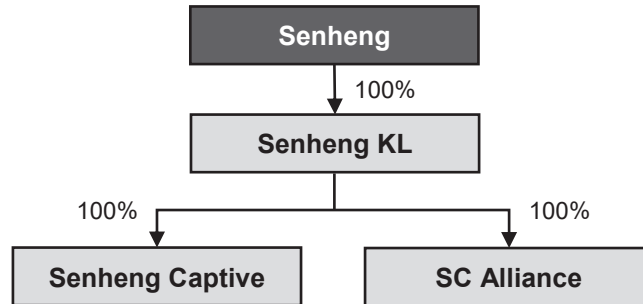


### 3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

#### 3.1 BACKGROUND AND OVERVIEW

Our Company was incorporated in Malaysia under the Act as a public company on 21 May 2021 under the name of Senheng New Retail Berhad. We are an investment holding company and through our Subsidiaries, we are a retailer of consumer electrical and electronic products. Our Group structure as at the LPD and after our IPO is as follows:-



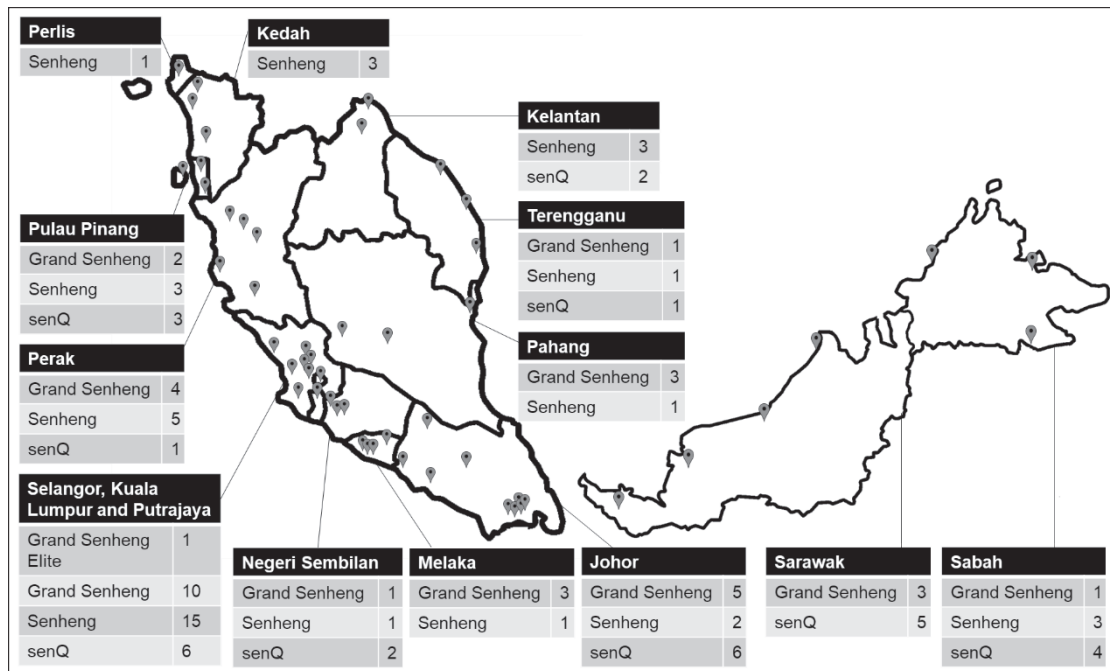
Our business was founded by KH Lim, KC Lim and KY Lim with the opening of our first store in 1989. Over the years, we had implemented the following key initiatives:-

<b>Year</b>	<b>Key initiatives</b>
2000	We standardised our store operations and created a cohesive brand identity for our Group
2002	We adopted a fixed price policy and launched the PlusOne loyalty programme to attract new customers to shop with us and entice existing customers to return to our stores for repeat purchases
2003	We launched a new “senQ” store concept with the aim of reaching customers in shopping malls
2004	We invested in business intelligence to gather and analyse data to aid our management in making business decisions
2015	We embarked on a digital transformation of our business to improve our operational efficiency, enhance our customers’ experience and expand our market presence
2017	We introduced our seamless retail model with the aim of enhancing customers’ shopping experience by providing a cohesive and consistent shopping experience across physical and online retail platforms

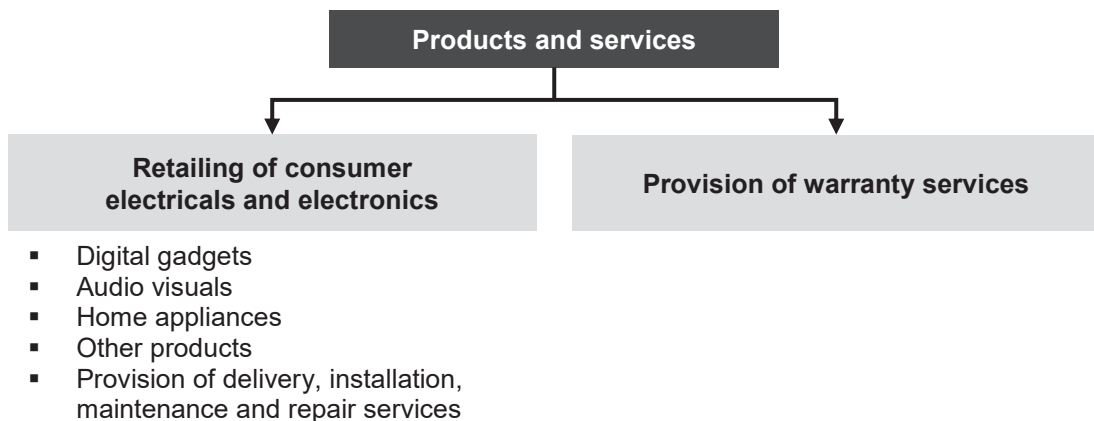
We believe that the key initiatives above have enabled us to grow and achieve our current scale of operations. As at the LPD, we have a chain of 103 physical stores across every state in Malaysia under 4 store concepts, namely “Grand Senheng Elite”, “Grand Senheng”, “Senheng” and “senQ”, as well as online platforms.

### 3. PROSPECTUS SUMMARY (CONT'D)

The following map depicts the locations of our physical stores in Malaysia as at the LPD:-



Our products are broadly categorised as follows:-



For further information on our group structure, background and business, please refer to Sections 6 and 7 of this Prospectus respectively.

### 3.2 OUR COMPETITIVE STRENGTHS

Our competitive strengths are as follows:-

#### (i) Largest chain retailer of consumer electrical and electronic products in Malaysia

- We are the largest consumer electrical and electronics chain retailer in Malaysia by revenue. As at the LPD, we have a chain of 103 physical stores occupying approximately 768,000 sq ft of physical retail space across every state in Malaysia.
- Our “Senheng” and “senQ” brands are recognisable and reputable in the consumer electrical and electronic industry in Malaysia.

### 3. PROSPECTUS SUMMARY (CONT'D)

- In recognition of the strength of our brands, we have received many awards and accolades, examples are the “*Malaysian Business of the Year Award, 2020*”, “*Best Brand (Platinum Award)*”, “*Best Employer (Platinum Award), 2020*”, “*Best Use of Technology (Platinum Award), 2020*” and “*Best in Marketing (Platinum Award), 2020*” from the Star Outstanding Business Awards (SOBA) and “*Revolutionary Hero Brand Award – Outstanding Performer, 2017*” award from Lazada Malaysia.
- (ii) **Seamless retail model enables an offering of a wide range of products**
- We have built a strong online presence which is integrated with our network of physical stores to offer a seamless shopping experience to our customers.
  - Through our seamless retail model, we provide a cohesive and consistent shopping experience in terms of products, prices and promotions. This standardisation simplifies the decision-making process for customers and prevent sales cannibalisation among stores. Our online customers may also choose between direct delivery of products purchased on our online stores or in-store pickup.
  - Since the introduction of our seamless retail model in 2017, revenue had increased from RM0.89 billion for the FYE 2017 to RM1.29 billion for the FYE 2020, representing a CAGR of 13.2% despite a decrease in the total number of physical stores.
- (iii) **Strong PlusOne loyalty programme with a large base of customers who are enrolled as members**
- As at the LPD, our PlusOne loyalty programme has approximately 2.88 million paid registered members. In the past 3 FYEs 2018 to 2020, total registered PlusOne members have grown at a CAGR of 5.60%.
  - Sales generated from PlusOne members contributed approximately 94.2%, 96.6% and 97.5% of our annual revenue for the FYE 2018, FYE 2019 and FYE 2020, respectively.
- (iv) **Experienced founders-led management team and a motivated workforce**
- Since the founding of our business in 1989, our management team has been led by KH Lim and KC Lim, who serve as our Executive Chairman and President / Executive Director, respectively.
  - Our Executive Chairman and President / Executive Director are assisted by other Key Senior Management with expertise across a broad spectrum of business activities, including operations, logistics, sales and marketing.
- (v) **Centralised logistics model and established logistics network enable efficient cost management**
- Our centralised logistics model and established logistics network allows increased efficiency in the physical movement of our products, particularly on the large scale at which we operate.
  - By accepting all deliveries at a centralised location instead of the many regional hubs and/or retail outlets directly, we simplify the delivery process for suppliers and reduce their logistics cost which translate into higher discounts given to us.
  - We are able to provide customers with competitive delivery times for both in-store and online orders, which increases customer satisfaction.

### 3. PROSPECTUS SUMMARY (CONT'D)

**(vi) We benefit from the large scale of our operations and our established relationship with our suppliers**

- We have maintained longstanding business relationships with our major suppliers. As at the LPD, we have had business relationships ranging from 16 to 32 years with our top 5 major suppliers for the FYE 2020.
- We provide special designated areas in our physical stores and online stores for brand principals enabling us to carry out advertising and promotional activities to increase the visibility of their brand and products to customers.
- Hence, we enjoy beneficial commercial terms on our orders from them, enabling us to price products competitively and reduce instances of stock unavailability at our physical stores which contributes positively to customer satisfaction and financial performance.

**(vii) Digital infrastructure optimises our data-driven marketing, operational workflow and enhances customers' shopping experience**

- Since 2015, we have undertaken a digital transformation of our business to keep pace with the growth in the scale of our business, including in the areas of (1) Data collection and business intelligence system (2) Enterprise resource planning suite of applications and (3) Online stores, e-commerce automation software, marketing automation platform and telemarketing automation application.
- Our digital infrastructure is the backbone of our seamless retail model and has enabled us to increase the scale of our operations, improve the efficiency of our operations and contribute towards more informed decision making by our management.

**(viii) Steady cashflow and dividends**

Our Group's revenue and EBITDA for the FYE 2020 increased by RM149.91 million and RM12.66 million respectively, despite the temporary closure of our physical stores following the implementation of the MCO on 18 March 2020.

For further details on our competitive strengths, please refer to Section 7.2 of this Prospectus.

### 3.3 BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans are as follows:-

**(i) Enhance our customers' shopping experience and strengthen our market presence by upgrading our chain of physical stores**

- We aim to be the territory champion within every 5-kilometre radius of our physical stores by being the largest in terms of floor space and have the largest variety of products so as to provide customers with a wholesome retail experience. Our wide range of product offerings allow our customers to physically browse a variety of models of the same product category from multiple brands before deciding on a purchase.
- We intend to increase the size of our individual retail outlets in order to be able to display a wider range of products from more brand principals and to provide a more comfortable shopping experience to customers by opening new and/or upgrading certain existing "Senheng" stores into "Grand Senheng" stores and "Grand Senheng Elite" stores as well as introducing a new store concept known as "Grand senQ".

### 3. PROSPECTUS SUMMARY (CONT'D)

#### (ii) Expand product portfolio through the development of a new brand distribution business which include international brands and our own house brand

- Since 2020, we were appointed as the local distributor for two international brands and are involved in the direct importation and distribution of these brands. Further, we are currently in the midst of launching our own range of cookware products under our house brand “Delighto” by the third quarter of 2021.
- We will develop the new brand distribution business by continuing to look out for suitable brands to import and distribute in Malaysia, focusing on kitchen appliances, home electricals, personal and beauty care appliances, and IoT products.

#### (iii) Increase our warehouse storage space and strengthen our logistics network in East Malaysia

We are in the midst of expanding our Kota Kinabalu regional hub by constructing a new adjacent warehouse and increasing the number of loading bays. We are also in the midst of relocating our Kuching regional hub to a larger warehouse which we acquired in 2020 and is currently under renovation. Moving forward, we intend to construct a Bintulu regional hub which will be the distribution centre for physical stores and customers in Bintulu and Sibul.

#### (iv) Boost our digital infrastructure

Moving forward, we intend to implement the following enhancements and step-ups to our digital infrastructure over the next 3 years which comprise of the following; (a) establishing a data lake and upgrading existing technology platforms, (b) cloud-based disaster recovery system and (c) maintenance of our digital infrastructure.

#### (v) Enhancement of our PlusOne loyalty programme

- On 1 June 2021, we introduced a new credit token which can be earned by our PlusOne members known as “S-Coin”.
- We also plan to increase the benefits enjoyed by our PlusOne members by upgrading the existing Senheng mobile application to the “Senheng Lifestyle App”. This is a long-term initiative to build a whole new ecosystem that is meant to provide a host of services and convenience to our members.

For further details on our business strategies and future plans, please refer to Section 7.3 of this Prospectus.

### 3.4 PRINCIPAL DETAILS OF OUR IPO

Our IPO Shares will be allocated at the IPO Price as summarised in the table below:-

Categories	Issue Shares		Offer Shares		Total	
	No. of Shares	(1)%	No. of Shares	(1)%	No. of Shares	(1)%
<b>Retail Offering</b>						
Malaysian Public (via balloting):-						
▪ Bumiputera	15,000,000	1.00	-	-	15,000,000	1.00
▪ Non-Bumiputera	15,000,000	1.00	-	-	15,000,000	1.00
Eligible Persons:-	22,500,000	1.50	-	-	22,500,000	1.50
<b>Subtotal</b>	<b>52,500,000</b>	<b>3.50</b>	-	-	<b>52,500,000</b>	<b>3.50</b>

**3. PROSPECTUS SUMMARY (CONT'D)**

<b>Categories</b>	<b>Issue Shares</b>		<b>Offer Shares</b>		<b>Total</b>	
	<b>No. of Shares</b>	<b>(1)%</b>	<b>No. of Shares</b>	<b>(1)%</b>	<b>No. of Shares</b>	<b>(1)%</b>
<b>Institutional Offering</b> (by way of private placement)						
Bumiputera investors approved by MITI	48,000,000	3.20	139,500,000	9.30	187,500,000	12.50
Other institutional and selected investors	149,500,000	9.97	-	-	149,500,000	9.97
<b>Subtotal</b>	<b>197,500,000</b>	<b>13.17</b>	<b>139,500,000</b>	<b>9.30</b>	<b>337,000,000</b>	<b>22.47</b>
<b>Total</b>	<b>250,000,000</b>	<b>16.67</b>	<b>139,500,000</b>	<b>9.30</b>	<b>389,500,000</b>	<b>25.97</b>

Note:-

(1) Based on the enlarged total number of 1,500,000,000 Shares after our IPO.

In accordance with the Equity Guidelines, our Promoters will not be allowed to sell, transfer or assign their entire shareholdings in our Company as at the date of our Listing, for a period of 6 months from the date of our Listing.

For further information on our IPO and the moratorium on our Shares, please refer to Sections 4.3 and 2.2 of this Prospectus respectively.

**3.5 IMPACT OF THE COVID-19 PANDEMIC**

Pursuant to the outbreak of the COVID-19 pandemic in 2020, our business and operations faced temporary interruptions with the imposition of MCO and conditional MCO by the Government. During the MCO, our CDC and regional hubs were closed from 18 March 2020 and were allowed to operate from 6 April 2020 onwards and have continued to operate until the LPD. Our physical stores were closed from 18 March 2020 and we re-opened our physical stores in Peninsular Malaysia on 4 May 2020 and our physical stores in East Malaysia on 10 May 2020. Our physical stores were closed during the imposition of the nationwide lockdown on 1 June 2021.

Despite the temporary closures of our premises above, our Group's revenue increased by RM149.91 million or 13.1% to RM1.29 billion for the FYE 2020 (FYE 2019: RM1.14 billion), as we were able to capitalise on the higher demand for consumer electrical and electronic products during the MCO and conditional MCO periods, as a result of the following:-

- (i) our ongoing store expansion exercise, whereby "Senheng" stores are upgraded to larger "Grand Senheng" stores offering a better customer experience;
- (ii) our PlusOne loyalty programme which had helped attract new customers and entice existing customers to make repeat purchases; and
- (iii) our digital marketing automation efforts and expansion of last mile delivery capabilities to offer more convenience to customers during the MCO and conditional MCO periods.
- (iv) We were also able to continue selling products through our online stores and introduced a telemarketing automation application which enables employees to promote and sell our products remotely. These measures enable us to continue generating sales during the temporary closure of our physical stores during the MCO period.

For further details on the impact of the COVID-19 pandemic on our business, please refer to Section 7.16 of this Prospectus.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.6 RISK FACTORS

Before investing in our IPO Shares, you should carefully consider all risk factors set out in Section 5 of this Prospectus as summarised below:-

- (i) our success is dependent on our brands and our reputation;
- (ii) our success is dependent on our ability to secure optimal locations for our physical stores and to renew the tenancies or leases of our existing stores at rates which are acceptable to us;
- (iii) we operate a centralised logistics model and if the operations of our logistics network are disrupted or does not keep pace with the growth of our business, our business and financial performance may be adversely affected;
- (iv) any disruption in the supply of goods from our suppliers or services from third-party service providers may have an adverse impact on our business and financial performance;
- (v) we are subject to risk of unfavourable changes in the commercial terms with our suppliers which may affect our profit margin; and
- (vi) we are exposed to product liability claims and any serious product liability claims against us may have an adverse impact on our reputation, business, and financial performance.

For further details and the full list of risk factors affecting our business and operations, the industry in which we operate and our Shares, please refer to Section 5 of this Prospectus.

#### 3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and Key Senior Management are as listed below:-

<b>Name</b>	<b>Designation</b>
<b><u>Directors</u></b>	
KH Lim	Executive Chairman
KC Lim	President / Executive Director
KY Lim	Non-Independent Non-Executive Director
Dato' Yeow Wah Chin	Independent Non-Executive Director
Tan Ler Chin	Independent Non-Executive Director
Ho Kim Poi	Independent Non-Executive Director
Oh Keng Leng	Independent Non-Executive Director
<b><u>Key Senior Management</u></b>	
Wong Che Hoe	Senior Vice President of Human Resource and Business Solutions
Mah Chin Niap	Senior Vice President of Finance and Business Compliance
Ho Weng Hung	Vice President of Retail Operations, Logistics and Service
Teng Kean Kheng	Vice President of Retail Operations
Phang Weng Nam	Vice President of Digital Commerce and Supply Chain
Ang Keng Beng	Division Head of Internal Audit Compliance cum Franchise
Tai Tze Yen	Division Head of Digital Marketing
Raymond Tan Chun Hong	Division Head of New Retail Technology

For further information on our Directors and Key Senior Management, please refer to Sections 9.2 and 9.3 of this Prospectus respectively.

### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

Our Promoters and Substantial Shareholders as well as their respective shareholdings in our Company before and after our IPO are as follows:-

Name	Country of incorporation / Nationality	Before our IPO			After our IPO				
		Direct		Indirect	Direct		Indirect		
		No. of Shares	% <sup>(1)</sup>		No. of Shares	% <sup>(2)</sup>		No. of Shares	% <sup>(2)</sup>
SQ Digital	Malaysia	869,600,000	69.57	-	-	869,600,000	57.97	-	-
KH Lim	Malaysian	126,800,000	10.14	(3)869,600,000	69.57	80,300,000	5.35	(3)869,600,000	57.97
KC Lim	Malaysian	126,800,000	10.14	(3)869,600,000	69.57	80,300,000	5.35	(3)869,600,000	57.97
KY Lim	Malaysian	126,800,000	10.14	(3)869,600,000	69.57	80,300,000	5.35	(3)869,600,000	57.97

Notes:-

- (1) Based on the total number of 1,250,000,000 Shares after the Acquisition of Senheng KL and Share Split, but before our IPO.
- (2) Based on the enlarged total number of 1,500,000,000 Shares after our IPO.
- (3) Deemed interested by virtue of his direct interest in SQ Digital pursuant to Section 8(4) of the Act.

For further information on our Promoters and Substantial Shareholders, please refer to Section 9.1 of this Prospectus.



### 3. PROSPECTUS SUMMARY (CONT'D)

#### 3.9 USE OF PROCEEDS

We intend to use the gross proceeds from the Public Issue of RM[•] million in the following manner:-

<u>Details of use of proceeds</u>	<u>Estimated timeframe for use from the date of our Listing</u>	<u>RM'000</u>	<u>%</u>
(i) Enhance customer experience via upgrading our chain of retail stores	Within 36 months	[•]	[•]
(ii) Develop new brand distribution business	Within 36 months	[•]	[•]
(iii) Expand and upgrade our warehouse and logistics network	Within 36 months	[•]	[•]
(iv) Boost our digital infrastructure	Within 36 months	[•]	[•]
(v) Estimated listing expenses	Within 3 months	[•]	[•]
<b>Total</b>		<b>[•]</b>	<b>100.00</b>

For further details on our use of proceeds arising from the Public Issue, please refer to Section 4.6 of this Prospectus.

#### 3.10 FINANCIAL HIGHLIGHTS

The table below sets out the audited combined statements of profit or loss and other comprehensive income of our Group for the Period under Review:-

	<b>Audited</b>		
	<b>FYE 2018</b>	<b>FYE 2019</b>	<b>FYE 2020</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Revenue	1,172,301	1,144,861	1,294,769
Cost of sales	(910,678)	(899,521)	(1,024,768)
GP	261,623	245,340	270,001
PBT	74,983	61,486	73,615
PAT attributable to the owners of the Company	61,063	49,559	55,637
Total equity	85,540	122,862	166,206
Total borrowings <sup>(1)</sup>	17,561	45,847	55,693
Cash and bank balances	23,735	54,412	68,755
GP margin <sup>(2)</sup> (%)	22.3	21.4	20.9
PBT margin <sup>(3)</sup> (%)	6.4	5.4	5.7
PAT margin <sup>(4)</sup> (%)	5.2	4.3	4.3
Gearing ratio (times) <sup>(5)</sup>	0.2	0.4	0.3
Net gearing ratio (times) <sup>(6)</sup>	<sup>(7)</sup> (0.1)	<sup>(7)</sup> (0.1)	<sup>(7)</sup> (0.1)

Notes:-

(1) Computed based on total interest-bearing borrowings plus lease liabilities owing to financial institutions.

### 3. PROSPECTUS SUMMARY (CONT'D)

- (2) GP margin is computed based on GP over revenue.
- (3) PBT margin is computed based on PBT over revenue.
- (4) PAT margin is computed based on PAT over revenue.
- (5) Computed based on total borrowings divided by total equity as at the end of the financial year.
- (6) Computed based on net borrowings (total borrowings less cash and bank balances) divided by total equity as at the end of the financial year.
- (7) Negative net gearing ratio denotes a net cash position.

The table below sets out the audited combined statements of financial position of our Group as at 31 December 2018, 2019 and 2020:-

	<b>Audited</b>		
	<b>As at 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
Non-current assets	219,656	266,163	289,527
Current assets	281,209	321,071	367,385
<b>Total assets</b>	<b>500,865</b>	<b>587,234</b>	<b>656,912</b>
Share capital	1,000	1,000	1,000
Retained earnings	84,540	121,862	165,206
<b>Total equity / Net assets</b>	<b>85,540</b>	<b>122,862</b>	<b>166,206</b>
Non-current liabilities	202,388	224,326	237,347
Current liabilities	212,937	240,046	253,359
<b>Total liabilities</b>	<b>415,325</b>	<b>464,372</b>	<b>490,706</b>
<b>Total equity and liabilities</b>	<b>500,865</b>	<b>587,234</b>	<b>656,912</b>

For further details on our financial information, please refer to Section 12 of this Prospectus.

#### 3.11 DIVIDEND POLICY

We target a payout ratio of at least 30% of our net profit attributable to the owners of our Company for each financial year on a consolidated basis subject to the following:-

- (i) the confirmation of our Board as well as any applicable law, licence conditions and contractual obligations; and
- (ii) provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

Investors should take note that this dividend policy merely describes our present intention and shall not constitute a legally binding obligation on our Company or legally binding statement in respect of our future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion.

For further details on our dividend policy, please refer to Section 12.7 of this Prospectus.