

# **SENHENG**

**SENHENG NEW RETAIL BERHAD**

Registration No. 202101019079 (1419379-T)

Interim Financial Report  
For The Fourth Quarter Ended 31 December 2022

27 February 2023

# SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Financial Position As at 31 December 2022

	Note	Unaudited As at 31.12.2022 RM	Audited As at 31.12.2021 RM
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		155,346,086	108,351,158
Right-of-use assets		115,977,283	87,444,013
Intangible assets		15,818	15,177
Other investments		-	2,921,311
Deferred tax assets		12,211,651	24,675,260
Other receivables		27,453,389	47,720,743
<b>Total non-current assets</b>		<b>311,004,227</b>	<b>271,127,662</b>
<b>Current assets</b>			
Inventories		250,055,392	253,940,687
Other investments		26,433,045	37,277,432
Trade and other receivables		92,077,873	88,776,952
Current tax assets		15,337,772	32,200
Cash and cash equivalents		155,491,750	51,742,236
<b>Total current assets</b>		<b>539,395,832</b>	<b>431,769,507</b>
<b>TOTAL ASSETS</b>		<b>850,400,059</b>	<b>702,897,169</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		427,867,671	166,206,171
Reserves		101,305,272	67,458,132
<b>Total equity</b>		<b>529,172,943</b>	<b>233,664,303</b>
<b>Non-current liabilities</b>			
Lease liabilities		72,948,956	55,809,057
Deferred tax liabilities		24,705	1,800
Borrowings	24	-	40,052,841
Provision for restoration costs		5,789,149	5,054,468
Contract liabilities		42,762,109	91,130,938
<b>Total non-current liabilities</b>		<b>121,524,919</b>	<b>192,049,104</b>
<b>Current liabilities</b>			
Trade and other payables		101,626,768	170,465,611
Lease liabilities		28,091,495	24,649,887
Provision for restoration cost		884,630	1,284,860
Contract liabilities		44,490,906	63,571,442
Borrowings	24	24,000,000	16,944,019
Current tax liabilities		608,398	267,943
<b>Total current liabilities</b>		<b>199,702,197</b>	<b>277,183,762</b>
<b>Total liabilities</b>		<b>321,227,116</b>	<b>469,232,866</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>850,400,059</b>	<b>702,897,169</b>
<b>Net assets per share^ (sen)</b>		<b>35.28</b>	<b>15.58</b>

The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

^ For illustration, computed based on total equity divided by the number of ordinary shares outstanding after the completion of listing exercise of 1,500,000,000 on 25 January 2022.

# SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income For The Year Ended 31 December 2022

	Note	Individual Quarter		Cumulative Quarter	
		31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
<b>Revenue</b>		444,167,495	456,392,982	1,563,293,821	1,444,115,080
Cost of sales		(349,597,549)	(359,066,363)	(1,221,449,730)	(1,140,467,114)
<b>Gross profit</b>		<u>94,569,946</u>	<u>97,326,619</u>	<u>341,844,091</u>	<u>303,647,966</u>
Other operating income		4,138,652	5,902,718	16,961,047	16,419,050
Operating and administrative expenses		(67,453,391)	(62,400,412)	(271,981,988)	(232,298,223)
Interest income		1,372,802	456,261	3,117,786	1,718,570
Finance costs		(1,188,079)	(1,021,154)	(4,612,515)	(4,963,071)
<b>Profit before tax</b>		<u>31,439,930</u>	<u>40,264,032</u>	<u>85,328,421</u>	<u>84,524,292</u>
Tax expense	23	(10,406,221)	(9,058,526)	(24,754,853)	(19,267,815)
<b>Profit for the financial year attributable to the owners of the Company</b>		<u>21,033,709</u>	<u>31,205,506</u>	<u>60,573,568</u>	<u>65,256,477</u>
<b>Other comprehensive (loss)/income</b>					
<b>Items that may be reclassified to profit or loss in subsequent period</b>					
Foreign currency translations		-	(96,882)	-	370,794
<b>Items that will not be reclassified to profit or loss in subsequent period</b>					
Fair value (loss)/gain of other investments at fair value through other comprehensive income		(15,002)	1,830,861	273,572	1,830,861
<b>Other comprehensive (loss)/income attributable to the owners of the Company</b>		<u>(15,002)</u>	<u>1,733,979</u>	<u>273,572</u>	<u>2,201,655</u>
<b>Total comprehensive income attributable to the owners of the Company</b>		<u>21,018,707</u>	<u>32,939,485</u>	<u>60,847,140</u>	<u>67,458,132</u>
<b>Basic/Diluted earnings per ordinary share<sup>^</sup> (sen)</b>	27	<u>1.40</u>	<u>2.08</u>	<u>4.04</u>	<u>4.35</u>

The unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

<sup>^</sup> For illustration, computed based on profit after tax attributable to the owners of the Company divided by the number of ordinary shares outstanding after the completion of listing exercise of 1,500,000,000 on 25 January 2022.

# SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statements of Changes in Equity For The Year Ended 31 December 2022

	Non-Distributable				Distributable	
	Share capital RM	Merger reserve RM	Fair value reserve RM	Foreign currency translation reserve RM	Retained earnings RM	Total equity RM
<b>Balance as at 1 January 2022</b>	<b>166,206,171</b>	<b>(165,206,168)</b>	<b>1,830,861</b>	<b>(290,507)</b>	<b>231,123,946</b>	<b>233,664,303</b>
Changes of functional currency	-	-	-	290,507	(290,507)	-
Profit for the financial year	-	-	-	-	60,573,568	60,573,568
Other comprehensive income, net of tax	-	-	273,572	-	-	273,572
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>273,572</b>	<b>-</b>	<b>60,573,568</b>	<b>60,847,140</b>
<b>Transactions with owners:</b>						
Issuance of shares	267,500,000	-	-	-	-	267,500,000
Listing expenses attributable to the Public Issue	(5,838,500)	-	-	-	-	(5,838,500)
Dividends ( <b>Note 8</b> )	-	-	-	-	(27,000,000)	(27,000,000)
<b>Balance as at 31 December 2022</b>	<b>427,867,671</b>	<b>(165,206,168)</b>	<b>2,104,433</b>	<b>-</b>	<b>264,407,007</b>	<b>529,172,943</b>
<b>Balance as at 1 January 2021</b>	<b>1,000,003</b>	<b>-</b>	<b>-</b>	<b>(661,301)</b>	<b>165,867,469</b>	<b>166,206,171</b>
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
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1,830,861</b>	<b>370,794</b>	<b>65,256,477</b>	<b>67,458,132</b>
<b>Transactions with owners:</b>						
Issuance of shares for the acquisition of subsidiaries	166,206,168	(165,206,168)	-	-	-	1,000,000
Adjustment on the acquisition of subsidiaries	(1,000,000)	-	-	-	-	(1,000,000)
<b>Balance as at 31 December 2021</b>	<b>166,206,171</b>	<b>(165,206,168)</b>	<b>1,830,861</b>	<b>(290,507)</b>	<b>231,123,946</b>	<b>233,664,303</b>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

# SENHENG

SENHENG NEW RETAIL BERHAD

Registration No. 202101019079 (1419379-T)

## Unaudited Condensed Consolidated Statement of Cash Flows For The Period Ended 31 December 2022

	Cumulative Quarter	
	31.12.2022	31.12.2021
	RM	RM
<b>Cash Flows From Operating Activities</b>		
Profit before tax	85,328,421	84,524,292
<b>Adjustment for:</b>		
Amortisation of intangible assets	3,998	2,753
Depreciation of property, plant and equipment	14,224,661	11,090,197
Interest expense	4,612,515	4,963,071
Interest income	(3,117,786)	(1,718,570)
Depreciation of right-of-use assets	29,978,095	28,160,287
Other non-cash items	3,479,346	(5,049,810)
<b>Operating profit before changes in working capital</b>	<b>134,509,250</b>	<b>121,972,220</b>
<b>Changes in working capital:</b>		
Inventories	2,480,718	(37,526,095)
Receivables	15,763,744	2,913,983
Payables	(68,871,723)	56,761,405
Contract liabilities	(67,449,365)	(68,277,460)
<b>Cash generated from operations</b>	<b>16,432,624</b>	<b>75,844,053</b>
Interest paid	(1,158,868)	(1,937,123)
Tax paid	(27,234,786)	(20,247,630)
<b>Net cash (used in)/generated from operating activities</b>	<b>(11,961,030)</b>	<b>53,659,300</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from disposal of other investments	277,840,501	6,935,565
Proceeds from disposal of property, plant and equipment	657,334	1,400
Purchase of other investments and intangible assets	(267,310,867)	(16,893,535)
Purchase of property, plant and equipment	(69,833,315)	(22,778,786)
Dividend received	1,522,671	130,721
Interest received	3,117,786	1,718,570
Placement of fixed deposits with licensed banks	(46,039,950)	(71,931)
<b>Net cash used in investing activities</b>	<b>(100,045,840)</b>	<b>(30,957,996)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of share capital	267,500,000	-
Payments of share issuance expenses	(5,838,500)	-
Dividend paid	(27,000,000)	(12,000,000)
Drawdown of bankers' acceptances	231,327,145	230,246,538
Drawdown of term loans	-	5,867,000
Repayments of bankers' acceptances	(218,885,987)	(228,687,696)
Repayments of term loans	(45,438,018)	(6,161,524)
Payments of lease liabilities	(31,964,183)	(29,302,994)
<b>Net cash generated from/(used in) financing activities</b>	<b>169,700,457</b>	<b>(40,038,676)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>57,693,587</b>	<b>(17,337,372)</b>
Effects of exchange rate changes on cash and cash equivalents	15,977	252,410
<b>Cash and cash equivalents brought forward</b>	<b>47,782,186</b>	<b>64,867,148</b>
<b>Cash and cash equivalents carried forward</b>	<b>105,491,750</b>	<b>47,782,186</b>
<b>Cash and cash equivalents comprises of the following:</b>		
Cash and bank balances	105,491,750	47,782,186
Deposits placed with licensed banks	50,000,000	3,960,050
	<u>155,491,750</u>	<u>51,742,236</u>
Less: Fixed deposits placed with licensed banks with original maturity of more than three (3) months	(50,000,000)	(3,960,050)
	<u><b>105,491,750</b></u>	<u><b>47,782,186</b></u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

**Notes to The Financial Report For The Year Ended 31 December 2022****1. Basis of preparation**

The interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") (including MFRS 134 Interim Financial Reporting) and Paragraph 9.22 and 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial report.

**2. Basis of accounting**

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2021 except for the adoption of the following new accounting standards, amendments and interpretation:

MFRSs interpretations and amendments effective for annual periods beginning on or after 1 January 2022:

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

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

MFRSs interpretations and amendments effective for annual periods beginning on or after 1 January 2023:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

MFRSs interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

**3. Auditors' report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.

**4. Seasonal or cyclical factors**

The business operations of the Group typically experience higher customer traffic, transaction value and sales during weekends, public holidays, school holidays and festive periods.

**5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter and financial year under review.

**Notes to The Financial Report For The Year Ended 31 December 2022****6. Material changes in estimates**

There were no changes in estimates of amounts reported that have a material effect in the current quarter and financial year under review.

**7. Debts and equity securities**

During the quarter under review, the Company did not purchase any ordinary shares from the open market. Aside from the above, there were no new debts and equity securities issued during the quarter.

**8. Dividend**

On 28 February 2022, the Board of Directors declared an interim single tier dividend of RM0.013 per ordinary share amounting to RM19,500,000 for the financial year ended 31 December 2021, which was paid on 29 April 2022 to shareholders of the Company whose names appeared in the Record of Depositors on 12 April 2022.

On 26 August 2022, the Board of Directors declared an interim single tier dividend of RM0.005 per ordinary share amounting to RM7,500,000 for the financial year ended 31 December 2022, which was paid on 14 October 2022 to shareholders of the Company whose names appeared in the Record of Depositors on 27 September 2022.

**9. Segmental information**

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 The Group's profit af products sold

The segmental information for the financial year ended 31 December 2022 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	1,458,897,746	104,396,075	-	1,563,293,821
Inter-segment sales	7,371,881	18,283,397	-	25,655,278
<b>Total revenue</b>	<b>1,466,269,627</b>	<b>122,679,472</b>	<b>-</b>	<b>1,588,949,099</b>
<b>Segment profit/(loss)</b>	<b>41,444,283</b>	<b>23,294,550</b>	<b>(4,165,265)</b>	<b>60,573,568</b>
<b>Segment assets*</b>	<b>608,249,920</b>	<b>47,212,749</b>	<b>167,387,967</b>	<b>822,850,636</b>
<b>Segment liabilities**</b>	<b>316,969,730</b>	<b>3,027,917</b>	<b>596,366</b>	<b>320,594,013</b>

The segmental information for the financial year ended 31 December 2021 is as follows:

	Trading RM	Warranty RM	Others RM	Total RM
Sales to external customers	1,308,351,843	135,763,237	-	1,444,115,080
Inter-segment sales	-	24,349,101	-	24,349,101
<b>Total revenue</b>	<b>1,308,351,843</b>	<b>160,112,338</b>	<b>-</b>	<b>1,468,464,181</b>
<b>Segment profit/(loss)</b>	<b>48,249,898</b>	<b>17,383,697</b>	<b>(377,118)</b>	<b>65,256,477</b>
<b>Segment assets*</b>	<b>454,643,854</b>	<b>55,856,703</b>	<b>167,689,152</b>	<b>678,189,709</b>
<b>Segment liabilities**</b>	<b>463,827,722</b>	<b>3,275,302</b>	<b>1,860,099</b>	<b>468,963,123</b>

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

\*Segment assets excluded deferred tax assets and current tax assets.

\*\*Segment liabilities excluded deferred tax liabilities and current tax liabilities.

**Notes to The Financial Report For The Year Ended 31 December 2022****10. Revenue**

The breakdown of the Group's revenue by retail channels is as follows:

	Individual Quarter ended				Cumulative Quarter ended			
	31.12.2022		31.12.2021		31.12.2022		31.12.2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Physical stores	391,091	88.1	399,402	87.5	1,410,532	90.2	1,288,136	89.2
Online stores	25,952	5.8	42,652	9.3	91,254	5.8	123,709	8.6
Others <sup>^</sup>	27,124	6.1	14,339	3.2	61,508	4.0	32,270	2.2
<b>Total</b>	<b>444,167</b>	<b>100.0</b>	<b>456,393</b>	<b>100.0</b>	<b>1,563,294</b>	<b>100.0</b>	<b>1,444,115</b>	<b>100.0</b>

<sup>^</sup> Others comprise of sales of products and vouchers to corporate clients.

The breakdown of the Group's average monthly sales per store is as follows:

**Financial year ended 31 December 2022**

	Total sales	Cumulative operating months <sup>^^</sup>	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	257,316	372	692
"senQ" digital stations	545,766	339	1,610
"Grand Senheng" stores	563,067	534	1,054
"Grand Senheng Elite" store	20,078	15	1,339
"Grand senQ" digital stations	24,305	16	1,519
	<b>1,410,532</b>	<b>1,276</b>	

**Financial year ended 31 December 2021**

	Total sales	Cumulative operating months <sup>^^</sup>	Average monthly sales per store
	RM'000		RM'000
"Senheng" stores	364,212	480	759
"senQ" digital stations	511,551	360	1,421
"Grand Senheng" stores	403,372	401	1,006
"Grand Senheng Elite" store	9,001	8	1,125
	<b>1,288,136</b>	<b>1,249</b>	

<sup>^^</sup> Being the total number of operating months of each of our physical stores, including the periods when our physical stores were closed pursuant to the imposition of any lockdown periods imposed by the Government.

**11. Property, plant and equipment****(i) Acquisitions and disposals**

There were no material acquisitions and disposals of property, plant and equipment during the current quarter and financial year under review.

**(ii) Valuation**

There was no valuation of property, plant and equipment in the current quarter and financial year under review as the Group does not adopt a revaluation policy on its property, plant and equipment.



**Notes to The Financial Report For The Year Ended 31 December 2022****12. Capital commitments**

The Group's capital expenditure in respect of purchase of property, plant and equipment are as follows:

	As at 31.12.2022 RM	As at 31.12.2021 RM
Contracted but not provided for	<u>4,401,688</u>	<u>3,240,750</u>

**13. Material events subsequent to the end of the financial year**

There were no other material events subsequent to the end of the current quarter and financial year under review that have not been reflected in this interim financial report.

**14. Changes in the composition of the group**

There were no material changes in the composition of the Group during the current quarter and financial year under review.

**15. Changes in contingent liability**

There was no material contingent liability as at the end of the current financial year and up to the date of this interim financial report.

**16. Significant related party transactions**

The significant related party transactions of the Group are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM	31.12.2021 RM	31.12.2022 RM	31.12.2021 RM
Related parties: (Companies in which certain Directors have financial interests)				
Administration and marketing fee receivable	376,895	615,233	1,987,560	1,988,345
Administration and marketing fee payable	(86,022)	(62,190)	(352,542)	(301,019)
Concession income receivable	-	-	-	4,499
Commission payable	(5,396,451)	(3,710,585)	(19,088,135)	(4,990,571)
Insurance premium collected on behalf of third-party insurance companies	(8,001,088)	(7,280,652)	(34,295,082)	(31,010,992)
Marketing expenses	(6,509,961)	(11,599,348)	(31,789,876)	(23,073,795)
Purchases of goods	(1,898,851)	(2,845,790)	(8,927,283)	(8,888,806)
Rental income	33,300	41,800	129,800	73,441
Rental payable	(256,147)	(328,315)	(1,134,428)	(1,070,166)
Sales of goods	67,225	63,163	137,256	79,117
Sales of property	-	-	250,000	-
Sales of motor vehicle	-	-	140,000	-
Service rendered	<u>(834,194)</u>	<u>(90,967)</u>	<u>(4,240,799)</u>	<u>(4,882,800)</u>

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

**17. Fair value of financial liabilities**

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial year under review.

**Notes to The Financial Report For The Year Ended 31 December 2022****18. Performance review****(i) 12 months ended 31 December 2022 ("FPE 2022")**

The group reported revenue growth of 8.3% or RM119.2 million to RM1.6 billion in FPE 2022 (FPE 2021: RM1.4 billion). The growth in the Group's revenue was mainly due to the following key factors:

- a) Our on-going store expansion strategy whereby the Group is upgrading and expanding its chain of physical stores to build "Territory Champions" within every 5-kilometre radius of each store. The Group aims to be the largest in terms of floor space & range of products which it believes is crucial in enriching the in-store customer experience that ultimately leads to higher customer spending.

To that end, the Group saw an increase in the average monthly sales generated by its senQ, Grand Senheng, Grand Senheng Elite and Grand senQ stores;

- b) The continued use of the Group's automated digital marketing solutions integrated with its Customer Data Platform, for personalized and targeted marketing supported by AI-driven consumer insights. The Group has seen positive outcome in terms of better customer engagement and sales conversions.

- c) The continued use of the Group's in house telemarketing app to promote new product launching and other promotional campaigns.

The Group's gross profit ("GP") increased by 12.6% or RM38.2 million to RM341.8 million (GP margin: 21.9%) for the FPE 2022 from RM303.6 million (GP margin: 21.0%) for the FPE 2021. This increase in GP was mainly attributable to the increase in revenue for the period and product mix.

The Group's profit before tax ("PBT") increased by 1.0% or RM0.8 million to RM85.3 million (FPE 2021: RM84.5 million), mainly due to the higher sales achieved for the financial year.

**(ii) 3 months ended 31 December 2022 ("Q4 2022")****(a) Comparison with preceding year's corresponding quarter (3 months ended 31 December 2021 ("Q4 2021"))**

The Group reported revenue drop of 2.7% or RM12.2 million to RM444.2 million in Q4 2022 (Q4 2021: RM456.4 million). The decline in revenue was attributed to the impact of high inflation and interest hike.

The Group's GP decreased by 2.8% or RM2.7 million to RM94.6 million in Q4 2022 (Q4 2021: RM97.3 million), while GP margin remained at 21.3% in Q4 2022 (Q4 2021: 21.3%).

The Group's PBT declined 21.9% or RM8.9 million to RM31.4 million in Q4 2022 (Q4 2021: RM40.3 million) due to lower sales achieved for the quarter and higher operating and administrative expenses.

**(b) Comparison with immediate preceding quarter (3 months ended 30 September 2022 ("Q3 2022"))**

The Group reported revenue of RM444.2 million and PBT of RM31.4 million in Q4 2022 (Q3 2022 revenue: RM354.1 million, PBT: RM20.4 million). The higher revenue in Q4 was due to year end festive seasons such as Christmas and New year holidays as well as 11.11 and 12.12 campaigns that fall within the quarter.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

**Notes to The Financial Report For The Year Ended 31 December 2022****19. Prospects**

The Group continues to enhance its digital marketing strategies, by expanding its first-party data acquisition through “Private Traffic Project” to enhance data-driven customer insights, as well as achieve better membership growth rates through revamping the user interface of our online platforms. Among the initiatives are to simplify online registration process for enrolment of PlusOne Members, improving voucher redemptions journey, as well as increased frequency of online promotional campaigns in order to enhance users' experience throughout their shopping journey.

Additionally, the Group is undertaking its “Online First Initiative” to enhance online shopping experience through various new initiatives such as prioritising stock allocation and deliveries. Furthermore, the Group will tap into its nationwide sales agents to complement its online sales journey, in order to provide online customers with a more premium and personalized customer service experience. Through these initiatives, the Group is confident of delivering unparalleled customer service experience, which will improve customer retention and stickiness within its own platforms.

The Group has also introduced “Senheng Mobile” as a new retail channel catering to high demand for mobile phones and digital gadgets. The new retail channel will contribute positively to the Group's future performance, through market share expansion within the digital gadgets sector. The Group will be launching 10 new Senheng Mobile stores in Q1 2023.

Furthermore, the Group continues to upgrade and expand its chain of physical stores to build Territory Champions – leaders by floor space and product range within a 5-kilometre radius of each store. The ongoing upgrading and expansion initiative, involving up to 61 new and existing stores from 2022 to 2024, will enrich in-store experience and generate higher per-store sales. The Group observed increased productivity among the new/upgraded stores opened in the year of 2022 and is expecting to launch 5 new/upgraded stores in Q1 2023.

Given the ongoing growth strategies and recovery trend in the economy, the Group expects to register healthy performance in the coming quarters.

**20. Variance of actual profit from profit forecast or profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

**21. Status of corporate proposals**

There were no corporate proposals for the current quarter and financial year under review.

**[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]**

## Notes to The Financial Report For The Year Ended 31 December 2022

### 22. Profit before tax

Profit before tax for the current quarter and financial year under review is arrived at after charging/(crediting):-

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Directors' remuneration	768,270	773,702	3,596,430	3,283,540
Interest expenses	1,188,079	1,021,154	4,612,515	4,963,071
Fair value (gain)/loss on other investments	(330,366)	910,148	4,387,004	221,320
Share of profit paid as part of incentive programme	8,086,848	6,395,076	28,972,620	24,245,084
Depreciation of property, plant and equipment	4,140,699	3,247,882	14,224,661	11,090,197
Depreciation of right-of-use assets	7,627,569	6,503,038	29,978,095	28,160,287
Amortisation of intangible assets	1,049	1,988	3,998	2,753
Impairment loss on trade and other receivables	1,386,949	2,194,979	1,578,344	3,670,319
Interest income	(1,372,802)	(456,261)	(3,117,786)	(1,718,570)
Reversal/(Income) from rent concession	-	143,353	-	(1,098,465)
Realised (gain)/loss on foreign exchange	(42,741)	(14,269)	(64,645)	220,022
Unrealised (gain)/loss on foreign exchange	(552,028)	(440,663)	(702,899)	1,227,918

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

### 23. Tax expense

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM	RM	RM	RM
Current tax expense:				
- Current period	1,794,569	8,710,870	11,975,861	17,487,570
- Prior years	28,182	(1,037)	292,478	391,607
	<u>1,822,751</u>	<u>8,709,833</u>	<u>12,268,339</u>	<u>17,879,177</u>
Deferred tax:				
- Relating to origination and reversal of temporary differences	6,821,872	341,950	10,724,916	2,124,397
- Prior years	1,761,598	6,743	1,761,598	(735,759)
	<u>8,583,470</u>	<u>348,693</u>	<u>12,486,514</u>	<u>1,388,638</u>
<b>Total tax expense</b>	<b><u>10,406,221</u></b>	<b><u>9,058,526</u></b>	<b><u>24,754,853</u></b>	<b><u>19,267,815</u></b>
Effective tax rate (%)	33.1 <sup>^</sup>	22.5 <sup>*</sup>	29.0 <sup>^</sup>	22.8 <sup>*</sup>
Effective tax rate (%)	24.0	24.0	24.0	24.0

<sup>^</sup> The effective tax rate of the Group for the financial year under review was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes and a one-off adjustment on the Group's deferred tax asset.

<sup>\*</sup> The effective tax rate of the Group for the financial year under review was slightly lower than the statutory tax rate mainly due to certain income which are not taxable and lower applicable tax rate of 3% for profit derived from our reinsurance activities in Labuan.

### 24. Borrowings

Secured	As at 31.12.2022		As at 31.12.2021		
	Current	Total	Current	Non-current	Total
	RM	RM	RM	RM	RM
Bankers' acceptances	24,000,000	24,000,000	11,558,842	-	11,558,842
Term loans	-	-	5,385,177	40,052,841	45,438,018
	<u>24,000,000</u>	<u>24,000,000</u>	<u>16,944,019</u>	<u>40,052,841</u>	<u>56,996,860</u>

The above borrowings are denominated in Ringgit Malaysia.

**Notes to The Financial Report For The Year Ended 31 December 2022****25. Derivatives**

There were no derivatives in the current quarter and financial year under review.

**26. Material litigation**

There is no material litigation for the current financial year to date.

**27. Earnings per share ("EPS")**

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Profit attributable to owners of the Company	21,033,709	31,205,506	60,573,568	65,256,477
Weighted average number of ordinary shares in issue* ('000)	1,500,000	1,500,000	1,500,000	1,500,000
Basic EPS <sup>^</sup> (sen)	1.40	2.08	4.04	4.35
Diluted EPS <sup>^**</sup> (sen)	1.40	2.08	4.04	4.35

\* Based on the number of ordinary shares outstanding after the completion of the listing exercise of 1,500,000,000.

<sup>^</sup> Basic and diluted EPS is computed based on profit after tax attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the year under review.

<sup>\*\*</sup> Diluted EPS is equivalent to the basic EPS as the Company does not have any convertible securities as at the end of the financial year under review.

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.

**28. Utilisation of proceeds from the public issue**

The status of the utilisation of proceeds from the Initial Public Offering and listing as at 31 December 2022 are summarized as follows:

Details of use of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Re-allocation RM'000	Balance unutilised RM'000	Estimated timeframe for use from the date of our Listing
(i) Enhance customer experience via upgrading and expanding the Group's chain of retail stores	160,500	(32,327)	-	128,173	Within 36 months
(ii) Repayment of bank borrowings	46,000	(46,000)	-	-	Within 6 months
(iii) Develop new brand distribution business	22,000	(18,372)	-	3,628	Within 36 months
(iv) Expand and upgrade the Group's warehouse and logistics network <sup>^</sup>	20,000	(20,122)	122	-	Within 36 months
(v) Boost the Group's digital infrastructure	9,700	(2,987)	-	6,713	Within 36 months
(vi) Estimated listing expenses <sup>^</sup>	9,300	(9,178)	(122)	-	Within 3 months
<b>Total</b>	<b>267,500</b>	<b>(128,986)</b>	<b>-</b>	<b>138,514</b>	

Save as disclosed above, there were no other corporate proposal announced as at the date of issue of this quarterly report.

<sup>^</sup> The unutilised balance of RM122,000 allocated for estimated listing expenses for IPO and Listing had been re-allocated to expand and upgrade the Group's warehouse and logistics during the financial year.