

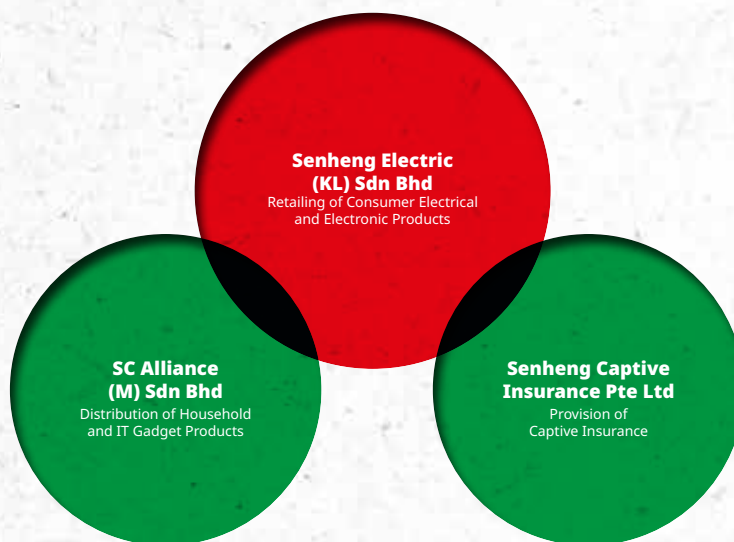
# Sustainability Statement

In this report, we present the Sustainability Statement (“Statement”) for the Financial Year Ended 31 December 2023 (“FYE2023”) for Senheng New Retail Berhad and its subsidiaries (“Senheng” or “the Group”). This Statement encompasses the sustainability initiatives, strategies and practices implemented by the Group.

Our sustainability strategy is rooted in our mission i.e. “Together, towards better quality of living” for our stakeholders while upholding the highest standards of ethical conduct and corporate citizenship. We understand that sustainable business practices are essential for achieving this mission and we have integrated sustainability into every aspect of our operations.

## Reporting Scope and Period

As one of the leading retailers for electrical and electronics (“E&E”), Senheng operates with over 100 retail stores nationwide. The Statement covers the sustainability performance of Senheng and its subsidiaries as depicted in the following diagram for FYE 31 December 2023. The information disclosed cover activities and initiatives undertaken from 1 January 2023 to 31 December 2023.



## Reporting Standards

This Statement has been developed according to the following standards and global frameworks:

- 1

Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Sustainability Reporting Guide 3<sup>rd</sup> edition



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- 2

Malaysian Code of Corporate Governance (Updated 2021) (“MCCG 2021”)



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- 3

Main Market Listing Requirements (“MMLR”)



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- 4

Global Reporting Initiative (“GRI”) Standards Sustainability Reporting Guidelines



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- 5

United Nations Sustainable Development Goals (“UN SDG”)



# Sustainability Statement

## Task Force on Climate-Related Financial Disclosures Framework

At Senheng, we recognise the importance of being transparent and sharing information on our actions to address climate-related risks and opportunities. As of the present, the Group has yet to comply with Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations. However, we are actively engaged in assessing our operations and exploring methods for incorporating relevant data and information to meet TCFD requirements. We are committed to report in accordance with TCFD standards by 2025.

## Feedback

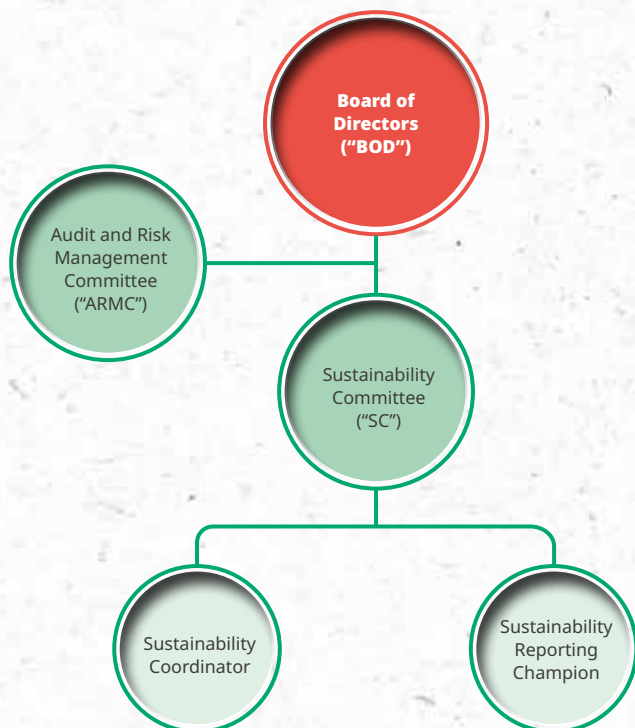
We appreciate and value the feedback, suggestions, and input of our stakeholders on this Statement. We welcome feedback on any aspect of our sustainability practices and performance. Kindly address any comments or queries to [ir@senheng.com.my](mailto:ir@senheng.com.my).

## Sustainability Governance

An effective sustainability governance and leadership structure is vital to lead our ongoing sustainability efforts and provide clear direction to achieve our targeted sustainability key performance indicators (“KPIs”). By integrating sustainability into our governance practices, we ensure accountability and alignment with our strategic objectives, enabling us to deliver long-term value to all stakeholders.

The Group’s sustainability governance structure is led by the Board of Directors (“Board” or “BOD”), who are ultimately responsible for the sustainability framework and provide overall direction and oversight of all sustainability initiatives implemented within the Group. They are supported by the Audit and Risk Management Committee (“ARMC”) and the Sustainability Committee (“SC”). The ARMC plays a role in overseeing the implementation and effectiveness of sustainability matters in Senheng. In Senheng, we prioritise sustainability by integrating sustainability-linked assessments into the Board Assessment Form.

On the other hand, the SC is responsible for the development of sustainability policies and frameworks for endorsement by BOD, as well as monitoring the operational implementation of sustainability initiatives. The SC is chaired by President and Executive Director, with the other members assumed by the Senior Management team. Reporting to the SC are the Sustainability Coordinator, which consists of the Corporate Compliance Management (“CCM”) Department and Sustainability Reporting Champion is assumed by Head of Divisions. Both Sustainability Coordinator and Sustainability Reporting Champion are responsible for day-to-day implementation of sustainability initiatives within the Group.



# Sustainability Statement

Sustainability governance clearly defines roles and responsibilities for functions, as outlined below.

## Board of Directors



- The BOD is ultimately accountable for the sustainability framework;
- Provides overall direction and oversight of all sustainability initiatives;
- Drives the strategy for sustainability progressively; BOD will be briefed and updated on the status of sustainability matters;
- Endorses any Terms of Reference ("TOR") for the SC; and
- Review and Approves the Sustainability Statement and/or Summary Report for disclosure purposes in the Annual Report.

## Audit and Risk Management Committee



- Based on defined ARMC TOR; and
- ARMC will be briefed and updated on the status of sustainability matters.

## Sustainability Committee



- Reviews and updates the TOR for SC;
- Development of sustainability policies and frameworks for BOD endorsement;
- Operational monitoring of the implementation of sustainability;
- Receives the sustainability updates through appropriate report to be reviewed accordingly;
- Annual review of the sustainability policy, frameworks, and TOR to enable any possible recommendation to the board for changes; and
- Provides briefing and updates to the Board on a regular or periodic basis depending on any time as required by BOD.

## Sustainability Coordinator



- Drafting the TOR for SC;
- Facilitates stakeholders' engagement session for identification of key sustainability matters;
- Disseminate sustainability reporting information request template to the respective champions;
- Co-ordinates input of disclosure information, sustainability information and measurement initiatives from respective champions;
- Monitors and follow-up on the implementation status of sustainability initiatives;
- Prepares appropriate sustainability progress report to SC;
- Manages sustainability initiatives within the stipulated timeline before the release of the Annual Report; and
- Prepares the Sustainability Statement and/or Summary Report for disclosure purposes in the Annual Report.

## Sustainability Reporting Champion



- Supporting the Sustainability Coordinator for sustainability initiatives for SENHENG Group;
- Assesses key sustainability matters and stakeholders involved for SENHENG Group, divisional and/or subsidiaries;
- Drives sustainability initiatives under the purview in line with the sustainability frameworks used;
- Evaluates the need to outsource sustainability initiatives in which SENHENG does not possess the expertise; and
- Liaises with Sustainability Coordinator on the implementation status update of sustainability reporting initiatives and input of disclosure information.

# Sustainability Statement

## Policies and Procedures for Governance Excellence

We are steadfast in our commitment to maintaining the highest standards in corporate governance across the Group. In 2022, the Board approved the Sustainability Framework which provides guidance for employees to ensure smooth and efficient operation and execution of sustainability initiatives. This framework is complemented by other policies and guidelines for ensuring an effective management of economic, environmental and social (“EES”) activities. The policies include the following:



## Stakeholder Engagement

Our commitment to stakeholder engagement serves as the cornerstone for creating sustainable value within the Group. In today's business environment, stakeholder engagement plays an increasingly important role in ensuring that our stakeholders are well-informed about our strategies to address the challenges affecting our business.

We actively engage with our key stakeholders across all our operations which includes employees, customers, suppliers, government agencies, local communities, shareholders and other organisations that may be affected by or have an interest in our Group's sustainability practices. The following summary provides an overview of our interactions with key stakeholders throughout the year, including the engagement and communication platforms utilised, as well as our responses to their needs.

Stakeholder	Engagement	Frequency	Our Response
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Training and Development Programmes</li> <li>• Safety briefings</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> <li>• Quarterly</li> <li>• Annually</li> <li>• Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Training and Talent development, pages 47-48</li> <li>• Occupational health and Safety, pages 50-51</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Advertisements</li> <li>• Promotional campaigns</li> <li>• “Senheng”, “Grand Senheng”, “Grand Senheng Elite”, “senQ”, “Grand senQ” stores, Online Stores</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Performance, pages 36-37</li> </ul>
<b>Vendors/Suppliers</b>	<ul style="list-style-type: none"> <li>• Supplier assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Annual/ Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>• Supply Chain Management, page 38-39</li> </ul>
<b>Regulators/ Certification Bodies</b>	<ul style="list-style-type: none"> <li>• Audits</li> <li>• Site visits</li> <li>• Dialogues with government/non-government bodies, regulators &amp; agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Ongoing/ As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality &amp; Safety, page 49</li> <li>• Governance &amp; Ethics, page 37-38</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Community events</li> <li>• Environmental awareness and education</li> <li>• Livelihood support</li> <li>• Employment support</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly/ As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Social Responsibilities, pages 51-53</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Annual Report</li> <li>• Annual General Meeting</li> <li>• Fund/analyst briefings</li> <li>• Investor relations website</li> </ul>	<ul style="list-style-type: none"> <li>• Annual</li> <li>• Quarterly/ As needed</li> <li>• As needed</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Performance, pages 36-37</li> </ul>

# Sustainability Statement

## Materiality Assessment

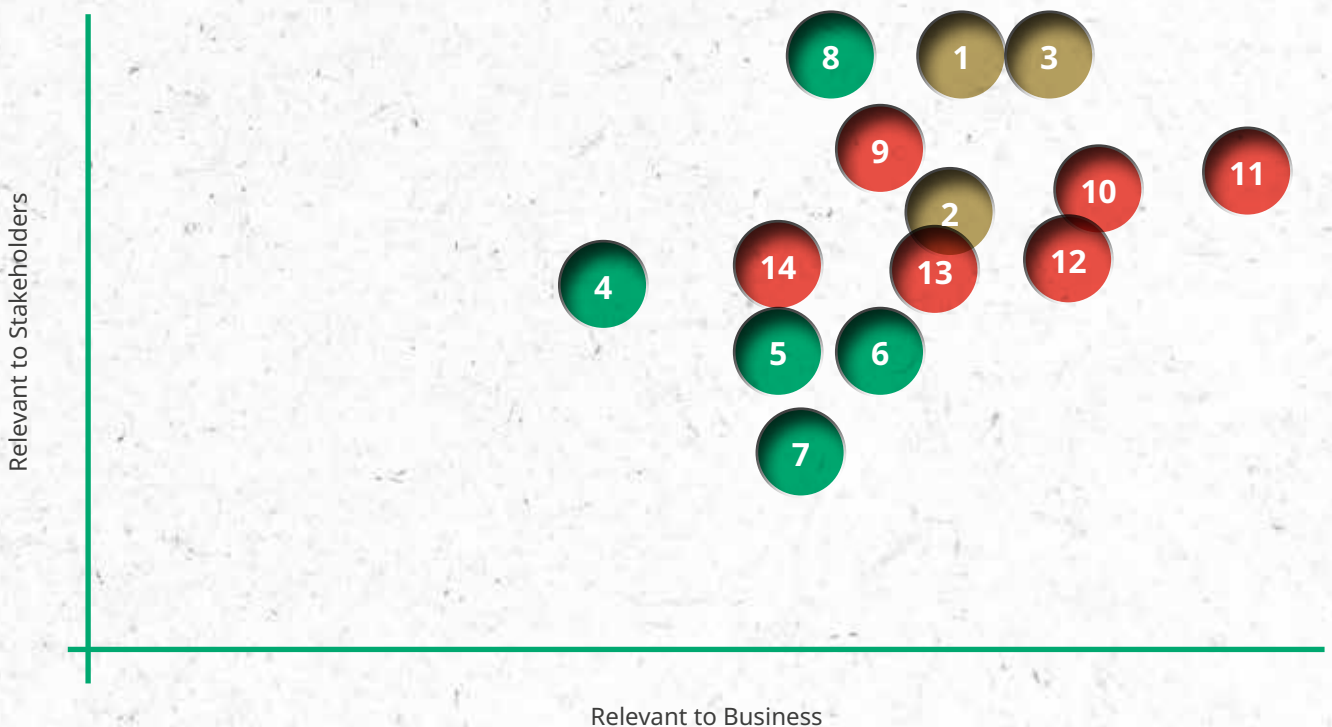
As an organisation, we recognise the significant impact of material matters on our ability to create long-term value for stakeholders. These material matters encompass three key pillars: economic, environmental and social factors, each playing a crucial role in shaping our sustainability strategy and performance.

Our approach to the materiality assessment process outlined as follows:



In FY2023, we continued our commitment to sustainability by referring to the material matters identified in previous assessments conducted in 2022. We subjected these material topics to an annual review to ensure their ongoing relevance and significance. The key material matters were reviewed by the Sustainability Committee and endorsed by the Board on the incorporation of additional material matters in line with the requirements detailed in Sustainability Reporting Guide ("SRG") 3rd Edition and changing business environment.

The material topic of 'Data Privacy and Security' has been incorporated into Senheng's sustainability materiality profile, while the other material topics remain unchanged. This aligns with the common sustainability matters highlighted in SRG. The following diagram illustrates the results of the reviewed sustainability material topics under the EES pillars.



# Sustainability Statement

No.	Material Sustainability Matters	Relevant Stakeholders	Relevant SDGs
<b>ECONOMY</b>			
1	Economic Performance	Employees, Shareholders	
2	Supply Chain Management	Employees, Shareholders, Vendors, Suppliers	
3	Governance & Ethics	Employees, Customers	
<b>ENVIRONMENT</b>			
4	Energy Consumption	Regulators, Community	
5	Water	Regulators, Community	
6	Waste Management	Regulators, Community	
7	Emissions	Regulators, Community	
8	Environmental Compliance	Regulators, Community	
<b>SOCIAL</b>			
9	Diversity and Equal Opportunity	Employees	
10	Employee Training and Development	Employees	
11	Product Quality and Safety	Employees, Customers	
12	Occupational Health and Safety	Employees	
13	Corporate Social Responsibilities	Employees, Communities	
14	Data Privacy and Security	Employees, Customers	

Notes:

1. 'Indirect Economic Impact' has been removed from the material topic as it is no longer deemed material for disclosure.
2. 'Procurement Practice' has been renamed from the material topic as 'Supply Chain Management'.

We are dedicated to continuously improving our practices and ensuring proactive measures are in place to address emerging challenges and opportunities related to these material topics. The discussion on our management approach for addressing these material topics will be elaborated upon in the subsequent sections.

# Sustainability Statement

## Risks and Opportunities

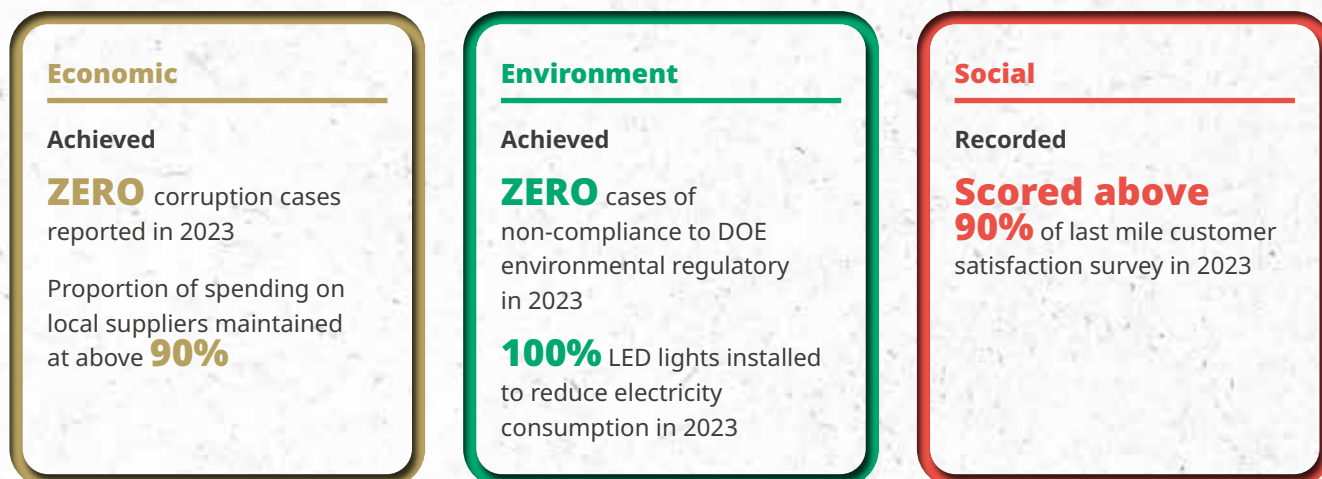
Risks and opportunities are embedded within our sustainability strategy, serving as an essential element in our commitment to responsible business practices. Aligned with the ISO 31000 standard, our approach to risk management is systematic, addressing the risks and opportunities for each material topics.

Material Topics	Risks	Opportunities
Economic Performance	<ul style="list-style-type: none"> <li>Ineffective monitoring on the business strategies and future plan</li> <li>Market competition threats</li> </ul>	<ul style="list-style-type: none"> <li>Cost savings initiative</li> <li>Investment in sustainable practices provide competitive advantage</li> </ul>
Governance & Ethics	<ul style="list-style-type: none"> <li>Non-compliance with rules &amp; regulations</li> </ul>	<ul style="list-style-type: none"> <li>Enhance governance best practices</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>Non-performing vendor</li> </ul>	<ul style="list-style-type: none"> <li>Improve procurement transparency to improve supplier relationships and mitigate risks</li> </ul>
Environmental Compliance	<ul style="list-style-type: none"> <li>Health, safety &amp; environmental hazards</li> <li>Non-compliance with rules &amp; regulations</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing compliance with regulatory requirements</li> </ul>
Energy Consumption	<ul style="list-style-type: none"> <li>Health, safety &amp; environmental hazards</li> </ul>	<ul style="list-style-type: none"> <li>Resource-efficient practices</li> </ul>
Water	<ul style="list-style-type: none"> <li>Health, safety &amp; environmental hazards</li> </ul>	<ul style="list-style-type: none"> <li>Optimise resource use</li> </ul>
Waste Management	<ul style="list-style-type: none"> <li>Health, safety &amp; environmental hazards</li> </ul>	<ul style="list-style-type: none"> <li>Minimise waste generation</li> </ul>
Emissions	<ul style="list-style-type: none"> <li>Health, safety &amp; environmental hazards</li> </ul>	<ul style="list-style-type: none"> <li>Initiatives to adapt to climate conditions</li> </ul>
Diversity & Equal Opportunities	<ul style="list-style-type: none"> <li>Difficulty to retain and attract key personnel</li> </ul>	<ul style="list-style-type: none"> <li>Improve productivity of employees through employee well-being programme</li> </ul>
Employee Training & Talent Development	<ul style="list-style-type: none"> <li>Competency gap</li> </ul>	<ul style="list-style-type: none"> <li>Focus on employee skills development</li> </ul>
Data Privacy & Security	<ul style="list-style-type: none"> <li>Data governance</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of data privacy and security measures can enhance customer trust</li> </ul>
Product Quality & Safety	<ul style="list-style-type: none"> <li>Inability to meet consumer demand for environmentally friendly products</li> <li>Slow-moving and inventory turn monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Enhance customer satisfaction</li> </ul>
Occupational Health & Safety	<ul style="list-style-type: none"> <li>Health, safety &amp; environmental hazards</li> </ul>	<ul style="list-style-type: none"> <li>Effective safety management practices</li> </ul>
Corporate Social Responsibility	<ul style="list-style-type: none"> <li>Non-compliance with rules &amp; regulations</li> </ul>	<ul style="list-style-type: none"> <li>Improve public perception on the brand reputation</li> </ul>

# Sustainability Statement

## Key Highlights

The following are the key highlights in sustainability performance and initiatives at Senheng in FY2023:



## Performance Scorecard

The current performance of Senheng's target and commitment are as the following table.

Material Matters	Focus Areas	Targets FY2023	Current Progress FY2023
<b>Economic Performance</b>	Annual sales growth	Above 10%	Below 10%
	Annual profit growth	Above 10%	Below 10%
	Dividend distribution policy	At least 30.0%	Payout of 30.6%
<b>Governance &amp; Ethics</b>	Percentage of employees on ABAC training	All employees	1. Executive – 79% 2. Non-Executive – 69% 3. Overall – 71%
	Corruption case reported and action taken	Maintain 0 cases	0 cases reported
	Percentage of operation assessed for corruption-related risk	100%	All ABAC risk registers assessed
	Number of breaches of customer and privacy data	0 breaches	0 confirmed breaches
<b>Supply Chain Management</b>	Proportion of spending on local suppliers (SSM registered)	90% for local suppliers	Maintained at above 90%
	Suppliers to meet Group Supplier-Code-of-Conduct (“SCOC”)	All suppliers	More than 90% of the suppliers
<b>Environmental Compliance</b>	Paperless initiatives – digitalised documents	95% issued in electronic format	Maintained above 95%
	Compliance to DOE environmental regulatory	0 cases compounded from DOE	0 confirmed cases reported
<b>Energy Consumption</b>	Reduce electricity consumption by installing LED lights	100% for all outlets by 2025	100%



# Sustainability Statement

Material Matters	Focus Areas	Targets FY2023	Current Progress FY2023
<b>Water</b>	Install harvesting rainwater system	To install harvesting rainwater system in all LO by 2024	4
<b>Waste Management</b>	Styrofoam and item boxes recycled	80 tonnes	100 tonnes collected
<b>Data Privacy &amp; Safety</b>	Number of breaches of customer and privacy data	0 breaches	0 confirmed breaches
<b>Product Quality &amp; Safety</b>	Customer Net Promoter Score ("NPS")	Above 80%	Maintained at above 80%
	Last mile customer satisfaction survey	Above 85%	Scored above 90%
	Small appliances defective rate	Below 5%	Below 5%
<b>Occupational Health &amp; Safety</b>	Percentage of employees training on H&S	100%	100%



# Sustainability Statement



## ECONOMIC

### ECONOMIC PERFORMANCE

GRI 201-1

Since 1989, Senheng has been a leading consumer electronics retailer with over 100 physical stores in Malaysia. Our commitment to economic sustainability not only secures our future but also benefits society by creating jobs and offering valuable services.

#### Approach

Senheng focuses on strategic planning, financial management and innovation for economic success through their Strategic Direction developed for 2023. Innovation drives us to adapt to market changes, embrace new technology and offer innovative products. Our online stores expand shopping options, which include the following:

#### Products

All products are available across online and retail store

#### Pricing

Consistent product pricing across all physical and online stores

#### Inventory

Central Distribution Centre ("CDC") serving as the main hub, integrated to seamless retail platform

#### Logistics

Centralised model since 2018 enables efficient logistics from CDC to regional hubs and last-mile

#### Payment Mode

Multiple modes of payment across online and physical stores

#### Repair & Service

Offers repair and services for all products

#### Loyalty Program

Valuable PlusOne loyalty program for members satisfaction, including additional warranty coverage and exclusive benefits

#### Promotion

Consistent promotions and discounts displayed across online and physical stores

#### Benefits

Sales personnel are incentivised for sales across physical store, telemarketing and online platforms for consistent customer service delivery

# Sustainability Statement

## Performance

Senheng's economic performance in FY2023 reflects the impact of challenging market dynamics, as we experienced a decrease of 15.8% in revenue due to the weaker consumer sentiment and rising inflation. These challenges were also notable in the decline in annual sales growth and annual profit growth as compared to figures in FY2021 and FY2022.

Target & Commitments	Unit	Performance in 2021	Performance in 2022	Performance in 2023
Economic value generated <sup>1</sup>	RM'000	1,462,253	1,582,297	1,333,109
Economic value distributed <sup>2</sup>	RM'000	1,396,996	1,521,775	1,308,090
Economic value retained <sup>3</sup>	RM'000	65,527	60,522	25,019

Notes:

<sup>1</sup> Economic value generated comprises of revenue and other income.

<sup>2</sup> Economic value distributed includes operating costs, employee wages and benefits, payments to providers of capital, payments to government and community investments.

<sup>3</sup> The figure of Economic Value Retained have been restated for FY2021 and FY2022 due to revision in calculation methodology. Economic Value Retained is the difference between Economic Value Generated and Economic Value Distributed.



Please refer to the Financial Statements for more information on financial performance.

Target & Commitments	Target	Performance in 2021	Performance in 2022	Performance in 2023
Annual sales growth	Above 10%	Maintained at above 10%	Maintained at above 10%	Below 10%
Annual profit growth	Above 10%	Maintained at above 10%	Maintained at above 10%	Below 10%
Dividend distribution policy	At least 30.0%	Payout of 30.0%	Payout of 29.7%	Payout of 30.6%

## GOVERNANCE & ETHICS

GRI 205-1 | GRI 205-2 | GRI 205-3

Senheng values governance and ethics to build trust and protect interests of the stakeholders. We believe that by adhering to ethical standards, it mitigates risks, enhances reputation and ensures long-term success. We prioritise an Anti-Bribery and Anti-Corruption policy to uphold ethical conduct and responsible business practices.

### Approach

#### Anti-Bribery & Anti-Corruption Policy

Senheng's Anti-Bribery and Corruption Policy, effective in 2020, is central to its comprehensive management system, promoting integrity and compliance. It covers all operations involving commercial or government entities and applies to everyone representing Senheng, including employees, board members and business partners. Any conflicts with local customs are resolved with consultation from the CCM.

The Policy undergoes regular reviews to incorporate updates in legislation and industry standards, with any revisions subject to approval by the Board of Directors. This underscores Senheng's commitment to maintaining high governance and ethical standards.

# Sustainability Statement

## Whistleblow Policies and Procedures

Whistleblow Policies and Procedures established by the Group provides an avenue for all employees and business associates to report any concerns outlined under the policy and provide protection for whistleblower(s).



Any concerns shall be reported at TRICOR WE-Care whistle-blower platform at Hyperlink <https://4uwecare.com/>.

The Group's Anti-Bribery and Corruption Policy as well as Whistle-Blowing Policies and Procedures are made available on our corporate website at [www.senheng.com](http://www.senheng.com).

## Performance

There was zero case of misconduct in relation to corruption and bribery identified within Senheng in FY2023. The following table represents the data in relation to Governance and Ethics.

Target & Commitments	Target	Performance in 2021	Performance in 2022	Performance in 2023
Percentage of employees on ABAC training <sup>1</sup>	All employees	-	-	1. Executive – 79% 2. Non-Executive – 69% 3. Overall – 71%
Corruption case reported and action taken	Maintain 0 cases	0 cases reported	0 cases reported	0 cases reported
Percentage of operation assessed for corruption-related risk	100%	All ABAC risk registers assessed	All ABAC risk registers assessed	All ABAC risk registers assessed

Note:

<sup>1</sup> No data collection was conducted in FY2021 and FY2022.

## SUPPLY CHAIN MANAGEMENT

GRI 204-1

Senheng recognises the critical role of our supply chain practices in our sustainability initiatives as an electronic retailer, as they significantly influence environmental, social and economic outcomes. Our procurement processes involve high-volume purchases from local electronic companies, underscoring our commitment to supporting local businesses. We are firmly dedicated to promoting responsible sourcing practices at every stage of our supply chain lifecycle.

### Approach

Our Group utilises Centralise Delivery Management (“CDM”), a supply chain management solution that enables business partners to centralise and operate through a single platform for replenishing orders on a daily basis. Replenishment of orders from central distribution centre (“CDC”) to every warehouse are executed daily, facilitating the fulfilment of online and offline orders within 48 hours. This centralised procurement process is essential for operational efficiency and ensures consistent product availability across all our stores.

Our Inventory Management practice plays a crucial role in our seamless operations by consolidating all store orders on a daily basis. Through this practice, we optimise truck delivery and route planning using Geo-fence, ensuring efficient and timely delivery of goods to our stores. Additionally, CDC is responsible to support all the online order delivery and pick-up services for West Malaysia, while branches in East Malaysia are supported by two regional distribution centres. This integrated approach to inventory management and distribution logistics enables us to meet customer demands effectively and enhance operational efficiency.

## Sustainability Statement

Our warehouses operate in accordance with the Environmental Quality Act 1974. We have implemented fully automated and integrated Warehouse Management Systems (“WMS”) and Enterprise Resource Planning (“ERP”) in our CDC to ensure accurate stock levels throughout our supply chain. This practice helps to minimise unnecessary waste and reduce the environmental impact associated with disposal.

Senheng prioritises local suppliers and ensures supply chain integrity, requiring completion of Trade Supplier On-boarding Form and submission of a signed Anti-Bribery and Corruption Policy Agreement. In FY2023, an assessment focusing on the top 20 brands aimed at maintaining product quality was conducted which covered aspects such as product quality and ethical practices. The outcome of the assessment achieved a score exceeding 70%, reflecting the brands’ commitment to excellence.

### Performance

The percentage of spending on local suppliers is at 98.47% which shows the commitment of Senheng to sourcing from local suppliers.

Senheng has made significant progress in advancing sustainable procurement practices, achieving notable results in supplier engagement, transparency and performance improvement. In FY2023, we reported of more than 90% of our suppliers met the Supplier Code of Conduct (“SCOC”), aligning with our sustainability requirements.

Target & Commitments	Performance Target	Performance in 2021	Performance in 2022	Performance in 2023
Proportion of spending on local suppliers (SSM registered)	90% for local suppliers	Maintained at above 90%	Maintained at above 90%	Maintained at above 90%
Suppliers to meet Group SCOC <sup>1</sup>	All suppliers	-	-	More than 90% of the suppliers

Note:

<sup>1</sup> No data collection was conducted in FY2021 and FY2022.

Indicator	Unit	Performance in 2021	Performance in 2022	Performance in 2023
Spending on local suppliers	RM'000	1,275,141	1,291,748	1,150,069
Spending on foreign suppliers	RM'000	22,547	26,812	33,267
Percentage of spending on local suppliers	Percentage	98.26%	97.97%	97.20%
Percentage of spending on foreign suppliers	Percentage	1.74%	2.03%	2.80%

# Sustainability Statement



## ENVIRONMENT

### ENVIRONMENTAL COMPLIANCE

GRI 2-27

In ensuring environmental compliance, it is essential for Senheng, as an electronic products retailer, to adhere to relevant regulations and standards. Compliance not only demonstrates our commitment to responsible practices but also mitigates risks like legal penalties and operational disruptions associated with non-compliance. By meeting environmental laws, we contribute to sustainability goals, minimise our ecological footprint, and enhance trust among customers and stakeholders. Environmental compliance is not just a legal obligation but a strategic imperative that underscores our dedication to sustainability and responsible business practices.

#### Approach

At Senheng, our approach to environmental compliance underscores our dedication to responsible business practices and sustainability. By adhering to environmental regulations, we not only fulfil legal requirements but also prioritise the protection of the environment and public health. This proactive stance reflects our commitment to ethical conduct and contributes to environmental preservation, aligning with our values as a socially responsible organisation committed to sustainable business practices.

#### Performance

There were no non-compliance cases reported in FY2023. Senheng has consistently met or exceeded its targets for both paperless initiatives regarding digitalised documents and compliance with environmental regulations set by the Department of Environment (“DOE”). This suggests a strong commitment to sustainability and regulatory compliance.

Target & Commitments	Performance Target	Performance in 2021	Performance in 2022	Performance in 2023
Paperless initiatives – digitalised documents	95% issued in electronic format	Maintained above 95%	Maintained above 95%	Maintained above 95%
Compliance to DOE environmental regulatory	0 cases compounded from DOE	0 confirmed cases reported	0 confirmed cases reported	0 confirmed cases reported



# Sustainability Statement

## ENERGY CONSUMPTION

GRI 302-1 | GRI 302-4

Energy consumption is a critical aspect of sustainability for Senheng as an electronic products retailer. The retail sector is energy-intensive, relying on electricity for various operations, including lighting, heating, cooling and electronic displays. Therefore, managing energy consumption is vital to reduce environmental impact, lower operational costs and enhance energy efficiency. Additionally, reducing energy consumption helps mitigate greenhouse gas emissions, contributing to global efforts to combat climate change.

### Approach

Senheng has implemented various approaches to energy management to optimise energy consumption. We prioritise energy efficiency measures across our operations, including using energy-efficient air-conditioning systems and LED lighting in retail stores, office and facilities.

Additionally, we promote energy conservation behaviours among employees to encouraging them to adopt energy-saving practices such as unplugging idle electronic devices and turning off air-conditioning and lights when not in use. As part of the energy-savings project, we have begun installing solar panels at our premise, with the project expected to be completed within FY2024. This initiative aims to reduce electricity consumption and further contribute to our sustainability efforts.

### Performance

In FY2023, Senheng’s logistics fleet consumed a total of 668,645 litres of fuel, representing a 3% reduction in consumption compared to FY2022. This decrease in fuel (diesel) consumption was achieved through the optimisation of logistic routes facilitated by a digitalised delivery management system.

The energy consumption of Senheng comprises both electricity and diesel fuel. While the specific breakdown of electricity and fuel consumption is not provided, the overall reduction in diesel fuel consumption indicates a concerted effort to improve efficiency and reduce environmental impact across the logistics operations.



Target & Commitments	Unit	Performance in 2021	Performance in 2022	Performance in 2023
Electricity consumption <sup>1</sup>	kWh	-	-	18,075,431
Electricity consumption	RM'000	4,599	8,626	11,091
Fuel (Diesel)	litres	655,582	690,151	668,645
Total energy consumption <sup>1</sup>	GJ	-	-	90.88
Reduce electricity consumption by installing LED lights <sup>1</sup>	100% for all outlets by 2025	-	-	100%

Notes:

1. No data collection process was conducted in FY2021 and FY2022.
2. Conversion factors are 1 kWh = 0.0036 GJ and 0.0386 gigajoules per litre.

In FY2023, Senheng has consumed 90.88 GJ of energy consisting of electricity consumption and diesel fuel consumption. As we commenced tracking and monitoring energy consumption in FY2023, we will continue to enhance our data tracking capabilities in the following year.

# Sustainability Statement

## WATER

GRI 303-5

Water scarcity and pollution are indeed critical global challenges with profound social, environmental and economic implications. Senheng recognises the importance of addressing these issues and has made water conservation a priority. By conserving water, Senheng aims to reduce the environmental impact of its operations while appealing to environmentally conscious consumers who prioritise sustainability.

### Approach

In achieving these goals, Senheng has implemented various strategies and initiatives aimed at minimising water consumption in its daily operations. These efforts focus on optimising water use efficiency and reducing overall consumption in Senheng's stores and warehouses.

## Performance

In FY2023, Senheng incurred water expenditure of RM99,759, which is equivalent to a recorded consumption of 26.47 ML. The increase in water consumption was attributed to inconsistencies in payments made by outlets on a monthly basis. To address this issue, the Administration Department took on the responsibility of overseeing and monitoring the payment of water bills. This proactive approach aimed to ensure consistency in payments and accurate tracking of water consumption across the business.

In addition, the Group installed four rainwater harvesting systems in FY2023. We remain committed to minimising our water consumption and will enhance our data tracking methodologies for water collected through these systems. Furthermore, we are committed to expanding the installations of rainwater harvesting systems to all logistics ("LO").

Target & Commitments	Unit	Performance in 2021	Performance in 2022	Performance in 2023
Water consumption	RM'000	75	84	100
Total volume of water used	Megalitres (ML)	-	-	26.47
To install harvesting rainwater system in all LO by 2024 <sup>1</sup>	Number	-	-	4

Notes:

1. No data collection process was conducted in FY2021 and FY2022.
2. Conversion factor is 1ML = 1,000 m<sup>3</sup>.

## WASTE MANAGEMENT

GRI 306-4

Effective waste management is essential for environmental sustainability particularly in the context of electronic products retailer. The electronic industry generates a significant amount of waste, including packaging materials and electronic components. Improper disposal of these wastes can lead to pollution and negative impacts to the ecosystems and human health.

### Approach

At Senheng, safe disposal and recycling of electronic waste ("e-waste") is a top priority. We've partnered with an approved third-party vendor, endorsed by the Department of Environment ("DOE") for handling and disposing of e-waste generated through our operations. This collaboration ensures compliance with environmental regulations and standards. By prioritising proper collection and management systems, we demonstrate our dedication to environmental sustainability and ethical business practices.



# Sustainability Statement

## Performance

In FY2023, Senheng collected 11,223 units of e-waste, a significant increase from the 5,698 units collected in FY2022. Additionally, the Group collected 100 tonnes of Styrofoam and recycled item boxes, surpassing the performance target of 80 tonnes. These achievements underscore Senheng's commitment to sustainability and responsible waste management practices.

Target & Commitments	Performance Targets	Performance in 2021	Performance in 2022	Performance in 2023
Styrofoam and item boxes recycled	80 tonnes	105 tonnes collected	98 tonnes collected	100 tonnes collected
E-waste collected <sup>1</sup>	-	3,293 units	5,698 units	11,223 units

Notes:

<sup>1</sup> No performance target was set for e-waste collection.

## EMISSIONS

GRI 305-1 | GRI 305-2 | GRI 305-3

Greenhouse gas emissions reduction is crucial for mitigating climate change. As an electronic products retailer, Senheng acknowledges the carbon emissions associated with our operations including electricity consumption, transportation and supply chain activities. Addressing emissions is not only essential for environmental sustainability, but also for maintaining our reputation and meeting regulatory requirements.

### Approach

We are dedicated to proactively managing emissions by integrating sustainability into business operations. This includes prioritising energy efficiency in stores and CDC and utilising renewable energy sources. Additionally, transportation and logistics operations are optimised to minimise fuel usage and emissions, incorporating route

optimisation strategies using Geo-fence technology, where possible. By assigning trucks to delivery areas based on area codes and implementing geo-fencing, unnecessary travel between distant locations can be avoided. These efforts showcase our commitment to environmental responsibility and sustainable business practices.

### Performance

In addressing the climate change, we consistently monitor and evaluate our carbon emissions. Scope 1 covers the direct emissions generated from owned or controlled sources, while Scope 2 includes indirect emissions from purchased electricity consumption. Other than that, we recognise the emissions beyond our direct control encompassed within Scope 3 emissions covering business travel. The following table shows the breakdown of emissions by scope:

Indicator	Unit	Performance in 2021	Performance in 2022	Performance in 2023
Scope 1 <sup>1</sup>	tonnes of CO <sub>2</sub> e	1,768	1,861	1,803
Scope 2 <sup>2</sup>	tonnes of CO <sub>2</sub> e	-	-	10,665
Scope 3 <sup>3</sup>	tonnes of CO <sub>2</sub> e	-	-	194

Notes:

1. Emission factors used to calculate Scope 1 are based on factors published by the United States Environmental Protection Agency ("US EPA") with the emission factor for mobile combustion, 10.21 kg of CO<sub>2</sub> emissions per gallon or 0.002697 kg of CO<sub>2</sub> emissions per litre of diesel.
2. Emission factors used to calculate Scope 2 are based on factors of 0.59 kgCO<sub>2</sub>/kWh.
3. Emission factors used to calculate Scope 3 are based on factors km is kgCO<sub>2</sub>e = 0.178189 published by UK Government GHG Reporting Conversion Factors for Company Year 2023. Greenhouse gas reporting: conversion factors 2023 – GOV.UK ([www.gov.uk](http://www.gov.uk)).
4. 10.21 kgCO<sub>2</sub>e/gallon converted to per litre is 2.697 kgCO<sub>2</sub>e/litre.
5. No data collection process was conducted in FY2021 and FY2022 for Scope 2 and 3 emissions.

# Sustainability Statement



## SOCIAL

### DIVERSITY AND EQUAL OPPORTUNITIES

GRI 401-1 | GRI 401-2 | GRI 401-3 | GRI 405-1

Diversity and equal opportunity are crucial for creating innovation and creativity within our workforce. At Senheng, we recognise that embracing diversity brings a broader perspectives and experiences, enriching our organisational culture and driving sustainable growth. Ensuring equal opportunities for all individuals, regardless of their background, promotes inclusivity and social responsibility reflecting our commitment to ethical business practices.

#### Approach

##### Promoting Diversity

Senheng prioritises diversity and inclusion in its workplace, ensuring fair representation of diverse talent through inclusive recruitment practices, across all levels of the Group.

Guided by a Code of Ethics Policy, we prioritise equal opportunity and non-discrimination in employment decisions, promoting merit-based selections and fostering an inclusive environment. Senheng is committed to upholding and promoting human rights across its operations and supply chain, adhering to the highest standards of human rights protection without any reported cases of non-compliance in FY2023.

##### Employee Benefits and Compensation

Senheng values the employees as its most valuable asset and provides competitive and comprehensive benefits and compensation packages. Beyond competitive salaries, we offer health insurance coverage, retirement savings plans, paid time off and opportunities for career development and advancement. Additionally, Senheng provides various perks and incentives to reward exceptional performance and cultivate a positive work environment.



# Sustainability Statement

## Physical Well-Being

- Personal accident insurance coverage (death or permanent disability due to accident)
- Hospitalization and surgical benefits
- Dental benefits
- And more

## Balance and Sustainable Working Norms

- Parental leaves
- Paid time off, including vacation, holidays, sick leave and bereavement
- Employee's first legal marriage leaves
- Transportation benefits
- Natural disaster leaves
- And more

## Incentives

- Attendance performance incentives
- Performance based bonus
- Special benefits as listed in the Employee Handbook
- And more

## Reimbursements

- Mileage claim
- Hotel claim
- Phone claim
- Medical claim
- Dental claim

## Career Growth and Community Support

- Office events/programs and healthy food and drink options
- Discounts, perks, and recognition
- And more

In FY2023, Senheng underwent a comprehensive review and update of our employee benefits and handbook, aimed at enhancing the overall well-being and satisfaction of our workforce. The revisions encompassed several key areas to better align with evolving employee needs and industry best practices.

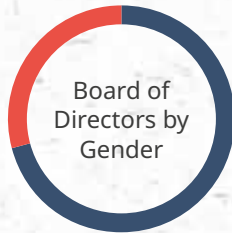
- Flexible working arrangement
- Maximum working hours
- Maternity leave
- Paternity leave
- Notice of resignation
- Mileage claim rate
- Hotel claim rate
- Staff purchase

# Sustainability Statement

## Performance

### Board of Directors

No changes were reported in terms of Board composition in FY2023 as compared to prior year. Currently, female Board members constitute of 29% of the composition, slightly below the recommended ratio by MCCG of 30%. Senheng is continuously committed to ensure future appointments prioritise suitable experience, expertise and overall contribution to the Group.



FY2021, FY2022 and FY2023  
 ● Male - **71%** ● Female - **29%**



FY2021, FY2022 and FY2023  
 ● <30 - **0%** ● 30-50 - **0%**  
 ● >50 - **100%**



FY2021, FY2022 and FY2023  
 ● Malay - **0%** ● Chinese - **100%**  
 ● Indian - **0%** ● Others - **0%**

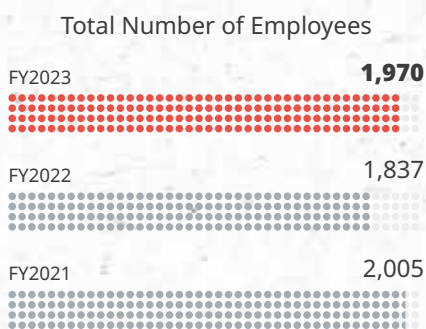
### Employees

In FY2023, Senheng's total workforce increased to 1,970 employees from 1,837 in FY2022, with a gender distribution of 63% male and 37% female. The workforce is diverse, bringing together individuals with varied backgrounds, experiences, and skillsets to foster innovative ideas. We offered an internship program to 15 students in FY2023, to provide them with exposure and opportunities.

In terms of the employee turnover, the slight increase in the turnover rate to 40% from 38% is primarily due to industry-wide trends impacting employee turnover, compounded by localised factors such as shifts in job preferences and market competitiveness.

Note:

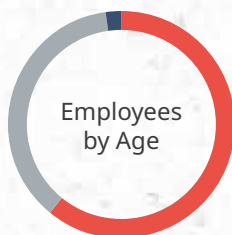
<sup>1</sup> The figure of Employee Turnover Rate have been restated for FY2021 and FY2022 due to revision in calculation methodology.



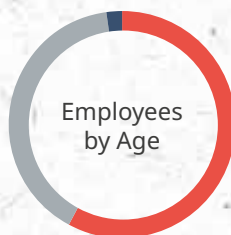
FY2021 and FY2022  
 ● Male - **65%** ● Female - **35%**



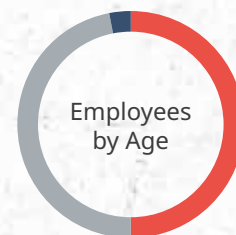
FY2023  
 ● Male - **63%** ● Female - **37%**



FY2021  
 ● <30 - **61%** ● 30-50 - **37%**  
 ● >50 - **2%**



FY2022  
 ● <30 - **58%** ● 30-50 - **40%**  
 ● >50 - **2%**



FY2023  
 ● <30 - **50%** ● 30-50 - **47%**  
 ● >50 - **3%**

# Sustainability Statement



FY2021  
 ● Malay - **51%** ● Chinese - **34%**  
 ● Indian - **1%** ● Others - **14%**

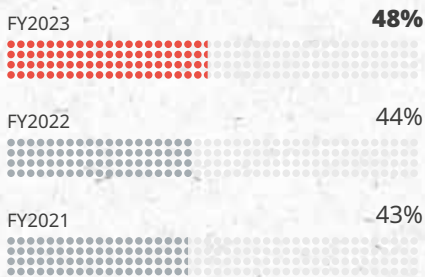


FY2022  
 ● Malay - **51%** ● Chinese - **34%**  
 ● Indian - **1%** ● Others - **14%**

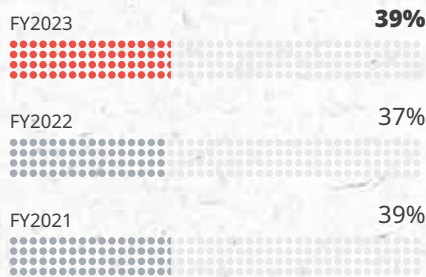


FY2023  
 ● Malay - **54%** ● Chinese - **27%**  
 ● Indian - **2%** ● Others - **17%**

Employee Turnover Rate – HQ  
(Management)



Employee Turnover Rate – Outlets  
(Non-Management)



## EMPLOYEE TRAINING & TALENT DEVELOPMENT

GRI 404-1 | GRI 404-2 | GRI 404-3

Fostering the growth and development of our employees has long been a cornerstone of Senheng's commitment. We firmly believe that our employees serve as the frontline ambassadors of the company, playing a pivotal role in realising our corporate vision and mission. Through continuous support, training and opportunities for advancement, we empower our employees to excel in their roles, contributing not only to their personal and professional growth but also to the overall success of Senheng. This commitment reflects our belief in the strength of a motivated and skilled workforce as a driving force behind the accomplishment of our organisational goals.

### Approach

Senheng invests in employee development through tailored training programs offered by SH Retail Academy Sdn Bhd, our external training partner. These programs are customised to focus on retail industry needs, providing employees with essential skills and knowledge. Annual study trips for Assistant Managers and above, broaden perspectives beyond classroom setting, while an incentive training program rewards high-performing store managers with commissions on retail sales and potential franchise opportunities within the Group. Furthermore, yearly performance and career development reviews empower employees to identify areas for improvement and excel, aligning with Senheng's commitment to fostering a skilled and motivated workforce.

### Performance

In FY2023, we spent an average of 18.41 hours on training per employees, investing over RM1 million. The following are the technical and soft skills training courses conducted in FY2023:

No	Training Course Conducted – FY2023
1.	Business Direction: Strategy to Execution
2.	Business Finance
3.	Customer Excellence DNA
4.	Executive Diploma in Inventory and Warehousing
5.	F.I.R.E. Up Your Career
6.	Leader Motivation X

# Sustainability Statement

No	Training Course Conducted – FY2023
7.	Mastering The AI Managerial Toolset: A Deep Dive into ChatGPT
8.	NLP Communication for Influence & Persuasion
9.	NLP For Sales Champion
10.	OSHA Awareness
11.	P1 & S-Coin Selling Skills
12.	Power Of AI and ChatGPT for Social Media & Content Marketing
13.	Power Of AI and ChatGPT for Work Productivity
14.	Power Of AI, ChatGPT and Content Marketing (Part 1 + Part 2)
15.	Premium & Luxury Visual Merchandising & Selling
16.	Sales Performance Improvement Programme (Part 1 & Part 2)
17.	Sales Performance Improvement Programme (Part 3)
18.	Sales Performance Improvement Programme (Part 4)
19.	Senheng Trainee Partner Program (Part 1 & 2)
20.	Star Performer DNA
21.	Telemarketing Engagement
22.	VUCA Leadership
23.	Winning With P1 & Telemarketing (F2F)
24.	Corporate Training on Environmental, Social and Governance (ESG) and Task Force on Climate-Related Financial Disclosure (TCFD)
25.	International Public Employment Forum 2023

No	Training Course Conducted – FY2023
26.	BDO Tax Seminar on Budget 2024: Empowering Financial Sustainability
27.	Microsoft Excel Training – Intermediate and Advanced Level

Employees that received regular performance and career development review in Senheng for FY2021, FY2022 and FY2023 is stated below:

	2021	2022	2023
By Gender	Headcount	Headcount	Headcount
Male	449	465	452
Female	349	363	331
<b>Total</b>	<b>798</b>	<b>828</b>	<b>783</b>

	2021	2022	2023
<b>Total Hours of Training<sup>1</sup></b>	<b>35,084</b>	<b>40,124</b>	<b>61,811</b>

#### Total Hours of Training by Employee Category<sup>2</sup>:

<b>Executive (Management)</b>	-	7,998	11,122
<b>Non-executive (Non-Management)</b>	-	32,126	25,126
<b>Average Training Hours Per Employee</b>	<b>17.5</b>	<b>22.0</b>	<b>18.4</b>

Note:

<sup>1</sup> The figure of Total Training Hours for FY2022 and Average Training Hours Per Employee in FY2021 and FY2022 have been restated due to revision in calculation methodology.

<sup>2</sup> No data collection process was conducted in FY2021.

## DATA PRIVACY AND SECURITY

GRI 418-1

We prioritise the privacy of our customers and strictly adhere to the guidelines of the Personal Data Protection Act 2010 ("PDPA"). Our commitment to compliance ensures the proper collection, processing and retention of personal data. To reinforce this commitment, confidentiality is built into our Code of Conduct.

### Approach

We implement stringent measures to safeguard customer data, including anti-virus applications and routine security updates. An IT policy governs access management, network security and IT equipment usage, ensuring responsible and secure technology resource utilisation by all staff. These efforts minimise data breach risks and uphold confidentiality and integrity of sensitive information.

# Sustainability Statement

## Performance

In FY2023, we did not receive any complaints related to data breaches, consistent with the absence of reported incidents in the previous financial year.

Target & Commitments	Target	Performance in 2021	Performance in 2022	Performance in 2023
Number of breaches of customer and privacy data	0 breaches	0 confirmed breaches	0 confirmed breaches	0 confirmed breaches

## PRODUCT QUALITY & SAFETY

GRI 416-2

In our dedication to product quality and safety, we prioritise in maintain the highest standards. By fostering an environment within our business operations that minimises risks and adheres to safety protocols, we aim to guarantee to offer products of superior quality and safety. This commitment underscores our dedication to delivering products that meet the highest industry standards.

### Approach

Senheng prioritises strict compliance with regulations, including those set out outlined in Regulation 97 – 101 of the Electricity Regulations 1994 by the Energy Commission. We adhere to the Minimum Energy Performance Standards (“MEPS”), we consistently assess and conduct regular product safety and reliability audits.

Our commitment to product safety extends to obtaining necessary certifications to validate compliance. Our products undergo rigorous evaluations, receiving certifications such as Certification of Approval issued by Energy Commission, SIRIM Certification, MCMC Certification, and MEPS labelling for energy rating. These certifications demonstrate our commitment to meeting and exceeding industry standards and providing consumers with high quality, safe and energy efficient products.

## Performance

In FY2023, Senheng maintained a record of compliance with health and safety standards, with no reported incidents of non-compliance. Our commitment to customer satisfaction was reflected in the performance metrics recorded over a three-year period.

Both the customer net promoter score and last-mile customer satisfaction surveys surpassed our target values, demonstrating our dedication to delivering exceptional service. Moving forward, Senheng remains focused on sustaining this level of excellence and continuously enhancing our offerings to meet and exceed customer expectations.

Target & Commitments	Performance Targets	Performance in 2021	Performance in 2022	Performance in 2023
Customer Net Promoter Score (“NPS”)	Above 80%	Maintained at above 80%	Maintained at above 80%	Maintained at above 80%
Last mile customer satisfaction survey	Above 85%	Average of $\pm 70\%$	Scored above 85%	Scored above 90%
Small appliances defective rate	Below 5.0%	3.8%	3.4%	3.3%

# Sustainability Statement

## OCCUPATIONAL HEALTH AND SAFETY

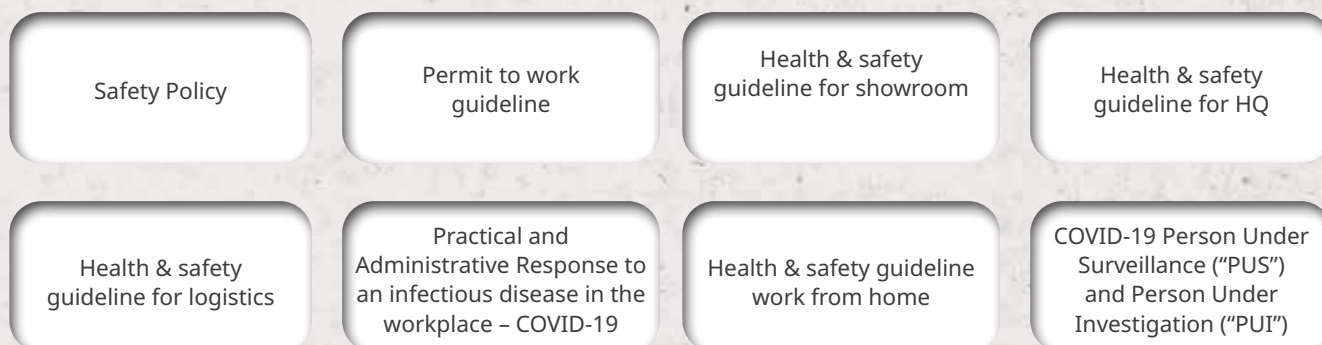
GRI 403-1 | GRI 403-3 | GRI 403-4 | GRI 403-5 | GRI 403-6 | GRI 403-7 | GRI 403-8 | GRI 403-9

Senheng prioritises the execution of our business activities with an unwavering commitment to safety as our major concern. This commitment ensures that safety considerations are integrated into every part of our operations, from day-to-day tasks to strategic decision making. We aim to prevent injury and illness among our employees and contractors through a healthy and safe workplace.

### Approach

Senheng prioritises the employees' well-being through a comprehensive Safety and Health Policy that defines roles and protocols to ensure a safe working environment. In compliance with legislation such as the Factories and Machinery Act 1967 and the Occupational Safety and Health Act 1994, our Occupational Health and Safety Management System reinforces safety measures. We carefully develop Standard Operating Procedures in consultation with industry experts and regulatory bodies such as the Fire and Rescue Service and the Department of Occupational Health and Safety, ensuring a proactive approach to safety.

This procedure is pertinent to all sites operating within Senheng, its subsidiaries and joint ventures under Senheng's operational jurisdiction. The details disclosed within this procedures cover:



We have implemented additional safety precautions such as displaying notices in showrooms and conducting regular checks to ensure adherence to safety measures. Employees are instructed to report incidents promptly to the respective Team Management or Head of Department, with responsible managers tasked to report incidents to HQ Safety Personnel within two days. Furthermore, periodic training sessions, including OHS Induction seminars, provide insights into workplace risks and encourage proactive reporting, contributing to risk reduction efforts.

To oversee these efforts, Senheng has established a dedicated Health & Safety Committee comprising representatives from various departments. This committee plays a crucial role in developing, implementing, and monitoring health and safety policies across the organisation. Regular meetings allow for the review of safety protocols, incident reports, and continuous improvement initiatives, ensuring a holistic approach to addressing health and safety concerns in the workplace.

### Product & Services

At Senheng, consumer safety is a core pillar of our corporate responsibility, upheld through rigorous measures such as warranties, guarantees, and a robust product responsibility framework. These measures reflect the integrity of our product design processes. Proactively addressing potential risks, we conduct thorough assessments and develop efficient action plans to manage issues swiftly. By adhering to stringent safety standards and continually enhancing our processes, we demonstrate our commitment to delivering products of the highest quality and safety standards, fostering trust and confidence among our valued consumers.



# Sustainability Statement

## Performance

In FY2023, Senheng prioritised employee safety and compliance through the implementation of a comprehensive OSHA awareness training programme. This initiative aimed to equip our workforce with the necessary knowledge and skills to identify and mitigate workplace hazards, ensuring a safe and secure working environment for all staff members. The training sessions, which were conducted across various branches and departments, a total of 2,718 employees. The program covered essential topics such as hazard recognition, emergency response procedures, and safety protocols in accordance with OSHA standards.

There was no incident reported relating to health and safety in FY2023. The data relating to Health & Safety were as follows:

Target & Commitments	Performance Targets	Performance in 2021	Performance in 2022	Performance in 2023
Number of work fatalities	-	Nil	Nil	Nil
Lost time incident rate	-	Nil	Nil	Nil
Number of employees trained on health and safety training	-	-	-	2,718
Percentage of employees training on H&S	100%	-	-	100%

### Notes:

1. No data collection process was conducted in FY2022 and FY2023.
2. No performance target was set for Number of work fatalities, Lost time incident rate and Number of employees trained on health and safety training.

## CORPORATE SOCIAL RESPONSIBILITIES

GRI 203-2

### ENGAGEMENT WITH EMPLOYEES

An engaged and motivated employees not only enhances productivity but also contributes to fostering a positive workplace culture and instilling a sense of shared responsibility. This mindset forms the foundation of our path towards sustainable growth. In line with these principles, Senheng has consistently prioritise employee engagement.

### Approach

Senheng's commitment to employee engagement is evident through various platforms that facilitate open communication, regular feedback sessions and inclusive decision-making processes. Virtual town halls and dialogue sessions provide opportunities to discuss work-related issues, encouraging active participation and transparency.

In addition, the employee surveys to assess satisfaction levels and identify areas for improvement. This proactive approach reflects a commitment to fostering a positive working environment that encourages collaboration, innovation and personal growth, which is further enhanced by organised activities that promote a strong sense of belonging among employees.

# Sustainability Statement

## Performance

In FY2023, the following activities were carried out by Senheng to engage with employees.



**Birthday Party Celebration**  
To build team culture and get to know each other.



**Movie Day**  
To provide both enjoyment and stress reduction.



**I Hear You**  
To gather input, advises and suggestions from employees.



**Games Day**  
To strengthen employee bonds and show appreciation.



**Fruit Day**  
To encourage healthy lifestyle.



**Annual Dinner 2023**  
To appreciate employee's hard work throughout the year.

# Sustainability Statement

## ENGAGEMENT WITH COMMUNITY

As a crucial stakeholder with direct interest in our operations, the community plays a vital role in establishing positive relationships between our business and the local community. This interaction not only builds trust but also enhances our brand reputation by addressing local concerns. Furthermore, community engagement aligns with ethical business practices, showcasing our commitment to corporate responsibility that extends beyond profit generation.

### Approach

Senheng is committed to support local communities as our engagement was mainly focused on two main areas through education and welfare-related initiatives. In our pursuit of community well-being, we actively engage in various initiatives aimed at making a positive impact on the lives of individuals within the localities we serve.

### Performance

In FY2023, Senheng invested a total of RM575,000 in community programmes, focusing on education sponsorship and donations to institutions.

Launched in FY2019, the Education Assistance Program, had sponsored RM400,000 as of FY2021, supporting Malaysian students in their pursuit of higher education. Senheng reaffirmed its commitment by establishing an industry-academia partnership with Tunku Abdul Rahman University College ("TAR UC") in FY2022. This collaboration introduced the Senheng Scholarship with a commitment of RM5 million over 10 years, providing up to RM500,000 annually to eligible TAR UC students and focuses on hands-on experience through internships, job opportunities and a research and development centre.

In addition, Senheng has initiated a research project and awareness campaign entitled "Genetic Conservation Research on Peninsular Malaysian Fireflies" and "Sayang Kelip-Kelip" with FRIM in FY2023. Senheng's grant of RM225,000 over 3 years will support FRIM's firefly conservation efforts in Peninsular Malaysia, in line with Senheng's mission to give back to the environment and support conservation efforts. This contribution to FRIM and the environment aligns with Senheng's mission, "Together, towards better quality of living".

Key highlights of the Group's contributions are as follows:

	2021	2022	2023
Total amount invested	RM50,452	RM876,486	RM 575,000
Total number of beneficiaries of the investment in communities (by number of entity)	5	6	2

## Moving Forward Statement

Moving forward into FY2024, we are dedicated to upholding and furthering our sustainability efforts across the group. One of the key initiatives we are focusing on involves aligning with the recommendations outlined by the Task Force on Climate-related Financial Disclosures ("TCFD"). In particular, we are committed to adhering to the guidelines set forth in the Bursa Sustainability Reporting Guide ("SRG") to ensure comprehensive and transparent reporting practices.

Our aim is to enhance our economic, environmental, and social sustainability aspects by integrating TCFD disclosures into our reporting framework. This strategic approach will not only enable us to effectively manage and resolve sustainability matters but also facilitate greater accountability and transparency within our operations.

# Sustainability Statement

## Performance Data Table

Indicator	Unit	2021	2022	2023	Target
<b>Governance &amp; Ethics – Anti-corruption</b>					
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category	Percentage	-	-	1. Executive – 79% 2. Non-Executive – 69% 3. Overall – 71%	All employees
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100%	100%	100%	100%
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0	Maintain 0 cases
<b>Supply Chain Management</b>					
Bursa C7(a) Proportion of spending on local suppliers	Percentage	Maintained at above 90%	Maintained at above 90%	Maintained at above 90%	90% for local suppliers
Suppliers to meet Group SCOC	Percentage	-	-	More than 90% of the suppliers	All suppliers
Spending on local suppliers	RM'000	1,275,141	1,291,748	1,150,069	-
Spending on foreign suppliers	RM'000	22,547	26,812	33,267	-
Percentage of spending on local suppliers	Percentage	98.26%	97.97%	97.20%	-
Percentage of spending on foreign suppliers	Percentage	1.74%	2.03%	2.80%	-
<b>Environmental Compliance</b>					
Paperless initiatives – digitalised documents	Percentage	Maintained above 95%	Maintained above 95%	Maintained above 95%	95% issued in electronic format
Compliance to DOE environmental regulatory	Number	0 confirmed cases reported	0 confirmed cases reported	0 confirmed cases reported	0 cases compounded from DOE
<b>Energy Consumption</b>					
Bursa C4(a) Total energy consumption*	Gigajoules	-	-	90.88	-
Electricity consumption	kWh	-	-	18,075,431	Not Available
Electricity consumption	RM'000	4,599	8,626	11,091	Not Available
Fuel (Diesel)	litres	655,582	690,151	668,645	Not Available
Reduce electricity consumption by installing LED lights	100% for all outlets by 2025	-	-	100%	Not Available

# Sustainability Statement

Indicator	Unit	2021	2022	2023	Target
<b>Water</b>					
Bursa C9(a) Total volume of water used*	Megalitres	-	-	26.47	-
Water consumption	RM'000	75	84	100	-
Harvesting rainwater	Number	-	-	4	To install harvesting rainwater system in all LO by 2024
<b>Waste Management</b>					
Bursa C10(a) Total waste generated, and a breakdown of the following:	Tonnes	105	98	100	80
(i) total waste diverted from disposal (Styrofoam and item boxes recycled)					
(ii) total waste diverted to disposal	Tonnes	-	-	-	-
E-waste collected	Units	3,293	5,698	11,223	-
<b>Emissions</b>					
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e*	tCO <sub>2</sub> -e	1,768	1,861	1,803	-
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e*	tCO <sub>2</sub> -e	-	-	10,665	-
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (business travel)*	tCO <sub>2</sub> -e	-	-	194	-
<b>Diversity &amp; Equal Opportunity</b>					
Bursa C3(a) Percentage of employees by gender and age group, for each employee category*					
Male - Senior Management	Percentage	-	-	75%	-
Female - Senior Management	Percentage	-	-	25%	-
Male - Management	Percentage	-	-	53%	-
Female - Management	Percentage	-	-	47%	-
Male - Executive	Percentage	-	-	36%	-
Female - Executive	Percentage	-	-	64%	-
Male - Support	Percentage	-	-	68%	-
Female - Support	Percentage	-	-	32%	-
<30 years old - Senior Management	Percentage	-	-	0%	-
30 – 50 years old - Senior Management	Percentage	-	-	50%	-
> 50 years old - Senior Management	Percentage	-	-	50%	-
<30 years old - Management	Percentage	-	-	31%	-
30 – 50 years old - Management	Percentage	-	-	61%	-
> 50 years old - Management	Percentage	-	-	8%	-

## Sustainability Statement

Indicator	Unit	2021	2022	2023	Target
<b>Diversity &amp; Equal Opportunity (continued)</b>					
< 30 years old - Executive	Percentage	-	-	73%	-
30 – 50 years old - Executive	Percentage	-	-	26%	-
> 50 years old - Executive	Percentage	-	-	1%	-
<30 years old - Support	Percentage	-	-	55%	-
30 – 50 years old - Support	Percentage	-	-	43%	-
> 50 years old - Support	Percentage	-	-	2%	-
Bursa C3(b) Percentage of directors by gender and age group*					
Male	Percentage	71%	71%	71%	-
Female	Percentage	29%	29%	29%	-
< 30 years old	Percentage	0%	0%	0%	-
30 – 50 years old	Percentage	0%	0%	0%	-
> 50 years old	Percentage	100%	100%	100%	-
Bursa C6(b) Percentage of employees that are contractors or temporary staff*	Percentage	-	-	15%	-
Bursa C6(c) Total number of employee turnover by employee category*					
Executive (Management)	Number	102	105	108	-
Non-executive (Non-management)	Number	516	504	601	-
Bursa C6(d) Number of substantiated complaints concerning human rights violations*					
Employee turnover rate	Percentage	39%	38%	40%	-
Percentage of directors by ethnicity					
Malay	Percentage	0%	0%	0%	Not Available
Chinese	Percentage	100%	100%	100%	Not Available
Indian	Percentage	0%	0%	0%	Not Available
Others	Percentage	0%	0%	0%	Not Available
<b>Employee Training &amp; Development</b>					
Bursa C6(a) Total hours of training by employee category*					
Executive (Management)	Number	-	7,998	11,122	-
Non-executive (Non-Management)	Number	-	32,126	25,126	-
Total hours of training	Number	35,084	40,124	36,248	-
Average training hours per employee	Number	17.5	22.0	31.4	-

# Sustainability Statement

Indicator	Unit	2021	2022	2023	Target
<b>Data Privacy and Security</b>					
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	0
<b>Product Quality &amp; Safety</b>					
Number of incidents of non-compliance with regulations concerning the health and safety impacts of products and services	Number	0	0	0	0
Customer Net Promoter Score ("NPS")	Percentage	Maintained at above 80%	Maintained at above 80%	Maintained at above 80%	Above 80%
Last mile customer satisfaction survey	Percentage	Average of $\pm 70\%$	Scored above 85%	Scored above 90%	Above 85%
Small appliances defective rate	Percentage	3.8%	3.4%	3.3%	Below 5.0%
<b>Occupational Health and Safety</b>					
Bursa C5(a) Number of work-related fatalities*	Number	0	0	0	-
Bursa C5(b) Lost time incident rate*	Rate	0	0	0	-
Bursa C5(c) Number of employees trained on health and safety standards*	Number	-	-	2,718	-
Number of work fatalities	Number	Nil	Nil	Nil	-
Lost time incident rate	Percentage	Nil	Nil	Nil	-
Number of employees trained on health and safety training	Number	-	-	2,718	-
Percentage of employees training on H&S	Percentage	-	-	100%	100%
<b>Corporate Social Responsibilities</b>					
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	50,452	876,486	575,000	N/A
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5	6	2	N/A

Note:

\* No target has been set as we are in the process of identifying suitable targets and enhancing our data collection.

## Assurance Statement

Senheng conducted independent auditing and assurance for specific financial information presented in this report, cross-referencing with the Financial Report. However, third-party assurance has not been undertaken for non-financial and sustainability-related data.

# Sustainability Statement

## GRI Content Index

**Statement of use** Senheng has reported the information cited in this GRI content index for the period from 1 January 2023 to 31 December 2023 with reference to the GRI Standards

**GRI 1 used** GRI 1: Foundation 2021

GRI Standard	Disclosure Item	Page Number
<b>GRI 2: General Disclosures 2021</b>		
2-1	Organisation details	27
2-2	Entities included in the organisation's sustainability reporting	27
2-3	Reporting period, frequency and contact point	27-28
2-4	Restatement of information	46 & 48
2-5	External assurance	No external assurance was conducted on this report. To be implemented in FY2024
2-6	Activities, value chain and other business relationship	27
2-7	Employees	46-48
2-9	Governance structure and composition	28-29
2-10	Nomination and selection of highest governance body	Corporate Governance Overview Statement
2-11	Chair of the highest governance body	Corporate Governance Overview Statement
2-12	Role of the highest governance body in overseeing the management of impacts	28-29
2-13	Delegation of responsibility for managing impacts	28-29
2-14	Role of the highest governance body in sustainability reporting	28-29

GRI Standard	Disclosure Item	Page Number
2-15	Conflict of interest	<ul style="list-style-type: none"> <li>Board of Director's Profile</li> <li>Corporate Governance Overview Statement</li> </ul>
2-16	Communication of critical concerns	28-29
2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Report
2-19	Remuneration policies	Corporate Governance Report
2-20	Process to determine remuneration	Corporate Governance Report
2-21	Annual total compensation ratio	Corporate Governance Report
2-23	Policy commitments	<ul style="list-style-type: none"> <li>Corporate Governance Report</li> <li>Code of Ethics</li> </ul>
2-24	Embedding policy commitments	39 53
2-25	Processes to remediate negative impacts	30
2-26	Mechanism for seeking advice and raise concerns	30
2-27	Compliance with laws and regulations	39
2-29	Approach to stakeholder engagement	30



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GRI Standard	Disclosure Item	Page Number
<b>GRI 3: Material Topics 2021</b>		
3-1	Process to determine material topics	31-32
3-2	List of material topics	31-32
3-3	Management of material topics	31-32 Referenced throughout report where relevant
<b>GRI 201: Economic Performance 2016</b>		
201-1	Direct economic value generated and distributed	36-37
<b>GRI 203: Indirect Economic Impacts 2016</b>		
203-1	Infrastructure investments and services supported	38-39
203-2	Significant indirect economic impacts	38-39
<b>GRI 204: Procurement Practices 2016</b>		
204-1	Proportion of spending on local suppliers	38-39
<b>GRI 205: Anti-corruption 2016</b>		
205-1	Operations assessed for risks related to corruption	37-38
205-2	Communication and training about anti-corruption policies and procedures Confirmed incidents of corruption and actions taken	37-38
205-3	Confirmed incidents of corruption and actions taken	37-38
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organisation	41
302-4	Reduction of energy consumption	41
<b>GRI 303: Water and Effluents 2018</b>		
303-5	Water consumption	42
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	43
305-2	Energy indirect (Scope 2) GHG emissions	43
305-3	Other indirect (Scope 3) GHG emissions	43
<b>GRI 306: Waste 2020</b>		
306-4	Waste diverted from disposal	42-43

GRI Standard	Disclosure Item	Page Number
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	46-47
401-2	Benefit provided to full-time employees that are not provided to temporary or part-time employees	45
401-3	Parental leave	45
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	50-51
403-4	Worker participation, consultation, and communication on occupational health and safety	50-51
403-5	Water training on occupational health and safety	50-51
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50-51
403-8	Workers covered by an occupational health and safety management system	50-51
403-9	Work – related injuries	50-51
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	47-48
404-2	Programs for upgrading employee skills and transition assistance programs	47-48
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	44-48
<b>GRI 413: Local Communities 2016</b>		
413-1	Operations with local community engagement, impact assessments and development programmes	53
<b>Customer Health and Safety 2016</b>		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	49
<b>Customer Privacy 2016</b>		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	48-49

# Corporate Governance Overview Statement

The Board of Directors (“Board”) of Senheng New Retail Berhad (“Senheng” or the “Company”), along with its subsidiaries, (collectively referred to as the “Group” or “Senheng Group”), recognises the significance of adhering to the principles and practices outlined in the Malaysian Code on Corporate Governance (“MCCG”). These principles play a crucial role in fostering business prosperity and corporate accountability, with the ultimate goal of realising long-term shareholder value while considering the interests of various stakeholders.

This Corporate Governance Overview Statement, coupled with the Corporate Governance Report for the year 2023, is accessible on the Company’s corporate website at [www.senheng.com](http://www.senheng.com). These documents elaborate on how the Company has applied the MCCG principles and practices throughout the financial year ended 31 December 2023 (“FY 2023”).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### PART I: BOARD RESPONSIBILITIES

#### BOARD COMPOSITION

The Board of Directors currently consists of seven (7) members, adhering to the Company’s Constitution which permits a minimum of two (2) and a maximum of fifteen (15) Directors. This composition includes one (1) Executive Chairman, one (1) President/Non-Independent Executive Director, one (1) Non-Independent Non-Executive Director, and four (4) Independent Non-Executive Directors (“INEDs”). This structure aligns with the Company’s commitment to fostering objectivity in the decision-making process by presenting a board majority composed of INEDs.

Collectively, the Board shoulders the responsibility for the Group’s long-term growth and the delivery of sustainable value to its stakeholders. In fulfilling its fiduciary duties and leadership functions, the Board establishes the strategic direction and exercises effective oversight over the management of the Group. Key responsibilities include providing effective oversight of the Group’s business operations, ensuring the existence of robust risk management and internal control systems, and conducting regular reviews to ensure their adequacy, integrity, and effectiveness.

The effective Board assumes principal responsibilities in discharging its stewardship role, fiduciary duties, and leadership functions. These include:

- Reviewing and adopting strategic plans, addressing the sustainability of the Group’s business.
- Overseeing the conduct of the Group’s businesses and evaluating their proper management.
- Identifying principal business risks and implementing appropriate systems for risk management.

- Considering and implementing succession planning for the Board and Senior Management.
- Developing and implementing an investor relations program or shareholder communications policy.
- Reviewing the adequacy and integrity of the Group’s internal control systems and management information systems, ensuring compliance with applicable laws, regulations, rules, directives, and guidelines.
- Promoting good corporate governance culture alongside Senior Management, by reinforcing ethical, prudent, and professional behavior.
- Reviewing, challenging, and deciding on Management’s critical proposals for the Group and overseeing their implementation by Management.

This comprehensive approach underscores the Board commitment to effective governance, strategic planning, risk management, and ethical business practices for the benefit of all stakeholders.

#### Independence of the Board

The Board maintains a majority of INEDs This is in accordance with Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), which mandates that a company have a minimum of two (2) Independent Directors or one-third of the Board, whichever is higher, be Independent Directors. Additionally, it complies with Practice 5.2 of the MCCG, which stipulates that at least half of the Board comprise Independent Directors.

Given the recent listing of the Company, it’s noteworthy that none of the INEDs have served a cumulative term of nine (9) years. This reflects the Company’s commitment to ensuring a fresh and diverse perspective within its leadership, enhancing independence, and aligning with best corporate governance practices.

# Corporate Governance Overview Statement

## Skills, Experience and Expertise

The Board is meticulously composed, bringing together members with a well-rounded blend of skills, experience, and independence that align with the Group's objectives and strategic goals. Distinguished by their diverse backgrounds and expertise in areas such as retail, accounting and finance, legal, and risk management, the Board members collectively contribute to a comprehensive skill set.

This diverse composition extends beyond a mere balance in skills, qualifications, and experience. The Board exhibits a profound ability to make judicious business decisions, underpinned by a commitment of significant time to deliberate on business strategies, financial performance, and the annual business plans of the Group. Their dedication ensures a robust governance framework that supports the realisation of long-term shareholder value.

In addition to their professional acumen, the Board adheres to high ethical standards, further promoting sustainability in all aspects of the Group's operations. This commitment to ethical conduct, combined with their strategic insights and business acuity, positions the Board as a driving force in achieving the Group's long-term goals.

## Gender Diversity

The Board is committed to embracing best practices outlined in the MCGG, particularly endorsing the establishment of a gender diversity policy. In response, the Board Diversity Policy was instituted in 2022, emphasizing the creation of an inclusive environment that respects individuals irrespective of their gender in all business dealings. This policy underscores the Group's dedication to fostering a workplace free from harassment and discrimination based on gender, physical or mental state, ethnicity, nationality, religion, age, or family status.

Aligned with the Malaysian Government's recommendation for a minimum of 30% female decision-makers in the corporate sector, the Board remains attuned to this directive. Ongoing efforts are in place to actively attract and facilitate the inclusion of women in the Board. Currently, there are two (2) female directors actively contributing to the Board's proceedings. Additionally, among the Key Senior Management personnel, two (2) out of six (6) are women, demonstrating the Group's strides toward gender diversity at both the leadership and management levels. The Board is dedicated to furthering these initiatives to create a more diverse and inclusive corporate landscape.

## BOARD COMMITTEES

In fulfilling its fiduciary duties, the Board judiciously delegates certain responsibilities to three (3) Board Committees, each operating in accordance with their approved Terms of Reference ("TOR"). The Board has rigorously reviewed and assessed the TORs of these Committees at periodic intervals. This meticulous process ensures that the TORs consistently align with the latest developments in the MMLR of Bursa Securities and the MCGG.

By regularly revisiting and evaluating the TORs, the Board strives to maintain their relevance and adequacy in effectively governing the functions and responsibilities of the respective Committees. This commitment to continuous assessment reflects the Board's dedication to upholding the highest standards of corporate governance and ensuring that the Committees are equipped to address evolving regulatory landscapes and industry best practices.

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

The ARMC was established to oversee the financial, accounting and reporting practices to ensure proper disclosure to the shareholders of the Company.

The ARMC comprises three (3) members as follows, all of whom are INEDs:-

Chairperson	Ms Ho Kim Poi (Independent Non-Executive Director)
Members	Mr Oh Keng Leng (Independent Non-Executive Director)
	Ms Tan Ler Chin (Independent Non-Executive Director)

The ARMC has the principal objectives of overseeing:-

- the Group's internal and external audit processes including issues pertaining to the system of internal control, risks management and governance;
- financial reporting including the integrity of the financial statements of the Group;
- the quality of the audits conducted both by the internal and external auditors;
- the conflict of interest situations and related party transactions;

# Corporate Governance Overview Statement

- the compliance by the Group with legal and regulatory requirements and observance of a proper code of conduct; and
- the risk management and internal control framework of the Group to ensure the adequacy of the Group's risks and control environment.



For details of its activities during FY2023, please refer to the ARMC Report on pages 69 and 70 of this Annual Report.

## (b) Nomination Committee ("NC")

The NC was established to provide valuable assistance to the Board in fulfilling its statutory duties and responsibilities, particularly concerning board succession planning. This includes pivotal tasks such as recruiting and recommending new appointments of Board members to the Board and/or its subsidiaries. The overarching objective is to ensure the overall effectiveness of the Board and to continuously enhance its performance over time. The NC plays a crucial role in contributing to the robust governance and sustained success of the organisation.

The NC comprises three (3) members, all of whom are INEDs. The NC members are as below:-

Chairman	Dato' Yeow Wah Chin (Independent Non-Executive Director)
Members	Ms Ho Kim Poi (Independent Non-Executive Director)
	Ms Tan Ler Chin (Independent Non-Executive Director)

The NC is mainly responsible for the following functions:-

- to review the NC's TOR annually or as and when necessary;
- to review the Board and Senior Management's succession plans and make recommendations to the Board on succession planning policy for the Senior Management;

- to identify and recommend to the Board, suitable candidates for appointment as Directors as well as candidates to fill the Committees, after taking into consideration the following attributes of candidates:-
  - ♦ skills, qualifications, knowledge, expertise, experience, professionalism and integrity;
  - ♦ commitment which includes time commitment;
  - ♦ in the case of the candidates for the position of INEDs, the NC would also evaluate the candidates' ability to discharge such responsibilities as expected from INEDs; and
  - ♦ the Board's diversity in terms of age, gender and culture background;
- to review the structure, size, balance and composition of the Board on an annual basis to ensure that the Board has the appropriate mix of skills, independence, experience and other qualities including core competencies to function effectively and efficiently;
- to perform annual evaluation and appraisal on the performance of the Board as a whole, the committees of the Board as well as the contribution and performance of each individual Director, on an annual basis;
- to deliberate and recommend any termination or removal of Director of the Company (if necessary) due to appropriate reasons in accordance with the relevant laws and regulations;
- to facilitate and recommend suitable orientation, educational and training programmes to ensure Directors receive appropriate continuous training in order to maintain an adequate level of competency to discharge their responsibilities and performance;
- to consider and examine such other matters as the Committee considers appropriate; and
- to consider any other matters as delegated by the Board.

# Corporate Governance Overview Statement

The activities of the NC in discharging its duties in FY2023 were as follows:-

- reviewed the following policies/guidelines:-
  - ♦ Guidelines on Fit and Proper Person;
  - ♦ Board Member Recruitment Policy;
  - ♦ Training Policy for Directors;
  - ♦ Directors' Assessment Policy;
  - ♦ Board Diversity Policy; and
  - ♦ Succession Planning Framework.

The Constitution also provides that one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third, shall retire from office once at least in each three (3) years as required by the MMLR of Bursa Securities. A retiring Director shall retain office until the close of the meeting at which he/she retires and shall be eligible for re-election.

Mr Lim Kim Yew will be retiring by rotation pursuant to Clause 129.1 of the Company's Constitution is subject to re-election at the Third AGM.

Ms Tan Ler Chin, who will also be retiring by rotation pursuant to Clause 129.1 of the Company's Constitution, has notified the Board and NC on 30 November 2023 that she will not be seeking for re-election as a Director of the Company.

The NC has diligently conducted a thorough review of the performance, declaration, and undertaking made by each retiring Director. In its assessment, the NC recognises the substantial value that the Non-Independent Non-Executive Director and the Independent Non-Executive Director, as retiring Directors, bring to the Group.

The NC acknowledges their wealth of experience and knowledge, which is deemed invaluable to the Group. Their deep understanding of the Group's operations and strategies positions them as valuable contributors, offering insightful perspectives to the Board. Furthermore, the presence of these retiring Directors plays a pivotal role in ensuring continuity and stability within the operations of the Group, underscoring their significance to the ongoing success of the organisation.

Based on the recommendation of the NC, the Board will be tabling the resolution on Mr Lim Kim Yew's re-election at the Third AGM.

## (c) Remuneration Committee ("RC")

The RC has implemented a formal and transparent procedure aimed at determining equitable remuneration packages for both Directors and Senior Management. This process is meticulously designed to consider various factors, including merit, qualifications, competence, skills, and experience. Additionally, the complexities inherent in the Group's business, individual performance, operational results, and relevant market statistics are taken into account.

The remuneration framework is closely aligned with the business strategy and long-term objectives of the Group. The objective is to create a remuneration structure that not only attracts but also motivates and retains top-tier talents within both the Board and Senior Management. By integrating these considerations into the remuneration determination process, the RC plays a crucial role in ensuring the Group's ability to secure and retain skilled professionals vital for the accomplishment of its strategic goals.

The RC comprises three (3) members, all of whom are INEDs. The RC members are as below:-

Chairman	Mr Oh Keng Leng (Independent Non-Executive Director)
Members	Dato' Yeow Wah Chin (Independent Non-Executive Director)
	Ms Tan Ler Chin (Independent Non-Executive Director)

The main activities of the RC in discharging its duties in FY2023 were as follows:-

- reviewed and recommended to the Board, the remuneration policy and procedures for Directors and Senior Management of the Group;
- reviewed and recommended to the Board, the remuneration packages and benefits for Executive Directors and Senior Management; and
- reviewed the fees and benefits payable to the Non-Executive Directors.

## Corporate Governance Overview Statement

Details of the Directors' remuneration for FY 2023 in the Group are as follows:-

Company	Fee RM'000	Salaries, emoluments, and statutory contribution RM'000	Allowances RM'000	Bonuses RM'000	Benefit in-kinds RM'000	Total RM'000
<b>Senheng New Retail Berhad</b>						
<b>Executive Directors</b>						
Lim Kim Heng	-	-	-	-	-	-
Lim Kim Chieng	-	-	-	-	-	-
<b>Non-Executive Directors</b>						
Lim Kim Yew	60	-	-	-	-	60
Dato' Yeow Wah Chin	96	-	11	-	-	107
Oh Keng Leng	96	-	14	-	-	110
Ho Kim Poi	120	-	14	-	-	134
Tan Ler Chin	96	-	14	-	-	110

Group	Fee RM'000	Salaries, emoluments, and statutory contribution RM'000	Allowances RM'000	Bonuses RM'000	Benefit in-kinds RM'000	Total RM'000
<b>Executive Directors</b>						
Lim Kim Heng	-	1,377	2	-	24	1,403
Lim Kim Chieng	-	1,377	2	-	24	1,403
<b>Non-Executive Directors</b>						
Lim Kim Yew	60	-	-	-	-	60
Dato' Yeow Wah Chin	96	-	11	-	-	107
Oh Keng Leng	96	-	14	-	-	110
Ho Kim Poi	120	-	14	-	-	134
Tan Ler Chin	96	-	14	-	-	110

# Corporate Governance Overview Statement

## BOARD CHARTER

The Board Charter serves as a comprehensive document delineating the roles, responsibilities, duties, and authority vested in the Board. Embedded within this charter are key governance principles aimed at ensuring the Board's unwavering adherence to laws, regulations, and best practices governing their conduct. The Board is committed to upholding high standards of corporate governance across the entirety of the Group.

Adopted on 25 June 2021, the Board Charter undergoes periodic reviews and updates to align with the evolving needs of the Group and to accommodate any new regulations that may impact the discharge of the Board's responsibilities. This dynamic approach reflects the Board's commitment to staying abreast of industry changes and regulatory developments.

The Board Charter, a vital reference for understanding the governance framework, is readily accessible on the Group's website at [www.senheng.com](http://www.senheng.com), demonstrating the Group's commitment to transparency and ensuring stakeholders have easy access to key corporate governance information.

## SEPARATION OF ROLES BETWEEN CHAIRMAN AND PRESIDENT

The Chairman plays a pivotal leadership role in guiding the conduct of the Board and managing its interactions with shareholders and other stakeholders. A key responsibility lies in instilling and upholding good corporate governance practices, fostering effective leadership, and ensuring the overall effectiveness of the Board. The Chairman serves as a linchpin in promoting a culture of transparency, accountability, and ethical decision-making, contributing significantly to the organisation's success and stakeholder confidence. Through these actions, the Chairman establishes a tone at the top that resonates throughout the organisation, reinforcing the importance of sound governance and leadership principles.

The key responsibilities of the Chairman of the Board include the following, among others:-

- providing leadership to lead the Board in its collective oversight of Management;
- leading the Board in establishing and monitoring good corporate governance in the Group;
- establishing the agenda for Board meetings in consultation with the President and Company Secretary;
- ensuring that all Directors are enabled and encouraged to participate at Board meetings. This includes ensuring that all relevant issues are on the agenda and that

all Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings;

- ensuring that Executive Directors look beyond their executive functions and accept their full share of the responsibilities of governance;
- managing the interface between the Board and Management;
- in conjunction with the President, undertaking appropriate public relations activities to provide effective communication with stakeholders and to communicate their views to the Board;
- be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures; and
- performing other responsibilities as assigned by the Board, from time to time.

The President holds the primary responsibility for driving the continuous success of the Group. Tasked with overseeing all facets of management and development, the President plays a crucial role in charting the Group's course for growth and success. A key aspect of the President's role is to explore new and innovative strategies to enhance the Group's competitiveness and business practices. Leveraging industry knowledge and credibility, the President fulfills the requirements of the role with a focus on steering the Group towards excellence.

To ensure clear accountability and facilitate a well-defined division of responsibilities, the Company has opted to maintain separate positions for the Chairman and President. This structural choice promotes effective governance and delineates distinct roles, allowing each position to contribute optimally to the Group's overall objectives.

## GUIDELINES ON FIT AND PROPER PERSON

The Group has adopted the Guidelines on Fit and Proper Person ("Guidelines") on 30 June 2022. The Guidelines serves as a guide to the NC and the Board to evaluate and assess the candidates to be appointed to the Board, as well as the Directors who are seeking for re-election.

The fitness and propriety of a Board candidate or Directors seeking re-election will be assessed in accordance with the following key criteria under the Guidelines:-

- (a) Probity, reputation and integrity;
- (b) Competency and capability; and
- (c) Financial integrity.

# Corporate Governance Overview Statement

The Guidelines also set out that the Board and Senior Management shall possess competence, character, diligence, honesty, integrity and judgement to discharge the duties of their respective positions appropriately, upholding high corporate governance standard.

The Guidelines is available on the Company's website at [www.senheng.com](http://www.senheng.com) and is subject for review periodically.

## WHISTLE-BLOWING POLICIES AND PROCEDURES

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 Tricor Roots Consulting Sdn Bhd to manage the Whistle-Blower channel.

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 Tricor whistle-blower platform.

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

The WBPP is available on the Company's website at [www.senheng.com](http://www.senheng.com).

## ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

Senheng Group has taken a firm stance against bribery and corruption by adopting and implementing its Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") on 27 December 2021. This policy comprehensively prohibits all forms of bribery and corruption within the organisation.

The ABAC Policy underscores Senheng Group's commitment to ethical business practices, aligning with the government's dedication to combating corruption, enhancing integrity, and fostering good corporate governance. This commitment is particularly emphasised in accordance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, which came into effect on 1 June 2020, along with the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

Importantly, the ABAC Policy promotes a culture of transparency and accountability. Individuals who refuse to engage in bribery, decline involvement in corrupt practices, actively raise concerns, or report potential wrongdoing will not face penalties, even if such actions result in Senheng Group losing business, missing targets, or encountering other disadvantages.

The ABAC Policy serves as a guiding framework, clearly outlining Senheng Group's position on bribery in all its forms. It provides valuable information and guidance on how to identify and address potential acts of bribery and corruption throughout the organisation's operations, reinforcing a commitment to ethical conduct and compliance with relevant laws.

## ETHIC STATEMENT REGARDING ANTI-BRIBERY AND ANTI-CORRUPTION

Senheng is committed to maintaining the highest ethical standards and has articulated its stance on Anti-Bribery and Anti-Corruption through the Ethic Statement. This Statement is applicable to a broad spectrum of individuals, including all staff, officers, directors, and employees (inclusive of contractors and temporary workers/interns) across Senheng's global operations. Moreover, it extends to cover the Group's agents, suppliers, business partners, resellers, distributors, contractors, and other intermediaries who act on behalf of or represent Senheng Group.

Irrespective of local laws or cultural differences, all activities conducted on behalf of the Group must adhere to the principles outlined in this Statement. Senheng Group enforces a policy of individual accountability, emphasising that each member of the organisation, as well as external partners and intermediaries, must comply with the anti-bribery and anti-corruption guidelines articulated in the Statement. This unwavering commitment underscores Senheng's dedication to fostering an ethical business environment globally.

## ACCESS TO INFORMATION AND ADVICE

The Board convenes meetings on a quarterly basis to conduct comprehensive reviews of the Group's business, operational, and financial performance. Additionally, special meetings are arranged as needed to address specific matters requiring the decision or approval of the Board.

Directors will receive a detailed agenda and comprehensive set of Board papers encompassing financial, operational, corporate, regulatory, business development, and audit information, prior to the Board meetings. This pre-meeting preparation ensures that the Board can make informed decisions and effectively fulfill its responsibilities.



# Corporate Governance Overview Statement

Regular updates on the Group's activities and operations are provided to Board members. To facilitate the discharge of their duties, all Directors have access to comprehensive information about the Group. The Board has the discretion to seek advice from Management, request further explanations, or seek updates on the Group's operations and business concerns.

Circular resolutions approved by the Board are presented for notation at subsequent Board meetings. The decisions taken by Board Committees are reviewed through the minutes of these Committees. The Chairperson of each Board Committee reports to the Board at each meeting, highlighting any significant matters that may require the Board's attention or direction.

Board members enjoy unrestricted access to the advice and services of the Company Secretaries and Key Senior Management. Furthermore, they have the authority to seek independent professional advice at the Company's expense to fulfill their duties and obligations, whether as a full board or individually. This commitment ensures that the Board is well-informed and equipped to make sound decisions in the best interest of the Group.

## QUALIFIED COMPANY SECRETARIES

The Board is assisted by proficient Company Secretaries who are esteemed members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). These Company Secretaries possess the qualifications necessary to act in accordance with Section 235(2) of the Companies Act 2016.

The Company Secretaries fulfill an advisory role to the Board, ensuring adherence to proper procedures, compliance with relevant rules and regulations governing the Board's conduct, and overseeing all matters associated with the efficient operation of the Board. Regular updates and briefings are provided by the Company Secretaries to the Board, offering seamless advice and services to Directors whenever needed. This collaborative effort enhances the overall effectiveness of the Board and ensures meticulous regulatory compliance.

In order to facilitate the smooth operation of the Board and to ensure regulatory compliance, all Board members have direct access to the advice and services of the Company Secretaries. This accessibility promotes open communication and enables Directors to seek guidance on various matters related to the Board's affairs and business, thereby contributing to the effective governance of the Group.

The Company Secretaries' roles include:-

- ensuring that Board procedures and applicable rules are observed;
- advising the Board on its roles and responsibilities;
- facilitating the orientation of new Directors and assisting in directors' training and development;
- maintaining records of the Board and ensuring effective management of the Company's records;
- managing all Board and Board Committees meeting logistics, attending and preparing comprehensive minutes to document Board and Committee proceedings and ensuring conclusions are accurately recorded;
- advising the Board on corporate disclosures and compliance with company and securities regulations and MMLR of Bursa Securities;
- managing processes pertaining to the annual shareholder meeting;
- monitoring corporate governance developments and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations;
- serving as a focal point for stakeholders' communication and engagement on corporate governance issues; and
- carrying out other functions as deemed appropriate by the Board from time to time.

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

# Corporate Governance Overview Statement

## Attendance at Meetings

The attendance of the Directors at Board and Board Committee meetings in FY 2023 are as below:-

Name	Designation	Board	ARMC	NC	RC
Lim Kim Heng	Non-Independent Executive Chairman	9/9	-	-	-
Lim Kim Chieng	President / Non-Independent Executive Director	9/9	-	-	-
Lim Kim Yew	Non-Independent Non-Executive Director	8/9	-	-	-
Dato' Yeow Wah Chin	Independent Non-Executive Director	9/9	-	3/3	3/3
Tan Ler Chin	Independent Non-Executive Director	8/9	6/7	3/3	2/3
Ho Kim Poi	Independent Non-Executive Director	9/9	7/7	3/3	-
Oh Keng Leng	Independent Non-Executive Director	8/9	7/7	-	3/3

## Remuneration of Senior Management

The top five (5) key senior management whose total remuneration falls within the following bands for FY 2023 are as follows:-

### Remuneration Band (in band of RM50,000)

Number of Key Senior Management	Remuneration (RM)	Benefit-in-kind (RM)
1	500,000-550,000	0-50,000
2	450,000-500,000	0-50,000
2	350,000-400,000	0-50,000

## Directors' Training

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

The Directors consistently keep themselves abreast with the latest corporate governance practices, relevant legislations and regulations, and financial reporting standards in the discharge of their fiduciary duties. Training programmes, seminars, courses and conferences attended by the Directors in FY2023 are listed below:-

Directors' Name	Title of Training
Lim Kim Heng	<ul style="list-style-type: none"> <li>Corporate Training on Environmental, Social and Governance ("ESG") and Task Force on Climate-Related Financial Disclosure ("TCFD")</li> </ul>
Lim Kim Chieng	<ul style="list-style-type: none"> <li>Corporate Training on Environmental, Social and Governance ("ESG") and Task Force on Climate-Related Financial Disclosure ("TCFD")</li> </ul>
Lim Kim Yew	<ul style="list-style-type: none"> <li>Success Formula</li> <li>Six Practices For Improvement</li> <li>TCVR Automated Marketing</li> </ul>
Dato' Yeow Wah Chin	<ul style="list-style-type: none"> <li>Corporate Training on Environmental, Social and Governance ("ESG") and Task Force on Climate-Related Financial Disclosure ("TCFD")</li> </ul>

# Corporate Governance Overview Statement

Directors' Name	Title of Training
Ho Kim Poi	<ul style="list-style-type: none"> <li>• The Board Agender Bursa Malaysia Immersive session</li> <li>• Tax and Business Summit</li> <li>• AI in accounting: threat or opportunity</li> <li>• 2023 Board &amp; AC – Priority</li> <li>• ESG Application on Retail Physical Stores &amp; E-Commerce</li> <li>• Navigating the Rising Tide of Financial Crime</li> <li>• Proposed Amendments to the Companies Act 2016</li> <li>• Management of Cyber Risk</li> <li>• Generative AI : A critical look at who may be liable</li> <li>• AOB's conversation with Audit Committee</li> </ul>
Oh Keng Leng	<ul style="list-style-type: none"> <li>• Employment taxation for employers and employees</li> <li>• Powertalk Sustainability Series – Rebuilding the Board for Innovation</li> <li>• 2023 Budget Seminar</li> <li>• PowerTalk Series: Advancing Cyber Resilience: Board's top 3 must-know programme</li> <li>• New TP Rules and APA by Ernst &amp; Young</li> <li>• Common Offences by Directors under the Companies Act 2016</li> <li>• Generative AI – An opportunity or Risk</li> <li>• e-Invoicing: The digital way forward</li> <li>• Unlocking Business Efficiency Through Digitalisation with e-Invoicing</li> <li>• ESR Reporting – A key to value creation today</li> <li>• BDO Tax Seminar on Budget 2024</li> </ul>
Tan Ler Chin	<ul style="list-style-type: none"> <li>• A 60-Minute Crisis Management – A Guide For Board Members</li> <li>• A Dialogue with Bursa Malaysia – FTSE4GOOD ESG Rating for All PLCs</li> <li>• Mandatory Accreditation Programme Part II: Leading for Impact</li> </ul>

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The ARMC was established on 25 June 2021 to accurately define its oversight powers regarding risk management matters delegated to the committee.

Comprising three (3) members of the Board, all of whom are Independent Non-Executive Directors, the ARMC plays a crucial role in overseeing risk management within the organisation.

The External Auditors report to the ARMC on their audit of each year's statutory financial statements, highlighting matters requiring the committee's attention. The ARMC engages in private discussions with the External Auditors at least once a year, excluding the presence of Executive Directors and Management.

To ensure independence, the External Auditors declare their independence annually to the ARMC, as stipulated by the By-Laws on Professional Ethics, Conduct, and Practice issued by the Malaysian Institute of Accountants. The ARMC is satisfied that the External Auditors have maintained independence throughout the audit process, and the audit services rendered meet the expected quality.

Based on the ARMC's recommendation, the re-appointment of the External Auditors will be presented to shareholders for approval at the Third AGM. The detailed report of the ARMC is provided in this Annual Report, outlining its activities and assessments related to risk management and audit functions within the Group.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

In recognising the significance of safeguarding shareholder interests and protecting the assets of the Group, both the Board and Management have emphasized the establishment of a robust system for risk management and internal control. The Group has meticulously formalised a comprehensive risk management and internal control framework, delineating the detailed processes of risk identification, evaluation, treatment, monitoring, and review. This framework extends across various facets of the Group's operations, including but not limited to compliance, operations, finance, and technology, as the Group actively seeks alternative methods to enhance efficiency and eliminate operational weaknesses.

# Corporate Governance Overview Statement

Aligned with this framework, the Group has implemented the Enterprise Risk Management (“ERM”) system, resembling a clockwork mechanism. The ERM system encompasses risk awareness creation, knowledge building, strategic risk and opportunity assessment, and the development of action plans and key risk indicators. Risks identified and monitored through the ERM system are reported quarterly to the ARMC, with proposed mitigating plans to address identified risks.

Under the advisory and guidance of the ARMC, the Board consistently assesses and examines the effectiveness and efficiency of the risk management and internal control framework. The expertise of the ARMC provides assurance to potential investors and shareholders, as it assesses risks comprehensively across all aspects of the Group, furnishing the Board with a detailed report to inform decision-making.

For the fiscal year 2023, the Board deems the existing risk management and internal control system satisfactory. Importantly, no material losses resulted from internal control weaknesses or adverse compliance events. The Board’s consistent review throughout the fiscal year reaffirms the adequacy and effectiveness of the Group’s risk management and internal control. Further details on the methods employed for risk management can be found in the Statement on Risk Management and Internal Control within this Annual Report.

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

### ENGAGEMENT WITH STAKEHOLDERS

The Board underscores the significance of transparency and accountability to the Company’s investors, leading to the establishment of an effective communications policy. This policy facilitates clear and efficient communication between the Board, Management, shareholders, stakeholders, and the general public.

To further enhance investor relations and disseminate information, the Group maintains a corporate website at [www.senheng.com](http://www.senheng.com). This online platform serves as a valuable resource for timely disclosures, material information, and announcements made to Bursa Securities. All relevant information is promptly published on the website shortly after its release by the Company, ensuring that shareholders and stakeholders have access to the latest updates in a timely manner. This commitment to open communication reflects the Board’s dedication to transparency and accountability in its interactions with the broader community.

### CONDUCT OF GENERAL MEETINGS

The AGM stands as a primary platform for shareholder dialogue, providing an opportunity for shareholders to assess the Group’s performance through the Annual Report and engage with the Board by posing questions for clarification. Shareholders are encouraged to actively participate, meet, and communicate with the Board during the AGM and are invited to vote on all resolutions.

To facilitate shareholder engagement, a notice period of at least 28 days is provided ahead of the AGM, in accordance with Practice 13.1 of the MCCG. This duration allows shareholders sufficient time to review the Annual Report and supporting papers related to the proposed resolutions.

Consistent with Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions presented at the AGM are voted by way of a poll. An independent scrutineer is appointed to validate the votes cast, and the outcome of the AGM is promptly announced to Bursa Securities on the same day as the meeting.

For the benefit of shareholders, the Company ensures the presence of all Board members, the Management team, and External Auditors at the AGM and other general meetings. This collective attendance guarantees that shareholders receive comprehensive responses to their inquiries and enhances transparency and openness in shareholder-company interactions.

### COMPLIANCE STATEMENT

It has been disclosed as stated above that, overall, the Board is contented with the Company’s substantial compliance with and application of the principles and recommendations outlined in the MCCG. However, it is noted that there are exceptions to certain recommended practices:

- **Practice 5.9** – The board comprises at least 30% women directors; and
- **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.

The reasons for deviating from specific recommendations and the alternative measures implemented by the Company to achieve the intended outcomes of the recommended practices are detailed in the Corporate Governance Report 2023. With a steadfast commitment to safeguarding the interests of shareholders and stakeholders, the Board acknowledges and will persist in enhancing the application of best practices in corporate governance.

This Corporate Governance Overview Statement has been formally approved by the Board on 19 April 2024.

# Audit & Risk Management Committee Report

The Board of Directors of Senheng New Retail Berhad (“Board”) is pleased to present the Audit and Risk Management Committee (“ARMC”) Report which provides the insights into the manner for which the ARMC has discharged its duties and responsibilities in overseeing the accounting and reporting practices of the Group for the financial year ended 31 December 2023 (“FY 2023”).

## COMPOSITION AND DESIGNATION OF ARMC MEMBERS

The ARMC was established by the Board on 25 June 2021 to assist the Board in the oversight of the financial reporting process of the Group. In compliance with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the ARMC comprises the following members:-

Chairperson	Ms Ho Kim Poi (Independent Non-Executive Director)
Members	Mr Oh Keng Leng (Independent Non-Executive Director)
	Ms Tan Ler Chin (Independent Non-Executive Director)

The composition of the ARMC fulfilled the requirements under Paragraph 15.09(1)(c) of the MMLR of Bursa Securities with Ms Ho Kim Poi and Mr Oh Keng Leng being members of the Malaysian Institute of Accountants (“MIA”).

There was also no alternate director appointed as a member of the ARMC.

## TERMS OF REFERENCE

The scope and responsibilities of the ARMC are set out in the Terms of Reference of the ARMC which is available at [www.senheng.com](http://www.senheng.com).

## MEETINGS AND ATTENDANCE

During the FY2023, the ARMC held seven (7) meetings in total. The attendance of each member at the ARMC meetings is as follows:-

Members	Attendance
Ho Kim Poi (Chairperson)	7/7
Oh Keng Leng	7/7
Tan Ler Chin	6/7

The External Auditors Messrs. BDO PLT (“BDO”) attended the ARMC meetings where they were invited to present matters relating but not limited to audit planning and status, audit report, key audit matters, compliance with laws and regulations, recommendation for improvement to internal controls of the Group and financial reporting issues.

## SUMMARY OF ACTIVITIES OF THE ARMC DURING THE FINANCIAL YEAR

The following activities were carried out by the ARMC during the FY 2023:-

- Reviewed the Audit Planning Memorandum with BDO, the External Auditors;
- Discussed and reviewed the External Auditors’ evaluation of system of internal control of the Group;
- Reviewed the audit reports presented by the External Auditors, with the External Auditors;
- Reviewed and discussed the internal audit plan which includes timely review of the risk management framework and internal control system and risk mitigating plan with the Internal Auditor;
- Reviewed the adequacy of the scope of internal audit, competency and resources of the internal audit function and whether the Internal Auditor has the required authority to discharge its functions;
- Reviewed the unaudited consolidated quarterly report of the Group for recommendation to the Board for approval prior to submission to Bursa Securities;
- Reviewed the Company’s compliance in particular the quarterly and year-end financial statements with the MMLR of Bursa Securities, applicable approved accounting standards and other legal and regulatory requirements;
- Reviewed the related party transactions entered into by the Group;
- Reviewed the draft Audited Financial Statements for the financial year ended 31 December 2023 and the Directors’ and Auditors’ Reports for recommendation to the Board for approval;

# Audit & Risk Management Committee Report

- Reviewed the report from the External and Internal Auditors arising from the final audit for the FY 2023 and held a private discussion with the External Auditors to discuss on matters arising from the final audit and assistance provided by Management to them during the course of audit;
- Reported to the Board on significant issues and concerns discussed during the ARMC meetings;
- Reviewed the suitability and independence of the External Auditors and recommended to the Board on the re-appointment of the external auditors and audit fee;
- Reviewed the internal audit reports presented by the Internal Auditors;
- Reviewed the risk matrix and the Enterprise Risk Management System of the Group;
- Reviewed and adopted the Group Governance Framework;
- Reviewed the Enhanced Conflict of Interest Policy; and
- Reviewed the Circular to shareholders in relation to the Proposed Shareholders' Ratification for Recurrent Related Party Transactions ("RRPT") of a revenue or trading nature and Proposed New Shareholders' Mandate for RRPT of a revenue or trading nature.

## INTERNAL AUDIT FUNCTION

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

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

The internal audit function is led by Mohd Khaidzir Shahari, a Certified Internal Auditor ("CIA"), The Institute of Internal Auditors, Inc. ("IIA"), Board of Governors, Institute of Internal Auditors Malaysia ("IIAM"), Chairman of Research and Technical Advisory Committee, IIAM, Professional member, IIAM, Chartered Accountant, MIA, Member, Islamic Finance Committee, Certified Global Management Accountant, Chartered Institute of Management Accountant, and Bachelor in Accounting, International Islamic University (Hons), Malaysia. A total of six (6) personnel were deployed by KPMG for the internal audit work during FY 2023.

The Internal Audit activities during FY 2023 is summarised below:

- Established the annual internal audit plan and proposed the plan to the ARMC which includes internal audit scope covering billing and collection process, logistics management, business continuity management, loyalty programmes and warranty management, organisational governance, inventory management, sales and marketing, and store operations;
- Performed internal audit based on the International Professional Practices Framework ("IPPF") that includes the Definition of Internal Auditing, the Code of Ethics, and the International Standards for Professional Practice of Internal Auditing issued by the IIA;
- Performed follow-up reviews to ascertain if proper action has been taken to address issues highlighted in previous audit reports;
- Presented significant audit findings, recommendations and Management's responses to the ARMC for consideration; and
- Held a private discussion with the ARMC to discuss on matters arising from the internal audit and the assistance provided by Management to them during the course of the audit.

The total cost incurred for internal audit function for the financial year ended 31 December 2023 was RM200,000.

# Additional Compliance Information

## UTILISATION OF PROCEEDS

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

As of 31 March 2024, the status of the utilisation of proceeds raised from the IPO amounting to RM267,500,000 is as below in the following manner:-

### Utilisation of proceeds

Details of use of proceeds	Timeframe	RM	%	Utilisation RM	Reallocation RM	Balance RM	%
Enhance customer experience via upgrading and expanding our chain of retail stores	Within 36 months	160,500,000	60.0%	64,948,989	(30,000,000)	65,551,011	40.8%
Repayment of bank borrowings	Within 6 months	46,000,000	17.2%	46,000,000	-	-	0.0%
Develop new brand distribution business	Within 36 months	22,000,000	8.2%	22,000,000	-	-	0.0%
Expand and upgrade our warehouse & logistics network	Within 36 months	20,000,000	7.5%	20,121,393	121,393	-	0.0%
Boost our digital infrastructure	Within 36 months	9,700,000	3.6%	7,651,451	-	2,048,549	21.1%
Estimated listing expenses	Within 3 months	9,300,000	3.5%	9,178,607	(121,393)	-	0.0%
Acquisition of warehouse	Within 3 months	-	0%	30,000,000	30,000,000	-	0.0%
		267,500,000	100.0%	199,900,440	-	67,599,560	25.3%

## Additional Compliance Information

### AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2023, the amount of audit fees paid to the external auditors on the Company and Group basis were RM62,200 and RM362,850 respectively.

The non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the external auditors' firm by the Company during the financial year ended 31 December 2023 on the Company and Group basis were RM7,000 and RM75,150 respectively.

The details of the payment are set out below:-

	Company (RM)	Group (RM)
Audit Fees	55,200	287,700
Non-Audit Fees		
- BDO	5,000	29,750
- BDO Affiliate	2,000	45,400
Total	62,200	362,850

### MATERIAL CONTRACTS

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

1. On 25 September 2023, Senheng Electric (KL) Sdn Bhd ("SHKL") a wholly-owned subsidiary of Company, entered into a Sale and Purchase Agreement ("SPA") with SDM Assets III Sdn Bhd (the "Vendor") to acquire all that piece of freehold industrial land located in Klang, Selangor together with a single storey warehouse facility with three storey office space inclusive of ancillary buildings and external structure erected thereon, which is currently being rented by SHKL from the Vendor and used as the central distribution centre for the Group, for a total consideration of RM75,800,000.

The acquisition had been completed on 22 December 2023 in accordance with the terms of the SPA.



## Additional Compliance Information

### RECURRENT RELATED PARTY TRANSACTION

At the 2nd Annual General Meeting of the Company held on 22 June 2023, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPTs").

In accordance with Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the RRPTs transacted during the financial year ended 31 December 2023 pursuant to the shareholders' mandate are as follows:

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transactions	Amount Transacted (RM'000)
1.	Senheng Group	Eight Development (M) Sdn. Bhd. ("Eight Development")	Lim Kim Heng ("KH Lim"), Lim Kim Chieng ("KC Lim") and Lim Kim Yew ("KY Lim") are the Directors and major shareholders of the Group.  KH Lim, KC Lim and KY Lim are the Directors and major shareholders of Eight Development, each having a 33.33% direct equity interest.	Rental payable to Eight Development in respect of the rental of shoplots and warehouses	(1,211)
2.	Senheng Group	Tenn Pacific Sdn. Bhd. ("Tenn Pacific")	KH Lim, KC Lim and KY Lim are the Directors and major shareholders of Tenn Pacific, each having a 33.33% direct equity interest.	Rental payable by Tenn Pacific for occupying spare office space at the central distribution centre ("CDC") at 3rd Floor, Office Level, No. 11, Jalan Astana 5/KU2, Bandar Bukit Raja, 41050 Klang, Selangor	5
3.	Senheng Group	100 Value Distribution Sdn. Bhd. ("100 Value Distribution")	KH Lim, KC Lim and KY Lim are the Directors and major shareholders of 100 Value Distribution, each having a 26.67% direct equity interest.	<ul style="list-style-type: none"> <li>• Purchase of small item electrical accessories and consumables from 100 Value Distribution for sale</li> <li>• Purchase of small item electrical accessories and consumables from 100 Value Distribution for own use</li> </ul>	(10,223)  (55)
4.	Senheng Group	Blackbox BI Consultancy Sdn. Bhd. ("Blackbox BI")	KH Lim, KC Lim and KY Lim are the Directors and major shareholders of Blackbox BI, each having a 33.33% direct equity interest.	<ul style="list-style-type: none"> <li>• Provision of business intelligence solutions by Blackbox BI</li> <li>• Rental payable by Blackbox BI in respect of the rental of spare office space at the CDC at 3rd Floor, Office Level, No. 11, Jalan Astana 5/KU2, Bandar Bukit Raja, 41050 Klang, Selangor</li> </ul>	(476)  7

## Additional Compliance Information

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transactions	Amount Transacted (RM'000)
5.	Senheng Group	Insurnet Consultancy Sdn. Bhd. ("Insurnet")	<p>KH Lim, KC Lim and KY Lim are also major shareholders of Insurnet with a deemed 90% indirect interest by virtue of S Active Holding Sdn. Bhd. ("S Active")'s shareholdings.</p> <p>The directors and substantial shareholders of S Active are KH Lim, KC Lim and KY Lim, each having a 33.33% direct equity interest.</p>	<ul style="list-style-type: none"> <li>Insurance premium in relation to warranty programmes and over-the-counter insurance business collected by Insurnet on behalf of third-party insurance companies</li> </ul>	(26,612)
				<ul style="list-style-type: none"> <li>Insurance premium in relation to own insurance coverage collected by Insurnet on behalf of third-party insurance companies</li> </ul>	(2,904)
				<ul style="list-style-type: none"> <li>Administrative and marketing fees payable to Insurnet for services provided by Insurnet in relation to the operations of PlusOne extended warranty programme and online insurance business</li> </ul>	(315)
				<ul style="list-style-type: none"> <li>Administrative and marketing fees payable by Insurnet for usage of Sengheng Group's resources in relation to the operation of SWAP/ Replacement warranty programme and over-the counter insurance business</li> </ul>	1,544
6.	Senheng Group	Senwave Retail Solutions Sdn. Bhd. ("Senwave Retail")	<p>KH Lim, KC Lim and KY Lim are also the Directors and major shareholders of Senwave Retail with a deemed 60% indirect interest by virtue of Massive Solutions Sdn. Bhd. ("Massive Solutions")'s shareholdings.</p> <p>The Directors and major shareholders of Massive Solutions are KH Lim, KC Lim and KY Lim, each having a 33.33% direct equity interest.</p>	<ul style="list-style-type: none"> <li>Provision of software development of business application services by Senwave Retail</li> </ul>	(2,986)
				<ul style="list-style-type: none"> <li>Rental payable by Senwave Retail in respect of the rental of spare office space at the CDC at 3rd Floor, Office Level, No. 11, Jalan Astana 5/KU2, Bandar Bukit Raja, 41050 Klang, Selangor</li> </ul>	29

## Additional Compliance Information

No.	Transacting party within the Group	Transacting related party(ies)	Nature of relationship of related parties	Nature of transactions	Amount Transacted (RM'000)
7.	Senheng Group	SH Retail Academy Sdn. Bhd. ("SHR Academy")	KH Lim, KC Lim and KY Lim are the Directors and major shareholders of SHR Academy with a deemed 40% indirect interest by virtue of Massive Solutions' shareholdings.	<ul style="list-style-type: none"> <li>Provision of training services by SHR Academy</li> <li>Rental payable by SHR Academy in respect of the rental of spare office space at the CDC at 3rd Floor, Office Level, No. 11, Jalan Astana 5/KU2, Bandar Bukit Raja, 41050 Klang, Selangor</li> </ul>	(1,169) 19
8.	Senheng Group	S Ecosystem (M) Sdn. Bhd. ("S Eco")	KH Lim, KC Lim and KY Lim are the Directors and major shareholders of S Eco, each having a 33.33% direct equity interest.	<ul style="list-style-type: none"> <li>Marketing fee payable to S Eco</li> <li>Commissions payable to S Eco</li> <li>Marketing fund payable to S Eco in respect of campaign collaborations within Senheng Apps.</li> <li>Rental payable by S Eco in respect of the rental of spare office space at the CDC at 3rd Floor, Office Level, No. 11, Jalan Astana 5/KU2, Bandar Bukit Raja, 41050 Klang, Selangor</li> </ul>	(22,184) (20,569) - 67
9.	Senheng Group	Planet Sonata Sdn. Bhd. ("Planet Sonata")	KY Lim is a Director and major shareholder of Planet Sonata with a 50% direct equity interest.	Rental payable by Planet Sonata in respect of lease of premises for installation of solar photovoltaic panels	6
10.	Senheng Group	Momentum Commerce Sdn. Bhd. ("Momentum")	<p>KH Lim, KC Lim and KY Lim are the Directors and major shareholders of S Active, each having a 33.33% direct equity interest.</p> <p>S Active has a 14.81% direct equity interests in Momentum.</p>	Management fee and commission payable to Momentum in respect of the advertisement management.	(87)

# Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control for the financial year ended 31 December 2023 (“**FY2023**”) is made in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), Principles and Best Practices as stipulated in Practices 10.1 and 10.2 of the Malaysian Code on Corporate Governance (“**MCCG**”) and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“**SORMIC Guidelines**”).

The Board of Directors (“**Board**”) of Senheng New Retail Berhad (“**Senheng**”) is committed to maintain and continuously improve the system of risk management and internal control for Senheng and its subsidiaries (“**Group**”), and is pleased to provide the following statement which outlines the nature and scope of risk management and internal controls of the Group during the year under review.

## RESPONSIBILITY AND ACCOUNTABILITY

### The Board

The Board is responsible for establishing as well as overseeing the Group’s risk management framework and internal control system that are designed to manage the Group’s risk appetite within the acceptable level of tolerance set by the Board and Management, rather than eliminate totally the risks of failure, to achieve the Group’s goals and objectives in generating potential returns to shareholders. The Board periodically reviews the effectiveness and adequacy of the framework and system by identifying, assessing, monitoring and communicating key business risks to safeguard the shareholders’ investment and the Group’s assets.

The Audit & Risk Management Committee (“**ARMC**”) has the primary responsibility in the oversight of risk management and internal control.

The main responsibility of the ARMC is to assist the Board in assessing the effectiveness of the Group’s internal control system and overseeing the financial reporting. The ARMC also reviews the adequacy and integrity of the Group’s internal control system and management information system, including compliance with applicable laws, rules, directives and guidelines through external and internal audit functions.

Other Board Committees, namely the Nomination Committee (“**NC**”) and Remuneration Committee (“**RC**”), are also established with clearly defined duties and responsibilities to oversee various key business activities involved within the Group. The Board acknowledges that it remains responsible for all actions taken by any Board Committees with regard to the execution of the delegated roles, including the outcome of the review and disclosure on key risks and internal control system in this Group’s integrated annual report.

### Management

Management is accountable to the Board and responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and the effectiveness of internal control system, taking appropriate and timely corrective actions as required. Management has assured the Board that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management framework and internal control system adopted by the Group. In respect of risk management, the Management has implemented the necessary processes to:

- identify and analyse the risk appetite relevant to the Group’s business and determine the level of risk tolerance towards the achievement of the Group’s objectives and strategies;
- design, implement and monitor the risk management framework in accordance with the Group’s strategic vision and overall risk appetite; and
- identify changes to risks or emerging risks, take appropriate actions and promptly bring these to the attention of the Board.

## ENTERPRISE RISK MANAGEMENT (“**ERM**”) FRAMEWORK

The Group recognises that an embedded Risk Management Framework within the Group’s operations is an integral part of good corporate governance. The Group’s ERM framework sets out the Group’s risk strategy, objectives, risk governance, structure, practices, tools and the roles and responsibilities in managing the Group’s material risks (current and emerging).

# Statement on Risk Management and Internal Control

The ERM Framework is designed to be in line with the principles of ISO 31000 for risk management. It is integrated into the Group's business activities and processes, and it has become an integral decision-making tool for the Management.

The objective of the Group's Risk Management Framework is to provide a structured and consistent approach to risk management across the Group, which will allow the Group to continue to identify, assess, treat, communicate, monitor and review risks impacting the Group at both enterprise and operational levels.

The Group has outsourced its risk management activities to a third-party consulting firm, namely KPMG Management & Risk Consulting Sdn. Bhd ("**KPMG**"). Key features of the activities undertaken for the financial year ended 31 December 2023 are as follows:

- a) Facilitating quarterly update reviews. The main activities under this phase of work include:
  - review the adequacy and relevancy of the risk profile and registers, where appropriate, on the risk description, causes of risk, controls and risk rating of consequence/impact and likelihood of occurrence;
  - review the risk indicators provided by the risk owners and update the risk registers once the Management has agreed to the risk indicators;
  - review implementation status of action plans committed by risk owners;
  - identify action plans for top 20 principal business risks, which include persons in charge and timelines; and
  - conduct interview sessions with owners of the top 20 principal business risks to moderate risk ratings before the finalisation of the Group's risk profile.
- b) Review and ensure that the Group's risk management policies and procedures meet ISO 31000:2018 Risk Management Standard.

## Key Risk Factors

During FY2023, the following significant risks were presented to the ARMC for their deliberation and the controls in place to mitigate the risks were evaluated during the ARMC meetings:-

### Market Competition Threats

The retail market for consumer electronics is becoming increasingly competitive, due to low entry barriers and shift to online purchase, especially for small household products.

To enhance our competitiveness, the Group will continue with Territory Champion Strategy in entailing in-store enrichments and expansion (including Senheng Mobile), implements Online-merge-Offline ("**OMO**") approach to deliver seamless shopping experience, by creating an ecosystem that supports both online and offline expansion.

### Information Technology ("IT") Security and Data Security Breaches

This risk pertains to the possibility of IT security measures failing, leading to fraudulent activities, loss, destruction or theft of sensitive information such as customer, supplier, financial, or intellectual property. This breach could negatively impact the Group's operations, resulting in legal action and damaging the Group's reputation.

The Group implements several controls to manage this risk, including a security improvement program, investment in cyber security resources, operational policies and contracts. The IT environment undergoes regular independent audits and reviews of security controls, response plans, and incident management practices.

### Slow-Moving and Inventory Turn Monitoring

Inventory management and demand forecasting in a highly competitive environment are key in success of retail business. Slow-moving inventories may have impact on higher stock holding costs and inefficiency in resource allocation.

The Group will implement advanced analytics and AI-based tools for more accurate demand prediction and regularly track inventory turnover which enable quick turn-around actions to be taken in managing demand and supply.

# Statement on Risk Management and Internal Control

## KEY INTERNAL CONTROL PROCESSES

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

### Organisational Chart

The Board established a clearly defined Organisational Chart which specifies clear lines of authorities, accountabilities, and responsibilities of each level of the Group's personnels, led by the Non-Independent Executive Chairman and Non-Independent Executive Director who are in charge of day-to-day operations of the Group and execution of the Group's strategies and achievement of objectives.

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

### Limits of Authority

The Group has established limits of authority which clearly defines the authorisation limits of each approving authority to ensure adequate check and balance to the Group's daily operation.

### Anti-Bribery and Corruption Policy

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

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

## Whistle-Blowing Policies and Procedures

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

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

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

## Sustainability Management

The Group has formalised a Sustainability Framework which articulates the Group's commitment to sustainable development as an integral part of the Group's approach to risk management. The Sustainability Framework serves as a guiding principle on the environment, social and corporate governance aspects of the Group.

## Board Committees

The Board has established several committees to oversee the various functions within the Group which include the ARMC, NC and RC. These Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective Terms of Reference.

During FY2023, the Board and the 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 ensuring the Company adopts best corporate governance practices.

# Statement on Risk Management and Internal Control

## INTERNAL AUDIT FUNCTION

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

All reports from the internal audit reviews carried out by the Internal Auditors are to be presented to the ARMC at the ARMC meetings, with recommendation of corrective actions to be undertaken by Management, if any.

In performing the internal audit review, the Internal Auditors refer to and are guided by the International Professional Practices Framework 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.

During FY2023, the internal audit's scope covered the following based on the approved audit plan:-

- Billing and collection, which involves timeliness and accuracy in issuing bills to the customers and the credit control measures implemented on outstanding receivables;
- Logistics management, which involves assessing the logistics plan in ensuring accurate and timely receiving and delivery of stocks;
- Business continuity management, which involves assessing the establishment and effectiveness of business continuity management framework;
- Loyalty programmes and warranty management, which involve assessing the monitoring process of loyalty programmes and adequacy and comprehensiveness of insurance coverage in relation to warranty liabilities;
- Organisational governance, which involves assessing the governance structure at Senheng and its ability to support the Board of Senheng in discharging their required responsibilities;
- Inventory management, which involves assessing the planning and monitoring of inventory level in supporting sales at the outlets;
- Sales and marketing, which involves assessing the monitoring process of Senheng's sales channels and mechanism in place to establish and monitor effective marketing plans;
- Store operations, which involves the establishment and operating effectiveness of operational guidelines to guide the day-to-day operations of the outlets;

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors, BDO PLT, have reviewed this Statement on Risk Management and Internal Control and limited assurance engagement was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information and, Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for FY2023.

Based on the External Auditors' procedures performed, nothing has come to their attention that causes them to believe that this Statement is not prepared, in material respects, in accordance with the disclosure requirements set out under Paragraphs 41 and 42 of the SORMIC Guidelines, nor being factually inaccurate.

## CONCLUSION

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

The Board has received assurance from the Executive Director and Chief Financial Officer that the Group's risk management and internal control system are operating effectively, in all material respects for FY 2023 and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in this Annual Report.

This Statement of Risk Management and Internal Control was approved by the Board on 19 April 2024.

# Directors' Responsibility Statement

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

The Directors are responsible for ensuring the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

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

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

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

This statement was approved by the Board of Directors on 19 April 2024.



# Financial Statements

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# Directors' Report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are mainly retail of consumer electrical and electronic products, provision of captive insurance and distribution of household and IT gadget products. The principal activities and details of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

## RESULTS

	Group RM	Company RM
Profit for the financial year	25,018,862	15,493,349
Profit attributable to owners of the parent	25,018,862	15,493,349

## DIVIDEND

Dividend paid, declared or proposed since the end of the previous financial year was as follows:

	Company RM
Second interim single tier dividend of 0.70 sen per ordinary share in respect of financial year ended 31 December 2022, paid on 16 June 2023	10,500,000

On 5 April 2024, the Board of Directors declared an interim single tier dividend of 0.51 sen per ordinary share amounting to RM7,650,000 for the financial year ended 31 December 2023, which is to be paid on 5 June 2024 to shareholders of the Company whose names appeared in the Record of Depositors on 15 May 2024. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2023.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than the transfer of gain on disposal of equity investments at fair value through other comprehensive income amounting to RM2,073,071 from fair value reserve to retained earnings.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares and debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

# Directors' Report

## DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

### Senheng New Retail Berhad

Lim Kim Heng  
 Lim Kim Chieng  
 Lim Kim Yew  
 Dato' Yeow Wah Chin  
 Tan Ler Chin  
 Ho Kim Poi  
 Oh Keng Leng

### Subsidiaries of Senheng New Retail Berhad

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

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

Shares in the Company	Note	Number of ordinary shares			Balance as at 31.12.2023
		Balance as at 1.1.2023	Bought	Sold	
<u>Direct interests:</u>					
Lim Kim Heng		83,800,000	-	-	83,800,000
Lim Kim Chieng		81,800,000	-	-	81,800,000
Lim Kim Yew		81,300,000	-	-	81,300,000
Dato' Yeow Wah Chin		240,000	-	-	240,000
Tan Ler Chin		240,000	-	-	240,000
Ho Kim Poi		240,000	-	-	240,000
Oh Keng Leng		240,000	-	-	240,000
<u>Indirect/Deemed interests:</u>					
Lim Kim Heng	(a) & (b)	870,955,600	-	-	870,955,600
Lim Kim Chieng	(a) & (c)	870,790,600	-	-	870,790,600
Lim Kim Yew	(a)	869,600,000	-	-	869,600,000

- (a) Deemed interest by virtue of his shareholdings in SQ Digital Sdn. Bhd., pursuant to Section 8 of the Companies Act 2016.
- (b) Indirect interest by virtue of his child's direct shareholdings, pursuant to Section 59(11)(c) of the Companies Act 2016.
- (c) Indirect interest by virtue of his spouse's and children's direct shareholdings, pursuant to Section 59(11)(c) of the Companies Act 2016.

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

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

# Directors' Report

## DIRECTORS' BENEFITS

Since the end of previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- (a) certain Directors who may be deemed to derive benefits by virtue of transactions entered into with companies in which certain Directors have financial interests; and
- (b) certain Directors who received remunerations from the subsidiaries as Directors of the subsidiaries.

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

## DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Fees	468,000	468,000
Salaries	2,647,200	-
Others	164,130	53,250
Benefits-in-kind	48,650	-
	3,327,980	521,250

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

The amount of insurance premium paid for the Directors and the officers of the Group and of the Company was RM51,397.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

# Directors' Report

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## ULTIMATE HOLDING COMPANY

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

# Directors' Report

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 25 September 2023, Senheng Electric (KL) Sdn. Bhd. ("SHKL") a wholly-owned subsidiary of Company, entered into a Sale and Purchase Agreement ("SPA") with SDM Assets III Sdn. Bhd. (the "Vendor") to acquire all that piece of freehold industrial land located in Klang, Selangor together with a single storey warehouse facility with three storey office space inclusive of ancillary buildings and external structure erected thereon, which is currently being rented by SHKL from the Vendor and used as the central distribution centre for the Group, for a total consideration of RM75,800,000.

The acquisition had been completed on 22 December 2023 in accordance with the terms of the SPA.

## AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

## AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Statutory audit	287,700	55,200
Non-statutory audit	75,150	7,000
	<hr/> 362,850	<hr/> 62,200

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

**Lim Kim Chieng**  
Director

Kuala Lumpur  
19 April 2024

**Lim Kim Heng**  
Director

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 94 to 146 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year ended year then ended.

On behalf of the Board,

**Lim Kim Chieng**  
Director

**Lim Kim Heng**  
Director

Kuala Lumpur  
19 April 2024

# STATUTORY DECLARATION

I, Kiew Kor Shin (CA 48892), being the officer primarily responsible for the financial management of Senheng New Retail Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 146 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
19 April 2024 )

**Kiew Kor Shin**

Before me:

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SENHENG NEW RETAIL BERHAD**

**(Incorporated in Malaysia)**

## **Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the financial statements of Senheng New Retail Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 94 to 146.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### **Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence and Other Ethical Responsibilities***

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), as applicable to audits of financial statements of public interest entities' and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year ended 31 December 2023. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

As at 31 December 2023, the Group had recognised right-of-use assets and lease liabilities for leases of Group with carrying amounts of RM104,972,146 and RM90,753,129 respectively as disclosed in Note 7 to the financial statements.

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



# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SENHENG NEW RETAIL BERHAD**

**(Incorporated in Malaysia)**

## **Key Audit Matters (continued)**

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

*Audit response*

Our audit procedures included the following:

- (i) Obtained an understanding of the design and implementation of key controls pertaining to the recognition of leases;
- (ii) Assessed the appropriateness of the discount rates applied in determining lease liabilities based on the lease contracts and relevant inputs;
- (iii) Assessed the appropriateness of the assumptions applied in determining the lease terms of the lease liabilities, including renewal and termination options of the leases; and
- (iv) Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information.

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

Inventories of the Group as at 31 December 2023 amounted to RM271,428,838 of which RM19,309,581 are stated at net realisable value as disclosed in Note 12 to the financial statements.

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

*Audit response*

Our audit procedures included the following:

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

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

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SENHENG NEW RETAIL BERHAD**

**(Incorporated in Malaysia)**

## **Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

## **Responsibilities of the Directors for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SENHENG NEW RETAIL BERHAD**

**(Incorporated in Malaysia)**

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

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also: (continued)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## **Other Matters**

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

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

Kuala Lumpur  
19 April 2024

**Law Kian Huat**  
02855/06/2024 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	248,233,148	155,346,086	-	-
Right-of-use assets	7	104,972,146	115,977,283	-	-
Intangible assets	8	120,402	15,818	-	-
Investments in subsidiaries	9	-	-	166,206,168	166,206,168
Deferred tax assets	10	7,511,566	11,975,766	-	-
Other receivables	11	26,260,711	27,453,389	269,120,702	263,272,370
		387,097,973	310,768,342	435,326,870	429,478,538
<b>Current assets</b>					
Inventories	12	271,428,838	250,055,392	-	-
Other investments	13	17,427,928	26,433,045	-	-
Trade and other receivables	11	114,290,643	92,117,285	42,488	54,626
Current tax assets		23,622,412	15,573,657	-	-
Cash and bank balances	14	87,401,350	155,491,750	381,002	1,127,173
		514,171,171	539,671,129	423,490	1,181,799
<b>TOTAL ASSETS</b>		901,269,144	850,439,471	435,750,360	430,660,337
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	15	427,867,671	427,867,671	427,867,671	427,867,671
Reserves	16	115,830,338	101,254,170	6,775,943	1,782,594
<b>TOTAL EQUITY</b>		543,698,009	529,121,841	434,643,614	429,650,265
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	7	65,175,262	72,948,956	-	-
Deferred tax liabilities	10	7,703	24,705	-	-
Provision for restoration costs	18	6,692,948	5,789,149	-	-
Contract liabilities	20	41,081,267	42,762,109	-	-
		112,957,180	121,524,919	-	-
<b>Current liabilities</b>					
Trade and other payables	19	103,281,454	101,733,753	732,137	596,366
Lease liabilities	7	25,577,867	28,091,495	-	-
Provision for restoration costs	18	1,333,228	884,630	-	-
Contract liabilities	20	42,399,524	44,490,906	-	-
Borrowings	17	71,500,000	24,000,000	-	-
Current tax liabilities		521,882	591,927	374,609	413,706
		244,613,955	199,792,711	1,106,746	1,010,072
<b>TOTAL LIABILITIES</b>		357,571,135	321,317,630	1,106,746	1,010,072
<b>TOTAL EQUITY AND LIABILITIES</b>		901,269,144	850,439,471	435,750,360	430,660,337

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	21	1,315,027,880	1,562,218,644	10,500,000	27,500,000
Cost of sales		(1,038,049,434)	(1,221,424,980)	-	-
Gross profit		276,978,446	340,793,664	10,500,000	27,500,000
Other operating income		13,447,082	16,961,047	-	-
Net loss on impairment of financial assets		(84,093)	(219,835)	(26,553)	(32,904)
Operating and administrative expenses		(257,265,714)	(270,779,299)	(1,418,262)	(2,806,196)
Interest income		4,634,151	3,117,786	8,284,777	5,900,908
Finance costs		(4,068,519)	(4,612,515)	(17,887)	(13,390)
Profit before tax	22	33,641,353	85,260,848	17,322,075	30,548,418
Tax expense	23	(8,622,491)	(24,738,382)	(1,828,726)	(1,388,706)
<b>Profit for the financial year, attributable to the owners of the Company</b>		<b>25,018,862</b>	<b>60,522,466</b>	<b>15,493,349</b>	<b>29,159,712</b>
<b>Other comprehensive income</b>					
<b>Item that will not be reclassified to profit or loss in subsequent period</b>					
Fair value gain of other investments at fair value through other comprehensive income ("FVTOCI")		57,306	273,572	-	-
Other comprehensive income for the financial year, net of tax		57,306	273,572	-	-
<b>Total comprehensive income attributable to the owners of the Company</b>		<b>25,076,168</b>	<b>60,796,038</b>	<b>15,493,349</b>	<b>29,159,712</b>
<u>Earnings per ordinary share attributable to equity holders of the Company:</u>					
Basic earnings per ordinary share (sen)	24	1.67	4.03		
Diluted earnings per ordinary share (sen)	24	1.67	4.03		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Share capital RM	Merger reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
<b>Balance as at 1 January 2022</b>		166,206,171	(165,206,168)	1,830,861	(290,507)	231,123,946	233,664,303
Changes of functional currency		-	-	-	290,507	(290,507)	-
Profit for the financial year		-	-	-	-	60,522,466	60,522,466
Other comprehensive income, net of tax		-	-	273,572	-	-	273,572
Total comprehensive income		-	-	273,572	-	60,522,466	60,796,038
<b>Transactions with owners:</b>							
Issuance of shares pursuant to Initial Public Offering	15	267,500,000	-	-	-	-	267,500,000
Share issuances expenses	15	(5,838,500)	-	-	-	-	(5,838,500)
Dividends	25	-	-	-	-	(27,000,000)	(27,000,000)
Total transactions with owners		261,661,500	-	-	-	(27,000,000)	234,661,500
<b>Balance as at 31 December 2022</b>		427,867,671	(165,206,168)	2,104,433	-	264,355,905	529,121,841
<b>Balance as at 1 January 2023</b>		427,867,671	(165,206,168)	2,104,433	-	264,355,905	529,121,841
Profit for the financial year		-	-	-	-	25,018,862	25,018,862
Net change in fair value of equity investments		-	-	57,306	-	-	57,306
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	(2,073,071)	-	2,073,071	-
Total comprehensive income		-	-	(2,015,765)	-	27,091,933	25,076,168
<b>Transaction with owners:</b>							
Dividend	25	-	-	-	-	(10,500,000)	(10,500,000)
Balance as at 31 December 2023		427,867,671	(165,206,168)	88,668	-	280,947,838	543,698,009

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Note	Share capital RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
<b>Balance as at 1 January 2022</b>		166,206,171	(377,118)	165,829,053
Profit for the financial year		-	29,159,712	29,159,712
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	29,159,712	29,159,712
<b>Transactions with owners:</b>				
Issuance of shares pursuant to Initial Public Offering	15	267,500,000	-	267,500,000
Share issuance expenses	15	(5,838,500)	-	(5,838,500)
Dividends	25	-	(27,000,000)	(27,000,000)
Total transactions with owners		261,661,500	(27,000,000)	234,661,500
<b>Balance as at 31 December 2022</b>		427,867,671	1,782,594	429,650,265
<b>Balance as at 1 January 2023</b>		427,867,671	1,782,594	429,650,265
Profit for the financial year		-	15,493,349	15,493,349
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	15,493,349	15,493,349
<b>Transaction with owners:</b>				
Dividend	25	-	(10,500,000)	(10,500,000)
<b>Balance as at 31 December 2023</b>		427,867,671	6,775,943	434,643,614

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		33,641,353	85,260,848	17,322,075	30,548,418
Adjustments for:					
Amortisation of intangible assets	8	6,791	3,998	-	-
Depreciation of property, plant and equipment	6	18,445,276	14,224,660	-	-
Depreciation of right-of-use assets	7	31,865,462	29,978,095	-	-
Dividend income	22	(22,859)	(1,522,671)	(10,500,000)	(27,500,000)
Gain on disposal of property, plant and equipment	22	(356,733)	(332,058)	-	-
Gain on disposal of right-of-use assets	22	(415,777)	(269,641)	-	-
Gain on reassessments and modifications of leases	22	(266,904)	(349,587)	-	-
Fair value adjustments on other investments	22	177,822	4,387,004	-	-
Interest expense on:					
- advances from a subsidiary	22	-	-	17,887	13,390
- borrowings	22	392,216	1,158,868	-	-
- lease liabilities	7	3,351,660	3,229,110	-	-
- unwinding of discount on provision for restoration costs	18	324,643	224,537	-	-
Interest income from:					
- deposits with licensed banks	22	(4,145,791)	(2,696,492)	-	(59,498)
- receivables	22	(488,360)	(421,294)	-	-
- advances to a subsidiary	22	-	-	(8,284,777)	(5,841,410)
Inventories written down	12	3,816,146	2,954,030	-	-
Inventories written back	12	(2,318,196)	(1,549,453)	-	-
Inventories written off	12	355,114	-	-	-
Impairment losses on:					
- trade and other receivables	11	366,943	219,835	-	-
- advances to a subsidiary	11	-	-	26,553	32,904
Loss/(Gain) on disposal of other investments	22	1,621	(161,495)	-	-
Property, plant and equipment written off	22	23,105	-	-	-
Provision for/(Reversal of provision of) restoration costs	18	505,353	(176,573)	-	-
Reversal of impairment losses on trade and other receivables	11	(282,850)	-	-	-
Unrealised gain on foreign exchange	22	(689,667)	(702,899)	-	-
Operating profit/(loss) before changes in working capital (carried forward)		84,286,368	133,458,822	(1,418,262)	(2,806,196)



## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Operating profit/(loss) before changes in working capital (brought forward)		84,286,368	133,458,822	(1,418,262)	(2,806,196)
Working capital changes:					
Inventories		(23,226,510)	2,480,718	-	-
Trade and other receivables		(21,064,773)	16,707,186	12,138	(197,756)
Trade and other payables		1,506,392	(68,764,428)	135,771	263,370
Contract liabilities		(3,772,224)	(67,449,365)	-	-
Cash generated from/(used in) operations		37,729,253	16,432,933	(1,270,353)	(2,740,582)
Interest paid		(340,608)	(1,158,868)	(17,887)	(13,390)
Tax paid		(12,294,093)	(27,234,786)	(1,867,823)	(975,000)
Net cash from/(used in) operating activities		25,094,552	(11,960,721)	(3,156,063)	(3,728,972)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Advances to a subsidiary		-	-	(5,874,885)	(263,272,370)
Dividend received		22,859	1,522,671	10,500,000	27,500,000
Interest received		4,634,151	3,117,786	8,284,777	5,900,908
Withdrawal/(Placement) of fixed deposits with licensed banks with original maturity more than three (3) months		40,463,830	(46,039,950)	-	-
Proceeds from disposal of:					
- other investments		9,457,665	277,840,501	-	-
- property, plant and equipment		465,302	350,585	-	-
- right-of-use assets		526,698	306,749	-	-
Purchase of:					
- intangible assets	8	(111,375)	(4,639)	-	-
- other investments		-	(267,306,228)	-	-
- property, plant and equipment	6	(59,656,270)	(61,238,115)	-	-
- right-of-use assets	7	(5,200,000)	(8,595,200)	-	-
Net cash (used in)/from investing activities		(9,397,140)	(100,045,840)	12,909,892	(229,871,462)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	25	(10,500,000)	(27,000,000)	(10,500,000)	(27,000,000)
Drawdown of bankers' acceptances		163,500,000	231,327,145	-	-
Payments of lease liabilities	7	(34,328,616)	(31,964,492)	-	-
Payments of share issuance expenses	15	-	(5,838,500)	-	(5,838,500)
Proceeds from issuance of share capital	15	-	267,500,000	-	267,500,000
Repayments of:					
- bankers' acceptances		(162,000,000)	(218,885,987)	-	-
- term loans		-	(45,438,018)	-	-
Net cash (used in)/from financing activities		(43,328,616)	169,700,148	(10,500,000)	234,661,500
Net (decrease)/increase in cash and cash equivalents		(27,631,204)	57,693,587	(746,171)	1,061,066
Effects of exchange rate changes on cash and cash equivalents		4,634	15,977	-	-
Cash and cash equivalents at beginning of financial year		105,491,750	47,782,186	1,127,173	66,107
Cash and cash equivalents at end of financial year	14	77,865,180	105,491,750	381,002	1,127,173

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities RM (Note 7)	Other borrowings RM (Note 17)
<b>Group</b>		
<b>At 1 January 2022</b>	80,458,944	56,996,860
Cash flows	(31,964,492)	(32,996,860)
Non-cash flows:		
- Addition	18,341,402	-
- Reassessments and modifications	30,975,796	-
- Exchange differences	(309)	-
- Unwinding of interest	3,229,110	-
<b>At 31 December 2022</b>	101,040,451	24,000,000
<b>At 1 January 2023</b>	101,040,451	24,000,000
Cash flows	(34,328,616)	1,500,000
Non-cash flows:		
- Addition	14,193,167	-
- Purchase of property, plant and equipment (Note 6(c))	-	46,000,000
- Reassessments and modifications	6,496,467	-
- Unwinding of interest	3,351,660	-
<b>At 31 December 2023</b>	90,753,129	71,500,000

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 1. CORPORATE INFORMATION

Senheng New Retail Berhad (the "Company") is a public limited company and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The principal place of business of the Company is located at No. 44B, Jalan Pandan 3/2, Pandan Jaya, 55100 Kuala Lumpur.

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

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 19 April 2024.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 4.1 to the financial statements.

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

### 4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 4.1 New MFRSs adopted during the financial year

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

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer Paragraph 98M of MFRS 112

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

#### 4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

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

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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

### 5. OPERATING SEGMENTS

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

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

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

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

The accounting policies of the operating segments are the same as those described in the respective notes to the financial statements.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 5. OPERATING SEGMENTS (continued)

2023	Trading RM	Warranty RM	Others RM	Total RM
<b>Segment profits/(losses)</b>	14,086,619	14,391,488	(3,459,245)	25,018,862
Included in the measure of segment profits are:				
Revenue from external customers	1,236,707,056	78,320,824	-	1,315,027,880
Inter-segment revenue	-	19,211,372	-	19,211,372
Amortisation of intangible assets	(6,791)	-	-	(6,791)
Depreciation of property, plant and equipment	(18,444,104)	(1,172)	-	(18,445,276)
Depreciation of right-of-use assets	(31,854,199)	(11,263)	-	(31,865,462)
Fair value adjustments on other investments	-	-	(177,822)	(177,822)
Gain on disposal of property, plant and equipment	356,733	-	-	356,733
Gain on disposal of right-of-use assets	415,777	-	-	415,777
Loss on disposal of other investments	-	-	(1,621)	(1,621)
Gain on reassessments and modifications of leases	266,904	-	-	266,904
Impairment losses on trade receivables	(366,943)	-	-	(366,943)
Interest expense	(4,067,600)	(919)	-	(4,068,519)
Interest income	3,568,717	1,065,434	-	4,634,151
Inventories written down	(3,816,146)	-	-	(3,816,146)
Inventories written back	2,318,196	-	-	2,318,196
Inventories written off	(355,114)	-	-	(355,114)
Provision for restoration costs	(505,353)	-	-	(505,353)
Reversal of impairment losses on trade and other receivables	282,850	-	-	282,850
Tax expense	(6,646,492)	(147,273)	(1,828,726)	(8,622,491)
Unrealised gain on foreign exchange	689,667	-	-	689,667
<b>Segment assets</b>	657,198,804	46,306,704	166,629,658	870,135,166
Current tax assets	23,622,412	-	-	23,622,412
Deferred tax assets	7,511,566	-	-	7,511,566
<b>Total assets</b>				901,269,144
Included in the measure of segment assets are:				
Additions to property, plant and equipment	105,656,270	-	-	105,656,270
Additions to intangible assets	111,375	-	-	111,375
Additions to right-of-use assets	19,993,528	22,089	-	20,015,617
<b>Segment liabilities</b>	352,104,633	4,189,500	747,417	357,041,550
Current tax liabilities	-	147,273	374,609	521,882
Deferred tax liabilities	7,703	-	-	7,703
<b>Total liabilities</b>				357,571,135

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 5. OPERATING SEGMENTS (continued)

2022	Trading RM	Warranty RM	Others RM	Total RM
<b>Segment profits/(losses)</b>	40,695,748	26,890,267	(7,063,549)	60,522,466
Included in the measure of segment profits are:				
Revenue from external customers	1,418,651,855	143,566,789	-	1,562,218,644
Inter-segment revenue	-	18,283,397	-	18,283,397
Amortisation of intangible assets	(3,998)	-	-	(3,998)
Depreciation of property, plant and equipment	(14,223,488)	(1,172)	-	(14,224,660)
Depreciation of right-of-use assets	(29,966,693)	(11,402)	-	(29,978,095)
Fair value adjustments on other investments	-	(1,343,658)	(3,043,346)	(4,387,004)
Gain on disposal of property, plant and equipment	332,058	-	-	332,058
Gain on disposal of right-of-use assets	269,641	-	-	269,641
Gain on disposal of other investments	-	-	161,495	161,495
Gain on reassessments and modifications of leases	(349,587)	-	-	(349,587)
Impairment losses on trade receivables	(219,835)	-	-	(219,835)
Interest expense	(4,611,803)	(712)	-	(4,612,515)
Interest income	2,401,542	656,746	59,498	3,117,786
Inventories written down	(2,954,030)	-	-	(2,954,030)
Inventories written back	1,549,453	-	-	1,549,453
Reversal of provision for restoration costs	176,573	-	-	176,573
Tax expense	(23,171,455)	(178,221)	(1,388,706)	(24,738,382)
Unrealised gain on foreign exchange	702,899	-	-	702,899
<b>Segment assets</b>	608,289,332	47,212,749	167,387,967	822,890,048
Current tax assets	15,573,657	-	-	15,573,657
Deferred tax assets	11,975,766	-	-	11,975,766
<b>Total assets</b>				850,439,471
Included in the measure of segment assets are:				
Additions to property, plant and equipment	61,238,115	-	-	61,238,115
Additions to intangible assets	4,639	-	-	4,639
Additions to right-of-use assets	27,223,089	-	-	27,223,089
Additions to other investments	267,300,788	5,440	-	267,306,228
<b>Segment liabilities</b>	317,076,715	3,027,917	596,366	320,700,998
Current tax liabilities	-	178,221	413,706	591,927
Deferred tax liabilities	24,705	-	-	24,705
<b>Total liabilities</b>				321,317,630

#### Geographical segments

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

#### Major customer

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance	Additions	Disposals	Reclassification	Written	Reclassification	Balance
	as at 1.1.2023						
<b>2023</b>							
<b>At cost</b>							
Freehold land	35,207,689	51,800,000	-	-	-	-	87,007,689
Buildings	69,872,712	30,038,566	(99,717)	7,038,750	-	5,853,904	112,704,215
Furniture and fittings	24,774,763	3,288,091	-	-	-	-	28,062,854
Office equipment	15,979,850	3,382,722	-	-	-	-	19,362,572
Office computers	17,778,507	3,666,105	-	-	-	-	21,444,612
Motor vehicles	13,703,781	801,075	(374,694)	-	-	-	14,130,162
Renovation and signboards	108,971,931	11,059,336	-	-	(73,875)	-	119,957,392
Capital work-in-progress	10,575,502	1,620,375	-	(7,038,750)	-	-	5,157,127
	<b>296,864,735</b>	<b>105,656,270</b>	<b>(474,411)</b>	<b>-</b>	<b>(73,875)</b>	<b>5,853,904</b>	<b>407,826,623</b>
		<b>Balance</b>	<b>Depreciation</b>	<b>Disposals</b>	<b>Written</b>	<b>Reclassification</b>	<b>Balance</b>
		<b>as at</b>	<b>charge</b>	<b>RM</b>	<b>off</b>	<b>from right-of</b>	<b>as at</b>
		<b>1.1.2023</b>	<b>for the</b>	<b>RM</b>	<b>RM</b>	<b>-use assets</b>	<b>31.12.2023</b>
		<b>RM</b>	<b>financial year</b>	<b>RM</b>	<b>RM</b>	<b>(Note 7)</b>	<b>RM</b>
<b>Accumulated depreciation</b>							
Buildings	5,581,258	1,343,454	(45,371)	-	46,162	6,925,503	
Furniture and fittings	17,225,181	2,946,468	-	-	-	20,171,649	
Office equipment	12,139,813	1,556,013	-	-	-	13,695,826	
Office computers	12,682,707	2,255,180	-	-	-	14,937,887	
Motor vehicles	10,154,276	1,443,399	(320,471)	-	-	11,277,204	
Renovation and signboards	83,735,414	8,900,762	-	(50,770)	-	92,585,406	
	<b>141,518,649</b>	<b>18,445,276</b>	<b>(365,842)</b>	<b>(50,770)</b>	<b>46,162</b>	<b>159,593,475</b>	

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2023**

**6. PROPERTY, PLANT AND EQUIPMENT (continued)**

Group	2022					
	Balance as at 1.1.2022 RM	Additions RM	Disposals RM	Reclassification RM	Exchange difference RM	Balance as at 31.12.2022 RM
<b>At cost</b>						
Freehold land	8,930,097	26,277,592	-	-	-	35,207,689
Buildings	67,205,600	-	(32,888)	2,700,000	-	69,872,712
Furniture and fittings	20,539,336	4,235,427	-	-	-	24,774,763
Office equipment	13,333,535	2,646,315	-	-	-	15,979,850
Office computers	16,125,407	1,652,994	-	-	106	17,778,507
Motor vehicles	13,655,212	1,444,188	(1,395,619)	-	-	13,703,781
Renovation and signboards	92,379,395	16,592,536	-	-	-	108,971,931
Capital work-in-progress	4,886,439	8,389,063	-	(2,700,000)	-	10,575,502
	237,055,021	61,238,115	(1,428,507)	-	106	296,864,735
	<b>Accumulated depreciation</b>					
	Balance as at 1.1.2022 RM	Depreciation charge for the financial year RM	Disposals RM	Exchange difference RM	Balance as at 31.12.2022 RM	
Buildings	4,251,617	1,344,002	(14,361)	-	5,581,258	
Furniture and fittings	14,842,232	2,382,949	-	-	17,225,181	
Office equipment	11,225,965	913,848	-	-	12,139,813	
Office computers	10,978,172	1,704,429	-	106	12,682,707	
Motor vehicles	10,089,088	1,460,807	(1,395,619)	-	10,154,276	
Renovation and signboards	77,316,789	6,418,625	-	-	83,735,414	
	128,703,863	14,224,660	(1,409,980)	106	141,518,649	



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 6. PROPERTY, PLANT AND EQUIPMENT (continued)

Carrying amount	Group	
	2023 RM	2022 RM
Freehold land	87,007,689	35,207,689
Buildings	105,778,712	64,291,454
Furniture and fittings	7,891,205	7,549,582
Office equipment	5,666,746	3,840,037
Office computers	6,506,725	5,095,800
Motor vehicles	2,852,958	3,549,505
Renovation and signboards	27,371,986	25,236,517
Capital work-in-progress	5,157,127	10,575,502
	248,233,148	155,346,086

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

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

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

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

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

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

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

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 6. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) (continued)

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

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

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

	Group	
	2023	2022
	RM	RM
Purchase of property, plant and equipment	105,656,270	61,238,115
Financed by revolving credit	(46,000,000)	-
<b>Cash payments on purchase of property, plant and equipment</b>	<b>59,656,270</b>	<b>61,238,115</b>

(d) Certain freehold land, buildings and capital work-in-progress of the Group have been pledged as securities to banks for borrowings granted to the Group as disclosed in Note 17 to the financial statements with carrying amounts as follows:

	Group	
	2023	2022
	RM	RM
Freehold land	51,800,000	-
Buildings	50,187,393	23,364,682
Capital work-in-progress	-	3,536,752
<b>Carrying amount</b>	<b>101,987,393</b>	<b>26,901,434</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

Group	Leasehold land RM	Retail outlets RM	Motor vehicles RM	Total RM
<b>Cost</b>				
<b>As at 1 January 2023</b>	18,280,800	257,793,797	1,385,172	277,459,769
Addition	5,200,000	14,815,617	-	20,015,617
Reassessments and modifications	-	6,792,913	-	6,792,913
Reversals	-	(5,233,441)	(365,340)	(5,598,781)
Reclassification to property, plant and equipment (Note 6)	(5,853,904)	-	-	(5,853,904)
Disposals	(149,575)	-	-	(149,575)
<b>As at 31 December 2023</b>	<b>17,477,321</b>	<b>274,168,886</b>	<b>1,019,832</b>	<b>292,666,039</b>

Accumulated depreciation

<b>As at 1 January 2023</b>	1,190,536	158,906,778	1,385,172	161,482,486
Depreciation charged during the financial year	358,512	31,506,950	-	31,865,462
Reassessments and modifications	-	29,542	-	29,542
Reversals	-	(5,233,441)	(365,340)	(5,598,781)
Reclassification to property, plant and equipment (Note 6)	(46,162)	-	-	(46,162)
Disposals	(38,654)	-	-	(38,654)
<b>As at 31 December 2023</b>	<b>1,464,232</b>	<b>185,209,829</b>	<b>1,019,832</b>	<b>187,693,893</b>

Group	Leasehold land RM	Retail outlets RM	Motor vehicles RM	Total RM
<b>Cost</b>				
<b>As at 1 January 2022</b>	9,734,932	214,905,728	1,729,225	226,369,885
Addition	8,595,200	18,627,889	-	27,223,089
Reassessments and modifications	-	30,717,446	-	30,717,446
Reversals	-	(6,457,875)	(344,053)	(6,801,928)
Disposals	(49,332)	-	-	(49,332)
Exchange differences	-	609	-	609
<b>As at 31 December 2022</b>	<b>18,280,800</b>	<b>257,793,797</b>	<b>1,385,172</b>	<b>277,459,769</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

Group	Leasehold land RM	Retail outlets RM	Motor vehicles RM	Total RM
<b>Accumulated depreciation</b>				
<b>As at 1 January 2022</b>	941,024	136,255,623	1,729,225	138,925,872
Depreciation charged during the financial year	261,736	29,716,359	-	29,978,095
Reassessments and modifications	-	(607,937)	-	(607,937)
Reversals	-	(6,457,875)	(344,053)	(6,801,928)
Disposals	(12,224)	-	-	(12,224)
Exchanges differences	-	608	-	608
<b>As at 31 December 2022</b>	<b>1,190,536</b>	<b>158,906,778</b>	<b>1,385,172</b>	<b>161,482,486</b>

	Leasehold land RM	Retail outlets RM	Motor vehicles RM	Total RM
<b>Carrying amounts</b>				
As at 31 December 2023	16,013,089	88,959,057	-	104,972,146
As at 31 December 2022	17,090,264	98,887,019	-	115,977,283

**Lease liabilities**

Group	Retail outlets RM
<b>As at 1 January 2023</b>	101,040,451
Addition	14,193,167
Lease payments	(34,328,616)
Interest expenses	3,351,660
Reassessments and modifications	6,496,467
<b>As at 31 December 2023</b>	<b>90,753,129</b>

	Retail outlets RM
<b>As at 1 January 2022</b>	80,458,944
Addition	18,341,402
Lease payments	(31,964,492)
Interest expenses	3,229,110
Exchange differences	(309)
Reassessments and modifications	30,975,796
<b>As at 31 December 2022</b>	<b>101,040,451</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	2023	Group 2022
	RM	RM
Represented by:		
Current liabilities	25,577,867	28,091,495
Non-current liabilities	65,175,262	72,948,956
	90,753,129	101,040,451

	2023	Group 2022
	RM	RM
Lease liabilities owing to:		
Non-financial institutions	90,753,129	101,040,451

- (a) The Group leases a number of retail outlets for a certain lease term, with an option to renew the lease after that date.
- (b) The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

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

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

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

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

- (c) The right-of-use asset is initially recorded at cost, which comprises:
- (i) the amount of the initial measurement of the lease liability;
- (ii) any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (iii) any initial direct costs incurred by the Group; and

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### The Group as lessee (continued)

- (c) The right-of-use asset is initially recorded at cost, which comprises: (continued)
- (iv) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

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

- (d) The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease terms of right-of-use assets are as follows:

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

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

	Group	
	2023	2022
	RM	RM
<b>Other operating income:</b>		
Gain on reassessments and modifications of leases	(266,904)	(349,587)
<b>Finance costs:</b>		
Interest expense on lease liabilities	3,351,660	3,229,110
<b>Operating and administrative expenses:</b>		
Depreciation of right-of-use assets	31,865,462	29,978,095
Expense relating to leases of low-value assets	11,220	11,220
Variable lease payments:		
- based on sales	468,365	244,284
	35,429,803	33,113,122

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### The Group as lessee (continued)

(f) (continued)

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

(g) During the financial year, the Group made the following cash payments on purchase right-of-use assets:

	Group	
	2023 RM	2022 RM
Addition of right-of-use assets	20,015,617	27,223,089
Financed by:		
Lease liabilities	(14,193,167)	(18,341,402)
Provision for restoration costs	(622,450)	(286,487)
<b>Cash payments on purchase of right-of-use assets</b>	<b>5,200,000</b>	<b>8,595,200</b>

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

Group	Fixed payments RM	Variable payments RM	Total payments RM	Estimated annual impact on rent of a 1% increase in sales
				RM
<b>2023</b>				
Leases with lease payments based on sales	34,328,616	468,365	34,796,981	4,684
<b>2022</b>				
Leases with lease payments based on sales	31,964,492	244,284	32,208,776	2,443

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### The Group as lessee (continued)

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

	Group	
	2023 RM	2022 RM
<b>Included in net cash from operating activities:</b>		
Payment relating to low value assets	11,220	11,220
Payment relating to variable lease payments not included in the measurement of lease liabilities: - based on sales	468,365	244,284
<b>Included in net cash from investing activities:</b>		
Purchase of right-of-use assets	5,200,000	8,595,200
<b>Included in net cash from financing activities:</b>		
Payment of lease liabilities	34,328,616	31,964,492
<b>Total cash outflows for leases</b>	<b>40,008,201</b>	<b>40,815,196</b>

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

Group	Weighted average incremental borrowing rates per annum %	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
<b>2023</b>					
Lease liabilities	3.27 - 4.52	25,577,867	56,110,812	9,064,450	90,753,129
<b>2022</b>					
Lease liabilities	3.27 - 4.52	28,091,495	66,498,466	6,450,490	101,040,451

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

Group	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
<b>2023</b>				
Lease liabilities	28,378,546	60,645,188	9,577,959	98,601,693
<b>2022</b>				
Lease liabilities	30,958,586	70,818,208	6,661,579	108,438,373

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



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### The Group as lessee (continued)

- (m) The Group has certain low value leases of office equipment of RM20,000 and below. The Group applies the "lease of low-value asset" exemptions for these leases.
- (n) The Group determines the discount rates for leases based on the incremental borrowing rates of the Group. Significant judgements are required to be exercised by management in determining the appropriate discount rate for the respective leases based on prevailing market borrowing rates over similar lease terms, of similar value as the respective right-of-use assets in a similar economic environment.

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

Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

#### The Group as lessor

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

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

	Group	
	2023	2022
	RM	RM
Less than one (1) year	1,502,373	1,151,844
One (1) to two (2) years	470,246	673,640
Two (2) to three (3) years	216,200	60,240
	2,188,819	1,885,724

### 8. INTANGIBLE ASSETS

Group	Balance as at 1.1.2023 RM	Additions RM	Balance as at 31.12.2023 RM
<b>At cost</b>			
Computer software	22,739	111,375	134,114
		<b>Amortisation charged for</b>	
	Balance as at 1.1.2023 RM	the financial year RM	Balance as at 31.12.2023 RM
<b>Accumulated amortisation</b>			
Computer software	6,921	6,791	13,712

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 8. INTANGIBLE ASSETS (continued)

Group	Balance as at 1.1.2022 RM	Additions RM	Balance as at 31.12.2022 RM
<b>At cost</b>			
Computer software	18,100	4,639	22,739
		<b>Amortisation charged for</b>	<b>Balance as at</b>
	<b>Balance as at</b>	<b>the financial</b>	<b>31.12.2022</b>
	<b>1.1.2022</b>	<b>year</b>	<b>RM</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Accumulated amortisation</b>			
Computer software	2,923	3,998	6,921
		<b>2023</b>	<b>2022</b>
		<b>RM</b>	<b>RM</b>
<b>Carrying amount</b>			
Computer software		120,402	15,818

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

#### 9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
<b>At cost:</b>		
- Unquoted shares	166,206,168	166,206,168

Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Senheng Electric (KL) Sdn. Bhd. ("SHKL")	Kuala Lumpur, Malaysia	100	100	Retail of consumer electrical and electronic products
<i>Subsidiaries of SHKL</i>				
Senheng Captive Insurance Pte. Ltd.	Federal Territory of Labuan, Malaysia	100	100	Provision of captive insurance

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 9. INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
<i>Subsidiaries of SHKL (continued)</i>				
SC Alliance (M) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	100	Distribution of household and IT gadget products
Senheng Capital (M) Sdn. Bhd.	Kuala Lumpur,	100	100	Dormant

In the previous financial year, the Group via its subsidiary, SHKL incorporated a 100% owned subsidiary known as Senheng Capital (M) Sdn. Bhd., a company incorporated in Malaysia.

### 10. DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group	
	2023 RM	2022 RM
As at 1 January	11,951,061	24,673,460
Recognised in profit or loss (Note 23)	(4,447,198)	(12,722,399)
Balance as at 31 December	7,503,863	11,951,061
Presented after appropriate offsetting:		
Deferred tax assets, net	7,511,566	11,975,766
Deferred tax liabilities, net	(7,703)	(24,705)
	7,503,863	11,951,061

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Leases RM	Provisions RM	Other temporary differences RM	Total RM
As at 1 January 2023	2,118,414	830,952	10,351,874	13,301,240
Recognised in profit or loss	305,097	(1,483,306)	(3,476,794)	(4,655,003)
At 31 December 2023 (before off-setting)	2,423,511	(652,354)	6,875,080	8,646,237
Off-setting	-	652,354	(1,787,025)	(1,134,671)
At 31 December 2023 (after off-setting)	2,423,511	-	5,088,055	7,511,566
As at 1 January 2022	1,955,396	1,255,496	22,932,966	26,143,858
Recognised in profit or loss	163,018	(424,544)	(12,581,092)	(12,842,618)
At 31 December 2022 (before off-setting)	2,118,414	830,952	10,351,874	13,301,240
Off-setting	-	-	(1,325,474)	(1,325,474)
At 31 December 2022 (after off-setting)	2,118,414	830,952	9,026,400	11,975,766

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 10. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued)

Deferred tax liabilities of the Group

	Property, plant and equipment RM
As at 1 January 2023	1,350,179
Recognised in profit or loss	(207,805)
At 31 December 2023 (before off-setting)	1,142,374
Off-setting	(1,134,671)
At 31 December 2023 (after off-setting)	7,703
As at 1 January 2022	1,470,938
Recognised in profit or loss	(120,219)
At 31 December 2022 (before off-setting)	1,350,179
Off-setting	(1,325,474)
At 31 December 2022 (after off-setting)	24,705

#### 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
Other receivables	10,650,510	11,339,238	-	-
Amount due from a subsidiary	-	-	269,180,159	263,305,274
Less: Impairment losses	(887)	(887)	(59,457)	(32,904)
	10,649,623	11,338,351	269,120,702	263,272,370
Prepayments	15,611,088	16,115,038	-	-
<b>Total other receivables (non-current)</b>	26,260,711	27,453,389	269,120,702	263,272,370
<b>Current</b>				
Trade receivables	34,603,307	38,101,160	-	-
Less: Impairment losses	(917,724)	(9,716,454)	-	-
<b>Total trade receivables</b>	33,685,583	28,384,706	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 11. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current (continued)</b>				
<b>Other receivables</b>				
Other receivables	37,873,108	26,322,689	-	-
Less: Impairment losses	(3,539)	(3,539)	-	-
	37,869,569	26,319,150	-	-
Deposits	17,716,898	15,242,899	5,500	4,500
<b>Total other receivables</b>	55,586,467	41,562,049	5,500	4,500
	89,272,050	69,946,755	5,500	4,500
Prepayments	25,018,593	22,170,530	36,988	50,126
<b>Total trade and other receivables (current)</b>	114,290,643	92,117,285	42,488	54,626
<b>Total trade and other receivables (non-current and current)</b>	140,551,354	119,570,674	269,163,190	263,326,996

- (a) Trade and other receivables excluding prepayments and accrued receivables are classified as financial assets and measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 days to 60 days (2022: 7 days to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. During the financial year, the Group did not renegotiate the terms of any trade receivables.
- (c) Non-current other receivables of the Group are carried at amortised cost and the discount rates used are based on the effective interest rate of approximately 2.70% (2022: 1.93%).
- (d) Included in deposits of the Group is a deposit of RM1,460,307 paid for acquisition of 4-storey shopoffice.
- (e) Included in prepayments of the Group are insurance premium paid for product warranties of RM30,773,467 (2022: RM32,081,561).
- (f) The Group recognises allowance for impairment loss for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum contractual period over which the Group is exposed to credit risk.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 11. TRADE AND OTHER RECEIVABLES (continued)

(f) (continued)

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

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

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

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

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

(g) Lifetime expected loss provision for trade receivables at the end of the reporting period are as follows:

Group	Weighted- average expected loss rate	Gross carrying amount	Impairment loss allowance
	%	RM	RM
<b>2023</b>			
Customers' characteristics			
Low risk	0.05	17,246,154	8,931
Fair risk	0.08	8,594,876	6,680
Substandard	9.42	8,677,307	817,143
Loss	100.00	84,970	84,970
		34,603,307	917,724

Group	Weighted- average expected loss rate	Gross carrying amount	Impairment loss allowance
	%	RM	RM
<b>2022</b>			
Customers' characteristics			
Low risk	0.05	14,767,081	7,429
Fair risk	0.08	4,903,245	3,700
Substandard	8.61	9,548,011	822,502
Loss	100.00	8,882,823	8,882,823
		38,101,160	9,716,454

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 11. TRADE AND OTHER RECEIVABLES (continued)

(g) (continued)

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined by management using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by customers' characteristics and an expected credit losses rate is calculated for each segment based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(h) The reconciliation of movement in the impairment losses for trade receivables is as follows:

Group	Lifetime ECL RM	Credit impaired RM	Total RM
<b>At 1 January 2023</b>	833,631	8,882,823	9,716,454
Charge for the financial year	281,973	84,970	366,943
Reversal of impairment losses	(282,850)	-	(282,850)
Written off	-	(8,882,823)	(8,882,823)
At 31 December 2023	832,754	84,970	917,724
<b>At 1 January 2022</b>	613,796	17,664,991	18,278,787
Charge for the financial year	219,835	-	219,835
Written off	-	(8,782,168)	(8,782,168)
At 31 December 2022	833,631	8,882,823	9,716,454

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments with balances outstanding for more than 365 days as at the financial year end.

(i) The reconciliation of movement in the impairment losses for other receivables is as follows:

Group	Lifetime ECL RM	12 months ECL RM	Total RM
<b>At 1 January 2022</b>	896	3,539	4,435
Foreign exchange difference	(9)	-	(9)
At 31 December 2022/ 31 December 2023	887	3,539	4,426

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 11. TRADE AND OTHER RECEIVABLES (continued)

- (j) The reconciliation of movement in the impairment losses for amount due from a subsidiary is as follows:

Company	12 months
	ECL RM
<b>At 1 January 2023</b>	32,904
Charge for the financial year	26,553
<b>At 31 December 2023</b>	59,457
<b>At 1 January 2022</b>	-
Charge for the financial year	32,904
<b>At 31 December 2022</b>	32,904

- (k) The Group and the Company do not have any significant exposure to any individual customers or counterparty nor does it have any major concentration of credit risk related to any financial instruments except for amount due from a subsidiary of RM269,120,702 (2022: RM263,272,370) of the Company, representing 99.98% (2022: 99.98%) of the total trade and other receivables of the Company.
- (l) The non-current amount due from a subsidiary is an amount, which is not expected to be repayable within the next twelve months. The carrying amount of non-current amount due from a subsidiary approximates its fair value as its interest rates is priced at reasonable approximation of the market interest rates as the end of the reporting period.

Included in amount due from a subsidiary is an amount of RM261,135,000 (2022: RM261,135,000) which bears interest at rates ranging from 2.00% to 3.25% (2022: 2% to 3%) per annum.

- (m) The interest rate profile of the non-current amount due from a subsidiary as at the end of each reporting period is as follows:

	Company	
	2023	2022
	RM	RM
Floating rate	261,135,000	261,135,000

- (n) Sensitivity analysis of the interest rate at the end of the reporting period, assuming that all other variable remain constant, are as follows:

	Company	
	2023	2022
	RM	RM
Profit after tax		
- Increased by 1.0% (2022: 1.0%)	(1,984,626)	(1,984,626)
- Decreased by 1.0% (2022: 1.0%)	1,984,626	1,984,626

- (o) Trade and other receivables are denominated in RM.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 12. INVENTORIES

	Group	
	2023	2022
	RM	RM
<b>At cost</b>		
Finished goods	252,119,257	232,308,550
<b>At net realisable value</b>		
Finished goods	19,309,581	17,746,842
	271,428,838	250,055,392

- (a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM996,759,528 (2022: RM1,128,028,682). The Group has written off inventories amounted to RM355,114 (2022: Nil) and are included in cost of sales.
- (b) A write down of inventories to net realisable value of RM3,816,146 (2022: RM2,954,030) was made by the Group during the financial year.
- (c) The Group reversed RM2,318,196 (2022: RM1,549,453) in respect of inventories written down in the previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.
- (d) Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.
- (e) Inventory cost is determined on a weighted average basis and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.
- (f) The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

### 13. OTHER INVESTMENTS

	Group	
	2023	2022
	RM	RM
<u>Equity securities</u>		
<b>Current</b>		
Unquoted shares in Malaysia	2,876,449	2,876,449
Unquoted shares outside Malaysia	-	7,304,081
Unquoted trust fund outside Malaysia	2,896,639	4,293,254
Quoted shares in Malaysia	-	152,037
Quoted shares outside Malaysia	1,330,707	1,587,937
Quoted unit trusts in Malaysia	10,324,133	10,219,287
<b>Total other investments</b>	17,427,928	26,433,045

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 13. OTHER INVESTMENTS (continued)

- (a) Equity securities which are held for trading are initially recognised at fair value through profit or loss ("FVTPL"). Equity securities which are not held for trading for which the Group has irrevocably elected at initial recognition to recognise at fair value through other comprehensive income ("FVTOCI"). These are strategic investments for which the Group considers this classification to be appropriate and relevant.
- (b) Quoted shares and quoted unit trusts of the Group are categorised as Level 1 in the fair value hierarchy. Fair value of investments in quoted shares and unit trusts are based on information provided by observable market data. There is no transfer between levels in the hierarchy during the financial year.
- (c) Unquoted shares and unquoted trust fund of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of investments in unquoted shares and unquoted trust fund are estimated based on the discounted cash flows method. Management believe that the estimated fair value is the most appropriate at the end of the reporting period. There is no transfer between levels in the hierarchy during the financial year.

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

Financial instruments	Valuation technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair values
Unquoted shares and trust fund	Discounted cash flows method	Discount rate at 4.59% - 11.53% (2022: 6.88% - 10.96%)	The higher the discount rate, the lower the fair value

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

	Group	
	2023 RM	2022 RM
Balances as at 1 January	14,473,784	15,276,433
Distribution	-	(1,076,221)
Disposal	(8,758,002)	-
Fair value changes through other comprehensive income	57,306	273,572
<b>Balances as at 31 December</b>	<b>5,773,088</b>	<b>14,473,784</b>

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

- (e) The foreign currencies profile of the other investments are as follows:

	Group	
	2023 RM	2022 RM
United States Dollar	-	3,204,905
Australian Dollar	103,179	127,353
Singapore Dollar	2,896,639	8,392,430
Hong Kong Dollar	1,009,942	1,189,118
Chinese Renminbi	217,586	271,466

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 13. OTHER INVESTMENTS (continued)

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

	Group	
	2023	2022
	RM	RM
<b>Effects of 3% changes to RM against foreign currencies</b>		
Profit after tax		
- United States Dollar	-	73,072
- Australian Dollar	2,352	2,904
- Singapore Dollar	66,043	191,347
- Hong Kong Dollar	23,027	27,112
- Chinese Renminbi	4,961	6,189

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

	Group	
	2023	2022
	RM	RM
<b>Effects of 3% changes to market price</b>		
Profit after tax		
- Quoted shares in Malaysia	-	3,466
- Quoted shares outside Malaysia	30,340	36,205
- Quoted unit trusts in Malaysia	235,390	233,000

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

### 14. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	42,125,180	105,491,750	381,002	1,127,173
Deposits with licensed banks	45,276,170	50,000,000	-	-
As per statements of financial position	87,401,350	155,491,750	381,002	1,127,173
Less:				
Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(9,536,170)	(50,000,000)	-	-
As per statements of cash flows	77,865,180	105,491,750	381,002	1,127,173

- (a) Cash and bank balances are classified as financial assets and measured at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 14. CASH AND BANK BALANCES (continued)

- (b) Deposits with licensed banks of the Group have an average maturity period of 39 days (2022: 104 days).
- (c) The foreign currencies profile of cash and bank balances are as follows:

	Group	
	2023 RM	2022 RM
United States Dollar	7,175,566	22,315
Singapore Dollar	839,186	799,058
Chinese Renminbi	1,015	1,005

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

	Group	
	2023 RM	2022 RM
<b>Effects of 3% changes to RM against foreign currencies</b>		
Profit after tax		
- United States Dollar	163,603	509
- Singapore Dollar	19,133	18,219
- Chinese Renminbi	23	23

- (e) Weighted average effective interest rate of deposits with licensed banks of the Group as at the end of each reporting period are as follows:

	Group	
	2023	2022
Fixed rates	3.70%	4.10%

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rate.

- (f) No expected credit losses were recognised arising from the deposits with licensed banks because the probability of default by these financial institutions were negligible.

### 15. SHARE CAPITAL

	Note	Group and Company			
		2023 Number of shares	2023 RM	2022 Number of shares	2022 RM
<b>Ordinary shares</b>					
Issued and fully paid with no par value					
At 1 January		1,500,000,000	427,867,671	1,250,000,000	166,206,171
Issuance of new shares	(b)	-	-	250,000,000	267,500,000
Listing expenses attributable to the Initial Public Offering		-	-	-	(5,838,500)
At 31 December		1,500,000,000	427,867,671	1,500,000,000	427,867,671

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 15. SHARE CAPITAL (continued)

- (a) The owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) In the previous financial year, the Company increased its issued and paid-up share capital from RM166,206,171 to RM433,706,171 by way of an issuance of 250,000,000 new ordinary shares at an issue price of RM1.07 per ordinary share for cash.
- (c) The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

### 16. RESERVES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-distributable</b>					
Merger reserve	(a)	(165,206,168)	(165,206,168)	-	-
Fair value reserve	(b)	88,668	2,104,433	-	-
<b>Distributable</b>					
Retained earnings		280,947,838	264,355,905	6,775,943	1,782,594
		115,830,338	101,254,170	6,775,943	1,782,594

(a) Merger reserve

Merger reserve represents consideration paid over the share capital of Senheng Electric (KL) Sdn. Bhd. as at the acquisition date under the merger method of accounting as follows:

	Senheng Electric (KL) Sdn. Bhd. RM
Purchase consideration	166,206,168
Less: Share capital as at acquisition date	(1,000,000)
Merger reserve	165,206,168

(b) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value, net of tax, through other comprehensive income investment held until the investment is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 17. BORROWINGS

	Group	
	2023	2022
	RM	RM
<b>Current liabilities</b>		
<b>Secured</b>		
Bankers' acceptances	25,500,000	24,000,000
Revolving credit	46,000,000	-
<b>Total borrowings</b>	<b>71,500,000</b>	<b>24,000,000</b>

- (a) Borrowings are classified as financial liabilities and measured at amortised cost.
- (b) All borrowings are denominated in RM.
- (c) The bankers' acceptances are secured by a corporate guarantee given by the Company to bankers for credit facilities granted to a subsidiary and a fixed charge over certain buildings and capital work-in-progress of the Group as disclosed in Note 6 to the financial statements.
- (d) The revolving credit is secured by a corporate guarantee given by the Company to a banker for a credit facility granted to a subsidiary and a fixed charge over a freehold land and a building of the Group as disclosed in Note 6 to the financial statements.
- (e) Fair value of the borrowings of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (f) The carrying amounts of borrowings are reasonable approximation of fair value, either due to their short term nature or that they are floating rate instruments, that are repriced to market interest rates on or near the end of reporting period.
- (g) At the end of reporting date, the interest rate profiles of the borrowings were:

	Group	
	2023	2022
	RM	RM
- Fixed rates	25,500,000	24,000,000
- Floating rates	46,000,000	-
	<b>71,500,000</b>	<b>24,000,000</b>

- (h) At the end of reporting date, the weighted average effective interest rates for the borrowings were as follows:

	Group	
	2023	2022
	%	%
Bankers' acceptances	3.35	3.43
Revolving credit	4.55	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 17. BORROWINGS (continued)

- (i) The following table sets out the carrying amounts as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk.

Group	On demand or within one year RM
<b>At 31 December 2023</b>	
<b>Financial liabilities</b>	
Borrowings	71,500,000
<hr/>	
<b>At 31 December 2022</b>	
<b>Financial liabilities</b>	
Borrowings	24,000,000
<hr/>	

- (j) The table below summarises the maturity profile of borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM
<b>At 31 December 2023</b>	
<b>Financial liabilities</b>	
Borrowings	71,677,762
<hr/>	
<b>At 31 December 2022</b>	
<b>Financial liabilities</b>	
Borrowings	24,000,000
<hr/>	

- (k) Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant, is as follows:

	Group	
	2023	2022
	RM	RM
<b>Effects of 50 basis points changes to profit after tax</b>		
Floating rate instrument	174,800	-
<hr/>		

Sensitivity analysis for fixed rate borrowings as at the end of each reporting period is not presented as fixed rate instruments are not affected by changes in interest rates.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 18. PROVISION FOR RESTORATION COSTS

	Group	
	2023 RM	2022 RM
<b>Non-current</b>		
Provision for restoration costs	6,692,948	5,789,149
<b>Current</b>		
Provision for restoration costs	1,333,228	884,630
	8,026,176	6,673,779

- (a) Provision for restoration costs is recognised in respect of the obligation of the Group to restore leased outlets to its original state upon the expiry of tenancy agreements. This provision comprises estimates of reinstatement costs for retail outlets upon termination of tenancy.
- (b) A reconciliation of the provision for restoration costs are as follows:

	Group	
	2023 RM	2022 RM
As at 1 January	6,673,779	6,339,328
Recognised in right-of-use assets	622,450	286,487
Finance cost	324,643	224,537
Utilisation	(100,049)	-
Provision for restoration costs/(Reversal of provision)	505,353	(176,573)
As at 31 December	8,026,176	6,673,779

- (c) The Group estimates provision for restoration costs based on historical costs incurred per square feet of rent area. The estimated provision for restoration costs is reviewed periodically and is updated if expectations differ from previous estimates due to changes in costs factors. Where expectations differ from the original estimates, the differences would impact the carrying amount of provision for restoration costs of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 19. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade payables</b>				
Third parties	66,655,196	73,293,862	-	-
Amounts due to related parties	3,491,391	6,836,454	-	-
	70,146,587	80,130,316	-	-
<b>Other payables</b>				
Other payables	12,504,317	7,390,287	-	-
Deposits	2,090,124	1,208,287	-	-
Accruals	14,231,579	12,765,762	732,137	596,366
Amounts due to related parties	4,308,847	239,101	-	-
Financial guarantee contracts	-	-	-*	-
	33,134,867	21,603,437	732,137	596,366
<b>Total payables</b>	<b>103,281,454</b>	<b>101,733,753</b>	<b>732,137</b>	<b>596,366</b>

\* Amount is negligible.

- Trade and other payables are classified as financial liabilities and measured at amortised cost.
- Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 15 days to 90 days (2022: 15 days to 90 days).
- Non-trade amounts due to related parties represent advances and payments on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.
- Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

The fair value of financial guarantees is classified as Level 3 in the fair value hierarchy and is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. The movement in financial guarantee contracts consists of fair value changes of financial guarantee contract during the current and previous financial years are insignificant.

The nominal amounts of financial guarantees provided by the Company are as follows:

	Company	
	2023 RM	2022 RM
Bank facilities granted to a subsidiary	74,675,000	41,600,000

Maturity profile of financial guarantee contracts of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable upon any default by the subsidiary in respect of the guaranteed bank facilities.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 19. TRADE AND OTHER PAYABLES (continued)

- (e) The maturity profile of the trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- (f) The foreign currency profile of trade and other payables is as follows:

	Group	
	2023	2022
	RM	RM
Chinese Renminbi	1,110	540,396

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

	Group	
	2023	2022
	RM	RM
<b>Effects of 3% changes to RM against foreign currency</b>		
Profit after tax		
- Chinese Renminbi	25	12,321

#### 20. CONTRACT LIABILITIES

	Group	
	2023	2022
	RM	RM
<b>Current</b>		
- Deferred income	42,399,524	44,490,906
<b>Non-current</b>		
- Deferred income	41,081,267	42,762,109
	83,480,791	87,253,015

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 20. CONTRACT LIABILITIES (continued)

(a) Deferred income

	2023 RM	Group 2022 RM
<b>Current</b>		
- Customer loyalty programme	253,690	590,474
- Warranty	35,185,646	36,002,466
- Membership fee	4,549,613	3,419,074
- Cash vouchers	2,410,575	4,478,892
	<hr/> 42,399,524	<hr/> 44,490,906
<b>Non-current</b>		
- Customer loyalty programme	561,105	320,615
- Warranty	40,520,162	42,441,494
	<hr/> 41,081,267	<hr/> 42,762,109

(i) Customer loyalty programme

Customer loyalty programme allows its members to accumulate customer loyalty points, namely Plus One Loyalty Points, on the purchases of the products of the Group sold in its own retail outlets. These customer loyalty points are then converted into redemption points for selected redemption products and cash rebates based on the term and conditions in force.

The deferred income arising from customer loyalty points are estimated based on the amount of loyalty points outstanding as at the end of the reporting period that are expected to be redeemed within one (1) month to three (3) years (2022: one (1) month to three (3) years).

(ii) Warranty

Deferred income of warranty relates to the consideration received from the customers for the provision of warranty for the purchases of the products of the Group, which revenue is recognised over time, which the warranty period is covered.

(iii) Membership fee

Deferred income of membership fee relates to the consideration received from customers for the membership periods, which revenue is recognised over time over the service period on a straight line basis.

(iv) Cash vouchers

Deferred income of cash vouchers relates to the unutilised cash vouchers. The amount will be recognised as revenue when the cash vouchers are utilised by customers.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 20. CONTRACT LIABILITIES (continued)

- (b) Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) at the end of the reporting date, are as follow:

Group	Within a year RM	More than one year RM	Total RM
<b>2023</b>			
Contract liabilities	42,399,524	41,081,267	83,480,791
<b>2022</b>			
Contract liabilities	44,490,906	42,762,109	87,253,015

- (c) The amount of RM82,720,913 (2022: RM112,598,344) included in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 31 December 2023.

- (d) A reconciliation of the deferred income is as follows:

Group	Customer loyalty programme RM	Warranty RM	Membership fee RM	Cash vouchers RM	Total RM
<b>At 1 January 2022</b>	5,978,202	141,003,693	2,728,564	4,991,921	154,702,380
Addition	589,996	78,278,492	3,419,074	4,478,892	86,766,454
Utilisation	(2,887,835)	-	-	(4,991,921)	(7,879,756)
Lapsed	(2,769,274)	-	-	-	(2,769,274)
Reversal	-	(140,838,225)	(2,728,564)	-	(143,566,789)
<b>At 31 December 2022/ 1 January 2023</b>	911,089	78,443,960	3,419,074	4,478,892	87,253,015
Addition	546,660	72,163,598	4,549,613	2,410,575	79,670,446
Utilisation	(541,648)	-	-	(4,478,892)	(5,020,540)
Lapsed	(101,306)	-	-	-	(101,306)
Reversal	-	(74,901,750)	(3,419,074)	-	(78,320,824)
<b>At 31 December 2023</b>	814,795	75,705,808	4,549,613	2,410,575	83,480,791

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 21. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>Revenue from contracts with customers</i>				
- Sales of goods	1,236,707,056	1,418,651,855	-	-
- Sales of services	78,320,824	143,566,789	-	-
<i>Other revenue:</i>				
- Dividend income	-	-	10,500,000	27,500,000
	1,315,027,880	1,562,218,644	10,500,000	27,500,000
<i>Timing of revenue recognition</i>				
Transferred at a point in time	1,236,707,056	1,418,651,855	-	-
Transferred over time	78,320,824	143,566,789	-	-
	1,315,027,880	1,562,218,644	-	-

(a) Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 5 to the financial statements, which has been presented based on nature of products and services from which the sale of transactions originated.

(b) Sales of goods

Revenue from sales of goods is recognised at a point in time when control of the goods has been transferred to the customer, which coincides with the delivery of goods and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sales of goods.

There is no significant financing component in the revenue arising from sales of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(c) Sales of services

(i) Warranty

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

(ii) Membership income

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 21. REVENUE (continued)

(c) Sales of services (continued)

(iii) Customer loyalty awards

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

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

(d) Dividend income

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

### 22. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration				
Statutory audit				
- BDO PLT	287,700	266,000	55,200	51,500
Non-statutory audit				
- BDO PLT	29,750	84,000	5,000	64,000
- Affiliate firm of BDO PLT	45,400	72,800	2,000	1,000
Directors' remuneration	3,279,330	3,602,430	521,250	516,750
Fair value adjustments on other investments	177,822	4,387,004	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 22. PROFIT BEFORE TAX (continued)

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at: (continued)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
After charging: (continued)				
Impairment losses on:				
- trade and other receivables	366,943	219,835	-	-
- advances to a subsidiary	-	-	26,553	32,904
Interest expenses on:				
- advances from a subsidiary	-	-	17,887	13,390
- bankers' acceptance	340,608	392,754	-	-
- term loans	-	766,114	-	-
- revolving credit	51,608	-	-	-
- lease liabilities	3,351,660	3,229,110	-	-
- provision for restoration costs	324,643	224,537	-	-
Loss on disposal of other investments	1,621	-	-	-
Property, plant and equipment written off	23,105	-	-	-
Realised loss on foreign exchange	28,729	1,434	-	-
Rental of office equipment	11,220	11,220	-	-
Rental of premises	468,366	244,284	-	-
Share of profit paid as part of incentive programme	20,612,527	28,972,620	-	-
And crediting:				
Dividend income	22,859	1,522,671	10,500,000	27,500,000
Gain on disposal of property, plant and equipment	356,733	332,058	-	-
Gain on disposal of right-of-use assets	415,777	269,641	-	-
Gain on disposal of other investments	-	161,495	-	-
Gain on reassessments and modifications of leases	266,904	349,587	-	-
Interest income from:				
- advances to a subsidiary	-	-	8,284,777	5,841,410
- deposits with licensed banks	4,145,791	2,696,492	-	59,498
- receivables	488,360	421,294	-	-
Rental income	2,000,497	1,395,279	-	-
Reversal of impairment losses on trade and other receivables	282,850	-	-	-
Unrealised gain on foreign exchange	689,667	702,899	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 22. PROFIT BEFORE TAX (continued)

(a) Interest income

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

(b) Rental income

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

(c) Subsidies and incentive income

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

#### 23. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year	7,688,473	11,723,505	1,917,432	1,388,706
(Over)/Under provision in prior years	(3,547,330)	292,478	(88,706)	-
	4,141,143	12,015,983	1,828,726	1,388,706
Deferred tax (Note 10) relating to origination and reversal of temporary differences	(143,999)	10,960,800	-	-
Under provision in prior years	4,591,197	1,761,599	-	-
	4,447,198	12,722,399	-	-
Real property gains tax	34,150	-	-	-
	8,622,491	24,738,382	1,828,726	1,388,706

- (a) Malaysian income tax is calculated at the statutory tax rate 24% (2022: 24%) of the estimated taxable profits for the fiscal year.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 23. TAX EXPENSE (continued)

(b) Numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	33,641,353	85,260,848	17,322,075	30,548,418
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	8,073,925	20,462,604	4,157,298	7,331,620
Tax effects in respect of:				
- Non-allowable expenses	4,729,601	7,057,541	280,134	657,086
- Non-taxable income	(5,259,052)	(4,835,840)	(2,520,000)	(6,600,000)
- Real property gains tax	34,150	-	-	-
	7,578,624	22,684,305	1,917,432	1,388,706
(Over)/Under provision in prior years:				
- Current tax	(3,547,330)	292,478	(88,706)	-
- Deferred tax	4,591,197	1,761,599	-	-
	8,622,491	24,738,382	1,828,726	1,388,706

(c) Tax on each component of other comprehensive income is as follows:

	Before tax RM	Group Tax effect RM	After tax RM
<b>2023</b>			
<b>Item that will not be reclassified to profit or loss in subsequent period</b>			
Fair value gain of other investments at FVTOCI	57,306	-	57,306
	57,306	-	57,306
<b>2022</b>			
<b>Item that will not be reclassified to profit or loss in subsequent period</b>			
Fair value gain of other investments at FVTOCI	273,572	-	273,572
	273,572	-	273,572

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 24. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	Group	
	2023	2022
Profit for the financial year attributable to ordinary equity holders of the Company (RM)	25,018,862	60,522,466
Weighted average number of ordinary shares in issue	1,500,000,000	1,500,000,000
Basic earnings per ordinary share (sen)	1.67	4.03

(b) Diluted

The diluted earnings per ordinary share equal basic earnings per ordinary share because there was no potential dilutive ordinary share as at the end of the reporting period.

### 25. DIVIDENDS

	Group and Company			
	Dividend per share sen	2023 Amount of dividend RM	Dividend per share sen	2022 Amount of dividend RM
Second interim single-tier dividend in respect of the financial year ended 31 December 2022	0.70	10,500,000	-	-
First interim single-tier dividend in respect of the financial year ended 31 December 2021	-	-	1.30	19,500,000
First interim single-tier dividend in respect of the financial year ended 31 December 2022	-	-	0.50	7,500,000
	0.70	10,500,000	1.80	27,000,000

On 5 April 2024, the Board of Directors declared an interim single tier dividend of 0.51 sen per ordinary share amounting to RM7,650,000 for the financial year ended 31 December 2023, which is to be paid on 5 June 2024 to shareholders of the Company whose names appeared in the Record of Depositors on 15 May 2024. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2023.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 26. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Company:				
Executive:				
Salaries	2,647,200	2,647,200	-	-
Bonus	-	315,000	-	-
Others	110,880	123,480	-	-
Benefits-in-kind	48,650	59,284	-	-
	2,806,730	3,144,964	-	-
Non-Executive:				
Fees	468,000	468,000	468,000	468,000
Others	53,250	48,750	53,250	48,750
	521,250	516,750	521,250	516,750
	3,327,980	3,661,714	521,250	516,750

The estimated monetary value of benefits-in-kind received by the Directors from the Group amounted to RM48,650 (2022: RM59,284).

### 27. RELATED PARTY DISCLOSURES

#### (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Company has controlling related party relationship with its subsidiaries and its holding company.

Related parties of the Group include:

- (i) Subsidiaries as disclosed in Note 9 to the financial statements.
- (ii) Companies in which certain Directors have financial interests.
- (iii) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 27. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the related party transactions disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Related parties:				
- Administrative and marketing fees receivable	1,543,681	1,987,561	-	-
- Administrative and marketing fees payable	(315,029)	(352,542)	-	-
- Commission payable	(20,568,598)	(19,062,017)	-	-
- Insurance premium collected on behalf of third-party insurance companies	(26,612,450)	(34,295,081)	-	-
- Marketing expenses	(22,184,027)	(31,789,877)	-	-
- Purchases of goods	(10,223,004)	(8,778,346)	-	-
- Rental income	133,300	129,800	-	-
- Rental payable	(1,121,352)	(1,134,428)	-	-
- Sales of goods	131,723	137,259	-	-
- Service rendered	(4,718,489)	(4,240,799)	-	-
- Sales of property	-	250,000	-	-
- Sales of motor vehicle	-	140,000	-	-
Subsidiary:				
- Interest payable	-	-	(17,887)	(13,390)
- Interest receivable	-	-	8,284,777	5,841,410

The related parties transactions described above have been entered into the normal course of business and have been established at terms agreed between the parties during the financial year.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The key management personnel include the Directors of the Group and of the Company, whether executive or otherwise, and their remuneration for the financial year were as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fees	468,000	468,000	468,000	468,000
Short term employees benefits	4,996,580	5,865,752	53,250	48,750
Contributions to defined contribution plan	381,077	462,663	-	-
	5,845,657	6,796,415	521,250	516,750
Benefits-in-kind	89,075	103,910	-	-
	5,934,732	6,900,325	521,250	516,750

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 28. EMPLOYEE BENEFITS

	2023	Group 2022
	RM	RM
Short term employees benefits	67,022,050	61,865,369
Contributions to defined contribution plan	9,772,643	9,638,859
Other employee benefits	4,876,502	4,360,703
	<u>81,671,195</u>	<u>75,864,931</u>

Included in employee benefits expense of the Group are Executive Directors' remuneration excluding benefits-in-kind amounting to RM2,758,080 (2022: RM3,085,680).

### 29. CAPITAL COMMITMENTS

	2023	Group 2022
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	9,252,063	4,401,688
	<u>9,252,063</u>	<u>4,401,688</u>

### 30. CAPITAL AND FINANCIAL RISK MANAGEMENT

#### (a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and make adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, loans and borrowings, less cash and bank balances. Capital represents only equity attributable to the owners of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

#### (a) Capital management (continued)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Borrowings	17	71,500,000	24,000,000	-	-
Less: Cash and bank balances	14	(87,401,350)	(155,491,750)	(381,002)	(1,127,173)
Net cash		(15,901,350)	(131,491,750)	(381,002)	(1,127,173)
Equity attributable to the owners of the Company		543,698,009	529,121,841	434,643,614	429,650,265
Gearing ratio		*	*	*	*

\* Not required as the Group and the Company are in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2023.

The Group and the Company are not subject to any other externally imposed capital requirements.

#### (b) Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity and cash flow risk, interest rate risk, foreign currency risk and price risk.

The following sections provide details regarding the Group's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

##### (i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group and of the Company to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group and the Company are exposed to minimal credit risk.

The primary exposure of the Group and of the Company to credit risk arises through their trade and other receivables and financial guarantees given to banks for banking facilities granted to a subsidiary. The credit period is generally for a period of one (1) month, extending up to two (2) months for major customers. Each customer has a maximum credit limit and the Group and the Company seek to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

The risk concentration profile has been disclosed in Note 11 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

#### (b) Financial risk management (continued)

##### (ii) Liquidity and cash flow risk

The Group and the Company actively manage its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group and the Company measure and forecast its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and the Company.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 7, 17 and 19 to the financial statements.

##### (iii) Interest rate risk

The primary interest rate risk of the Group and the Company relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposits and borrowings of the Group is exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group and the Company are exposed to a risk of change in cash flows due to changes in interest rates. The Group and the Company borrow in the desired currencies at both fixed and floating rates of interest.

The Group and the Company actively review its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows the Group and the Company to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 7, 11, 14 and 17 to the financial statements respectively.

##### (iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign currency rate.

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currencies of the operating entities. Exposure in foreign currency is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The foreign currency profile and sensitivity analysis have been disclosed in Notes 13, 14 and 19 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 30. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(v) Price risk

Price risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to price risk arising from investments held in the Group. These instruments are classified as financial assets designated at fair value through profit or loss.

The Group will monitor the exposure of price risk on-going basis.

The sensitivity analysis of price risk have been disclosed in Note 13 to the financial statements.

### 31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 25 September 2023, Senheng Electric (KL) Sdn. Bhd. ("SHKL") a wholly-owned subsidiary of Company, entered into a Sale and Purchase Agreement ("SPA") with SDM Assets III Sdn. Bhd. (the "Vendor") to acquire all that piece of freehold industrial land located in Klang, Selangor together with a single storey warehouse facility with three storey office space inclusive of ancillary buildings and external structure erected thereon, which is currently being rented by SHKL from the Vendor and used as the central distribution centre for the Group, for a total consideration of RM75,800,000.

The acquisition had been completed on 22 December 2023 in accordance with the terms of the SPA.



# List of Major Properties

## held as at 31 December 2023

No	Address	Description/ Existing Use	Tenure/ Date of Expiry of Lease	Net Book Value (RM'000)	Approximate Land Area/ Built Up Area (square feet)	Date of Acquisition	Approximate Age of Building (Years)
1	PT 77275, Jalan Astana 5/KU02, Bandar Bukit Raja, 41050 Klang, Selangor	Single storey warehouse facility with 3-storey office	Freehold	<b>79,126</b>	286,503 /200,035	25.09.2023	3
2	H.S.(D) 139744, PT 69171, Mukim Kapar, Daerah Klang, Negeri Selangor	Vacant land	Freehold	<b>26,278</b>	126,412	22.06.2022	N/A
3	40, 42, 44, 46-1, 46-2, 46-3, 48-1 and 48-3, Jalan Pandan 3/2, Pandan Jaya, 55100 Kuala Lumpur	<b>"Grand Senheng" store:- Lots 40-G, 40-1, 42-G, 42- 1, 44-G, 44-1</b> – 3 intermediate units of 4-storey shop- offices  <b>Head Office:- Lots 40-2, 40-3, 42-2, 42-3, 44-2, 44-3</b> – 3 intermediate units of 4-storey shop- offices  <b>Lot 46</b> – A 4-storey shop-office where we own first, second and third floor  <b>Lot 48</b> – A 4-Storey shop-office where we own first and third floor	Leasehold/ 05.05.2087	<b>9,363</b>	16,146/ 16,146	27.12.2018 (Lot 40, 42, 44, 46-1, 46-2, 46-3, 48-1) & 18.11.1999 (Lot 48-3)	39
4	No.9, 11 and 13, Jalan Diplomatik P15, Precint 15, Putrajaya, 62000 Putrajaya	<b>No.9</b> – 1 intermediate unit of 3-storey shop-office  <b>No.11 &amp; 13</b> – 2 intermediate units of 4-storey shop-offices	Freehold	<b>8,690</b>	7,072/ 22,582	01.10.2019 (No.11 and 13) & 06.01.2022 (No.9)	7
5	No.2, 2-1, 2-2, 2-3 and 2-4, Kuchai Entrepreneurs Park, Jalan 10/116B, Kuchai Entrepreneurs Park, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	1 corner unit of 4 ½-storey shop-office	Leasehold/ 25.02.2097	<b>8,459</b>	3,509/ 14,031	26.08.2022	26
6	Lot 2, KKIP Exported Oriented Industrial Zone Phase 2, Kota Kinabalu Industrial Park, Jalan Sepangar, 88450 Kota Kinabalu, Sabah	A detached factory building comprising of single-storey warehouse and 2- storey office building with 1 guard house and 1 pump house	Leasehold/ 31.12.2096	<b>7,749</b>	87,941/ 26,000	28.12.2018	7

## List of Major Properties held as at 31 December 2023

No	Address	Description/ Existing Use	Tenure/ Date of Expiry of Lease	Net Book Value (RM'000)	Approximate Land Area/ Built Up Area (square feet)	Date of Acquisition	Approximate Age of Building (Years)
7	No. 62, 63 and 64, Jalan Raja Harun, Bandar Kajang Seksyen 7, Kajang, 43000 Kajang, Selangor	3 intermediate units of 3 ½-storey shop-offices	Leasehold/ 26.06.2089	<b>7,543</b>	6,211/ 19,715	09.09.2019	31
8	HS(D) No. 560793, No. PTD 186337 Mukim Tebrau, Daerah Johor Bahru, Negeri Johor Darul Takzim	Vacant land	Freehold	<b>7,689</b>	111,945	25.09.2018	N/A
9	23, 23A, 23B, 24, 24A, 24B, 25, 25A, 25B, 26, 26A and 26B, Jalan Lingkaran Bentara 1, Pusat Komersial Bentara, 83000 Batu Pahat, Johor	4 intermediate units of 3-storey shop-offices	Freehold	<b>7,308</b>	6,588/ 13,196	24.06.2019 (23, 23A, 23B, 24, 24A, 24B, 25, 25A and 25B) & 16.01.2020 (26, 26A and 26B)	3
10	No. 2, 2A and 6, Persiaran Permatang Rawa, Bukit Mertajam Wellesley, 14000 Bukit Mertajam, Penang	3 intermediate units of 3-storey shop-offices	Freehold	<b>5,812</b>	4,971/ 13,576	09.10.2019	6

# Analysis of Shareholdings as at 31 March 2024

## A. SHARE CAPITAL

Number of Issued Shares	: 1,500,000,000
Class of Shares	: Ordinary Shares
Voting Rights	: One vote for each ordinary share held
No. of Shareholders	: 9,483

## B. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	64	0.675	582	0.00
100 - 1,000	1,494	15.755	882,761	0.059
1,001 - 10,000	4,686	49.415	25,565,757	1.704
10,001 - 100,000	2,692	28.388	89,761,100	5.984
100,001 – 74,999,999 *	542	5.715	273,289,800	18.219
75,000,000 AND ABOVE **	5	0.053	1,110,500,000	74.033
<b>TOTAL</b>	<b>9,483</b>	<b>100.00</b>	<b>1,500,000,000</b>	<b>100.00</b>

Remark: \* less than 5% of issued shares  
\*\* 5% and above of issued shares

## C. SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS

Substantial Shareholders based on the Register of Substantial Shareholders

	Name	Direct Interest		Indirect/Deemed Interest	
		No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1	SQ Digital Sdn Bhd	869,600,000	57.973	-	-
2	Mr Lim Kim Heng	83,800,000	5.587	870,955,600 <sup>(a) &amp; (b)</sup>	58.064
3	Mr Lim Kim Chieng	81,800,000	5.453	870,790,600 <sup>(a) &amp; (c)</sup>	58.053
4	Mr Lim Kim Yew	81,300,000	5.420	869,600,000 <sup>(a)</sup>	57.973

Directors' Shareholdings based on Register of Directors' Shareholdings

	Name	Direct Interest		Indirect/Deemed Interest	
		No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1	Mr Lim Kim Heng	83,800,000	5.587	870,955,600 <sup>(a) &amp; (b)</sup>	58.064
2	Mr Lim Kim Chieng	81,800,000	5.453	870,790,600 <sup>(a) &amp; (c)</sup>	58.053
3	Mr Lim Kim Yew	81,300,000	5.420	869,600,000 <sup>(a)</sup>	57.973
4	Mr Oh Keng Leng	240,000	0.016	-	-
5	Ms Tan Ler Chin	240,000	0.016	-	-
6	Dato' Yeow Wah Chin	240,000	0.016	-	-
7	Ms Ho Kim Poi	240,000	0.016	-	-

<sup>(a)</sup> Deemed interested 2016 by virtue of his shareholdings in SQ Digital Sdn Bhd, pursuant to Section 8 of the Companies Act, 2016,

<sup>(b)</sup> Indirect interested by virtue of his child's direct shareholdings, pursuant to Section 59(11)(c) of the Companies Act, 2016.

<sup>(c)</sup> Indirect interested by virtue of his spouse's and children's direct shareholdings, pursuant to Section 59(11)(c) of the Companies Act, 2016.

## Analysis of Shareholdings as at 31 March 2024

### D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	Shares Held	Percentage (%)
1.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR SQ DIGITAL SDN BHD (PB)	719,600,000	47.973
2.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR SQ DIGITAL SDN BHD (12022529) (444327)	150,000,000	10.000
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM KIM HENG (PB)	80,300,000	5.353
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM KIM YEW (PB)	80,300,000	5.353
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM KIM CHIENG (PB)	80,300,000	5.353
6.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	34,443,300	2.296
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	14,836,500	0.989
8.	YAYASAN ISLAM TERENGGANU	8,000,000	0.533
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	6,281,300	0.419
10.	MAJLIS AGAMA ISLAM NEGERI SEMBILAN	5,000,000	0.333
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KUAN WENG	4,502,100	0.300
12.	GAN CHENG SWEE	4,008,300	0.267
13.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD LEMBAGA TABUNG HAJI (AL-WARA')	3,254,600	0.217
14.	LIM KIM HENG	3,000,000	0.200
15.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	2,799,000	0.187
16.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHIN KAM SUN (0174801)	2,600,000	0.173
17.	CHIA SEONG POW	2,000,000	0.133
18.	KUAN CHOON LIAN	2,000,000	0.133
19.	LIM WEE CHAI	2,000,000	0.133
20.	ZACKRI RADZI TAN	2,000,000	0.133

## Analysis of Shareholdings as at 31 March 2024

### D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (continued)

No.	Name	Shares Held	Percentage (%)
21.	MEDILIANCE (M) SDN BHD	1,940,000	0.129
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG HOCK KENG (8058236)	1,916,700	0.128
23.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GERALD NICHOLAS TAN ENG HOE	1,725,000	0.115
24.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIN HUAN KWANG (E-TWU)	1,681,100	0.112
25.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG CHONG HEE	1,680,400	0.112
26.	KL ALUM GYPSUM BOARD TRADING SDN BHD	1,672,000	0.111
27.	GOH CHEH YAK	1,616,400	0.108
28.	ONG KAR GHEE	1,561,000	0.104
29.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SETT EE-RLAN (7001593)	1,500,000	0.100
30.	FARSATHY HOLDINGS SDN BHD	1,500,000	0.100
<b>Total</b>		<b>1,224,017,700</b>	<b>81.601</b>

# Notice of the Third Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Third Annual General Meeting of Senheng New Retail Berhad (“Company” or “Senheng”) will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) on Friday, 21 June 2024 at 10.00 a.m. to transact the following business:-

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. (Please see Note 1 of Explanatory Notes on Ordinary Business)
2. To note that Ms Tan Ler Chin, who will be retiring by rotation pursuant to Clause 129.1 of the Constitution of the Company and being eligible for re-election, has notified the Board that she will not be seeking for re-election as a Director of the Company. (Please see Note 2 of Explanatory Notes on Ordinary Business)
3. To re-elect Mr Lim Kim Yew who retires by rotation pursuant to Clause 129.1 of the Constitution of the Company and being eligible, has offered himself for re-election. Resolution 1
4. To approve the Directors’ fees of RM514,800 for the period commencing on the date immediately after the date of the Third Annual General Meeting up to the date of the next Annual General Meeting to be held in 2025. Resolution 2
5. To approve the Directors’ benefits of RM65,700 for the period commencing on the date immediately after the date of the Third Annual General Meeting up to the date of the next Annual General Meeting to be held in 2025. Resolution 3
6. To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 4

### As Special Business

To consider and, if thought fit, to pass with or without modifications, the following Ordinary Resolutions:

# Notice of the Third Annual General Meeting

## 7. Ordinary Resolution

### Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Companies Act 2016

Resolution 5

“THAT pursuant to Sections 75 and 76 of the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being (“Proposed General Mandate”).

THAT such approval on the Proposed General Mandate shall continue in force until:-

- a. the conclusion of the next Annual General Meeting (“AGM”) of the Company held after the approval was given;
- b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors be and are hereby also empowered to obtain approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

# Notice of the Third Annual General Meeting

## 8. Ordinary Resolution

### **Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 6

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries ("Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of the Circular to the Shareholders dated 30 April 2024, provided that such transactions are necessary for day-to-day operations and are carried out in the ordinary course of business and at arms-length basis on normal commercial terms which are consistent with the Group's normal business practices and policies and on terms not more favourable to the related parties than those generally available to the public and on terms not to the detriment of the minority shareholders of the Company.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in full force until:

- a. the conclusion of the next Annual General Meeting of the Company ("AGM") at which time it will lapse, unless by a resolution passed at that meeting, the authority is renewed;
- b. the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c. revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider expedient or necessary (including, without limitation, to execute all such documents and to assent to any conditions, variations and/or amendments) in the interest of the Company to give effect to the transactions contemplated and/or authorised by this mandate."

9. To transact any other business for which due notice is given in accordance with the Companies Act 2016 and the Constitution.

By order of the Board

**TAN LAI HONG (MAICSA 7057707)**

SSM PC No. 202008002309

**FONG SEAH LIH (MAICSA 7062297)**

SSM PC No. 202008000973

Company Secretaries

Kuala Lumpur

30 April 2024



# Notice of the Third Annual General Meeting

## Notes:

1. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** (“the Act”) which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend the Third Annual General Meeting (“AGM”) in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the Third AGM using the Remote Participation and Voting facilities (“RPV”) provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the Third AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to attend this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a **Record of Depositors as at 12 June 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM via RPV or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member who is entitled to attend and vote at this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at an AGM of the Company may appoint more than one (1) proxy to attend, speak and vote instead of the member at the AGM.
5. If more than one (1) proxy is appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 (“Central Depositories Act”), it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the Third AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Information for Shareholders on the Third AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:

- (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

# Notice of the Third Annual General Meeting

- (ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the Third AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging the proxy form is **Wednesday, 19 June 2024 at 10.00 a.m.**
14. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the **ORIGINAL** certificate of appointment of authorised representative to the meeting if it has not been deposited with the Share Registrar.  
  
The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. Shareholders are advised to check the Company's website at [www.senheng.com](http://www.senheng.com) and announcements from time to time for any changes to the administration of the Third AGM.

## Explanatory Notes on Ordinary Business

1. Agenda item no. 1 is meant for discussion only as the provisions of 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.
2. Clause 129.1 of the Constitution provides that an election of Directors shall take place each year. At each annual general meeting, 1/3 of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to one-third, shall retire from office PROVIDED ALWAYS that all Directors including Managing Director and Executive Directors shall retire from office once at least in each 3 years as required by the Listing Requirements but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

# Notice of the Third Annual General Meeting

With the current Board size of seven (7) Directors, two (2) Directors namely Mr Lim Kim Yew and Ms Tan Ler Chin are to retire in accordance with Clause 129.1 of the Constitution.

Further to that, Ms Tan Ler Chin, who has served as an Independent Non-Executive Director of the Company and being eligible for re-election, has notified the Board that she will be retiring and will not be seeking for re-election as a Director of the Company.

## 3. Resolution 1

Mr Lim Kim Yew is standing for re-election as a Director of the Company and being eligible, has offered himself for re-election at the Third AGM.

The details of the Retiring Director is set out in the profile on page 20 of the Annual Report 2023. The details of his interest in the securities of the Company can be found on page 149 of the Annual report 2023.

Based on the annual assessment conducted for the financial year ended 31 December 2023, the Nomination Committee (“NC”) is satisfied with the performance and contribution of the Retiring Director.

The Retiring Director meets the criteria prescribed under Paragraph 2.20A of the Main Market Listing Requirement of Bursa Securities on character, experience, integrity, competence and time to effectively discharge his role as a Director. The Retiring Director does not have any conflict of interest or potential conflict of interest, including interest in any business that is in competition with the Group. The NC has also assessed the Retiring Director in accordance with the Guidelines on Fit and Proper Person of the Company and found him to have met the criteria for a fit and proper person as outlined in the said guidelines.

The Retiring Director, who is a Non-Independent Non-Executive Director, has a wealth of experience and knowledge that is invaluable to the Group. He has a deep understanding of the Group’s operations and strategies and are able to provide valuable insights to the Board. Furthermore, his presence ensures continuity and stability to the operations of the Group.

The Board (save for the Retiring Director who has abstained from deliberation on discussions relating to his own re-election at the NC and Board meetings) supports the re-election of the Retiring Director.

## 4. Resolution 2

Pursuant to Section 230(1) of the Act, the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at the general meeting.

Shareholders’ approval is sought under these resolutions to allow the Company to pay Non-Executive Directors’ fees on a monthly basis for the period commencing on the date immediately after the date of the Third AGM up to the date of the next AGM to be held in 2025 as members of the Board and Board Committees. The Directors’ fees are based on the contribution towards the Company. In the event the proposed amount is insufficient, approval will be sought at the next AGM for the shortfall.

## 5. Resolution 3

The Directors’ benefits are calculated based on the current Board size and the number of scheduled Board and Board Committee meetings for the period commencing on the date immediately after the date of the Third AGM up to the date of the next AGM to be held in 2025. In the event the proposed amount is insufficient (due to enlarged Board size or more meetings), approval will be sought at the next AGM for the shortfall.

## 6. Resolution 4

The Board has through the Audit and Risk Management Committee (“ARMC”), considered the re-appointment of BDO PLT as Auditors of the Company. The factors considered by the ARMC in making the recommendation to the Board to table their re-appointment at the Third AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report 2023.

# Notice of the Third Annual General Meeting

## Explanatory Notes on Special Business

### 7. Resolution 5

The proposed Resolution is a renewal of the mandate obtained from the shareholders of the Company at the Second AGM.

This proposed Resolution, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the Second AGM.

### 8. Resolution 6

This proposed Resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with related parties in the ordinary course of business, and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related transactions occur will not arise. Besides facilitating a smoother and more efficient conduct of business, this will substantially reduce administrative time, inconvenience, expenses associated with the convening of such meetings and will place the Group in a better position to leverage and take advantage of business opportunities as and when they may arise, without compromising the corporate objectives of the Group. The shareholders' mandate is subject to renewal on an annual basis.

Please refer to the Circular to Shareholders dated 30 April 2024 for further details.

## Statement Accompanying Notice of Annual General Meeting

### Directors standing for election

As at date of this notice, there are no individuals who are standing for election or appointment as Directors at the Third Annual General Meeting ("AGM").

### Authority to Directors to Allot Shares

Details on the authority to allot shares pursuant to Section 75 and 76 of the Companies Act 2016 are provided under the explanatory notes on special businesses in the Notice of the Third AGM.

# Administrative Guide

## for the 3<sup>rd</sup> Annual General Meeting (“AGM”)

Date & Time : Friday, 21 June 2024  
 Time : 10.00 a.m.  
 Broadcast Venue : Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

### Mode of Meeting

- The AGM will be conducted on a **virtual basis through live streaming and online remote voting** via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor”) **TIIH Online** website at <https://tiih.online>.
- The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.
- We **strongly encourage** you to attend the 3<sup>rd</sup> AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the AGM.

### Remote Participation and Voting

- The RPV facilities are available on Tricor’s **TIIH Online** website at <https://tiih.online>.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

### Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the AGM using the RPV facilities:

#### Before the AGM Day

Procedure	Action
i. Register as a user with TIIH Online	<ul style="list-style-type: none"> <li>• Using your computer, access to website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” select the “Sign Up” button and followed by “<b>Create Account by Individual Holder</b>”. Refer to the tutorial guide posted on the homepage for assistance.</li> <li>• Registration as a user will be approved within one (1) working day and you will be notified via e-mail.</li> <li>• If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li> </ul>
ii. Submit your request to attend AGM remotely	<ul style="list-style-type: none"> <li>• Registration is open from 30 April 2024 until the day of the AGM on Friday, 21 June 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the AGM to ascertain their eligibility to participate in the AGM using the RPV facilities.</li> <li>• Login with your user ID (i.e. e-mail address) and password and select the corporate event: “<b>(REGISTRATION) SENHENG 3<sup>RD</sup> AGM</b>”.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Select “Register for Remote Participation and Voting”.</li> <li>• Review your registration and proceed to register.</li> <li>• System will send an <b>e-mail to notify</b> that your registration for remote participation is received and will be verified.</li> <li>• After verification of your registration against the Record of Depositors as at <b>12 June 2024</b>, the system will send you an <b>e-mail on or after 19 June 2024 to approve or reject</b> your registration for remote participation.</li> </ul> <p><i>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</i></p>

# Administrative Guide for the 3<sup>rd</sup> Annual General Meeting

## On the AGM Day

Procedure	Action
i. Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the AGM at any time from 9.00 a.m. i.e. 1 hour before the commencement of meeting at 10.00 a.m. on Friday, 21 June 2024.</li> </ul>
ii. Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) SENHENG 3<sup>RD</sup> AGM</b>” to engage in the proceedings of the AGM remotely.</li> <li>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
iii. Online remote voting	<ul style="list-style-type: none"> <li>Voting session commences from 10.00 a.m. on Friday, 21 June 2024 until a time when the Chairman announces the end of the session.</li> <li>Select the corporate event: “<b>(REMOTE VOTING) SENHENG 3<sup>RD</sup> AGM</b>” or if you are on the live stream meeting page, you can select “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
iv. End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.</li> </ul>

### Note to users of the RPV facilities:

- Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 12 June 2024 shall be eligible to attend, speak and vote at the AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Proxy Form.
- If you wish to participate in the AGM yourself, please do not submit any Proxy Form for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the AGM whether in hard copy or by electronic must be deposited or received by the Share Registrar in the following manner not later than **Wednesday, 19 June 2024 at 10.00 a.m.:**
  - In Hard copy:
    - By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

# Administrative Guide for the 3<sup>rd</sup> Annual General Meeting

(ii) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>After the release of the Notice of Meeting by the Company on 30 April 2024, login with your user name (i.e. email address) and password.</li> <li>Select the corporate event: "<b>SENHENG 3<sup>RD</sup> AGM – SUBMISSION OF PROXY FORM</b>".</li> <li>Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy.</li> <li>Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>Review and confirm your proxy(s) appointment.</li> <li>Print the Proxy Form for your record.</li> </ul>
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "<b>Create Account by Representative of Corporate Holder</b>".</li> <li>Complete the registration form and upload the required documents.</li> <li>Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarification on the user registration.)</i></p>
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> <li>Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a>.</li> <li>Select the corporate event name: "<b>SENHENG 3<sup>RD</sup> AGM – SUBMISSION OF PROXY FORM</b>".</li> <li>Agree to the Terms &amp; Conditions and Declaration.</li> <li>Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein.</li> <li>Prepare the file for the appointment of proxies by inserting the required data.</li> <li>Submit the proxy appointment file.</li> <li>Login to TIIH Online, select corporate event name: "<b>SENHENG 3<sup>RD</sup> AGM – SUBMISSION OF PROXY FORM</b>".</li> <li>Proceed to upload the duly completed proxy appointment file.</li> <li>Select "Submit" to complete your submission.</li> <li>Print the confirmation report of your submission for your record.</li> </ul>

# Administrative Guide for the 3<sup>rd</sup> Annual General Meeting

## Voting at Meeting

- The voting at the AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Company has appointed Tricor to conduct the online voting.
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the AGM at 10.00 a.m. Kindly refer to “Procedures to Remote Participation and Voting via RPV Facilities” provided above for guidance on how to vote remotely via TIIH Online.

## Results of the voting

- The resolutions proposed at the AGM and the results of the voting will be announced at the AGM and subsequently via an announcement made by the Company through Bursa Malaysia at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## Door Gift or Food Voucher

- There will be no distribution of door gifts or food vouchers for participating in the AGM since the meeting is conducted virtually.

## No Recording or Photography

- Unauthorized recording and photography are strictly prohibited at the AGM

## Pre-Meeting Submission of Questions to the Board of Directors

- The Board recognises that the AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the AGM, shareholders may in advance, before the AGM, submit questions to the Board of Directors via Tricor’s TIIH Online website at <https://tiih.online>, by selecting “e-Services” to login, post your questions and submit it electronically no later than **Wednesday, 19 June 2024 at 10.00 a.m.** The Board of Directors will endeavor to address the questions received at the AGM.

## Enquiry

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday, except on public holidays).



# Proxy Form

# SENHENG

## SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)  
(Incorporated in Malaysia)

No. of shares held	CDS Account No.

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block letters and NRIC/Passport/Company No.]

of \_\_\_\_\_

being member(s) of **Senheng New Retail Berhad**, hereby appoint:-

Full Name <small>(in Block)</small>	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address Contact No. <small>(Mobile)</small>			

and

Full Name <small>(in Block)</small>	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address Contact No. <small>(Mobile)</small>			

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy(ies) to attend and vote for \*me/us and on \*my/our behalf at the Third Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Friday, 21 June 2024 at 10.00 a.m. and at any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTION		For	Against
1	Re-election of Mr Lim Kim Yew.		
2	Approval of Directors' fees for the period commencing on the date immediately after the date of the Third AGM up to the date of the next AGM to be held in 2025.		
3	Approval of Directors' benefits for the period commencing on the date immediately after the date of the Third AGM up to the date of the next AGM to be held in 2025.		
4	Re-appointment of BDO PLT as Auditors.		
5	Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
6	Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2024

\_\_\_\_\_  
Member^

\* Please delete whichever is inapplicable

^ Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.  
Shareholders **will not be allowed** to attend the Third AGM in person at the Broadcast Venue on the day of the meeting.  
Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the Third AGM using the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>.  
**Please read these Notes carefully and follow the procedures in the Administrative Guide for the Third AGM in order to participate remotely via RPV.**
2. For the purpose of determining who shall be entitled to attend this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a **Record of Depositors as at 12 June 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM via RPV or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member who is entitled to attend and vote at this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, speak and vote in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at an AGM of the Company may appoint more than one (1) proxy to attend, speak and vote instead of the member at the AGM.
5. If more than one (1) proxy is appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at the Third AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Information for Shareholders on the Third AGM.

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THE SHARE REGISTRAR  
**SENHENG NEW RETAIL BERHAD**  
**Registration No. 202101019079 (1419379-T)**  
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.  
Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur,  
Malaysia.

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10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote:
  - (i) **In hard copy form**  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) **By electronic means**  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the Third AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned AGM at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
13. Last date and time for lodging the proxy form is **Wednesday, 19 June 2024 at 10.00 a.m.**
14. For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the **ORIGINAL** certificate of appointment of authorised representative to the meeting if it has not been deposited with the Share Registrar.  
The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
15. Shareholders are advised to check the Company's website at [www.senheng.com](http://www.senheng.com) and announcements from time to time for any changes to the administration of the Third AGM.

# SENHENG

No. 44B, Jalan Pandan 3/2  
Pandan Jaya  
55100 Kuala Lumpur

**T** +6016 299 1398

**E** [ccc@senheng.com.my](mailto:ccc@senheng.com.my)

**W** [www.senheng.com.my](http://www.senheng.com.my)

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