

SENHENG

Senheng New Retail Berhad
202101019079 (1419379-T)



REINFORCING LEADERSHIP



Annual Report 2022

REINFORCING LEADERSHIP

Senheng New Retail Berhad remains on an aggressive expansion path to reinforce our position as the leading consumer E&E retailer in Malaysia.

We continue to grow nationwide with larger-format and upgraded stores as part of our “Territory Champion” strategy, and be more agile in fulfilling customers needs with the unveiling of the new “Senheng Mobile” chain. Above all, Senheng is committed to bringing the best shopping experience to customers, through seamless integration of physical and online platforms with new retail technologies.

2nd Annual General Meeting



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



Thursday, 22 June 2023



2.00 p.m.

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Corporate Information

BOARD OF DIRECTORS

Mr. Lim Kim Heng

Non-Independent Executive Chairman

Mr. Lim Kim Chieng

President/Non-Independent Executive Director

Mr. Lim Kim Yew

Non-Independent Non-Executive Director

Dato' Yeow Wah Chin

Independent Non-Executive Director

Ms. Tan Ler Chin

Independent Non-Executive Director

Ms. Ho Kim Poi

Independent Non-Executive Director

Mr. Oh Keng Leng

Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Ms. Ho Kim Poi

Chairperson

Ms. Tan Ler Chin

Member

Mr. Oh Keng Leng

Member

REMUNERATION COMMITTEE

Mr. Oh Keng Leng

Chairman

Dato' Yeow Wah Chin

Member

Ms. Tan Ler Chin

Member

NOMINATION COMMITTEE

Dato' Yeow Wah Chin

Chairman

Ms. Tan Ler Chin

Member

Ms. Ho Kim Poi

Member

COMPANY SECRETARIES

Ms. Kuan Hui Fang

(MIA 16876)
(SSM PC No. 202008001235)

Ms. Fong Seah Lih

(MAICSA 7062297)
(SSM PC No. 202008000973)

REGISTERED OFFICE

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
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Tel. No. : +603 2783 9191

Fax No. : +603 2783 9111

HEAD/MANAGEMENT OFFICE

No. 44B, Jalan Pandan 3/2
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Tel. No. : +603 9285 4544

Email : ir@senheng.com.my

Website : www.senheng.com.my

AUDITORS & REPORTING ACCOUNTANTS

BDO PLT

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(LLP0018825-LCA) & AF 0206
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360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

Tel. No. : +603 2616 2888

Fax No. : +603 2616 3190

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel. No. : +603 2783 9299

Fax No. : +603 2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Stock Name : SENHENG

Stock Code : 5305

Shariah-compliant

Corporate Profile

Senheng New Retail Berhad and its subsidiaries ("Senheng" or "the Group") has humbly served generations of families over the past three decades since 1989, and grown to become Malaysia's leading retailer of consumer electrical and electronics ("E&E") with over 100 retail stores nationwide.

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

2000

Senheng undertook our first transformation, 'Chain Store Concept', in 2000. To build a cohesive brand identity, we chose to standardize store designs, signages and customer service procedures nationwide, which laid the foundation to Senheng's expansion over the years.



2002

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



"DIFFERENT..."



2003

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

Corporate Profile

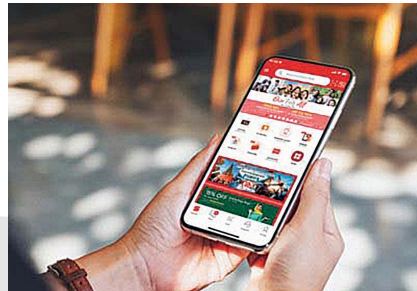
2004

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



2021

In Senheng's next leap forward, we are leveraging our new Senheng App to embark on a platform business model, which gives our members one-stop convenience for all their shopping and lifestyle needs. Launched in 2021, the Senheng App ecosystem hosts an increasing number of third-party merchants of goods and services beyond the consumer E&E space, while allowing members to earn lucrative S-Coin cashbacks. Ultimately, this will continue to drive our exponential growth.

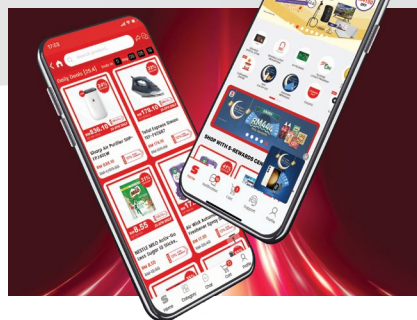


TRULY DIFFERENT"



2017

In 2017, Senheng became Malaysia's first E&E retailer to introduce the 'Seamless Retail Model' with omnichannel sales and touch points. Supported by technology and digital capabilities, Senheng integrates physical stores with online platforms to provide customers a seamless and enhanced shopping experience. This is coupled with a fully-digital marketing model for quality engagement of the modern digital consumer.



2023

In 2023, Senheng embarked on an "Online First" initiative to revamp and uplift our customer experience and journey. With 90% of our customers starting their interaction from our websites and e-commerce storefronts, we are integrating the convenience of online experience together with our high-touch, full-service physical outlets.

We also launched "**Senheng Mobile**", our latest retail store concept that provides customers with a premium store experience in the mobile phones and gadgets space.

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

Corporate Profile

AWARDS

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



2022

- **CXP Best Customer Experience Awards**

2021

- **The Peak, from SME100® AFFIN SME Icon Award**
- **Putra Brands Awards:** Home Improvement Product and Stores Category (*Bronze*)

2020

- **EY Entrepreneur of the Year:** Master Entrepreneur
- **CXP Best Customer Experience Awards**
- **Star Outstanding Business Awards (SOBA):**
 - Male Entrepreneur of the Year (*Par Excellence Achievement*)
 - Malaysian Business of the Year Award
 - Best Innovation
 - Best Use of Technology
 - Best in Marketing
 - Best Brand
 - Best Employer
 - Best in Retail
 - Best in Customer Service (*Platinum Award*)

- Best Green Initiative (*Silver Award*)
- **Putra Brands Awards:** Home Improvement Product and Stores Category (*Bronze*)

2019

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

2018

- **Star Outstanding Business Awards (SOBA):**
 - Male Entrepreneur of the Year (*Outstanding Achievement*)
 - Malaysian Business of the Year Award
 - Best Innovation
 - Best Use of Technology (*Platinum Award*)
 - Best in Marketing
 - Best Brand
 - Best in Corporate Social Responsibility (CSR)
 - Best Employer (*Gold Award*)

- **Putra Brands Awards:** Home Improvement Product and Stores Category (*Bronze*)
- **Largest Distribution of Electronics in Malaysia**
- **Mycybersale:** Top Category Electronics

2017

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

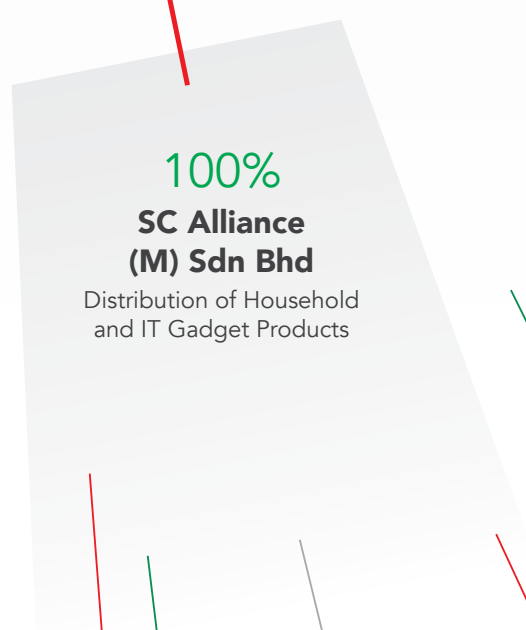
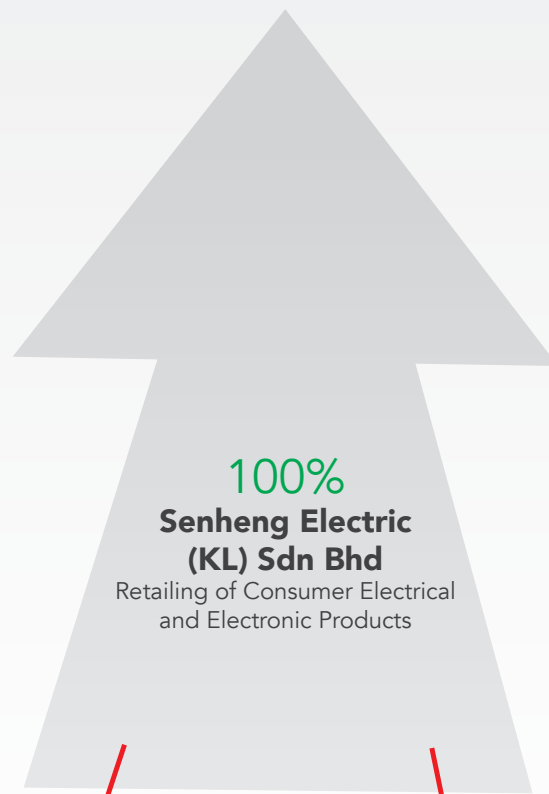
2016

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

Corporate Structure

SENHENG

Senheng New Retail Berhad
Investment Holding Company



Note: This Group Corporate Structure excludes dormant company.

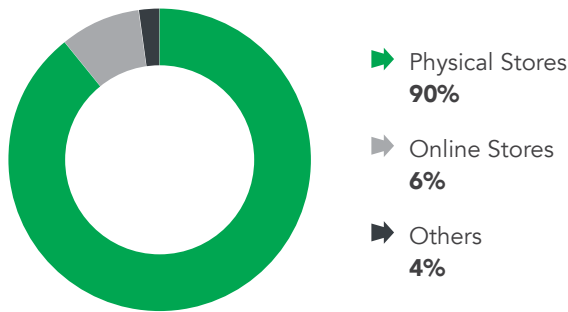
Financial Highlights

FY2022 Performance Highlights

REVENUE

RM **1,562.2** million

FY2021: RM1,444.1 million



TOTAL STORES (31 DECEMBER 2022)

109

FY2021: 105 stores



NEW/UPGRADED STORES

16

FY2021: 12 stores



NET PROFIT

RM **60.5** million

FY2021: RM65.3 million

PLUSONE MEMBERS (31 DECEMBER 2022)

3.66
million

2021: 3.28 million



TOTAL ASSETS

RM **850.4** million

FY2021: RM702.9 million

DIVIDEND PER SHARE

1.2 sen

REVENUE FROM PAID PLUSONE MEMBERS

91%

2021: 89%

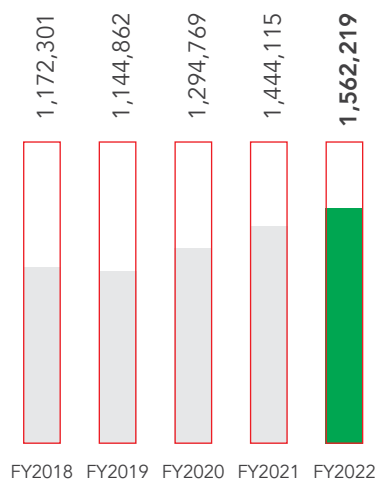


PAYOUT RATIO

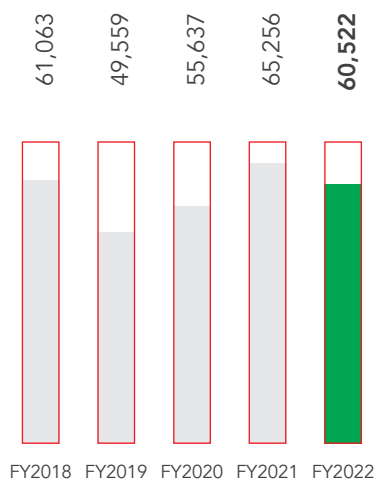
30%

Financial Highlights

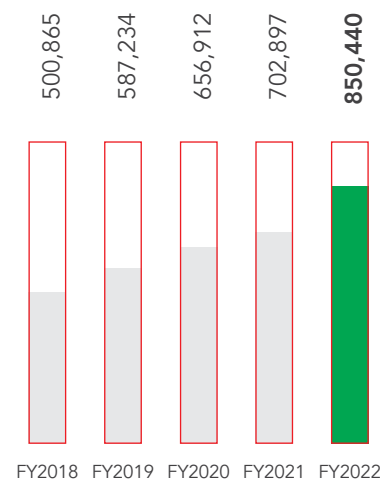
REVENUE (RM' 000)



NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS (RM' 000)



TOTAL ASSETS (RM' 000)



5-Year Group Financial Highlights

Financial Summary	2018	2019	2020	2021	2022
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (RM'000)					
Revenue	1,172,301	1,144,862	1,294,769	1,444,115	1,562,219
Gross Profit	261,623	245,340	270,001	303,648	340,794
Earnings before Interest, Tax, Depreciation and Amortisation	113,730	101,300	113,792	127,022	130,962
Profit Before Tax	74,983	61,486	73,615	84,524	85,261
Net Profit Attributable to Shareholders	61,063	49,559	55,637	65,256	60,522
AS AT 31 DECEMBER (RM'000)					
Total Shareholders' Fund	85,540	122,862	166,206	233,664	529,122
Total Assets	500,865	587,234	656,912	702,897	850,440
Total Current Assets	281,209	321,071	367,385	431,770	539,671
Total Liabilities	415,325	464,372	490,706	469,233	321,318
Total Borrowings	16,500	45,044	55,192	56,997	24,000
Cash and Bank Balances	23,735	54,412	68,755	51,742	155,492
Net Gearing Ratio	N/A	N/A	N/A	2.3%	N/A

Chairman's Statement

Dear valued shareholders,

Senheng New Retail Berhad and its subsidiaries ("Senheng" or "the Group") continued to make impact in the consumer electronic retail sector in Malaysia in 2022, achieving best-ever revenue of RM1.6 billion during the year while enhancing appeal of Senheng and senQ brand names to consumers via the Group's territory champion strategy.

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

During the financial year ended 31 December 2022 ("FY2022"), the Group was not deterred by the challenging time in carrying out its expansion plans, notwithstanding supply chain issues just when Russian-Ukraine conflict broke out in February 2022, and rising interest rates in response to inflationary pressure.

On behalf of the Board of Directors, I have great pleasure to report to you some highlights of the Group's financial and operational performance for the year under review in the Annual Report.

Mr Lim Kim Heng
Executive Chairman



Chairman's Statement

RECORD REVENUE, BUT PROFIT MODERATED BY EXTERNAL FACTORS...

The year 2022 started off optimistically with the COVID-19 pandemic behind us, as economies in the region lifted restrictions and borders opened up for tourism.

Malaysia's economy recorded a strong performance with the Gross Domestic Product ("GDP") for 2022 registering 8.7% growth, far exceeding the 3.1% GDP expansion in 2021.

The retail sector was the star performer during the first half of 2022, continuing to benefit from the increased footfall traffic after the pandemic. According to a Malaysia Retail Industry Report, the retail sector overall registered an estimated growth rate of 41.6% in 2022, compared to a negative 2.3% in 2021.

However, the strong growth of the retail sector in 2022 was hampered in the second half of the year, partly due to the supply chain issues as a result of the conflict in Europe, but more so due to the rising interest rates following central banks worldwide being concerned with inflationary pressures.

Bank Negara Malaysia also increased interest rates multiple times from 1.75% in early 2022 to end the year with 2.75%. The increase in interest rates has absorbed much of the consumers' disposable income, impacting the retail sector, especially discretionary spending on home appliances and digital gadgets.

Against the backdrop, Senheng saw lower sales toward second half of 2022, where we were supposed to experience our seasonally-strong quarters due to year-end festivities. This has impacted the Group's full year net profit for FY2022 to be 7.4% lower at RM60.5 million, versus RM65.3 million previously, despite the higher revenue of 8.2% to RM1.6 billion.

The lower profit was also due to increased operating and administrative expenses, in line with the Group's continued aggressive expansion to set up "Territory Champion" stores. In 2022, we set up 16 new/upgraded stores, boasting of larger floor spaces and an even greater product variety than our typical Senheng stores. These stores aim to give the best shopping experiences to consumers.



Chairman's Statement

PREPARING FOR UNCERTAINTIES IN 2023

The retail sector is expected to have a much smaller growth rate of 3.5% in 2023, according to Retail Group Malaysia. Rising cost of living and higher interest rates will remain to be the challenges for the sector. Both factors invariably result in consumers having less money to spend on non-essential goods and services.

However, with the recent Budget 2023 announcing monetary incentives to help subsidise the higher cost of living for the bottom 40% ("B40") and middle 40% ("M40") of income groups, coupled with a reduction of personal income tax for the M40 group, the retail sector would get a respite from the government's policies.

In addition, the opening of China's borders in January 2023 in post COVID-19 era points to the potential of tourism-driven retail growth, as Chinese tourists come visiting Malaysia.

Notwithstanding the positive trends above, we are circumspect of the risk of economic recession in developed countries due to the current inflationary pressures and the continued geopolitical flashpoint in Europe, which will definitely affect Malaysia's GDP growth as well.

Senheng has been in the consumer electronics retail business for more than 30 years, and we have seen multiple crises to have enough of experience to ride through the challenges ahead.

We will continue unabated with our growth plans. Firstly, we aim to open up to 61 territory champion stores in the next three years, aiming for each store to be the preferred shop within a 5km radius for consumers to buy their hardware.

Then, we have also created a new brand name Senheng Mobile, to capture the mobile device market, specialising in mobile and digital gadgets, and telecommunication services and products. We will launch 40 stores nationwide in 2023.

Next, we are upgrading our online platforms to achieve a better user interface and experience that elevates the customer journey. We continue to build a seamless experience both on- and offline through greater integration, where our customers' online orders will be channelled to our sales force nationwide to replicate an engaging and premium in-store experience.

We are also strengthening our digital marketing strategy with adoption of artificial intelligence ("AI") solutions via our Customer Data Platform to enhance customer outreach. This personalized marketing approach is supported by a series of initiatives, such as additional one year warranty or replacement warranty for only RM9.90, as part of our effort to generate private traffic.

We believe that if we continue trying to do something new, whether in good times or bad times, we will certainly build a stronger and sustainable Senheng.

REWARDING SHAREHOLDERS WITH DIVIDEND...

The Company has a dividend policy of paying at least 30% of net profit attributable to shareholders as dividends.

Senheng is pleased to declare a second interim single-tier dividend of 0.7 sen per share payable on 16 June 2023. Adding to the first interim single-tier dividend of 0.5 sen per share, paid on 14 October 2022, total dividend payout amounted to 1.2 sen per share, or RM18.0 million, for FY2022. The payout translates to about 30% of the year's net profit of RM60.5 million, in line with the Company's dividend policy.

APPRECIATION

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

Further, do allow me to thank our business partners, brand owners, suppliers, PlusOne members and customers, and our valued shareholders for their unwavering support. We hope that we will continue to have an enduring relationship as we grow Senheng to be the leading Consumer Electronic Retailer in the country.

Mr Lim Kim Heng
Executive Chairman

Management Discussion and Analysis

Dear esteemed shareholders,

Senheng New Retail Berhad and its subsidiaries (“Senheng” or “the Group”) are embarking on new milestones in our path towards bringing the best shopping experience to Malaysian households. As the largest consumer electronics retailer in Malaysia, we look forward to shaping a future that will be marked with new brand channels, and technological and experiential transformations that will define the next phase of our journey to enrich Malaysian consumers.

The Group’s record revenue performance in the financial year ended 31 December 2022 (“FY2022”) underscores our leading position as a fulfiller of the insatiable need for consumer electronics, uplifting lifestyles of many across the nation. We have achieved this through our industry leading omnichannel retail approach that offers our customers a refreshing shopping experience, made possible by a seamless consumer experiential journey across our online platforms, retail stores, and superapp ecosystem.

As we continue to pursue business transformation, we hope to continue building a new retail landscape in Malaysia, that leverages on our strengths in retail experiences as well as integration of digital platforms and physical spaces.

Mr Lim Kim Chieng
President and Executive Director



Management Discussion and Analysis

BUSINESS OVERVIEW

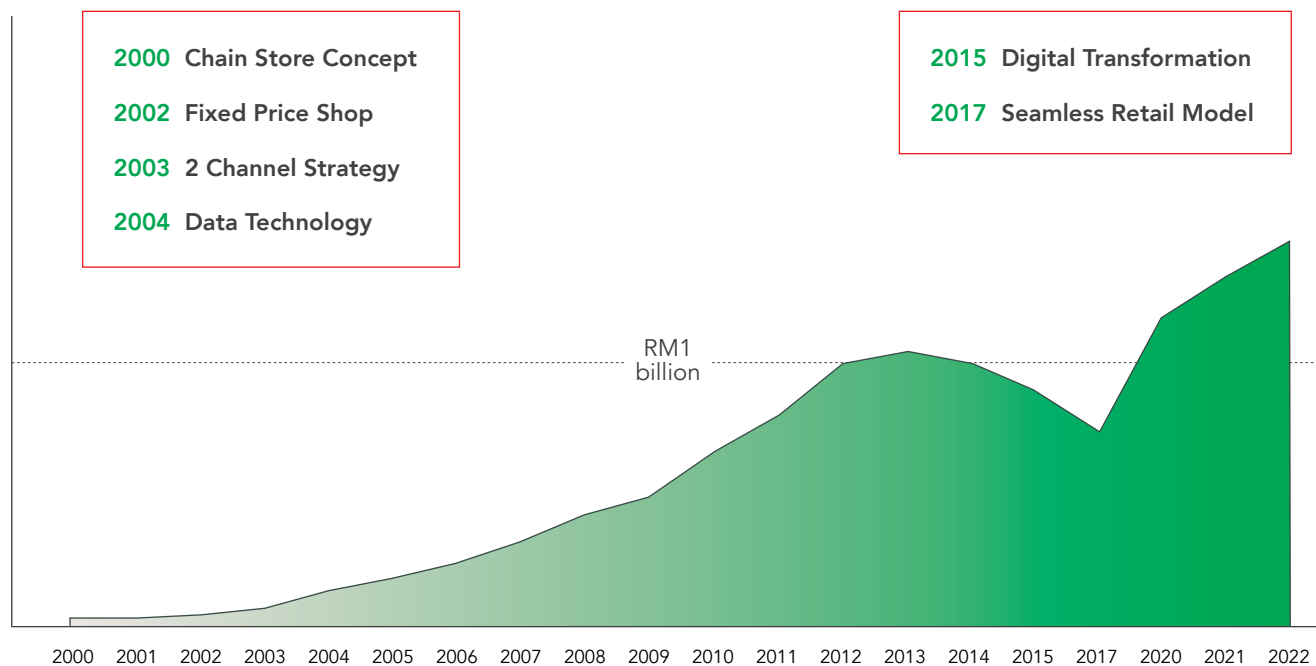
Senheng is the leading retailer of consumer electrical and electronics (“E&E”) products in Malaysia. The Group has a retail network of over 100 stores across every state in Malaysia, in addition to our Senheng Online store and e-commerce channels.

We serve a loyal membership base of 3.66 million PlusOne members and growing.

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

Senheng has constantly been innovative, implementing various branding and transformation initiatives that differentiated us from the rest. Our established track record points to our success in achieving excellence.

Revenue



The Group’s operations are categorised into two segments:

Retailing of consumer E&E products

The Group is involved in the retailing of more than 10,000 SKUs from over 280 renowned international and local brands, featuring a comprehensive range of digital gadgets, audio visuals, home appliances and related products. Complementary to this, the Group also provides delivery, installation, maintenance, and repair services for customers’ convenience and peace of mind.

Warranty Services

The Group offers three types of additional warranties to augment the accompanying manufacturer’s warranty for products purchased, through our PlusOne extended warranty, V-care extended warranty, and SWAP/replacement warranty. We offer an industry leading free one-year warranty add on that gives our members additional peace of mind.

Management Discussion and Analysis

OPERATIONS REVIEW

Senheng maintained healthy sales performance in FY2022, supported by our store expansion and upgrading efforts which had the positive effect of drawing in more customers, in addition to our continued refinement of digital marketing initiatives to reach more consumers online.

Store Upgrades/Expansions

Senheng is undertaking our main growth thrust, spanning over three years from 2022-2024, which involves upgrading our entire store network through the launch of 61 new or upgraded Territory Champion stores. We aim to have our stores feature the largest floor space and variety of consumer electronics, within a 5-kilometre radius of each store.

In FY2022, the Group had upgraded and set up a total of 16 outlets, namely:

- Upgraded 8 existing "Senheng" stores to "Grand Senheng" stores;
- Upgraded 2 existing "senQ digital stations" to "Grand senQ digital stations";
- Set up 3 new "Grand Senheng" stores in Kuala Lumpur, Kota Kinabalu, and Kuching;
- Set up 1 new "Grand Senheng Elite" store in Putrajaya;
- Set up 1 new "senQ Elite" store in Pavilion 2 Bukit Jalil; and
- Our first collaboration with "Samsung Electronics", to set up "Senheng x Samsung Premium Experience Store" in Four Seasons Place, Kuala Lumpur.

Senheng has a total of 109 physical stores in West and East Malaysia as at 31 December 2022, comprising 27 "Senheng" stores (FY2021: 34), 51 "Grand Senheng" stores (FY2021: 40), 2 "Grand Senheng Elite" stores (FY2021: 1), 27 "senQ" digital stations (FY2021: 30), and 2 "Grand senQ" digital stations (FY2021: 0).

▲ 34.6%

Brand distribution sales contributed **RM29.0 million** in revenue in FY2022

The continued enhancement of our physical store network is a crucial part of our growth strategy. Our enhanced and larger stores, such as "Grand Senheng" and "Grand Senheng Elite", have attained higher store productivity with 52% to 93% increase in average monthly sales per store compared to our typical stores, due to their ability to attract higher customer spending.

Improved digital marketing automation model

The Group is a pioneering adopter of fully-digital marketing model in Malaysia's retail industry. We made this decision in 2017 in line with an increasingly digital world with consumers spending vast amounts of their time online. We also established a Customer Data Platform ("CDP") in 2021 in partnership with Appier, a software-as-a-service provider, which provides a consolidated view of customer behaviour and purchasing preferences to curate more personalised marketing content and provide engaging digital experiences.

In 2022, we continued to transform our approach in targeting offline and online shoppers, through employing Appier's AI solutions designed to predict and generate precise marketing messages. By integrating Appier's technology solutions with our digital marketing processes, on top of existing partnerships with Google and Facebook, we have achieved better Return on Ad Spend of up to 48x compared to approximately 20x previously.

Expanded in-house distribution sales

The Group's brand distribution business started in 2021 with an aim to offer our customers an even wider range of products, comprising reliable foreign and in-house brands. Based on our data insights, we are able to curate selected brands and products that are relevant to the needs of our customers and meet their modern lifestyles.

Brand distribution sales contributed RM29.0 million in revenue in FY2022, growing 34.6% from the financial year ended 31 December 2021 ("FY2021"). With global supply chain issues making a gradual improvement, sales are expected to expand further in 2023 as the Group is able to rollout more brands.

Launched new pillars and services on Senheng App

Our Senheng App offers a new lifestyle ecosystem beyond consumer E&E to provide greater convenience and value to our customers. The Senheng App now features a comprehensive range of lifestyle products and services, such as food and beverage, leisure services, health, pet fashion, sportswear, and more.

Our PlusOne members are entitled to earn S-coin reward token for purchases of goods and services on the Senheng App, as well as from our retail and online stores, and can redeem S-coin for future purchases at all Senheng stores and platforms.

In 2022, we launched the S-Rewards Centre, which is powered by Alibaba Cloud's B2B2C technology. The S-Rewards Centre allows PlusOne members to earn S-Coin Cashback of up to 100% and redeem it as good as cash on purchases for various product categories.

As at 31 December 2022, the Senheng App has achieved total downloads of 1.3 million and 300,000 monthly active users.

Management Discussion and Analysis

FINANCIAL OVERVIEW

Senheng achieved a strong year in FY2022, as we fulfilled more sales of consumer electronics to households across Malaysia, and supported by our store expansions and upgrades which helped boost store productivity.

Statements of Profit or Loss and Other Comprehensive Income

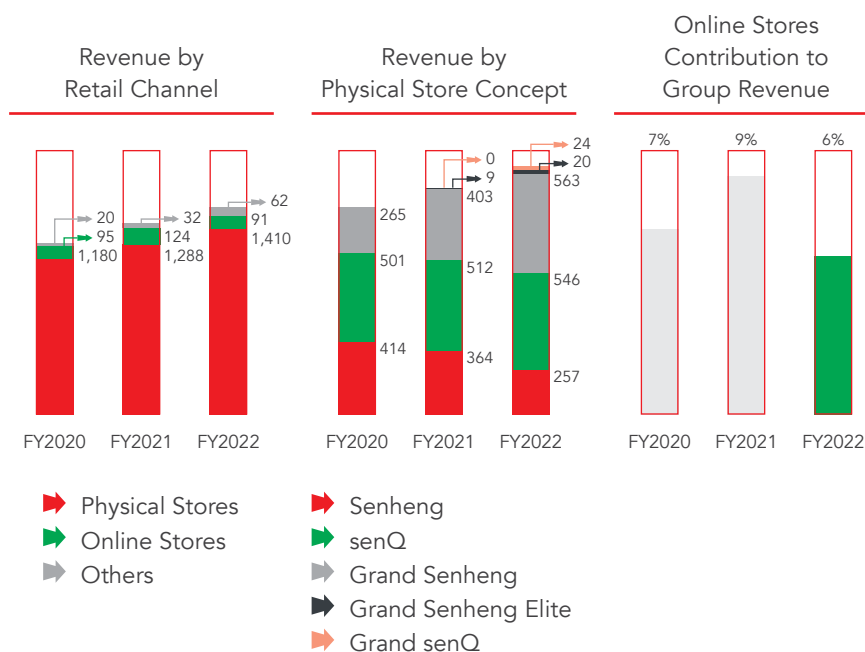
The Group maintained a firm growth momentum in FY2022 by recording its highest-ever revenue of RM1,562.2 million, improving 8.2% from RM1,444.1 million in FY2021. This achievement was driven by the Group's ongoing store expansion and upgrading strategy which captured more customers and sales, as well as mitigated challenges of a weaker retail sector in the second half of FY2022.

Across its operations, the Group's physical stores generated 9.4% higher revenue of RM1,409.5 million in FY2022. Physical stores contributed 90.2% to group revenue in FY2022 compared to 89.2% last year, supported by increased consumer retail activity following full economic reopening measures after the country's movement control orders in FY2021. This was in addition to the expanded and upgraded stores that have drawn in more customers.

The Group's online sales channels registered revenue of RM91.2 million in FY2022, a decline of 26.3% from FY2021 as some of our customers shifted their spending back to our physical stores after the retail sector fully opened in 2022. Consequently, online sales made up 5.8% of the Group's revenue in FY2022 compared to 8.6% in FY2021.

Meanwhile, contribution from other channels, registered revenue of RM61.5 million in FY2022, increasing 90.4% from FY2021. The growth was mainly contributed by corporate clients and our brand distribution business.

Revenue segment by channel (RM'000)



The higher revenue was also supported by increased digital marketing campaigns during the year. Our approach of fully digital marketing automation combined with data-driven personalised marketing, has enabled us to effectively reach out to more consumers, and with higher conversion rates on our marketing campaigns.

Meantime, our ongoing store expansion and upgrading programme to create "Territory Champions" has also proven to be a winning strategy. With a greater selection of products and improved shopping experience, the enhanced stores are drawing in more customers and PlusOne membership registrations, as well as attaining higher average spend per customer.

Store Concept	Average monthly sales per store		
	FY2022 (RM'000)	FY2021 (RM'000)	Change yoy (%)
"Senheng" stores	691	759	-9.0%
"Grand Senheng" stores	1,054	1,006	+4.8%
"Grand Senheng Elite" stores	1,337	1,125	+18.8%
"senQ" digital stations	1,609	1,421	+13.2%
"Grand senQ" digital stations	1,517	-	-

The Group registered higher average monthly sales per store ranging from 4.8% to 18.8% across its upgraded stores. The decline of 9.0% in Senheng store revenue was due to the conversion of eight out of 38 stores originally in FY2022 into larger format Grand Senheng and Grand Senheng Elite stores.

Management Discussion and Analysis

Meanwhile, group profit before tax (“PBT”) increased by 0.9% to RM85.3 million in FY2022 compared to RM84.5 million previously. Despite the significant topline enhancement, group PBT was weighed down by higher operating and administrative expenses, in line with our store expansion and upgrading initiatives, and one-off listing expense of RM1.7 million.

The Group’s net profit attributable to shareholders posted a 7.4% decline to RM60.5 million compared to RM65.3 million in FY2021, due to the above-mentioned factors.

Statement of Financial Position

We continued to reinforce a healthy balance sheet, with higher total assets of RM850.4 million as at 31 December 2022 compared to RM702.9 million a year ago. This was primarily contributed by higher cash and cash equivalents post-IPO in January 2022, as well as increased levels of property, plant, and equipment and right-of-use assets related to our store expansions.

Meanwhile, total liabilities reduced to RM321.3 million as at 31 December 2022 from RM469.2 million in the previous year.

The Group’s shareholders’ equity was enhanced to RM529.1 million as at 31 December 2022 from RM233.7 million in the previous year, on higher share capital post-IPO and improved reserves. The Group maintained a net cash position as at 31 December 2022, positioning it firmly to execute expansion strategies as well as withstand volatility in external conditions.

RISKS

Economic risks

Our business may be affected by developments that influence consumer confidence and spending, such



as variations in general economic and business conditions, fiscal and monetary policies of the Government such as tax policies, and unemployment trends.

To mitigate these demand and operating risks, we have focused on building brand affinity with consumers to become the most preferred choice, and reinforcing our leadership position in the retail space both through engaging online and physical experiences.

We also strive for greater operating efficiency through technology use, to increase automation and drive data insights that guide our decision making, as well as use a fully-digital marketing model to reach customers. These efforts provide us with enhanced competitiveness in the market.

Supply risks

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

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

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

Consumer purchasing trends

The Group’s future growth depends on our ability to continue attracting existing and new customers. With evolving consumer behaviour, changes in customer preference may impact our prospects.

We are backed by a robust database of 3.66 million loyalty members which has seen consistent growth every year, and are able to gain insights through data analytics on latest consumer trends to adapt our business strategies accordingly.

Management Discussion and Analysis

GROWTH STRATEGIES

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

To become "Territory Champions"

Our business insights tell us that our omnichannel model, where online and offline experiences merge to provide a complete and seamless experience to customers, is the way forward as communities become increasingly digital and mobile. Therefore, upgrading our physical stores is a highly important strategy, as it is where the majority of our customers get up close to their products of choice before making a transaction.

Going forward, we are opening new and/or upgrading existing "Senheng" stores into bigger "Grand Senheng", "Grand Senheng Elite", "Grand senQ" and "senQ Elite" stores. In total, we aim to set up/upgrade 61 new stores comprising "Grand Senheng", "Grand Senheng Elite", and "Grand senQ" by the end of 2024, which will carry the largest product range in their respective territory.

To expand new Senheng Mobile store concept

In 2023, Senheng launched Senheng Mobile, our new retail concept to capture opportunities in the large mobile phones and gadgets market. The Senheng Mobile strategy will focus on smaller format stores compared to our typical consumer electronics store.

We see a big opportunity to leverage on the Senheng brand in this space, and are targeting an aggressive launch of 40 Senheng Mobile stores in 2023.

Senheng Mobile will leverage on the Group's strong brand presence in Malaysia, and is poised to benefit from improving market sentiment in 2023 and beyond.

The Group also has a strong competitive edge to excel in the mobile phone and gadgets space because of our direct supply partnerships with major brands, that allows us to feature a wide range and consistent supply of leading premium products for our customers.

This new strategy aims to give us the nimbleness and competitiveness, due to the low start-up and operating costs.

To embark on "Online First" Initiative

Today, 90% of our customers start their journey with us online, with their first touch point being our e-commerce store, website, or online advertisements on social media. Therefore, enhancement of our customers' online experience is a fundamental strategy.

We are undertaking our Online-First Initiative which will take our omnichannel model to the next level. Our initiative starts with improving the user interface, the look and feel of our websites and all other e-platforms for an uplifting experience.

Also, we are leading the way in changing how online shopping works. We are upgrading the online shopping journey by connecting our 1,200-strong sales force nationwide to support all our online shoppers' post-sales needs, as well as provide personalised service and sales consultation. We envision that online shopping will no longer be a no frills and boring experience, but will now be a high touch, full-service activity that our customers can look forward to.

Other enhancements include offering seamless integration and choice between delivery or self-pick up at the nearest store, highly affordable warranty offerings, as well as choice of enjoying instant savings of up to 50% based on S-Coin redemptions or 100% cashback for future purchase.

Furthermore, we have embarked on a private traffic project, to establish a more personalised brand outreach through direct two-way communication with our customers. The increased engagement opportunities as well as delivery of personalised content, via social media, messaging platforms, and the Senheng App, allows us to build an active and vibrant community of loyal customers.

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

In 2020, we ventured into direct importation and distribution of high-potential international brands to provide additional selection of products to our customer base. This includes exclusive distributorship for "ROBAM" kitchen appliances and "JIMMY" vacuum cleaners and hair dryers, as well as our in-house "Delighto" brand featuring our own range of cookware products.

While sales improved in 2022, we faced slower than expected expansion in the venture due to the impact of global supply chain disruptions.

However, these global challenges have started to gradually recede, and we are expecting significant addition of brands in our portfolio in 2023, with a focus on kitchen appliances, home electricals, personal and beauty care appliances, Internet-of-Things and smart home products.

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

The Group has a leadership position in East Malaysia with 17 stores located in Sabah and Sarawak. Both states are experiencing economic growth and increasing income levels which will lead to greater demand for consumer electronics going forward.

Management Discussion and Analysis



The Group completed the expansion of capacity for our regional hubs in East Malaysia, which are located in Kota Kinabalu and Kuching, in the second quarter of 2022. This involved capacity increments of 200% and 380% respectively for both hubs.

We also intend to set up a Bintulu regional hub by the end of 2023 to serve as a distribution centre for physical stores and customers in Bintulu, Sibul and Miri to reduce delivery time and improve the efficiency of our logistics network.

To enhance Senheng App and PlusOne Loyalty Programme

With an increasing active user base on our Senheng App ecosystem and growing use of S-coin, we will launch more app pillars and services going forward, such as our S-Coin Redemption Centre in 2023. The S-Coin Redemption Centre will enable PlusOne members to redeem their S-Coin for more than 1,000 attractive products across multiple categories, such as groceries, babies and toys, hardware, home living and more.

To cater to the positive response from our PlusOne members, we are exploring the launch of more offerings in collaboration with third party service providers, including insurance, self-improvement/training services and e-waste management and disposal. We are even exploring plans for a

marketplace for trade-in/second hand goods, and a leasing platform for consumer products.

To boost our digital infrastructure

The Group's digital infrastructure powers our seamless retail model, comprising physical outlets across Malaysia and our online platforms. Continuous enhancement is necessary to ensure topmost efficiency as well as alignment to latest technological standards. We are implementing these enhancements to our digital infrastructure:

Establishing a data lake

The Group is upgrading our existing data repository system to a centralised data repository platform known as a data lake. The data lake will enable our organization to store operational data and customer communications in a non-duplicated, centralised manner which improves efficiency of data sharing across different business applications.

The use of data lake also enables more complex data analysis for better business decision-making. The system also facilitates better customer service, as detailed customer information can be efficiently collated to our customer service personnel for swift and personalised service and recommendation.

Upgrading existing technology platforms

We continue to upgrade our digital systems and solutions to take full advantage of our integrated technologies:

► Marketing Automation Platform

We are upgrading our digital marketing automation platform to ensure compatibility and integrability with the data lake and CDP to achieve better performance.

Through our marketing automation platform, we target better brand visibility and engagement, better conversion of advertisements into sales, enhanced cross-selling of products, upselling of higher value products, as well as more PlusOne member registrations.

► Business Intelligence System

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

APPRECIATION

I would like to extend my utmost gratitude to all that have contributed to Senheng's successes to date. This includes our Board of Directors, management team, and all employees for their exemplary work and efforts. My appreciation also goes to our valued business partners, PlusOne loyalty members, and shareholders for giving us your trust. We look forward to continue bringing the best retail experiences to Malaysians, and to bring the Senheng brand to new heights together.

Mr Lim Kim Chieng

President and Executive Director

Board of Directors' Profile



Lim Kim Heng

Non-Independent Executive Chairman

Malaysian	Age 62	Male
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Date of Appointment 21 May 2021

Number of Board Meetings Attended 8/8

Academic/Professional Qualification(s):

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

Lim Kim Heng joined our Board as Non-Independent Executive Chairman on 21 May 2021. With over 40 years of experience in the Malaysian retail industry, he is responsible for setting the business model, direction, and strategic planning for our Group. His vision and expertise have been instrumental in charting our Group's future growth trajectory.

Lim Kim Heng began his career in 1981 as a sales representative at Campbell Electronics Sdn Bhd. He was later promoted to the position of shop supervisor, where he managed the shop's daily operations. In 1986, he joined Senheng Sales and Services Sdn Bhd as the head of operations, responsible for the operations of retail outlets. In 1989, he cofounded Senheng Electric with his brothers, Lim Kim Chieng and Lim Kim Yew. Our business was later transferred to Senheng Electric (KL) Sdn Bhd in 1994, and the business license for Senheng Electric expired on 12 September 2002.

Under Lim Kim Heng's leadership, our Group has expanded from a single shop to become the largest consumer electrical and electronics chain retailer in Malaysia, with more than 100 physical stores and a workforce of approximately 1,700 employees. He has played a critical role in driving the overall strategic direction of our Group, including the adoption of chain store concept, fixed price policy, launching our PlusOne loyalty programme, undertaking a digital transformation of our business, and our seamless retail model. His leadership has been recognised through numerous awards received by our Group and himself personally.

In addition to his role as Non-Independent Executive Chairman of our Group, Lim Kim Heng holds other directorships in the Senheng Group of Companies and various private limited companies. His siblings, Lim Kim Chieng and Lim Kim Yew, also serve on our Board. Lim Kim Heng has a direct shareholding in our Company's substantial shareholder, SQ Digital Sdn Bhd.

Board of Directors' Profile

Lim Kim Chieng

President/Non-Independent Executive Director

Malaysian	Age 64	Male
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Date of Appointment 21 May 2021

Number of Board Meetings Attended 8/8

Academic/Professional Qualification(s):

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

Lim Kim Chieng serves as our President and Non-Independent Executive Director, having joined the Board on May 21, 2021. In his role, he oversees the sales, operations, and marketing aspects of our Group's business, including identifying business opportunities and sales trends. He is also responsible for developing and implementing new operational policies and strategies, such as our centralised logistics model, which has improved our supply chain's efficiency. Additionally, he works closely with our Chairman to implement digital transformation initiatives, including the implementation of our electronic document management system, business-to-business portal, warehouse management system, and mobile application, which have streamlined our operations.

Looking ahead, Lim Kim Chieng will continue to oversee our Group's overall human resources and business solutions, finance and business compliance, retail operations, logistics



and services, digital commerce and supply chain, and the implementation of our future growth plans and key initiatives.

Lim Kim Chieng began his career as a sales representative in a stationery shop in Kuala Lumpur in 1980 before becoming self-employed and carrying out small-scale renovations for offices, shop lots, and residential units in 1983. In 1989, he co-founded Senheng Electric with our Chairman and Lim Kim Yew (our business was transferred to Senheng Electric (KL) Sdn Bhd in 1994). Initially, he worked part-time, delivering goods to customers, before joining full-time as our sales manager in 1990, overseeing the sales and operations of all our physical outlets. Lim Kim Chieng holds other directorships in Senheng Group of Companies and various private limited companies. His siblings, Lim Kim Heng and Lim Kim Yew, also serve on the Board. He holds a direct shareholding in the Company's substantial shareholder, SQ Digital Sdn Bhd.

Board of Directors' Profile



Lim Kim Yew

Non-Independent Non-Executive Director

Malaysian	Age 61	Male
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Date of Appointment 21 May 2021

Number of Board Meetings Attended 8/8

Academic/Professional Qualification(s):

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

Lim Kim Yew is our Non-Independent Non-Executive Director, appointed to the Board on 21 May 2021. He has been responsible for devising and implementing outlet expansion plans over the years, including identifying suitable new locations for outlet expansion. He was also instrumental in the implementation of our ERP system and the creation of our franchise and incentive programs for store managers. Although he stepped down from being involved in our Group's day-to-day operations in 2017, he continues to provide his expertise and guidance to the management as a Director.

Lim Kim Yew began his career as an assistant interior designer at Interior Graphic (Malaysia) Sdn Bhd in 1981, where he worked on the interior design of offices and residential units. He later worked as an interior designer at Planscape (M) Sdn Bhd, where he focused on the interior design of open space

offices, before being promoted to the position of manager in 1986, where he assisted in the day-to-day operations of the company.

In 1989, he co-founded Senheng Electric, a partnership business together with our Chairman and President, and was initially responsible for handling the delivery of goods to customers and bill collections on a part-time basis. Three years later, he joined full-time as our administration manager, where he managed human resources and administrative matters, as well as billings and collections.

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

Board of Directors' Profile

Oh Keng Leng

Independent Non-Executive Director

Malaysian	Age 55	Male
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- ➔ Chairperson of Remuneration Committee
- ➔ Member of Audit and Risk Management Committee

Date of Appointment 14 June 2021

Number of Board Meetings Attended 8/8

Academic/Professional Qualification(s):

- ➔ Bachelor of Commerce degree from University of Melbourne, Australia in 1992
- ➔ Member of both the Malaysian Institute of Accountants and CPA Australia since 1995
- ➔ Member of ICDM since August 2021



Oh Keng Leng is an Independent Non-Executive Director on our Board, having been appointed on 14 June 2021. Mr. Oh began his career in 1992 as an audit associate with Arthur Anderson & Co, and subsequently joined our Group as finance manager in 1995, where he was responsible for financial and management accounting functions. He also played a key role in developing and implementing our fixed price policy, loyalty program, and franchising scheme.

After leaving our Group in 2005, Mr. Oh joined Borneo Technical Co (M) Sdn Bhd as finance controller in early 2006, where he managed several departments, including finance, accounts, banking, administration, human resource,

and information technology. He was later promoted to finance and operation director in 2010, where he added responsibilities for warehouse and logistics departments. In 2015, he joined Yokohama Distribution Services Sdn Bhd as finance and operation director, overseeing finance, accounts, banking, and administration departments, among others. In this role, he also helped set up branch offices and a distribution center.

Mr. Oh is not a director of any other public or public-listed company and has no family relationship with other directors or major shareholders of Senheng.

Board of Directors' Profile



Dato' Yeow Wah Chin

Independent Non-Executive Director

Malaysian

Age 63

Male

- ➔ Chairperson of Nomination Committee
- ➔ Member of Remuneration Committee

Date of Appointment 14 June 2021

Number of Board Meetings Attended 8/8

Academic/Professional Qualification(s):

- ➔ Bachelor of Economics (Honours) degree from Universiti Kebangsaan Malaysia in 1984
- ➔ Bachelor of Laws (Honours) degree from University College of Wales, Aberystwyth, United Kingdom in 1991
- ➔ Called to the Malaysian Bar as an advocate and solicitor in 1993
- ➔ Member of ICDM since August 2021

Dato' Yeow Wah Chin is an Independent Non-Executive Director on our Board since 14 June 2021.

Dato' Yeow's professional journey started as a trainee officer with Maybank in 1984, and later he served as a legal counsel in Maybank's legal department. After leaving Maybank in 1993, he co-founded Yeow & Salleh, where he currently holds the position of Managing Partner, and specialises in banking and commercial law matters.

Apart from his legal career, he has been serving as a legal advisor for the Yeow See Association in Melaka since 2015, and has previously been associated with the Bar Council Malaysia's advocates and solicitors disciplinary committee, conveyancing practice committee, and the Society of Interpreters of the Deaf in Selangor and Wilayah Persekutuan.

Dato' Yeow Wah Chin has been actively involved in the Lions Club of Kuala Lumpur Central since 1994, and initiated the formation of the Lions Education Foundation in 2011, which provides financial assistance to students with average academic results to further their tertiary education. He is also a board member of Lions Education Foundation, UKM Holdings Sdn Bhd, Institut Integriti Malaysia and 1MCA Medical Foundation.

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

Board of Directors' Profile

Ho Kim Poi

Independent Non-Executive Director

Malaysian	Age 60	Female
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- ➔ Chairperson of Audit and Risk Management Committee
- ➔ Member of Nomination Committee

Date of Appointment 14 June 2021

Number of Board Meetings Attended 8/8

Academic/Professional Qualification(s):

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



Ho Kim Poi is an Independent Non-Executive Director who joined our Board on June 14, 2021.

Ms. Ho started her career as a tax assistant with KPMG Malaysia in 1987 and rose to the position of senior tax consultant in 1988. She then moved to OYL Industries Berhad group of companies ("OYL Group") in 1990 as a finance and human resources manager. In this role, she was responsible for overseeing finance, human resource, and business development matters of the OYL Group.

In 1993, Ms. Ho joined Astra Pharmaceutical Sdn Bhd as its finance and human resources director, and following the worldwide merger between Astra AB and Zeneca group in 2000, she was re-designated as the finance and human resources director of AstraZeneca Sdn Bhd. Ms. Ho was promoted to the position of regional chief financial officer of South East Asia, India, and South Africa in 2001. In this role, she was responsible for financial matters and

strategies, including setting up shared service centers for the aforementioned regions.

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

Ms. Ho currently serves as an Independent Non-Executive Director on the board of directors of Mah Sing Group Berhad and Amway (Malaysia) Holdings Berhad. She has no family relationship with other directors or major shareholders of Senheng.

Board of Directors' Profile



Tan Ler Chin

Independent Non-Executive Director

Malaysian	Age 63	Female
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- ➔ Member of Audit and Risk Management Committee
- ➔ Member of Nomination Committee
- ➔ Member of Remuneration Committee

Date of Appointment 14 June 2021

Number of Board Meetings Attended 8/8

Academic/Professional Qualification(s):

- ➔ Bachelor of Economics (Honours) degree from Universiti Kebangsaan Malaysia in 1983
- ➔ Member of ICDM since August 2021

Tan Ler Chin is an Independent Non-Executive Director who joined our Board on 14 June 2021.

Ms. Tan career began in 1984 in the finance department of the Employees Provident Fund ("EPF"). Four years later, she moved to the investment department, where she managed the EPF's external fund managers and domestic investment assets, including Malaysian Government Securities, loans/debentures, equities, and money market placements.

In 1996, Ms. Tan was promoted to the position of Senior Investment Manager, specializing in fixed income investments and overseeing the EPF's fixed income investments in several major privatization projects in Malaysia. She was

then appointed as Head of Investment Compliance in 2009, ensuring that all investment settlements adhered to internal policies/guidelines and other related legal requirements.

From 2019 until her retirement in April 2021, she served as the Head of Risk Department, responsible for managing operational risks, technology risks, investment risks, and investment market risks of EPF.

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

Notes:

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

Key Senior Management's Profile

Mah Chin Niap

Senior Vice President of
Human Resource, Admin and
Corporate Compliance

Age 50

Male

Malaysian

Academic/Professional Qualification(s):

- ▶ Fellow member of Association of Chartered Certified Accountants
- ▶ Member of Malaysian Institute of Accountants

Mr. Mah joined Senheng Electric (KL) Sdn Bhd in 2008 as the Head of Finance Division, and was later promoted to hold the position of Chief Financial Officer in 2016. Since 6 December 2022, Mr. Mah is a Senior Vice President of Human Resource, Admin and Corporate Compliance Divisions to Senheng New Retail Berhad's Group.

Mr. Mah has more than 25 years of experience in the manufacturing and retail industries with a focus in areas covering finance & accounting, corporate finance, corporate management, governance, risk management and compliance.

Kiew Kor Shin

Chief Financial Officer /
Vice President of Finance

Age 32

Female

Malaysian

Academic/Professional Qualification(s):

- ▶ Member of Association of Chartered Certified Accountants
- ▶ Member of Malaysian Institute of Accountants

Ms. Kiew began her career as an account executive in Senheng Electric (KL) Sdn Bhd and was promoted as Head of Department for Corporate Accounts Department in 2014 to 2019. She was then promoted to hold the position as Division Head of Finance to Senheng New Retail Berhad's Group (the "Group"). She was promoted as a Vice President of Finance on 1 June 2022 and was subsequently appointed to hold the position as a Chief Financial Officer of the Group on 1 July 2022.

Ms. Kiew is a Chartered Certified Accountant with over 8 years of experience in corporate accounting, financial planning, and analysis. As the Chief Financial Officer, she oversees the overall finance-related matters for the Group, including financial compliance, reporting, and funding. She has a solid background in managing treasury, tax, and audit matters and has a track record of successful financial management and planning.

Phang Weng Nam

Senior Vice President of
Digital Commerce and Supply Chain

Age 42

Male

Malaysian

Academic/Professional Qualification(s):

- ▶ Bachelor of Science (Human Resource Development), Universiti Teknologi Malaysia

Mr. Phang began his career and joined Senheng Electric (KL) Sdn Bhd as an operation and sales executive in 2004. Over the years, Mr. Phang held the position as Division Head for Digital Gadgets and was subsequently promoted to become Vice President of Digital Commerce in September 2020. Since 1 June 2022, Mr. Phang holds the position as a Senior Vice President of Digital Commerce and Supply Chain.

Mr. Phang has more than 16 years of experience in supply chain management, digital commerce, and operations. He is responsible for driving the growth of our Group's online business and implementing supply chain strategies to enhance operational efficiency.

Key Senior Management's Profile

Ho Weng Hung

Vice President of Retail Operations and Retail Support

Age 43

Male

Malaysian

Academic/Professional Qualification(s):

➔ Bachelor of Mass Communication, Universiti Putra Malaysia

Mr. Ho began his career in Senheng Electric (KL) Sdn Bhd as an operation and sales executive in 2004. He was then promoted as an area manager to set up and expand new outlets in Sabah. In 2013, he was promoted to hold the position of a Head of "senQ" Division. From 1 September 2020 till current, Mr. Ho is a Vice President of Retail Operations and Retail Support.

Mr. Ho has more than 16 years of experience in sales, inventory management, and staff management. He oversees the outlets located in the central region, Sabah, and Sarawak, and executes policies and procedures for retail, logistic and service operations at all outlets.

Teng Kean Kheng

Vice President of Retail Operations and Management

Age 43

Male

Malaysian

Academic/Professional Qualification(s):

➔ Bachelor of Arts (Honours) in Business Administration, Anglia Ruskin University

Mr. Teng began his career in 2004 as a trainee team manager in Senheng (KL) Sdn Bhd. He was then promoted as an area manager in 2006. In 2013, Mr. Teng was promoted to hold the position of Head of "senQ" Division and subsequently as a Head of Retail Commerce, Logistics and Service Division based in Sabah and Sarawak. From 1 November 2020 till current, Mr. Teng holds the position as a Vice President of Retail Operations and Management.

Mr. Teng has more than 16 years of experience in sales, inventory management, and staff management. He oversees the outlets located in the southern region of Peninsular Malaysia, in addition to the northern and east coast regions, and drives strategies for our Group's outlets to achieve sales targets.

Tai Tze Yen

Vice President of Marketing and Communication

Age 51

Female

Malaysian

Academic/Professional Qualification(s):

➔ Bachelor of Business, University of Southern Queensland, Australia

Ms. Tai joined Senheng Electric (KL) Sdn Bhd as Division Head of Digital Marketing in early 2017 and was promoted to hold the position of Vice President of Marketing and Communication on 1 April 2022.

Ms. Tai has over 20 years of experience in marketing and advertising across various industries, including beauty, fashion and telecommunications. She oversees the branding, advertising and promotion of brands under the Group, and is responsible for implementing marketing strategies, conducting market research and other branding initiatives.

Notes:

1. None of the key senior management hold any directorship in other public companies and listed issuers.
2. None of the key senior management have any family relationship with any director and/or major shareholder of the Company.
3. None of the key senior management have any conflict of interest with the Company.
4. Other than traffic offences, none of the key senior management have been convicted for offences within the past 5 years.
5. None of the key senior management have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Sustainability Report

ABOUT THIS SUSTAINABILITY STATEMENT

We are pleased to present the second sustainability report for the Financial Year Ended 31 December 2022 ("FY2022") which details Senheng New Retail Berhad's sustainability initiatives and practices in our operations.

This report outlines our plan to promote environmentally responsible actions that improve our business plans and processes while ensuring steady growth that aligns with the priorities of our key groups – including business partners, local communities, customers, staff, shareholders, and suppliers.



REPORTING SCOPE

This report covers Senheng New Retail Berhad and its subsidiaries (collectively known as "Senheng" or "the Group", "we", "us", "our") for FY2022.

REPORTING FRAMEWORK

We have prepared this Report in accordance with Bursa Malaysia Securities Berhad ("Bursa Malaysia") Sustainability Reporting Guide, Malaysian Code of Corporate Governance (updated 2021) ("MCCG 2021") and Main Market Listing Requirements ("MMLR").

We have taken reference to the Global Reporting Initiative ("GRI") Standards Sustainability Reporting Guidelines. A GRI content index at the end of the report specifies the location of the relevant disclosures. In addition, Senheng's pursuit of sustainability is aligned with the United Nations' ("UN") Sustainable Development Goals ("SDG").

SUSTAINABLE DEVELOPMENT GOALS

REPORTING PERIOD

Complementing the Annual Report, this Sustainability Statement discloses all relevant sustainability information from 1 January 2022 to 31 December 2022, unless otherwise specified.

FEEDBACK

We welcome the feedback, suggestions and input of stakeholders on the report. You may contact us through our investor relations email at ir@senheng.com.my.

Sustainability Report

GOVERNANCE

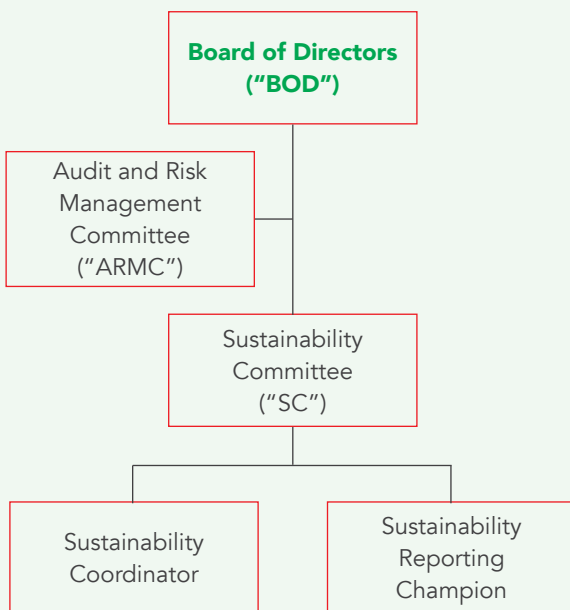
At Senheng, we are committed to ensuring that our business operates in a sustainable and responsible manner. We believe that good sustainability governance is essential for the long-term success of our company and for the well-being of the planet and society.

To achieve this goal, we ensure that our Group has a robust governance structure in place for sustainability to ensure effective implementation, monitoring, and enforcement of sustainability policies.

During the year, we have further refined our governance structure by establishing a Sustainability Committee to support the sustainability accountability of the Board. The Sustainability Committee is assumed by the War Room Committee ("WRC"), which consists of the Senior Management team i.e. President, Senior Vice President and Vice President for each division and subsidiary company.

The President and Executive Director shall be the Chairman of the Sustainability Committee. While the Senior Vice President and Vice President shall be the Sustainability Reporting Champion. On the other hand, Corporate Compliance and Management ("CCM") Department will serve as the Sustainability Coordinator.

The reporting lines are depicted as below as well as the overview of the key roles and responsibilities of the respective functions:



BOARD OF DIRECTORS

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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

SUSTAINABILITY COMMITTEE

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

SUSTAINABILITY COORDINATOR

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

Sustainability 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.

STAKEHOLDER ENGAGEMENT

We constantly engage with individuals, groups, and organizations who have an interest or stake in the economic, environmental, and social (“EES”) impacts of our business to ensure that we are meeting the needs and expectations of our stakeholders and contributing to the well-being of the communities in which we operate. At the same time, to build trust and legitimacy, and identify opportunities for collaboration and innovation.

The stakeholders identified for Senheng includes our employees, customers, suppliers, government agencies, local communities, shareholders, and other organizations that may be affected by or have an interest in our Group’s sustainability practices, as summarised below:

Stakeholder	Engagement	Frequency	Material Issues
Employees	<ul style="list-style-type: none"> Training and Development Programmes 	<ul style="list-style-type: none"> Monthly Quarterly Annually Ongoing 	<ul style="list-style-type: none"> Career development Equal opportunity
	<ul style="list-style-type: none"> Safety briefings 	<ul style="list-style-type: none"> Monthly 	<ul style="list-style-type: none"> Safe working environment
Customers	<ul style="list-style-type: none"> Advertisements Promotional Campaigns “Senheng”, “Grand Senheng”, “Grand Senheng Elite”, “senQ”, “Grand senQ” stores, Online Stores 	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Customer shopping experience Product quality and variety
Vendors/ Suppliers	<ul style="list-style-type: none"> Supplier assessment 	<ul style="list-style-type: none"> Annual/ Ongoing 	<ul style="list-style-type: none"> Fair pricing and terms Transparency Meetings and networking Relationship Management
Regulators/ Certification Bodies	<ul style="list-style-type: none"> Audits Site visits Dialogues with government/non-government bodies, regulators & agencies 	<ul style="list-style-type: none"> Ongoing/ As needed 	<ul style="list-style-type: none"> Corporate governance Legal & regulatory compliance Certifications
Local Communities	<ul style="list-style-type: none"> Community events Environmental awareness and education Livelihood support Employment support 	<ul style="list-style-type: none"> Quarterly/ As needed 	<ul style="list-style-type: none"> Social development Employment opportunities Social development/Corporate social activities
Shareholders	<ul style="list-style-type: none"> Annual Report Annual General Meeting Fund/analyst briefings Investor relations website 	<ul style="list-style-type: none"> Annual Annual Quarterly/ As needed As needed 	<ul style="list-style-type: none"> Corporate developments Financial performance Growth plans

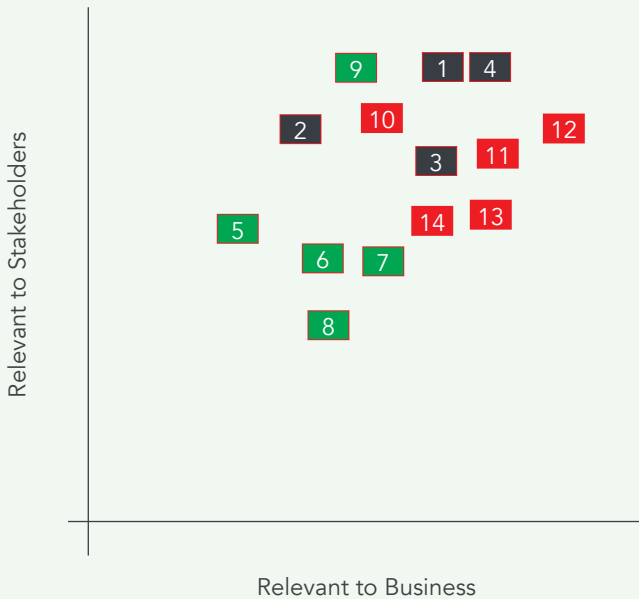
Sustainability Report

MATERIALITY ASSESSMENT

As we live in a VUCA world, it is important for us to identify and prioritize sustainability issues that are most relevant and significant to our business and stakeholders. This in turn help us to focus our efforts and resources on sustainability issues that have the greatest impact on our business operations and are of most concern our stakeholders.

The materiality assessment involves a systematic and transparent process of identifying, evaluating, and prioritizing sustainability issues based on their potential impact on the Group’s reputation, financial performance, and social and environmental impact, amongst others.

A series of workshops were conducted with representatives of key business units to determine the sustainability matters which are material to Senheng Group. Following the discussion, 14 material issues categorised under the EES pillars were identified as depicted below:



From thereon, strategies and action plans are developed to address these issues in a meaningful and impactful way. These are further described in the following sections. We will continue to strive for improvements in our practices in relation to these material issues.

ALIGNMENT TO SDGS

The UNSDGs provide a universal framework for addressing the most pressing economic, environmental and social challenges facing the world today, and are recognized as a key driver of sustainable development globally.

The material sustainability matters identified above are further analysed and aligned to the relevant SDGs to demonstrate our commitment to global sustainability priorities and objectives, increase transparency and accountability for our sustainability performance, and to help drive progress towards a more sustainable future.

No.	Material Sustainability Matters	Relevant Stakeholders	Relevant SDGs
ECONOMY			
1	Economic Performance	Employees, Shareholders	
2	Indirect Economic Performance	Local communities	
3	Procurement Practices	Employees, Shareholders, Vendors, Suppliers	
4	Governance & Ethics	Employees, Customers	
ENVIRONMENT			
5	Energy Consumption	Regulators, Community	
6	Water	Regulators, Community	
7	Waste Management	Regulators, Community	
8	Carbon Emission	Regulators, Community	
9	Environmental Compliance	Regulators, Community	
SOCIAL			
10	Diversity and Opportunity	Employees	
11	Training and Development	Employees	
12	Product Quality and Safety	Employees, Customers	
13	Occupational Health and Safety	Employees	
14	Corporate Social Responsibilities	Employees, Communities	

Sustainability Report

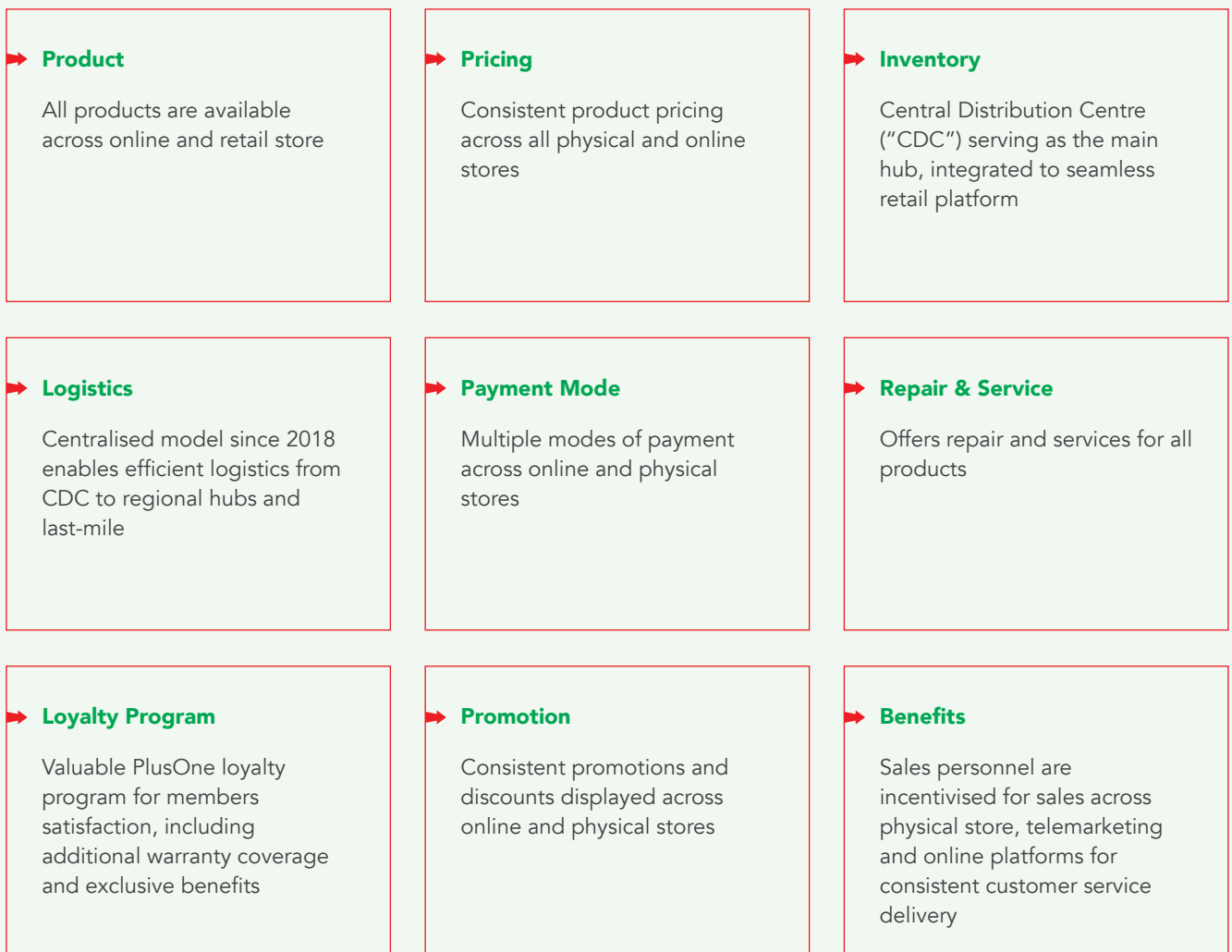
ECONOMIC

ECONOMIC PERFORMANCE

Senheng, founded in 1989, is the foremost consumer electronics retail chain in Malaysia, boasting a network of over 100 physical stores across the country. Our two prominent brands, "Senheng" and "senQ," are well-known and trusted in every region of Malaysia. Senheng is dedicated to fostering sustainable growth and providing value-added services for all of our stakeholders. Our overarching goal is to drive economic growth and employment opportunities within local communities throughout Malaysia through our business operations.

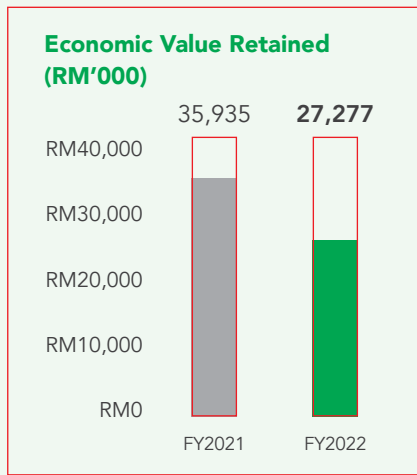
Over the years, Senheng has established a solid online presence and is integrated with our network of physical locations to provide customers with a seamless shopping experience and to boost economic performance. We offer a unified and uniform shopping experience in terms of goods, costs, and promotions with our seamless retail strategy. Customers can be guaranteed that whatever they read or see online is also available in any of our physical stores. Customers' decision-making will be made easier by the standardisation, which will also prevent sales cannibalisation among stores. Customers who shop with us online can select either in-store pickup or direct delivery of their purchases.

Senheng's Seamless New Retail Model aligns 9 key aspects of new retail concept for seamless efficiency and customer experience as follows:



Sustainability Report

We strive to boost our societal contribution by augmenting the value produced and allocated through our activities. We reinvest the economic value we retain from our operations to promote growth, increase competitiveness, and improve efficiency. These efforts are aimed at sustainable and long-term value creation for our stakeholders.



In FY2022, Senheng generated RM1.56 billion in economic value, comprising revenue from our trading activity and warranty services. On the other hand, overall economic value distributed amounted to RM1.53 billion, encompassing employees' wages and benefits, payments to suppliers and service providers, creditors, shareholders, government, as well as community investments. This resulted in the economic value retained amounted to RM27 million, which will be used to support our ongoing expansion and finance new projects. While the direct economic value generated increased during the year, economic value retained reduces due to the increase in operating expenses.

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

During the year, Senheng launched a new Central Distribution Centre ("CDC") in Bandar Bukit Raja, Klang, as part of our expansion plan. The CDC has a built-up area of approximately 280,000 square feet, and it is 4 times larger than its previous centre. This strategic move is aimed at meeting the increasing demand from Malaysian consumer at the same time to boost economic performance. In addition, Senheng has unveiled plans to expand and upgrade several of our locations in the third quarter of the year. Residents of Kota Kinabalu, Kangar and Nilai will be able to enjoy the newly refurbished stores located in the vicinity of their homes.

Senheng will maintain our commitment to expanding our stores and enhancing our offerings throughout Malaysia. One of the new initiatives include "Senheng Mobile", the third brand extension of Senheng Electric KL, following Senheng and senQ. The introduction of Senheng Mobile is our distinctive response to the ever-growing demand for gadgets among consumers, as it enables us to provide the best in mobile technology under a single roof.

Post financial year, we have a total of 5 Senheng Mobile outlets opened across the nation. Our Senheng Mobile places a strong emphasis on enhancing the experiential aspect of our customer journey which is a core aspect of Senheng's expertise. Our goal is to provide customers with a delightful and satisfying shopping experience, starting from the moment they enter our storefront and continuing through to our exceptional after-sales service. This approach aligns with Senheng's philosophy of treating customers similar to loved ones.

	Targets and commitments	Performance targets	Performance
2021	Annual Sales growth	Above 10%	Maintained at above 10%
	Annual profit growth	Above 10%	Maintained at above 10%
	Dividend distribution policy	At least 30%	Payout of 30%
2022	Annual Sales growth	Above 10%	Maintained at above 10%
	Annual profit growth	Above 10%	Maintained at above 10%
	Dividend distribution policy	At least 30%	
2023	Annual Sales growth	Above 10%	
	Annual profit growth	Above 10%	
	Dividend distribution policy	At least 30%	

INDIRECT ECONOMIC IMPACTS

Indirect economic impacts arise primarily as additional outcomes from direct economic action. Senheng is aware of these effects and the associated responsibilities. Helmed by visionary leaders, Senheng aims to provide customers with a wide range of electronics relevant to their lives, coupled with knowledgeable and helpful service.

The indirect economy benefits from Senheng's leading role in the change towards a more sustainable retail industry include contribution to better standards; a durable, resource-efficient retail infrastructure; knowledge transfer within the retail industry; and through strong and long-term relationships with suppliers. There is no management approach to indirect economic impacts in the narrower sense. Instead, the company works with relevant stakeholders concerned to identify the best solutions in each situation.

Sustainability Report

Senheng's indirect contribution to the economy can be seen through its tax payments, investments, and donations. In FY2022, the company paid over RM24 million in taxes, which helped to support the government's efforts to provide public services to the citizens. Additionally, Senheng invested more than RM83 million in its operations, which created employment opportunities and contributed to economic growth.

MORE Please refer to the section on Diversity and Opportunity for more information on employment.

Senheng has implemented several initiatives to promote economic growth and development, including partnerships with local suppliers and community development programs.

MORE Please refer to the section on Procurement Practices and Corporate Social Responsibilities of the Sustainability Report for more information on supplier management and community engagement respectively.

GOVERNANCE & ETHICS

Senheng is dedicated to upholding the highest standards of professional conduct, as well as promoting integrity and ethical behavior, in order to ensure compliance with relevant laws, regulations, and policies. We place a strong emphasis on sound corporate governance to achieve this goal.

We have in place clear and concise frameworks and policies such as Compliance and Risk Management Framework and Anti-Bribery and Corruption Policy to achieve our commitment.

Anti-Bribery and Corruption Policy

The Group has a strict policy against all forms of bribery and corruption. Any employee who becomes aware of an actual or potential breach of applicable laws or the Group's Anti-Bribery and Corruption Policy must immediately disclose the

issue in accordance with the specified reporting channels and whistleblowing policy guidelines.

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

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.

In FY2022, there were 12 cases of misconduct within Senheng. Senheng has promptly addressed the issue and reprimanded the employees involved.

	Targets and commitments	Performance targets	Performance
2021	Percentage of employees on ABAC training	All employees	
	Corruption case reported and action taken	Maintain 0 cases	0 cases reported
	Percentage of operation accessed for corruption-related risk	100%	All ABAC risk registers accessed
	Number of breaches of customer and privacy data	0 breaches	0 confirmed breaches
2022	Percentage of employees on ABAC training	All employees	
	Corruption case reported and action taken	Maintain 0 cases	0 cases reported
	Percentage of operation accessed for corruption-related risk	100%	All ABAC risk registers accessed
	Number of breaches of customer and privacy data	0 breaches	0 confirmed breaches
2023	Percentage of employees on ABAC training	All employees	
	Corruption case reported and action taken	Maintain 0 cases	
	Percentage of operation accessed for corruption-related risk	100%	
	Number of breaches of customer and privacy data	0 breaches	

Sustainability Report

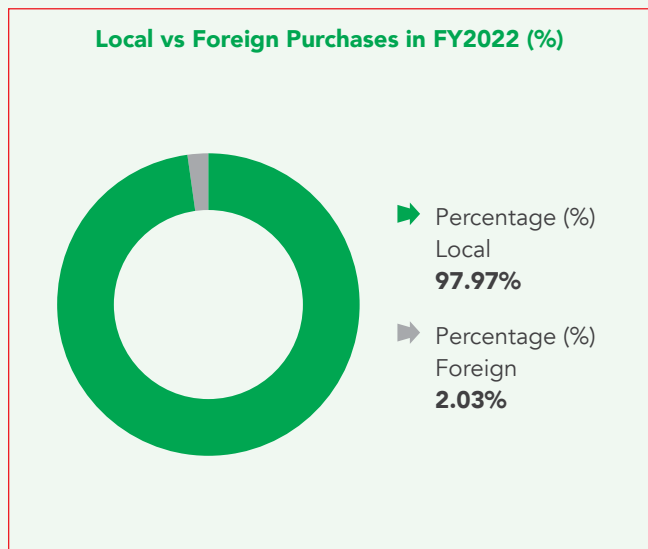
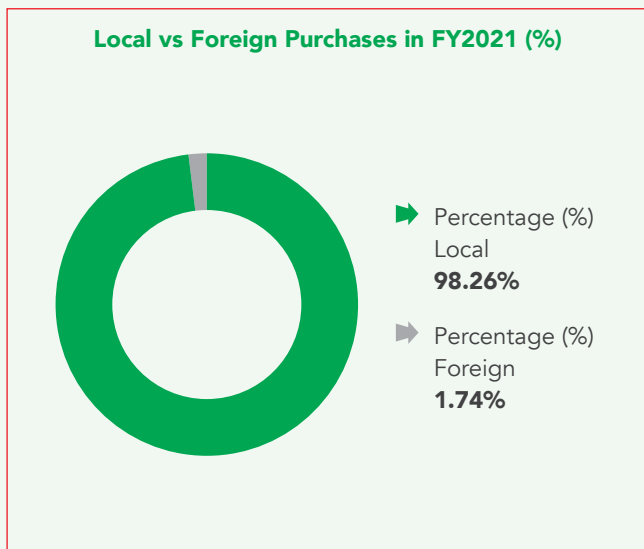
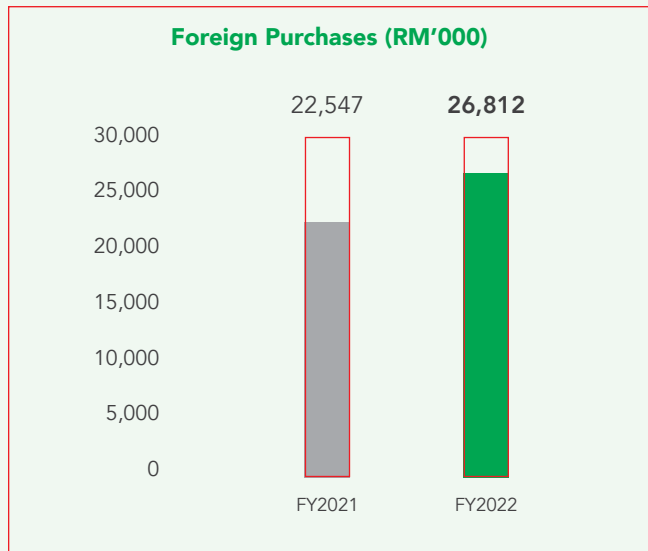
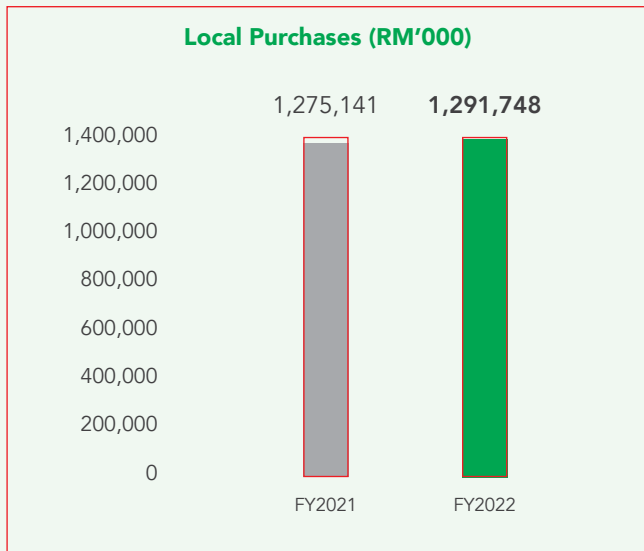
PROCUREMENT PRACTICES

Senheng’s procurement processes entails a high volume of purchases. As a retail chain, almost all of our products sold are purchased from local electronics companies. As such, our inventories constitute a large part of our current assets. A prudent procurement strategy with a strong local orientation and focus on cooperative relationships with suppliers is needed to ensure timely inventory turnover for Senheng.

All suppliers are required to fill-up the Trade Supplier On-boarding Form and submit the signed anti-bribery and corruption policy agreement as part of the pre-qualification and assessment for trade suppliers. This is to ensure that trade suppliers are able to meet KPI for better performance.

Our purchases from FY2021 to FY2022 are shown as below:

Year	Purchases (RM'000)			Percentage	
	Local	Foreign	Total	Local	Foreign
2021	1,275,141	22,547	1,297,688	98.26%	1.74%
2022	1,291,748	26,812	1,318,560	97.97%	2.03%



Sustainability Report

Senheng predominantly sources its goods from local suppliers as it brings about a couple of benefits such as cost savings and maintaining strong relationships with local suppliers. Local suppliers may be more willing to offer favourable prices, given their proximity and reduced shipping cost. Furthermore, Senheng maintains long-term relationships with local suppliers, which can lead to better communication and more efficient procurement processes.

In FY2022, Senheng has purchased 97.97% of total purchases locally, compared to 98.26% in FY2021.

	Targets and commitments	Performance targets	Performance
2021	Proportion of spending on local suppliers (SSM registered)	90% for local suppliers	Maintained at above 90%
	Suppliers to meet Group SCOC	All suppliers	
2022	Proportion of spending on local suppliers (SSM registered)	90% for local suppliers	Maintained at above 90%
	Suppliers to meet Group SCOC	All suppliers	
2023	Proportion of spending on local suppliers (SSM registered)	90% for local suppliers	
	Suppliers to meet Group SCOC	All suppliers	

ENVIRONMENT

ENVIRONMENTAL COMPLIANCE

As Malaysia's premier consumer electronics retailer, we prioritize compliance with all applicable local regulations concerning environmental protection and waste management in our operations. We take proactive measures to minimise our environmental impact in our daily activities.

There were zero non-compliance reported during the year.

	Targets and commitments	Performance targets	Performance
2021	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
2022	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
2023	Paperless initiatives – digitalised documents	95% issued in electronic format	
	Compliance to DOE environmental regulatory	0 cases compounded from DOE	

ENERGY CONSUMPTION

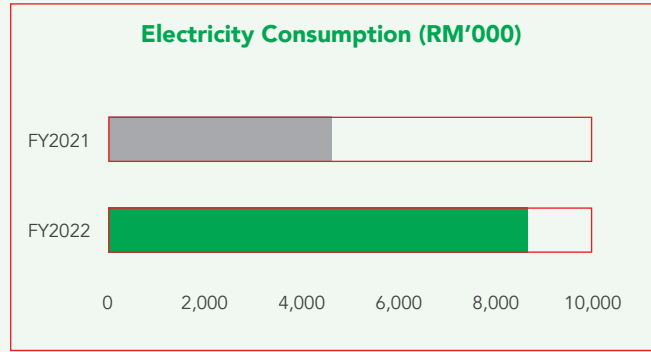
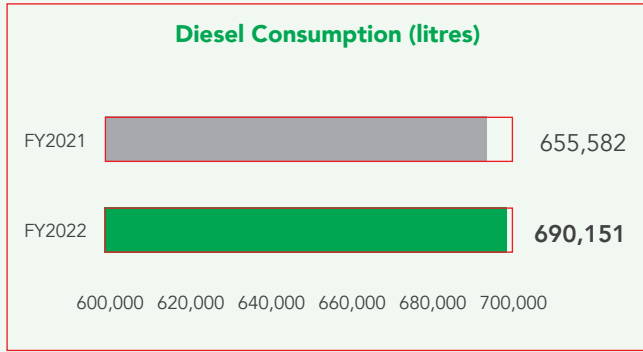
Malaysia's energy mix is dominated by fossil fuels, with oil, gas, and coal accounting for more than 90% of the country's energy consumption. In terms of electricity generation, Malaysia relies heavily on natural gas, which accounts for more than 60% of the country's electricity generation. However, Malaysia has also been investing in renewable energy sources, such as solar and wind power, in recent years.

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

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

Sustainability Report

Our logistics fleet has consumed 690,151 litres of diesel fuel in FY2022, compared to 655,582 litres in FY2021. The higher fuel consumption was due to the lifting of MCO 2021 and higher job orders in FY2022.



Electricity Consumption (in RM'000)

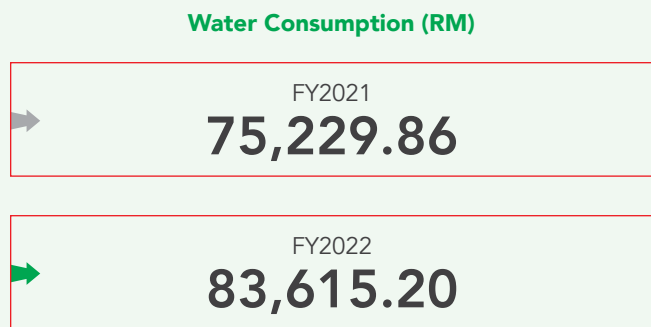
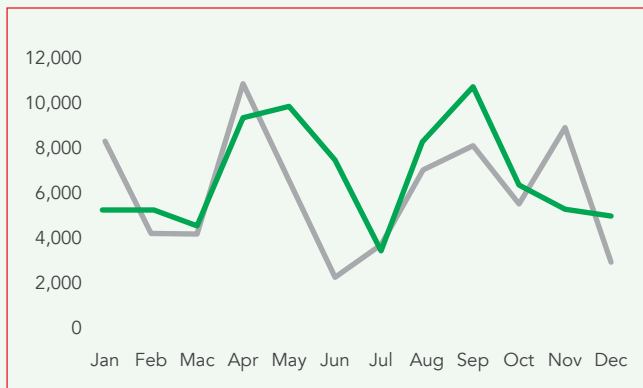


In FY2022, Senheng has spent RM8.6 million on electricity bills. This inflated figure is due to electricity bills in November and December 2021 being paid on Q1 FY2022. The adjusted figure for FY2022 will be RM7.2 million.

Targets and commitments	Performance targets	Performance
Reduce electricity consumption by installing LED lights	100% for all outlets by 2025	

WATER

As a responsible retail organisation, we recognise the significance of protecting the earth's natural resources, with water ranking as one of the most crucial ones. Senheng is dedicated to minimising its environmental effect through reduced water use in daily operations.



In FY2022, Senheng has paid a total of RM83,615.20 for water expenses, a 11.1% increase from FY2021. As Senheng continues to grow and add more showrooms after MCO 2020 and 2021, water consumption has thus increased in direct proportion to the number of showrooms. The volatility in the graph above is due to water consumption data recorded every 2-3 months for some of our showrooms. Looking at the trendline, the water consumption throughout the year is consistent.

Targets and commitments	Performance targets	Performance
Harvesting rainwater	To install HRW system in all LO by 2024	

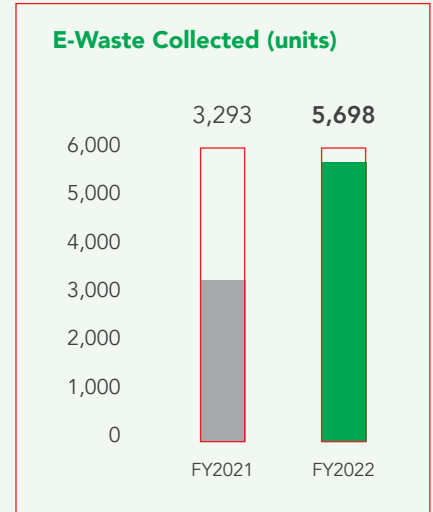
Sustainability Report

WASTE MANAGEMENT

When e-waste is being disposed of and incinerated, it results in a loss of resources as it contains valuable resources such as gold and silver, as well as increased carbon emissions that contribute to global warming and climate change. E-waste also contains small amounts of heavy metals that can be hazardous to the environment and health if not handled properly. With the increasing use of electrical and electronics goods in our society, it is imperative to maintain proper collection and management system for safe disposal and recycling of electronic waste (e-waste) to safeguard against environmental impact.

In FY2022, we collected 5,698 units of e-waste compared to 3,293 units in FY2021. Since FY2013, the program has collected a total of 13,141 units of e-waste, preventing them from entering landfills and polluting the environment.

	Targets and commitments	Performance targets	Performance
2021	Styrofoam and item boxes recycled	80 tonnes	105 tonnes collected
2022	Styrofoam and item boxes recycled	80 tonnes	98 tonnes collected
2023	Styrofoam and item boxes recycled	80 tonnes	



EMISSIONS

As a responsible corporate citizen, Senheng is committed to managing and reducing our carbon emissions. We aim to minimise our carbon footprint by implementing sustainable business practices, such as improving energy efficiency in our stores and warehouses, utilizing renewable energy sources wherever possible, and promote the use of environmentally-friendly products and packaging materials. We also prioritise reducing our reliance and usage of fossil fuels in our operations and strive to optimise logistics routes to reduce fuel consumption.

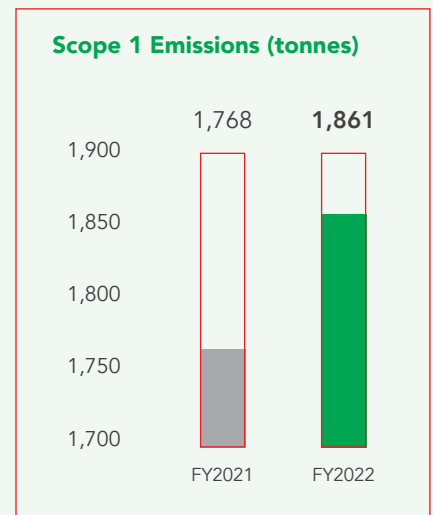
To achieve this, we regularly monitor and evaluate our carbon emissions to identify areas where we can further reduce our impact on the environment. By taking these steps, we strive to contribute to a greener and more sustainable future for our planet.

The following formula will be used to determine the CO₂ equivalent (“CO₂e”) for Scope 1 emissions.

$$\text{Emissions GHG, fuel} = \text{Fuel Consumption fuel} * \text{Emission factor GHG, fuel}$$

Following the emission factor from United States Environmental Protection Agency (“US EPA”), Senheng has adopted the latest emission factor for mobile combustion, 10.21 kg of CO₂ emissions per gallon or 0.002697 kg of CO₂ emissions per litre of diesel and has computed the amount of CO₂e for FY2021 and FY2022.

Obtaining the requisite electricity consumption data and the corresponding carbon emission data has proven to be challenging for us, given our widespread network of retail chains across Malaysia and the region’s varying emission factors. Nonetheless, we remain committed to refining our data collection process



regarding electricity consumption to calculate the relevant carbon emission data accurately.

In FY2022, Senheng’s greenhouse gas emissions (“GHG”) from our fleet fuel consumption are 1,861 tonnes of CO₂e, a 5 percent increase compared to 1,768 tonnes in FY2021.

Sustainability Report

SOCIAL

DIVERSITY AND EQUAL OPPORTUNITIES

Senheng recognises the necessity for talent that meets the complexity of the world it operates in order to withstand the shift in societal developments. Diversity, equality, and inclusion are necessary to unlock the power and potential of all that talent, which is mirrored across the Group’s various management levels and has increased in balance over the years.

Integrating ESG considerations into a company’s approach to diversity and equal opportunities can have several benefits, including improved employee engagement, enhanced reputation, increased innovation, and reduced risk. It is becoming increasingly important for companies to prioritize

diversity and equal opportunities as part of their broader ESG strategies in order to remain relevant and competitive in a rapidly changing business landscape.

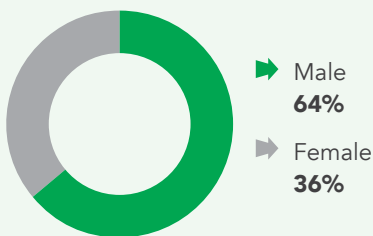
We instil the value of diversity through hiring and promoting on the basis of integrity and merit. Our staff includes people from many cultures and backgrounds, allowing them to contribute special ideas and insights that will strengthen our organization. We embrace a policy of zero tolerance for any kind of discrimination against people based on their race, religion, gender, age, or nationality.

According to our Code of Ethics Policy, we adhere to equal opportunity and are committed to making sure that no harassment, whether it be from co-workers or visitors, is tolerated at work. Our whistleblower channels can be used to report any instances of non-compliance.

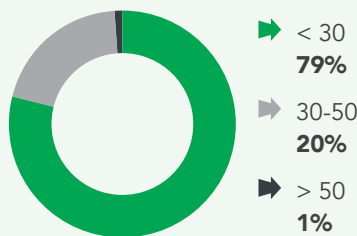
New Employee Hires & Attribution

Senheng Group **FY2022 : 241**

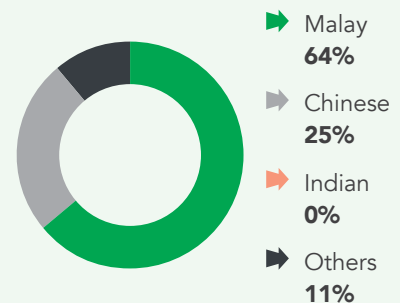
New Hires Profile By Gender



New Hires Profile By Age Group

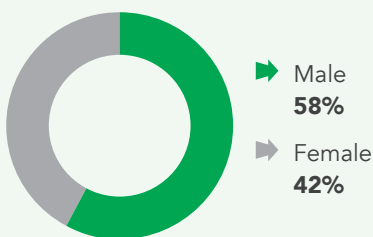


New Hires Profile By Ethnicity

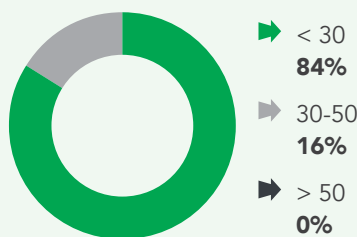


Senheng Group **FY2021 : 525**

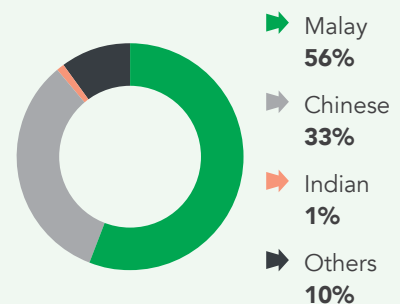
New Hires Profile By Gender



New Hires Profile By Age Group



New Hires Profile By Ethnicity



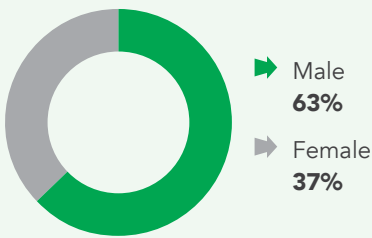
In FY2022, Senheng had 1,837 employees in total compared to 2,005 employees in FY2021 with a slight increase in women’s ratio from 35.41% in FY2021 to 35.49% in FY2022. Senheng recognizes and realizes that the nature of the business in general would attract more male workers compared to women workers, however Senheng will be looking at integrating and increasing women participation in all levels of management in the future.

Sustainability Report

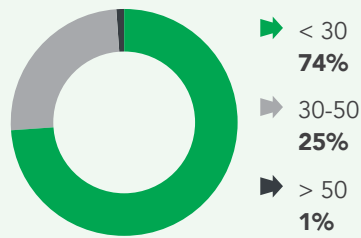
Employee Turnover Rate

Senheng Group **FY2022 : 701**

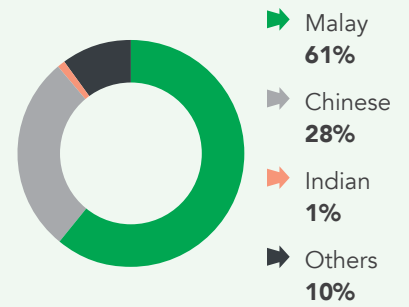
Resignees By Gender



Resignees By Age Group

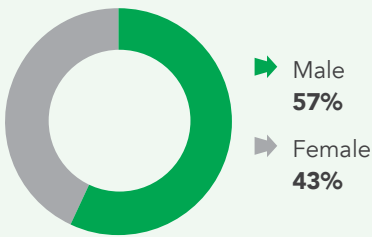


Resignees By Ethnicity

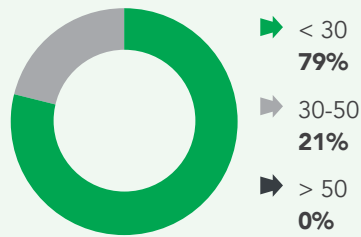


Senheng Group **FY2021 : 618**

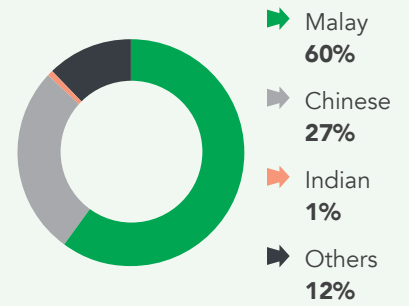
Resignees By Gender



Resignees By Age Group

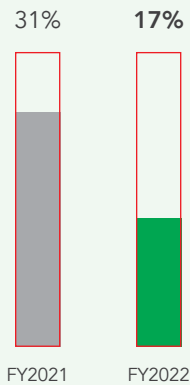


Resignees By Ethnicity



Comparison of Employee Turnover Rate for the past 2 years

Employee Turnover Rate

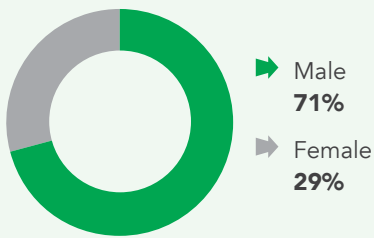


Sustainability Report

Board of Directors

There were no changes in Board Composition between FY2021 and FY2022.

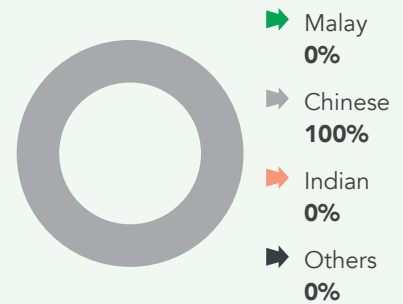
**Board of Directors
By Gender**



**Board of Directors
By Age Group**



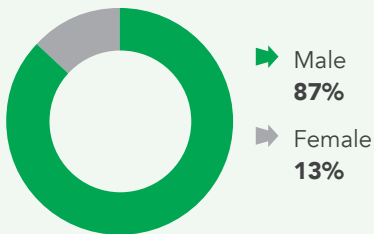
**Board of Directors
By Ethnicity**



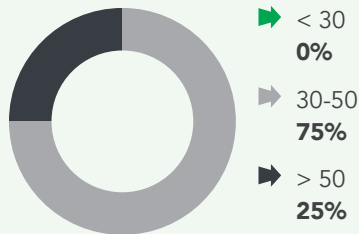
Senior Management

There were no changes in Senior Management changes from FY2021 and FY2022.

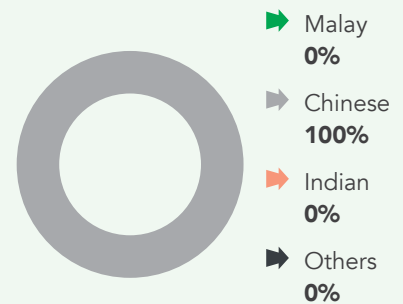
**Senior Management
By Gender**



**Senior Management
By Age Group**



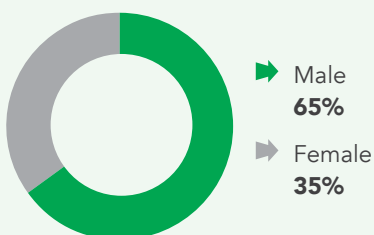
**Senior Management
By Ethnicity**



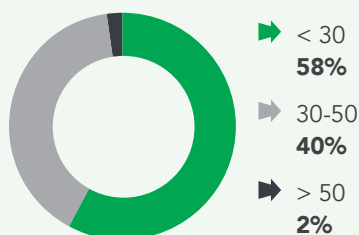
Total Employees

Senheng Group **FY2022 : 1,837**

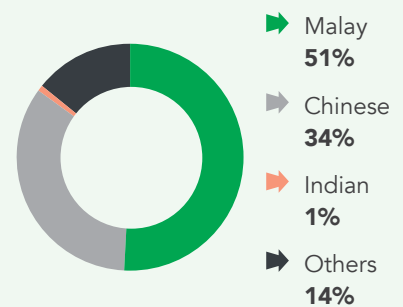
**Total Employees
By Gender**



**Total Employees
By Age Group**



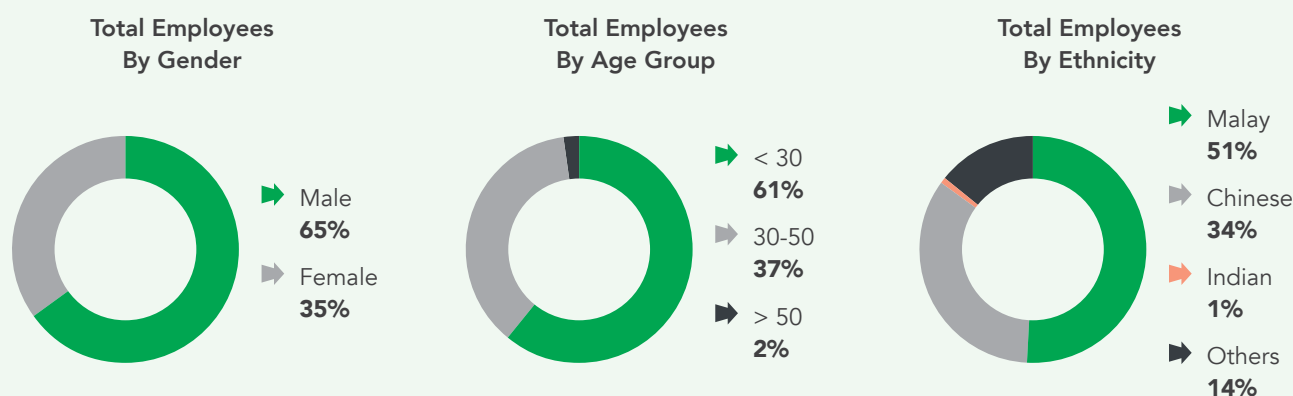
**Total Employees
By Ethnicity**



Sustainability Report

Total Employees

Senheng **FY2021 : 2,005**



Employee Benefits and Compensation

An organisation's benefits offering can play an important role in an employee's sustainability efforts and attracting new talent as well as achieving long-term sustainability goals. The potential of people who improve the world is unlocked every day by Senheng employees who contribute everything they have. This work is crucial and significant, and it is only feasible due to our devoted employees. As a result, our employees are our primary focus.

We provide each employee with a full range of benefits which are standard for full-time employees working in any or all Senheng's offices, such as, among others:

➔ Physical Well-being

- Personal Accident Insurance Coverage (Death or Permanent Disability due to accident)
- Hospitalisation and Surgical benefits
- Dental benefits
- And more

➔ Balanced 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

As a family-friendly firm that supports work-life balance, we have paternity, maternity, family care leave, and benefits in place to rebalance the distribution of work and care within families. Paternity and maternity leave can help to promote diversity and inclusion in the workplace by ensuring that all employees, regardless of gender or family status, have equal access to time off to care for their children.

Providing paternity and maternity leave can help to create a positive work culture that values employee well-being, promotes diversity and inclusion, and ensures legal compliance. It can also help a company attract and retain top talent in a competitive job market.

Employees are also given time off when they or a member of their household receives the COVID-19 immunization and given option to work from home (further details on measures to be taken are incorporated in Senheng's BCP – Infectious Disease Response Plan).

Number of Employees Utilised Parental Leaves

	Paternity Leave	Maternity Leave
2022	24	27
2021	33	38

Sustainability Report

EMPLOYEE TRAINING & TALENT DEVELOPMENT

Having a team that performs at its best is essential in our attempt to be in line with the Group's vision and objectives. Through our primary talent development strategy, we consistently improve the talents and competences of Senheng's personnel by offering pertinent training programs and learning interventions which includes trainings directed by SH Retail Academy Sdn Bhd, our outsourced training provider.

Senheng also provides virtual study trip to their employees on a yearly basis. The virtual study trip conducted in relation to Senheng's business is provided to employees with positions from Assistant Manager to Senior Vice President. This program was successfully conducted for FY2020, FY2021, and FY2022.

Number of interns that were engaged for FY2021 and FY2022 to resume working with Senheng after completion of their study is stated as below:

FY	Total Intern	Conversion
2022	18	4
2021	26	2

In addition, the Group maintains an incentive training program to assist retain high-performing store managers. Shortlisted managing candidates who have met specified performance metrics are given the option to earn commissions on retail sales. Qualified store managers will also have the possibility to join the Group as a franchisee at the conclusion of the incentive program.

RM1 million have been allocated by the Group for training purposes with an average of eighteen (18) hours per employee. The purpose of this allocation is to have different courses for employees in the upcoming months in FY2023. A total of 3,248 employees at Senheng attended training sessions for 13,496 hours in FY2022 with an average of 4.16 training hours per employee, whereas a total of 9,100 employees attended training sessions for 35,084 hours in FY2021 with average of 3.86 training hours per employee, as listed below:

No.	Training Course Conducted – FY2022
1	Basic 5S Productivity for Workplace
2	Basic 5S Productivity for Workplace (F2F)(CDC)
3	Basic 5S Productivity for Workplace (Online)
4	Customer Service
5	Customer Service for Home Delivery

No. Training Course Conducted – FY2022

6	Customer Service Management for Store Managers (Grade B & C)
7	Entrepreneurship and Self-Management for Franchisee
8	Executive Diploma in Leadership & Management - Module 1 (Class 1 & Class 2)
9	Executive Diploma in Leadership & Management - Module 2 (Class 1)
10	Executive Diploma in Leadership & Management - Module 3 (Class 1)
11	Executive Diploma in Retail Management - Module 1 (Class 1 & Class 2)
12	Executive Diploma in Retail Management - Module 2 (Class 1)
13	Executive Diploma in Retail Management - Module 3 (Class 1)
14	First Aid (1)
15	First Aid (2)
16	First Aid (Complimentary)
17	First Aid (Online)
18	First Aid Training
19	First Aid Training (for Cashier)
20	First Aid Training (for Partner)
21	Health & Safety
22	Leadership for Executives - Part 1 & Part 2
23	Leadership for Managers - Part 1 & 2 (F2F training)
24	Leadership for Managers - Part 1 & Part 2
25	Leadership for Non-Executives
26	Leadership for Store Managers (for Grade A & A* Partner)
27	Manpower Management and Teamwork for Franchisee (for Franchisee)
28	New Retail for Store Managers
29	New Retail Marketing (for Grade A & A* Partner)
30	New Retail Marketing (for Grade B, C, D Partner)
31	New Retail Marketing (for Grade B,C,D Partner)
32	Productivity Management for Managers - Part 1 & Part 2 (F2F)
33	Productivity Management for Store Managers

Sustainability Report

No. Training Course Conducted – FY2022

34	Productivity for Executives - Part 1 & Part 2 (F2F training)
35	Productivity for Executives - Part 1 & Part 2
36	Productivity for Executives - Part 1 & Part 2 (F2F)
37	Retail Management (Intermediate) - Part 1 & Part 2
38	Retail Management for Executives - Part 1 & Part 2
39	Retail Management for Executives (F2F) - Part 1 & Part 2
40	Retail Management for Franchisee
41	Retail Management for Store Managers
42	Sales for Telemarketing

No. Training Course Conducted – FY2021

1	Customer Service 2.0
2	Customer Service 3.0
3	Franchisee 1.0
4	HQ Personal Development 2.0
5	HQ Personal Development 3.0
6	Kaizen PDCA 1.0 Training
7	Leadership 2.0
8	Leadership 3.0
9	Logistics Personal Development 2.0
10	Management + New Retail
11	Management 2.0
12	Management 3.0 + New Retail 2.0
13	Microsoft Excel 2010 Intermediate
14	New Retail 2.0
15	New Retail 2.0 + Leadership 3.0
16	New Retail 2.0 + Management 3.0 (Simplified)
17	Operations Personal Development 2.0
18	Personal Development For Retailers
19	Retail Management 2.0
20	Sales Skills 2.0
21	Senheng Story + Customer Service
22	Senheng Story + Management
23	Senheng Story 1.0

No. Training Course Conducted – FY2021

24	Senheng Story 1.0 + Customer Service 3.0
25	Senheng Story 1.0 + Customer Service 3.0
26	Senheng Story 1.0 + Leadership 3.0
27	Senheng Story 1.0 + Management 3.0
28	Senheng Trainee Partner 1.0
29	Senheng Trainee Partner 1.0 + Customer Service 3.0
30	Telemarketing 2.0

Employees at Senheng receives performance and career development review on a yearly basis. Performance reviews provide employees with constructive feedback on their performance. Employees can use this feedback to identify areas where they need to improve and areas where they are excelling. When employees receive positive feedback on their performance, they are more likely to feel motivated and engaged in their work. Regular performance reviews can help to reinforce good performance and provide incentives for continued improvement.

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

By Gender	2022 Headcount	2021 Headcount
Female	363	349
Male	465	449
Total	828	798

By Ethnicity	2022 Headcount	2021 Headcount
Malay	382	363
Chinese	346	343
Indian	12	10
Others	88	82
Total	828	798

Sustainability Report

PRODUCT QUALITY & SAFETY

At Senheng, we take pride in providing the best customer service and place utmost emphasis on the quality, safety and reliability of products sold. The products sold in our stores comply with all applicable regulations and policies, including those governing product labelling and energy efficiency ratings, also known as Minimum Energy Performance Standards (MEPS). Relevant regulations include Regulation 97 – 101 of the Electricity Regulations 1994 by the Energy Commission, where all products are subject to inspection and approval of the regulator.

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

	Targets and commitments	Performance targets	Performance
2021	Customer Net Promoter Score ("NPS")	Above 80%	Maintained at above 80%
	Last mile customer satisfaction survey	Above 85%	Average of $\pm 70\%$
2022	Customer Net Promoter Score ("NPS")	Above 80%	Maintained at above 80%
	Last mile customer satisfaction survey	Above 85%	Scored above 85%
2023	Customer Net Promoter Score ("NPS")	Above 80%	
	Last mile customer satisfaction survey	Above 85%	

OCCUPATIONAL HEALTH AND SAFETY

Stakeholders

Given the nature of our work, the health, safety, and general well-being of our employees and contractors is a top priority. We have a responsibility to all of our stakeholders and will continue to foster a solid safety culture in order to reach our goal of zero work-related injuries. In order to ensure that our employees and contractors reach their maximum potential and that our assets continue to be productive, we are continually searching for ways to improve our processes in order to establish a safe working environment.

Excellence in health and safety grants us the right to operate in the long run while also protecting our communities, employees, and other stakeholders across our value chain. Our capacity to promote a safety culture enhances the perception of our company as a caring employer and business partner. Additionally, it aids in the recruitment and retention of top employees.

The Group has an Occupational, Health and Safety Management system implemented that complies with all legal and regulatory regulations, rules, and codes of practice, including the Factories and Machinery Act 1967 and the Occupational Safety and Health Act 1994. We also follow a Health and Safety Policy that assures our personnel are informed and taught on workplace safety.

We adopt thorough standard operating procedures for safety and emergency procedures at our facilities, which are in line with recommendations from industry experts and relevant agencies including the Fire and Rescue Department and the Department of Occupational Health and Safety.

The procedure is applicable to all operational sites of Senheng, its subsidiaries and joint venture companies in which Senheng has operational control. The matters that are disclosed in the procedure includes:

- Safety Policy
- Permit to work guideline
- Health & safety guideline for showroom
- Health & safety guideline for HQ
- Health & safety guideline for Logistics
- Practical And Administrative Response To An Infectious Disease In The Workplace – COVID-19
- Health & Safety Guideline Work From Home
- COVID-19 Person Under Surveillance (PUS) and Person Under Investigation (PUI)

Sustainability Report

Our physical locations adhere to all relevant safety and fire prevention regulations. The Group's Safety and Health Committee does the write-up on workplace safety and the notice is posted at every showroom. We also conduct proactive randomised checks on our facilities to ensure that the state of our stores and safety measures are up to standard.

The procedure for employees to report any injuries, near misses or potential hazards at workplace is by reporting or informing the matter to their respective Team Manager/Head of Department who is then responsible for reporting the matter to the Safety Personnel at HQ within 2 days after the incidents.

Trainings are also provided to employees and relevant stakeholders of the Company in regard to matter involving safety and health at the workplace on an annual basis or whenever is required. Our OHS Induction training seminars are the core of our safety training program, where staff are made aware of the risks and hazards, as well as the method for reporting any hazards or accidents. They are encouraged to be proactive in reporting all hazards and occurrences, including near misses, to management and to assist with risk reduction and elimination efforts.

A Health & Safety Committee was formed in the Group to manage and oversee matters regarding the health and safety of the employees. As part of the objectives of this committee, initiatives to conduct more health and safety training in quarter two (2) of FY2023 is in place and will be carried out accordingly to increase the awareness of health and safety among employees in the Group.

List of health and safety training programmes that were carried out in FY2021 and FY2022 is listed as below:

No. Health and Safety Training Programme – FY2022

- 1 First Aid (1)
- 2 First Aid (2)
- 3 First Aid (Complimentary)
- 4 First Aid (Online)
- 5 First Aid Training
- 6 First Aid Training (for Cashier)
- 7 First Aid Training (for Partner)
- 8 Mandatory Monthly Health & Safety Training
- 9 Defensive Driving Training



No. Health and Safety Training Programme – FY2021

- 1 Mandatory Monthly Health & Safety Training
- 2 Infectious Disease Response Plan



Sustainability Report

Product & Services

Senheng is in charge of its products and customer service. It also has a responsibility to accurately reflect principals, service consumers responsibly, and support internal and national environmental, empowerment, and community goals. All products, services, and customer solutions must take the health and safety of the client into consideration. Our customer solutions are supported by warranties, guarantees, product responsibility, and design characteristics because we represent quality brands.

It is crucial to increase supply chain resilience by taking ESG risks into account throughout our value chain. Delivering products that aren't exactly what the consumer ordered could harm our brand, result in legal action and regulatory action, and have an adverse effect on our financial results. We rely on a large network of suppliers to deliver critical items and services to our operations.

The risk of failing to complete health and safety tests on our products and services may result in consumer dissatisfaction and potential legal consequences. Inability to manage the supply chain results in faulty products and solutions, as well as operational disruptions. Poor ESG standards in the supply chain can have both financial and non-financial consequences.

Integrating ESG considerations into the development and delivery of products and services can have several benefits for both Senheng and its customers such as increased customer satisfaction, reduced risk, improved efficiency and competitive advantage amongst others.

Evaluations on trade supplier was carried out in FY2022 for the top twenty-five (25) Senheng's brands i.e. Samsung, LG, Sharp, Sony, Apple, etc. The evaluation criteria is inclusive of Senheng's commitment to products and the supply chain; on the quality of the products, fulfilment of purchase order, proactive actions to reduce X-stock and concerns on stock turnover. Upon completion of the evaluations, it was found that Sony ranked the first (1st), LG as the second (2nd) and followed by HAIER as the third (3rd).

COVID-19 Response

Given the significant number of confirmed cases of the novel coronavirus infection COVID-19, the years 2020 to 2022 were challenging for all businesses in Malaysia. We introduced and put into practice the Infectious Disease Response Plan (IDRP) as a guideline to deal with COVID-19 infections at the workplace after Malaysia declared a state of emergency. With help from The Infectious Disease Response Plan Administrator ("IDRP Team"), we were able to persevere in the face of COVID-19 difficulties all year. All COVID-19 concerns were regularly reviewed and tracked by the taskforce, which also informed management of its progress.

In FY2022, we established MCO 3.0 Business Continuity Plan to ensure business continuity and minimal customer disruption both during and after the pandemic.

By strictly enforcing COVID-19 Prevention Standard Operating Procedures ("SOPs") at our offices, we worked to protect our staff against the virus. We often hold awareness campaigns about the importance of proper cleanliness, mask use, and social distance. Additionally, we put in place daily temperature checks at the building's entry for all employees, customers, and clients. At all points of access to our facilities, temperature scanners were fully installed to identify anyone with body temperatures greater than 37.5°C. Social distance on our property was one of the additional activities implemented as COVID-19 prevention measures.

To prevent COVID-19 infection, we place a high emphasis on workplace hygiene for all of our personnel. In our office, we installed disinfecting equipment. The Group promotes wellness and good health by encouraging our staff to take routine COVID-19 tests. For the convenience of the staff, we also keep COVID-19 self-test kits and personal safety gear at our office.

In any situation where there was a COVID positive case at our workplace, all staffs must report on the confirmed positive case to a superior. Superior must immediately report all positive case to IDRP via email. Superior to provide all information required for positive case together with the lab report. IDRP team will arrange for disinfection and sanitation at the premise by external provider such as Rentokil Initial PLC. By referring to KKM SOPs, all close contact must be quarantined for 10 days, and negative swab test result is required before return back to work. Superior to provide name list for all close contact to IDRP team for verification purposes. All outlets or company premises closure and re-open must obtained VP approval.

Sustainability Report

CORPORATE SOCIAL RESPONSIBILITIES

Engagement with Employees

As our most precious asset, the well-being of our employees is vital for the sustainable growth of the Group. In 2023, we plan to engage with employees through virtual Town Halls and Dialogue Sessions to address any issues and suggestions on all work and non-work-related matters as well as creating an employee survey to further increase the engagement between employees and management.

Our Human Resources ("HR") team plays a major role in organising and facilitating various activities throughout the year to increase employee's motivation at workplace and to create workplace experiences that will entice our employees back to the office as well as to build a stronger sense of belonging. We encourage employees to participate in the activities by communicating the activities through email blasts.

List of activities that were carried out in FY2022, amongst others, are listed as below:

Activity	Objective
Happy Fund	Based on sale achievement, respective division will be awarded with Divisional Happy Fund. The Happy Fund can be utilized only for food & beverages either dine-in, delivery, purchases for potluck OR team outing including admission fee, sport activities, celebration to enhance team engagement as initiated by Division Head.
Annual dinner	To appreciate employee's hard work throughout the year.
Product Knowledge Competition	To raise the competitiveness of our salesperson.
Chinese New Year Decoration Competition	Festival Celebration.
Fruit Day on a monthly basis	To encourage healthy lifestyle.
Birthday month celebration	To build team culture and get to know each other.

Badminton day	To instill the importance of sports and wellness in achieving work-life balance.
Movie day	To provide both enjoyment and stress reduction.
Sports day	To promote team building and encourage physical activities.

Engagement with Community

For the last 20 years, there has been increasing emphasis on community engagement to achieve sustainability goals, highlighted in the United Nations' Agenda for Sustainable Development, with its 17 Sustainable Development Goals. Since we think that the support of the communities that we serve is essential to the long-term success of our company, we are avid supporters of community empowerment.

Taking part in community programs is a strong way to boost exposure and our business visibility as we contribute our services and resources to meet community needs. We continue to push forward with our community engagement initiatives since they not only improve people's lives but also foster greater levels of trust. By giving back to the community, we take an active role in community development, help community members succeed, and help foster a deeper sense of unity. As a result, we can better understand, and address difficulties encountered by our communities when there is strong community engagement.

We run the Senheng Education Assistance Program since 2019, and have sponsored a total of RM400,000 as of 2021. The purpose of this program is crafted for talented and deserving students in Malaysia to fulfil their dreams of pursuing higher education. We signed a Memorandum of Understanding ("MOU") with Tunku Abdul Rahman University College ("TAR UC") in April 2022 to formally establish our industry-academia partnership. Together, we construct a Research and Development Center and exchange knowledge about the retail sector and its operations with faculty members and students at TAR UC. We also launched the Senheng Scholarship, The Senheng Education Assistance ("SEA") Program which will provide qualified TAR UC students RM5 million over 10 years in addition to internship and job possibilities. In FY2022, 4 students that were successfully selected to receive the scholarship inclusive of study fees and allowance for the duration of the entire course with total cost of RM86,900.00 spent on the study fees.

Sustainability Report

Senheng have always had eco-friendly initiatives established in the community. Some of the previous efforts that were made by Senheng was to promote the concept of environmental protection by taking up the use of bio-degradable plastic bag since 2003 as well as the use of eco-friendly designer shopping bag to promote the use of reusable bag to help conserve and preserve the Earth since 2009.

All of Senheng's Corporate Social Responsibility ("CSR") programs / activities involves at least one part of the community or another, but the significant CSR project that truly involves the local community is the reforestation program jointly conducted with World Wide Fund for Nature ("WWF") Malaysia at North Ulu Segama, Sabah that lasted from 2013 to 2016. Senheng is currently collecting data on how the project has brought an impact to the present situation in 2022.

The reforestation project main goal is to restore up to 46 hectares of degraded forest areas over three (3) years and to mitigate the effects of climate change. The project also aims to create a habitat for endangered wildlife species such as the Malayan tiger, the Malayan tapir, and the sun bear. Senheng had further aided WWF Malaysia financially with the establishment of The Knowledge Management Centre in Petaling Jaya, Kota Kinabalu and Kuching that stores a niche collection of about 7,500 titles, 2,800 titles and 1,000 titles respectively on various topics related to conservation and environment that were collected since the joint effort with WWF Malaysia.

Blood donation is a socially responsible initiative that aligns with the company's CSR objectives. By promoting blood donation among its employees, the company can demonstrate its commitment to giving back to the community and supporting public health as well as having a positive impact on both the community and the Group. The Group has set a performance target of five hundred (500) donors per annum and will try to achieve the target with initiatives to conduct a 'Blood Donation Event' in quarter two (2) of FY2023.

Below is a list of CSR programs / activities that were carried out in FY2021 and FY2022:

Type & Expected Outcomes	Activity	Month/Year
Medical: Contributing towards the development of important medical discoveries	Donation to Cancer Research Malaysia for cancer research and development	March 2021
Disaster relief: Practicing compassion and kindness towards others, therefore setting an example for other organisations to follow our footsteps into helping those who may need it	Donation to Malaysian Franchise Association for its Tabung Amal Francais directed towards flood victims	February 2021
	Donation of electrical appliances to Hulu Langat flood victims through Malaysian Franchise Association	December 2021 / January 2022
Community Development: Giving back to the local communities by helping them i.e. climbing out of the poverty line, providing them help so that they can learn skills for future opportunities, and others.	Donation to Malaysian Franchise Association for its Tabung Amal Francais directed towards orphanages and Rumah Perlindungan Nur Qaseh	April 2021
	Donation of 3 units of laptop to Sekolah Kebangsaan Tanah Rata, Cameron Highland	June 2021
	Donation of electrical appliances to Sampurna Malaysia for their Disruptive Womanization event, aimed at helping women from low-income groups	March 2022
	Donation to Malaysian Franchise Association for its Tabung Amal Francais directed towards orphanages and Rumah Anak Yatim Baitun Nurrawdah	April 2022
	Distributed food to the needy with Kechara Soup Kitchen and sponsored RM1,500 for their soup kitchen efforts	December 2022

Sustainability Report

Type & Expected Outcomes	Activity	Month/Year
<p>Sports: From 2010 to 2016, we partnered with Samsung to sponsor young badminton talents, with the aim to identify, develop, and create generation streams of the next world champions. We sponsored these young talents for the complete costs of their boarding, education, training, and participation in tournaments.</p> <p>From 2016 onwards, we continued our efforts by sponsoring the Malaysia Purple League, to provide a platform for young talents to access world-class competitions in our local environment. It is hope that we can create the next badminton champion that can proudly represent all Malaysians.</p>	<p>Part of the title sponsor of SENHENG redONE Purple League 2022</p>	<p>October 2022</p>
<p>Education: The Senheng Scholarship is aimed at helping students from middle-income to low-income families to achieve their dreams. Its other end goal is also to build a sustainable talent development ecosystem that can continuously produce competent and talented graduates, in order to overcome the challenges of acquiring talent with the right skillsets in the industry.</p>	<p>A Memorandum of Understanding ('MoU') signed between TAR UC and Senheng, signifying the start of academia-industry relations and Senheng Scholarship (RM5 million over 10 years to eligible students, plus internship and employment opportunities)</p>	<p>April 2022</p>



Sustainability Report

GRI CONTENT INDEX

Statement of use Senheng has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	
GRI 2: General Disclosures 2021	2 – 1	Organisational details	Annual Report 2022: Corporate Information
	2 – 2	Entities included in the organisation's sustainability reporting	Annual Report 2022: Corporate Profile
	2 – 3	Reporting period, frequency and contact point	Sustainability Report 2022: Executive Summary
	2 – 4	Restatements of information	Not applicable
	2 – 5	External assurance	Not applicable
	2 – 6	Activities, value chain and other business relationships	Annual Report 2022: Corporate Profile
	2 – 7	Employees	
	2 – 8	Workers who are not employees	Sustainability Report 2022: Economic Performance, Indirect Economic Impacts
	2 – 9	Governance structure and composition	Sustainability Report 2022: Diversity and equal opportunities
	2 – 10	Nomination and selection of the highest governance body	Not applicable
	2 – 11	Chair of the highest governance body	Sustainability Report 2022: Governance
	2 – 12	Role of the highest governance body in overseeing the management of impacts	Sustainability Report 2022: Governance
	2 – 13	Delegation of responsibility for managing impacts	Sustainability Report 2022: Governance
	2 – 14	Role of the highest governance body in sustainability reporting	Sustainability Report 2022: Governance
	2 – 15	Conflicts of interest	Sustainability Report 2022: Governance
	2 – 16	Communication of critical concerns	Sustainability Report 2022: Governance
	2 – 17	Collective knowledge of the highest governance body	Annual Report 2022: Corporate Governance Report
	2 – 18	Evaluation of the performance of the highest governance body	Not available
	2 – 19	Remuneration policies	Sustainability Report 2022: Governance
	2 – 20	Process to determine remuneration	Annual Report 2022: Corporate Governance Report
	2 – 21	Annual total compensation ratio	Annual Report 2022: Corporate Governance Report
	2 – 22	Statement on sustainable development strategy	Annual Report 2022: Corporate Governance Report
	2 – 23	Policy commitments	Annual Report 2022: Corporate Governance Report
	2 – 24	Embedding policy commitments	Sustainability Report 2022: Governance
	2 – 25	Processes to remediate negative impacts	Sustainability Report 2022: Stakeholder Engagement
	2 – 26	Mechanisms for seeking advice and raising concerns	Sustainability Report 2022: Stakeholder Engagement
	2 – 27	Compliance with laws and regulations	Sustainability Report 2022: Governance and Ethics
	2 – 28	Membership associations	Not available
	2 – 29	Approach to stakeholder engagement	Sustainability Report 2022: Stakeholder Engagement
	2 – 30	Collective bargaining agreements	Not applicable

Sustainability Report

GRI Standard		Disclosure	Location
GRI 3: Material Topics 2021	3 – 1	Process to determine material topics	Sustainability Report 2022: Materiality Assessment
	3 – 2	List of material topics	Sustainability Report 2022: Materiality Assessment
	3 – 3	Management of material topics	Sustainability Report 2022: Materiality Assessment
GRI 201: Economic Performance 2016	201 – 1	Direct economic value generated and distributed	Sustainability Report 2022: Economic Performance
	202 – 2	Financial implications and other risks and opportunities due to climate change	Not available
	201 – 3	Defined benefit plan obligations and other retirement plans	Not available
	201 – 4	Financial assistance received from government	Not available
GRI 203: Indirect Economic Impacts 2016	203 – 1	Infrastructure investments and services supported	Sustainability Report 2022: Indirect Economic Impacts
	203 – 2	Significant indirect economic impacts	Sustainability Report 2022: Indirect Economic Impacts
GRI 204: Procurement Practices 2016	204 – 1	Proportion on spending on local suppliers	Sustainability Report 2022: Procurement Practices
GRI 205: Anti-corruption 2016	205 – 1	Operations assessed for risks related to corruption	Sustainability Report 2022: Governance and Ethics
	205 – 2	Communication and training about anti-corruption policies and procedures	Sustainability Report 2022: Governance and Ethics
	205 – 3	Confirmed incidents of corruption and actions taken	Sustainability Report 2022: Governance and Ethics
GRI 302: Energy 2016	302 – 1	Energy consumption within the organisation	Sustainability Report 2022: Energy Consumption
	302 – 2	Energy consumption outside of the organisation	Not available
	302 – 3	Energy intensity	Not available
	302 – 4	Reduction of energy consumption	Sustainability Report 2022: Energy Consumption
	302 – 5	Reductions in energy requirements of products and services	Not available
GRI 303: Water and Effluents 2018	303 – 1	Interactions with water as a shared resource	Sustainability Report 2022:
	303 – 2	Management of water discharge – related impacts	Not available
	302 – 3	Water withdrawal	Not applicable
	302 – 4	Water discharge	Not applicable
	302 – 5	Water consumption	Sustainability Report 2022: Water
GRI 305: Emissions 2016	305 – 1	Direct (Scope 1) GHG emissions	Sustainability Report 2022: Emissions
	305 – 2	Energy indirect (Scope 2) GHG emissions	Not available
	305 – 3	Other indirect (Scope 3) GHG emissions	Not available
	305 – 4	GHG emissions intensity	Not available
	305 – 5	Reduction of GHG emissions	Not available
	305 – 6	Emissions of ozone – depleting substances (“ODS”)	Not available
	305 – 7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not available
GRI 306: Waste 2020	306 – 1	Waste generation and significant waste – related impacts	Not available
	306 – 2	Management of significant waste – related impacts	Not available
	306 – 3	Waste generated	Not available
	306 – 4	Waste diverted from disposal	Sustainability Report 2022: Waste Management
	306 – 5	Waste directed to disposal	Not available

Sustainability Report

GRI Standard	Disclosure	Location	
GRI 401: Employment 2016	401 – 1	New employee hires and employee turnover	Sustainability Report 2022: Diversity and Equal Opportunities
	401 – 2	Benefits provided to full-time employees that are not provided to temporary or part – time employees	Sustainability Report 2022: Diversity and Equal Opportunities
	401 – 3	Parental leave	Sustainability Report 2022: Diversity and Equal Opportunities
GRI 403: Occupational Health and Safety 2018	403 – 1	Occupational health and safety management system	Sustainability Report 2022: Occupational Health and Safety
	403 – 2	Hazard identification, risk assessment, and incident investigation	Not available
	403 – 3	Occupational health services	Sustainability Report 2022: Occupational Health and Safety
	403 – 4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report 2022: Occupational Health and Safety
	403 – 5	Water training on occupational health and safety	Sustainability Report 2022: Occupational Health and Safety
	403 – 6	Promotion on worker health	Sustainability Report 2022: Occupational Health and Safety
	403 – 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report 2022: Occupational Health and Safety
	403 – 8	Workers covered by an occupational health and safety management system	Sustainability Report 2022: Occupational Health and Safety
	403 – 9	Work – related injuries	Sustainability Report 2022: Occupational Health and Safety
	403 – 10	Work – related ill health	Not applicable
GRI 404: Training and Education 2016	404 – 1	Average hours of training per year per employee	Sustainability Report 2022: Employee Training and Employment Development
	404 – 2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report 2022: Employee Training and Employment Development
	404 – 3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report 2022: Employee Training and Employment Development
GRI 405: Diversity and Equal Opportunity 2016	405 – 1	Diversity of governance bodies and employees	Sustainability Report 2022: Diversity and Equal Opportunities
	405 – 2	Ratio of basic salary and remuneration of women to men	Not applicable

Corporate Governance Overview Statement

The Board of Directors (“Board”) of Senheng New Retail Berhad (“Senheng” or the “Company”) and its subsidiaries (collectively referred to as the “Group” or “Senheng Group”) acknowledges the importance of the principles and practices as set out in the Malaysian Code on Corporate Governance (“MCCG”) towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.

This Corporate Governance Overview Statement together with the Corporate Governance Report 2022 which are available on the Company’s corporate website at www.senheng.com, provide the details on how the Company has applied the principles and practices as set out in the MCCG during the financial year ended 31 December 2022 (“FY2022”).

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

PART I: BOARD RESPONSIBILITIES

Board Composition

The Board currently has seven (7) members, comprising one (1) Executive Chairman, one (1) President / Non-Independent Executive Director, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors (“INEDs”), which is in compliance with the Company’s Constitution which allows for a minimum of two (2) and maximum of fifteen (15) Directors and presenting a board composition constituting a majority of INEDs, promoting objectivity in decision-making process.

The Board is collectively responsible for the long term growth of the Group and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board sets the strategic direction and exercising effective oversight over the management of the Group. The Board provides an effective oversight of the conduct of the Group’s businesses, ensures appropriate risk management and internal control systems are in place as well as performing regular reviews on such systems to ensure their adequacy, integrity and effectiveness.

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

- to review and adopt strategic plans, addressing the sustainability of the Group’s business;
- to oversee the conduct of the Group’s businesses and evaluate whether or not the businesses are being properly managed;

- to identify principal business risks faced by the Group and ensure the implementation of appropriate systems to manage these risks;
- to consider and implement succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing members of the Board and Senior Management;
- to develop and implement an investor relations programme or shareholder communications policy for the Company;
- to review the adequacy and the integrity of the Group’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- to promote good corporate governance culture together with Senior Management within the Company for reinforcing ethical, prudent and professional behaviour; and
- to review, challenge and decide on Management’s critical proposals for the Company, and oversee its implementation by Management.

Independence of the Board

The Board comprises a majority of INEDs. This is in line with Paragraph 15.02 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which requires the Company to have at least two (2) Directors or one-third of the Board of Directors, whichever is the higher, to be Independent Directors, and Practice 5.2 of the MCCG which requires at least half of the Board comprises Independent Directors.

As the Company was recently listed, none of the INEDs have served the Company for a cumulative term of nine (9) years.

Corporate Governance Overview Statement

Skills, Experience and Expertise

The Board is composed of members with an appropriate mix of skills, experience and independence that fit the Company's objective and strategic goals. The members of the Board have diverse backgrounds and areas of expertise including retail, accounting and finance, legal and risk management. In addition to having a good balance in terms of skills, qualifications, experience and expertise, the Board members are well equipped with the ability to make sound business decisions, highly committed in terms of time devoted to discussing business strategies, financial performance and annual business plans of the Company, and possess high ethical standards, which promote sustainability with the ultimate objective of realising long-term shareholder value.

Gender Diversity

The Board acknowledges the best practices as set out in the MCCG, which recommends the establishment of a gender diversity policy. In line with this, the Board Diversity Policy was established during FY2022, advocating for the maintenance of an environment of respect for people regardless of their gender in all business dealings and for achieving a workplace that is free from harassment and discrimination on the basis of gender, physical, mental state, ethnicity, nationality, religion, age or family status.

The Board also takes cognizant of the recommendation of the Malaysian Government to have at least 30% female decision makers in corporate sector. The Board will continuously take necessary measures to attract women's participation on the Board.

There are currently two (2) female directors who are both active participants on the Board, and two (2) out of six (6) of the Key Senior Management personnel are women.

Board Committees

In discharging its fiduciary duties, the Board delegates some of its responsibilities to three (3) Board Committees in accordance with their respective Terms of Reference ("TOR") which had been approved by the Board.

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

(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;
- 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 FY2022, please refer to the ARMC Report on page 63 of this Annual Report.

(b) Nomination Committee ("NC")

The NC was formed to assist the Board in discharging its statutory duties and responsibilities relating to board succession planning, including recruiting and recommending new appointment of Board members to the Board and/or its subsidiary to ensure the effectiveness of the Board as a whole and performance of the Board on an on-going basis.

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)

Corporate Governance Overview Statement

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 suitable candidates for appointment as Directors as well as candidates to fill the Committees to the Board, 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.

The activities of the NC in discharging its duties in FY2022 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; and
 - Board Diversity Policy; and
- proposed appointment of Ms Kiew Kor Shin as Chief Financial Officer to fill the vacancy arising from the resignation of Mr Mah Chin Niap.

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.

The following Directors who are retiring for re-election pursuant to Clause 129.1 of the Company's Constitution and subject to re-election at the Second AGM:-

- (a) Mr Lim Kim Heng; and
- (b) Mr Lim Kim Chieng.

The NC has reviewed the performance and declaration and undertaking made by each retiring Director and was of the view that the retiring Directors, who are Non-Independent Executive Chairman and President/ Non-Independent Executive Director, have a wealth of experience and knowledge that is invaluable to the Group. They have a deep understanding of the Group's operations and strategies and are able to provide valuable insights to the Board. Furthermore, their presence ensures continuity and stability to the operations of the Group.

Based on the recommendation of the NC, the Board will be tabling the resolution on their re-election at the Second AGM.

(c) Remuneration Committee ("RC")

The RC establishes formal and transparent procedure to determine the fair remuneration package for Directors and Senior Management, taking into account the merit, qualification, competence, skills and experience, complexities of the Company's business, individual performance, Company's operation results and comparable market statistics aligned with the business strategy and long-term objectives of the Company in order to attract, motivate and retain suitable talents in the Board and Senior Management.

Corporate Governance Overview Statement

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 FY2022 were as follows:-

- reviewed and recommended to the Board, the remuneration policy for Directors;
- 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 Non-Executive Directors.

Details of the Directors' remuneration for FY2022 in the Group are as follows:-

Company	Fee RM'000	Salaries, emoluments, and statutory contribution RM'000	Allowances RM'000	Bonuses RM'000	Benefit in- kinds RM'000	Total RM'000
Senheng New Retail Berhad						
Executive Directors						
Lim Kim Heng	-	-	-	-	-	-
Lim Kim Chieng	-	-	-	-	-	-
Non-Executive Directors						
Lim Kim Yew	60	-	-	-	-	60
Dato' Yeow Wah Chin	96	-	10	-	-	106
Oh Keng Leng	96	-	13	-	-	109
Ho Kim Poi	120	-	12	-	-	132
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
Executive Directors						
Lim Kim Heng	-	1,383	2	158	24	1,567
Lim Kim Chieng	-	1,383	2	158	35	1,578
Non-Executive Directors						
Lim Kim Yew	60	-	-	-	-	60
Dato' Yeow Wah Chin	96	-	10	-	-	106
Oh Keng Leng	96	-	13	-	-	109
Ho Kim Poi	120	-	12	-	-	132
Tan Ler Chin	96	-	14	-	-	110

Corporate Governance Overview Statement

Board Charter

The Board Charter outlines the roles, responsibilities, duties and authority of the Board. The key elements of governance principles embedded in the Board Charter ensures that the Board acknowledges the laws, regulations and best practices that governs their conduct as well as understanding their respective duties and responsibilities towards adopting high standards of corporate governance throughout the Group.

The Board Charter which was adopted on 25 June 2021, will be reviewed periodically and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available at the Company's website at www.senheng.com.

Separation of Roles between Chairman and President

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

The key responsibilities of the Chairman of the Board include 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 Company;
- 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's primary role is to seek to achieve the continuous success of the Company. He is responsible for all aspects of the management and development of the Company. The President is of critical importance to the Company in guiding the Company to develop new and innovative ways of winning and conducting business. The President possesses industry knowledge and credibility to fulfill the requirements of the role.

To ensure accountability and facilitate the division of responsibilities, the positions of Chairman and President are kept separate.

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.

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 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 BDO Governance Advisory Sdn Bhd to set up and 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 BDO EthicsLine whistle-blower platform.

Corporate Governance Overview Statement

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.

Anti-Bribery and Corruption Policy

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

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

The ABC Policy sets out Senheng Group's stance on bribery in all its forms, providing information and guidance on how to identify and address potential acts of bribery and corruption in the course of its operations.

Ethic Statement Regarding Anti-Bribery and Anti-Corruption

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

Access to Information and Advice

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

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers containing financial, operational, corporate, regulatory, business development and audit information so that the Board may make informed decisions and discharge its responsibilities effectively.

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

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

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

Qualified Company Secretaries

The Board is supported by suitably qualified Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators and Malaysian Institute of Accountants and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

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

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

Corporate Governance Overview Statement

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.

Attendance at Meetings

The attendance of the Directors at Board and Board Committee meetings in FY2022 are as below:-

Name	Designation	Board	ARMC	NC	RC
Lim Kim Heng	Non-Independent Executive Chairman	8/8	-	-	-
Lim Kim Chieng	President / Non-Independent Executive Director	8/8	-	-	-
Lim Kim Yew	Non-Independent Non-Executive Director	8/8	-	-	-
Dato' Yeow Wah Chin	Independent Non-Executive Director	8/8	-	2/2	3/3
Tan Ler Chin	Independent Non-Executive Director	8/8	5/5	2/2	3/3
Ho Kim Poi	Independent Non-Executive Director	8/8	5/5	2/2	-
Oh Keng Leng	Independent Non-Executive Director	8/8	5/5	-	3/3

Remuneration of Senior Management

The top five (5) key senior management whose total remuneration falls within the following bands for FY2022 are as follows:-

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

Corporate Governance Overview Statement

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 FY2022 are listed below:-

Directors' Name	Title of Training
Lim Kim Heng	<ul style="list-style-type: none"> • Anti-Bribery Management System Virtual Awareness Training • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhances Sustainability Reporting Framework
Lim Kim Chieng	<ul style="list-style-type: none"> • Anti-Bribery Management System Virtual Awareness Training • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhances Sustainability Reporting Framework
Lim Kim Yew	<ul style="list-style-type: none"> • Anti-Bribery Management System Virtual Awareness Training • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhances Sustainability Reporting Framework
Dato' Yeow Wah Chin	<ul style="list-style-type: none"> • Anti-Bribery Management System Virtual Awareness Training • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhances Sustainability Reporting Framework
Ho Kim Poi	<ul style="list-style-type: none"> • Anti-Bribery Management System Virtual Awareness Training • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhances Sustainability Framework • Roaring Your Way to Prosperity in 2022 • Personal Data Protection Act • Section 107D withholding taxes on agents - update • Women in Cybersecurity • The New OECD Transfer Pricing Guidelines • The Dawn of a Technology Centric World • How AC & Auditors Work Together Towards Reliable Audited Financial Statements
Oh Keng Leng	<ul style="list-style-type: none"> • Anti-Bribery Management System Virtual Awareness Training • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhances Sustainability Framework • Sustainability and its Impact on Organizations: What Directors Need to Know • Developing Malaysia's Roadmap to Net Zero • Financial Frauds and Scams • Automation- Bringing Finance into Focus in a Digital World • ESG Risk Identification and Materiality • Latest Tax Developments • Amendments to Employment Act 1955 • Employer's Tax Audit and Common Payroll Issues

Corporate Governance Overview Statement

Directors' Name	Title of Training
Tan Ler Chin	<ul style="list-style-type: none"> • Anti-Bribery Management System Virtual Awareness Training • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework • Treasury Business and Interest Rate Sensitivity • Exposure Draft on Climate Risk Management and Scenario Analysis • Board Induction • Islamic Finance for Board of Directors Programme • BNM FIDE Core Programme - Banks • BNM's Climate Change and Principle Based Taxonomy Policy • Anti-Money Laundering / Counter Terrorist Financing Briefing • How to Start Your Sustainability Journey - Climate Governance Malaysia • Anti-Money Laundering Act • Audit Oversight Board Conversation • Forum on Professional Skepticism for Risk Managers • Cyber Security - What Directors Need to Know • Board Strategy & Risk Management Oversight • PLC Transformation Program - Sustainable, Socially Responsible & Ethical PLCs - Guidebook 2 Highlights • Anti-Bribery Course, Management System Virtual Awareness Training • Khazanah Megatrend • The Future of Digital Assets, Opportunities, Market Trends & Regulations • Board Oversight Role on Bursa's Enhanced Sustainability Reporting Framework

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

The ARMC was established on 25 June 2021 in order to accurately reflect the powers of oversight over the risk management matters delegated to the ARMC.

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

The External Auditors report to the ARMC in respect of their audit on each year's statutory financial statements on matters that require the attention of the ARMC. The ARMC will have a private discussion with the External Auditors without the presence of the Executive Directors and Management at least once a year.

The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants. The External Auditors had provided the declaration in their annual Audit Review Memorandum presented to the ARMC of the Company.

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

The Board, based on the recommendation of the ARMC, will be tabling their re-appointment for shareholders' approval at the Second AGM.

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

Risk Management and Internal Control Framework

In safeguarding the interests of shareholders and for the protection of assets of the Group, the Board and Management recognise the importance of establishing a practical and sound system of risk management and internal control framework in the Group.

The Group has formalised a risk management and internal control framework which spells out in detail, the process of risk management and internal control, which includes risk identification, risk evaluation, risk treatment, and risk monitoring and review. The risk management and internal control framework involves every aspect of the Group's operation, ranging non-exhaustively from compliance, operational, financial and technological, as the Group intends to proactively search for alternative methods to improve efficiency and eliminate weaknesses from the general operation of the Group.

Corporate Governance Overview Statement

Guided by the risk management and internal control framework, the Group has adopted a clockwork-like system, namely the Enterprise Risk Management (“ERM”) system, which sets out the risk awareness creation and risk management knowledge building, strategic risk and opportunity assessment, risk solutions and action plans development and key risk indicators. Risks identified and monitored through the ERM system are reported to the ARMC quarterly, with mitigating plans proposed to counter the risks identified.

The Board, under the advisory and guidance of the ARMC, is constantly assessing and examining the effectiveness and efficiency of the framework.

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

For FY2022, the Board is of the view that the risk management and internal control system in place is deemed satisfactory and there were no material losses incurred as a result of internal control weakness or adverse compliance events, with consistent review of the adequacy and effectiveness of the Group’s risk management and internal control throughout FY2022.

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

Engagement with Stakeholders

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

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

Conduct of General Meetings

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

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

In line with the Paragraph 8.29A of the MMLR of Bursa Securities, all resolutions tabled at the AGM will be voted by way of poll. An independent scrutineer will be appointed to validate the votes cast and the outcome of the AGM will be announced to Bursa Securities on the same day the meeting is held.

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

COMPLIANCE STATEMENT

Saved as disclosed above, the Board is satisfied that the Company has substantially complied with and applied with the principals and recommendations of the MCCG, where necessary and appropriate, with the exception of the following 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 explanations for the departures and the alternative measures adopted by the Company to achieve the intended outcome of the recommended practices can be found in the Corporate Governance Report 2022.

In pursuit of safeguarding the interest of the shareholders and stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement has been approved by the Board on 21 April 2023.

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 Company for the financial year ended 31 December 2022 ("FY2022").

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 Company. 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.

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.

MEETINGS AND ATTENDANCE

During FY2022, the ARMC held five (5) meetings in total. The attendance of each member at the ARMC meetings is as follows:-

Members	Attendance
Ms. Ho Kim Poi (Chairperson)	5/5
Mr. Oh Keng Leng	5/5
Ms. Tan Ler Chin	5/5

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 FY2022:-

- Reviewed the Audit Planning Memorandum with BDO, the External Auditors;
- Discussed and reviewed the External Auditors' evaluation of system of internal control of the Company;
- 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 2021 and the Directors' and Auditors' Reports for recommendation to the Board for approval;

Audit & Risk Management Committee Report

- Reviewed the report from the External Auditors arising from the final audit for the FY2022 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;
- Deliberated on the Group Corporate Governance Framework which is still work-in-progress;
- Reviewed the Group Risk Register;
- Discussed and proposed the declaration of interim single tier dividend for recommendation to the Board for approval; 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 who is a Chartered Member of the Institute of Internal Auditors Malaysia. Khaidzir is a partner of KPMG in Malaysia and the Executive Director with the Internal Audit, Risk and Compliance practice of KPMG. A total of six (6) personnel were deployed by KPMG for the internal audit work during FY2022.

The Internal Audit activities during FY2022 is summarised below:

- Established the annual internal audit plan and proposed the plan to the ARMC which includes internal audit scope covering organisational governance, store operations, corporate liability on corruption, supplier management process, information technology general controls, e-commerce process, human resources process and monitoring third-party service providers process;
- Performed four (4) cycles of internal audit review based on the annual internal audit plan approved by the ARMC;
- Performed internal audit review based on the International Professional Practices Framework that includes the Definition of Internal Auditing, the Code of Ethics, and the International Standards for Professional Practice of Internal Auditing issued by the Institute of Internal Auditors;
- Performed follow-up reviews to ascertain if proper action has been taken to address issues highlighted in previous audit reports; and
- Presented significant audit findings, recommendation and Management's responses to the ARMC for consideration.

The total cost incurred for internal audit function for FY2022 was RM200,000.00.

Additional Compliance Information

UTILISATION OF PROCEEDS

The Company was listed on the Main Market of Bursa Malaysia Securities Berhad 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 2023, 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	Timeframe for utilisation	Proposed utilisation (RM)	Actual utilisation (RM)	Reallocation of utilisation (RM)	Balance of utilisation (RM)
Enhance customer experience via upgrading and expanding our chain of retail stores	Within 36 months	160,500,000	37,963,412	–	122,536,588
Repayment of bank borrowings	Within 6 months	46,000,000	46,000,000	–	–
Develop new brand distribution business	Within 36 months	22,000,000	22,000,000	–	–
Expand and upgrade our warehouse & logistics network	Within 36 months	20,000,000	20,121,393	121,393	–
Boost our digital infrastructure	Within 36 months	9,700,000	3,242,698	–	6,457,302
Estimated listing expenses	Within 3 months	9,300,000	9,178,607	(121,393)	–
		267,500,000	138,506,110	–	128,993,890

Additional Compliance Information

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2022, the amount of audit fees paid to the External Auditors on the Company and Group basis were RM51,500 and RM266,000 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 2022 on the Company and Group basis were RM65,000 and RM156,800 respectively.

The details of the payment are set out below:-

	Company (RM)	Group (RM)
Audit Fees	51,500	266,000
Non-Audit Fees		
- BDO	64,000	84,000
- BDO Affiliate	1,000	72,800
Total	116,500	422,800

MATERIAL CONTRACTS

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.

RECURRENT RELATED PARTY TRANSACTION

At the 1st Annual General Meeting of the Company held on 24 June 2022, 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 2022 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 Electric (KL) Sdn. Bhd. ("Senheng KL")	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 by Senheng KL to Eight Development in respect of the rental of shoplots and warehouses	(1,134)

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)*
2.	Senheng KL	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 to Senheng KL for occupying spare office space at the central distribution centre	14
3.	Senheng KL	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"> • Purchase of small item electrical accessories and consumables by Senheng KL from 100 Value Distribution for sale • Purchase of small item electrical accessories and consumables by Senheng KL from 100 Value Distribution for own use 	(8,643) (135)
4.	Senheng KL	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"> • Provision of business intelligence solutions by Blackbox BI to Senheng KL • Rental payable by Blackbox BI to Senheng KL in respect of the rental of premises 	(481) 10
5.	Senheng KL	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"> • Insurance premium in relation to warranty programmes and over-the-counter insurance business collected by Insurnet from Senheng KL on behalf of third-party insurance companies • Insurance premium in relation to insurance coverage collected by Insurnet from Senheng KL on behalf of third-party insurance companies • Administrative and marketing fees payable by Senheng KL to Insurnet for services provided by Insurnet in relation to the operations of PlusOne extended warranty programme and online insurance business • Administrative and marketing fees payable by Insurnet to Senheng KL for usage of Senheng KL's resources in relation to the operation of SWAP/ Replacement warranty programme and over-the-counter insurance business 	(29,829) (4,467) (353) 1,988

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)*
6.	Senheng KL	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"> Provision of software development of business application services by Senwave Retail to Senheng KL Rental payable by Senwave Retail to Senheng KL in respect of the rental of premises 	<p>(2,361)</p> <p>37</p>
7.	Senheng KL	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"> Provision of training services by SHR Academy to Senheng KL Rental payable by SHR Academy to Senheng KL in respect of the rental of premises 	<p>(1,399)</p> <p>19</p>
8.	Senheng KL	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"> Marketing fee payable by Senheng KL to S Eco Commissions payable by Senheng KL to S Eco Rental payable by S Eco to Senheng KL in respect of the rental of premises 	<p>(31,790)</p> <p>(19,062)</p> <p>44</p>
9.	Senheng KL	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 to Senheng KL in respect of lease of premises for installation of solar photovoltaic panels	6

Notes:

* Amounts in brackets indicate expenses for Senheng KL, while amounts without brackets indicate income for Senheng KL

Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control for the financial year ended 31 December 2022 ("FY2022") 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.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

In line with Practices 10.1 and 10.2 of the MCCG, the Board has established and disclosed a structured risk management framework based on ISO 31000:2018 with the function of identifying, evaluating, controlling, monitoring and reporting significant business risks faced by the Group, where the updated risk profiles of the Group concerned are tabled to the ARMC for deliberation and action plans to be taken by Management in mitigating the risks. The Compliance and Risk Management Framework ("CRMF") is to implement effective corporate governance, enterprise risk management and corporate compliance with applicable laws and legislation. The CRMF consists of the following four (4) crucial components: -

Statement on Risk Management and Internal Control

Risk Identification

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

Risk Evaluation

The CCM Division ensures that the Annual Compliance Plans (“ACP”) are completed by the Key Employees, by documenting their compliance responsibilities, reports, training requirements, and details of compliance risks rated

‘Medium’ and above. By completing and signing off the ACP, the CCM Division acknowledges that all respective departments recognize the compliance requirements and obligations related to their area, and will effectively manage the risks within acceptable limits associated with the compliance requirements.

Risk Treatment

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

Risk Monitoring and Review



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

- (a) developing and maintaining the policy, framework and operating procedures for compliance management, ensuring the expectations for managing compliance are properly documented, readily available and clearly understood by relevant management and employees;
- (b) continually reviewing and assessing the appropriateness and effectiveness of the CRMF in identifying and managing compliance obligations;
- (c) regularly reporting any compliance management issues or breaches to Management and the ARMC;
- (d) promoting a culture of compliance management and control throughout the Company; and
- (e) communicating and implementing the Compliance Management Framework and Policy across the Company.

The CRMF was approved on 27 May 2022 and is to be periodically reviewed (maximum 2 years from the approval date). The CRMF outlines the Group’s risk management system, defines Management’s responsibilities via risk accountability structure and reporting structure, and sets the Group’s risk appetite and risk tolerance.

Key Risk Factors

During FY2022, 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:-

Emergence of Competitors in New Channels

The Group’s Seamless Business Strategy (“SBS”) aims to offer customers a unique customer experience across various channels such as retail, online, mobile, and social platforms. By integrating these channels, the Group’s digital platform, including the Senheng app, enables new opportunities for growth and engagement with customers.

Statement on Risk Management and Internal Control

To enhance customer experience, the Group's SBS uses data analytics as an integral component. The Group stands out from its digital competitors as it fully integrates its physical and digital presence, providing multiple engagement options to meet customers' needs.

Compliance Risks of Service Providers

Compliance risks refer to the potential inability of service providers to fulfil their obligations, including compliance requirements.

Senheng closely monitors and evaluates the performance of external service providers to mitigate compliance risks of service providers.

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 Company'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.

Future operating results depend on the Company's ability to obtain inventory in sufficient quantities on commercially reasonable terms

The success of a Group's future operating results is reliant on its ability to procure inventory in adequate quantities and at commercially viable terms. Inventory is an essential component of any business as it helps in meeting customer demand, maintaining production levels, and generating revenue. Thus, the Group's ability to acquire inventory that meets its requirements at an acceptable cost is crucial to its growth and profitability. The process of inventory acquisition is complex and requires a strategic approach to ensure that the inventory is obtained at the right time, in the right quantity, and at the right price.

The Group has effective procurement strategies in place that enable the Group to negotiate favourable terms with suppliers and maintain healthy inventory levels to meet customer demand. In summary, the Group's ability to obtain inventory on commercially reasonable terms is a key factor in determining its future success.

KEY INTERNAL CONTROL PROCESSES

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

Organizational Chart

The Board established a clearly defined Organizational Chart which specifies clear lines of authority, accountability and responsibilities of each level of the Group's personnel, 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 Organizational Chart, there is an established and effective segregation of duties via reviews and reconciliation activities to prevent human errors, fraud and abuses.

Limits of Authority

The Group will from time to time, review the 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.

Statement on Risk Management and Internal Control

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 treatment 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 BDO Governance Advisory 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 FY2022, 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.

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, Messrs. KPMG Management & Risk Consulting Sdn. Bhd. to provide an independent review of internal control and to report to the ARMC directly on the Company's financial reporting process, internal controls, risk management and governance.

All reports from the internal audit reviews carried out by the Internal Auditor are to be presented to the ARMC 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 FY2022, the internal audit's scope covered the following based on the approved audit plan:-

- Organisational governance, which involved assessing the governance structure at Senheng and its ability to support the Board of Senheng in discharging their required responsibilities;
- Store operations, which involved assessing the establishment and operating effectiveness of operational guidelines to address applicable COVID-19 related safety measures during day-to-day store operations;
- Corporate liability on corruption, which involved assessing the adequacy and integrity of system of internal controls established to serve as adequate procedures in response to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, such as organizational structure, corruption risk assessment, whistleblowing, training and expense management;
- Supplier management, which involved assessing controls at the supplier engagement and evaluation stage, contracting and renegotiations of commercial terms;
- IT General Controls, which involved assessing policies and procedures in relation to information systems, e.g., users' and administrators' perspective covering areas on IT security policy, IT assess controls, database administration, networking and technical support;

Statement on Risk Management and Internal Control

- E-commerce, which involved assessing the management of registration process including customer and personal data management, documentation requirements as well as enablement of system controls, such as mandatory or sensitive fields;
- Human Resources, which involved assessing the adequacy and effectiveness in monitoring staff performance, namely establishment of job descriptions, key performance indicators and periodic performance evaluations; and
- Monitoring third-party service providers, which involved assessing the decision to use third-party service providers and that it is in the best interest of the organization e.g., cost-benefit analysis.

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 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for FY2022. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

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 to the disclosure requirements set out under Paragraphs 41 and 42 of the SORMIC Guidelines, nor being factually inaccurate.

CONCLUSION

The Board recognizes that the risk management and internal control system, however well-designed, can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud. However, the Board and 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 is operating effectively, in all material respects for FY2022 and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in this Annual Report.

The Board is of the view that the risk management and internal control systems of the Group for the year under review and up to the date of approval of this statement is adequate and able to provide reasonable assurance to safeguard shareholders' interests. There was no material risk management and internal control weakness or deficiency that would result in material losses or operational irregularities. The Group continuously undertakes appropriate measures to ensure that the risk management and internal control systems in place are functioning effectively.

This Statement was approved by the Board on 21 April 2023.

Directors' Responsibilities 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.

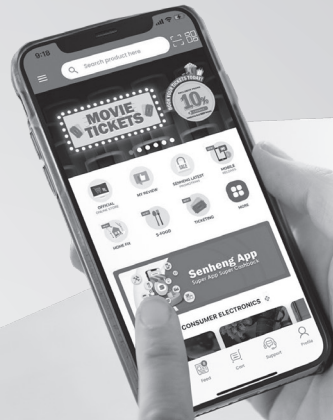
In preparing the financial statements, the Directors have:

- 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 21 April 2023.



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 2022.

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 11 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	60,522,466	29,159,712
Profit attributable to owners of the parent	60,522,466	29,159,712

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
First interim single tier dividend of 1.30 sen per ordinary share in respect of financial year ended 31 December 2021, paid on 29 April 2022	19,500,000
First interim single tier dividend of 0.50 sen per ordinary share in respect of financial year ended 31 December 2022, paid on 14 October 2022	7,500,000
	27,000,000

On 10 April 2023, the Board of Directors declared a second interim single tier dividend of RM0.007 per ordinary share amounting to RM10,500,000 for the financial year ended 31 December 2022, which is to be paid on 16 June 2023 to shareholders of the Company whose names appeared in the Record of Depositors on 29 May 2023. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2022.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the 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.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company. The Company did not issue any debentures during the financial 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 2022 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 1.1.2022	Bought	Sold	Balance as at 31.12.2022
<u>Direct interests:</u>					
Lim Kim Heng		126,800,000	3,500,000	(46,500,000)	83,800,000
Lim Kim Chieng		126,800,000	1,500,000	(46,500,000)	81,800,000
Lim Kim Yew		126,800,000	1,000,000	(46,500,000)	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)	869,600,000	1,355,600	-	870,955,600
Lim Kim Chieng	(a) & (c)	869,600,000	1,490,600	(300,000)	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 2022 were as follows:

	Group RM	Company RM
Fees	468,000	468,000
Salaries	2,647,200	-
Bonus	315,000	-
Others	172,230	48,750
Benefits-in-kind	59,284	-
	3,661,714	516,750

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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

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.

Directors' Report

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

(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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 29 December 2021, the Company issued a prospectus in connection with the Initial Public Offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing"). The IPO involves the offering of 389,500,000 ordinary shares in the Company in conjunction with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad comprising an offer for sale of up to 139,500,000 existing ordinary shares in the Company and a public issue of 250,000,000 new ordinary shares in the Company. The IPO and the Listing were completed on 25 January 2022.
- (b) Senheng Electric (KL) Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 31 March 2022, entered into a Sale and Purchase Agreement ("SPA") with Pintaras Jaya Bhd. to acquire a freehold industrial land at Bukit Raja, Klang for a total consideration of RM25,282,272.
- (c) Senheng Electric (KL) Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 25 May 2022, entered into a Sale and Purchase Agreement ("SPA") with Loyal Landmark Sdn. Bhd. to acquire a leasehold land and building at Kuchai Lama, Kuala Lumpur for a total consideration of RM8,280,000.

Directors' Report

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 2022 were as follows:

	Group RM	Company RM
Statutory audit	266,000	51,500
Non-statutory audit	156,800	65,000
	422,800	116,500

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

.....
Lim Kim Chieng

Director

.....
Lim Kim Heng

Director

Kuala Lumpur
25 April 2023

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 86 to 150 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 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
 25 April 2023

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 86 to 150 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
 declared by the abovenamed at)
 Kuala Lumpur this)
 25 April 2023)

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 2022 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 significant accounting policies, as set out on pages 86 to 150.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year ended 31 December 2022. 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 2022, the Group had recognised right-of-use assets and lease liabilities for leases of Group with carrying amounts of RM115,977,283 and RM101,040,451 respectively as disclosed in Note 9 to the financial statements.

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

Audit response

Our audit procedures included the following:

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

Independent Auditors' Report to the Members of Senheng New Retail Berhad (Incorporated in Malaysia)

Key Audit Matters (continued)

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

Inventories of the Group as at 31 December 2022 amounted to RM250,055,392 of which RM17,746,842 are stated at net realisable value as disclosed in Note 15 to the financial statements.

We have determined this to be a key audit matter due to significant judgements made by management in their assessment of the current selling prices 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; and
- (ii) Assessed the appropriateness of inventories written down, inventories written off and inventories written back by verifying sales subsequent to the end of the reporting period.

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Independent Auditors' Report to the Members of Senheng New Retail Berhad (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent Auditors' Report to the Members of Senheng New Retail Berhad (Incorporated in Malaysia)

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

.....
Law Kian Huat

02855/06/2024 J
Chartered Accountant

Kuala Lumpur
25 April 2023

Statements of Financial Position

as at 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	8	155,346,086	108,351,158	-	-
Right-of-use assets	9	115,977,283	87,444,013	-	-
Intangible assets	10	15,818	15,177	-	-
Investments in subsidiaries	11	-	-	166,206,168	166,206,168
Other investments	12	-	2,921,311	-	-
Deferred tax assets	13	11,975,766	24,675,260	-	-
Other receivables	14	27,453,389	47,720,743	263,272,370	-
		310,768,342	271,127,662	429,478,538	166,206,168
Current assets					
Inventories	15	250,055,392	253,940,687	-	-
Other investments	12	26,433,045	37,277,432	-	-
Trade and other receivables	14	92,117,285	88,776,952	54,626	1,416,877
Current tax assets		15,573,657	32,200	-	-
Cash and bank balances	16	155,491,750	51,742,236	1,127,173	66,107
		539,671,129	431,769,507	1,181,799	1,482,984
TOTAL ASSETS		850,439,471	702,897,169	430,660,337	167,689,152
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	427,867,671	166,206,171	427,867,671	166,206,171
Reserves	18	101,254,170	67,458,132	1,782,594	(377,118)
TOTAL EQUITY		529,121,841	233,664,303	429,650,265	165,829,053
LIABILITIES					
Non-current liabilities					
Lease liabilities	9	72,948,956	55,809,057	-	-
Deferred tax liabilities	13	24,705	1,800	-	-
Borrowings	19	-	40,052,841	-	-
Provision for restoration costs	21	5,789,149	5,054,468	-	-
Contract liabilities	23	42,762,109	91,130,938	-	-
		121,524,919	192,049,104	-	-
Current liabilities					
Trade and other payables	22	101,733,753	170,465,611	596,366	1,860,099
Lease liabilities	9	28,091,495	24,649,887	-	-
Provision for restoration costs	21	884,630	1,284,860	-	-
Contract liabilities	23	44,490,906	63,571,442	-	-
Borrowings	19	24,000,000	16,944,019	-	-
Current tax liabilities		591,927	267,943	413,706	-
		199,792,711	277,183,762	1,010,072	1,860,099
TOTAL LIABILITIES		321,317,630	469,232,866	1,010,072	1,860,099
TOTAL EQUITY AND LIABILITIES		850,439,471	702,897,169	430,660,337	167,689,152

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

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2022

	Note	Group		Company	
		1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
Revenue	24	1,562,218,644	1,444,115,080	27,500,000	-
Cost of sales		(1,221,424,980)	(1,140,467,114)	-	-
Gross profit		340,793,664	303,647,966	27,500,000	-
Other operating income		16,961,047	16,419,050	-	-
Net loss on impairment of financial assets		(219,835)	(3,352,083)	(32,904)	-
Operating and administrative expenses		(270,779,299)	(228,946,140)	(2,806,196)	(375,779)
Interest income		3,117,786	1,718,570	5,900,908	-
Finance costs		(4,612,515)	(4,963,071)	(13,390)	(1,339)
Profit/(Loss) before tax	25	85,260,848	84,524,292	30,548,418	(377,118)
Tax expense	26	(24,738,382)	(19,267,815)	(1,388,706)	-
Profit/(Loss) for the financial year/period, attributable to the owners of the Company		60,522,466	65,256,477	29,159,712	(377,118)
Other comprehensive income					
Item that may be reclassified to profit or loss in subsequent period					
Foreign currency translations		-	370,794	-	-
Item that will not be reclassified to profit or loss in subsequent period					
Fair value gain of other investments at fair value through other comprehensive income ("FVTOCI")		273,572	1,830,861	-	-
Other comprehensive income/(loss) for the financial year/period, net of tax		273,572	2,201,655	29,159,712	(377,118)
Total comprehensive income/(loss) attributable to the owners of the Company		60,796,038	67,458,132	29,159,712	(377,118)
<u>Earnings per ordinary share attributable to equity holders of the Company:</u>					
Basic earnings per ordinary share (sen)	27	4.03	5.22		
Diluted earnings per ordinary share (sen)	27	4.03	5.22		

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

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022

Group	Note	Share capital RM	Merger reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2021		1,000,003	-	-	(661,301)	165,867,469	166,206,171
Profit for the financial year		-	-	-	-	65,256,477	65,256,477
Other comprehensive income, net of tax		-	-	1,830,861	370,794	-	2,201,655
Total comprehensive income		-	-	1,830,861	370,794	65,256,477	67,458,132
Transactions with owners:							
Issuance of shares for the acquisition of subsidiaries	17	166,206,168	(165,206,168)	-	-	-	1,000,000
Adjustment on the acquisition of subsidiaries	17	(1,000,000)	-	-	-	-	(1,000,000)
Total transactions with owners		165,206,168	(165,206,168)	-	-	-	-
Balance as at 31 December 2021		166,206,171	(165,206,168)	1,830,861	(290,507)	231,123,946	233,664,303
Balance as at 1 January 2022		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
Transactions with owners:							
Issuance of shares pursuant to Initial Public Offering	17	267,500,000	-	-	-	-	267,500,000
Share issuances expenses	17	(5,838,500)	-	-	-	-	(5,838,500)
Dividends	28	-	-	-	-	(27,000,000)	(27,000,000)
Total transactions with owners		261,661,500	-	-	-	(27,000,000)	234,661,500
Balance as at 31 December 2022		427,867,671	(165,206,168)	2,104,433	-	264,355,905	529,121,841

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

Statement of Changes in Equity

for the financial year ended 31 December 2022

Company	Note	Share capital RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
Balance as at 21 May 2021 (date of incorporation)		3	-	3
Loss for the financial period		-	(377,118)	(377,118)
Other comprehensive income, net of tax		-	-	-
Total comprehensive loss		-	(377,118)	(377,118)
Transaction with owners:				
Issuance of shares for the acquisition of subsidiaries	17	166,206,168	-	166,206,168
Balance as at 31 December 2021		166,206,171	(377,118)	165,829,053
Balance as at 1 January 2022		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
Transactions with owners:				
Issuance of shares pursuant to Initial Public Offering	17	267,500,000	-	267,500,000
Share issuance expenses	17	(5,838,500)	-	(5,838,500)
Dividends	28	-	(27,000,000)	(27,000,000)
Total transactions with owners		261,661,500	(27,000,000)	234,661,500
Balance as at 31 December 2022		427,867,671	1,782,594	429,650,265

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

Statements of Cash Flows

for the financial year ended 31 December 2022

	Note	Group		Company	
		1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		85,260,848	84,524,292	30,548,418	(377,118)
Adjustments for:					
Amortisation of intangible assets	10	3,998	2,753	-	-
Bad debts written off	25	-	267,479	-	-
Depreciation of property, plant and equipment	8	14,224,660	11,090,197	-	-
Depreciation of right-of-use assets	9	29,978,095	28,160,287	-	-
Dividend income	25	(1,522,671)	(130,721)	(27,500,000)	-
Gain on disposal of property, plant and equipment	25	(332,058)	(1,400)	-	-
Gain on disposal of right-of-use assets	25	(269,641)	-	-	-
Gain on disposal of other investments	25	(161,495)	(390,372)	-	-
Gain on reassessments and modifications of leases	25	(349,587)	(2,969,068)	-	-
Fair value adjustments on other investments	25	4,387,004	221,320	-	-
Interest expense on:					
- advances from a subsidiary		-	-	13,390	1,339
- borrowings	25	1,158,868	1,937,123	-	-
- lease liabilities	9	3,229,110	2,823,814	-	-
- unwinding of discount on provision for restoration costs	21	224,537	202,134	-	-
Interest income from:					
- deposits with licensed banks	25	(3,117,786)	(1,718,570)	(59,498)	-
- advances to a subsidiary	25	-	-	(5,841,410)	-
Inventories written down	15	2,954,030	1,896,634	-	-
Inventories written back	15	(1,549,453)	(6,931,421)	-	-
Impairment losses on:					
- trade and other receivables	14	219,835	3,670,319	-	-
- advances to a subsidiary	14	-	-	32,904	-
Property, plant and equipment written off	25	-	307,533	-	-
Rent concessions	9	-	(1,098,465)	-	-
Reversal of impairment losses on right-of-use assets	9	-	(762,280)	-	-
Reversal of impairment losses on trade and other receivables	14	-	(318,236)	-	-
Reversal of provision of restoration costs	21	(176,573)	(39,050)	-	-
Unrealised (gain)/loss on foreign exchange	25	(702,899)	1,227,918	-	-
Operating profit/(loss) before changes in working capital (carried forward)		133,458,822	121,972,220	(2,806,196)	(375,779)

Statements of Cash Flows for the financial year ended 31 December 2022

	Note	Group		Company	
		1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before changes in working capital (brought forward)		133,458,822	121,972,220	(2,806,196)	(375,779)
Working capital changes:					
Inventories		2,480,718	(37,526,095)	-	-
Trade and other receivables		16,707,186	2,913,983	(197,756)	(1,416,877)
Trade and other payables		(68,764,428)	56,761,405	263,370	1,295,099
Contract liabilities		(67,449,365)	(68,277,460)	-	-
Cash generated from/(used in) operations		16,432,933	75,844,053	(2,740,582)	(497,557)
Interest paid		(1,158,868)	(1,937,123)	(13,390)	(1,339)
Tax paid		(27,234,786)	(20,247,630)	(975,000)	-
Net cash (used in)/from operating activities		(11,960,721)	53,659,300	(3,728,972)	(498,896)
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances (to)/from a subsidiary		-	-	(263,272,370)	565,000
Dividend received		1,522,671	130,721	27,500,000	-
Interest received		3,117,786	1,718,570	5,900,908	-
Placement of fixed deposits with licensed banks with original maturity more than three (3) months		(46,039,950)	(71,931)	-	-
Proceeds from disposal of:					
- other investments		277,840,501	6,935,565	-	-
- property, plant and equipment		350,585	1,400	-	-
- right-of-use assets		306,749	-	-	-
Purchase of:					
- intangible assets	10	(4,639)	(13,000)	-	-
- other investments		(267,306,228)	(16,880,535)	-	-
- property, plant and equipment	8	(61,238,115)	(22,778,786)	-	-
- right-of-use assets	9	(8,595,200)	-	-	-
Net cash (used in)/from investing activities		(100,045,840)	(30,957,996)	(229,871,462)	565,000

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

Statements of Cash Flows for the financial year ended 31 December 2022

	Note	Group		Company	
		1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(27,000,000)	(12,000,000)	(27,000,000)	-
Drawdown of bankers' acceptances		231,327,145	230,246,538	-	-
Drawdown of term loans		-	5,867,000	-	-
Payments of lease liabilities	9	(31,964,492)	(29,302,994)	-	-
Payments of share issuance expenses	17	(5,838,500)	-	(5,838,500)	-
Proceeds from issuance of share capital	17	267,500,000	-	267,500,000	-
Repayments of:					
- bankers' acceptances		(218,885,987)	(228,687,696)	-	-
- term loans		(45,438,018)	(6,161,524)	-	-
Net cash from/(used in) financing activities		169,700,148	(40,038,676)	234,661,500	-
Net increase/(decrease) in cash and cash equivalents		57,693,587	(17,337,372)	1,061,066	66,104
Effects of exchange rate changes on cash and cash equivalents		15,977	252,410	-	-
Cash and cash equivalents at beginning of financial year/date of incorporation		47,782,186	64,867,148	66,107	3
Cash and cash equivalents at end of financial year/period	16	105,491,750	47,782,186	1,127,173	66,107

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities RM (Note 9)	Other borrowings RM (Note 19)
At 1 January 2021	74,812,363	55,192,417
Cash flows	(29,302,994)	1,264,318
Non-cash flows:		
- Addition	5,342,522	540,125
- Reassessments and modifications	27,881,038	-
- Rent concessions	(1,098,465)	-
- Exchange differences	666	-
- Unwinding of interest	2,823,814	-
At 31 December 2021	80,458,944	56,996,860
At 1 January 2022	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	-
At 31 December 2022	101,040,451	24,000,000

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

Notes to the Financial Statements

31 December 2022

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 2022 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 April 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial 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"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

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

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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

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

4.2 Basis of consolidation

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

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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

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

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

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

4.3 Business combinations

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

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Business combination (continued)

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

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.

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases

The Group as lessee

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

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

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

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

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

Right-of-use asset

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

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

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

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

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

Lease liability

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Leases (continued)

The Group as lessor

As a lessor, Group determines at lease inception whether each lease is a finance lease or an operating lease. To clarify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

4.6 Investments in subsidiaries

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

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

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

4.7 Intangible asset

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

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

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

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

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

Computer software

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Inventories

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

4.9 Impairment of non-financial assets

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

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

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

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, to reduce the carrying amount of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.10 Financial instruments

(a) Financial assets

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

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

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

(i) Financial assets measured at amortised cost

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(a) Financial assets (continued)

(ii) Financial assets measured at fair value

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

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

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

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

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

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

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.10 Financial instruments (continued)

(b) Financial liabilities

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

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

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

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

(ii) Other financial liabilities

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

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

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

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.11 Equity

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

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Impairment of financial assets

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

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

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

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

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

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

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

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.

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

4.13 Borrowing costs

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Income tax

Income taxes include all taxes on taxable profits.

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

(a) Current tax

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

(b) Deferred tax

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

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Provisions

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

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

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

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

Provision for restoration costs

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

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

4.16 Contingent liabilities and contingent assets

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Revenue recognition

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

(a) Sales of goods

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

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when the Group satisfies a performance obligation.

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

- (i) Does not create an asset with an alternative use to the Group has an enforceable right to payment for performance completed to-date; or
- (ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provides benefits that the customer simultaneously receives and consumes as the Group performs.

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

(b) Sales of services

(i) Warranty

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

(ii) Membership income

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.17 Revenue recognition (continued)

(c) 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.

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

(a) Dividend income

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

(b) Interest income

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

(c) Rental income

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

(d) Subsidies and incentives income

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

4.18 Employee benefits

(a) Short term employee benefits

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

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

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

(b) Defined contribution plan

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.19 Foreign currencies

- (a) Functional and presentation currency

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

- (b) Foreign currency translations and balances

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

4.20 Fair value measurements

The fair value of an asset or a liability except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

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

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.20 Fair value measurements (continued)

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

- (a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (b) Level 2 fair value measurements are those derived from inputs other than quoted shares prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- (c) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

4.21 Operating segments

Operating segments are defined as components of the Group that:

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.22 Earnings per share

(a) Basic

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

(b) Diluted

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

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

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

Title	Effective Date
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i> (<i>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 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 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.

Notes to the Financial Statements

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6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

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

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

6.2 Critical judgements made in applying accounting policies

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

6.3 Key sources of estimation uncertainty

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

(a) Writes down for obsolete or slow moving inventories

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

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

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

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

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

(c) Provision for restoration costs

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

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7. OPERATING SEGMENTS

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

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

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

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

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

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

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

2022	Trading RM	Warranty RM	Others RM	Total RM
Segment profits/(losses)	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
Tax expense	(23,171,455)	(178,221)	(1,388,706)	(24,738,382)
Segment assets	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
Total assets				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
Segment liabilities	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
Total liabilities				321,317,630

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7. OPERATING SEGMENTS (continued)

2021	Trading RM	Warranty RM	Others RM	Total RM
Segment profits/(losses)	48,249,898	17,383,697	(377,118)	65,256,477
Included in the measure of segment profits are:				
Revenue from external customers	1,308,351,843	135,763,237	-	1,444,115,080
Inter-segment revenue	-	24,349,101	-	24,349,101
Amortisation of intangible assets	(2,753)	-	-	(2,753)
Bad debts written off	(267,479)	-	-	(267,479)
Depreciation of property, plant and equipment	(11,089,171)	(1,026)	-	(11,090,197)
Depreciation of right-of-use assets	(28,148,855)	(11,432)	-	(28,160,287)
Fair value adjustments on other investments	(91,233)	(130,087)	-	(221,320)
Gain on disposal of property, plant and equipment	1,400	-	-	1,400
Gain on disposal of other investments	390,372	-	-	390,372
Gain on reassessments and modifications of leases	2,969,068	-	-	2,969,068
Impairment losses on trade receivables	(3,670,319)	-	-	(3,670,319)
Interest expense	(4,962,217)	(854)	-	(4,963,071)
Interest income	882,331	836,239	-	1,718,570
Inventories written down	(1,896,634)	-	-	(1,896,634)
Inventories written back	6,931,421	-	-	6,931,421
Reversal of impairment losses on trade and other receivables	304,424	13,812	-	318,236
Reversal of impairment losses on right-of-use assets	762,280	-	-	762,280
Tax expense	(19,135,080)	(132,735)	-	(19,267,815)
Segment assets	454,643,854	55,856,703	167,689,152	678,189,709
Current tax assets	32,200	-	-	32,200
Deferred tax assets	24,675,260	-	-	24,675,260
Total assets				702,897,169
Included in the measure of segment assets are:				
Additions to property, plant and equipment	23,318,911	-	-	23,318,911
Additions to intangible assets	13,000	-	-	13,000
Additions to right-of-use assets	5,400,766	-	-	5,400,766
Additions to other investments	8,788,592	8,091,943	-	16,880,535
Segment liabilities	463,827,722	3,275,302	1,860,099	468,963,123
Current tax liabilities	136,493	131,450	-	267,943
Deferred tax liabilities	1,800	-	-	1,800
Total liabilities				469,232,866

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.

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8. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2022 RM	Additions RM	Disposals RM	Reclassification RM	Exchange difference RM	Balance as at 31.12.2022 RM
At cost						
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
Group	Balance as at 1.1.2022 RM	Depreciation charge for the financial year RM	Disposals RM	Reclassification RM	Exchange difference RM	Balance as at 31.12.2022 RM
Accumulated depreciation						
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

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8. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.1.2021 RM	Additions RM	Disposals RM	Written off RM	Balance as at 31.12.2021 RM
At cost					
Freehold land	8,930,097	-	-	-	8,930,097
Buildings	67,205,600	-	-	-	67,205,600
Furniture and fittings	18,021,716	2,661,700	-	(144,080)	20,539,336
Office equipment	12,232,972	1,142,633	-	(42,070)	13,333,535
Office computers	12,868,236	3,257,171	-	-	16,125,407
Motor vehicles	12,849,355	1,173,067	(295,000)	(72,210)	13,655,212
Renovation and signboards	82,231,015	10,298,840	-	(150,460)	92,379,395
Capital work-in-progress	100,939	4,785,500	-	-	4,886,439
	214,439,930	23,318,911	(295,000)	(408,820)	237,055,021
	Balance as at 1.1.2021 RM	Depreciation charge for the financial year RM	Disposals RM	Written off RM	Balance as at 31.12.2021 RM
Accumulated depreciation					
Buildings	2,907,505	1,344,112	-	-	4,251,617
Furniture and fittings	13,025,466	1,828,773	-	(12,007)	14,842,232
Office equipment	10,561,958	668,214	-	(4,207)	11,225,965
Office computers	9,695,822	1,282,350	-	-	10,978,172
Motor vehicles	9,182,515	1,273,783	(295,000)	(72,210)	10,089,088
Renovation and signboards	72,636,687	4,692,965	-	(12,863)	77,316,789
	118,009,953	11,090,197	(295,000)	(101,287)	128,703,863

Notes to the Financial Statements

31 December 2022

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	2022 RM	Group 2021 RM
Carrying amount		
Freehold land	35,207,689	8,930,097
Buildings	64,291,454	62,953,983
Furniture and fittings	7,549,582	5,697,104
Office equipment	3,840,037	2,107,570
Office computers	5,095,800	5,147,235
Motor vehicles	3,549,505	3,566,124
Renovation and signboards	25,236,517	15,062,606
Capital work-in-progress	10,575,502	4,886,439
	155,346,086	108,351,158

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

	2022 RM	Group 2021 RM
Purchase of property, plant and equipment	61,238,115	23,318,911
Financed by term loans	-	(540,125)
Cash payments on purchase of property, plant and equipment	61,238,115	22,778,786

(b) Certain freehold land, buildings and capital work-in-progress of the Group have been pledged as securities to banks for borrowings granted to the Group as disclosed in Note 19 to the financial statements with carrying amounts as follows:

	2022 RM	Group 2021 RM
Freehold land	-	7,688,826
Buildings	23,364,682	58,995,887
Capital work-in-progress	3,536,752	2,186,439
Carrying amount	26,901,434	68,871,152

Notes to the Financial Statements

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9. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

Group	Leasehold land RM	Buildings RM	Motor vehicles RM	Total RM
Cost				
As at 1 January 2022	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
As at 31 December 2022	18,280,800	257,793,797	1,385,172	277,459,769

Accumulated depreciation

As at 1 January 2022	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
As at 31 December 2022	1,190,536	158,906,778	1,385,172	161,482,486

Group	Leasehold land RM	Buildings RM	Motor vehicles RM	Total RM
Cost				
As at 1 January 2021	9,734,932	191,724,016	1,729,225	203,188,173
Addition	-	5,400,766	-	5,400,766
Reassessments and modifications	-	24,645,860	-	24,645,860
Reversals	-	(6,864,914)	-	(6,864,914)
As at 31 December 2021	9,734,932	214,905,728	1,729,225	226,369,885

Accumulated depreciation and impairment losses

As at 1 January 2021	703,101	118,709,523	1,383,381	120,796,005
Depreciation charged during the financial year	237,923	27,576,520	345,844	28,160,287
Reassessments and modifications	-	(2,402,577)	-	(2,402,577)
Reversals	-	(6,864,914)	-	(6,864,914)
Exchanges differences	-	(649)	-	(649)
Reversal of impairment losses	-	(762,280)	-	(762,280)
As at 31 December 2021	941,024	136,255,623	1,729,225	138,925,872

Carrying amounts

As at 31 December 2022	17,090,264	98,887,019	-	115,977,283
As at 31 December 2021	8,793,908	78,650,105	-	87,444,013

Notes to the Financial Statements

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

The Group as lessee (continued)

Lease liabilities

Group	Buildings RM
As at 1 January 2022	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
As at 31 December 2022	101,040,451

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

	2022 RM	Group 2021 RM
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Represented by:

Current liabilities	28,091,495	24,649,887
Non-current liabilities	72,948,956	55,809,057
	101,040,451	80,458,944
Lease liabilities owing to: Non-financial institutions	101,040,451	80,458,944

Notes to the Financial Statements

31 December 2022

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

The Group as lessee (continued)

Lease liabilities (continued)

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

	2022	Group
	RM	2021
		RM
Other operating income:		
Gain on reassessments and modifications of leases	(349,587)	(2,969,068)
Reversal of impairment losses on right-of-use assets	-	(762,280)
Finance costs:		
Interest expense on lease liabilities	3,229,110	2,823,814
Operating and administrative expenses:		
Depreciation of right-of-use assets	29,978,095	28,160,287
Expense relating to leases of low-value assets	11,220	24,516
Variable lease payments:		
- based on sales	244,284	479,490
- arising from COVID-19 related rent concession	-	(1,098,465)
	33,113,122	26,658,294

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

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

	2022	Group
	RM	2021
		RM
Addition of right-of-use assets	27,223,089	5,400,766
Financed by:		
Lease liabilities	(18,341,402)	(5,342,522)
Provision for restoration costs	(286,487)	(58,244)
Cash payments on purchase of right-of-use assets	8,595,200	-

Notes to the Financial Statements

31 December 2022

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

The Group as lessee (continued)

- (c) 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
2022				
Leases with lease payments based on sales	31,964,492	244,284	32,208,776	2,443
2021				
Leases with lease payments based on sales	28,755,168	479,490	29,234,658	4,795

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

	Group	
	2022 RM	2021 RM
Included in net cash from operating activities:		
Payment relating to low value assets	11,220	24,516
Payment relating to variable lease payments not included in the measurement of lease liabilities:		
- based on sales	244,284	479,490
Included in net cash from investing activities:		
Purchase of right-of-use assets	8,595,200	-
Included in net cash from financing activities:		
Payment of lease liabilities	31,964,492	29,302,994
Total cash outflows for leases	40,815,196	29,807,000

Notes to the Financial Statements

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

The Group as lessee (continued)

- (e) 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
2022					
Lease liabilities	3.27 - 4.52	28,091,495	66,498,466	6,450,490	101,040,451
2021					
Lease liabilities	3.27 - 4.77	24,649,887	53,129,744	2,679,313	80,458,944

- (f) 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
2022				
Lease liabilities	30,958,586	70,818,208	6,661,579	108,438,373
2021				
Lease liabilities	27,010,846	56,232,287	2,734,945	85,978,078

- (g) 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.
- (h) 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.

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	
	2022 RM	2021 RM
Less than one (1) year	1,151,844	1,306,541
One (1) to two (2) years	673,640	918,784
Two (2) to three (3) years	60,240	448,400
	1,885,724	2,673,725

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10. INTANGIBLE ASSETS

Group	Balance as at 1.1.2022 RM	Additions RM	Balance as at 31.12.2022 RM
At cost			
Computer software	18,100	4,639	22,739
<hr/>			
Group	Balance as at 1.1.2022 RM	Amortisation charged for the financial year RM	Balance as at 31.12.2022 RM
Accumulated amortisation			
Computer software	2,923	3,998	6,921
<hr/>			
Group	Balance as at 1.1.2021 RM	Additions RM	Balance as at 31.12.2021 RM
At cost			
Computer software	5,100	13,000	18,100
<hr/>			
Group	Balance as at 1.1.2021 RM	Amortisation charged for the financial year RM	Balance as at 31.12.2021 RM
Accumulated amortisation			
Computer software	170	2,753	2,923
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		2022	2021
		RM	RM
<hr/>			
Carrying amount			
Computer software		15,818	15,177
<hr/>			

Notes to the Financial Statements

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11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
At cost:		
- 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
		2022 %	2021 %	
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
SC Alliance (M) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	100	Distribution of household and IT gadget products
Senheng Capital (M) Sdn. Bhd.	Kuala Lumpur, Malaysia	100	-	Dormant

On 28 June 2022, the Group via its subsidiary, Senheng Electric (KL) Sdn. Bhd. incorporated a 100% owned subsidiary known as Senheng Capital (M) Sdn. Bhd., a company incorporated in Malaysia.

12. OTHER INVESTMENTS

	Group	
	2022 RM	2021 RM
<u>Equity securities</u>		
Non-current		
Unquoted shares in Malaysia	-	2,921,311
Current		
Unquoted shares in Malaysia	2,876,449	-
Unquoted shares outside Malaysia	7,304,081	6,774,509
Unquoted trust fund outside Malaysia	4,293,254	5,580,613
Quoted shares in Malaysia	152,037	749,571
Quoted shares outside Malaysia	1,587,937	3,825,875
Quoted unit trusts in Malaysia	10,219,287	20,346,864
	26,433,045	37,277,432
Total other investments	26,433,045	40,198,743

Notes to the Financial Statements

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12. OTHER INVESTMENTS (continued)

- (a) Quoted shares and quoted unit trusts of the Group are categorised as Level 1 in the fair value hierarchy. Fair value of investments in quoted shares and unit trusts are based on information provided by observable market data. There is no transfer between levels in the hierarchy during the financial year.
- (b) Unquoted shares and unquoted trust fund of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of investments in unquoted shares and unquoted trust fund are estimated based on the discounted cash flows method. Management believe that the estimated fair value is the most appropriate at the end of the reporting period. There is no transfer between levels in the hierarchy during the financial year.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of Level 3 financial instruments as well as the relationship between key unobservable inputs and fair values, 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 6.88% - 10.96% (2021: 2.19%)	The higher the discount rate, the lower the fair value

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

	Group	
	2022 RM	2021 RM
Balances as at 1 January	15,276,433	15,104,977
Distribution	(1,076,221)	(1,659,405)
Fair value changes through other comprehensive income	273,572	1,830,861
Balances as at 31 December	14,473,784	15,276,433

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

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

	Group	
	2022 RM	2021 RM
United States Dollar	3,204,905	2,967,014
Australian Dollar	127,353	172,141
Singapore Dollar	8,392,430	9,388,108
Hong Kong Dollar	1,189,118	3,123,819
Chinese Renminbi	271,466	529,915

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12. OTHER INVESTMENTS (continued)

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

	Group	
	2022	2021
	RM	RM
Effects of 3% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	73,072	67,648
- Australian Dollar	2,904	3,925
- Singapore Dollar	191,347	214,049
- Hong Kong Dollar	27,112	71,223
- Chinese Renminbi	6,189	12,082

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

	Group	
	2022	2021
	RM	RM
Effects of 3% changes to market price		
Profit after tax		
- Quoted shares in Malaysia	3,466	17,090
- Quoted shares outside Malaysia	36,205	87,230
- Quoted unit trusts in Malaysia	233,000	463,908

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.

13. DEFERRED TAX ASSETS/(LIABILITIES)

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

	Group	
	2022	2021
	RM	RM
As at 1 January	24,673,460	26,062,098
Recognised in profit or loss (Note 26)	(12,722,399)	(1,388,638)
Balance as at 31 December	11,951,061	24,673,460
Presented after appropriate offsetting:		
Deferred tax assets, net	11,975,766	24,675,260
Deferred tax liabilities, net	(24,705)	(1,800)
	11,951,061	24,673,460

Notes to the Financial Statements

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

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

Deferred tax assets of the Group

	Leases RM	Provisions RM	Other temporary differences RM	Total RM
As at 1 January 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
As at 1 January 2021	2,783,759	796,238	23,876,203	27,456,200
Recognised in profit or loss	(828,363)	459,258	(943,237)	(1,312,342)
At 31 December 2021 (before off-setting)	1,955,396	1,255,496	22,932,966	26,143,858
Off-setting	-	-	(1,468,598)	(1,468,598)
At 31 December 2021 (after off-setting)	1,955,396	1,255,496	21,464,368	24,675,260

Deferred tax liabilities of the Group

	Property, plant and equipment RM
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
As at 1 January 2021	1,394,102
Recognised in profit or loss	76,296
At 31 December 2021 (before off-setting)	1,470,398
Off-setting	(1,468,598)
At 31 December 2021 (after off-setting)	1,800

Notes to the Financial Statements

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14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current				
Other receivables	11,339,238	10,711,668	-	-
Amount due from a subsidiary	-	-	263,305,274	-
Less: Impairment losses	(887)	(896)	(32,904)	-
	11,338,351	10,710,772	263,272,370	-
Prepayments	16,115,038	37,009,971	-	-
Total other receivables (non-current)	27,453,389	47,720,743	263,272,370	-
Current				
Trade receivables	38,101,160	47,956,297	-	-
Amounts due from related parties	-	588,833	-	-
	38,101,160	48,545,130	-	-
Less: Impairment losses	(9,716,454)	(18,278,787)	-	-
Total trade receivables	28,384,706	30,266,343	-	-
Other receivables				
Other receivables	18,498,013	16,191,508	-	-
Less: Impairment losses	(3,539)	(3,539)	-	-
	18,494,474	16,187,969	-	-
Deposits	15,242,899	14,607,963	4,500	-
Total other receivables	33,737,373	30,795,932	4,500	-
	62,122,079	61,062,275	4,500	-
Prepayments	29,995,206	27,714,677	50,126	1,416,877
Total trade and other receivables (current)	92,117,285	88,776,952	54,626	1,416,877
Total trade and other receivables (non-current and current)	119,570,674	136,497,695	263,326,996	1,416,877

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 7 days to 60 days (2021: 7 days to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. During the financial year, the Group did not renegotiate the terms of any trade receivables.
- (b) Non-current other receivables of the Group are carried at amortised cost and the discount rates used are based on the effective interest rate of approximately 1.93% (2021: 1.36%).
- (c) Included in prepayments of the Group are insurance premium paid for product warranties of RM32,081,561 (2021: RM61,875,809).

Notes to the Financial Statements

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14. TRADE AND OTHER RECEIVABLES (continued)

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

Group	Weighted-average expected loss rate %	Gross carrying amount RM	Impairment loss allowance RM
Customers' characteristics			
2022			
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
2021			
Low risk	0.05	14,767,098	7,594
Fair risk	0.08	7,928,621	6,118
Substandard	7.33	8,184,420	600,084
Loss	100.00	17,664,991	17,664,991
		48,545,130	18,278,787

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

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

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

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

Group	Lifetime ECL RM	Credit impaired RM	Total RM
At 1 January 2022	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
At 1 January 2021	521,843	14,391,049	14,912,892
Reversal of impairment losses	(12,966)	(291,458)	(304,424)
Charge for the financial year	104,919	3,565,400	3,670,319
At 31 December 2021	613,796	17,664,991	18,278,787

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.

Notes to the Financial Statements

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14. TRADE AND OTHER RECEIVABLES (continued)

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

Group	Lifetime	12 months	Total
	ECL RM	ECL RM	
At 1 January 2022	896	3,539	4,435
Foreign exchange difference	(9)	-	(9)
At 31 December 2022	887	3,539	4,426
At 1 January 2021	12,657	5,590	18,247
Reversal for impairment losses	(11,761)	(2,051)	(13,812)
At 31 December 2021	896	3,539	4,435

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

Company	12 months
	ECL RM
At 1 January 2022	-
Charge for the financial year	32,904
At 31 December 2022	32,904

- (h) The Group does 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.
- (i) 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 approximate 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 which bears interest at rates ranging from 2% to 3% per annum.

- (j) 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	
	2022 RM	2021 RM
Floating rate	261,135,000	-

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

	Company	
	2022 RM	2021 RM
Profit after tax		
- Increased by 1.0% (2021: 1.0%)	(1,984,626)	-
- Decreased by 1.0% (2021: 1.0%)	1,984,626	-

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

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15. INVENTORIES

	2022 RM	Group 2021 RM
At cost		
Finished goods	232,308,550	240,492,334
At net realisable value		
Finished goods	17,746,842	13,448,353
	250,055,392	253,940,687

- (a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM1,128,028,682 (2021: RM1,073,521,220).
- (b) A write down of inventories to net realisable value of RM2,954,030 (2021: RM1,896,634) was made by the Group during the financial year.
- (c) The Group reversed RM1,549,453 (2021: RM6,931,421) 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.

16. CASH AND BANK BALANCES

	2022 RM	Group 2021 RM	2022 RM	Company 2021 RM
Cash and bank balances	105,491,750	47,782,186	1,127,173	66,107
Deposits with licensed banks	50,000,000	3,960,050	-	-
As per statements of financial position	155,491,750	51,742,236	1,127,173	66,107
Less:				
Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(50,000,000)	(3,960,050)	-	-
As per statements of cash flows	105,491,750	47,782,186	1,127,173	66,107

- (a) Deposits with licensed banks of the Group have an average maturity period of 104 days (2021: 364 days).
- (b) In the previous financial year, included in deposits with licensed banks is a deposit of RM3,960,050 pledged with a licensed bank as a security for credit facilities granted to a subsidiary of the Company.
- (c) The foreign currencies profile of cash and bank balances are as follows:

	2022 RM	Group 2021 RM
United States Dollar	22,315	129,721
Singapore Dollar	799,058	-
Chinese Renminbi	1,005	1,048

Notes to the Financial Statements

31 December 2022

16. CASH AND BANK BALANCES (continued)

- (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	
	2022	2021
	RM	RM
Effects of 3% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	509	2,958
- Singapore Dollar	18,219	-
- Chinese Renminbi	23	24

- (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	
	2022	2021
	RM	RM
Fixed rates	4.10%	1.85%

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

- (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.

17. SHARE CAPITAL

		Group			
		2022			2021
	Note	Number of shares	RM	Number of shares	RM
Ordinary shares					
Issued and fully paid with no par value					
At 1 January		1,250,000,000	166,206,171	1,000,003	1,000,003
Issuance of new shares	(b)	250,000,000	267,500,000	166,206,168	166,206,168
Adjustment on the acquisition of subsidiaries		-	-	(1,000,000)	(1,000,000)
Subdivision of existing ordinary shares	(c)	-	-	1,083,793,829	-
Listing expenses attributable to the Initial Public Offering		-	(5,838,500)	-	-
At 31 December		1,500,000,000	427,867,671	1,250,000,000	166,206,171

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17. SHARE CAPITAL (continued)

	Note	Company			
		2022 Number of shares	2022 RM	2021 Number of shares	2021 RM
Ordinary shares					
Issued and fully paid with no par value					
At 1 January 2022/21 May 2021 (date of incorporation)					
		1,250,000,000	166,206,171	3	3
Issuance of new shares	(b)	250,000,000	267,500,000	166,206,168	166,206,168
Subdivision of existing ordinary shares	(c)	-	-	1,083,793,829	-
Listing expenses attributable to the Initial Public Offering		-	(5,838,500)	-	-
At 31 December		1,500,000,000	427,867,671	1,250,000,000	166,206,171

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

(b) During the current 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.

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

(c) During the previous financial period, the Company had further carried out a subdivision of 166,206,171 existing shares into 1,250,000,000 shares on 26 November 2021.

(d) The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

(e) Owners of the Company are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. RESERVES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Non-distributable					
Merger reserve	(a)	(165,206,168)	(165,206,168)	-	-
Fair value reserve	(b)	2,104,433	1,830,861	-	-
Foreign currency translation reserve	(c)	-	(290,507)	-	-
Distributable					
Retained earnings/ (Accumulated losses)		264,355,905	231,123,946	1,782,594	(377,118)
		101,254,170	67,458,132	1,782,594	(377,118)

Notes to the Financial Statements

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18. RESERVES (continued)

(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	<u>165,206,168</u>

(b) Fair value reserve

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

(c) Foreign currency translation reserve

Foreign currency translation reserve was used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies were different from that of the presentation currency of the Group. It was also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, where the monetary item was denominated in either the functional currency of the reporting entity or the foreign operation.

19. BORROWINGS

	Group	
	2022	2021
	RM	RM
Current liabilities		
Bankers' acceptances	24,000,000	11,558,842
Term loans (Note 20)	-	5,385,177
	24,000,000	16,944,019
Non-current liabilities		
Term loans (Note 20)	-	40,052,841
	-	40,052,841
Total borrowings		
Bankers' acceptances	24,000,000	11,558,842
Term loans (Note 20)	-	45,438,018
	24,000,000	<u>56,996,860</u>

Notes to the Financial Statements

31 December 2022

19. BORROWINGS (continued)

- (a) All borrowings are denominated in RM.
- (b) The bankers' acceptances are secured by the following:
- a fixed deposit with licensed bank in the previous financial year as disclosed in Note 16.
 - a corporate guarantee given by the Company to bankers for credit facilities granted to certain subsidiaries as disclosed in Note 33 to the financial statements.
 - a fixed charge over certain building and capital work-in-progress of the Group as disclosed in Note 8 to the financial statements.
- (c) Fair value of the borrowings of the Group are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (d) The carrying amounts of the current portion of borrowings are reasonable approximation of fair value due to the insignificant impact of discounting.

The fair values of the term loans that carry floating interest rates approximate their carrying amounts as they are repriced to market interest rates on or near the reporting date.

- (e) At the end of reporting date, the interest rate profiles of the borrowings were:

	2022 RM	Group 2021 RM
- Fixed rates	24,000,000	11,558,842
- Floating rates	-	45,438,018
	24,000,000	56,996,860

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

	2022 %	Group 2021 %
Bankers' acceptances	3.43	2.42
Term loans	-	3.49

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

Group	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
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At 31 December 2022

Financial liabilities

Borrowings	24,000,000	-	-	24,000,000
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At 31 December 2021

Financial liabilities

Borrowings	16,944,019	21,242,805	18,810,036	56,996,860
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Notes to the Financial Statements

31 December 2022

19. BORROWINGS (continued)

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

Group	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
At 31 December 2022				
Financial liabilities				
Borrowings	24,000,000	-	-	24,000,000
At 31 December 2021				
Financial liabilities				
Borrowings	18,053,928	24,337,058	19,739,797	62,130,783

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

	Group	
	2022 RM	2021 RM
Effects of 50 basis points changes to profit after tax		
Floating rate instruments	-	172,664

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

20. TERM LOANS

	Group	
	2022 RM	2021 RM
Current liabilities		
Secured		
Term loans (Note 19)	-	5,385,177
Non-current liabilities		
Secured		
Term loans (Note 19)	-	40,052,841
Total borrowing		
Term loans (Note 19)	-	45,438,018

Notes to the Financial Statements

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20. TERM LOANS (continued)

	2022 RM	Group 2021 RM
Term loans		
Term loans I repayable by 120 equal monthly installments commenced 2019	-	1,505,264
Term loans II repayable by 120 equal monthly installments commenced 2019	-	3,103,717
Term loans III repayable by 120 equal monthly installments commenced 2019	-	206,928
Term loans IV repayable by 120 equal monthly installments commenced 2019	-	489,477
Term loans V repayable by 120 equal monthly installments commenced 2019	-	4,083,706
Term loans VI repayable by 120 equal monthly installments commenced 2019	-	4,944,540
Term loans VII repayable by 120 equal monthly installments commenced 2019	-	1,213,328
Term loans VIII repayable by 120 equal monthly installments commenced 2019	-	1,213,328
Term loans IX repayable by 120 equal monthly installments commenced 2019	-	2,366,612
Term loans X repayable by 120 equal monthly installments commenced 2019	-	3,004,039
Term loans XI repayable by 120 equal monthly installments commenced 2019	-	276,476
Term loans XII repayable by 120 equal monthly installments commenced 2019	-	3,394,372
Term loans XIII repayable by 120 equal monthly installments commenced 2019	-	907,503
Term loans XIV repayable by 120 equal monthly installments commenced 2019	-	899,246
Term loans XV repayable by 120 equal monthly installments commenced 2019	-	891,011
Term loans XVI repayable by 180 equal monthly installments commenced 2019	-	1,265,191
Term loans XVII repayable by 180 equal monthly installments commenced 2019	-	1,265,091
Term loans XVIII repayable by 180 equal monthly installments commenced 2019	-	1,344,721
Term loans XIX repayable by 120 equal monthly installments commenced 2020	-	248,302
Term loans XX repayable by 120 equal monthly installments commenced 2020	-	2,201,685
Term loans XXI repayable by 120 equal monthly installments commenced 2020	-	1,582,166
Term loans XXII repayable by 120 equal monthly installments commenced 2020	-	1,023,693
Term loans XXIII repayable by 120 equal monthly installments commenced 2020	-	2,201,685
Term loans XXIV repayable by 120 equal monthly installments commenced 2020	-	1,023,693
Term loans XXV repayable by 120 equal monthly installments commenced 2021	-	4,240,901
Term loans XXVI repayable by 120 equal monthly installments commenced 2021	-	80,591
Term loans XXVII repayable by 120 equal monthly installments commenced 2021	-	117,084
Term loans XXVIII repayable by 120 equal monthly installments commenced 2021	-	80,591
Term loans XXIX repayable by 120 equal monthly installments commenced 2021	-	76,447
Term loans XXX repayable by 120 equal monthly installments commenced 2021	-	110,183
Term loans XXXI repayable by 120 equal monthly installments commenced 2021	-	76,447
	-	45,438,018

In the previous financial year, term loans of the Group were secured by:

- (a) Legal charges over the Group's properties as disclosed in Note 8 to the financial statements; and
- (b) A joint and several guarantee by certain Directors of the Group.

Notes to the Financial Statements

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21. PROVISION FOR RESTORATION COSTS

	2022 RM	Group 2021 RM
Non-current		
Provision for restoration costs	5,789,149	5,054,468
Current		
Provision for restoration costs	884,630	1,284,860
	6,673,779	6,339,328

- (a) Provision for restoration costs comprises estimates of reinstatement costs for retail outlets upon termination of tenancy.
- (b) A reconciliation of the provision for restoration costs are as follows:

	2022 RM	Group 2021 RM
As at 1 January	6,339,328	10,302,249
Addition	286,487	58,244
Modifications due to changes in rate	-	(3,801,669)
Finance cost	224,537	202,134
Utilisation	-	(382,580)
Reversal	(176,573)	(39,050)
As at 31 December	6,673,779	6,339,328

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Third parties	73,293,862	137,250,558	-	-
Amounts due to related parties	6,836,454	6,669,573	-	-
	80,130,316	143,920,131	-	-
Other payables				
Other payables	7,390,287	7,071,158	-	-
Deposits	1,208,287	1,905,609	-	-
Accruals	12,765,762	17,222,281	596,366	332,996
Amounts due to related parties	239,101	346,432	-	-
Amount due to a subsidiary	-	-	-	1,527,103
	21,603,437	26,545,480	596,366	1,860,099
Total payables	101,733,753	170,465,611	596,366	1,860,099

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31 December 2022

22. TRADE AND OTHER PAYABLES (continued)

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 15 days to 90 days (2021: 15 days to 90 days).
- (b) Non-trade amounts due to related parties represents advances and payments on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.
- (c) In the previous financial year, amount due to a subsidiary represented advances and payments on behalf, which were unsecured, interest-free and repayable on demand in cash and cash equivalents except for an amount of RM565,000, which was subject to interest at a rate of 2% per annum.
- (d) 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.
- (e) The foreign currency profile of trade and other payables is as follows:

	2022 RM	Group 2021 RM
Chinese Renminbi	540,396	236,317

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

	2022 RM	Group 2021 RM
Effects of 3% changes to RM against foreign currency		
Profit after tax		
- Chinese Renminbi	12,321	5,388

23. CONTRACT LIABILITIES

	2022 RM	Group 2021 RM
Current		
- Deferred income	44,490,906	63,571,442
Non-current		
- Deferred income	42,762,109	91,130,938
	87,253,015	154,702,380

Notes to the Financial Statements

31 December 2022

23. CONTRACT LIABILITIES (continued)

(a) Deferred income

	2022	Group 2021
	RM	RM
Current		
- Customer loyalty programme	590,474	3,167,762
- Warranty	36,002,466	52,683,195
- Membership fee	3,419,074	2,728,564
- Cash vouchers	4,478,892	4,991,921
	44,490,906	63,571,442
Non-current		
- Customer loyalty programme	320,615	2,810,440
- Warranty	42,441,494	88,320,498
	42,762,109	91,130,938

(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 (2021: one (1) month to three (3) years).

(ii) Warranty

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

(iii) Membership fee

Deferred income of membership fee relates to the consideration received from customers for a twelve (12) months period of services, which revenue is recognised over time over the service period on a straight line basis.

(iv) Cash vouchers

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

Notes to the Financial Statements

31 December 2022

23. 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
2022			
Contract liabilities	44,490,906	42,762,109	87,253,015
2021			
Contract liabilities	63,571,442	91,130,938	154,702,380

- (c) The amount of RM112,598,344 (2021: RM156,158,821) included in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 31 December 2022.

- (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
At 1 January 2021	15,933,820	196,044,880	3,023,182	7,977,958	222,979,840
Addition	9,126,375	77,698,868	2,728,564	4,991,921	94,545,728
Utilisation	(19,081,993)	-	-	(7,977,958)	(27,059,951)
Reversal	-	(132,740,055)	(3,023,182)	-	(135,763,237)
At 31 December 2021/ 1 January 2022	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)
At 31 December 2022	911,089	78,443,960	3,419,074	4,478,892	87,253,015

24. REVENUE

	Group		Company	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
<i>Revenue from contracts with customers</i>				
- Sales of goods	1,418,651,855	1,308,351,843	-	-
- Sales of services	143,566,789	135,763,237	-	-
<i>Other revenue:</i>				
- Dividend income	-	-	27,500,000	-
	1,562,218,644	1,444,115,080	27,500,000	-
<i>Timing of revenue recognition</i>				
Transferred at a point in time	1,418,651,855	1,308,351,843	-	-
Transferred over time	143,566,789	135,763,237	-	-
	1,562,218,644	1,444,115,080	-	-

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 7 to the financial statements, which has been presented based on nature of products and services from which the sale of transactions originated.

Notes to the Financial Statements

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25. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
After charging:				
Auditors' remuneration				
Statutory audit				
- BDO PLT	266,000	214,312	51,500	13,000
Non-statutory audit				
- BDO PLT*	84,000	847,621	64,000	34,000
- Affiliate firm of BDO PLT^	72,800	78,636	1,000	1,000
Bad debts written off	-	267,479	-	-
Directors' remuneration	3,602,430	3,283,540	516,750	289,266
Fair value adjustments on other investments	4,387,004	221,320	-	-
Impairment losses on:				
- trade and other receivables	219,835	3,670,319	-	-
- advances to a subsidiary	-	-	32,904	-
Interest expenses on:				
- bankers' acceptance	392,382	334,697	-	-
- amount due to a subsidiary	-	-	13,390	1,339
- term loans	766,114	1,507,815	-	-
- lease liabilities	3,229,110	2,823,814	-	-
- provision for restoration costs	224,537	202,134	-	-
- others	372	94,611	-	-
Property, plant and equipment written off	-	307,533	-	-
Realised loss on foreign exchange	1,434	220,022	-	-
Rental of office equipment	11,220	24,516	-	-
Rental of premises	244,284	479,490	-	-
Share of profit paid as part of incentive programme	28,972,620	24,245,084	-	-
Unrealised loss on foreign exchange	-	1,227,918	-	-
And crediting:				
Dividend income	1,522,671	130,721	27,500,000	-
Gain on disposal of property, plant and equipment	332,058	1,400	-	-
Gain on disposal of right-of-use assets	269,641	-	-	-
Gain on disposal of other investments	161,495	390,372	-	-
Gain on reassessments and modifications of leases	349,587	2,969,068	-	-
Interest income from:				
- advances to a subsidiary	-	-	5,841,410	-
- deposits with licensed banks	3,117,786	1,718,570	59,498	-
Income arising from rent concession	-	1,098,465	-	-
Rental income	1,395,279	1,244,695	-	-
Reversal of impairment losses on trade and other receivables	-	318,236	-	-
Unrealised gain on foreign exchange	702,899	-	-	-

* In the previous financial year, included in non-statutory audit fees were fees related to the initial public offering and listing of RM797,121 and RM29,000 for the Group and the Company respectively.

^ In the previous financial year, included in non-statutory audit fees were fees relating to the initial public offering and listing of RM17,100 for the Group.

Notes to the Financial Statements

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26. TAX EXPENSE

	Group		Company	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
Current tax expense based on profit for the financial year/period	11,723,505	17,487,570	1,388,706	-
Under provision in prior years	292,478	391,607	-	-
	12,015,983	17,879,177	1,388,706	-
Deferred tax (Note 13) Relating to origination and reversal of temporary differences	10,960,800	2,124,397	-	-
Under/(Over) provision in prior years	1,761,599	(735,759)	-	-
	12,722,399	1,388,638	-	-
	24,738,382	19,267,815	1,388,706	-

- (a) There was no income tax expense for the Company for the previous financial period as the Company has no chargeable income.
- (b) Malaysian income tax is calculated at the statutory tax rate 24% (2021: 24%) of the estimated taxable profits for the fiscal year/period.
- (c) Numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
Profit/(Loss) before tax	85,260,848	84,524,292	30,548,418	(377,118)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	20,462,604	20,285,830	7,331,620	(90,508)
Tax effects in respect of:				
- Reduction in statutory tax rate	-	(41,997)	-	-
- Non-allowable expenses	7,057,541	4,482,908	657,086	90,508
- Non-taxable income	(4,835,840)	(5,114,774)	(6,600,000)	-
	22,684,305	19,611,967	1,388,706	-
Under/(Over) provision in prior years:				
- Current tax	292,478	391,607	-	-
- Deferred tax	1,761,599	(735,759)	-	-
	24,738,382	19,267,815	1,388,706	-

Notes to the Financial Statements

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26. TAX EXPENSE (continued)

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

	Before tax RM	Group Tax effect RM	After tax RM
1.1.2022 to 31.12.2022			
Item that will not be reclassified to profit or loss in subsequent period			
Fair value gain of other investments at FVTOCI	273,572	-	273,572
	273,572	-	273,572
1.1.2021 to 31.12.2021			
Item that may be reclassified to profit or loss in subsequent period			
Foreign currency translations	370,794	-	370,794
Item that will not be reclassified to profit or loss in subsequent period			
Fair value gain of other investments at FVTOCI	1,830,861	-	1,830,861
	2,201,655	-	2,201,655

27. EARNINGS PER ORDINARY SHARE

(a) Basic

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

	2022	Group 2021
Profit for the financial year attributable to ordinary equity holders of the Company (RM)	60,522,466	65,256,477
Weighted average number of ordinary shares in issue	1,500,000,000	1,250,000,000
Basic earnings per ordinary share (sen)	4.03	5.22

(b) Diluted

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

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28. DIVIDENDS

	Group and Company 1.1.2022 to 31.12.2022	
	Dividend per share sen	Amount of dividend RM
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
	1.80	27,000,000

On 10 April 2023, the Board of Directors declared a second interim single tier dividend of RM0.007 per ordinary share amounting to RM10,500,000 for the financial year ended 31 December 2022, which is to be paid on 16 June 2023 to shareholders of the Company whose names appeared in the Record of Depositors on 29 May 2023. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2022.

29. DIRECTORS' REMUNERATION

	Group		Company	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
Directors of the Company:				
Executive:				
Salaries	2,647,200	2,469,194	-	-
Bonus	315,000	240,000	-	-
Others	123,480	140,296	-	-
Benefits-in-kind	59,284	83,550	-	-
	3,144,964	2,933,040	-	-
Non-Executive:				
Fees	468,000	283,266	468,000	283,266
Salaries	-	88,038	-	-
Bonus	-	40,000	-	-
Others	48,750	22,746	48,750	6,000
Benefits-in-kind	-	9,342	-	-
	516,750	443,392	516,750	289,266
	3,661,714	3,376,432	516,750	289,266

The estimated monetary value of benefits-in-kind received by the Directors from the Group amounted to RM59,284 (2021: RM92,892).

Notes to the Financial Statements

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30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

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

Related parties of the Group include:

- (i) Subsidiaries as disclosed in Note 11 to the financial statements.
- (ii) Companies in which certain Directors have financial interests.
- (iii) Key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company, and certain members of the senior management of the Group.
- (b) In addition to the related party transactions disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year/period:

	Group		Company	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
Related parties:				
- Administrative and marketing fees receivable	1,987,561	1,988,345	-	-
- Administrative and marketing fees payable	(352,542)	(301,019)	-	-
- Concession income receivable	-	4,499	-	-
- Commission payable	(19,062,017)	(4,990,571)	-	-
- Insurance premium collected on behalf of third-party insurance companies	(34,295,081)	(31,010,992)	-	-
- Marketing expenses	(31,789,877)	(23,073,795)	-	-
- Purchases of goods	(8,778,346)	(8,888,806)	-	-
- Rental income	129,800	73,441	-	-
- Rental payable	(1,134,428)	(1,070,166)	-	-
- Sales of goods	137,259	79,117	-	-
- Service rendered	(4,240,799)	(4,882,800)	-	-
- Sales of property	250,000	-	-	-
- Sales of motor vehicle	140,000	-	-	-
Subsidiary:				
- Interest payable	-	-	(13,390)	(1,339)
- Interest receivable	-	-	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/period.

Notes to the Financial Statements

31 December 2022

30. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. 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	
	1.1.2022 to 31.12.2022 RM	1.1.2021 to 31.12.2021 RM	1.1.2022 to 31.12.2022 RM	21.5.2021 to 31.12.2021 RM
Fees	468,000	283,266	468,000	283,266
Short term employees benefits	5,865,752	5,444,240	48,750	6,000
Contributions to defined contribution plan	462,663	452,669	-	-
	6,796,415	6,180,175	516,750	289,266
Benefits-in-kind	103,910	143,642	-	-
	6,900,325	6,323,817	516,750	289,266

31. EMPLOYEE BENEFITS

	Group	
	2022 RM	2021 RM
Short term employees benefits	61,865,369	60,327,127
Contributions to defined contribution plan	9,638,859	9,741,164
Other employee benefits	4,360,703	2,972,171
	75,864,931	73,040,462

Included in employee benefits expense of the Group are Executive Directors' remuneration excluding benefits-in-kind amounting to RM3,085,680 (2021: RM2,849,490).

32. CAPITAL COMMITMENTS

	Group	
	2022 RM	2021 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	4,401,688	3,240,750

Notes to the Financial Statements

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33. CONTINGENT LIABILITIES

	Company	
	2022 RM	2021 RM
Unsecured		
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	41,600,000	-

The Company designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Company recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Company assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the fair value of such corporate guarantees given by the Company is negligible as the chances of the financial institutions to call upon the corporate guarantees are remote.

34. 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 2022 and 31 December 2021.

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.

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34. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Borrowings	19	24,000,000	56,996,860	-	-
Less: Cash and bank balances	16	(155,491,750)	(51,742,236)	(1,127,173)	(66,107)
Net (cash)/debt		(131,491,750)	5,254,624	(1,127,173)	(66,107)
Equity attributable to the owners of the Company		529,121,841	233,664,303	429,650,265	165,829,053
Gearing ratio		*	2.28%	*	*

* 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 2022.

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

The risk concentration profile has been disclosed in Note 14 to the financial statements.

Notes to the Financial Statements

31 December 2022

34. 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 9, 19 and 22 to the financial statements.

(iii) Interest rate risk

The primary interest rate risk of the Group and the Company relates to interest-earning deposits and interest-bearing borrowings from financial institutions. The fixed-rate deposits and borrowings of the Group is exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate deposits and borrowings of the Group and the Company are exposed to a risk of change in cash flows due to changes in interest rates. The Group and the Company 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 9, 14, 16, 19 and 22 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 12, 16 and 22 to the financial statements.

(v) Price risk

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

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

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

The sensitivity analysis of price risk have been disclosed in Note 12 to the financial statements.

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets				
Amortised costs				
Trade and other receivables, net of prepayments	73,460,430	71,773,047	4,500	-
Amount due from a subsidiary	-	-	263,270,370	-
Cash and bank balances	155,491,750	51,742,236	1,127,173	66,107
Fair value through profit or loss				
Other investments	11,959,261	24,922,310	-	-
Fair value through other comprehensive income				
Other investments	14,473,784	15,276,433	-	-
	255,385,225	163,714,026	264,402,043	66,107
Financial liabilities				
Amortised costs				
Lease liabilities	101,040,451	80,458,944	-	-
Trade and other payables	101,733,753	170,465,611	596,366	1,860,099
Borrowings	24,000,000	56,996,860	-	-
	226,774,204	307,921,415	596,366	1,860,099

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 29 December 2021, the Company issued a prospectus in connection with the Initial Public Offering ("IPO") and the listing of and quotation for the entire enlarged issued share capital in the Company on the Main Market of Bursa Malaysia Securities Berhad ("Listing"). The IPO involves the offering of 389,500,000 ordinary shares in the Company in conjunction with the listing of and quotation for the entire ordinary shares in the Company on the Main Market of Bursa Malaysia Securities Berhad comprising an offer for sale of up to 139,500,000 existing ordinary shares in the Company and a public issue of 250,000,000 new ordinary shares in the Company. The IPO and the Listing were completed on 25 January 2022.
- (b) Senheng Electric (KL) Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 31 March 2022, entered into a Sale and Purchase Agreement ("SPA") with Pintaras Jaya Bhd. to acquire a freehold industrial land at Bukit Raja, Klang for a total consideration of RM25,282,272.
- (c) Senheng Electric (KL) Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 25 May 2022, entered into a Sale and Purchase Agreement ("SPA") with Loyal Landmark Sdn. Bhd. to acquire a leasehold land and building at Kuchai Lama, Kuala Lumpur for a total consideration of RM8,280,000.

37. COMPARATIVE FIGURES

The comparative figures of the Company covered for the financial period from 21 May 2021 (date of incorporation) to 31 December 2021. Consequently, the comparative figures for the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and their related notes are not comparable to that for the current 12-month period ended 31 December 2022.

List of Major Properties held as at 31 December 2022

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.	H.S.(D) 139744, PT 69171, Mukim Kapar, Daerah Klang, Negeri Selangor	Vacant land	Freehold	26,278	126,412	22.06.2022	N/A
2.	40, 42, 44, 46-1, 46-2, 46-3, 48-1 and 48-3, Jalan Pandan 3/2, Pandan Jaya, 55100 Kuala Lumpur	"Grand Senheng" store: Lots 40-G, 40-1, 42-G, 42-1, 44-G, 44-1 – 3 intermediate units of 4-storey shop- offices Head Office: Lots 40-2, 40-3, 42-2, 42-3, 44-2, 44-3 – 3 intermediate units of 4-storey shop-offices Lot 46 – A 4-storey shop-offices where we own first, second and third floor Lot 48 – A 4-storey shop-office where we own first and third floor	Leasehold/ 05.05.2087	9,572	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)	38
3.	No. 9, 11 and 13, Jalan Diplomatik P15, Precint 15, Putrajaya, 62000 Putrajaya	No. 9 – 1 unit of 3-storey shop-office No. 11 & 13 – 2 units of 4-storey shop-offices	Freehold	8,820	7,072/ 22,582	01.10.2019 (No. 11 and 13) & 06.01.2022 (No. 9)	6
4.	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 unit of 4 ½- storey shop-offices	Leasehold/ 25.02.2097	8,576	3,509/ 16,661	26.08.2022	25
5.	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	7,919	87,941/ 26,000	28.12.2018	6
6.	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	7,709	6,211/ 19,715	09.09.2019	30

List of Major Properties held as at 31 December 2022

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.	HS(D) No. 560793, No. PTD 186337 Mukim Tebrau, Daerah Johor Bahru, Negeri Johor Darul Takzim	Vacant land	Freehold	7,689	111,945	25.09.2018	N/A
8.	23, 23A, 23B, 24, 24A, 24B, 25, 25A, 25B, 26, 26A and 26B, Jalan Lingkaran Bentara 1, Pusat Komersial Bentara 83000 Batu Pahat, Johor	4 intermediate units of 3-storey shop-offices	Freehold	7,465	6,588/ 13,196	24.06.2019 (23, 23A, 23B, 24, 24A, 24B, 25, 25A and 25B) & 16.01.2020 (26, 26A and 26B)	2
9.	No. 2, 2A and 6, Persiaran Permatang Rawa, Bukit Mertajam Wellesley, 14000 Bukit Mertajam, Penang	3 intermediate units of 3-storey shop-offices	Freehold	5,938	4,971/ 13,576	09.10.2019	5
10.	Lot 1379, Section 66, Jalan Buruh, Bintawa Industrial Estate, 93450 Kuching, Sarawak	A detached factory building comprising of single-storey warehouse and 2-storey office building together with 1 pump house	Leasehold/ 10.02.2052	5,843	59,158/ 35,011	18.09.2020	28
11.	2770, Lorong Jelawat 2, Seberang Jaya, 13700 Perai, Penang	A detached factory comprising of a single-storey warehouse with 2-storey office building	Leasehold/ 18.08.2073	5,326	32,733/ 13,500	27.12.2018	26
12.	Lot 46 & 48, Jalan Pendekar 11, Taman Ungku Tun Aminah, 81300 Skudai Johor	2 units of 3-storey shop-offices	Freehold	5,131	4,596/ 13,936	31.07.2019	7
13.	No. 17, 19 & 21, Jalan Ciku, Kawasan Pembangunan Haji Manan, 86000 Kluang, Johor	3 units of 3-storey shop-offices	Leasehold/ 07.10.2113	4,548	4,400/ 13,197	29.11.2019	4

Analysis of Shareholdings

as at 31 March 2023

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	: 9,591

B. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	28	0.292	383	0.000
100 – 1,000	1,588	16.557	973,467	0.065
1,001 – 10,000	5,111	53.290	27,411,750	1.828
10,001 – 100,000	2,392	24.940	75,890,200	5.059
100,001 – 74,999,999 (*)	467	4.869	285,224,200	19.015
75,000,000 AND ABOVE (**)	5	0.052	1,110,500,000	74.033
Total	9,591	100.00	1,500,000,000	100.00

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

C. SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS

Substantial Shareholders based on the Register of Substantial Shareholders

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

Directors' Shareholdings based on the Register of Directors' Shareholdings

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

^(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.

Analysis of Shareholdings as at 31 March 2023

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	No. of Shares Held	%
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)	20,000,000	1.333
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	12,075,900	0.805
8.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR NORGES BANK (FI 17)	11,148,800	0.743
9.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	10,323,100	0.688
10.	YAYASAN ISLAM TERENGGANU	8,000,000	0.533
11.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	6,598,000	0.440
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	6,281,300	0.419
13.	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PARTICIPATING FUND	5,199,500	0.347
14.	MAJLIS AGAMA ISLAM NEGERI SEMBILAN	5,000,000	0.333
15.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD LEMBAGA TABUNG HAJI (AL-WARA')	4,758,500	0.317
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	4,491,700	0.299
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	4,159,400	0.277
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	3,229,600	0.215
19.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KUAN WENG	3,002,100	0.200
20.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHIN KAM SUN	3,000,000	0.200

Analysis of Shareholdings as at 31 March 2023

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Name	No. of Shares Held	%
21.	LIM KIM HENG	3,000,000	0.200
22.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS EQUITY INCOME FUND	2,597,200	0.173
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPRING ABSR EQ)	2,378,700	0.159
24.	CHIA SEONG POW	2,000,000	0.133
25.	KUAN CHOON LIAN	2,000,000	0.133
26.	LIM WEE CHAI	2,000,000	0.133
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	1,979,700	0.132
28.	DZUHAI RI BIN JAAFAR THANI	1,963,800	0.131
29.	MEDILIANCE (M) SDN BHD	1,940,000	0.129
30.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AHAM ASSET MANAGEMENT BERHAD (TSTAC/CLNTT)	1,934,500	0.129

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Second 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, Manuka 2 & 3 Meeting 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 Thursday, 22 June 2023 at 2.00 p.m. to transact the following businesses:-

AGENDA

As Ordinary Business

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. | (Please see Note 1 of Explanatory Notes on Ordinary Business) |
| 2. | To re-elect the following Directors who retire by rotation pursuant to Clause 129.1 of the Constitution of the Company:-
(a) Mr Lim Kim Heng
(b) Mr Lim Kim Chieng | Resolution 1
Resolution 2 |
| 3. | To approve the Directors’ fees of RM514,800 for the period commencing on the date immediately after the Second Annual General Meeting up to the date of the next Annual General Meeting to be held in 2024. | Resolution 3 |
| 4. | To approve the payment of shortfall in the Directors’ benefits of RM18,000 for the period commencing on the date immediately after the First Annual General Meeting up to the date of the Second Annual General Meeting. | Resolution 4 |
| 5. | To approve the Directors’ benefits of RM65,700 for the period commencing on the date immediately after the Second Annual General Meeting up to the date of the next Annual General Meeting to be held in 2024. | Resolution 5 |
| 6. | To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 6 |

As Special Business

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

- | | | |
|----|--|---------------------|
| 7. | Ordinary Resolution
Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016 | Resolution 7 |
|----|--|---------------------|

“THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company under Section 85 of the Companies Act 2016 (“Act”), read together with Clause 75.1 of the Constitution of the Company.

THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing of the Ordinary Resolution on the authority to issue and allot shares of the Company pursuant to Sections 75 and 76 of the Act.”

Notice of Annual General Meeting

8. Ordinary Resolution

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

Resolution 8

"THAT contingent upon the passing of the Ordinary Resolution on the waiver of pre-emptive rights under Section 85 of the Companies Act 2016 ("Act") and 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 Annual General Meeting

9. 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 9

"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 28 April 2023, provided that such transactions are necessary for day-to-day operations and are carried out in the ordinary course of business and at arm's 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 ("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."

10. 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

KUAN HUI FANG (MIA 16876)

SSM PC No. 202008001235

FONG SEAH LIH (MAICSA 7062297)

SSM PC No. 202008000973

Company Secretaries

Kuala Lumpur

28 April 2023

Notice of Annual General Meeting

Notes:

1. The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** ("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 Second 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 Second 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 Second 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 16 June 2023**. 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 Second 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 Second AGM.

Notice of Annual General Meeting

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 Second 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 **Tuesday, 20 June 2023 at 2.00 p.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.
- 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 <https://ir.senheng.com/annual-reports> and announcements from time to time for any changes to the administration of the Second AGM.

Notice of Annual General Meeting

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. Resolutions 1 and 2

Mr Lim Kim Heng and Mr Lim Kim Chieng are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Second AGM.

The details of the Retiring Directors are set out in their respective profiles on pages 18 and 19 of the Annual Report 2022. The details of their interest in the securities of the Company can be found on page 153 of the Annual Report 2022.

Based on the annual assessment conducted for the financial year ended 31 December 2022, the Nomination Committee ("NC") is satisfied with the performance and contribution of the Retiring Directors.

The Retiring Directors meet the criteria prescribed under Paragraph 2.20A of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors. None of the Retiring Directors has 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 Directors in accordance with the Guidelines on Fit and Proper Person of the Company and found them to have met the criteria for a fit and proper person as outlined in the said guidelines.

The Retiring Directors, who are the Non-Independent Executive Chairman and the President/Non-Independent Executive Director, have a wealth of experience and knowledge that is invaluable to the Group. They have a deep understanding of the Group's operations and strategies and are able to provide valuable insights to the Board. Furthermore, their presence ensures continuity and stability to the operations of the Group.

The Board (save for the Retiring Directors who have abstained from deliberation on discussions relating to their own re-election at the NC and Board meetings) supports the re-election of the Retiring Directors.

3. Resolution 3

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 Second AGM up to the date of the next AGM to be held in 2024 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.

4. Resolution 4

There is a RM18,000 shortfall in the Directors' benefits for the period commencing on the date immediately after the First AGM to the date of the Second AGM, as the number of Board and Board Committee meetings held during that period was higher than anticipated. Therefore, shareholders' approval is sought for the payment of this shortfall.

5. Resolution 5

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 Second AGM up to the date of the next AGM to be held in 2024. 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 6

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 Second AGM are disclosed in the Corporate Governance Overview Statement of the Annual Report 2022.

Notice of Annual General Meeting

Explanatory Notes on Special Business

7. Resolution 7

This proposed Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Act. By voting in favour of the Resolution, the shareholders of the Company will be waiving their statutory pre-emptive rights. The Resolution if passed, will allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

8. Resolution 8

The proposed Resolution is a renewal of the mandate obtained from the shareholders of the Company at the First AGM.

Subject to passing the Resolution on the waiver of pre-emptive rights under Section 85 of the Act, 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 First AGM.

9. Resolution 9

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 28 April 2023 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 Second 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 Second AGM.

Administrative Guide for the 2nd Annual General Meeting

SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR THE 2ND ANNUAL GENERAL MEETING ("AGM")

Date : Thursday, 22 June 2023
 Time : 2.00 p.m.
 Broadcast Venue : Tricor Business Centre, Manuka 2 & 3 Meeting 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 entirely through live streaming from the Broadcast Venue.
- 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 present at the main venue of the meeting. Shareholders will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.
- We strongly encourage you to attend the AGM via the Remote Participation and Voting ("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 Investor & Issuing House Services Sdn. Bhd. ("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 the Procedures for Remote Participation and Voting via RPV Facilities as set out below for the requirements and procedures.

Procedures for 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"> • Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services" select the "Sign Up" button and followed by "Create Account by Individual Holder". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • 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.
ii. Submit your request to attend AGM remotely	<ul style="list-style-type: none"> • Registration is open from 28 April 2023 until the day of AGM on Thursday, 22 June 2023. 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 the AGM using the RPV facilities. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "(REGISTRATION) SENHENG 2ND AGM". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 16 June 2023, the system will send you an e-mail on or after 20 June 2023 to approve or reject your registration for remote participation. <p>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).</p>

Administrative Guide for the 2nd Annual General Meeting

On the AGM Day

Procedure	Action
i. Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the AGM at any time from 1.00 p.m. i.e. 1 hour before the commencement of meeting at 2.00 p.m. on Thursday, 22 June 2023.
ii. Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAM MEETING) SENHENG 2ND AGM” to engage in the proceedings of the AGM remotely. <p>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.</p>
iii. Online remote voting	<ul style="list-style-type: none"> Voting session commences from 2.00 p.m. on Thursday, 22 June 2023 until a time when the Chairman announces the end of the session. Select the corporate event: “(REMOTE VOTING) SENHENG 2ND AGM” or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
iv. End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the AGM, the Live Streaming will end.

Notes 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 for assistance.

Administrative Guide for the 2nd Annual General Meeting

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 16 June 2023 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 submitted to the Share Registrar in the following manner not later than **Tuesday, 20 June 2023 at 2.00 p.m.:**
 - (i) In Hard copy:
By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
 - (ii) By Electronic 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
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company on 28 April 2023, login with your user name (i.e. email address) and password. • Select the corporate event: "SENHENG 2ND AGM – SUBMISSION OF PROXY FORM". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy appointment. • Print the Proxy Form for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "Create Account by Representative of Corporate Holder". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <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 clarifications on the user registration.)</i></p>

Administrative Guide for the 2nd Annual General Meeting

Procedure	Action
Proceed with submission of Proxy Form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tjih.online. • Select the corporate event name: "SENHENG 2ND AGM – SUBMISSION OF PROXY FORM". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxy(ies) by inserting the required data. • Submit the proxy appointment file. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

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 2.00 p.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.

Door Gift or Food Voucher

- There will be no distribution of door gifts or food vouchers for 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 via Tricor's TIIH Online website at <https://tjih.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than **Tuesday, 20 June 2023 at 2.00 p.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 BERHADRegistration 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 (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Contact No. (Mobile)			

and

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Contact No. (Mobile)			

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 Second Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 22 June 2023 at 2.00 p.m. and at any adjournment thereof, and to vote as indicated below:-

ORDINARY RESOLUTION		For	Against
1	Re-election of Mr Lim Kim Heng		
2	Re-election of Mr Lim Kim Chieng		
3	Approval of Directors' fees for the period commencing on the date immediately after the Second AGM up to the date of the next AGM to be held in 2024		
4	Approval of payment of shortfall in Directors' benefits for the period commencing on the date immediately after the First AGM up to the date of the Second AGM		
5	Approval of Directors' benefits for the period commencing on the date immediately after the Second AGM up to the date of the next AGM to be held in 2024		
6	Re-appointment of BDO PLT as Auditors		
7	Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016		
8	Authority for Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9	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 _____, 2023

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:

- 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 Second 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 Second 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 Second AGM in order to participate remotely via RPV.
- 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 16 June 2023**. 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- A member who has appointed a proxy or attorney or authorised representative to participate at the Second 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 Second AGM.

Please fold here

Affix
Stamp

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.

Please fold here

- 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:
 - 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.
 - 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 Second AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
- 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.
- Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- Last date and time for lodging the proxy form is **Tuesday, 20 June 2023 at 2.00 p.m.**
- 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.
The certificate of appointment of authorised representative should be executed in the following manner:
 - 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.
 - 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:
 - 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 the corporate member is incorporated.
- Shareholders are advised to check the Company's website at <https://ir.senheng.com/annual-reports> and announcements from time to time for any changes to the administration of the Second AGM.

SENHENG



No. 44B, Jalan Pandan 3/2
Pandan Jaya
55100 Kuala Lumpur

T +6016 299 1398

E ccc@senheng.com.my

W www.senheng.com.my

Bursa: 5305 / SENHENG

Bloomberg: 5305:MK

Syariah Compliant

