



SENHENG NEW RETAIL BERHAD  
[202101019079 (1419379-T)]

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DIRECTORS FIT & PROPER

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POLICY

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### Document Revision History

Version Num.	Effective Date	Section Reference	Summary of Changes
1	25/01/2022	All	Original Document
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## PART A: OVERVIEW

### 1.0 Background

#### 1.1 Purpose and Policy Objective of the Guidelines

These Guidelines set out Senheng New Retail Berhad (“the Company”) and its group of companies (collectively referred to as the “Group” hereinafter) approach to the fit and proper assessment of key responsible persons 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.

“Key Responsible Persons” in these Guidelines, represent the Board of Directors (“Board”), Senior Management team and any other person (as defined in paragraph 1.3) in the Group.

This policy ensures the members of the Board, and 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.

This policy serves to guide the Nomination Committee (“the NC”) and the Board of Directors (“Board”) in their review and assessment of all candidates i.e. Independent and Non-Independent Directors who are to be appointed to the Board as well as Directors who are seeking for re-election.

The Board as a whole shall be responsible for this Policy and shall ensure the implementation of it by the NC including reviewing it for the required changes from time to time.

The Company is committed in meeting its obligations in complying with Paragraph 15.01A of Bursa Securities’ Main Market Listing Requirements (“MMLR”) that states, listed companies must:

- (a) Have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries;
- (b) Ensure the policy addresses board quality and integrity and will aid the listed issuer to comply with paragraph 2.20A of these Requirements; and
  - (i) Paragraph 2.20A – Qualification of directors and other key officers, states that every listed corporation, management company or trustee-manager must ensure that each of its directors, chief executive or chief financial officer has the character, experience, integrity, competence, and time to effectively discharge his role as a director, chief executive, or chief financial officer, as the case may be, of the listed corporation, or the

collective investment scheme.

- (c) Make available the policy on the company's official website.

Pursuant to Malaysia Code on Corporate Governance ("MCCG") Practice 5.5, the appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, and gender. Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company should be avoided.

## 1.2 Legal Framework and Applicability of the Guidelines

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 Group; 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.

All key responsible persons as identified in paragraph 1.3 above must assure the Group that they fulfil the fit and proper person criteria as set out in Part B.

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.

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 are in doubt on how these Guidelines may be applicable, may seek independent legal advice.

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

- (a) Character and integrity
- (b) Experience and competence
- (c) Time and commitment

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

### 2.0 The Assessment

#### 2.1 Character and Integrity

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.

##### Probity

In determining whether a Key Responsible Person is of good character, the Group will look into the principles of probity involving evidence of ethical behaviour and good process that are demonstrated by –

- (a) Having not been reprimanded or disqualified or removed by a professional or regulatory body in relation to matters in respect to the person's honesty, integrity, or business conduct.
- (b) Has not been obstructive, misleading, or untruthful in dealings with regulatory bodies or a court.
- (c) Compliant with legal obligations, regulatory requirements, and professional standards.

##### Reputation

In assessing a person's reputation, the Group will determine whether a person –

- (a) Has a good reputation in the community and/or industry.
- (b) Has not been the subject of civil or criminal proceedings (Criminals and Undesirable Persons Act 1969 or such similar offences under any other jurisdiction) or enforcement action, in managing or governing an entity for the past ten (10) years.

- (c) Has not been involved in the management of a business or company which has failed, where that failure has been occasioned in part by deficiencies in that management.
- (d) Has not been reprimanded by the Securities Commission Malaysia, Bursa Malaysia Securities Berhad, Suruhanjaya Syarikat Malaysia, Bank Negara Malaysia, or any other regulatory authorities both local and abroad.

#### Personal Integrity

In regard to key responsible persons' personal integrity, the Group will have to ensure that a person –

- (a) Has not engaged or participated in any business practices which are deceitful, oppressive improper (whether unlawful or not), or which otherwise reflect discredit on his or her professional conduct.
- (b) Had not been terminated in the past due to concerns on personal integrity or 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 or 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.
- (c) Has not abused other positions (i.e. political appointment) to facilitate government relations for the company in a manner that contravenes the principles of good governance.

#### Financial Integrity

In assessing a person's financial integrity, the Group will determine whether a person is able to demonstrate his or her solvency and the prudent control over his or her 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.

In determining a person's financial integrity, the Group shall have regard to all relevant factors, including but not limited to:

- (a) Demonstrates ability to fulfil personal financial obligations as and when they fall due.
- (b) whether there are any indicators that a person will not be able to meet any debts as they fall due.
- (c) whether relevant solvency requirements are met.
- (d) whether the person has been subject to any judgment debt that remains outstanding in any jurisdiction.

- (e) whether the person has made arrangements with creditors, filed for bankruptcy, or been adjudicated a bankrupt or had assets sequestered in any jurisdiction.

A person's limited financial means will not necessarily affect the person's ability to satisfy the financial integrity criteria.

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

## 22 Experience and Competence

A Key Responsible Person in the Group is required to demonstrate that he or she is a competent person. A person must demonstrate that he or she has the appropriate competence and possesses capability with the relevant knowledge and experience.

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

### Qualifications, Training, and Skills

The Group needs to ensure that a person:

- (a) possesses education qualification that is relevant to the skill set that the Director is assigned to bring to take onto the boardroom (i.e. a match to the board skill set matrix).
- (b) has a considerable understanding on the business and workings of the Company.
- (c) possesses general management skills as well as understanding of good corporate governance and sustainability best practices.
- (d) has adequate and broad knowledge including the United Nations Sustainable Development Goals on sustainability as well as Environment, Social & Governance (ESG) issues.
- (e) keeps knowledge current based on continuous professional development.
- (f) possesses leadership capabilities and a prominent level of emotional intelligence (i.e. financial literacy especially - able to read and understand financial statements).

### Relevant Experience and Expertise

In regard to skills and capabilities of key responsible persons, the Group needs to ensure that a person possesses relevant experience and expertise with due consideration given to past length of service, nature and size of business, responsibilities held, number of subordinates as well as reporting lines and delegated authorities.



### Relevant Past Performance or Track Record

With respect to past performance or track record, a person:

- (a) Had a career of occupying a high-level position in a comparable organisation and was accountable for driving or leading the organisation's governance, business performance or operations.
- (b) Possesses commendable past performance record as gathered from the results of the board effectiveness evaluation.

## 23 Time and Commitment

Allocation of time and devotion towards the Group is required to be demonstrated by a key responsible person.

### Ability to Discharge Role Having Regard to Other Commitments

The person is able to devote time as requisite by his or her position, having factored in other outside obligations including other board positions / executive duties held by the Key Responsible Persons across other organizations (including not-for-profit organizations).

### Participation and Contribution in The Board Or Track Record

The person is able to:

- (a) demonstrates willingness to participate actively in board activities;
- (b) demonstrates willingness to devote time and effort to understand the businesses and exemplifies readiness to participate in events outside the boardroom;
- (c) manifests passion in the vocation of his or her position as Key Responsible Persons;
- (d) exhibits the ability to articulate views independently, objectively, and constructively;
- (e) exhibits open mindedness to the views of others and the ability to make considered; and
- (f) judgement after hearing the views of others.

### Directorship in other companies

The directorships held by any Director at any one time shall not exceed five (5) listed companies.

## 3.0 Decision

The NC will evaluate each person for a new appointment or re-appointment of Directors

based on the criteria set above before recommending to the Board for approval.

For new appointments, the candidates are required to complete the 'Candidate for Directorship' profile. The candidates will also be required to complete a 'Self-Declaration of Fit and Proper Form' and authorise the Company to perform background check, if necessary, which may cover previous employment verification, professional reference checks, education confirmation and/or criminal record and credit checks.

Upon completion of the fit and proper assessment, the result of a fit and proper assessment is part of the Company'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. The Board should take reasonable steps to remove the Key Responsible Persons if he or she is no longer fit and proper for the particular position.

Any information received from the assessments are strictly to be used by the NC for the purpose of the assessment only and not, in any circumstances reveal the details to the public.

The NC should conduct a periodic review of the criteria to be used in the fit and proper assessment of Directors. The NC should promptly communicate the new changes or amendments of the criteria to the Board and individual Directors.

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: REPORTING REQUIREMENTS

Pursuant to Paragraph 15.08A(3) of the MMLR, the Company shall disclose in its annual report, a statement about the activities of the NC in the discharge of its duties for the financial year which includes

the application of the Fit and Proper Policy in the nomination and election of its Directors, how the requirements set out in paragraph 2.20A of the MMLR are met and contain the following information:

- the policy on Board composition having regard to the mix of skills, independence, and diversity (including gender diversity) required to meet the needs of the listed issuer.
- the Board nomination and election process of Directors.
- the assessment undertaken by the NC in respect of the performance of its Board, Committees, and individual Directors together with the criteria used for such assessment.

A copy of the Fit and Proper Policy is made available on the Company's website at <https://senheng.com/about-us/corporate-governance/>.

## PART D: REVIEW OF POLICY

The NC should review the Policy on an annual basis or as and when is necessary, whichever is earlier, and recommend appropriate suggestions on amendments of the Policy to the Board. Periodic review should be made to ensure the relevance and alignment with the Group's needs and structure as well as material changes in the business and risk profile of Directors.

## PART E: DECLARATION FORM

Declaration Form for Key Responsible Person of Senheng  
New Retail Berhad and its group of companies (collectively  
referred to as the "Group" hereinafter)

I,.....

NRIC No,.....

residing at.....

do hereby solemnly affirm and declare the followings:-

Probity, Personal Integrity, and Reputation		YES	NO
(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		
(iii)	whether you have contravened any of the requirements and standards of a regulatory body, professional body, government, or its agencies.  For example, provisions from Bursa Malaysia Listing Requirements		
(iv)	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;		
(v)	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;		
(vi)	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;		
(vii)	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;		

Probity, Personal Integrity, and Reputation		YES	NO
(viii)	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;		
(ix)	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.  For example, provisions from Companies Act 2016		
(x)	whether, in the past, you have acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;		
(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		YES	NO
(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: