaluationc) Risk Treatmentd) Risk Monitoring and Review <p>The CRMF, as disclosed in the Statement on Risk Management and Internal Control in the Annual Report, outlines the Group's risk management system, defines Management's responsibilities via risk accountability structure and reporting structure, and sets out the Group's risk appetite and risk tolerance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Board has established the ARMC to oversee the internal controls and risk management framework and policies in the Group. This Committee comprises solely of INEDs.</p> <p>The Board, through the ARMC with the assistance of the Strategic Positioning Directions Committee, a top management body which delineates important company strategic planning, business directions and decision making on prioritising risk measures, reviews the Group's documented risk management policy and framework while continually updates, identifies, assesses and manages the various risk factors that could have potentially significant impact on the Group's current, mid- to long-term business objectives.</p> <p>During FY2022, the Board and ARMC met every quarter to discuss the operational and internal audit updates on the adequacy of risk management and internal control mechanism in place. The ARMC also reviewed 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.</p>

Intended Outcome

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

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is outsourced to an independent consulting firm, Messrs KPMG MRC, to assist the Board and ARMC in providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system.</p> <p>The Internal Auditors report directly to the ARMC on the Company's financial reporting process, internal controls, risk management and governance.</p> <p>During the year under review, the Internal Auditors reported directly to the ARMC on a quarterly basis, on the internal audit's scope based on the approved audit plan as follows:-</p> <ul style="list-style-type: none"> a) Organisational Governance; b) Store Operations; c) Corporate Liability on Corruption; d) Supplier Management; e) Information Technology General Controls; f) E-commerce; g) Human Resources; and h) Monitoring Third-Party Service Providers. <p>The details of the internal audit scope are set out in the Statement on Risk Management and Internal Control on pages 72 to 73 of the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function is carried out by an external professional firm, Messrs KPMG MRC and headed by Mr Mohd Khaidzir Shahari, who is a professional member of the Institute of Internal Auditors Malaysia, supported by six (6) team members from Messrs KPMG MRC.</p> <p>The internal audit personnel from Messrs KPMG MRC are free from any relationships or conflict of interest which could impair their objective and independence.</p> <p>The internal audit reviews of the Group have been conducted in accordance with the International Professional Practices Framework that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.</p> <p>During FY2022, the internal audit was carried out based on the approved internal audit plan.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>Information on the Group's business and corporate developments is set out in the Company's annual reports and various disclosures made to Bursa Malaysia Securities Berhad ("Bursa Securities"), including quarterly financial results and various announcements made from time to time.</p> <p>In addition, the Group maintains a website at https://www.senheng.com, where shareholders or investors may access information of the Group encompassing corporate information, latest financial results, annual reports, announcements to Bursa Securities, Board Charter, other Board policies and Board Committees' Terms of Reference.</p> <p>AGM is another key avenue of communication with its shareholders, which provides a useful forum for shareholders to engage directly with the Directors.</p> <p>The Board encourages participation of shareholders at every general meeting of the Company and opportunity is given to the shareholders to make relevant enquiries and seek clarification on the Group's business activities and financial performance.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application :	Not applicable – Not a Large Company	
Explanation on application of the practice :		
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is aware that the sufficient notice of general meeting would allow shareholders to make necessary arrangements to attend and participate either in person or by corporate representative, proxy or attorney as well as to enable the shareholders to have sufficient time to consider the resolutions that will be discussed and decided at the meeting.</p> <p>Accordingly, the Board will ensure that the notice of AGM will be served at least 28 days prior to the date of the AGM as required under the Act and the Company's Constitution.</p> <p>Notice of the First AGM was issued to the shareholders on 29 April 2022, more than one (1) month in advance of the First AGM.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All Directors attended the First AGM to engage with the shareholders and provide meaningful responses to the questions posed to them. The Senior Management and External Auditors were also in attendance to respond to the questions from the shareholders.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's First AGM was conducted on a virtual manner through live streaming from the 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.</p> <p>The Administrative Guide for the First AGM with details on the online AGM and procedures for RPV facilities were published on the Company's website to enable the shareholders to exercise their rights as members of the Company to participate and vote by login to Virtual Meeting Portal.</p> <p>The RPV facilities provided the option for shareholders to cast their votes virtually at the AGM without the need to appoint a proxy. Shareholders who were unable to attend and vote at the general meeting were encouraged to submit proxy forms to appoint their representatives or Chairman of the meeting to participate in the meeting, which had allowed them to vote in absence.</p> <p>An independent scrutineer was appointed to validate the poll results and the results were displayed on the screen to the shareholders and proxies.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company’s financial and non-financial performance as well as the company’s long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The First AGM of the Company was held virtually. The Chairman ensured that the shareholders were allocated with sufficient time to pose questions relating to matters on the meeting’s agenda, so as to have a meaningful engagement with the Board, Senior Management and shareholders.</p> <p>The Board and Senior Management addressed the questions submitted by shareholders electronically in advance of the AGM via Tricor’s TIH Online website at https://tiih.online and also the questions posed by shareholders during the First AGM via real time submission of typed texts in the query box during the Question-and-Answer (“Q&A”) session.</p> <p>The Board endeavours to provide clear and meaningful responses to questions posed to them by shareholders at the forthcoming AGM.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application :	Applied
Explanation on application of the practice :	<p>The First AGM held on 24 June 2022 was conducted virtually through live streaming from the broadcast venue. Shareholders participated and voted remotely via RPV facilities.</p> <p>The shareholders could submit their questions electronically, through the online platform provided by the share registrar, Tricor via its TIH Online website at https://tih.online, prior to the AGM. During the live streaming of the AGM, shareholders could pose questions to the Board via real time submission of typed texts.</p> <p>All questions relating to the meeting’s agenda received in advance and those posed real time during the AGM were made visible to the meeting participants and were responded by the Board and Senior Management during the Q&A session.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the First AGM of the Company held on 24 June 2022 were circulated and made available to the shareholders at https://www.senheng.com within thirty (30) business days after the AGM.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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