

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5305
COMPANY NAME : SENHENG NEW RETAIL BERHAD
FINANCIAL YEAR : December 31, 2023

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") is 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, Senior Management 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 Non-Independent Executive Chairman ("EC"), 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>There are two main aspects to the Chairman's role. They are the Chairman's role within the boardroom and the Chairman's role outside the boardroom as stated in the Board Charter.</p> <p>The Board Charter is accessible through 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

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 there is a 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	:	
<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

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 EC, Mr. Lim Kim Heng is not a member of the Audit and Risk Management Committee, Nomination Committee or Remuneration Committee. All Board Committees consist of Independent Non-Executive Directors ("INEDs"). The EC does not participate in Board Committee 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	: Choose an item.

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 its Board Committees function in accordance with their Terms of Reference while observing the relevant rules and procedures and the relevant corporate governance best practices.</p> <p>During the financial year ended 31 December 2023 ("FY2023") the Board was supported by Ms Kuan Hui Fang and Ms Fong Seah Lih, who are qualified Company Secretaries under the Companies Act 2016 ("Act").</p> <p>On 18 September 2023, Ms Kuan Hui Fang resigned as Company Secretary and in place thereof, Ms Tan Lai Hong was appointed by the Board.</p> <p>Both Ms Fong Seah Lih and Ms Tan Lai Hong are members of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and qualified to act as Company Secretaries in accordance with Section 235(1) of the Act and possess the 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 allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Where there is a need to table a report, a brief statement of findings and/or recommendations is prepared.</p> <p>Minutes are prepared following a Board meeting and are circulated in draft form for 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 following 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 Secretary shall comply with the request.</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 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 in the relevant laws and regulations that may arise from time to time and also raises the Directors' awareness of the organisation's overall policy framework.</p> <p>The Board Charter is accessible through 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 3.1

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 at 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 adopted the Whistleblowing 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.</p> <p>The WBPP outlines the policies and procedures to facilitate all Whistle-Blowers in reporting any misconduct through a proper channel. A Whistle-Blower may lodge his/her complaint/allegation of bribery or corruption or any misconduct by writing to the BDOP EthicsLine whistle-blower platform.</p> <p>The details of the Whistle-blowing Policy are available for reference at 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 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 understands the importance of the pertinent environmental, social, and governance (“ESG”) factors on affecting the Group’s performance and has been actively taking in the sustainability in every decision making process.</p> <p>The Board and Management have been continuously engaged and considered the views of its internal and external stakeholders to better understand their interests and subsequently align the Group’s sustainability initiatives to be relevant to the stakeholders’ needs.</p> <p>The Board is responsible to review and adopt strategic plans, addressing the sustainability of the Group’s business.</p> <p>Management guides the strategic direction of the Group’s sustainability pursuits based on economic, environmental and social (“EES”) considerations. Management oversees the Group’s sustainability performance, while representatives from various business units are tasked with implementing identified sustainability initiatives.</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	:		
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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>The Company carries out periodical review with its internal audit team and Management Team on the discussion o sustainability reporting. Employees are aware of the Group's approach towards sustainability.</p> <p>The Company maintains an integrated Governance Risk Compliance ("GRC") approach to effective corporate governance, enterprise risk management, and corporate compliance with applicable laws and legislation.</p> <p>Information on the Group's sustainability strategies, initiatives and practices as well as its sustainability performance are presented in the Sustainability Report on pages 31 to 40 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

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 and also by the United Nation’s Sustainable Development Goals.</p> <p>The Board strives to achieve sustainable economic growth through responsible business practices and innovation. The Board is committed to enhance the value generated and distributed by the Group’s activities to increase societal contribution, promoting sustainable and long-term value creation for the Group’s internal and external stakeholders.</p> <p>The Board also adopts greener practices within the Group’s operations by adhering to all relevant local regulations for environmental protection and waste management. The Company also endeavours to ensure that its day-to-day operations cause minimal impact to the environment, by undertaking a paperless initiative, converting plastic bags to bio-degradable plastics, and to ensure that the Group’s energy consumption and waste management does not contribute to negative impact to the environment.</p> <p>In addition, the Board also targets to foster a safe and healthy work environment, as well as employee welfare and diversity by directing the Company to practice a culture of equal opportunity without discrimination in terms of gender, age, ethnicity, religion or disability status.</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	:		
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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 2023, the Company incorporated sustainability as one of the evaluation criteria upon establishing the key performance indicators (KPI) 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 Environmental, Social and Governance (ESG) and their performance in addressing the 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 since 2022 mainly responsible for 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>In 2023, the Company engaged an external party, Tricor Axcelasia Sdn Bhd as the Sustainability Coordinator for sustainability initiatives for the Group which mainly involved drafting the Terms of Reference of the Sustainability Committee; facilitating identification of key sustainability matters; coordinating with sustainability champions to obtain sustainability information; prepare appropriate sustainability progress reports for the Sustainability Committee; and preparing sustainability statement for disclosure purpose in the Annual Report.</p> <p>To support the Sustainability Coordinator in performing their functions, the Company has appointed the Division Heads of the Group to carry out the following duties as Sustainability Reporting Champions:-</p> <ul style="list-style-type: none">(a) Supporting Sustainability Coordinator for sustainability initiatives for the Group;(b) Assessing the key sustainability matters(c) Drives sustainability initiatives in line with the sustainability framework(d) Evaluates the need to outsource sustainability initiatives in which the Group does not possess expertise in(e) Liaising with Sustainability Coordinator on the implementation status update of sustainability reporting initiatives and input 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>The Board currently consists of seven (7) members, comprising the EC, President, Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors during the financial year ended 31 December 2023.</p> <p>The Nomination Committee has adopted a Board Member Recruitment Policy, Board Diversity Policy and Directors' Assessment Policy ("the Policies") since 2022. The Nomination Committee is guided by the Policies and the Nomination Committee Terms of Reference in carrying out annual evaluation on the Board and Board Committee Members' performance in 2023 and identified areas for improvement with the aim to achieve optimal board composition embracing a diversity of skill, knowledge, experience and gender and to ensure the Board's continuing effectiveness.</p> <p>The tenure of each director will 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.</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	:	The Board currently consists of 4 Independent Directors out of 7 Board Members for financial year ended 31 December 2023. The profile of the Independent Directors are available on pages 18 to 25 of the Annual Report.	
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	:	<p>None of the Independent Directors served beyond 9 years.</p> <p>The Board Charter has set the tenure of an Independent Director should not exceed a cumulative term limit of nine (9) years.</p> <p>Upon completion of nine (9) years, an Independent Director may continue to serve the Board subject to the director's re-designation as a non-independent director and assessment of the Nomination Committee.</p> <p>The Board will justify and seek shareholders' approval if they intend to retain an Independent Director beyond nine (9) years through a two-tier voting process.</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 5.4 - 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	:	Adopted
Explanation on adoption of the practice	:	Board Charter have defined the term to limit the tenure of independent directors to nine years without further extension.

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 Nomination Committee Terms of Reference, the Board will consider and decide on the appointment of a new director upon appropriate recommendation from the Nomination Committee.</p> <p>For the appointment of Directors, the Nomination Committee 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, experience• professionalism• diversity• contribution and performance; and• 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. <p>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.</p> <p>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 should include the following steps:-</p> <p>(a) Identification of potential skills gap by carrying out annual appraisal of its members to determine strengths and weaknesses to identify skills lacking</p> <p>(b) Advertising Board Vacancies</p>

	(c) Recruitment of Board Members through proper Selection and Assessment procedures (d) Recruitment to be considered and recommended by Chairman of Nomination Committee to the Board during a Board Meeting	
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>Since FY2022, the Nomination Committee has formalised a Board Member Recruitment Policy, to be read in conjunction with Fit and Proper Policy and Board Diversity Policy.</p> <p>The Board Member Recruitment Policy spells out the process of recruitment of Board members which involves advertising board vacancies through the following independent sources:-</p> <ul style="list-style-type: none"> (a) Word of mouth (b) Advertising on ICDM (c) Social Media or the Company's website (d) Contacting Professional Organisations/ Representatives bodies (e) Contacting the Company's Shareholder base <p>The subsequent processes of assessment and selection shall be carried out by the Nomination Committee and the appointment will be conducted by the Board supported by the recommendations of the Nomination Committee.</p> <p>The Board will call for a Board Meeting to discuss on the selection process based on the recommendation by the Nomination Committee. Before proposing to the Board, the Nomination Committee will take into account the potential candidates' skills, knowledge, experience, competence, qualifications, attributes, and their potential contribution to the Company.</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

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	:	Shareholders are kept informed on the Board's decision in respect of appointment of director via announcements to Bursa Securities and/or issuing press releases. The information of the Director will be uploaded with the announcements to support the Board's decision on the appointment of Directors. The details of directors who are standing for re-election are set out in statement accompanying notice of Annual General Meeting on page of Annual Report 2023 for the shareholders' purview.
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	:	<p>The Nomination Committee comprises exclusively of Independent Non-Executive Directors.</p> <p>The Nomination Committee currently comprises of the following members:-</p> <p><u>Chairman</u> Dato' Yeow Wah Chin <i>Independent Non-Executive Director</i></p> <p><u>Members</u> Ms. Ho Kim Poi <i>Independent Non-Executive Director</i></p> <p>Ms. Tan Ler Chin <i>Independent Non-Executive Director</i></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

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	:	<p>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 Board’s deliberation and decision-making.</p> <p>There was a positive development for the Company in making greater strides towards notable gender diversity on the Board with the appointments of Ms. Ho Kim Poi and Ms. Tan Ler Chin on 14 June 2021. The Company currently has two (2) female directors on board which represent 28.57% in the Boardroom composition.</p> <p>Nevertheless, the Board is in support of the view that diversity should be in tandem with expertise, experience and skills and not gender alone. Hence, the Nomination Committee will continuously source for suitable female candidate who possesses the right set of knowledge and industry experience and able to bring value to the Company’s business as Independent Non-Executive Director.</p>
<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 5.10

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	:	
Explanation for departure	:	<p>The Board has established a Board Diversity Policy which includes gender diversity since FY2022.</p> <p>The Board acknowledges the best practices set out in MCCG which recommends for 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% women as decision makers in corporate sector. The Board will continuously take necessary measures to attract women participation on the Board.</p>
		Please provide an explanation on how the practice is being applied.
<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 Nomination Committee carried out a formal and objective annual evaluation on the Board, Board Committees and each individual director in respect of their effectiveness in the financial year ended 31 December 2023 (“FY2023”), as per the criteria in the assessment forms adopted from the Corporate Governance Guide.</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 Board and Board Committee was based on the criteria on board mix and composition, quality of information and decision making, boardroom activities, board’s relationship with the management, board’s contribution to environmental, social and governance (ESG) issues and the effectiveness of the Board Committees.</p> <p>The annual evaluation was conducted with the assistance of the Company Secretaries who extracted the assessment forms from the Corporate Governance Guide from Bursa Malaysia Main Market Listing Requirement, and distributed to the Board Members for completion. This was followed by the Company Secretaries compiling the assessment forms from the Directors, collating and generating the results based on Directors’ input prior to presenting to the Nomination Committee for review. After some deliberation by the Nomination Committee, the Chairman of the Nomination Committee presented the results to the Board for approval in a subsequent Board Meeting. The deliberation in the Nomination Committee and Board meeting has been properly recorded in minutes form.</p> <p>The Nomination Committee and the Board were satisfied with the</p>

	<p>following outcome based on the results of the evaluation in the FY2022:-</p> <p>(a) pending cosec's minutes (b) (c)</p> <p>The Nomination Committee has also assessed the independence of the Independent Directors through Self-Assessment Independence Checklist with the result being tabled to the Board for notation. The Board noted that the Independent Directors had been acting independently of the management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company in FY2023.</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 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 details of the remuneration policies are available for reference at 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 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 Remuneration Committee was established to assist the Board in reviewing and recommending the remuneration framework for Directors as well as the remuneration packages of Executive Director, Non-Executive Director and Senior Management to the Board, drawing from outside advice if necessary.</p> <p>The present members of the Remuneration Committee are as follows and comprise wholly Independent Non-Executive Directors:-</p> <p>Chairman Mr. Oh Keng Leng <i>Independent Non-Executive Director</i></p> <p>Members Dato' Yeow Wah Chin <i>Independent Non-Executive Director</i></p> <p>Ms. Tan Ler Chin <i>Independent Non-Executive Director</i></p> <p>The Terms Of Reference of the Remuneration Committee are 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 Independent Non-Executive Directors which involves fees, allowance and benefit in kind, if any, are subject to shareholders' approval annually during the Annual General Meeting ("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>

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	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	110	Input info here	Input info here	Input info here	Input info here
2	Lim Kim Chieng	Executive Director	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	110	Input info here	Input info here	Input info here	Input info here
3	Lim Kim Yew	Non-Executive Non-Independent Director	60	Input info here	Input info here	Input info here	Input info here	Input info here	60	60	Input info here	Input info here	Input info here	Input info here	Input info here	60
4	Dato' Yeow Wah Chin	Independent Director	96	10	Input info here	Input info here	Input info here	Input info here	106	96	10	Input info here	Input info here	Input info here	Input info here	106
5	Oh Keng Leng	Independent Director	96	13	Input info here	Input info here	Input info here	Input info here	109	96	13	Input info here	Input info here	Input info here	Input info here	109
6	Ho Kim Poi	Independent Director	120	12	Input info here	Input info here	Input info here	Input info here	132	120	12	Input info here	Input info here	Input info here	Input info here	132
7	Tan Ler Chin	Independent Director	96	14	Input info here	Input info here	Input info here	Input info here	110	96	14	Input info here	Input info here	Input info here	Input info here	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	:	<p>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.</p> <p>The Board believes that 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.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 Audit and Risk Management Committee is chaired by Independent Non-Executive Director, Ms. Ho Kim Poi whereas the Board is chaired by the EC, Mr. Lim Kim Heng.	
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>Upon listing, the Company has established a Terms of Reference for the Audit and Risk Management Committee ("ARMC") which serves as a guide for the ARMC to uphold the highest corporate governance practices.</p> <p>In accordance with the Terms of Reference of ARMC, a former key audit partner of the Company to 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>The ARMC Terms of Reference ("ARMC TOR") laid out that the ARMC shall review and monitor the suitability and independence of the External Auditors.</p> <p>To discharge of its duties and responsibilities to ensure the suitability, objectivity and independence of the Company's External Auditors, Messrs BDO PLT ("BDO"), the ARMC TOR also set out that the ARMC shall review and discuss the following matters with BDO quarterly and to report the same to the Board:-</p> <p>(a) the audit plan and audit report; (b) evaluation of the system of internal controls; and (c) problems and reservation arising from interim and final audits or any matters that the auditors wish to discuss (for example, if there is any disagreement between the management and the auditors regarding the financial reporting and the way to resolve).</p> <p>In the financial year ended 31 December 2023, the ARMC has in accordance with the ARMC Terms of Reference, carried out its function to review the suitability and independence of BDO via the external auditor evaluation form adopted from the Corporate Governance Guide.</p> <p>The process of assessing BDO's objectivity, suitability and independence was led by the Company Secretary, who extracted the relevant questionnaires from the Corporate Governance Guide and distributed to the ARMC members prior to the ARMC meeting whereby the discussion has taken place. During the meeting, the Company Secretary led the ARMC through the questions stated in the external auditor evaluation form to assess BDO's performance for the financial year ended 31 December 2023.</p> <p>As a result of the assessment, ARMC was satisfied with the performance of BDO in terms of the following criteria:-</p> <p>(a) Calibre of external audit firm (b) Quality Processes/ Performance</p>

	(c) Audit Team (d) Independence and Objectivity (e) Audit Scope and Planning (f) Audit Fees (g) Audit Communications	
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	:	<p>The ARMC comprises exclusively of Independent Non-Executive Directors.</p> <p>The ARMC currently comprise of the following:-</p> <p><u>Chairperson</u> Ms. Ho Kim Poi <i>Independent Non-Executive Director</i></p> <p><u>Members</u> Mr. Oh Keng Leng <i>Independent Non-Executive Director</i></p> <p>Ms. Tan Ler Chin <i>Independent Non-Executive Director</i></p>

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>All members of the ARMC appointed to the Board have attended the Mandatory Accreditation Program prescribed by Bursa Securities.</p> <p>The ARMC Chairperson is a member of the Malaysian Institute of Accountants (MIA) and Certified Practising Accountant (CPA) Australia.</p> <p>In the year under review, the members of the ARMC have regularly undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules via involvement in seminars, conferences and briefings by external auditors.</p> <p>The details of the training of ARMC members are specified in pages XX 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 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>Upon listing on 25 January 2022, the Group has engaged KPMG Management & Risk Consulting Sdn Bhd ("KPMG MRC") as its internal auditor to maintain a sound internal control system for the Group identifying and reviewing risks, ensuring the implementation of proper systems to manage risks that affecting the Group as well as the procedures taken, and also to review the adequacy and effectiveness of the internal controls on an ongoing basis.</p> <p>As part of the Group's Risk Management processes, the Group has adopted an Enterprise Risk Management System ("ERMS"). ERMS sets out the risk awareness creation & risk management knowledge building, strategic risk & opportunity assessment, risk solutions & 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 impact to the Group and oversee the execution of risk management process and the results; and it shall 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 Malaysian Code on Corporate Governance, 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, which is known as the Compliance & Risk Management Framework, consisting of the following four (4) crucial components:-</p> <ul style="list-style-type: none">(a) Risk Identification(b) Risk Evaluation(c) Risk Treatment(d) Risk Monitoring and Review <p>The Compliance & Risk Management framework, 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 fully Independent Non-Executive Directors.</p> <p>The Board, through the ARMC with the assistance of the Strategic Planning Committee ("SPC"), a top management body which delineates important company strategic planning, business directions and decision making on prioritising risk measures; to review the Group's documented risk management policy and framework while continually update, identify, assess and manage the various risk factors that could have a potentially significant impact on the Group's current, mid-term to long-term business objectives.</p> <p>During the financial year ended 31 December 2023, the Board and ARMC met 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.</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, 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 will 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 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 (f) Monitoring Third-Party Service Providers <p>The details of the internal audit scope is set out in the Statement on Risk Management and Internal Control in page XX 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 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, KPMG MRC and headed by Mohd Khaidzir Shahari who is a professional member of Institute of Internal Auditors Malaysia together with four (4) team members from KPMG MRC. The internal audit personnel from 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 referring to 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.</p> <p>For the financial year ended 31 December 2023, 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	:	Information about the Group's business and corporate developments is distributed via the Company's annual reports, various disclosures to Bursa Securities including quarterly financial results and various announcements made from time to time. 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.
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 the 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 Annual General Meeting (“AGM”) will be served at least 28 days prior to the date of the AGM as required under the Companies Act, 2016 and the Company’s Constitution.</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	:	<p>The AGM in 2024 will be the third AGM of the Company as a public listed company.</p> <p>For the upcoming AGM, all Company's Directors will endeavour to attend the Company's third AGM, barring any unforeseen circumstances and questions relating to the Committee under their purview will be addressed by them accordingly.</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 13.3

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 as a public listed company and it will be conducted through Remote Participation and Voting (“RPV”) facilities provided by Tricor Investor & Issuing House Services Sdn Bhd (“TIIH”) via its TIIH Online at https://tiih.online. The Administrative Guide of the AGM including the procedures for RPV facilities were published in the Company’s website and shared with shareholders.</p> <p>RPV facilities in TIIH Online provide the option for shareholders to cast their votes virtually at general meeting without the need to appoint a proxy.</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

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	: The third AGM of Senheng will be held virtually, the Shareholders are welcomed to pose questions to the Board and Senior Management relating to the AGM matters which would create a meaningful engagement with the Board, Senior Management and Shareholders. The shareholders are allowed to submit their questions electronically through the online platform provide by the share registrar, TIIH via its TIIH Online website at https://tiih.online prior to AGM, or use the query box to transmit questions to the Board of Directors via RPV facilities during live streaming of the AGM. The Board endeavours to provide clear and meaningful responses to questions posed to them by shareholders at the forthcoming 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	:

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	: The shareholders are allowed to submit their questions electronically through the online platform provide by the share registrar, TIIH via its TIIH Online website at https://tiih.online prior to AGM, or use the query box to transmit questions to the Board of Directors via RPV facilities during live streaming of the AGM. All the questions relating to the meeting's agenda pose by the shareholders will be responded by the management and posted for other participants' review during the meeting.
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	: Minutes of the Third AGM will be made available to shareholders within thirty (30) business days after the AGM on the Company's website.
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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