

PART A: OVERVIEW

1. Background

Purpose and Policy Objective of the Guidelines

- 1.1 These Guidelines set out Senheng New Retail Berhad (“the Company”) and its subsidiaries’ (the “Group”) approach to the fit and proper assessment of key responsible persons in the Group. “Key Responsible Persons” in these Guidelines, represent the board of directors, senior management team and any other person (as defined in paragraph 1.4) in the Group. “Key Responsible Persons” are required to possess the competence, character, diligence, honesty, integrity and judgement to perform the duties of that position properly, in tandem with good corporate governance practices. Accordingly, the Group must prudently manage the risk to its business or financial standing by the persons acting in Key Responsible Person positions are fit and proper to provide effective and strategic leadership to the Group.
- 1.2 The members of the board and the senior management are competent and have the necessary qualities and qualifications suited to hold a position to ensure that the Group remains viable in the larger context of the retail industry.
- 1.3 This policy serves to guide the Nomination Committee and the Board of Directors (“Board”) in their review and assessment of candidates who are to be appointed to the Board as well as Directors who are seeking for re-election.

Legal Framework and Applicability of the Guidelines

- 1.4 Key responsible persons of our Group are identified as follows:
 - (a) board of directors;
 - (b) senior management team;

- (c) any other person—
 - (i) who directly or indirectly holds 10% or more of the equity interest of the Company; and
 - (ii) who has the power to make or cause to be made, decisions in respect of the business or administration of the Group and to give effect to such decisions or cause them to be given effect to; and
 - (iii) any other key person as may be determined by the Group.

1.5 All key responsible persons as identified in paragraph 1.4 above must assure the Group that they fulfil the fit and proper person criteria as set out in Part B.

1.6 The factors which may be considered by the Group in implementing these Guidelines are not exhaustive and the Group reserves the right to take into account any other factor or impose any additional requirements in its fit and proper assessment. The fit and proper assessment shall be carried out on a case-by-case basis.

1.7 When a fit and proper person assessment is carried out by the Group, the onus is on the key responsible persons in the Group to prove that they are fit and proper in line with the Group's standards laid out in these Guidelines. Any key responsible persons who is in doubt on how these Guidelines may be applicable, may seek independent legal advice.

1.8 The Group will assess the fitness and propriety of a person in the following areas:

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

1.9 Part B of these Guidelines details the factors that the Group will consider in its fit and proper assessment.

PART B: FIT AND PROPER ASSESSMENT

2. The Assessment

Probity, Reputation and Integrity

- 21 In determining whether a key responsible person is of good character, the Group will look into a person's character and personal attributes such as—
- (a) integrity, honesty, diligence;
 - (b) independence and fairness in decision-making; and
 - (c) propensity or willingness to comply with the law.
- 22 These qualities should be demonstrated over time and demand a disciplined and on-going commitment to high ethical standards. The Group will also look into past behaviour as insight into a person's future conduct.
- 23 In the Group's assessment of a person's probity, reputation and integrity, the Group shall place emphasis on factors that are necessary and relevant to assess whether a person can hold a position of leadership in the Group, including *inter alia* whether a person:
- (a) has been convicted for any registrable offence under the Registration of Criminals and Undesirable Persons Act 1969 or such similar offences under any other jurisdiction;
 - (b) in civil cases has admitted liability or been found liable by any Court for fraud or dishonesty under any jurisdiction;

- (c) has been imposed financial penalty or has had any enforcement action taken against him by a professional or financial regulatory authority in any jurisdiction;
- (d) has been refused the right to carry on any trade, business or profession for which a specific authorisation by any regulatory authority, professional body or government agency is required by law in any jurisdiction;
- (e) has been dismissed, asked to resign or has resigned from employment or from holding office as a director of a Group because of fraud or dishonesty;
- (f) has objected or been unwilling to cooperate with regulatory authorities resulting in a failure or potential failure to comply with legal, regulatory and professional requirements or standards.

24 The above is not an exhaustive list. The Group may take into consideration other factors in assessing a person's probity, reputation and integrity.

Competency and Capability

25 A key responsible person in the Group is required to demonstrate that he is a competent person. A person must demonstrate that he has the appropriate competence and possesses capability with the relevant knowledge and experience.

26 The Group will further assess a person's ability to understand the technical requirements of the business, the inherent risks and the management process to undertake and fulfil his obligations and responsibilities that are associated with his role and position, effectively.

- 27 In assessing the competency of a person, the Group shall consider all relevant factors, including, but not limited to—
- (a) whether the person has demonstrated, through qualifications, training, skills, practical experience and commitment to effectively undertake the responsibilities of the position;
 - (b) whether the person has a sound knowledge of the business;
 - (c) whether the person has satisfactory past performance or expertise in the nature of the business being conducted.

Financial Integrity

- 28 In assessing a person's financial integrity, the Group will determine whether a person is able to demonstrate his solvency and the prudent control over his own financial affairs which serves as an indication of a person's capacity to the safety and soundness of the business and protection of the interests of other stakeholders.
- 29 In determining a person's financial integrity, the Group shall have regard to all relevant factors, including but not limited to:
- (a) whether there are any indicators that a person will not be able to meet any debts as they fall due;
 - (b) whether relevant solvency requirements are met;
 - (c) whether the person has been subject to any judgment debt that remains outstanding in any jurisdiction; and
 - (d) whether the person has made arrangements with creditors, filed for bankruptcy or been adjudicated a bankrupt or had assets sequestered in any jurisdiction.

210 However, a person's limited financial means will not necessarily affect the person's ability to satisfy the financial integrity criteria.

3. Decision

- 31 Upon completion of the fit and proper assessment, the result of a fit and proper assessment is part of the Group's internal procedure where it shall be disclosed to the applicant, if the result of the assessment is unfavourable. Such information shall not be provided to any other party.
- 32 The Nomination Committee should conduct a periodic review of the criteria to be used in the fit and proper assessment of Directors. The Nomination Committee should promptly communicate the new changes or amendments of the criteria to the Board and individual Directors.
- 33 The Board should disclose the application of the Group's fit and proper policy in the nomination and election of its Directors in the annual report.

PART C: Declaration Form

**Declaration Form for Key Responsible Person of Senheng
New Retail Berhad and its subsidiaries (“the Group”)**

I, _____

NRIC No: _____

residing at _____

do hereby solemnly affirm and declare the followings:-

		YES	NO
Probity, Personal Integrity and Reputation			
(i)	whether you are or have been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings; For example provisions from Whistle Blower Protection Act 2010 or any breach of trust.		
(ii)	whether you have contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice; For example provisions from the Criminal Procedure Code or Capital Market Services Act 2007		

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		YES	NO
(iii)	<p>whether you have contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;</p> <p>For example provisions from Bursa Malaysia Listing Requirements</p>		
(iv)	<p>Whether you or any business in which you have a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;</p>		
(v)	<p>whether you have been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on your professional conduct;</p>		
(vi)	<p>whether you have been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about your honesty and integrity;</p>		
(vii)	<p>whether you have been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a license to conduct any trade, business or profession, or has had that registration, authorisation, membership or license revoked, withdrawn or terminated;</p>		
(viii)	<p>whether you have held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while you were connected with that business;</p>		
(ix)	<p>whether you have been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the license of which has been revoked under any written law;</p> <p>For example provisions from Companies Act 2016</p>		
(x)	<p>whether, in the past, you have acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;</p>		

**GUIDELINES
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		YES	NO
(xi)	whether you have at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;		
(xii)	whether you have contributed significantly to the failure of an organisation or a business unit;		
(xiii)	whether you have at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and		
(xiv)	whether you are free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a key responsible person which would be disadvantageous to the Group or Group's interest.		
Financial Integrity			
(i)	whether you have been and will be able to fulfil his financial obligations, whether in Malaysia or elsewhere, as and when they fall due;		
(ii)	whether you have been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere. For example have you been adjudged as a bankrupt or involved in a bankruptcy proceeding		

I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

.....
(Signature of Key Responsible Person making the declaration)

Name:

Date:

Verified by

.....
(Signature of the NC Chairman / Company Secretary of SNRB)

Name:

Date: