

6. INFORMATION ON OUR GROUP

6.1 OUR COMPANY

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. The principal activities of our Subsidiaries are set out in Section 6.4 of this Prospectus.

6.2 SHARE CAPITAL OF OUR COMPANY

As at [the LPD], our issued share capital is RM166,206,171 comprising 1,250,000,000 Shares. Details of the changes in our issued share capital since the date of our incorporation up to [the LPD] are as follows:-

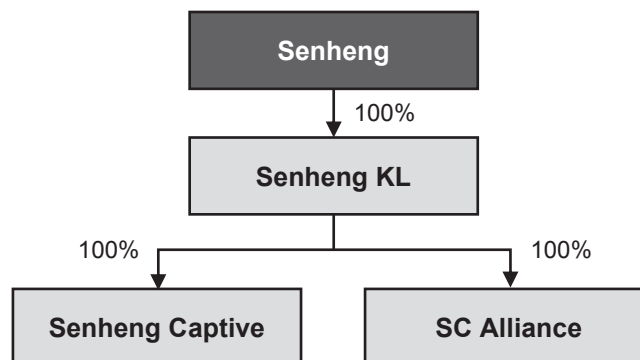
Date of allotment / subdivision	No. of Shares allotted	Consideration	Nature of transaction	Cumulative issued share capital	
				No. of Shares	RM
21 May 2021	3	Cash	Subscribers' shares	3	3
[•]	166,206,168	Other than cash	Acquisition of Senheng KL	166,206,171	166,206,171
[•]	1,250,000,000	N/A	Share Split	1,250,000,000	166,206,171

None of our Shares were issued at a discount, on special terms or based on instalment payment terms. As at [the LPD], we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our issued share capital will increase to RM[•] comprising 1,500,000,000 Shares.

6.3 OUR GROUP

As at [the LPD], our corporate structure is as follows:-



Our Group was formed on [•] upon the completion of the Acquisition of Senheng KL. Subsequent to the Acquisition of Senheng KL, we completed the Share Split. Further details on the Acquisition of Senheng KL and Share Split are as follows:-

6. INFORMATION ON OUR GROUP (CONT'D)

6.3.1 Acquisition of Senheng KL

On [•] our Company completed the acquisition of the entire issued share capital of Senheng KL of RM1,000,000 comprising 1,000,000 ordinary shares in Senheng KL for a purchase consideration of RM166,206,168. The purchase consideration was arrived at on a willing-buyer willing-seller basis and represents the audited consolidated net assets of Senheng KL as at 31 December 2020.

The Acquisition of Senheng KL was wholly satisfied via the issuance of 166,206,168 new Shares at an issue price of RM1.00 per Share to our Promoters in the following manner:-

Name	No. of Shares	%
SQ Digital ⁽¹⁾	115,626,309	69.57
KH Lim	16,859,953	10.14
KC Lim	16,859,953	10.14
KY Lim	16,859,953	10.14
Total	166,206,168	100.00

Note:-

(1) KH Lim, KC Lim and KY Lim had nominated SQ Digital to receive this portion of the Senheng Shares on their behalf.

After the completion of the Acquisition of Senheng KL, our issued share capital increased from RM3 comprising 3 Shares to RM166,206,171 comprising 166,206,171 Shares.

6.3.2 Share Split

Following the completion of the Acquisition of Senheng KL, our Company had subsequently on [•] undertook a subdivision of 166,206,171 existing Shares into 1,250,000,000 Shares.

6.4 OUR SUBSIDIARIES

As at [the LPD], we do not have any associated companies. Details of our Subsidiaries are summarised below:-

Subsidiaries and company registration number	Date of incorporation	Place of incorporation and principal place of business	Effective equity interest (%)	Principal activities
Senheng KL 199401011012 (296691-X)	20 April 1994	Malaysia	100	Retail of consumer electrical and electronic products
<u>Held by Senheng KL</u>				
Senheng Captive (LL11787)	9 March 2015	Malaysia	100	Provision of captive insurance
SC Alliance 202001021954 (1378274-V)	5 August 2020	Malaysia	100	Distribution of household and information technology gadget products

6. INFORMATION ON OUR GROUP (CONT'D)

6.4.1 Senheng KL**(i) History and business**

Senheng KL was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 20 April 1994 under the name of Senheng Electric (KL) Sdn Bhd. Senheng KL is principally involved in the retail of consumer electrical and electronic products.

(ii) Share capital

As at the LPD, the issued share capital of Senheng KL is RM1,000,000 comprising of 1,000,000 ordinary shares. There have been no changes in the issued share capital of Senheng KL for the past 3 years preceding the LPD.

(iii) Shareholder

As at [the LPD], Senheng KL is our wholly-owned subsidiary.

(iv) Subsidiary and associate

As at the LPD, save for Senheng Captive and SC Alliance, Senheng KL does not have any other subsidiary or associated company.

6.4.2 Senheng Captive**(i) History and business**

Senheng Captive was incorporated in Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 as a company limited by shares on 9 March 2015 under the name of Senheng Captive Insurance Pte Ltd. Senheng Captive is principally involved in the provision of captive insurance.

(ii) Share capital

As at the LPD, the issued share capital of Senheng Captive is USD82,710 comprising of 82,710 ordinary shares. There have been no changes in the issued share capital of Senheng Captive for the past 3 years preceding the LPD.

(iii) Shareholder

As at [the LPD], Senheng Captive is our indirect wholly-owned subsidiary.

(iv) Subsidiary and associate

As at the LPD, Senheng Captive does not have any subsidiary or associated company.

6. INFORMATION ON OUR GROUP (CONT'D)

6.4.3 SC Alliance**(i) History and business**

SC Alliance was incorporated in Malaysia under the Act as a private limited company on 5 August 2020 under the name of SC Alliance (M) Sdn Bhd. SC Alliance is principally involved in the distribution of household and information technology gadget products.

(ii) Share capital

As at the LPD, the issued share capital of SC Alliance is RM100 comprising of 100 ordinary shares. There have been no changes in the issued share capital of SC Alliance since the date of the incorporation of the company up to the LPD.

(iii) Shareholder

As at [the LPD], SC Alliance is our indirect wholly-owned subsidiary.

(iv) Subsidiary and associate

As at the LPD, SC Alliance does not have any subsidiary or associated company.

None of the ordinary shares of our Subsidiaries were issued at a discount, on special terms or based on instalment payment terms. As at the LPD, our subsidiaries do not have any outstanding warrants, options, convertible securities and uncalled capital.

6. INFORMATION ON OUR GROUP (CONT'D)**6.5 MATERIAL CAPITAL EXPENDITURES AND DIVESTITURES**

Save as disclosed below, we do not have any other material investments and divestitures for the Period under Review and up to the LPD:-

<u>Capital expenditures</u>	<u>FYE 2018</u>	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>1 January 2021 up to the LPD</u>
	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>	<u>(RM'000)</u>
<u>Investments cost</u>				
Short term funds ⁽¹⁾	2,111	-	117	-
Computer software	-	-	5	-
Other investments ⁽²⁾	16,581	9,471	20,716	3,023
Freehold land	7,623	66	-	-
Leasehold land	-	-	6,300	-
Buildings	15,825	27,303	157	-
Furniture and fittings	1,856	2,519	2,504	1,322
Office equipment	630	872	869	708
Office computers	46	2,486	1,550	595
Motor vehicles	1,810	2,210	1,255	574
Renovation and signboards	3,274	5,330	3,747	4,990
Capital work-in-progress ⁽³⁾	-	15,869	4,881	4,219
Total investments	<u>49,756</u>	<u>66,126</u>	<u>42,101</u>	<u>15,431</u>
<u>Divestitures proceeds</u>				
Short term funds ⁽¹⁾	-	1,878	-	-
Other investments ⁽²⁾	15,444	20,429	21,803	2,365
Buildings	1,722	-	-	-
Motor vehicle	334	302	140	-
Total divestitures	<u>17,500</u>	<u>20,609</u>	<u>21,943</u>	<u>2,365</u>

Notes:-

- (1) Short term funds comprise of fixed deposits placed with licensed banks with original maturity of more than 3 months.
- (2) Other investments comprise of unquoted and quoted investments in Malaysia and overseas as well as quoted unit trust in Malaysia.
- (3) Capital work-in-progress represents building under construction.

The material investments above were mainly financed via a combination of internally-generated funds and bank borrowings.

6.6 TAKE-OVER OFFERS

Since our incorporation up to the LPD, there were no:-

- (i) public take-over offers by third parties in respect of our Shares; and
- (ii) public take-over offers by our Company in respect of other companies' shares.