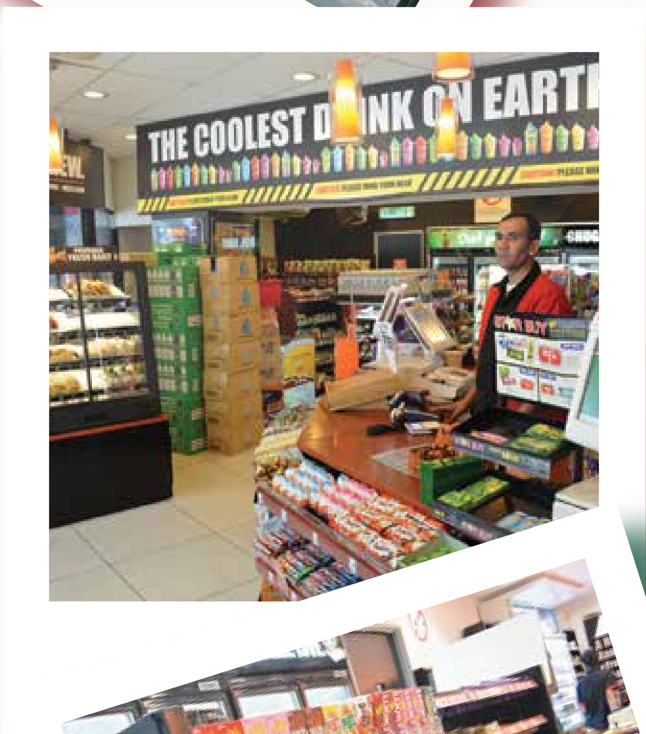
7-Eleven Malaysia Holdings Berhad
(Company No. 1058531-W)

Annual Report 2017



vision

Menjadi peruncit serbaneka yang terbaik

To be the best retailer of convenience

mission & values

Memberi layanan secara konsisten mengikut perubahan keperluan semasa pelanggan demi keselesaan mereka

To consistently serve the changing needs of customers for their convenience

UNDERSTAND

Kami berusaha untuk memahami keperluan pelbagai pihak & juga pihak syarikat dalam membuat keputusan yang seimbang dan terbaik

We seek to understand the needs of stakeholders & the company to make the best (balanced) decisions

SIMPLIFY

Kami berusaha memudahkan setiap perkara untuk setiap pihak bagi mendapatkan penyelesaian yang terbaik

We work towards making things convenient for people to increase the effectiveness of our solutions

SOLVE

Kami sentiasa mencari jalan penyelesaian untuk memberi manfaat kepada semua pihak

We find ways to resolve issues that prevents us from delivering value to those we serve

CONNECT

Kami berkomunikasi secara berkesan untuk memaklumkan kepada semua pihak mengenai perkembangan terkini

We communicate to manage people's expectations in the most effective manner

contents

overview

7-Eleven Malaysia Holdings Berhad through its wholly-owned subsidiary, 7-Eleven Malaysia Sdn. Bhd. is the owner and operator of 7-Eleven stores in Malaysia. Incorporated on 4 June 1984, 7-Eleven Malaysia has made its mark in the retailing scene and has been a prominent icon for over 30 years.

7-Eleven Malaysia is the single largest convenience store chain with more than 2,225 stores nationwide, serving over 900,000 customers daily.

Company Profile

7-Eleven was founded by J. C. Thompson in 1927 as The Southland Ice Company in Dallas, Texas. Started as an ice vendor, the company eventually began offering milk, bread and eggs on Sundays and evenings when grocery stores were closed. This new business idea produced satisfied customers and increased sales, spawning the precursor of the modern convenience retail concept.

Company Profile

7-Eleven's first convenience outlet was known as Tote'm stores since customers "toted" away their purchases, and some even sported genuine Alaskan totem poles in front. In 1946, Tote'm became 7-Eleven to reflect the stores' new, extended hours - 7 a.m. until 11 p.m., seven days a week. The corporate name was changed from The Southland Corporation to 7-Eleven, Inc. in 1999.

7-Eleven Malaysia is the pioneer and the largest 24-hour convenience store operator in Malaysia. Upon achieving its 1,000 mark in stores network, 7-Eleven Malaysia opened its door to local entrepreneurs through its unique franchising program in 2009. We are the first franchisor in the local market to offer existing profit-making stores to franchisees.

7-Eleven stores can be found across bustling commercial districts to serene suburban residential compounds throughout Malaysia, from petrol stations and LRT stations to shopping malls and medical institutions. 7-Eleven is Always There For You.

Most 7-Eleven stores carry more than 2,200 Stock Keeping Units ("SKUs"), including our proprietary brands such as Slurpee frozen beverages and Big Gulp fountain soft drinks. The variety of services available at 7-Eleven include the bill payment service (TM, Astro, U-Mobile, Syabas and Singer), sale of mobile phone reload cards, IDD/STD, Touch 'n Go reload, internet games' starter packs, reloads via MOL Point top-up, MOL Pay, stored value gift cards, parcel lockers, ink cartridge refill, photocopying, fax, automated teller machine (ATM), and bulletin board for neighbourhood community notices.

In 2009, 7-Eleven introduced fresh brewed coffee and other hot beverages together with packaged fresh food and bakery for the convenience of customers looking for ready-to-eat hot food. All fresh food items sold in 7-Eleven are certified HALAL and undergo stringent quality control to ensure tastefulness and freshness.

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Seri Abdull Hamid Bin Embong
Chairman, Independent Non-Executive Director

Ho Meng
Executive Director/ Acting Chief Executive Officer

Tan U-Ming
Executive Director

Chan Kien Sing
Non-Independent Non-Executive Director

Tan Wai Foon
Non-Independent Non-Executive Director

Shalet Marian
Independent Non-Executive Director

Muhammad Lukman Bin Musa @ Hussain
Independent Non-Executive Director

Puan Sri Datuk Seri Rohani Binti Abdullah
Independent Non-Executive Director

AUDIT COMMITTEE

Muhammad Lukman Bin Musa @ Hussain
Chairman
Independent Non-Executive Director

Shalet Marian
Member
Independent Non-Executive Director

Tan Wai Foon
Member
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Wai Foon
Chairman
Non-Independent Non-Executive Director

Shalet Marian
Member
Independent Non-Executive Director

Muhammad Lukman Bin Musa @ Hussain
Member
Independent Non-Executive Director

NOMINATING COMMITTEE

Shalet Marian
Chairman
Independent Non-Executive Director

Tan Wai Foon
Member
Non-Independent Non-Executive Director

Muhammad Lukman Bin Musa @ Hussain
Member
Independent Non-Executive Director

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Ng Shu Fern (MAICSA 7062881)

REGISTERED OFFICE

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel. No.: +603 2084 9000
Fax No.: +603 2094 9940

HEAD OFFICE

Level 3A, Podium Block,
Plaza Berjaya,
No. 12, Jalan Imbi,
55100 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel. No.: +603 2142 1136
Fax No.: +603 2142 0318
Email address:
contactus@7eleven.com.my
Website address:
www.7eleven.com.my

AUDITORS

Ernst & Young
Level 23A, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
50490 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel. No.: +603 7495 8000

SHARE REGISTRAR

Berjaya Registration Services Sdn. Bhd.
Lot 06-03 Level 6, East Wing,
Berjaya Times Square,
No. 1, Jalan Imbi,
55100 Kuala Lumpur,
Wilayah Persekutuan,
Malaysia
Tel. No.: +603 2145 0533

PRINCIPAL BANKERS

Malayan Banking Berhad
AmBank (M) Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Name : SEM
Stock Code : 5250

PLACE OF INCORPORATION AND DOMICILE

Malaysia

Board of Directors

1


2


3


4


1. **TAN SRI DATO' SERI ABDULL HAMID BIN EMBONG**
   Independent Non-Executive Chairman

2. **HO MENG**
   Executive Director/
   Acting Chief Executive Officer

3. **TAN U-MING**
   Executive Director

4. **CHAN KIEN SING**
   Non-Independent Non-Executive Director

Board of Directors

5

6

7

8

5. **TAN WAI FOON**
   Non-Independent Non-Executive Director

6. **SHALET MARIAN**
   Independent Non-Executive Director

7. **MUHAMMAD LUKMAN BIN MUSA @ HUSSAIN**
   Independent Non-Executive Director

8. **PUAN SRI DATUK SERI ROHANI BINTI ABDULLAH**
   Independent Non-Executive Director

Profile of Directors

TAN SRI DATO' SERI ABDULL HAMID BIN EMBONG

Male, Aged 68, Malaysian
Independent Non-Executive Chairman

Tan Sri was appointed to our Board as Independent Non-Executive Chairman on 20 July 2016.

Tan Sri finished secondary schooling at the Malay College Kuala Kangsar, Perak. He obtained a Barrister at Law degree at the Lincolns Inn, London and was admitted as an Utter Barrister in 1976.

Tan Sri served in the Judicial and Legal Service and was appointed to various posts including that of a Magistrate, Deputy Public Prosecutor, Legal Advisor and Senior Federal Counsel with the Customs and Excise Department, the Economic Planning Unit (PM Department), Ministry of Land and Regional Development, Treasury, Ministry of Home Affairs and Legal Advisor to the States of Negeri Sembilan and Pahang.

He was appointed a Judicial Commissioner in 1994 and a High Court Judge in 1996. In 2006, he was elevated to the Court of Appeal and in 2009 to the Federal Court Malaysia. He retired from the Bench in February 2016.

Tan Sri also serves on the Board of Ancom Berhad as Independent Non-Executive Director. He is also the Chairman of Monetary Penalty Review Committee (MPRC) appointed under the Financial Services Act 2013 and the Chairman of Zetro Services Sdn. Bhd.

Tan Sri has also been appointed as a Judge of the Syariah Court of Appeal, Perak on 1 March 2017.

HO MENG

Male, Aged 58, Malaysian
Executive Director/
Acting Chief Executive Officer
Key Senior Management

Mr. Ho Meng was appointed to our Board as Executive Director on 21 August 2013 and was re-designated as Non-Independent Non-Executive Director on 29 April 2016. Subsequently, he was re-designated as an Executive Director/Acting Chief Executive Officer on 1 August 2017.

He qualified as a Chartered Accountant from the Malaysian Institute of Certified Public Accountants (MICPA). He is a member of the MICPA and the Malaysian Institute of Accountants and a fellow member of the CPA Australia.

He has extensive working experience in various financial and senior management positions with a number of private and public listed companies including several years in external and internal auditing since he began his professional career with a public accounting firm in 1979.

He was also the Deputy Chief Executive Officer of 7-Eleven Malaysia Sdn. Bhd. until 29 April 2016, having served as an Executive Director and then the Managing Director since joining in 2011.

He was with DiGi Telecommunications Sdn. Bhd. for almost 10 years after joining in 1995 when its mobile telecommunications service was launched and was the Chief Financial Officer when he left in 2005. Prior to his appointment at 7-Eleven Malaysia Sdn. Bhd. in 2011, he was the Chief Executive Officer of Ansa Broadcast Sdn. Bhd. between 2005 and 2010 and has remained as a director as of to-date. Currently he is also an Executive Director of REDtone International Berhad.

Profile of Directors

TAN U-MING
Male, Aged 31, Malaysian
Executive Director
Key Senior Management

Mr. Tan U-Ming was appointed to our Board as Executive Director on 21 August 2013.

He studied in Irvine Valley College, California, US. He attended the franchisee and in-store training courses with 7-Eleven USA in North America and has completed Phase I of Field Consultant Certification Training in Dallas, Texas, US.

In 2008, he was appointed as a Director of 7-Eleven Malaysia Sdn. Bhd. where he was responsible for overseeing merchandising, logistics and distribution as well as procurement and advertising and promotions functions of 7-Eleven Malaysia Sdn. Bhd. In January 2011, he was promoted to the position of Executive Director of 7-Eleven Malaysia Sdn. Bhd.

Currently, he is an Executive Director of Sports Toto Malaysia Sdn. Bhd. and a Director of MOL Global Pte. Ltd. He also holds directorships in several other private companies.

He is the son of Tan Sri Dato' Seri Vincent Tan Chee Yioun, who is a major shareholder of the Company.

CHAN KIEN SING
Male, Aged 61, Malaysian
Non-Independent Non-Executive Director

Mr. Chan Kien Sing was appointed to our Board first as Executive Director on 21 August 2013, then was re-designated as Non-Independent Non-Executive Director on 22 April 2015.

He is a member of The Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants. Having articled with Messrs. Peat Marwick Mitchell (now known as Messrs. KPMG) from 1975 to 1981, he subsequently joined Arab-Malaysian Merchant Bank Berhad (now known as AmInvestment Bank Berhad) specialising in corporate finance until 1989 when he joined Berjaya Group Berhad.

Currently, he is a Non-Independent Non-Executive Director of Berjaya Corporation Berhad, Berjaya Sports Toto Berhad and Berjaya Assets Berhad. He is also the Managing Director of Sun Media Corporation Sdn. Bhd. and an Executive Director of Berjaya Media Berhad. He also holds directorships in several other private limited companies.

Profile of Directors

TAN WAI FOON
Female, Aged 58, Malaysian
Non-Independent Non-Executive Director

Ms. Tan Wai Foon was appointed to our Board as Non-Independent Non-Executive Director on 21 August 2013.

She obtained her Bachelor of Arts degree in English from the University of Manitoba (Canada) and her MBA in Finance from the University of San Francisco (USA). She has more than 30 years of experience in the investment management, advisory and stockbroking industry both in Malaysia and overseas.

She currently serves as Chairman and Executive Director of MOL AccessPortal Sdn. Bhd., Chairman of Singer (Malaysia) Sdn. Bhd., and as Non-Executive Director of Berjaya Retail Berhad. She is also the Senior Vice President and Head of Business Development of Inter-Pacific Securities Sdn. Bhd.

She began her finance career in 1984 as an Investment Analyst and later Portfolio Manager, with NZI Investment Services in Auckland, New Zealand and Singapore respectively. In 1989, she joined Indosuez Asia Investment Services Ltd (Hong Kong) as Senior Investment Manager.

Between 1990 and 1998, she held various positions in stockbroking including Director of Sales and Corporate Broking at Peregrine Securities Limited (Hong Kong and London), Head of Asian Equity Sales at Morgan Grenfell Asia Securities Limited (London), Country Head of Malaysian Equities Product as well as representing Morgan Grenfell Asia Securities Limited (Hong Kong) as Executive Director of K&N Kenanga Sdn. Bhd.

In 1998, she returned to fund management and joined Grand Generale Asset Management Limited (GGAM) as Senior Investment Manager. In 1999, GGAM was acquired by Fortis and merged as Fortis Investment Management Asia Limited, where she was promoted to Director of Research (Asia). In 2002, she moved to Fortis Investment Management France SA as the Head of Asian Funds and Coordinator of Emerging Market Equities Research.

In 2003, she joined Ward Ferry Management Ltd where she was Senior Investment Manager and left in 2006 to set up WMG Asia Limited as the Chief Portfolio Manager and Managing Director, a position she held until 2015.

SHALET MARIAN
Female, Aged 61, Malaysian
Independent Non-Executive Director

Ms. Shalet Marian was appointed to our Board as Independent Non-Executive Chairman on 21 August 2013 and re-designated as Independent Non-Executive Director on 20 July 2016.

She is a member of the Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants.

She was articled with Messrs. Peat Marwick Mitchell (now known as Messrs. KPMG) in 1977 and gained her professional qualification as a Chartered Accountant in 1982. She served as internal auditor of Arab-Malaysian Merchant Bank (now known as AmInvestment Bank Berhad) in 1984 and then resumed her career as a public accountant in 1985 with KPMG. She started her specialisation in tax in 1988. Between the period 1988- 2011 she helmed the Corporate Tax Division and subsequently Indirect and Transaction Taxes before being appointed as the Country Risk Manager and Head of Ethics and Independence while concurrently serving as Chief Financial and Operating Officer.

She served as advisor to Mustapharaj Sdn. Bhd., a consultancy firm, from 2011 to 31 December 2015. She currently serves as the Chief Operating Officer of Lejadi Foundation a position she has held since 2011.

She was appointed as a Director of Hong Leong Assurance Berhad on 16 June 2016.

Profile of Directors

MUHAMMAD LUKMAN BIN MUSA @ HUSSAIN
Male, Aged 42, Malaysian
Independent Non-Executive Director

Encik Muhammad Lukman Bin Musa @ Hussain has been an Independent Non-Executive Director of the Company since 21 June 2013.

He commenced his career in 1998 as an external auditor with Andersen & Co (Malaysia). In 2001, he has pursued his career in United Kingdom and his last position in United Kingdom was as the Manager in Banking & Capital Market Division at the London office of Ernst & Young LLP, United Kingdom. Upon his return in 2008, he joined Ernst & Young (Malaysia) as the Audit and Assurance Director, and was responsible in managing various Government Linked and Multinational Companies portfolio. In 2011, he left Ernst & Young (Malaysia) to hold the position as Chief Operating and Chief Financial Officer of Unitar Capital Sdn. Bhd. (UNITAR), the operator of UNITAR International University, and a subsidiary of Ekuiti Nasional Berhad. In June 2016, he left UNITAR and joined MARA Corporation Sdn. Bhd., a strategic investment holding company of Majlis Amanah Rakyat (MARA) as the Chief Financial Officer.

He holds a Bachelor in Accountancy Studies from University of Porstmouth. He is also a qualified Chartered Accountant from Malaysian Institute of Accountants (MIA) and is a fellow member of the Institute of Chartered Accountants in England and Wales (ICAEW).

PUAN SRI DATUK SERI ROHANI BINTI ABDULLAH
Female, Aged 62, Malaysian
Independent Non-Executive Director

Puan Sri was appointed to our Board as Independent Non-Executive Director on 10 February 2017.

She obtained her Master of Business Administration from Oklahoma State University, USA in 1995.

Her career spanned primarily in the land and regional development, communication and multimedia, human resources and higher education sectors. She was extensively involved in international and policy respects of these sectors and departments and left the government service in 2012 as the Deputy Secretary General of Ministry of Higher Education. She concluded her career in the public sector as a Senior Fellow at University Teknologi Malaysia.

Since mid-2015, Puan Sri has involved herself solely with the corporate sector and her role as the current President (since 2012) of PUSPANITA Kebangsaan (Association of Women Civil Servants and Wives of Civil Servants) which is a charity and volunteer organisation.

Puan Sri currently serves on the Board of Nylex (Malaysia) Berhad, CCM Duopharma Biotech Berhad and Symphony Life Berhad.

Note:-

1. The details of Board Committees held by the Directors and the number of board meetings attended by them are disclosed in the Corporate Governance Overview Statement.

2. Save as disclosed, none of the Directors have:-

   - Any other directorship in public companies and listed issuers;
   - Any family relationship with any Director and/or major shareholder;
   - Any conflict of interest with the Company;
   - Any convictions for offences within the past five (5) years other than traffic offences, if any; and
   - Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

HO MENG
Executive Director/Acting Chief Executive Officer

The profile of Mr. Ho Meng is set out on page 8 of this Annual Report.

TAN U-MING
Executive Director

The profile of Mr. Tan U-Ming is set out on page 9 of this Annual Report.

WONG WAI KEONG
Male, Aged 44, Malaysian
Chief Financial Officer

Mr. Wong Wai Keong was appointed as Chief Financial Officer of the Company on 12 March 2018. He is an experienced financial professional and has over 22 years of working experience in multinational corporations (MNCs) and local environment across the region overseeing finance, accounting, information technology/enterprise resource planning (ERP) and business management. He has worked in various industries including healthcare, multi-level marketing, Enterprise Application services, manufacturing, agriculture and the Fast Moving Consumer Goods industry (FMCG).

He is a member of the Chartered Institute of Management Accountant (CIMA), the Malaysian Institute of Accountants (MIA) and the Chartered Global Management Accountants (CGMA).

Prior to joining 7-Eleven Malaysia Holdings Berhad, he was the Group Finance Director of SyAqua Group Inc. overseeing the Asian markets and Florida, USA where he was involved in the organization expansion and was instrumental in transforming the group into an integrated functional business.

He has previously held management roles in Avon Cosmetics, KFCH Marketing, Ayamas Food Corp, Abbott Laboratories, and Wyeth. He was also a Lead Application Consultant with JD Edwards.

Note:-

1. Save as disclosed, none of the Key Senior Management have:-

   - Any other directorship in public companies and listed issuers;
   - Any family relationship with any Director and/or major shareholder;
   - Any conflict of interest with the Company;
   - Any convictions for offences within the past five (5) years other than traffic offences, if any; and
   - Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Management Discussion And Analysis

Overview

7-Eleven Malaysia Holdings Berhad Group is the largest convenience store operator in Malaysia in terms of number of stores, with a market share of 82% of the standalone convenience store segment as of March 2014 according to the independent market research report published in the Company's Initial Public Offering (IPO) prospectus dated 8 May 2014.

We opened our first "7-Eleven" convenience store 30 years ago under the "7-Eleven" brand name and we are the sole operator of "7-Eleven" convenience stores in Malaysia and Brunei.

As at 31 December 2017, we have a total of 2,225 stores serving more than 900,000 customers per day. There were 2,083 or 93.6% corporate owned stores and 142 or 6.4% that were operated by franchisees.

Revenue

The Group's revenue for the financial year ended 31 December 2017 of RM2.19 billion grew RM83.7 million or 4.0% compared to the preceding financial year revenue of RM2.1 billion. The growth in revenue was driven by growth in new stores, improved merchandise mix and consumer promotion activity. This growth was achieved despite prolonged on-going retail market softness caused by weak consumer confidence/spending.

In 2017, we opened 126 new stores and closed 23 stores for a net increase of 103 stores. Our store count increased by 103 stores or 4.8 % from 2,122 stores to 2,225 stores.

Gross Profit and Gross Profit Margin

Gross profit improved by RM44.8 million or 6.9% compared to the corresponding 12 months in the previous year and this is mainly attributable to the revenue growth of 4.0% and gross profit margin expansion of 0.9% point.

Other Operating Income

For the financial year under review, other operating income increased by RM21.6 million or 18.7% to RM137.2 million as compared to the preceding financial year. The growth was primarily contributed by the increase in our marketing income by RM11.5 million or 10.5% and compensation income from vendors of RM11.0 million.

Management Discussion And Analysis

Selling and Distribution Expenses

Selling and distribution expenses for financial year 2017 increased by RM55.1 million or 9.2% year-on-year, mainly caused by higher staff cost, rental cost, store depreciation expense and utility cost which is in tandem with new store expansion coupled with the impact of minimum wage increase on the staff cost from 1st July 2016.

Administration and Other Operating Expenses

Administrative and other operating expenses increased by RM5.0 million or 5.4% compared to the corresponding 12 months in the previous year. This is due to higher staff cost and staff training cost.

Profit from Operations

Profit from operations of RM79.7 million for the 12 months ended 31 December 2017 increased by 8.5% or RM6.3 million year-on-year which was mainly attributed to higher other operating income.

Finance Cost

Finance cost for the current financial year has increased by RM6.6 million compared to the preceding financial year mainly attributed to utilisation of bankers' acceptance, revolving credit and term loan facilities.

Profit after Tax

The profit after tax for the financial year ended 2017 was RM50.1 million compared to RM52.2 million recorded for the preceding financial year. The decline in the profit after tax by 4.0% year-on-year was mainly attributed to higher cost as mentioned above.

Liquidity and Financial Resources

As at 31st December 2017, the Group retained cash and bank balances of RM69.6 million despite cash outlay for dividend payment for financial year 2016 of RM52.2 million.

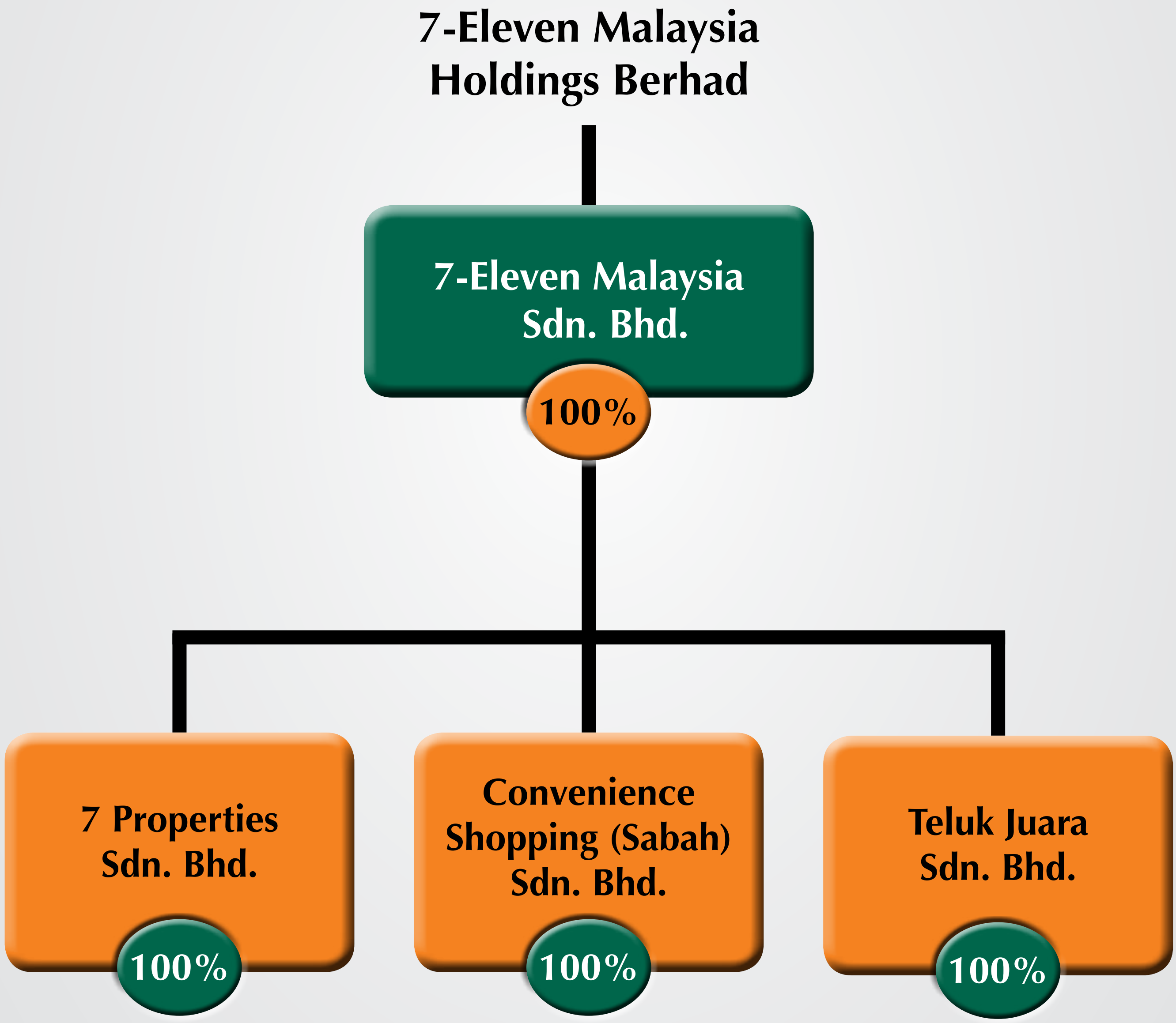
The Group has total borrowings of RM186.0 million as at 31st December 2017. The borrowings comprise of bankers' acceptance, revolving credit and term loan facilities which were utilized for funding working capital and capital expenditures for new stores and refurbishments. Despite utilisation of the said borrowings, the net gearing ratio of the Group as at 31st December 2017 remained low at 0.4 time.

Prospects

The Board of Directors is of the view that the trading condition for 2018 is expected to remain challenging. Despite this we expect to see continued improvements in the next financial year by pursuing our core strategy pillars of Operational Excellence, Cost Management and Commercial Innovation.

Corporate Structure

as at 30 March 2018



Community Engagement

JAN 2017 Tunku Azaleh's Birthday Party

FEB 2017 Journeys of Discovery Prize Giving Ceremony

FEB 2017 J Revolusi Gala Premier

MAR 2017 Sunway Monash Residence Welcome Party

MAR 2017 Association of Social Services and Community Development of Gombak Selangor

APR 2017 Taylor's CXP HIIT Run 2017

MAY 2017 PDRM Kejohanan Olahraga/ Tarik Tali Piala Ketua Polis Negara Tahun 2017

MAY 2017 BERNAMA Golden Jubilee 50th Anniversary

MAY 2017 Kid's Public Speaking Competition 2017 @ Evolve Shopping Mall

Community Engagement

FEB 2017
J Revolusi Sponsor and Media Appreciation Dinner

FEB 2017
Sincere Care Home

MAR 2017
Karnival Srikandi

APR 2017
IIUM Robotic Competition

APR 2017
Earth Day @ Setia City Mall

APR 2017
Autism Café Project

MAY 2017
Joy Run by Larian Spektra

MAY 2017
KL Concert & Island Games

MAY 2017
Neon Challenge 2017

Community Engagement

JUN 2017 Majlis Berbuka Puasa Perdana Pemuda UMNO

JUN 2017 Inti Subang Wild Wow Wet Run 2017

JUN 2017 BeCause Charity Shoot & Bowl

AUG 2017 Malaysian Federation of the Deaf

SEPT 2017 Karnival Jom Bersenam Bersama Rakyat Johor

SEPT 2017 GLOW @ Taylor's Lakeside

OCT 2017 13th Annual RDA – Bukit Kiara Gymkhana

OCT 2017 Pertubuhan Pusat Kebajikan Destiny

OCT 2017 MAEP Serdang Halloween Night Run 2017

Community Engagement

JUL 2017
Persatuan Kebajikan Komuniti Ikhlas Malaysia

AUG 2017
Centro Klang Run 2017

AUG 2017
Syrian Refugee School x Slurpee 2017

SEPT 2017
UKM Malam Teater Kesenian

OCT 2017
Metropolitan Kepong Park Caring Run for Orphans 2017

OCT 2017
Positive Living Community

NOV 2017
NASOM Walk for Autism 2017

NOV 2017
theSun Flood Relief Fund

DEC 2017
Dignity & Services and Myanmar Education Centre

Milestones & Awards

JAN 2017 MY U Mobile App e-Voucher Redemption

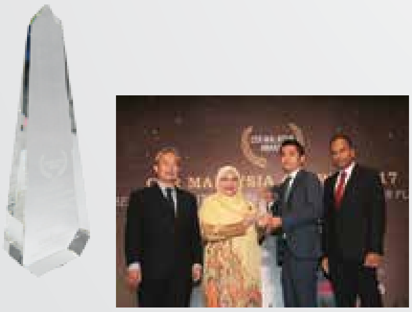
MAR 2017 Get Aktif with Smurfs!

MAR 2017 Justice League Ring or Tag™

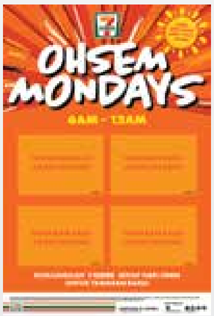
MAY 2017 Official Launch of Alipay Mobile Wallet

MAY 2017 4th Annual General Meeting

MAY 2017 Semurni Kasih 2017



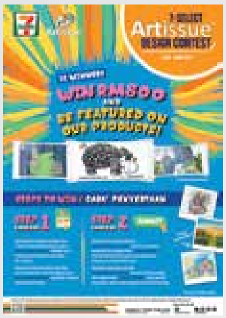
AUG 2017 CSR Malaysia Awards 2017



AUG 2017 Ohsem Mondays

AUG 2017 TNB x 7-Eleven

Milestones & Awards



APR 2017 7- Select Artissue Design Contest

APR 2017 Slurpee Count & Win! Contest

MAY 2017 Lazada Over-the-Counter Payment

MAY 2017 Berjaya Hotel & Resorts Offline Payment Service

JUN 2017 Kempen Pencegahan Rasuah SPRM

JUL 2017 Minum, Makan & Menang

SEPT 2017 DreamWorks KouKou™

SEPT 2017 Slide the City – 7-Eleven Becomes Exclusive Offline Ticket Reseller

OCT 2017 7-Eleven Joint Business Plan Workshop

Milestones & Awards

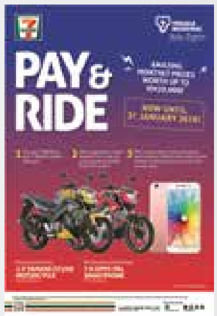
OCT 2017 #BuatBaikTogether 2017

OCT 2017 7-Eleven Store #1078 Reopening

OCT 2017 Dragons of Malaysia Awards 2017

NOV 2017 Putra Brand Awards 2017

DEC 2017 Justice League MAJIG™



DEC 2017 Pay & Ride

DEC 2017 The Slurpee Siku Challenge

Sustainability Statement

1 About This Statement

In line with the amendments to the Main Market Listing Requirements on sustainability reporting issued by Bursa Malaysia Securities Berhad in October 2015, 7-Eleven Malaysia Holdings Berhad ("Group") is proud to present our inaugural sustainability statement. The Group is currently the owner and operator of over 2,000 convenience stores in Malaysia through its subsidiary 7-Eleven Malaysia Sdn. Bhd ("7-Eleven" or "Company").

The statement covers 7-Eleven's sustainability effort from 1st January 2017 to 31st December 2017 unless specified otherwise. The scope of this statement includes the Company's operations at its headquarters in Kuala Lumpur, its 2,225 convenience stores located throughout Malaysia including Sarawak and Sabah, its Store Support Centre (SSC) and its Central Distribution Centre (CDC) located in Shah Alam.

The geographic boundary concerning the supply chain activities extend from the CDC located in Shah Alam to the following cross dock hubs: Kota Bharu (East Coast 1 Cross Dock), Penang (Northern Cross Dock), Kuantan (East Cost 2 Cross Dock) and Johor (Southern Cross Dock).

This statement was prepared in accordance with the G4 Reporting Guidelines published by the Global Reporting Initiative (GRI). Throughout this statement, we have provided insights on the approaches and strategies that we have undertaken to integrate sustainability across our operations.

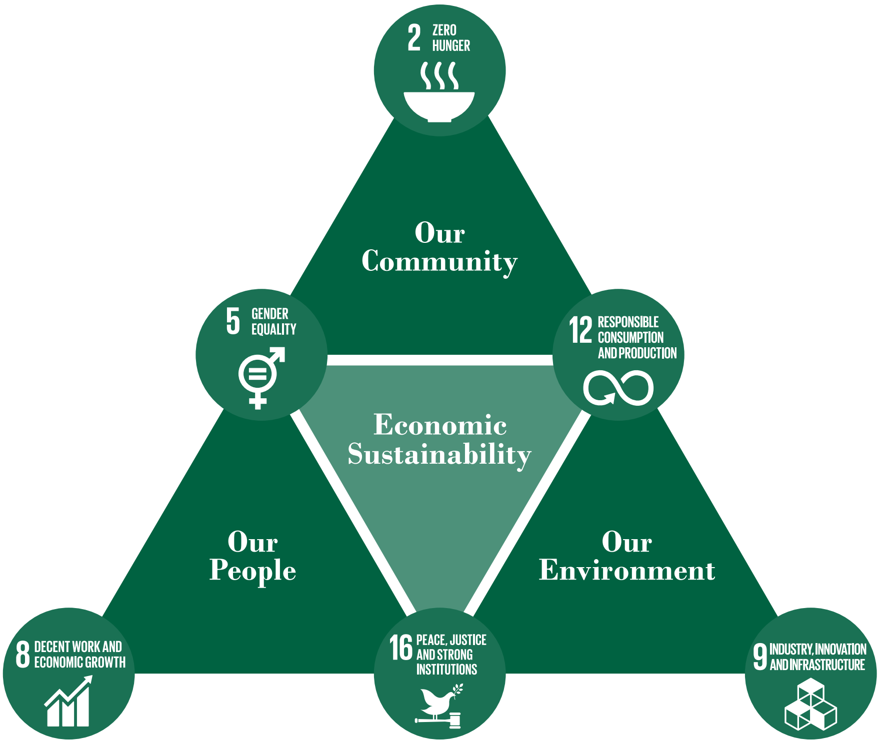
2 Sustainability Strategy and Road Map

In September 2015, the United Nation's 17 Sustainable Development Goals (SDGs) were unveiled and affirmed by 193 member states including Malaysia. We support the aspirations of the United Nations and the Government of Malaysia and on our part, aspire to integrate elements of the SDGs into our approach towards improving our sustainability performance.

Sustainability Statement

2 Sustainability Strategy and Road Map (cont'd)

This statement demonstrates 7-Eleven's sustainability journey for the reporting period where elements of 6 selected SDGs has been embedded in our sustainability initiatives. The 6 SDGs are *Zero Hunger (SDG2); Gender Equality (SDG5); Decent Work and Economic Growth (SDG8); Industry, Innovation and Infrastructure (SDG9); Responsible Consumption and Production (SDG 12); and Peace, Justice and Strong Institutions (SDG 16).*



2.1 Sustainability Strategy

In embarking upon this journey to improve our economic, environmental and social (EES) performance, we have developed a three-pronged strategy which involves: Empowering Customers, Leading by Example and Working with Others.

Empowering Customers

- Ramping up the E-Commerce Platform
- Green Consumerism

Leading by Example

- Reducing Energy Consumption
- Reducing Greenhouse Gas (GHG) Emissions

Working with Others

- Networking with NGOs
- Building Resilient Communities

Empowering Customers 'to Protect the Environment'
By encouraging e-commerce and identifying ways in which our customers can halve their personal and domestic carbon footprints. We are ramping up our e-commerce platform to have more in-store services, which include top-ups for Touch and Go, mobile phone reloads and utility bills payment. These in-store services already account for about 3% of 7-Eleven's revenue and about 10% of gross profit.

Sustainability Statement

2 Sustainability Strategy and Road Map (cont'd)

2.1 Sustainability Strategy (cont'd)

Leading by Example
We put the environment at the heart of most things we do. We are committed to a long-term programme involving practical steps to reduce our energy consumption and greenhouse gas emissions.

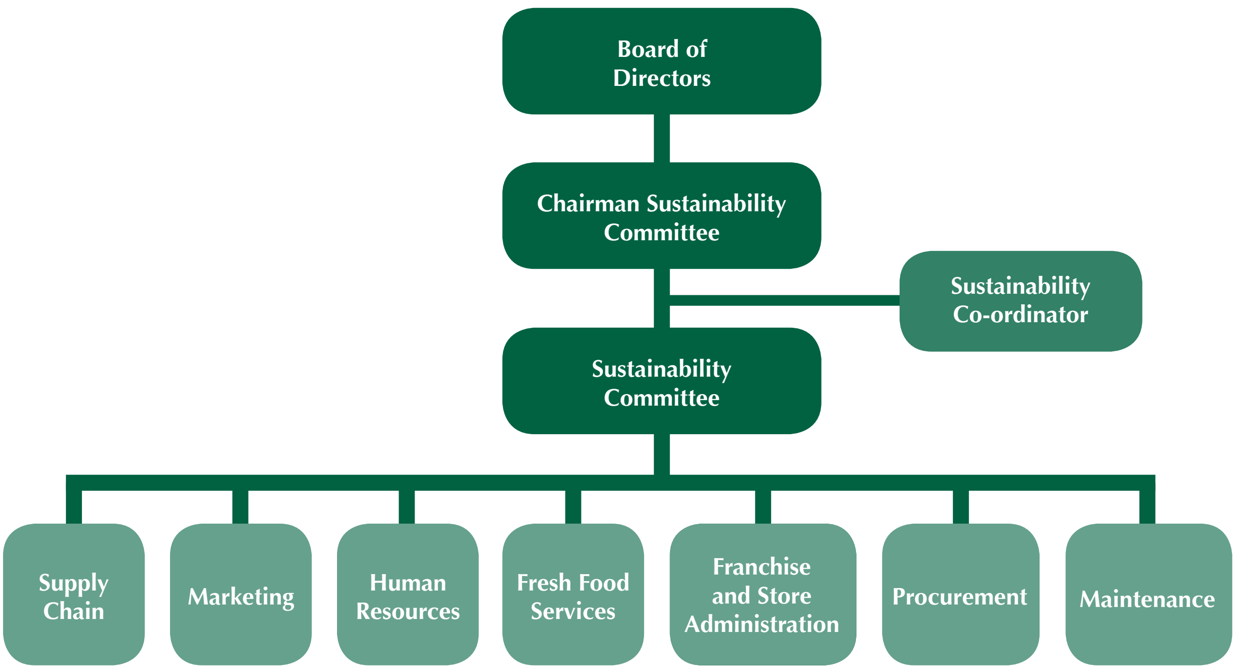
Working with Others 'for Sustainable Partnerships'
By networking with NGOs, universities and other community organisations, and through our contributions towards the community, 7-Eleven Malaysia endeavours to build strength and resilience amongst vulnerable communities. From supporting pioneers of NGO causes to aiding the disadvantaged during times of need, we uphold high standards of behaviour and integrity towards such efforts.

3 Governance Structure

Sustainability governance is the foundation on which an organisation's sustainability strategy is built as it ensures the strengthening of external stakeholder relations, the management of reporting processes and goal-setting, and overall accountability. A robust governance structure supported by committed leadership, clear direction and strategic influence, is essential for the successful integration and effective management of sustainability throughout the organisation.

With this in mind, 7-Eleven has established a Sustainability Committee (SC) to formulate policies towards improving its sustainability performance and to assist and advise the Board on policies regarding sustainability matters. The Committee comprises Head of Departments (HOD) of the following 7-Eleven departments: Supply Chain; Marketing; Human Resources; Fresh Food Services; Franchise and Store Administration; Procurement; and Maintenance. This ensures that decisions are taken at the right level of the business by the people best placed to take them.

The Chief Financial Officer (CFO) is the SC's Chairman and the General Manager (GM) of Franchise and Store Administration; the Sustainability Coordinator. The Sustainability Coordinator engages the departments in the Committee to oversee the cross-departmental sustainability projects and encourage new ideas contributing towards the improvement of the Company's sustainability performance. The SC plans to meet thrice a year or upon the requisition of its Chairman and in the absence of the Chairman, the Sustainability Co-ordinator shall chair the meeting.



7-Eleven's Sustainability Governance Structure

Sustainability Statement

4 Stakeholder Engagement

Our stakeholders are those who can affect and be affected by our organisation's actions, objectives and policies. We have identified our main stakeholders to be our investors, customers, regulatory agencies and statutory bodies. Other stakeholders include employees, suppliers and NGOs. By regularly engaging with our stakeholders, we are able to identify the materialities that matter most to them, which inturn helps improve our decision-making and accountability. We discussed and selected our main stakeholders during workshops and then prioritised them based on the stakeholder's degree of influence on our business operations and degree of interest.

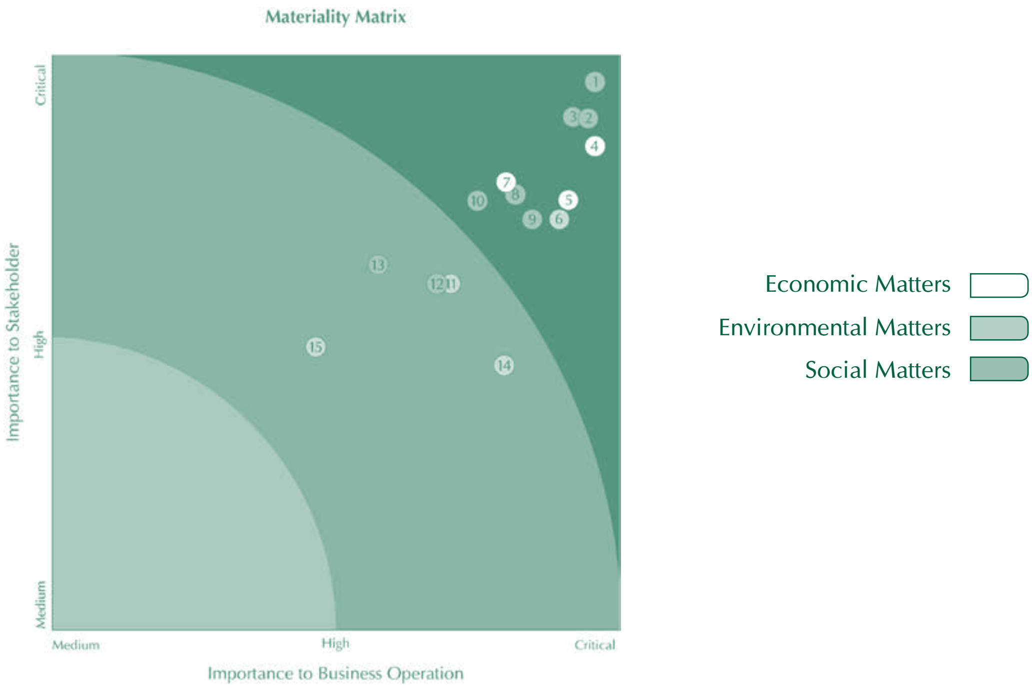
Stakeholder Group	Areas of Interest	Forms of Engagement
Investors (Critical)	• Group financial performance • Business strategy governance	• Group meetings with shareholders • Annual General Meeting • Dialogue between the Group and investors • Quarterly investor briefing
Customers (Critical)	• Pricing • Product Quality	• Store Opening • Customer call centres • Website / social media • Marketing promotions • Engagement surveys
Regulatory Agencies (Critical)	• Compliance • Security issues • Waste Management Labour Practices	• Inspections by local authority (DOSH, JAKIM, SIRIM) • Active engagement with agencies • Consultations
Employees (High)	• Compensation benchmark • Career development • Retirement planning • Streamlining governance and policies • Employee well-being and safety	• Management meetings with employees' representatives • Whistleblowing Policy • Job level specific training programs • Student Internship Program • Job Rotation Program • Circulation of internal policies • Intranet: 7-Eleven Wiki
Suppliers (High)	• Service delivery • Payment schedule • Pricing of services • Product quality • Inventory/supply commitment	• Contract negotiation • Supplier audit and evaluation • Vendor registration
Non-Governmental Organisations (NGOs) (Moderate)	• Environment and social issues in relation to business operations.	• Donations and Financial Aid • Contribution to environment and social enhancement • Sustainability related programmes • NGO Hub Asia

Sustainability Statement

5 Identifying Materiality

Our Material Sustainability Matters

Materiality assessment is the process of identifying and prioritising the material sustainability matters that influence the way we operate. As a first step, we selected our material matters using the process described in the Sustainability Reporting Guide published by Bursa Malaysia and identified the key indicators. The identified material matters were then prioritised by ranking them according to their importance to our stakeholders and our business operation. These rankings were then used to derive 7-Eleven's materiality matrix as shown below.



In the table below, the 15 material sustainability matters that were identified have been mapped against the initiatives undertaken to address these matters, their corresponding SDGs and the stakeholder group(s) affected by the material matter.

No.	Materialities	7-Eleven Initiatives	SDG	Stakeholder Group(s)
1	Food Safety and Quality	• HACCP Certification • GMP Certification • ISO 22000:2005 Certification • ISO 1500:2009 Certification		Customers, Investors, Regulatory Agencies
2	Ethics and Integrity	• Whistleblowing Policy • Gift Policy • Grievance Channel		Employees, Investors
3	Corporate Governance and Transparency	• Sustainability Reporting • Whistleblowing Policy • Code of Conduct/Ethics		Employees, Customers, Investors
4	Compliance	• Food Safety and Quality Standards		Employees, Regulatory Agencies
5	Supply Chain Management	• Procurement Policies and Procedures • Purchasing guidelines		Suppliers
6	Carbon Footprint	• Cross Dock Project • Installation of LED Lighting		Regulatory Agencies, Suppliers

Sustainability Statement

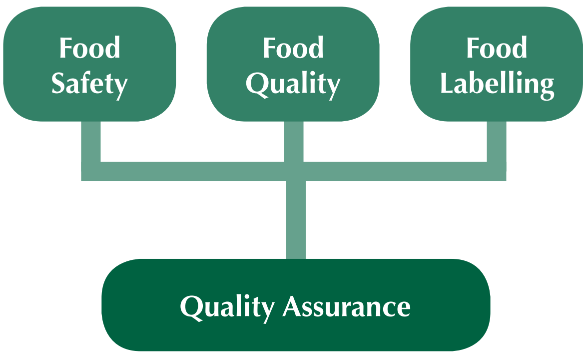
5 Identifying Materiality (cont'd)

Our Material Sustainability Matters (cont'd)

No.	Materialities	7-Eleven Initiatives	SDG	Stakeholder Group(s)
7	Product and Service Innovation	• In-store E-commerce Services • Replacement of Slurpee Machines		Employees, Customers, Investors
8	Occupational Health and Safety	• OSH Committee • OHSAS 18001 Certification		Employees, Regulatory Agencies
9	Employee Well-Being	• Life Insurance • Disability and Invalidity Coverage • Parental Leave • Retirement Provision • Stock Ownership		Employees
10	Training and Talent Development	• Emerging Leaders Development Training • National Dual Training System • In-house Training Programmes • Job Rotation System		Employees
11	Transportation	• Cross Dock Project		Suppliers
12	Community Engagement	• Community Projects • Engagement with NGOs • Internship Programme		NGOs, Employees
13	Diversity and Inclusion	• Diversity Policy • Women at the Workplace		Employees, Investors, Regulatory Agencies
14	Energy	• Change of Table Top Slurpee Machines • Installation of LED Lighting • Installation of Energy Monitoring Devices		Regulatory Agencies
15	Waste Recycling and Disposal	• Waste recycling at CDC		Regulatory Agencies

6 Food Responsibility and Quality Assurance

We have introduced our home brand 'Fresh To Go' and have created a wide variety of fresh and ready-to-eat (RTE) scrumptious food for our customers. An effective Quality Assurance (QA) system ensures the food is safe for consumption and for this reason, extends to the suppliers and vendors, and involves regular inspection and audits. The relation between quality and safety is intricate and although safety cannot be viewed as a totally independent aspect from quality, recognising the complexity of both allows us to place specific checks and measures towards building a comprehensive QA system.



Sustainability Statement

6 Food Responsibility and Quality Assurance (cont'd)

Food Safety and Quality

We have adopted several international management system standards and management techniques concerning quality and hygiene in order to provide safe and reliable food products to our customers. 7-Eleven's QA system in ensuring the quality and safety of its home brand products ('Fresh To Go') includes the prerequisites such as Good Manufacturing Practice (GMP),Hazard Analysis and Critical Control Points (HACCP), quality management systems such as MS 1500:2009, internal food manufacturing standards such 7EFMS, and integrated systems such as ISO 22000:2005.

Food Labelling

Many consumers actively seek information about products that have qualities that serve their health needs and are consistent with their values. As a result of these varied interests, food labels are increasingly being used to provide consumers with information about the environmental, technical and socioeconomic conditions under which the products were produced, as well as the health and safety aspects of food products. At best, labels are part of the environment that enables consumers to make food choices according to their needs and desires.

At 7-Eleven, we adhere to the Food Act 1983 (Act 281) and Regulations Part IV Labelling as stipulated by Malaysia's Food Regulations 1985, which require 'Fresh To Go' products to disclose the sourcing of components, substances that potentially cause environmental/social impact, the safe use of the product and service and the disposal of the product and its environmental/social impact. The shelf life of the 'Fresh To Go' products are labelled after proper lab analysis. A total of 5 microbiological parameters and 3 physical parameters are monitored consistently. To ensure the safety of the products, we conservatively reduce the shelf life of the products by shortening the expiry date by 1-2 days depending on the product.

7 Our Economy - *Contributing towards economic sustainability*

Supporting and investing in the local economy are an important part in our efforts to strengthen sustainability throughout our operations. This section covers 7-Eleven's existing sustainable practices in areas of remuneration, hiring and procurement, all of which are key aspects of sustainability.

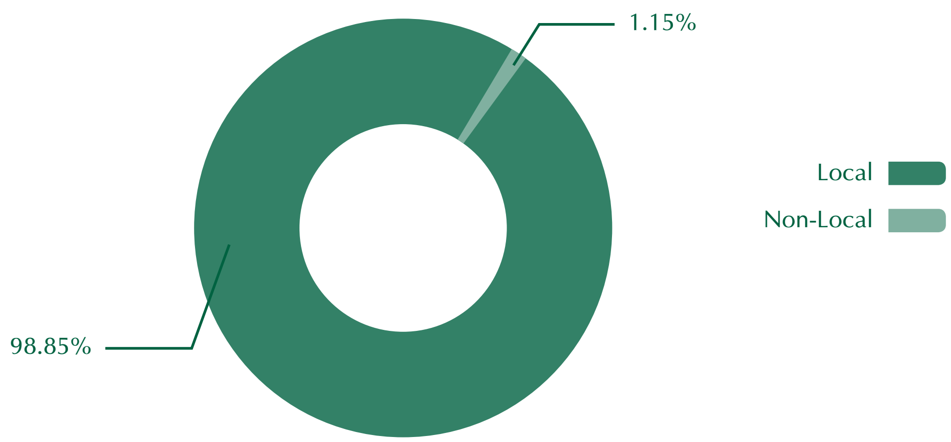
7.1 Standard Entry Level Wage

7-Eleven complies with Malaysia's Minimum Wages Order 2016 which stipulates that an employee shall be paid an average minimum wage of not less than RM 1,000 per month in Peninsular Malaysia and in the case of East Malaysia RM 920 per month, regardless of age and gender.

7.2 Hiring of Senior Management from Local Community

We prefer to hire from the local community in order to provide opportunities for suitably qualified and experienced personnel in senior leadership positions to gain experience and benchmark their performance with world-class leaders. Furthermore, as locals they understand and are aware of the retail industry of our country, taking into account the diversity that exists within the multi-racial population.

Senior Management Distribution



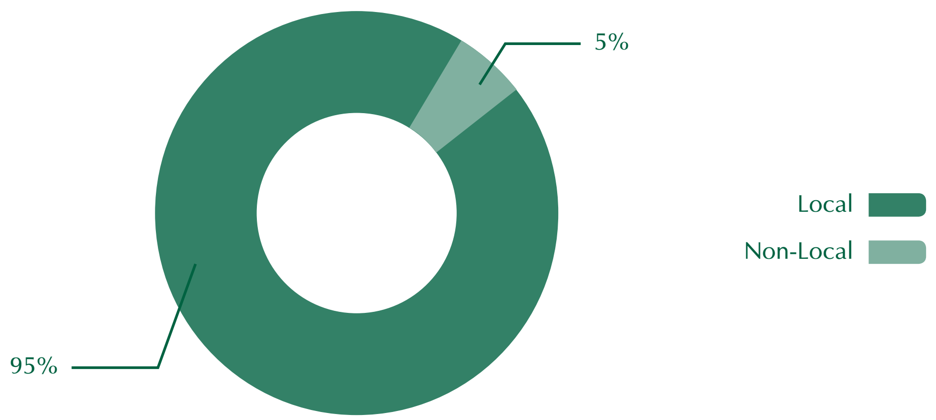
Sustainability Statement

7 Our Economy - *Contributing towards economic sustainability* (cont'd)

7.3 Procurement Practice

We have a Procurement Policies and Procedures Handbook and purchasing guidelines which we follow when choosing our vendors. We expect vendors to execute environment protection and perform CSR activities to improve our total supply chain performance and keep it sustainable. We strive to enhance the integrity of our supply chain through good and sustainable procurement practices.

Percentage of Local Procurement



8 Our People - *Creating a safe and sustainable workplace for our employees*

We recognise that our employees are our greatest asset and embedding sustainability throughout our value chain, involves providing opportunities and incentives to our employees to build and harness their potential.

8.1 Inclusive and Engaging Workplace

Employee Well-Being
We place a high value on the contribution of each employee and we continuously work to meet their needs and concerns at the workplace. This includes engaging them so that they feel a sense of belonging to the Company, motivating them to take ownership of their roles and responsibilities, respecting the need for work-life integration, and paying attention to their well-being.

Apart from a set of standard benefits including bonus, medical coverage, insurance benefits and contribution to the employees' provident fund scheme under the Employees Provident Fund Act 1991, we also provide a range of financial assistance and subsidies for eligible employees. No gender-specific criteria are taken into account when assessing remuneration and work activities.

Communication
We developed 7-Eleven Wiki, our Company intranet to create an online communication channel to circulate the latest news, file access and important processes that are vital to every employee's daily work. 7-Eleven Wiki helps bridge the gap between different departments, and between the top management and the rest of the organisation. The long-term goal is to improve the internal communication within 7-Eleven to cultivate a strong work ethic and to promote greater administrative efficiency.

Diversity and Inclusiveness
These elements are built into the work culture at 7-Eleven. The Board's Diversity Policy encourages that Directors appointed by the Company, bring with them the requisite skills and experience to enable the Company to realise its corporate strategies and objective, regardless of gender, age or ethnicity. The current composition of the Board demonstrates our Diversity Policy as it has a diverse mix of Directors across gender, age and ethnicity, and together, reflect a whole gamut of different industry backgrounds, skills, experience and expertise.

Sustainability Statement

8 Our People - *Creating a safe and sustainable workplace for our employees* (cont'd)

8.1 Inclusive and Engaging Workplace (cont'd)

Senior Management Commitment

At 7-Eleven, Senior Management regularly engages with our employees in order to identify their needs and concerns, to encourage camaraderie and to reinforce a sense of unity among employees across all levels. We look to hire young talent to build an energetic team that is passionate, creative and equipped with new ideas and modern thinking, who can prepare the organisation for future challenges and opportunities.

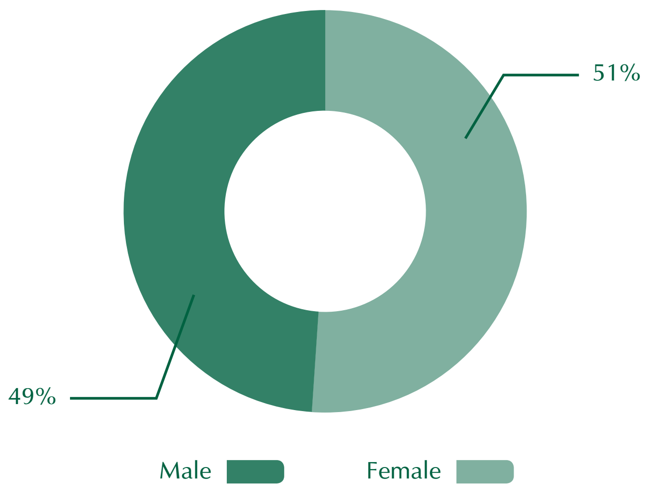
8.2 Business Transparency

We are committed to transparency, integrity, impartiality and accountability in the conduct of our business and affairs. Corruption raises transaction costs, undermines fair competition, impedes long-term foreign and domestic investment, and distorts development priorities. As a measure to protect our employees and the Company from such risk, we have established a Whistleblowing Policy and Gift Policy, and as a measure against verbal or physical harassment at the workplace, we have a Grievance Channel. In 2017, 34 cases were reported and resolved. These cases were a combination of salary grievances, whistle-blower and other industrial relation matters.

8.3 Human Capital Development

Towards embracing sustainability and building a diverse as well as effective workforce, we aim to create a workplace environment that is encouraging, healthy, fair and competitive for all our employees regardless of gender, race or age. Currently, the strength of our workforce stands at 14,778, of which women comprise 51% and men 49%.

Employee Distribution



8.4 Women at the Workplace

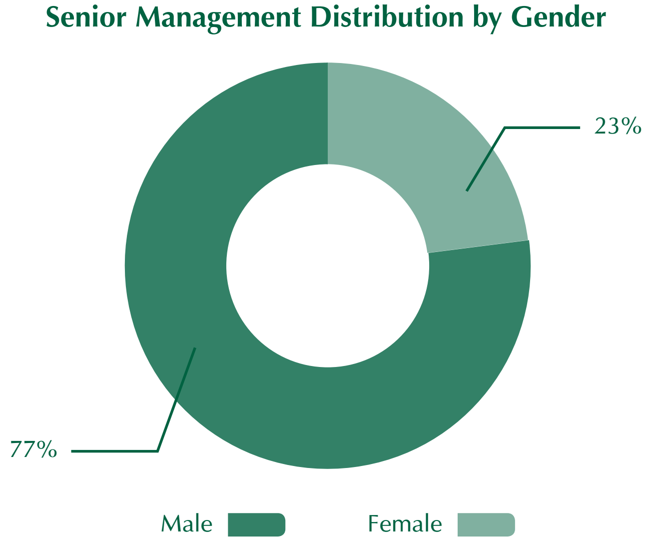
We believe in encouraging women at the workplace and providing opportunities for talented women to progress throughout the Company, particularly to the ranks of Senior Management. The percentage of women within Senior Management is 23% while that of men is 77%, giving us a male to female ratio of 3:1. In Malaysia, studies[1] undertaken in 2016 reveal that the percentage of women in top management positions across the top 100 Public Listed Companies increased to 28.4%. This trend is encouraging and by creating opportunities for growth for our potential female employees we aim to improve the male to female ratio within our Senior Management.

[1] These studies were undertaken by Pricewaterhouse Coopers and TalentCorp.

Sustainability Statement

8 Our People - *Creating a safe and sustainable workplace for our employees* (cont'd)

8.4 Women at the Workplace (cont'd)



8.5 Building Talent

Identifying the gaps in knowledge and skills is the first step to identifying our training needs and through training programmes we aim to fill these gaps, thereby enabling employees to develop their skills, improve talent retention and employee work performance. The in-house programmes we organise for our employees towards skill management and life-long learning include *Health and Wellness, Think Global Act Local, Careers Edition* and *Design Thinking*. These are seminars that we have conducted for our employees, each lasting about 1.5 hours and attended by an average of 30 employees.

Training Programme	Description
Health and Wellness	Creating awareness amongst employees on health, including areas such as genetics and hereditary health, general health awareness, DNA versus diet, and lifestyle versus health.
Think Global Act Local	Based on the knowledge that in emerging economies like Asia, where demographic trends offer more potential for growth than developed markets, we must tailor our products to local demands in order for our brand to do well. In 2017, the Senior Regional Director of 7-Eleven International (South East Asia and Pacific) shared his thoughts and experiences with our employees on the importance of thinking globally and acting locally.
Careers Edition	Providing a platform for Management and others with experience to share their personal career journey with 7-Eleven employees, to inspire them and encourage them to avail of opportunities provided by 7-Eleven to further their career development. In 2017, the General Manager of Supply Chain shared his career experiences of working in different sections of 7-Eleven Malaysia's Supply Chain.
Design Thinking	Encouraging our employees to be creative, innovative and to think 'out-of-the-box' in running their day-to-day activities. This seminar employs a multidisciplinary team and a flexible environment to promote a creative process and generate user focused products, services and experiences

We have a similar process in place for identifying our external training needs. Our main external training programmes include seminars, conferences and summits covering areas that are pertinent to our business such as leadership training, human resources, supply chain management, food safety, merchandising, e-learning, auditing and foreign workers' management.

Sustainability Statement

8 Our People - *Creating a safe and sustainable workplace for our employees* (cont'd)

8.5 Building Talent (cont'd)

At 7-Eleven Malaysia, the amount budgeted for training a member of the staff is equivalent to 1 per cent of an employee's annual gross salary. The table below lists the different training programmes provided to our employees involved in Store Operations and in the Store Support Centre from January to July 2017 and the corresponding training hours.

Training Programme	Attendees	Total Training Hours
Retail Associate Training Programme	Retail Associates	12,752
Store Manager Training Programme	Assistant Store Managers/Store Managers	3,904
Field Manager Training Programme	Field Managers	9,312
Food Handling	Retail Associates to Store Managers	1,827
Integrated Retail Information System (IRIS) Training	Senior Store Associates to Field Managers	14,688
New Employee Training Programme	All new employees	17,060
8:16	Executives and Senior Executives	160
Building Effective Team Series	Assistant Managers and Managers	616
Emerging Leaders Development Training	Managers	1,200

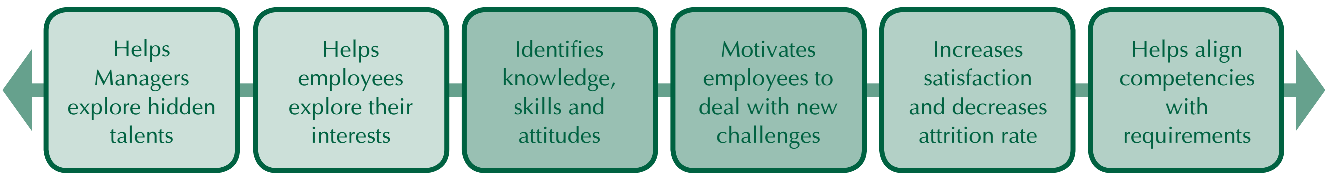
8.6 Performance Appraisal

At 7-Eleven, all employees receive regular performance appraisal and as a measure it ensures that they are provided with a sustainable environment in which they can develop their skills and performance. Annual performance review along with intermittent progress checks between the employee and his or her Manager has the following benefits:

- Reinforces good job performance
- Helps improve unsatisfactory job performance
- Makes sure employees and Managers understand each other's expectations
- Allows employees and Managers to create goals, as well as plans to achieve those goals
- Improves communication between Managers and staff members

8.7 Job Rotation

Job rotation is considered an effective HR strategy tool as it helps identify which position or place within the Company is suited for an employee for him or her to deliver their best. Employees are moved through a variety of assignments to gain awareness about the actual working style of the organisation and to understand the challenges that develop at every stage. Furthermore, it is the strategy we use to find the immediate replacement for a high-worth employee, when needed, from within the organisation. The benefits of job rotation are as follows:



8.8 Occupational Health and Safety

The World Economic Forum posits that the most competitive organisations are also the safest (*World Economic Forum, 2002*). By complying with the requirements of the Occupational Safety and Health Act (OSHA) 1994, formulating a comprehensive safety and health policy and providing extra protection for the disabled, 7-Eleven ensures the safety and health of its employees and customers.

Sustainability Statement

8 Our People - *Creating a safe and sustainable workplace for our employees* (cont'd)

8.8 Occupational Health and Safety (cont'd)

At the corporate level, we have established an Occupational Safety and Health ("OSH") Committee as stipulated by Malaysia's Safety and Health Committee Regulations 1996. The functions of the OSH Committee include:

- Assisting in the development of safety and health rules and safe systems of work;
- Reviewing the effectiveness of safety and health programmes;
- Carrying out studies on the trends of accident, near-miss accident, dangerous occurrence, occupational poisoning or disease, and reporting to the employer together with recommendations for corrective actions; and
- Reviewing the safety and health policies.

The Committee consists of a Chairman, Secretary (Safety and Health Officer), Employer Representatives and Employee Representatives. Our OSH Committee has 27 members, of which 12 are employer representatives (Branch Managers), another 12 are employee representatives and the remaining 3 include the Secretary, the Assistant Secretary and the Chairman. The percentage of OSH employees of the total workforce is 0.3%. In 2017, there have been no incidents of injury reportable to the Department of Occupational Safety and Health (DOSH).

9 Our Community - *Creating sustainable partnerships to build resilience amongst vulnerable communities*

Responsibility is a value that has always been implemented across all aspects of our operations and led us to uphold our position as the leader of the Malaysian convenience store chain industry till date. Each year, we aspire to improve and commit ourselves to strengthening responsible behaviour in order to garner a positive influence not only on the local economy and on the corporate world but also on our surrounding communities. We were honoured to receive the '*Company of the Year Award (Retail Category) for Pioneering Corporate Social Initiatives*' during the CSR Malaysia Awards 2017. 7-Eleven was recognised as an outstanding corporation in Malaysia that has excelled in the role of change agents in the socio-economic transformation of Malaysia.

Focus Area	Programme	Description
Society	Shaping Lives of the Community	We collaborated with NGO Hub Asia[2] to initiate a short certificate programme on 'café preparation and service' for autistic youths at Autism Café Project. Youths were taught basic café and food service skills through a mentor system that would help them gain confidence towards securing future employment.
	Giving During the Holy Month of Ramadhan	Semurni Kasih was initiated to support the underprivileged community. Held annually during the month of Ramadhan, customers can offer their contribution by purchasing necessities from our stores and place it in the collection box. Since 2010, we have distributed RM 13 million worth of provisions consisting of food and non-food provisions to more than 190 charity homes and various charitable causes across the country.
	Cultivating the Spirit of Unity	During Malaysia's 60th Independence celebration, we conducted an arts and craft activity for the community at the Malaysian Federation of the Deaf, which mostly consists of children. We organised the activity to help build their confidence and ability to communicate and interact with others and encourage them to develop further interest in projects based on creativity.
	Empowering Women	We facilitated a cupcake certification course for single mothers and children alongside NGO Hub Asia. Specialised baking instructors were invited to conduct the session by teaching cake piping techniques. The aim of the activity was to help participants learn new skill-sets and to lead a self-sustained life through generating income on their own.

[2] Hub Asia is Malaysia's biggest on-line platform bringing together NGOs, individuals and donors to work on projects, build connections, find volunteers and apply for grants.

Sustainability Statement

9 Our Community - *Creating sustainable partnerships to build resilience amongst vulnerable communities* (cont'd)

Focus Area	Programme	Description
Society	Celebrating Festivities with Communities	During Chinese New Year celebrations, we visited Sincere Care Home in Kajang and undertook a spring cleaning session to beautify and liven up the environment. We also spent time conversing with the residents to keep them company during the festive season. During Hari Raya, we went to Persatuan Kebajikan Komuniti Ikhlas Malaysia to spread festive cheer and aid the community by distributing packed meals and necessities such as toiletries and our home brand products.
Workplace	Internship Programme in the Central Distribution Centre (CDC)	10 students from 5 local universities were selected for this programme. Students under this internship programme will be trained and monitored by the Managers in CDC. The ultimate goal is to sharpen the skills and abilities of the interns and to expose them to 7-Eleven's CDC logistics system, to gain knowledge in supply chain and logistic best practices, and to understand industry standards.

10 Our Environment - *Building measures to foster environmental sustainability*

10.1 Use of Light Emitting Diode (LED) Lighting in Stores

LED lights are more energy-efficient and reduces the use of hazardous materials as compared to conventional lights. We started a project with General Electric in November 2015 to replace conventional lights in 7-Eleven stores with LED lights. 33 stores that replaced their lights to LED under this project were monitored for 6 months. During the first phase of monitoring (within 2-3 months of installation), 9.5% of energy reduction (average consumption of 36.5 kWh per store per day) was recorded. Further monitoring of 22 of the same stores for up to 6 months showed a total of 16% of energy reduction (average consumption of 56.23 kWh per store per day) for all chain stores.

Reduction in Electricity Consumption

2015	2017
36.5 kWh per store per day	56.23 kWh per store per day

10.2 Replacement of Slurpee Machines

We seek to utilise energy-efficient machines in 7-Eleven stores to reduce our energy consumption. In 2016, Slurpee machines in 7-Eleven stores were replaced with smaller Table Top Slurpee machines. The smaller Table Top Slurpee machines uses new innovative technology and specifications that increase energy efficiency and has reduced energy consumption by 30%. The refrigeration process of the new Slurpee machines runs more efficiently and its smaller compressor requires less energy to operate. The new machines use the latest ES Software which provides better control over the auto-defrost process and operation of the machine.

The replacement of Slurpee machines shows a decrease of 3.6 kWh per day, which is 21% less energy that what was consumed prior to replacement. Up until July, we installed 179 units of new Slurpee machines, and by the end of year 2017, we are targeting to install 200 units and thereby potentially saving a fraction of 7-Eleven's operating cost.

Reduction in Energy Consumption

Previous Model	New Model
16.9 kWh per day	13.3 kWh per day

Sustainability Statement

10 Our Environment - *Building measures to foster environmental sustainability*

10.3 Installed Energy Saving Device on Chiller and Air-Conditioner

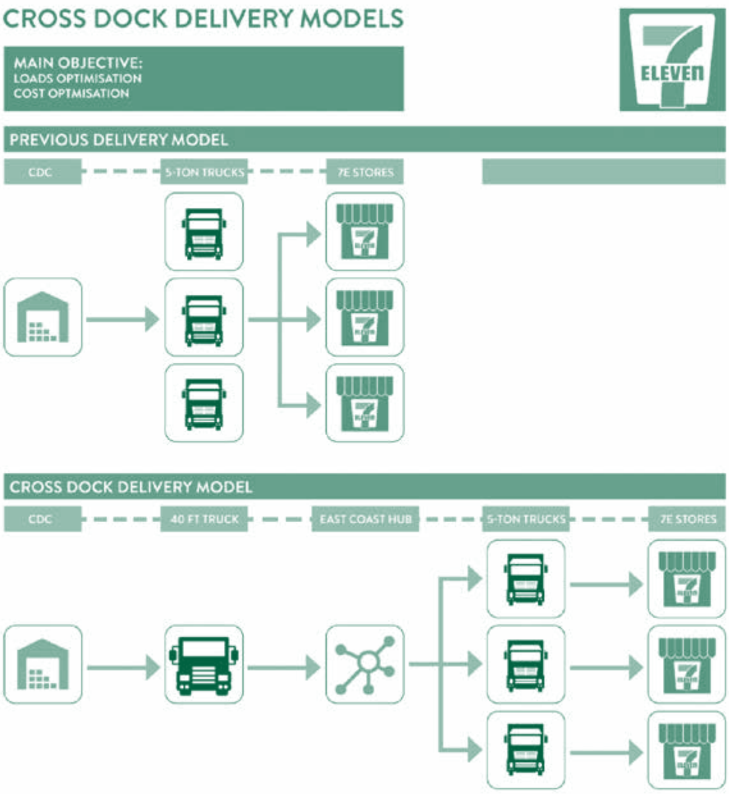
In 2015, we engaged an energy consultant to install energy monitoring devices on air-conditioners and chillers on a pilot–scale (20 stores) which ensure the air-conditioners and chillers operate in a more efficient way. We monitored the energy consumption of the 20 stores and the results were significant with improved performance and an average energy consumption reduction of 32 kWh per store per day. The plan to install energy monitoring devices on air-conditioners and chillers in 300 of our stores in 2018 is currently in the final stage of negotiation.

10.4 Greenhouse Gas Emissions

The 7-Eleven CDC in Shah Alam has taken the initiative to reduce its carbon emissions with the introduction of the Cross Dock Project. Initially, 5-tonne trucks were used in the CDC to deliver products to all our stores across the country. This delivery method was not environmentally friendly as it produced high carbon emissions.

As a result, we replaced the 5-tonne trucks with 1 long haul truck (40 ft.) to deliver the goods to 4 cross dock hubs in Kota Bharu (East Coast 1 Cross Dock), Penang (Northern Cross Dock), Kuantan (East Cost 2 Cross Dock) and Johor (Southern Cross Dock). The local feeder trucks then collect the goods from the cross-dock hubs and deliver to the 7-Eleven stores in those regions. By reducing the frequency of trips, this initiative has reduced carbon emissions that would have otherwise been emitted and reduced costs as well as traffic congestion and has created a more efficient logistic management system. A total of 680.7 tonnes of carbon emission savings was recorded in 2016 after the implementation of the Cross-Dock Project.

The total CO_2 emissions savings by the 4 cross docks from January to September 2017 is represented in the graph below. The data is obtained by comparing the mileage and CO_2 emission rate using the previous 5-tonne trucks and after implementing the cross dock delivery model. If we had continued with the previous delivery model, 3318.85 tonnes of CO_2 would have been emitted. A total of 1790.64 tonnes of CO_2 was reduced throughout the 9 months of implementation, which shows that the new delivery model successfully lowered the CO_2 emissions by 53.95 %.

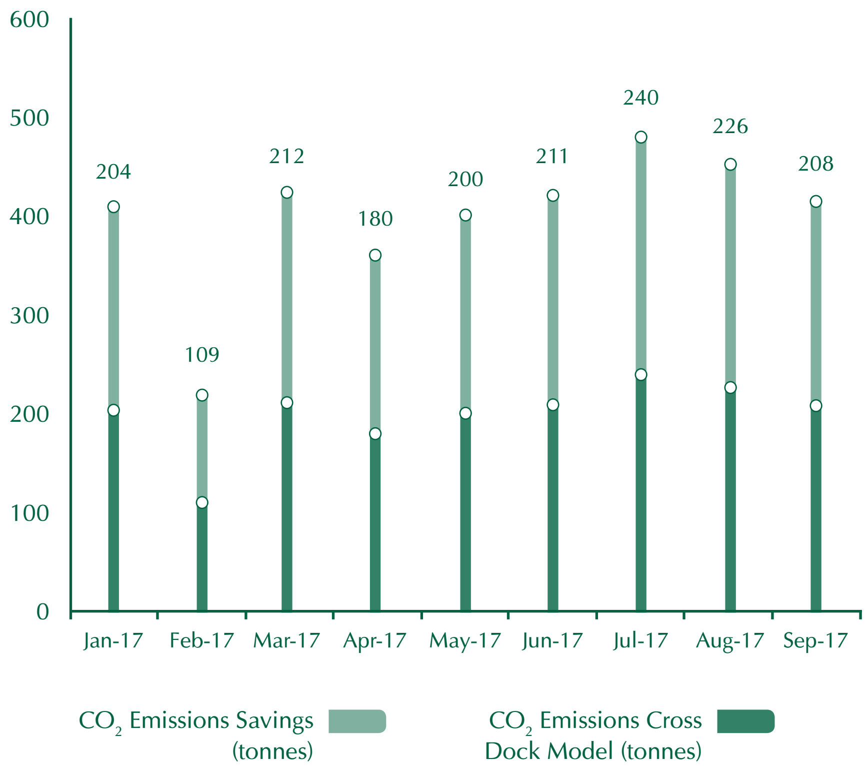


Sustainability Statement

10 Our Environment - *Building measures to foster environmental sustainability* (cont'd)

10.4 Greenhouse Gas Emissions (cont'd)

CO_2 Emissions Savings with Cross Dock Model (tonnes)



10.5 Replacement of Dry Ice with Cooler Gel

In October 2015, we decided to replace the dry ice packs with cooler gel for the delivery of confectionary products to chain stores in the CDC. Our intention of replacing dry ice with cooler gel is to reduce energy consumption and operational cost as it can be reused, and to initiate environmentally friendly practices towards reducing CO_2 emissions. Unlike cooler gel, dry ice is required to be ordered on every confectionery delivery day as it cannot be reused. Ice packs using the cooler gel, on the other hand, can be reused by freezing them 72 hours before the next delivery.

The total cost savings achieved as a result of switching from dry ice packs to those using cooler gels between January 2016 and January 2017 is estimated to be RM 358,313 after the deduction of initial costs (which includes implementation costs such as the cost of chest freezers, wires and ice packs). In 2017, the total savings after the substitution of dry ice with cooler gel is RM 189,232.46 considering the initial investment depreciation, which gave us an average total saving of 87% in terms of cost saved and weight of dry ice saved (not used).

10.6 Waste Recycling

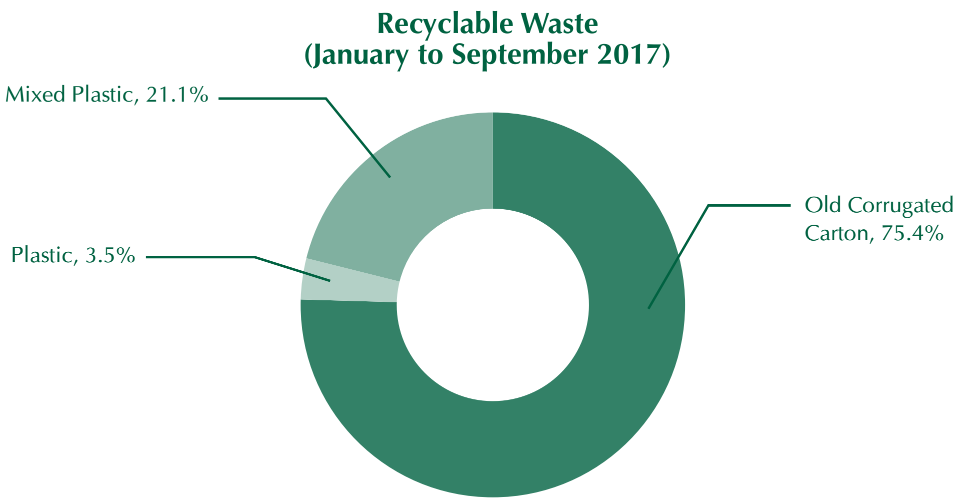
Recycling is one of the ways to protect our environment as it reduces the amount of waste that goes to the landfill. Along with using innovative technology towards improving energy efficiency and reducing CO_2 emissions, we also practise recycling, all of which improves our economic and environmental sustainability performance.

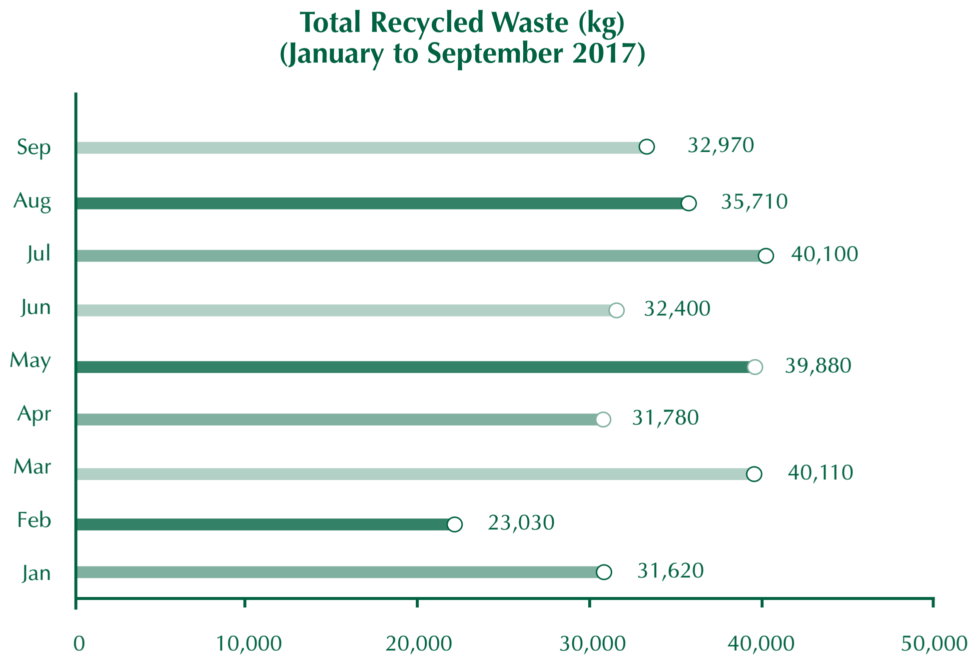
Corrugated carton boxes and plastic waste are continuously being generated as waste at the CDC. There is a total of 180 suppliers delivering goods in bulk packages to the CDC where they are repacked before delivery to the 7-Eleven chain stores. The carton boxes and plastic wastes are sold to local recyclers.

Sustainability Statement

10 Our Environment - *Building measures to foster environmental sustainability* (cont'd)

10.6 Waste Recycling (cont'd)





11 Conclusion

This statement covers our initiatives towards addressing the economic, environmental and social material matters present in our value chain. By empowering our customers, leading by example and working with others, we aspire to strengthen our sustainability strategy and to continue providing quality products and services throughout Malaysia.

Group Financial Summary

Description	2017 RM'000	Restated# 2016 RM'000	Restated# 2015 RM'000	Restated# 2014 RM'000	Restated# 2013* RM'000
Revenue	**2,187,102**	2,103,367	2,006,284	1,893,104	1,672,465
Profit Before Tax	**70,496**	70,872	77,857	89,341	65,271
Profit After Tax	**50,107**	52,215	55,813	63,096	44,108
Profit Attributable To Shareholder	**50,107**	52,215	55,813	63,096	44,108
Share Capital	**1,485,138**	123,338	123,338	123,338	105,200
Treasury shares	**(190,625)**	(190,625)	(58,913)	-	-
Share Premium	**-**	1,361,800	1,361,800	1,361,800	1,136,160
Assets Revaluation Reserve	**40,784**	-	-	-	-
Reserves	**81,985**	84,066	87,317	94,407	31,312
Capital Reorganisation Deficit	**(1,343,248)**	(1,343,248)	(1,343,248)	(1,343,248)	(1,343,248)
Total Equity	**74,034**	35,331	170,294	236,297	(70,576)
Long Term Liabilities	**69,236**	48,038	14,700	15,668	19,388
Current Liabilities	**651,698**	690,324	558,808	483,303	539,628
Total Equity and Liabilities	**794,968**	773,693	743,802	735,268	488,440
Property, Plant & Equipment	**350,404**	318,801	303,608	242,473	194,787
Investment Property	**400**	400	350	340	320
Intangible Assets	**35,298**	35,822	21,232	11,499	596
Investment and Other Non-Current Asset	**1**	1	1	1	1
Current Assets	**408,865**	418,669	418,611	480,955	292,736
Total Assets	**794,968**	773,693	743,802	735,268	488,440
Net Assets Per Share (sen)	**6.67**	3.18	14.28	19.16	(6.71)
Basic Earning Per Share (sen)	**4.51**	4.51	4.56	5.44	4.19

* The comparatives for the financial years ended 31 December 2013 have been presented for illustrative purpose only to show the effects of the transactions, as described below, with the assumption that these transactions had taken place as at the earliest date presented. For the financial year ended 31 December 2013, the figures presented above are different from those presented as comparatives to the audited financial statements for the financial year ended 31 December 2014. Those comparatives have not taken up the effects of the acquisition of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings as the acquisition had not taken place as at 31 December 2013.

Restated to reflect the fair value adjustment for Investment property.

The acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings for a purchase consideration of RM1,378,247,497 ("The Acquisition") was satisfied in the following manner:

a. Issuance of 1,051,999,980 new shares at an issue price of RM1.18 per share; and

b. Issuance of promissory note amounting to RM136,887,521 in favour of Berjaya Retail Berhad ("BRetail"). Upon the receipt of the Note, BRetail indorsed without recourse such Note in favour of 7-Eleven Malaysia and delivered the Note duly indorsed to 7-Eleven Malaysia in full settlement of the amount owed by BRetail to 7-Eleven Malaysia, to the extent of the sum of RM136,887,521.

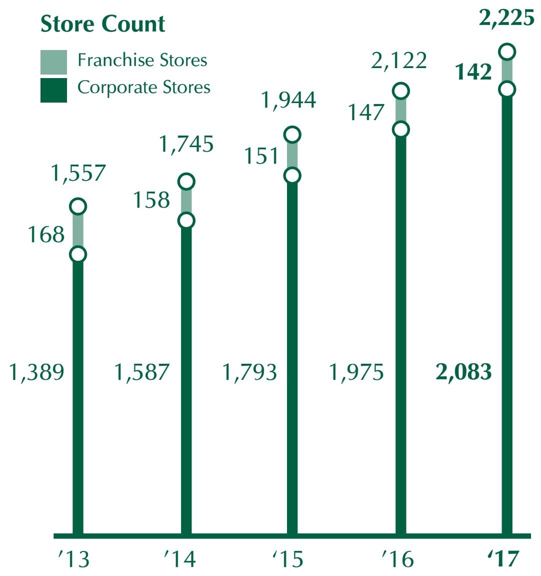
The Acquisition is a reorganisation and does not result in any change of economic substance. Accordingly, the consolidated financial statements of 7-Eleven Malaysia Holdings is a continuation of 7-Eleven Malaysia Group and is accounted for as follows:

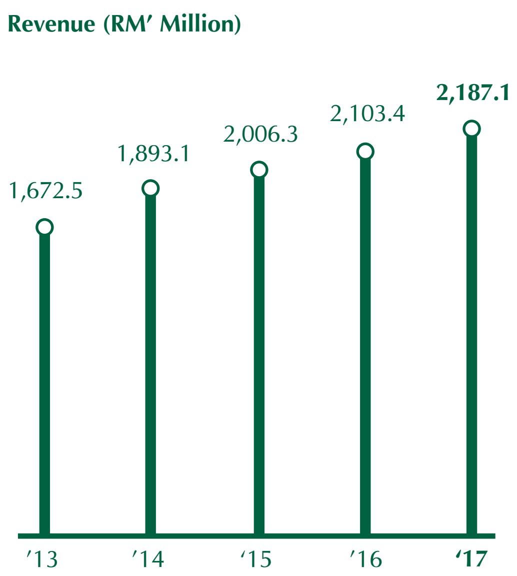
a. The results of entities are presented as if the reorganisation had been effected throughout the current and previous years presented;

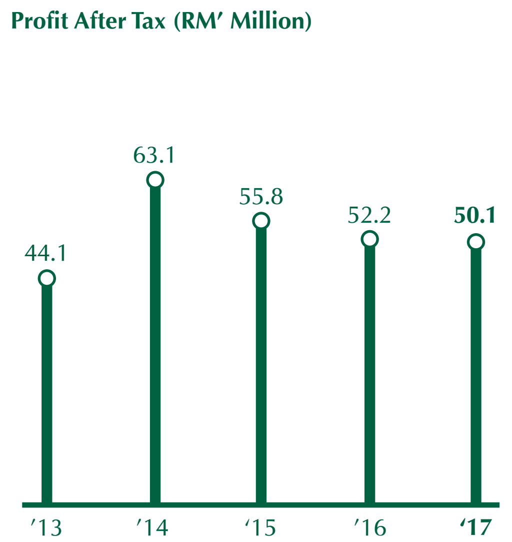
b. 7-Eleven Malaysia Holdings consolidates the assets and liabilities of the 7-Eleven Malaysia Group at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method; and

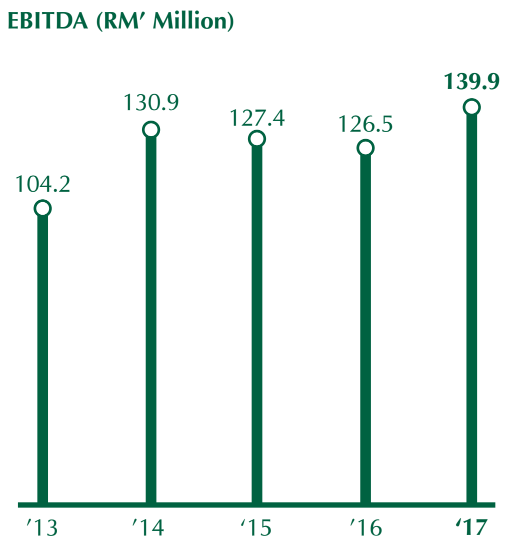
c. No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Difference between the consideration paid/transferred and the equity acquired is reflected within equity.

Group Financial Highlights









CHARTS ON FINANCIAL HIGHLIGHTS

	2013	2014	2015	2016	2017
Corporate Store	1,389	1,587	1,793	1,975	**2,083**
Franchise Store	168	158	151	147	**142**
Store Count	1,557	1,745	1,944	2,122	**2,225**
Revenue (RM'million)	1,672.5	1,893.1	2,006.3	2,103.4	**2,187.1**
Profit after Tax (RM'million)	44.1	63.1	55.8	52.2	**50.1**
EBITDA (RM'million)	104.2	130.9	127.4	126.5	**139.9**

Corporate Governance Overview Statement

The Board of Directors (the "**Board**") of 7-Eleven Malaysia Holdings Berhad (the "**Company**") recognises the importance of adopting high corporate governance standards to enhance shareholders' value, besides safeguarding stakeholders' interest. In its application of corporate governance practices, the Board has taken into consideration the enumerations of the Malaysian Code on Corporate Governance ("**MCCG**" or the "**Code**") and Paragraph 15.25 of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

Details application for each practice of the Code during the financial year 2017 is disclosed in the Corporate Governance Report which is available on the Company's website at www.7eleven.com.my/investor-relations.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Part I: Board responsibilities

1) Establishing clear roles and responsibilities of the Board

Board of Directors

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following duties and responsibilities in discharging its fiduciary and leadership functions:

- reviewing, evaluating, adopting and approving the strategic plans and policies of the Company and its subsidiaries (the "**Group**");
- overseeing and monitoring the conduct of business, financial performance and major capital commitments of the Group;
- reviewing and adopting budgets and financial results of the Group, monitoring compliance with applicable financial reporting standards and the integrity and adequacy of financial information disclosure;
- reviewing and approving any major corporate proposal, new business venture or joint venture of the Group;
- identifying principal risks and deploying appropriate risk management system to manage these risks;
- establishing and overseeing a succession planning programme for the Group, including remuneration policy;
- establishing, reviewing and implementing corporate communication policies with shareholders and investors, other key stakeholders and the public;
- reviewing the adequacy and integrity of the internal control and management information systems of the Group; and
- developing a corporate code of conduct to address, amongst others, any conflict of interest relating to Directors, major shareholders and employees in the Group.

Chairman of the Board

The Chairman, Tan Sri Dato' Seri Abdull Hamid bin Embong is an Independent Non-Executive Director who chairs and lead the Board meetings by encouraging and eliciting the views of all the Board members. He ensure that proper weightage and time are given to issues of corporate governance, business operations and strategies raised in the Board meetings.

The roles of the Chairman are separate from that of the Acting Chief Executive Officer. The Acting Chief Executive Officer, Mr. Ho Meng is responsible for the day-to-day operations and management of the business.

There is a clear division of responsibilities between the Chairman of the Board and the Acting Chief Executive Officer to ensure a balance of power and authority. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board while the Acting Chief Executive Officer holds the primary executive responsibility for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board, leading Executive Directors in making and implementing the day-to-day decisions on the business operations.

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I: Board responsibilities (cont'd)

1) Establishing clear roles and responsibilities of the Board (cont'd)

Qualified Company Secretaries

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, policies, procedures and compliance with relevant regulatory requirements, code or guidance and legislations.

The Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively and the Board's procedures are adhered to at all times. The Board is regularly updated and advised by the Company Secretaries who are qualified and experienced on statutory and regulatory requirements, and the resultant implications of any change therein to the Group and Directors in relation to their duties and responsibilities.

The Company Secretaries organise and attend all Board meetings including the Annual General Meetings and ensure that all procedures are followed and all the Company's statutory records are updated and maintained accordingly at the Company's registered address.

Directors

The Executive Directors are responsible for providing leadership and overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities.

The Non-Executive Directors, both Independent as well as Non-Independent, are not involved in the day-to-day management of the Company but contribute to the development of the Company's business strategies with the expertise and experience they bring to the Board. The Non-Executive Directors' involvement in, and contribution to, the Board Committees enhances the effectiveness of the Company's governance processes by providing independent judgement and objectivity to the Board's decision.

Access to information and advice

Directors are entitled to unrestricted access to all the Company's information, documents, records and properties, either as a full Board or in their individual capacity in order to better discharge their responsibilities.

To facilitate the Board meetings, notices on agenda together with supporting Board papers are circulated to the Directors in advance of each Board meeting. The Board papers include, amongst others, Quarterly Financial Report, Internal Audit Report, minutes of all Board Committees meetings, list of all announcements made, summary of Directors' dealings, list of all Board Circular Resolutions passed and any other matters requiring the Board's approval. Senior Management, other senior executives or professional advisers are invited to attend the Board meetings to provide additional insights and professional views, advice and explanation on specific items on the Meeting agenda, where necessary.

The Board has adopted a policy enabling the Board Committees and Directors to have access to independent professional advice at the Company's expense as and when considered necessary, in furtherance of their duties. This policy is included in the Board Charter.

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I: Board responsibilities (cont'd)

2) Demarcation of responsibilities

Board Charter

The Company has established and adopted a Board Charter which serves as a reference point for Board activities. The Board Charter provides guidance for Directors and Management regarding the responsibilities of the Board, Board Committees and Senior Management, the requirements of Directors in carrying out their stewardship roles and in discharging their fiduciary duties towards the Company as well as Boardroom activities. The Board Charter is publicly available on the Company's website at www.7eleven.com.my.

The Board has established a formal schedule of matters reserved to the Board for its deliberation and decision in order to enhance the delineation of roles between the Board and Management, as well as to ensure the direction and control of the Group's operations are in the Board's hands.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Company and any new regulation that may have an impact on the discharge of the Board's responsibilities. Any subsequent amendment to the Board Charter would be approved by the Board.

3) Good business conduct and corporate culture

Code of Ethics

The Board has formalised a Directors' Code of Ethics setting out the standards of ethical business behaviour expected from Directors, and has embedded it in the Board Charter.

While there are individual provisions governing employees' behaviour and conduct, the Company recognises the importance of having in place a formalised Code of Conduct/ Ethics setting out ethical corporate culture, acceptable behaviour, business ethics and conduct for the Group's employees, and steps will be taken to formalise such a Code of Conduct/ Ethics for observance by the Group's employees, including mechanisms to monitor compliance thereof.

The Board has established a whistle blowing mechanism, including pertinent policies and procedures, with the aim to provide an avenue for concerns relating to possible breaches of business conduct, non-compliances of laws and regulatory requirements, and other questionable practices to be raised by employees as well as outside parties without fear of reprisals or retaliation by the Company. The Whistle Blowing Policy is publicly available on the Company's website at www.7eleven.com.my.

Whistle blowing

The Company's Whistle Blowing Policy which can be viewed in detail at the Company's website at www.7eleven.com.my/corporate-governance outlines the processes and procedures on how to raise a concern properly should there be any breach of ethics, improprieties or irregularities involving any employee, Management or Directors of the Company.

Sustainability

The Board is mindful of its responsibility on the Environmental, Social and Governance ("**ESG**") aspects of business sustainability. As such, the ESG aspects are considered by the Board in its corporate strategies. Cognisant of this responsibility, the Board has adopted a Sustainability Policy that addresses the impact of the Group's businesses on ESG elements.

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II: Board composition

1) Strengthening the Board's composition

As of the date of this Statement, the Board consisted of eight (8) members, comprising two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfils the Listing Requirements, which stipulate that at least two (2) Directors or one-third (1/3rd) of the Board, whichever is higher, must be independent. The Board took note of the requirement of Practice 4.1 of the MCCG which requires at least half of the Board comprises Independent Directors.

The profile of each Director is set out on pages 8 to 11 of this Annual Report. The Directors, with their diverse background and qualifications, collectively bring with them a wide range of experience and expertise in areas such as accounting and auditing, taxation, retail, finance, legal, information technology and investment.

The presence of Independent Non-Executive Directors fulfils the pivotal role in corporate accountability. The role of Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advices and judgements to take into account of the interest, not only of the Group, but also the stakeholders.

Board Committees

To assist in the discharge of its stewardship role, the Board has established the following Board Committees to examine specific matters within their respective terms of reference, as approved by the Board:

- Audit Committee;
- Nominating Committee;
- Remuneration Committee; and
- Risk Management Committee.

The Board Committees report to the Board on their recommendations, while the ultimate responsibility for decision making lies with the Board.

I. Nominating Committee

The Board has established a Nominating Committee to consider candidates for directorship and Board Committee's membership, and to review the effectiveness of the Board, through performance assessment of the Board, Board Committees, individual Director and individual Audit Committee member. The terms of reference of Nominating Committee is publicly available on the Company's website at www.7eleven.com.my.

The Nominating Committee comprises the following members and their attendance during the financial year ended 31 December 2017 are as follows:

Name of Director	Meeting attended
Shalet Marian, Chairperson *(Independent Non-Executive Director)*	1/1
Tan Wai Foon, member *(Non-Independent Non-Executive Director)*	1/1
Muhammad Lukman bin Musa @ Hussain, member *(Independent Non-Executive Director)*	1/1

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II: Board composition (cont'd)

1) Strengthening the Board's composition (cont'd)

I. Nominating Committee (cont'd)

The Board has entrusted specific terms of reference to the Nominating Committee, which cover, inter-alia, the following salient functions:

- to assist the Board in reviewing, on an annual basis, the required mix of skills, experience and other qualities, including core competencies of Directors;
- to assess and recommend to the Board, candidates for directorship and Board Committee's membership, including chairmanship;
- to establish a mechanism for the formal annual assessment of the effectiveness of the Board, as a whole, and the contribution of each individual Director based on objective performance criteria; and
- to facilitate appropriate and adequate training for the Board members and orientation of new Directors with respect to the businesses, structure and management of the Group, enabling the Directors to receive appropriate continuous training in order to keep them apprised of regulatory requirements.

The Board Diversity Policy established by the Company has no specific target on gender, age or ethnicity composition in the Board, as it believes the Company should be appointing Directors who bring with them the requisite skills and experience to enable the Company realises its corporate strategies and objective. Nevertheless, the current composition of the Board represents a diverse mix of Directors of different gender, age and ethnicity, in addition to the blend of background, skills, experience and expertise.

For the financial year ended 31 December 2017, the Nominating Committee carried out, and reported to the Board the outcome of, the following key activities:

- conducted the annual assessment on the effectiveness of the Board, Board Committees and individual Director;
- conducted independence assessment for Independent Non-Executive Directors;
- recommended to the Board, the appointments of Encik Hishammudin bin Hasan as Deputy Chief Executive Officer cum Executive Director and Puan Sri Datuk Seri Rohani binti Abdullah as Independent Non-Executive Director of the Company.
- recommended to the Board, the Directors who are due for re-election by rotation at the Fourth Annual General Meeting ("**AGM**"); and
- reviewed the term of office and performance of the Audit Committee and each of its members to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

A formal performance assessment of the Board, Board Committees and individual Director enables the Board to assess its performance and identify areas for improvement. Such a formal assessment was conducted for the financial year ended 31 December 2016, and was guided by the Corporate Governance Guide – Towards Boardroom Excellence taking into consideration the following key elements for assessment:

- appropriate size, composition, independence, mix of skills and experience within the Board and the Board Committees;
- clear definition of the Board and Board Committees' roles and responsibilities;
- effectiveness of the Board and Board Committees in carrying out their roles and responsibilities as stipulated in the Board Charter and/or terms of reference;
- sufficiency and relevance of knowledge and expertise of individual Director in their respective capacity as members of the Board and Board Committees; and
- Directors' character, experience, competency, integrity, and time commitment to effectively discharge their roles as Directors, including willingness to devote time in performing their roles, apart from attending Board meetings.

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II: Board composition (cont'd)

1) Strengthening the Board's composition (cont'd)

I. Nominating Committee (cont'd)

Based on the results of the assessment, the Board is satisfied that, the Board as a whole, the Board Committees and each individual Director had performed well and effectively. The overall composition of the Board in terms of size, the mix of skills, and experience was also balanced and appropriate. A scoring mechanism was used and each Board member was provided with his/her individual peer aggregate assessment and comments (if any), for personal information and further development. In addition, the Board has obtained the annual declaration of independence from the Independent Directors confirming their independence.

In considering candidates for directorship, the Nominating Committee takes into account the following:

- the candidates' skills, knowledge, expertise, experience;
- professionalism;
- integrity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.

Proposed appointment of member(s) to the Board to fill casual vacancy and proposed re-election of Directors seeking for re-election at the AGM are recommended by the Nominating Committee to the Board for approval and consideration for tabling at the AGM for shareholders' approval, as the case may be.

In accordance with Article 95 of the Company's Articles of Association ("**AA**"), at least one-third (1/3rd) of the Directors, or the number nearest to one-third (1/3rd) shall retire from office provided always that all Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election.

Directors who are appointed by the Board to fill a casual vacancy shall hold office until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the AGM pursuant to Article 95 of the Company's AA.

The Company Secretaries ensure that all appointments of Directors are properly made and that all necessary information are obtained from the Directors for the Company's records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements of Bursa Securities.

II. Remuneration Committee

In order to assist the Board on fair remuneration practices and attracting, retaining and motivating Directors, the Board established a Remuneration Committee to review Directors' remuneration matters and make relevant recommendations to the Board.

The Remuneration Committee comprises the following members and their attendance during the financial year ended 31 December 2017 are as follows:

Name of Director	Meeting attended
Tan Wai Foon, Chairperson *(Non-Independent Non-Executive Director)*	1/1
Shalet Marian, member *(Independent Non-Executive Director)*	1/1
Muhammad Lukman bin Musa @ Hussain, member *(Independent Non-Executive Director)*	1/1

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II: Board composition (cont'd)

1) Strengthening the Board's composition (cont'd)

II. Remuneration Committee (cont'd)

The Board has stipulated specific terms of reference for the Remuneration Committee, which include the following functions:

- to review and assess the remuneration packages of the Executive Directors in all forms, with or without independent professional advice;
- to ensure the levels of remuneration are sufficiently attractive to retain Directors needed to run the Company successfully;
- to structure the component parts of remuneration so as to link rewards to corporate and individual performance and to assess the needs of the Company for talent at Board level at a particular time; and
- to recommend to the Board of Directors, the policy and framework for Directors' remuneration as well as the remuneration packages and terms of service of Executive Directors.

No Director shall take part in decisions involving his/her own remuneration.

2) Reinforcing independence

In line with the MCCG, the Board, with the assistance of the Nominating Committee reviews the independence of the Company's Independent Non-Executive Directors on an annual basis. The Board adopts the definition of an 'Independent Non-Executive Director' as provided by the Listing Requirements of Bursa Securities, and such definition is used as criteria for Directors' independence assessment, which has been carried out as at the date of this Statement.

The Company does not have any Independent Non-Executive Director who has served more than nine (9) years as at the date of this Statement.

As for the non-compliance of Practice 4.1 of the MCCG where the Board shall comprise at least half of the Independent Directors, the Board is of the view that the current composition of Independent Non-Executive Directors fairly reflects the interest of minority shareholders of the Company through the Board's representation. The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

3) Fostering commitment

The Board meets at least four (4) times annually, with the meetings scheduled well in advance before the end of the preceding financial year to facilitate the Directors in managing their meeting plans. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings.

At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are recorded by the Company Secretaries by way of minutes of meetings. During the financial year under review, the number of Board meetings attended by each Director is as follows:

Name of Director	Meeting attended
Tan Sri Dato' Seri Abdull Hamid bin Embong	6/6
Ho Meng	6/6
Chan Kien Sing	6/6
Tan Wai Foon	6/6
Tan U-Ming	6/6

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II: Board composition (cont'd)

3) Fostering commitment (cont'd)

Name of Director	Meeting attended
Shalet Marian	5/6
Muhammad Lukman bin Musa @ Hussain	6/6
Puan Sri Datuk Seri Rohani binti Abdullah *(Appointed on 10 February 2017)*	6/6
Hishammudin bin Hasan *(Resigned on 26 March 2018)*	6/6
Gary Thomas Brown *(Resigned on 31 July 2017)*	4/4

The Board has also stipulated in its Board Charter, the need for Directors to notify the Chairman before accepting new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise, and notify the Board as a whole, before taking up any additional appointment of directorships. This practice is to ensure that Directors devote sufficient time to meet the Company's needs and in the discharge of their fiduciary and leadership roles.

The Board is mindful that continuous education is vital for Board members to gain insight into the state of the economy, technological advances, regulatory updates and management strategies to enhance the Board's skill sets and knowledge in discharging its responsibilities.

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme of Bursa Securities, have also attended other relevant trainings, conferences and seminars organised by relevant regulatory and professional bodies to be apprised of latest developments and changes to regulatory requirements that may affect their roles as Directors of the Company.

The continuous education programmes attended by the Directors as of the date of this Statement, during the financial year ended 31 December 2017 comprise the following:

Name of Director	Continuous education programmes attended
Tan Sri Dato' Seri Abdull Hamid bin Embong	- 9th International Conference on Financial Crime and Terrorism Financing (IFCTF) 2017
Chan Kien Sing	- FTSE4 Good Bursa Malaysia Index Briefing - MIA International Accountants Conference 2017
Ho Meng	- SDG Business Summit 2017 - Business as a Force for Good : The Role of the Private Sector in achieving the Sustainable Development Goals - 24th CLSA Investor Forum - Corporate Governance Breakfast Series for Directors: Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World - J.P. Morgan's Asia Rising Dragons 1x1 Forum - MIA International Accountant Conference 2017 - Corporate Governance Breakfast Series Entitled: "Leading Change @ The Brain"

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II: Board composition (cont'd)

3) Fostering commitment (cont'd)

Name of Director	Continuous education programmes attended
Tan U-Ming	- YPO ASEAN Technology Summit 2017 - 2017 Mergers & Acquisitions ("M&A") Session 1: M&A Strategy - The Key Risks and Opportunities in Engaging in M&A - Conference: Seamless Philippines 2017 - 2017 M&A Session 2: Valuation and Financial Modelling - Pricing the Deal - 2017 M&A Session 4: SPA and Other Agreements - MIA Conference 2017 - 2017 M&A Session 5: Post-Merger Integration
Tan Wai Foon	- Advocacy Session on Corporate Disclosure for Directors and Principal Officers of Listed Issuers - (i) Corporate Disclosure Framework; and (ii) Directors Disclosure Obligations under the Listing Obligations - Effective Internal Audit Function for Audit Committee Workshop - A Programme for Audit Committee Members - Money 20/20, US – Payments, FinTech and Financial Services Innovation Event
Shalet Marian	- Financial Institutions Directors Education (FIDE) Core Programme: Modules A and B - Companies Act 2016 - 4th Industrial Revolution: Impact and Opportunities for Manufacturing and Financial Services - Digital Marketing for Women Entrepreneurs by NAM Institute for the Empowerment of Women - How to LinkedIn for Women Entrepreneurs organised by NAM Institute for the Empowerment of Women
Muhammad Lukman bin Musa @ Hussain	- Bursa Malaysia's Sustainability Forum 2017: The Velocity of Global Change & Sustainability - The New Business Model - Companies Act Seminar 2016 - International Directors' Summit 2017 - Effective Internal Audit Function for Audit Committee Workshop
Puan Sri Datuk Seri Rohani binti Abdullah	- Corporate Directors Advanced Programme "Cybersecurity Risk Management for the Boardroom and C-Suite" - Mandatory Accreditation Programme - Ecosystems Matter - Asia's Path to Better Home Grown Governance AGPA Report - Sustainability Engagement Series for Directors and CEOs - The Evolving Rules of Social Media: How to Leverage Social Media to Grow your Company, Engage Stakeholders and Actually Make Sales. - CKM Training Programme: "Dealing in Listed Securities, Closed Period and Insider Trading" - The Outward Mindset: Leadership and Self Betrayal - TPPA, Corporate Liability Law and Anti-Corruption Compliance - Corporate Directors Advanced Programme: "M&A" - Independent Directors Programme: "The Essence of Independence"

The Company Secretaries normally circulate the relevant statutory and regulatory requirements from time to time for the Board's reference and brief the Board on the updates, where applicable.

Corporate Governance Overview Statement

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part III: Remuneration

1) Directors' remuneration

The Directors' remuneration paid or payable from the Company and its subsidiaries on the named basis during the financial year ended 31 December 2017 categorised into appropriate components is as follows:-

	Company			Group			
Executive Directors	**Fee (RM)**	**Meeting Allowance (RM)**	**Other Emoluments^ (RM)**	**Salaries and/ or Bonus* (RM)**	**Other Emoluments^ (RM)**	**Benefits-in-kind (RM)**	**Total (RM)**
Ho Meng *(Re-designated from Non-Independent Non-Executive Director to Acting Chief Executive Officer with effect from 1 August 2017)*	35,000	2,000	25,000	66,400	240,000	12,900	381,300
Tan U-Ming	-	-	-	624,575	-	20,525	645,100
Hishammudin bin Hasan *(Resigned on 26 March 2018)*	-	-	-	625,000	90,000	18,300	733,300
Gary Thomas Brown *(Resigned on 31 July 2017)*	-	-	-	722,025	395,382	9,331	1,126,738
Non-Executive Directors							
Tan Sri Dato' Seri Abdull Hamid bin Embong	60,000	3,000	-	-	-	-	63,000
Chan Kien Sing	60,000	3,000	-	-	75,680	-	138,680
Tan Wai Foon	60,000	5,500	-	202,400	660,000	-	927,900
Shalet Marian	60,000	5,000	-	-	-	-	65,000
Muhammad Lukman bin Musa @ Hussain	60,000	5,500	-	-	-	-	65,500
Puan Sri Datuk Seri Rohani binti Abdullah *(Appointed on 10 February 2017)*	53,393	3,000	-	-	-	-	56,393
Total	**388,393**	**27,000**	**25,000**	**2,240,400**	**1,461,062**	**61,056**	**4,202,911**

Notes:-

* *The salaries and/or bonus are inclusive of employer's provident fund contributions.*

^ *The other emoluments inclusive of allowances, ex-gratia, leave-pay paid/payable to Directors and employer's provident fund contributions (where applicable).*

2) Top five (5) Senior Management's remuneration

Details remuneration of the top five (5) Senior Management are not disclosed as the Board is of the view that it would not be in the best interest of the Company to disclose the aforesaid details in view of the competitiveness in the market for calibre Senior Management staff in the retail industry.

Corporate Governance Overview Statement

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

1) Upholding integrity in financial reporting

It is the Board's commitment to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of the Group's results to Bursa Securities, the annual audited financial statements of the Group and the Company as well as the reports of the Board and the Acting Chief Executive Officer's review of operations in the Annual Report.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Non-Executive Directors with a majority of Independent Non-Executive Directors, chaired by an Independent Non-Executive Director. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 56 to 58 of this Annual Report. One (1) of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and the Company comply with the applicable approved financial reporting standards in Malaysia and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

None of the Audit Committee members was a former key audit partner of the Company and the Board would consider establishing a written policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee when the Board reviews the terms of reference of the Audit Committee in due course.

All members of the Audit Committee have the relevant accounting and/or related financial experience and expertise to effectively discharge their duties. The qualification and experience of the individual Audit Committee member are disclosed in the Directors' Profile in this Annual Report.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2017, the Group has used appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant applicable approved financial reporting standards have been followed in the preparation of these financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has formalised a Non-Audit Services Policy governing the types of non-audit services permitted to be provided by the External Auditors. To address the threats faced by the External Auditors, including self-review and self-interest threats in relation to the independence and objectivity of the External Auditors, the Non-Audit Services Policy provides for safeguards which may be considered, including having an engagement team different from the External Audit team to provide the non-audit services.

In assessing the independence of External Auditors, the Audit Committee obtains confirmation from the External Auditors, indicating that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

The Audit Committee, after due deliberation, has recommended the re-appointment of Messrs. Ernst and Young as the External Auditors for the financial year ending 31 December 2018. The Board at its meeting held on 17 April 2018 approved the Audit Committee's recommendation. The re-appointment of Messrs. Ernst and Young will be presented for shareholders' approval at the forthcoming Fifth AGM.

2) Recognising and managing risks

The Board regards risk management and internal controls as an integral part of the overall management processes. As such, the Board has established an Enterprise Risk Management ("**ERM**") framework to identify and manage significant risks faced in the Group's operations. For the effective implementation of ERM, a Risk Management Committee, headed by the Acting Chief Executive Officer, has been established, comprising key management personnel from the respective divisions. The Risk Management Committee is tasked to report to the Audit Committee on key risks identified and the implementation of action plans to mitigate the risks. The Board is apprised, via the Audit Committee and the Risk Management Committee, of the Group's risk profile, including action plans to address the significant risks.

Corporate Governance Overview Statement

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

2) **Recognising and managing risks** (cont'd)

The Board has outsourced its internal audit function to a professional firm, namely KPMG Management & Risk Consulting Sdn. Bhd. The internal audit function reports directly to the Audit Committee on the adequacy and effectiveness of the system of internal controls. The internal audit function is independent of the Company, Board and Management. The scope of works covered by the internal audit function for the financial year under review is furnished in the Audit Committee Report as set out on pages 56 to 58 of this Annual Report. The internal audit carried out by the internal audit function is guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc., a globally recognised professional body for internal auditors. The cost incurred on the internal audit function for the financial year under review was amounted to approximately RM70,000.00.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1) **Ensuring timely and high quality disclosure**

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, as of the date of this Statement, the Board has formalised pertinent corporate disclosure policies and procedures to streamline information disclosure practices.

It is also required of the Directors and employees, who are in possession of price-sensitive information on the Company which are not publicly available, and who deal in the securities of the Company, to notify the Company within a specific timeframe as prescribed by the Listing Requirements of Bursa Securities.

The Company's corporate website at www.7eleven.com.my serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information on the Group's activities, financial results, major strategic developments and other matters affecting stakeholders' interests.

The Board has earmarked a dedicated section for investor relations on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, rights of shareholders, and the Company's Annual Report may be accessed.

2) **Strengthening relationship between the Company and its shareholders**

The AGM of the Company serves as the principal forum that provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, audited financial statements, and corporate developments in the Group, the resolutions being proposed and concerns over the Group's businesses, to the Board for clarification. The Chairman as well as the Acting Chief Executive Officer, and the External Auditors, if so required, will respond to shareholders' questions during the AGM.

Pursuant to the Listing Requirements of Bursa Securities, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, must be voted by poll. Hence, voting for all the resolutions as set out in the forthcoming and future general meetings will be conducted as such. An independent scrutineer will be appointed to validate the votes cast at the general meetings.

Adequate notice period for the AGM of not less than twenty-eight (28) days is communicated to all the shareholders to enable them to go through the Annual Report and papers supporting the resolutions proposed.

The Board recognises the importance of being transparent and accountable to the Company's investors. The Company will hold group and individual discussions with analysts, institutional shareholders, and investment communities, at their request, with the view to fostering greater understanding of the business of the Group. The various channels of communications are through the quarterly announcements on the financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.7eleven.com.my where shareholders can access corporate information, Annual Reports, press releases, financial information, and the Company's announcements. To maintain a high level of transparency and to effectively address any issue or concern, the Group has a dedicated electronic mail, i.e. ir@7eleven.com.my to which stakeholders can direct their queries or concerns.

This Corporate Governance Overview Statement was approved by the Board of Directors of the Company on 17 April 2018.

Statement on Risk Management and Internal Control

The Board of Directors (the "**Board**") of 7-Eleven Malaysia Holdings Berhad ("**7-Eleven**" or the "**Company**") is committed to maintaining a sound system of risk management and internal control in the Group (comprising the Company and its subsidiaries) and is pleased to provide the following Risk Management and Internal Control Statement (the "**Statement**"), which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2017. For the purpose of disclosure, the Board has taken into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the "**Guidelines**"), a publication issued by Bursa Malaysia Securities Berhad ("**Bursa Securities**") on the issuance of Risk Management and Internal Control Statement pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities.

BOARD RESPONSIBILITY

The Board recognises the importance of maintaining a sound system of internal control and the proper identification and management of risks affecting the Group's operations in order to safeguard shareholders' investments. Accordingly, the Board affirms its overall responsibility for the Group's system of risk management and internal control, and for reviewing the adequacy and operating effectiveness of the said system. The system covers not only financial but operational and compliance risks and the relevant controls designed to manage the said risks. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives. The system can, therefore, only provide reasonable, but not absolute assurance, against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board believes that risk management is vital to the Group's operational sustainability and the enhancement of shareholders' value. The Enterprise Risk Management ("**ERM**") framework for the Group, focuses on the Group's core business operations and primarily comprised the following:

- A formalised structured process on risk identification, evaluation, controls, monitoring and reporting; and
- Risk management policy and guidelines which have been adopted by the Board.

The Group has established a Risk Management Committee ("**RMC**"), chaired by the Acting Chief Executive Officer with the following terms of reference:

- communicating the Board's vision, strategy, policy, responsibilities and reporting lines on risk management to the Group's personnel;
- identifying and communicating to the Board, the critical risks the Group faces, their changes and Management's action plans to address the risks;
- performing risk oversight activities and reviewing the risk profile of the Group as well as organisational performance;
- reporting on a quarterly basis to the Board on the risk situations and status;
- setting performance measures for the Group insofar as risk management is concerned; and
- providing guidance to the business divisions on the Group's risk appetite and other criteria which, when exceeded, trigger an obligation to report upward to the RMC and Board.

During the financial year under review, the RMC held a total of eleven (11) meetings to assess and evaluate risks that may impede the Group from achieving its objectives, as well as develop action plans to mitigate such risks. On a quarterly basis, the RMC will update the Audit Committee and the Board of Directors on the risk management activities.

Statement on Risk Management and Internal Control

INTERNAL CONTROL FRAMEWORK

The key elements of the Group's internal control framework are described below:

(A) LIMITS OF AUTHORITY AND RESPONSIBILITY

A process of hierarchical reporting has been established which provides for a documented trail of accountability. This includes clearly defined lines and limits of authority, responsibility and accountability which have been established through the Group's organisational structures and authority limits, including specific matters requiring the Board's approval; and

(B) PLANNING, MONITORING AND REPORTING

The following internal control processes have been established:

- Strategic Business Planning Processes

  Appropriate business plans are developed where the Group's business objectives, strategies and targets are articulated to the Board. Business planning and budgeting are undertaken annually to establish plans and targets against which performance is monitored on an ongoing basis;

- Documented Policies and Procedures

  Internal policies and procedures, which are set out in standard operating manuals, covering core operational areas of the Group, are maintained to streamline activities and are subject to review as considered necessary;

- Performance Monitoring and Reporting

  The Group's management team monitors and reviews the Group's financial and operational performance on a monthly basis, including monitoring and reporting of performance against the operating plans. The management team formulates and communicates action plans to address areas of concern;

- Financial Performance Review

  The quarterly and annual results of the Group are reviewed by the Audit Committee which recommends to the Board for approval before release of the same to the regulators whilst the full year financial statements are audited by the External Auditors before their issuance to the regulators and shareholders; and

- Safeguarding of Assets

  Sufficient insurance coverage and physical safeguards over major assets of the Group are in place to ensure that the assets are adequately insured against calamities and/ or theft that may result in material losses to the Group.

This internal control framework has been in place for the financial year under review and up to the date of approval of this Statement for inclusion into this Annual Report.

Statement on Risk Management and Internal Control

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function to an independent professional firm, KPMG Management & Risk Consulting Sdn Bhd ("**KPMG**"), to assess the adequacy and integrity of the Group's system of internal control. The internal auditors execute the internal audit based on a risk-based internal audit plan approved by the Audit Committee before commencement of work. Its scope of work covers the assessment of the adequacy and integrity of the Group's system of internal control for selected processes.

For the financial year under review, the internal auditors conducted two (2) cycles of audit, focusing on key risks and internal controls relating to inventory management process and information technology, and reported directly to the Audit Committee on improvement measures pertaining to internal controls, including follow up on the status of Management's implementation of recommendations raised in previous reports. The reports were tabled to the Audit Committee, who reviewed the observations, including Management's action plans to address the concerns raised by the internal auditors. The lead individual in charge of the two (2) engagements is Mohd Khaidzir Shahari, Chartered Member of the Institute of Internal Auditors, Malaysia; Certified Internal Auditor, the Institute of Internal Auditors, Inc (IIA); and Chartered Accountant, Malaysian Institute of Accountants. A total of 7 personnel were deployed by KPMG for the internal audit work during the financial year ended 31 December 2017. The internal audit work was carried out in accordance with a framework set by a recognised professional body, i.e. International Professional Practices Framework issued by IIA.

The external auditors' management letters which incorporated Management's comments provided assurance that matters relating to control procedures on financial reporting have been brought to the attention of the Audit Committee.

The Group also has an in-house internal audit team that carries out operational audit to assess the extent of compliance with the Group's operations manual by personnel. Observations raised are reported to the Acting Chief Executive Officer, including action plans devised by operations management.

In addressing the adequacy and operating effectiveness of the Group's system of risk management and internal control, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations for improvement.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance in writing from the Acting Chief Executive Officer and Executive Director that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

BOARD'S COMMENTARY ON THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the view that there has been no material breakdown or weakness in the system of risk management and internal control of the Group for the financial year ended 31 December 2017 that may result in a significant loss to the Group. The Board continues to take pertinent measures to improve the Group's risk management and internal control system in meeting the Group's strategic objectives.

LIMITED ASSURANCE PROCEDURES PERFORMED ON THE STATEMENT BY EXTERNAL AUDITORS

The external auditors, Messrs Ernst & Young, have performed limited assurance procedures on this Statement on Risk Management and Internal Control for inclusion in the Annual Report of 7-Eleven for the year ended 31 December 2017 and have reported to the Board that nothing had come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* to be set out, nor is this Statement factually inaccurate.

This Statement is made in accordance with a resolution of the Board dated 17 April 2018.

Audit Committee Report

In line with the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Board has established an Audit Committee to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices. The terms of reference of Audit Committee is publicly available on the Company's website at www.7eleven.com.my.

COMPOSITION AND MEETING ATTENDANCE

The composition of the Audit Committee and the attendance of its members at the six (6) meetings held during the financial year ended 31 December 2017 are as follows:

Name of Director	Meeting attended
Muhammad Lukman bin Musa @ Hussain, Chairman *(Independent Non-Executive Director)*	6/6
Shalet Marian, member *(Independent Non-Executive Director)*	6/6
Tan Wai Foon, member *(Non-Independent Non-Executive Director)*	6/6

MEMBERSHIP

The members of the Audit Committee were appointed by the Board from amongst the Directors and comprises no fewer than three (3) members, all of whom are Non-Executive Directors with a majority of them being Independent Non-Executive Directors.

Throughout the financial year 2017 and up to the date of this Report, the Audit Committee comprises two (2) Directors who are the member of the Malaysian Institute of Accountants, they are Encik Muhammad Lukman bin Musa @ Hussain and Ms. Shalet Marian. This composition fulfills the Listing Requirements, which stipulate that at least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants or, alternatively, a Director who has at least three (3) years working experience and has passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Securities. The members of the Audit Committee have also elected Encik Muhammad Lukman bin Musa @ Hussain as the Chairman who is an Independent Non-Executive Director.

During the year under review, the Nominating Committee had reviewed the terms of office and performance of the Audit Committee and each of its members, and was satisfied with the performance of the Audit Committee and noted that each of the members have carried out their duties and responsibilities in accordance with the terms of reference of the Audit Committee.

SUMMARY OF WORK OF AUDIT COMMITTEE

The summary of work carried out by the Audit Committee during the financial year under review is as follows:

(a) Financial Reporting

- reviewed the annual audited financial statements and principal matters arising from audit with the External Auditors. The key areas of focus were as follows:

  - any change in or implementation of accounting policies and practices;
  - significant adjustments arising from the audit;
  - going concern assumption;
  - compliance with accounting standards and other legal requirements;
  - significant matters highlighted in the financial statements; and
  - significant judgements made by the Management.

- reviewed the unaudited quarterly financial results before recommending the same to the Board for consideration and approval for release to Bursa Securities;
- reviewed the Budget for the financial year ended 31 December 2017 and proposed to the Board for approval;
- reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion into the Annual Report 2016; and

Audit Committee Report

- The dates the Audit Committee meeting held during the financial year to deliberate on financial reporting matters as detailed below:

Date of meeting	Financial Reporting/Statements Reviewed
24 February 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 December 2016
8 March 2017	Budget of the Group for the financial year ended 31 December 2017
11 April 2017	Audited Financial Statements for the financial year ended 31 December 2016, Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval and disclosure in the Company's Annual Report 2016
23 May 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 31 March 2017
28 August 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 30 June 2017
28 November 2017	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 30 September 2017

(b) External Audit

- reviewed the External Auditors' audit plan for the financial year ended 31 December 2017, including the key areas of audit emphasis, audit approach and their proposed audit fees;
- reviewed, discussed and assessed all significant matters highlighted by the External Auditors on financial reporting and operation issues;
- met with the External Auditors without the presence of Executive Directors and Management on 24 February 2017; and
- reviewed the independence and effectiveness of the External Auditors and recommended to the Board to propose to shareholders on the re-appointment of the External Auditors at the Annual General Meeting of the Company.

(c) Internal Audit

The internal audit function is outsourced to an independent professional firm, namely KPMG Management & Risk Consulting Sdn. Bhd., which reports directly to the Audit Committee. The internal audit function carried out its work, taking into consideration the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors, Inc.

During the year, the Audit Committee had undertaken the following in respect of internal audit:

- reviewed all internal audit reports, including Management's responses to the observations raised by the Internal Auditors, and action plans to be implemented by the Management on the issues reported;
- reviewed the outcome of follow-up audits to ascertain the status of implementation by Management on the recommended action plans highlighted in the previous internal audit reports;
- receipt of the updates on the risk management activities carried out by the Risk Management Committee, including the Group's risk profile for identification, evaluation and control of principal business risks faced by the Group in operations to ensure risks are being managed to acceptable levels based on the risk appetite of the Board;
- reviewed the incidents of whistleblowing; and
- reviewed the theft by employee cases of above RM10,000 per incident.

For the financial year ended 31 December 2017, the internal audit function had covered the areas of inventory management, store operations and Integrated Retail Information System (IRIS) system. The following activities were carried out:

- tabled for the Audit Committee's consideration and approval of the internal audit plan and the underlying scope of work before commencement of internal audit;
- carried out internal audit testing on the Group's compliance with its policies and procedures as well as relevant rules and regulations;
- reviewed and assessed the adequacy of internal controls deployed by Management on the area of coverage in the internal audit;
- reported the outcome of the internal audit by way of a formal internal audit report, highlighting the observations and recommendations for Management's consideration in improving the Group's internal control system; and

Audit Committee Report

(c) Internal Audit (cont'd)

- followed up and reported the status of implementation by Management on recommendations highlighted in the previous internal audit reports.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2017 amounted to approximately RM70,000.

(d) Related Party Transactions

- reviewed all recurrent and related party transactions within the Group to ensure these transactions were at arm's length basis and in the ordinary course of business, on terms not more favourable than those generally available to the public, and in accordance with the mandate approved by the shareholders;
- reviewed the procedures for recurrent related party transactions to ensure that the process and controls were in place; and
- reviewed the circular to shareholders in relation to the proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

Directors' Responsibility Statement

on Preparation of Annual Financial Statements

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results and cash flows of the Group and the Company in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the financial year ended 31 December 2017 set out on pages 61 to 123 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis (except as disclosed in Note 2.2 of the Financial Statements) and made judgments and estimates that are reasonable and prudent. The Board also considers that relevant approved accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

financial statements

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 12 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	**50,107**	**51,835**
Profit attributable to:		
Equity holders of the Company	**50,107**	**51,835**

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity and Note 21 to the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2016 were as follows:

	RM'000
In respect of the financial year ended 31 December 2016	
Interim single-tier dividend of 2.3% on 1,110,385,000# ordinary shares, declared on 27 February 2017 and paid on 28 April 2017	25,539
Special single-tier dividend of 2.4% on 1,110,385,000# ordinary shares, declared on 27 February 2017 and paid on 28 April 2017	26,649
	52,188

\# Dividends were distributed to the holders of ordinary shares of the Company in issue as at 14 April 2017 (being the entitlement date), net of 123,000,000 treasury shares.

On 18 April 2018, the Board of Directors has declared an interim dividend comprising the following:

a) single-tier cash dividend of 2.7 sen per ordinary share on 1,110,385,000 ordinary shares with voting rights, and
b) share dividend (equivalent to 2.6 sen per share) via distribution of 18,506,416 treasury shares on the basis of 1 treasury share for every 60 existing ordinary shares held.

The entitlement date has been fixed on 10 May 2018. The cash dividend is payable on 22 May 2018 and the treasury shares to be distributed as share dividend will be credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd within ten (10) market days from the entitlement date.

These dividends will be accounted for in the equity as an appropriation of retained profits in the financial year ending 31 December 2018.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2017.

Directors' Report

DIRECTORS

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Seri Abdull Hamid Bin Embong
Puan Sri Datuk Seri Rohani Binti Abdullah (Appointed on 10 February 2017)
Shalet Marian
Chan Kien Sing
Ho Meng*
Tan U-Ming*
Tan Wai Foon*
Muhammad Lukman Bin Musa @ Hussain
Hishammudin Bin Hasan (Appointed on 10 February 2017 and resigned on 26 March 2018)
Gary Thomas Brown (Resigned on 31 July 2017)

* These Directors are also directors of the Company's subsidiaries.

In accordance with Articles 95 and 96 of the Company's Articles of Association, the following Directors will retire at the forthcoming Annual General Meeting, and being eligible, offered themselves for re-election:

Shalet Marian
Tan Wai Foon
Tan U-Ming

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Dato' Seri Mohd Annuar Bin Zaini
Mohamed Shah Bin Kadir
Dato' Sri Azlan Meah Bin Hj. Ahmed Meah
Derek Chin Chee Seng
Hor Kar Shan (Resigned on 26 March 2018)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company or its related corporations as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

During the financial year , the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group and of the Company are RM30,000,000 and RM41,138 respectively.

Directors' Report

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares in the Company or its related corporations during the financial year were as follows:

Name of director	Number of ordinary shares			
	1.1.2017	Acquired	Sold	31.12.2017
Direct interest:				
Ordinary shares of the Company				
Shalet Marian	200,000	-	-	**200,000**
Chan Kien Sing	100,000	-	-	**100,000**
Ho Meng	90,000	-	-	**90,000**
Tan U-Ming	100,000	500,000	-	**600,000**
Muhammad Lukman Bin Musa @ Hussain	120,000	-	-	**120,000**
Tan Wai Foon	-	100,000	-	**100,000**

Other than as disclosed above, the other Directors in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

ISSUE OF SHARES

There were no issuance of equity securities, share buy-back, share cancellations and resale of treasury shares during the current financial year ended 31 December 2017.

Details of treasury shares purchased in prior years are disclosed in Note 19 to the financial statements. As at 31 December 2017, the issued and paid up share capital of the Company with voting rights was 1,110,385,000.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

OTHER STATUTORY INFORMATION (CONT'D)

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 5 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young for the financial year ended 31 December 2017.

Signed on behalf of the Board in accordance with a resolution of the directors dated 18 April 2018.

Ho Meng **Tan U-Ming**

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Ho Meng and Tan U-Ming, being two of the Directors of 7-Eleven Malaysia Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 69 to 123 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 18 April 2018.

Ho Meng

Tan U-Ming

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Ho Meng (MIA membership number: 5396), being the Director primarily responsible for the financial management of 7-Eleven Malaysia Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 69 to 123 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Ho Meng at
Kuala Lumpur in the Federal Territory
on 18 April 2018

Ho Meng

Before me,

Independent Auditors' Report

to the Members of 7-Eleven Malaysia Holdings Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of 7-Eleven Malaysia Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 123.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there is no key audit matter to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter described below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to the matter described below. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

1. Recognition of rebates and incentives income from vendors

(Refer to Notes 2.25, 3.1(a), 5 and 15 to the financial statements)

The Group receives various types of allowance in the form of rebates and incentives from its vendors. These allowances contribute significantly to the Group's profit before tax. During the financial year ended 31 December 2017, the Group has recognised rebates and incentives income amounting to RM186,400,000 of which majority has been received and the balance of RM39,630,000 is receivable as at 31 December 2017. Recognition of rebates and incentives income required the Group's fulfilment of its obligations under the vendor agreements. We focused on this area because the recognition of rebates and incentives income requires, to some extent, judgement from management concerning the nature and level of fulfilment of the Group's obligations under the vendor agreements.

We have carried out procedures to understand and test management's controls around the completeness and accuracy of the source data required for the computation of these rebates and incentives. We also reviewed and agreed the rebates and incentives during the year to contractual evidence on a sample basis. For the rebates and incentives receivable as at 31 December 2017, amounts are either recalculated by us based on contractual terms confirmed by vendors or reconciled to post year-end settlements with vendors. In addition, to evaluate the reliability of management's estimates, we reviewed subsequent collections of prior year's rebates and incentives income receivables.

Independent Auditors' Report

to the Members of 7-Eleven Malaysia Holdings Berhad (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the other information included in the Group's 2017 Annual Report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the directors' report that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this directors' report, we are required to report that fact. We have nothing to report in this regard.

When we read the other information included in the Group's 2017 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud of error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Independent Auditors' Report

to the Members of 7-Eleven Malaysia Holdings Berhad (Incorporated in Malaysia)

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine the matter that was of most significance in the audit of the financial statements of the Group and of the Company for the current year and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

KUA CHOO KAI
No. 2030/03/20(J)
Chartered Accountant

Kuala Lumpur, Malaysia
18 April 2018

Statements of Comprehensive Income
for the Financial Year Ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000 (Restated)	Company 2017 RM'000	Company 2016 RM'000
Revenue	4	**2,187,102**	2,103,367	**58,094**	52,800
Cost of sales		**(1,495,772)**	(1,456,798)	**-**	-
Gross profit		**691,330**	646,569	**58,094**	52,800
Other operating income		**137,199**	115,568	**-**	1,210
Selling and distribution expenses		**(651,243)**	(596,150)	**-**	-
Administrative and other operating expenses		**(97,558)**	(92,525)	**(1,569)**	(780)
Profit from operations	5	**79,728**	73,462	**56,525**	53,230
Finance costs	7	**(9,232)**	(2,590)	**(4,632)**	(1,448)
Profit before tax		**70,496**	70,872	**51,893**	51,782
Income tax expense	8	**(20,389)**	(18,657)	**(58)**	(443)
Profit after tax		**50,107**	52,215	**51,835**	51,339
Other comprehensive income not to be reclassified to profit or loss in subsequent year:					
Revaluation of land and buildings	9	**44,996**	-	**-**	-
Taxation	26	**(4,212)**	-	**-**	-
Total other comprehensive income (net of taxation)		**40,784**	-	**-**	-
Total comprehensive income for the financial year		**90,891**	52,215	**51,835**	51,339
Profit after tax attributable to: Equity holders of the Company		**50,107**	52,215	**51,835**	51,339
Total comprehensive income attributable to: Equity holders of the Company		**90,891**	52,215	**51,835**	51,339
Basic/diluted earnings per share (sen)	37	**4.51**	4.51		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 December 2017

	Note	Group 31 December 2017 RM'000	31 December 2016 RM'000 (Restated)	1 January 2016 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	9	**350,404**	318,801	303,608
Investment property	10	**400**	400	350
Intangible assets	11	**35,298**	35,822	21,232
Other investments	13	**1**	1	1
		386,103	355,024	325,191
Current assets				
Inventories	14	**221,957**	263,948	180,705
Sundry receivables	15	**113,526**	92,003	105,814
Tax recoverable		**3,748**	13,268	5,605
Cash and bank balances	16	**69,634**	49,450	126,487
		408,865	418,669	418,611
Total assets		**794,968**	773,693	743,802
Equity and liabilities				
Equity attributable to equity holders of the Company				
Share capital	17	**1,485,138**	123,338	123,338
Share premium	18	**-**	1,361,800	1,361,800
Treasury shares	19	**(190,625)**	(190,625)	(58,913)
Capital reorganisation deficit	20	**(1,343,248)**	(1,343,248)	(1,343,248)
Assets revaluation reserve	21	**40,784**	-	-
Retained profits	22	**81,985**	84,066	87,317
Total equity		**74,034**	35,331	170,294
Non-current liabilities				
Provisions	23	**7,400**	6,955	5,775
Borrowings	24	**42,400**	25,219	132
Deferred tax liability	26	**19,436**	15,864	8,793
		69,236	48,038	14,700
Current liabilities				
Provisions	23	**277**	158	701
Borrowings	24	**143,619**	90,473	1,946
Trade payables	27	**392,617**	461,506	410,980
Other payables	28	**115,184**	138,168	145,161
Taxation		**1**	19	20
		651,698	690,324	558,808
Total liabilities		**720,934**	738,362	573,508
Total equity and liabilities		**794,968**	773,693	743,802

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

as at 31 December 2017

	Note	Company 2017 RM'000	Company 2016 RM'000
Assets			
Non-current assets			
Investments in subsidiary companies, representing total non-current asset	12	**1,378,248**	1,378,248
Current assets			
Sundry receivables	15	**58,090**	52,071
Tax recoverable		**1,235**	788
Cash and bank balances	16	**1,503**	9,798
		60,828	62,657
Total assets		**1,439,076**	1,440,905
Equity and liability			
Equity attributable to equity holders of the Company			
Share capital	17	**1,485,138**	123,338
Share premium	18	**-**	1,361,800
Treasury shares	19	**(190,625)**	(190,625)
Retained profits	22	**60,998**	61,351
Total equity		**1,355,511**	1,355,864
Current liability			
Other payables, representing total current liability	28	**83,565**	85,041
Total equity and liability		**1,439,076**	1,440,905

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the Financial Year Ended 31 December 2017

	Attributable to equity holders of the Company						
Group	Share capital RM'000 (Note 17)	Share premium RM'000 (Note 18)	Treasury shares RM'000 (Note 19)	Capital reorganisation deficit RM'000 (Note 20)	Assets revaluation reserve RM'000 (Note 21)	Retained profits^ RM'000 (Note 22)	Total equity RM'000
At 1 January 2016							
As previously stated	123,338	1,361,800	(58,913)	(1,343,248)	-	87,217	170,194
Arising from change in accounting policy for investment property (Notes 10 and 38)	-	-	-	-	-	133	133
Less: Deferred taxation (Notes 26 and 38)	-	-	-	-	-	(33)	(33)
	-	-	-	-	-	100	100
As restated	123,338	1,361,800	(58,913)	(1,343,248)	-	87,317	170,294
Total comprehensive income for the year	-	-	-	-	-	52,215	52,215
Transactions with owners							
Acquisition of treasury shares (Note 19)	-	-	(131,712)	-	-	-	(131,712)
Dividends on ordinary shares (Note 29)	-	-	-	-	-	(55,466)	(55,466)
Total transactions with owners	-	-	(131,712)	-	-	(55,466)	(187,178)
At 31 December 2016	123,338	1,361,800	(190,625)	(1,343,248)	-	84,066	35,331
At 1 January 2017							
As previously stated	123,338	1,361,800	(190,625)	(1,343,248)	-	83,924	35,189
Arising from change in accounting policy for investment property (Notes 10 and 38)	-	-	-	-	-	188	188
Less: Deferred taxation (Notes 26 and 38)	-	-	-	-	-	(46)	(46)
	-	-	-	-	-	142	142
As restated	123,338	1,361,800	(190,625)	(1,343,248)	-	84,066	35,331
Transfer pursuant to Section 618(2) of Companies Act 2016	1,361,800	(1,361,800)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	40,784	50,107	90,891
Transactions with owners					-		
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	-	-	-	-	(52,188)	(52,188)
At 31 December 2017	**1,485,138**	**-**	**(190,625)**	**(1,343,248)**	**40,784**	**81,985**	**74,034**

^ Distributable

Statements of Changes in Equity
for the Financial Year Ended 31 December 2017

	Attributable to equity holders of the Company				
Company	Share capital RM'000 (Note 17)	Share premium RM'000 (Note 18)	Treasury shares RM'000 (Note 19)	Retained profits^ RM'000 (Note 22)	Total equity RM'000
At 1 January 2016	123,338	1,361,800	(58,913)	65,478	1,491,703
Total comprehensive income for the year	-	-	-	51,339	51,339
Transactions with owners					
Acquisition of treasury shares (Note 19)	-	-	(131,712)	-	(131,712)
Dividends on ordinary shares (Note 29)	-	-	-	(55,466)	(55,466)
Total transactions with owners	-	-	(131,712)	(55,466)	(187,178)
At 31 December 2016	123,338	1,361,800	(190,625)	61,351	1,355,864
At 1 January 2017	123,338	1,361,800	(190,625)	61,351	1,355,864
Transfer pursuant to Section 618(2) of Companies Act 2016	1,361,800	(1,361,800)	-	-	-
Total comprehensive income for the year	-	-	-	51,835	51,835
Transactions with owners					
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	-	-	(52,188)	(52,188)
At 31 December 2017	**1,485,138**	**-**	**(190,625)**	**60,998**	**1,355,511**

^ Distributable

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows

for the Financial Year Ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities				
Cash receipts from customers and other receivables	**2,352,114**	2,231,168	**10**	489
Cash paid to suppliers and employees	**(2,282,307)**	(2,136,187)	**(1,789)**	(4,350)
Cash generated from/(used in) operations	**69,807**	94,981	**(1,779)**	(3,861)
Interest paid	**(9,232)**	(2,590)	**(4,632)**	(1,448)
Tax paid	**(11,527)**	(19,250)	**(505)**	(978)
Net cash generated from/(used in) operating activities	**49,048**	73,141	**(6,916)**	(6,287)
Cash flows from investing activities				
Purchase of property, plant and equipment	**(44,560)**	(65,712)	**-**	-
Purchase of intangible assets	**(3,613)**	(12,697)	**-**	-
Proceeds from disposal of property, plant and equipment	**282**	15	**-**	-
Movement in intercompany balances	**-**	-	**(1,285)**	89,124
Dividend income received	**-**	-	**52,000**	70,000
Interest received	**888**	1,780	**94**	800
Net cash (used in)/generated from investing activities	**(47,003)**	(76,614)	**50,809**	159,924
Cash flows from financing activities				
Dividends paid on ordinary shares	**(52,188)**	(55,466)	**(52,188)**	(55,466)
Acquisition of treasury shares	**-**	(131,712)	**-**	(131,712)
Proceeds from banker's acceptances	**330,820**	225,653	**-**	-
Repayment of banker's acceptances	**(324,533)**	(160,140)	**-**	-
Proceeds from revolving credit	**40,000**	20,000	**-**	-
Proceeds from term loan	**32,000**	30,000	**-**	-
Repayment of term loans	**(7,800)**	-	**-**	-
Repayment of hire purchase and finance lease liabilities	**(160)**	(1,899)	**-**	-
Net cash generated from/(used in) financing activities	**18,139**	(73,564)	**(52,188)**	(187,178)
Net increase/(decrease) in cash and cash equivalents	**20,184**	(77,037)	**(8,295)**	(33,541)
Cash and cash equivalents at 1 January	**49,450**	126,487	**9,798**	43,339
Cash and cash equivalents at 31 December (Note 16)	**69,634**	49,450	**1,503**	9,798

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2017

1. CORPORATE INFORMATION

7-Eleven Malaysia Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan. The principal place of business of the Company is located at Level 3A, Podium Block, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 12.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 April 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES

(a) Amended standards and pronouncements

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2017, the Group and the Company adopted the following amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2017:

Description	Effective for annual financial periods beginning on or after
Amendments to MFRS 107 Statement of Cash Flows : *Disclosure Initiative*	1 January 2017
Amendments to MFRS 112 Income Taxes : *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Annual Improvements to MFRS Standards 2014 - 2016 Cycle: Amendments to MFRS 12 Disclosure of Interests in Other Entities: *Clarification of the scope of disclosure requirements in MFRS12*	1 January 2017

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 CHANGES IN ACCOUNTING POLICIES (CONT'D)

(a) Amended standards and pronouncements (cont'd)

The amendments do not have any significant effect on the Group's and the Company's financial statements except as discussed below:

(i) MFRS 107 : Disclosure Initiative (Amendments to MFRS 107)

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendments, entities are not required to provide comparative information for preceding periods. Apart from the additional disclosures in Note 24, the application of these amendments has had no impact on the Group and on the Company.

(b) Revaluation of land and buildings (property, plant and equipment)

The Group re-assessed its accounting for property, plant and equipment with respect to measurement of certain classess of property, plant and equipment after initial recognition. The Group has previously measaured all property, plant and equipment using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

During the financial year ended 31 December 2017, the Group elected to change the method of accounting for land and buildings classified as property, plant and equipment, as the Group believes that the revaluation model more effectively demonstrates the carrying value of the land and buildings. In addition, the activity in the property markets in which these assets are located provides observable market data on which reliable fair value estimates can be derived.

After initial recognition, the Group uses the revaluation model, whereby land and buildings will be measured at fair value at the date of the revaluation less any subsequent accumulated impairment lossess. The Group applied the revaluation model prospectively.

The impacts due to recognition of land and buildings at revaluation model is described in Note 9.

(c) Fair value of land and building (investment property)

The Group re-assessed its accounting for investment property with respect to measurement method after initial recognition. The Group previously measured its investment property using the cost model whereby, after initial recognition of the investment property, the investment property was carried at cost less accumulated depreciation and any accumulated impairment losses.

During the financial year ended 31 December 2017, the Group elected to change the method of accounting for investment property to the fair value model. The Group believes that the fair value model more effectively demonstrates the carrying value of the land and buildings. In addition, the activity in the property markets in which these assets are located provides observable market data on which reliable fair value estimates can be derived.

After initial recognition, the Group uses fair value model, whereby the land and building will be measured at fair value at the date of the financial position. A gain or loss arising from a change in the fair value of investment property shall be recognised in profit or loss for the year in which it arises. The Group applied the change in accounting policy retrospectively.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards, amendments to standards and IC interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual financial periods beginning on or after
Amendments to MFRS 2 Share-based Payment : *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
MFRS 9 : *Financial Instruments*	1 January 2018
MFRS 15 : *Revenue from Contracts with Customers*	1 January 2018
Amendments to MFRS 140 Investment Property : *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 128 Investments in Associates and Joint Ventures: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
MFRS 17: *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 : *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred
IC Interpretation 22 : *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 9 Financial Instruments : *Prepayment Features with Negative Compensation*	1 January 2019
MFRS 16 : *Leases*	1 January 2019
Amendments to MFRS 119: *Plan Amendment, Curtailment or Settlement*	1 January 2019
IC Interpretation 23 : *Uncertainty over Income Tax Treatments*	1 January 2019
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
(i) Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
(i) Amendments to MFRS 3 Business Combinations	1 January 2019
(ii) Amendments to MFRS 11 Joint Arrangements	1 January 2019
(ii) Amendments to MFRS 112 Income Taxes	1 January 2019
(iv) Amendments to MFRS 123 Borrowing Costs	1 January 2019

The Directors expect that the adoption of the above standards and amendments will not have any material impact on the financial statements in the period of initial application except as discussed below:

(i) MFRS 9 : Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. During 2017, the Group has performed an impact assessment of all three aspects of MFRS 9. The assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group adopts MFRS 9.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

(i) MFRS 9 : Financial Instruments (cont'd)

Based on the analysis of the Group's financial assets and liabilities as at 31 December 2017 on the basis of facts and circumstances that exist at that date, the directors of the Company have assessed the impact of MFRS 9 to the Group's financial statements as follows:

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of MFRS 9.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) MFRS 15 : Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. Based on the analysis of the Group's revenue streams on the basis of facts and circumstances that currently exist, the Directors of the Company have assessed that the impact of MFRS 15 to the Group's financial statements will not be significant.

(iii) MFRS 16 : Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

(iii) MFRS 16 : Leases (cont'd)

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

(iv) IC Interpretation 23 : Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of MFRS 112 and does not apply to taxes or levies outside the scope of MFRS 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the estimation of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The Group and the Company will apply the interpretation from its effective date.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 BASIS OF CONSOLIDATION (CONT'D)

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained profits. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company is a continuation of the acquired entities and is accounted for as follows:

(a) The results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;

(b) The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and

(c) No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/ transferred and the equity acquired is reflected within equity as capital reorganisation reserve or deficit.

Business combination

Acquisition of subsidiaries under business combination are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 BASIS OF CONSOLIDATION (CONT'D)

Business combination (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.6(a).

2.5 SUBSIDIARIES

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.6 INTANGIBLE ASSETS

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Computer software

Computer software acquired separately are measured initially at cost. Following initial acquisition, computer software are measured at cost less any accumulated amortisation and accumulated impairment losses.

Computer software-in-development are not depreciated as these assets are not available for use. Computer software are amortised on a straight-line basis over the estimated useful lives of 10 years when the assets are available for use. Computer software are assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodies in the assets is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software is recognised in profit or loss.

Gain or loss from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the assets are derecognised.

2.7 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Group, and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, all items of property, plant and equipment are stated at cost less accumulated depreciation, except for land and buildings, and any accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognied in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained profits.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work- in-progress are also not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight-line basis over its estimated useful lives.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (CONT'D)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	50 years or the duration of the lease, whichever is shorter
Long-term leasehold land	The duration of the lease of 99 years
Computer equipment	5 to 10 years
Other equipment	7 years
Motor vehicles	5 years
Furniture and fittings and renovation	10 years or the duration of the lease, whichever is shorter

The residual values, useful life and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

2.8 INVESTMENT PROPERTY

Investment property is land or building held by the Group or held under a finance lease, to earn rental income or for capital appreciation or both. Investment property is measured initially at cost, inlcuding transaction cost. Subsequent to initial recognition, investment property is stated at fair value, to reflect market conditions at the reporting date. Gain or loss arising from change in the fair value of investment property is included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair value is determined based on annual evaluation performed by an accredited external independent valuer.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceed and the carrying amount of the asset is recognised in profit and loss in the period of derecognition.

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.9.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS (CONT'D)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 FINANCIAL ASSETS

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's rights to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 IMPAIRMENT OF FINANCIAL ASSETS

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 INVENTORIES

Inventories comprise trading goods and consumables and are stated at the lower of cost (determined on the weighted average basis) and net realisable value. Cost comprises the invoiced value of the inventories and incidental expenses. Net realisable value represents the estimated selling price less estimated costs necessary to make the sale.

2.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and at banks and demand deposits at call which are subject to an insignificant risk of changes in value.

2.14 FINANCIAL LIABILITIES

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 FINANCIAL LIABILITIES (CONT'D)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.15 SEGMENT REPORTING

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosure of each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.16 SHARE CAPITAL AND SHARE ISSUANCE EXPENSES

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.17 LEASES

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit or incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating and operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

Notes to the Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 BORROWING COSTS

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.19 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. Deferred tax is recognised as income or an expense and included in profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

As the land and buildings held under property, plant and equipment of the Group is carried at fair value, the revaluation of the asset does not affect taxable profit in the period of the revaluation and, consequently, the tax base of the asset is not adjusted. Nevertheless, the future recovery of the carrying amount will result in taxable flow of economic benefits to the Group and the amount that will be deductible for tax purposes will differ from the amount of those economic benefits. The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability.

2.20 PROVISIONS

Provisions for liabilities are recognised when the Group has present obligations as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 EMPLOYEE BENEFITS

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non- accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred.

2.22 FOREIGN CURRENCY

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting date.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting date are recognised in profit or loss.

2.23 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or

(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 FAIR VALUE MEASUREMENT (CONT'D)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

(b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

(c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.24 REVENUE RECOGNITION

Revenue is recognised to the extent that probable economic benefits will flow to the Group and the amount of revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised when significant risks and rewards of ownership of the general merchandise have been passed to the customers. Revenue relating to sale of general merchandise is recognised net of discounts and returns.

(b) Commission income

Commission earned from services is recognised when the services are performed.

(c) Rental income

Income from the rental of property is recognised on an accrual basis in accordance with the terms of the agreements.

(d) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(e) Franchise income

Gross revenue from franchised convenience stores under the "7-Eleven" brand name operated by franchisees are recognised in the period the gross sales are earned. The Group expensed the franchisees' share of revenue to selling and distribution expenses. Franchisees' share of revenue is computed based on agreed percentage as stipulated in the respective franchise agreement.

Initial fees are recognised upon granting of a new franchise term, which is when the Group has performed substantially all initial services required by the franchise arrangement.

(f) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Notes to the Financial Statements

31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 REBATES AND INCENTIVES INCOME

Trade rebates and incentives comprised volume rebates, rebates for central distribution arrangement by the Group and discounts on promotional programs. Rebates are recognised to income statements when the Group achieved the volume-purchase targets, and the performance obligations for central distribution arrangement and promotional programs have been fulfilled by the Group in accordance with the terms as stipulated in the trade agreements with vendors. These rebates and discounts are net off with costs of goods sold when the goods are sold. Rebates and discounts for unsold goods are net off against inventories and shall be recognised to the income statements when the goods are subsequently sold.

Other rebates and incentives mainly comprised in-store displays and promotions and advertisements for specific products. Incentives are recognised to the income statements when the performance obligations have been fulfilled by the Group in accordance with the terms as stipulated in the agreements with vendors. These incentives are recognised as other income in the income statements.

2.26 CUSTOMER LOYALTY PROGRAMME

The Group's loyalty programme allows the customers to collect award credits when specified sales terms were fulfilled by the customers. The customers can then redeem the gifts once the specified number of award credits have been collected.

The Group accounts for the award credits as separately identifiable component of the initial sales transactions. The fair value of the consideration received or receivable in respect of the initial sales is allocated between the fair value of the award credits and the other components of the sale.

The consideration allocated to the award credits is deferred and subsequently recognised as revenue when the award credits are redeemed. The deferral is treated as a deduction from revenue.

The fair value of the award credits is determined with reference to the fair value of the gift to the customer and considers the redemption rate for the award credits.

2.27 TREASURY SHARES

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with MFRS requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

3.1 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

(a) Recognition of incentives and rebates

The Group receives incentives and rebates from suppliers for various programs, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse rebates.

Certain incentives and rebates recognised in profit or loss were estimated based on terms and rates in trade agreements entered into with suppliers. Actual amounts received from suppliers could differ from the amounts initially estimated. As at the reporting date, the Group has recognised incentives and rebates receivable of RM39,630,000 (2016: RM43,378,000).

Notes to the Financial Statements

31 December 2017

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.1 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(b) Revaluation of property, plant and equipment

The Group carries its land and buildings at fair value, with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2017.

The land and buildings were valued by reference to market-based evidence, using comparable price adjusted for specific market factors such as nature, location and condition of the properties.

The key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Note 9.

(c) Fair value of investment property

The Group carries its investment property at fair value, with changes in fair value being recognised in the profit or loss for the year. The Group engaged an independent valuer to assess fair value as at 31 December 2017 for the land and building. The land and building was valued by reference to market-based evidence, using comparable prices adjusted for specific marker factors such as nature, location and condition of the property.

The key assumptions used to determine the fair value of the investment property and sensitivity analysis are provided in Note 10.

4. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Merchandise sales	**2,115,611**	2,028,944	**-**	-
Commissions	**71,201**	74,144	**-**	-
Dividend income	**-**	-	**58,000**	52,000
Interest income	**-**	-	**94**	800
Rental income	**290**	279	**-**	-
	2,187,102	2,103,367	**58,094**	52,800

Notes to the Financial Statements

31 December 2017

5. PROFIT FROM OPERATIONS

Profit from operations is arrived at after charging/(crediting):

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Auditors' remuneration				
- Statutory audit	**458**	438	**80**	73
- Other services	**62**	80	**37**	12
Depreciation of property, plant and equipment	**56,158**	50,791	**-**	-
Amortisation of intangible assets	**4,137**	2,309	**-**	-
Property, plant and equipment written off	**2,356**	2,669	**-**	-
Impairment loss on sundry receivables (Note 15)	**371**	-	**-**	-
Bad debts written off for sundry receivables	**5**	21	**-**	-
Write off of inventories	**5,545**	3,793	**-**	-
Rental of premises	**108,997**	97,805	**-**	-
Royalty	**21,888**	21,145	**-**	-
Employee benefits expense (Note 6(a))	**312,448**	294,015	**-**	-
Directors' benefits (Note 6(b))	**4,666**	4,026	**481**	323
(Gain)/loss on disposal of property, plant and equipment	**(101)**	312	**-**	-
Rebates and incentives income	**(186,400)**	(163,977)	**-**	-
Interest income				
- fixed deposits and overnight placements	**(888)**	(1,780)	**(94)**	(800)
- advances to a subsidiary company	**-**	-	**-**	(1,210)
Rental income	**(194)**	(160)	**-**	-
Franchise income				
- initial fees	**200**	(300)	**-**	-
Reversal of impairment loss of property, plant and equipment (Note 9)	**(118)**	(666)	**-**	-
(Gain)/loss on foreign exchange translation differences	**(92)**	15	**-**	-

Notes to the Financial Statements

31 December 2017

6. EMPLOYEE BENEFITS EXPENSE AND DIRECTORS' REMUNERATION

(a) Employee benefits expense

	Group	
	2017 RM'000	2016 RM'000
Wages, salaries and other emoluments	**270,356**	250,176
Pension costs - defined contribution plans	**29,049**	26,154
Social security costs and employees insurance	**4,970**	4,280
Other staff benefits	**8,073**	13,405
	312,448	294,015

(b) Directors' benefits

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries and other emoluments	**2,620**	2,292	**-**	-
Fees	**388**	307	**388**	307
Bonus	**150**	81	**-**	-
Defined contribution plan	**335**	189	**-**	-
Estimated money value of benefits-in-kind	**68**	54	**-**	-
Allowance	**1,064**	1,103	**52**	16
Insurance effected to indemnify directors	**41**	-	**41**	-
	4,666	4,026	**481**	323

7. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Interest expense on:				
Hire purchase and lease liabilities	**61**	107	**-**	-
Bankers' acceptances	**3,639**	1,979	**-**	-
Revolving credit	**2,672**	343	**-**	-
Term loans	**2,860**	161	**-**	-
Amount due to a subsidiary company	**-**	-	**4,632**	1,448
	9,232	2,590	**4,632**	1,448

Notes to the Financial Statements
31 December 2017

8. INCOME TAX EXPENSE

(a) Income statements

	Group 2017 RM'000	Group 2016 RM'000 (Restated)*	Company 2017 RM'000	Company 2016 RM'000
Income tax:				
Current year	**23,780**	12,013	**22**	443
(Over)/underprovision in prior year	**(2,751)**	(427)	**36**	-
	21,029	11,586	**58**	443
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences, representing total income tax expense for the year	**(2,125)**	7,398	**-**	-
Under/(over) provision in prior year	**1,485**	(327)	**-**	-
	(640)	7,071	**-**	-
	20,389	18,657	**58**	443

* Information on restatement is detailed in Note 38.

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	Group 2017 RM'000	Group 2016 RM'000 (Restated)	Company 2017 RM'000	Company 2016 RM'000
Profit before tax	**70,496**	70,872	**51,893**	51,782
Taxation at Malaysian statutory tax rate of 24% (2016: 24%)	**16,919**	17,009	**12,454**	12,428
Expenses not deductible under tax legislation	**7,494**	2,402	**1,488**	495
Exemption of income tax	**(2,758)**	-	**-**	-
Income not subject to tax	**-**	-	**(13,920)**	(12,480)
(Over)/underprovision of income tax in prior year	**(2,751)**	(427)	**36**	-
Under/(over)provision of deferred tax in prior year	**1,485**	(327)	**-**	-
Tax expense for the year	**20,389**	18,657	**58**	443

(b) Other comprehensive income

	Group 2017 RM'000	Group 2016 RM'000
Deferred tax related to item recognised in other comprehensive income during the year:		
Deferred tax liability recognised in respect of net gain on revaluation of land and buildings	**4,212**	-

Notes to the Financial Statements

31 December 2017

9. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation	At cost				
	Land and buildings* RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2017						
At 1 January 2017	36,820	493,907	2,317	183,261	552	716,857
Additions	-	31,361	240	13,583	-	45,184
Disposals	-	(3,763)	(549)	(28)	-	(4,340)
Revaluation adjustment recognised in other comprehensive income (Note 9 (e))	44,996	-	-	-	-	44,996
Transfer^	(3,127)	-	-	-	-	(3,127)
Write-offs	-	(7,682)	-	(3,590)	-	(11,272)
Reclassification	-	552	-	-	(552)	-
At 31 December 2017	78,689	514,375	2,008	193,226	-	788,298
Accumulated depreciation and impairment losses						
At 1 January 2017	2,641	291,797	2,080	101,538	-	398,056
Depreciation charge for the year	604	43,313	136	12,105	-	56,158
Disposals	-	(3,687)	(469)	(3)	-	(4,159)
Reversal of impairment (Note 9 (d))	(118)	-	-	-	-	(118)
Transfer^	(3,127)	-	-	-	-	(3,127)
Write-offs	-	(6,001)	-	(2,915)	-	(8,916)
At 31 December 2017	-	325,422	1,747	110,725	-	437,894
Net carrying amount						
At 31 December 2017	78,689	188,953	261	82,501	-	350,404

Notes to the Financial Statements

31 December 2017

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	At cost					
	Land and buildings* RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2016						
At 1 January 2016	36,820	447,427	2,465	167,542	3,204	657,458
Additions	-	48,131	54	19,577	552	68,314
Disposals	-	(1,314)	(202)	-	-	(1,516)
Write-offs	-	(3,541)	-	(3,858)	-	(7,399)
Reclassification	-	3,204	-	-	(3,204)	-
At 31 December 2016	36,820	493,907	2,317	183,261	552	716,857
Accumulated depreciation and impairment losses						
At 1 January 2016	2,977	258,047	2,144	90,682	-	353,850
Depreciation charge for the year	330	38,160	138	12,163	-	50,791
Disposals	-	(987)	(202)	-	-	(1,189)
Reversal of impairment (Note 9 (d))	(666)	-	-	-	-	(666)
Write-offs	-	(3,423)	-	(1,307)	-	(4,730)
At 31 December 2016	2,641	291,797	2,080	101,538	-	398,056
Net carrying amount						
At 31 December 2016	34,179	202,110	237	81,723	552	318,801

^ This transfer relates to the accumulated depreciation as at the revaluation date that was eliminated against the gross carrying amount of the revalued asset.

Notes to the Financial Statements

31 December 2017

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

***LAND AND BUILDINGS**

Group	Freehold land RM'000	Buildings RM'000	Long term leasehold land RM'000	Total RM'000
At 31 December 2017				
Valuation				
At 1 January 2017	**23,711**	**9,896**	**3,213**	**36,820**
Revaluation adjustment recognised in other comprehensive income (Note 9 (e))	**34,449**	**4,192**	**6,355**	**44,996**
Transfer^	**-**	**(2,659)**	**(468)**	**(3,127)**
At 31 December 2017	**58,160**	**11,429**	**9,100**	**78,689**
Accumulated depreciation and impairment losses				
At 1 January 2017	**118**	**2,080**	**443**	**2,641**
Depreciation charge for the year	**-**	**579**	**25**	**604**
Reversal of impairment (Note 9(d))	**(118)**	**-**	**-**	**(118)**
Transfer^	**-**	**(2,659)**	**(468)**	**(3,127)**
At 31 December 2017	**-**	**-**	**-**	**-**
Net carrying amount				
At 31 December 2017	**58,160**	**11,429**	**9,100**	**78,689**
At 31 December 2016				
Cost				
At 1 January/31 December 2016	23,711	9,896	3,213	36,820
Accumulated depreciation and impairment losses				
At 1 January 2016	784	1,828	365	2,977
Depreciation charge for the year	-	252	78	330
Reversal of impairment (Note 9(d))	(666)	-	-	(666)
At 31 December 2016	118	2,080	443	2,641
Net carrying amount				
At 31 December 2016	23,593	7,816	2,770	34,179

(a) Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use costing RM240,020,962 (2016: RM219,131,610).

(b) During the financial year, the Group acquired property, plant and equipment by the following means:

	Group 2017 RM'000	Group 2016 RM'000
Cash	**44,560**	65,712
Other payables	**-**	1,888
Capitalisation of restoration costs (Note 23)	**624**	714
	45,184	68,314

Notes to the Financial Statements

31 December 2017

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements (Note 25) are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Computer equipment	**-**	749
Motor vehicles	**19**	57
	19	806

(d) As at 31 December 2017 and 31 December 2016, the Group has reversed an impairment loss on a piece of freehold land amounting to RM118,000 and RM666,000 respectively. The reason for the reversal of impairment loss is due to the appreciation of the land as observed by the management of the Group based on professional valuation reports using the comparison method of valuation.

(e) Management determined that the land and buildings constitutes a separate class of asset under MFRS 13 Fair Value Measurements, based on the nature, characteristics and risks of the properties.

Fair value of the land and buildings was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific land and buildings. As at the date of revaluation on 31 December 2017, the land and buildings' fair value is based on valuations performed by Hartanah Consultants (Valuations) Sdn Bhd, an independent professional valuer specialising in valuing land and buildings of similar nature. A net gain of RM44,996,000 was recognised in other comprehensive income for the financial year ended 31 December 2017, as a result of these revaluations.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 33.

Significant unobservable valuation input:	Group 2017 RM
Price per square feet for freehold land and buildings	**182 - 4,840**
Price per square feet for leasehold land and buildings	**285 - 2,429**

Significant increase/(decrease) in estimated price per square feet would result in a significantly higher/(lower) fair value on a linear basis.

Reconciliation of carrying amount:	RM'000
Carrying amount as at 1 January 2017*	**34,179**
Revaluation gain on revaluation as at 31 December 2017	**44,996**
Carrying amount and fair value as at 31 December 2017	**79,175**

* The Group changed its accounting policy with respect to the measurement of land and buildings as at 1 January 2017 on a prospective basis. Therefore, the fair value of the land and buildings were not measured at 1 January 2016.

If the properties were measured using the cost model, the carrying amounts would be, as follows:

	Group 2017 RM'000
Cost	**37,469**
Accumulated depreciation and impairment	**(3,633)**
Net carrying amount	**33,836**

Notes to the Financial Statements

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10. INVESTMENT PROPERTY

Leasehold land and building	Group 2017 RM'000	Group 2016 RM'000 (Restated)
At fair value		
As at 1 January	**400**	350
Net gain from fair value measurement	**-**	50
As at 31 December	**400**	400

The Group's investment property consists of one commercial property.

During the financial year ended 31 December 2017, the Group re-assessed its accounting for investment property with respect to measurement method. The Group previously measured its investment property using the cost model.

Subsequent to the Group's re-assessment of its accounting for investment property, the Group elected to change the method of accounting for investment property to the fair value model.

A reconciliation of the change from cost model to fair value model is as below:

Leasehold land and building	Group 2017 RM'000	Group 2016 RM'000 (Restated)
At 1 January		
As previously stated, as at 1 January	**212**	217
Reversal of accumulated depreciation on fair value measurement	**75**	70
Additional gain from fair value measurement	**113**	63
Gain from fair value measurement (Note 38)	**188**	133
As restated, as at 1 January	**400**	350
During the year		
Gain from fair value measurement	**-**	50
At 31 December	**400**	400

As at 31 December 2017 and 31 December 2016, the fair values of the investment property are based on valuations performed by Hartanah Consultants (Valuations) Sdn Bhd, an independent professional valuer specialising in valuing these type of investment properties.

Fair value of the investment property was determined using the market comparison method. This means that valuation performed by the valuer is based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property.

Profit arising from investment property carried at fair value is as follow:

	Group 2017 RM'000	Group 2016 RM'000 (Restated)
Rental income derived from investment property	**7**	7
Direct operating expenses generating rental income (included in other operating expenses)	**(1)**	(1)
Profit arising from investment property carried at fair value	**6**	6

Notes to the Financial Statements

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10. INVESTMENT PROPERTY (CONT'D)

Significant unobservable valuation input:

	Group	
	2017 RM	**2016 RM**
Price per square feet	**143**	143

Significant increase/(decrease) in estimated price per square feet would result in a significant higher/(lower) fair value.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Fair value hierarchy disclosures for investment property is provided in Note 33.

11. INTANGIBLE ASSETS

	Group			
	Goodwill on consolidation RM'000	**Computer software RM'000**	**Computer software-in-development RM'000**	**Total RM'000**
Cost				
At 1 January 2017	**596**	**38,745**	**-**	**39,341**
Additions	**-**	**3,613**	**-**	**3,613**
At 31 December 2017	**596**	**42,358**	**-**	**42,954**
Accumulated amortisation				
At 1 January 2017	**596**	**2,923**	**-**	**3,519**
Amortisation	**-**	**4,137**	**-**	**4,137**
At 31 December 2017	**596**	**7,060**	**-**	**7,656**
Net carrying amount				
At 31 December 2017	**-**	**35,298**	**-**	**35,298**
Cost				
At 1 January 2016	596	8,189	13,657	22,442
Additions	-	16,899	-	16,899
Reclassification	-	13,657	(13,657)	-
At 31 December 2016	596	38,745	-	39,341
Accumulated amortisation				
At 1 January 2016	596	614	-	1,210
Amortisation	-	2,309	-	2,309
At 31 December 2016	596	2,923	-	3,519
Net carrying amount				
At 31 December 2016	-	35,822	-	35,822

During the financial year, the Group acquired intangible assets by the following means:

	Group	
	2017 RM'000	**2016 RM'000**
Cash	**3,613**	12,697
Other payables	**-**	4,202
	3,613	16,899

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12. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost	**1,378,248**	1,378,248

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Equity interest 2017	Equity interest 2016	Principal activity
Held by the Company:				
7-Eleven Malaysia Sdn. Bhd.	Malaysia	**100%**	100%	Operating and franchising of convenience stores under the "7-Eleven" brand name
Held through 7-Eleven Malaysia Sdn. Bhd. :				
Convenience Shopping (Sabah) Sdn. Bhd.	Malaysia	**100%**	100%	Dormant
7 Properties Sdn. Bhd.	Malaysia	**100%**	100%	Real property investments
Teluk Juara Sdn. Bhd.	Malaysia	**100%**	100%	Real property investments

13. OTHER INVESTMENTS

	Group	
	2017 RM'000	2016 RM'000
Available-for-sale financial assets		
Non-current		
At cost:		
Unquoted shares in Malaysia	**1**	1

14. INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
At cost:		
General merchandise held for resale	**215,262**	251,417
Consumables	**6,695**	12,531
	221,957	263,948
Cost of inventories recognised as an expense during the financial year	**1,495,722**	1,456,798

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15. SUNDRY RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Other receivables	**53,597**	41,604	**1**	11
Deposits	**41,903**	38,610	**4**	4
Prepayments	**13,451**	7,833	**85**	56
Dividend receivable from a subsidiary company	**-**	-	**58,000**	52,000
Due from other related parties	**6,598**	5,608	**-**	-
	115,549	93,655	**58,090**	52,071
Less: Allowance for impairment on other receivables	**(2,023)**	(1,652)	**-**	-
Total sundry receivables	**113,526**	92,003	**58,090**	52,071
Total sundry receivables	**113,526**	92,003	**58,090**	52,071
Add: Cash and bank balances (Note 16)	**69,634**	49,450	**1,503**	9,798
Less: Prepayments	**(13,451)**	(7,833)	**(85)**	(56)
Total loans and receivables	**169,709**	133,620	**59,508**	61,813

Included in sundry receivables is an amount of RM39,630,000 (2016: RM43,378,000), comprising of rebates and incentives income receivable from vendors. These rebates and incentives have been estimated based on terms in trade agreements entered into with vendors.

(a) Receivables

Receivables, other than amounts due from a subsidiary company, are unsecured, non- interest bearing and repayable upon demand. They are recognised at their original amounts which represent their fair values on initial recognition.

Receivables that are impaired

The receivables of the Group's that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017 RM'000	2016 RM'000
Individually impaired		
Other receivables - nominal amounts	**2,023**	1,652
Less: Allowance for impairment	**(2,023)**	(1,652)
	-	-
Movement in allowance accounts:		
At 1 January	**1,652**	1,652
Charge for the financial year	**371**	-
At 31 December	**2,023**	1,652

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

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15. SUNDRY RECEIVABLES (CONT'D)

(b) Due from other related parties

Amounts due from other related parties are unsecured, non-interest bearing and are repayable upon demand. Included in amount due from other related parties are as follow:

	Group	
	2017 RM'000	2016 RM'000
Berjaya Channel Sdn. Bhd. ("BCSB") (Note (i))		
Advertising income - Revenue sharing (Trade in nature)	**2,821**	2,768
Nural Enterprise Sdn. Bhd. ("NESB") (Note (i))		
Refundable deposits (Non-trade in nature)	**538**	529
Berjaya Times Square Sdn. Bhd. ("BTSB") (Note (ii))		
Refundable deposits (Non-trade in nature)	**352**	324
Sun Media Corporation Sdn Bhd ("Sun Media")		
Display fees from placement of the Sun newspaper (Trade in nature)	**2,750**	1,987

(i) BCSB and NESB are subsidiaries of Berjaya Corporation Berhad ("BCorp").

(ii) BTSB is a subsidiary of Berjaya Assets Berhad ("BAssets").

Chan Kien Sing who is a director of the Company is also a director of BCorp and BAssets.

Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") is a substantial shareholder of the Company. TSVT is also a substantial shareholder of BCorp, BAssets and Sun Media.

TSVT is also a director of BTSB.

16. CASH AND BANK BALANCES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash on hand and at banks	**63,904**	40,612	**842**	1,303
Short term deposits with licensed banks	**5,730**	8,838	**661**	8,495
	69,634	49,450	**1,503**	9,798

Included in cash on hand and at banks of the Group and of the Company are overnight placements with licensed banks amounted to RM9,155,242 (2016: RM5,189,908), with interest ranging from 1.50% to 3.00% (2016: 1.50% to 3.00%) per annum.

As at the reporting date, the interest rates of short term deposits of the Group range from 2.83% to 3.60% (2016: 2.80% to 4.00%) per annum. As at the reporting date, the interest rate of short term deposit of the Company is 3.60% (2016: 2.90% to 3.60%) per annum.

The remaining days to maturity of deposits as at the end of the financial year were as follows:

	Group		Company	
	2017 Days	2016 Days	2017 Days	2016 Days
Deposits with licensed banks	**4 - 5**	3 - 22	**5**	3 - 9

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17. SHARE CAPITAL

	Group and Company			
	2017		2016	
	Number of ordinary shares RM'000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Authorised				
At 1 January	**3,000,000**	300,000	**3,000,000**	300,000
Abolished under Companies Act 2016	**(3,000,000)**	(300,000)	**-**	-
At 31 December	**-**	-	**3,000,000**	300,000
Issued and fully paid up				
At 1 January	**1,233,385**	123,338	**1,233,835**	123,338
Transfer from share premium (Note 18)	**-**	1,361,800	**-**	-
At 31 December	**1,233,385**	1,485,138	**1,233,835**	123,338

The Companies Act 2016 ("the Act"), which came into effect on 31 January 2017, abolished the concept of authorised share capital and par value for shares. Consequently, the credits standing in the share premium account of RM1,361,800,000 has become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the credits transferred from the share premium account of RM1,361,800,000 for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any shareholders as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares, net of treasury shares, carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

18. SHARE PREMIUM

	Group and Company	
	2017 RM'000	2016 RM'000
At 1 January	**1,361,800**	1,361,800
Transfer of share premium to share capital (Note 17)	**(1,361,800)**	-
At 31 December	**-**	1,361,800

Pursuant to Section 618(2) of the Companies Act 2016, the credits standing in the Company's share premium account has become part of the Company's share capital.

19. TREASURY SHARES

	Group and Company			
	2017		2016	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
At 1 January	**123,000**	190,625	**40,500**	58,913
Purchase during the year	**-**	-	**82,500**	131,712
At 31 December	**123,000**	190,625	**123,000**	190,625

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19. TREASURY SHARES (CONT'D)

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares.

In the previous financial year, the Company repurchased 82,500,000 ordinary shares from the open market at Bursa Malaysia Securities Berhad ("Bursa Malaysia") at an average price of RM1.59 per share. The total consideration paid for the acquisition including transaction costs was RM131,712,000. The shares purchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. The carrying amount of the treasury shares is presented as a component within shareholders' equity.

The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds and held as treasury shares.

20. CAPITAL REORGANISATION DEFICIT

	Group	
	2017 RM'000	2016 RM'000
Capital reorganisation deficit		
At 1 January/31 December	**(1,343,248)**	(1,343,248)

21. ASSETS REVALUATION RESERVE

The asset revaluation reserve represents increases in the fair value of land and buildings, net of tax.

	Group	
	2017 RM'000	2016 RM'000
Revaluation of land and buildings classified as property, plant & equipment (Note 9)		
As 1 January	**-**	-
Increase in fair value	**44,996**	-
At 31 December	**44,996**	-
Deferred taxation (Note 26)		
As 1 January	**-**	-
Provision during the year	**(4,212)**	-
At 31 December	**(4,212)**	-
Total asset revaluation reserve, net of tax	**40,784**	-

22. RETAINED PROFITS

The Company may distribute dividends out of its entire retained profits under the single tier system.

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23. PROVISIONS

	Group	
	2017 RM'000	2016 RM'000
At 1 January	**7,113**	6,476
Provisions during the year (Note 9(b))	**624**	714
Utilised during the year	**(60)**	(77)
At 31 December	**7,677**	7,113
At 31 December		
Current	**277**	158
Non-current:		
Later than 1 year but not later than 2 years	**308**	469
Later than 2 years but not later than 5 years	**2,090**	879
Later than 5 years	**5,002**	5,607
	7,400	6,955
	7,677	7,113

Provisions represent the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the use of such assets, which are capitalised and included in the cost of property, plant and equipment.

24. BORROWINGS

	Group	
	2017 RM'000	2016 RM'000
Short term borrowings		
Secured:		
Hire purchase and finance lease liabilities (Note 25)	**19**	160
Unsecured:		
Bankers' acceptances	**71,800**	65,513
Term loan	**11,800**	4,800
Revolving credit	**60,000**	20,000
	143,619	90,473
Long term borrowings		
Secured:		
Hire purchase and finance lease liabilities (Note 25)	**-**	19
Unsecured:		
Term loan	**42,400**	25,200
	42,400	25,219
Total borrowings		
Bankers' acceptances	**71,800**	65,513
Term loan	**54,200**	30,000
Revolving credit	**60,000**	20,000
Hire purchase and finance lease liabilities (Note 25)	**19**	179
	186,019	115,692

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24. BORROWINGS (CONT'D)

The remaining maturities of the borrowings as at 31 December 2017 and 31 December 2016, other than hire purchase and finance lease liabilities as disclosed in Note 25, are as follows:

	Group	
	2017 RM'000	**2016 RM'000**
At 31 December		
Current:		
Not later than 1 year	**143,600**	90,313
Non-current:		
Later than 1 year but not later than 2 years	**16,000**	4,800
Later than 2 years but not later than 5 years	**26,400**	20,400
	42,400	25,200
	186,000	115,513

Changes in liabilities arising from financing activities:

	At 1 January 2017 RM'000	Drawdown RM'000	Repayment RM'000	At 31 December 2017 RM'000
Group				
Bankers' acceptances	**65,513**	330,820	**(324,533)**	71,800
Term loan	**30,000**	32,000	**(7,800)**	54,200
Revolving credit	**20,000**	40,000	**-**	60,000
Hire purchase and finance lease liabilities	**179**	-	**(160)**	19
	115,692	402,820	**(332,493)**	186,019

Corporate guarantee is given by the Company to its subsidiary for bankers' acceptance, term loan and revolving credit.

Borrowings are secured by the followings:

Hire purchase and finance lease liabilities

First legal charge over the subsidiary's computer equipment and motor vehicles of RM19,000 (2016: RM806,000) acquired by means of hire purchase and finance lease liabilities, as disclosed in Note 9(c).

Other information on financial risks of borrowings are disclosed in Note 34(b).

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25. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	Group 2017 RM'000	Group 2016 RM'000
Future minimum lease payments:		
Not later than 1 year	**19**	164
Later than 1 year and not later than 2 years	**-**	19
	19	183
Less: Future finance charges	**-**	(4)
	19	179
Analysis of present value of finance lease payables:		
Current	**19**	160
Non-current:		
Later than 1 year and not later than 2 years	**-**	19
	19	179

26. DEFERRED TAX LIABILITIES/(ASSET)

	Group 2017 RM'000	Group 2016 RM'000
As at 1 January	**15,864**	8,793
Recognised in profit or loss (Note 8 (a))	**(640)**	7,071
Recognised in other comprehensive income (Note 8 (b))	**4,212**	-
As at 31 December	**19,436**	15,864
Presented after appropriate offsetting as follows:		
Deferred tax asset	**(4,764)**	(3,444)
Deferred tax liabilities	**24,200**	19,308
	19,436	15,864

The components and movements of deferred tax asset and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

Group	Provisions RM'000
At 1 January 2017	**(3,444)**
Recognised in profit or loss	**(1,320)**
At 31 December 2017	**(4,764)**
At 1 January 2016	(2,956)
Recognised in profit or loss	(488)
At 31 December 2016	(3,444)

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26. DEFERRED TAX LIABILITIES/(ASSET) (CONT'D)

Deferred tax liabilities

Group	Property, plant and equipment RM'000	Revaluation of land and buildings to fair value RM'000	Fair value of investment property RM'000	Total RM'000
As at 1 January 2017				
As previously stated	**19,262**	**-**	**-**	**19,262**
Deferred tax from fair value measurement (Note 38)	**-**	**-**	**46**	**46**
As restated	**19,262**	**-**	**46**	**19,308**
Recognised in profit or loss	**680**	**-**	**-**	**680**
Recognised in other comprehensive income (Note 8(b))	**-**	**4,212**	**-**	**4,212**
As at 31 December 2017	**19,942**	**4,212**	**46**	**24,200**
As at 1 January 2016				
As previously stated	11,716	-	-	11,716
Deferred tax from fair value measurement (Note 38)	-	-	33	33
As restated	11,716	-	33	11,749
Recognised in profit or loss	7,546	-	13	7,559
As at 31 December 2016	19,262	-	46	19,308

27. TRADE PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Third parties				
Merchandise suppliers	**287,688**	309,583	**-**	-
Phone reload coupon suppliers	**28,389**	92,970	**-**	-
Related parties				
Phone reload coupon suppliers	**76,540**	58,953	**-**	-
Total trade payables	**392,617**	461,506	**-**	-
Total trade payables	**392,617**	461,506	**-**	-
Add: Other payables (Note 28)	**115,184**	138,168	**83,565**	85,041
Add: Borrowings (Note 24)	**186,019**	115,692	**-**	-
Total financial liabilities, carried at amortised cost	**693,820**	715,366	**83,565**	85,041

(a) Third parties

The normal trade credit terms granted to the Group are as follows:

	Group	
	2017 Days	2016 Days
Merchandise suppliers	**30 - 60**	30 - 60
Phone reload coupon suppliers	**7 - 60**	7 - 60

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27. TRADE PAYABLES (CONT'D)

(a) Third parties (cont'd)

The normal trade credit terms granted to the Group ranged from 7 to 60 (2016: 7 to 60) days. However, suppliers will generally extend their credit terms to 90 (2016: 90) days upon request by the Group.

(b) Related parties

Related parties refer to MOL AccessPortal Sdn. Bhd. ("MOL") and U Mobile Sdn. Bhd. ("U Mobile"), companies in which TSVT is deemed to have an interest.

The trade credit terms granted by MOL and U Mobile to the Group ranged from 7 to 60 (2016: 7 to 60) days.

28. OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current				
Sundry payables	**47,472**	55,988	**17**	17
Accruals	**49,080**	61,513	**110**	301
Royalties payable	**-**	1,807	**-**	-
Refundable deposits	**18,632**	18,860	**-**	-
Due to a subsidiary company	**-**	-	**83,438**	84,723
	115,184	138,168	**83,565**	85,041

(a) Payables

Payables, other than amounts due to a subsidiary company, are unsecured, non-interest bearing and are normally settled on 30 to 60 (2016: 30 to 60) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in sundry payables are balances in respect of transactions with a company in which TSVT is deemed interested:

	Type of transaction	Group 2017 RM'000	Group 2016 RM'000
Securexpress Services Sdn. Bhd.	Transportation costs	**1,489**	320

(b) Refundable deposits

Refundable deposits comprised security deposits, change fund deposits and rental deposits. These deposits are refundable upon the termination by notice as per the franchise or tenancy agreements, or the expiration of the respective agreement.

(c) Due to a subsidiary company

As at 31 December 2017, the amount due to a subsidiary company, refers to amount due to 7-Eleven Malaysia Sdn. Bhd. This amount is unsecured, bore interest at 5.8% (2016: 5.8%) per annum and is repayable on demand.

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29. DIVIDENDS

	Group and Company			
	2017		2016	
	Amount, net of tax RM'000	Net dividend per ordinary share Sen	Amount, net of tax RM'000	Net dividend per ordinary share Sen
Dividend for the financial year ended 31 December 2016:				
Interim single-tier dividend of 2.3% on 1,110,385,000^ ordinary shares, declared on 27 February 2017 and paid on 28 April 2017	25,539	2.3	-	-
Special single-tier dividend of 2.4% on 1,110,385,000^ ordinary shares, declared on 27 February 2017 and paid on 28 April 2017	26,649	2.4	-	-
Dividend for the financial year ended 31 December 2015:				
Interim single-tier dividend of 2.3% on 1,180,145,000# ordinary shares, declared on 25 February 2016 and paid on 31 March 2016	-	-	27,143	2.3
Special single-tier dividend of 2.4% on 1,180,145,000# ordinary shares, declared on 25 February 2016 and paid on 31 March 2016	-	-	28,323	2.4
	52,188	4.70	55,466	4.70

^ Dividends were distributed to the holders of ordinary shares of the Company in issue as at 14 April 2017 (being the entitlement date), net of 123,000,000 treasury shares.

Dividends were distributed to the holders of ordinary shares of the Company in issue as at 17 March 2016 (being the entitlement date), net of 53,240,000 treasury shares.

(a) The following dividends have been declared on 18 April 2018, for the financial year eded 31 December 2017:

	Group and Company	
	Amount, net of tax RM'000	Net dividend per ordinary share Sen
Interim single-tier dividend of 2.7% on ordinary shares	30,000	2.7
Share dividend distribution of 18,506,416 treasury shares on the basis of 1 share for every 60 existing ordinary shares held	28,685	2.6
	58,685	5.3

The entitlement date has been fixed on 10 May 2018. The cash dividend is payable on 22 May 2018 and the treasury shares to be distributed as share dividend will be credited into the entitle depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd within 10 market dats from the entitlement date.

These dividends will be accounted for in the equity as an appropriation if retained profits in the financial year ending 31 December 2018.

The Board of Directors do not propose anny final dividend for the financial year ended 31 December 2017.

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30. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Significant related party transactions

	Type of transaction	Company 2017 RM'000	Company 2016 RM'000
With a subsidiary company			
Held by the Company:			
7-Eleven Malaysia Sdn. Bhd. ("7EMSB")	Dividend receivable from 7EMSB	**58,000**	52,000
	Net advances to 7EMSB	**5,916**	101,676
	Interest expense payable to 7EMSB	**4,631**	1,448
	Interest income on dividend receivable from 7EMSB	**-**	1,210
With companies in which TSVT is deemed interested*			
MOL AccessPortal Sdn. Bhd. ("MOL")	Receipts of payment from MOL for commission on in-store services such as mobile phone, Touch 'n Go, and online game reloads and bill payments	**27,239**	25,684
	Payments to MOL for transaction values for in-store services such as mobile phone, Touch 'n Go, and online game reloads and bill payments	**1,152,605**	710,960
U Mobile Sdn. Bhd. ("U Mobile")	Receipts from U Mobile for commission on sale of mobile phone reloads	**12,041**	9,613
	Payments to U Mobile for transaction values reload for sale of mobile phone reloads	**194,511**	151,080
	Receipts from U Mobile for advertisement placement fees	**6,833**	6,182
Berjaya Channel Sdn. Bhd. ("BCSB")	Receipts from BCSB for advertisement placement fees	**50**	1,258
Sun Media Corporation Sdn. Bhd.	Advertising fees on placement of advertisement in The Sun newspaper	**740**	739
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	**720**	720
Securexpress Services Sdn. Bhd. ("Securexpress")	Payment to Securexpress for transportation fees on delivery of merchandise goods to stores	**10,888**	17,603
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payment to Berjaya Sompo for insurance premium	**2,459**	1,753
Nural Enterprise Sdn. Bhd. ("NESB")	Payment to NESB for rental of property	**1,369**	1,382
Berjaya Times Square Sdn. Bhd. ("BTSB")	Payment to BTSB for rental of property	**558**	539

* TSVT is a substantial shareholder of the Company.

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30. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

(a) Significant related party transactions (cont'd)

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on negotiated terms and conditions.

Information regarding outstanding balances arising from related party transactions as at 31 December 2017 and 2016 are disclosed in Notes 15, 27 and 28.

(b) Compensation of key management personnel

The remuneration of directors and members of key management during the financial year was as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short-term employee benefits	**4,604**	4,423	**481**	323
Post-employment benefits:				
Defined contribution plan	**373**	259	**-**	-
	4,977	4,682	**481**	323
Included in the total key management personnel are:				
Directors' benefits (Note 6(b))	**4,666**	4,026	**481**	323

31. COMMITMENTS

(a) Capital commitments

	Group	
	2017 RM'000	2016 RM'000
Approved and contracted for		
- property, plant and equipment	**4,604**	-
- intangible assets	**-**	1,635
	4,604	1,635
Approved but not contracted for		
- property, plant and equipment	**103,145**	111,130
	103,145	111,130
	107,749	112,765

(b) Operating lease commitments - as lessee

The Group has entered into commercial leases on properties. These non-cancellable leases have an average lease term of 3 years. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on prevailing market conditions. The Group is restricted from subleasing the excess space to third parties.

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31. COMMITMENTS (CONT'D)

(b) Operating lease commitments - as lessee (cont'd)

The future minimum rentals payable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	**5,612**	6,780
Later than 1 year but not later than 5 years	**4,296**	6,233
	9,908	13,013

(c) Operating lease commitments - as lessor

The Group has entered into commercial property leases on their properties. These non- cancellable leases have an average lease terms of 3 years. All leases include a clause to enable upward revision of the rental charge upon renewal of the leases based on prevailing market conditions.

The future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2017 RM'000	2016 RM'000
Not later than 1 year	**148**	174
Later than 1 year but not later than 5 years	**24**	-
	172	174

32. CONTINGENT LIABILITIES

The Group has bank guarantees of RM9,154,878 as at 31 December 2017 (2016: RM7,099,383) as security deposits in favour of various government bodies and private companies.

The bank guarantee facilities are granted to 7-Eleven Malaysia Sdn. Bhd. on a clean basis.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group			
	2017 RM'000		2016 RM'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial asset:				
Other investment (non-current)				
- Unquoted equity instrument, at cost (Note 13)	**1**	*****	1	*
Financial liability:				
- Hire purchase and finance lease liabilities (Note 25)	**19**	**19**	179	203

* Investment in equity instrument carried at cost

Fair value information has not been disclosed for the Group's investment in equity instrument that is carried at cost because fair value cannot be measured reliably.

Notes to the Financial Statements

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33. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Sundry receivables (current)	15
Trade and other payables (current)	27, 28
Borrowings (current and non-current)	24

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current and non-current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of current and non-current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the reporting date.

C. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

		Fair value measurement using		
Group	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000
31 December 2017				
Assets carried at fair value:				
Land and buildings classified as property, plant and equipment (Note 9)	**78,689**	**-**	**-**	**78,689**
Investment property (Note 10)	**400**	**-**	**-**	**400**
Liabilities for which fair values are disclosed				
Borrowings				
- Hire purchase and finance lease liabilities (Note 25)	**19**	**-**	**-**	**19**
31 December 2016				
Assets carried at fair value:				
Investment property (Note 10)	400	-	-	400
Liabilities for which fair values are disclosed				
Borrowings				
- Hire purchase and finance lease liabilities (Note 25)	203	-	-	203

There have been no transfers between Level 1 and Level 2 during the year.

Notes to the Financial Statements

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and agrees the policies and procedures for the management of these risks, in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group and of the Company, which are executed by the senior management of the Company.

It is the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from sundry receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The interest bearing assets made up of deposits with licensed banks. The Group and the Company manage the interest rate risk of their deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Group and the Company to fair value interest rate risk. The Group and the Company manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

<u>Sensitivity analysis for interest rate risk</u>

At the reporting date, if interest rates had been 50 basis points higher/lower, with all other variables held constant, the Group's profit net of tax would have been RM650,000 (2016: RM478,000) lower/higher, arising mainly as a result of higher/lower interest income on deposits with licensed banks and interest expenses on borrowings.

At the reporting date, if interest rates had been 50 basis points higher/lower, with all other variables held constant, the Company's profit net of tax would have been RM315,000 (2016: RM354,000) lower/higher, arising mainly as a result of higher/lower interest income on deposit with licensed banks and amount due from a subsidiary company.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

Notes to the Financial Statements

31 December 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Interest rate risk (cont'd)

Sensitivity analysis for interest rate risk (cont'd)

The carrying amounts, the range of applicable interest rates as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk are disclosed in Notes 15, 16, 24 and 28 and the table below:

	Note	Range of interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Total RM'000
At 31 December 2017						
Group						
Fixed rate						
Hire purchase and finance lease	25	**4.4**	**19**	**-**	**-**	**19**
Variable rate						
Bankers' acceptances	24	**4.6 - 5.3**	**71,800**	**-**	**-**	**71,800**
Term loans	24	**5.6 - 5.8**	**11,800**	**16,000**	**26,400**	**54,200**
Revolving credit	24	**5.1 - 5.3**	**60,000**	**-**	**-**	**60,000**
At 31 December 2016						
Group						
Fixed rate						
Hire purchase and finance lease	25	5.0 - 6.9	160	19	-	179
Variable rate						
Bankers' acceptances	24	4.6 - 5.3	65,513	-	-	65,513
Term loans	24	5.6	4,800	4,800	20,400	30,000
Revolving credit	24	5.1	20,000	-	-	20,000

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains the availability of funding through adequate amount of committed credit facilities.

Notes to the Financial Statements

31 December 2017

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2017		
	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	**507,801**	**-**	**507,801**
Borrowings	**153,089**	**45,549**	**198,638**
Total undiscounted financial liabilities	**660,890**	**45,549**	**706,439**
Company			
Financial liabilities:			
Trade and other payables, representing total undiscounted financial liabilities	**83,565**	**-**	**83,565**

	2016		
	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	599,674	-	599,674
Borrowings	92,000	28,137	120,137
Total undiscounted financial liabilities	691,674	28,137	719,811
Company			
Financial liabilities:			
Trade and other payables, representing total undiscounted financial liabilities	85,041	-	85,041

(d) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the functional currency, Ringgit Malaysia. The currency giving rise to this risk is primarily US Dollar. Foreign exchange exposures are kept to an acceptable level.

Notes to the Financial Statements

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34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (cont'd)

The net unhedged financial liabilities of the Group and the Company that are not denominated in their functional currency are as follows:

	Group RM'000
Payables	
At 31 December 2017	
US Dollar	**930**
At 31 December 2016	
US Dollar	1,793

Sensitivity analysis for foreign currency risk

At the reporting date, the impact to the Group's profit net of tax would be minimal, if US Dollar exchange rate had strengthened/weakened by 10%, with all other variables held constant.

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2017 and 2016.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to keep the gearing ratio of less than 1.25 times. The Group includes within net debt, loans and borrowings, less cash and bank balances. Capital includes equity attributable to the shareholders of the Company, and excludes treasury shares.

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Borrowings	24	**186,019**	115,692	**-**	-
Less: Cash and bank balances	16	**(69,634)**	(49,450)	**(1,503)**	(9,798)
Net debt/(cash)		**116,385**	66,242	**(1,503)**	(9,798)
Equity attributable to the shareholders of the Group/Company, representing total capital		**264,659**	225,956	**1,546,136**	1,546,489
Gearing ratio		**0.44**	0.29	Not applicable	

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

Notes to the Financial Statements

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36. SEGMENT INFORMATION

The Group is essentially involved in operation of convenience stores, investment holding and real property investments. Operating segments of the Group are best segregated as follows:

(a) Convenience stores

The convenience stores segment is the operating and franchising of convenience stores under the "7-Eleven" brand name, which offers a range of grocery and food items including hot food and beverages and manages the distribution of reloads of mobile phone, Touch 'n Go and online game and bill payment services.

(b) Others

The other segments consist of investment holding and real property investments.

All inter-segment transactions were carried out in the normal course of business and established under negotiated terms.

	Group		
Revenue	**External RM'000**	**Inter-segment RM'000**	**Total RM'000**
For the financial year ended 31 December 2017			
Convenience stores	**2,186,812**	**-**	**2,186,812**
Others	**290**	**58,697**	**58,987**
Inter-segment elimination	**-**	**(58,697)**	**(58,697)**
	2,187,102	**-**	**2,187,102**
For the financial year ended 31 December 2016			
Convenience stores	2,103,088	-	2,103,088
Others	279	52,697	52,976
Inter-segment elimination	-	(52,697)	(52,697)
	2,103,367	-	2,103,367

	Group	
Results	**2017 RM'000**	**2016 RM'000**
Profit from operations:		
Convenience stores	**80,637**	71,852
Others	**(1,797)**	(170)
	78,840	71,682
Interest income	**888**	1,780
Finance costs	**(9,232)**	(2,590)
Profit before tax	**70,496**	70,872
Income tax expense	**(20,389)**	(18,657)
Net profit for the year	**50,107**	52,215

Notes to the Financial Statements
31 December 2017

36. SEGMENT INFORMATION (CONT'D)

Assets and liabilities	Group – Assets 2017 RM'000	Group – Assets 2016 RM'000 (Restated)	Group – Liabilities 2017 RM'000	Group – Liabilities 2016 RM'000 (Restated)
Convenience stores	**731,766**	738,537	**717,729**	737,639
Others	**63,202**	35,156	**3,205**	723
	794,968	773,693	**720,934**	738,362

Other information	Group – Capital expenditure RM'000	Group – Depreciation and amortisation RM'000	Group – Impairment loss*/ written-off RM'000	Group – Other non-cash (income)/ expenses RM'000
For the financial year ended 31 December 2017				
Convenience stores	**45,184**	**60,295**	**8,272**	**(101)**
Others	**-**	**-**	**(113)**	**-**
	45,184	**60,295**	**8,159**	**(101)**
For the financial year ended 31 December 2016				
Convenience stores	68,314	52,946	6,473	312
Others	-	154	(656)	-
	68,314	53,100	5,817	312

* Included reversal of impairment loss

Geographical information

All revenue and non-current assets are earned and held in Malaysia.

Notes to the Financial Statements

31 December 2017

37. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the financial year (net of tax) attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

The Company has no potential ordinary shares and therefore, diluted earnings per share is the same as basic earnings per share. The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2017	**2016 (Restated)**
Net profit attributable to ordinary shares (RM'000)	**50,107**	52,215
Weighted average number of ordinary shares in issue ('000)	**1,110,385**	1,158,619
Basic/diluted earnings per ordinary share (sen)	**4.51**	4.51

38. PRIOR YEAR ADJUSTMENTS

Effects of change in accounting policy for the Group's investment property

As disclosed in Note 2.2, the Group elected to change its accounting policy for investment property to the fair value model during the current year.

The effects of the retrospective adjustments made to the financial statements of the Group as a result of the above are summarised below:

Group	As previously stated RM'000	Adjustment RM'000	As restated RM'000
Statement of comprehensive income			
For the financial year ended 31 December 2016			
Other operating income	115,518	50	115,568
Administrative and other operating expenses	(92,530)	5	(92,525)
Income tax expense	(18,644)	(13)	(18,657)
Statement of financial position			
As at 1 January 2016			
Investment property	217	133	350
Deferred tax liabilities	(8,760)	(33)	(8,793)
Retained profits	(87,217)	(100)	(87,317)
As at 31 December 2016			
Investment property	212	188	400
Deferred tax liabilities	(15,818)	(46)	(15,864)
Retained profits	(83,924)	(142)	(84,066)

Notes to the Financial Statements

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38. PRIOR YEAR ADJUSTMENTS (CONT'D)

Effects of change in accounting policy for the Group's investment property (cont'd)

Effects of change to income tax expense as disclosed in Note 8(a) are as below:

Group	As previously stated RM'000	Adjustment RM'000	As restated RM'000
At 31 December 2016			
Income tax:			
Current year	12,013	-	12,013
Overprovision in prior year	(427)	-	(427)
	11,586	-	11,586
Deferred tax:			
Relating to origination and reversal of temporary differences	7,385	13	7,398
Overprovision in prior year	(327)	-	(327)
	7,058	13	7,071
	18,644	13	18,657

List of Properties

as at 31 December 2017

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Revaluation	Net Book Value (RM)
1	Lot 3, Persiaran Gerbang Utama, Bukit Jelutong Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.	A Parcel of Industrial Land	Vacant / Not Applicable	-	174,182 (4 acres)	Freehold	31 Dec 2017	34,800,000
2	No.49, Jalan Sultan Ismail, 50250 Kuala Lumpur.	Intermediate Unit $2^{1/2}$ Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	59	Land Area : 1,302 Build-up : 3,750	Freehold	31 Dec 2017	5,100,000
3	No. 2, Jalan Hang Lekiu, 50100 Kuala Lumpur.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental	18	Land Area : 1,033 Build-up : 4,142	Freehold	31 Dec 2017	5,000,000
4	No. 1, Block 6, Jalil Link, Jalan Jalil Jaya 7,Bukit Jalil, 57000 Kuala Lumpur.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	7	Land Area : 1,787 Build-up : 7,140	Freehold	31 Dec 2017	4,800,000
5	No. 58, Jalan PJS 11/28A, Sunway Metro, Bandar Sunway, 47500 Petaling Jaya, Selangor Darul Ehsan.	Intermediate Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	20	Land Area : 1,647 Build-up : 6,600	Leasehold (99-Year) Expiring Date : 28 Dec 2092 (H.S.(D) 85458) 11 Mar 2095 (H.S.(M) 9321)	31 Dec 2017	4,000,000
6	No. 211, Jalan Perkasa 1, Taman Maluri, 55100 Kuala Lumpur.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	33	Land Area : 2,208 Build-up : 8,654	Leasehold (99-Year)	31 Dec 2017	5,400,000
7	No. 213, Jalan Perkasa 1, Taman Maluri, 55100 Kuala Lumpur.	Intermediate Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	33	Land Area : 1,760 Build-up : 6,864	Expiring Date : 24 May 2076		
8	No. 10, Jalan Tiara 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan.	Intermediate Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	24	Land Area : 1,647 Build-up : 6,402	Leasehold (99-Year) Expiring Date : 8 May 2093	31 Dec 2017	1,650,000
9	Lot No.G-17 & G18, Ground Floor, Wisma Cosway, No 88, Jalan Raja Chulan, 50200 Kuala Lumpur.	Two (2) adjoining Ground Floor strata Shop Lot	As 7-Eleven Convenience Store	33	Land Area : - Build-up : 602.78	Freehold	31 Dec 2017	1,500,000
10	No. 46, Jalan Permas 10, Bandar Baru Permas Jaya, 81750 Masai, Johor Darul Takzim.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	21	Land Area : 2,583 Build-up : 10,332	Freehold	31 Dec 2017	2,000,000

List of Properties
as at 31 December 2017

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Revaluation	Net Book Value (RM)
11	No. 2, Jalan Impian Mahkota 1, Taman Saujana Impian, 43000 Kajang, Selangor Darul Ehsan.	Intermediate Unit Three (3) Storey Shop Office	Ground floor as 7-Eleven Convenience Store with Lower Ground Floor used as Car Park	9	Land Area : 1,604 Build-up : 5,003	Freehold	31 Dec 2017	1,300,000
12	No. 20, Jalan Tun Abdul Razak, Susur 6, Taman Suria Muafakat, 80200 Johor Bahru, Johor Darul Takzim.	Intermediate Stratified Unit Three (3) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	6	Land Area : 1,701 Build-up : 4,620	Leasehold (99-Year) Expiring Date : 23 May 2105	31 Dec 2017	1,400,000
13	No. 1, Lorong Sungai Emas, Eden Square, Batu Ferringhi, 11100 Pulau Pinang.	Corner Unit Three (3) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	13	Land Area : 1,604 Build-up : 4,516	Freehold	31 Dec 2017	1,250,000
14	No. 65, Jalan Badik 1, Taman Sri Tebrau, 80050 Johor Bahru, Johor Darul Takzim.	Intermediate Unit Two (2) Storey Terraced Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	40	Land Area : 1,760 Build-up : 2,916	Freehold	31 Dec 2017	1,400,000
15	No. 7, Jalan SS 12/1B, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan.	Intermediate Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	26	Land Area : 1,324 Build-up : 2,408	Freehold	31 Dec 2017	2,100,000
16	No. A-G-08, Block A , Jalan PJU 1A/41, Diaman Crimson (Pusat Dagangan NZX), 47301 Petaling Jaya, Selangor Darul Ehsan.	Intermediate Unit Ground Floor Shop	As 7-Eleven Convenience Store	9	Land Area : - Build-up : 1,711	Freehold	31 Dec 2017	1,150,000
17	No. 30, Jalan Setia Tropika 1/24, Taman Setia Tropika, Kempas, 81200 Johor Bahru, Johor Darul Takzim.	End Unit Three (3) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	8	Land Area : 1,680 Build-up : 5,040	Freehold	31 Dec 2017	1,800,000
18	No. 1, Jalan Kesidang 3/11, Melaka Mall, Off Jalan Tun Perak, 75300 Melaka.	End Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	24	Land Area : 2,271 Build-up : 7,928	Freehold	31 Dec 2017	750,000
19	No. 47 Jalan Yang Kalsom, 30250 Ipoh, Perak Darul Ridzuan.	Intermediate Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	67	Land Area : 1,740 Build-up : 3,040	Freehold	31 Dec 2017	650,000
20	No. D-0-5 & D-0-6,Block D, Ground Floor, Arena Green Apartment, No 3, Jalan 1/155A,Bukit Jalil, 57000 Kuala Lumpur.	Two (2) adjoining Ground Floor strata Shop Lot	As 7-Eleven Convenience Store	14	Land Area : - Build-up : 1,378	Freehold	31 Dec 2017	690,000

List of Properties
as at 31 December 2017

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Revaluation	Net Book Value (RM)
21	No.31, Jalan Utama 44, Mutiara Square, Mutiara Rini, 81300 Skudai, Johor Bahru, Johor Darul Takzim.	Intermediate Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	9	Land Area : 1,650 Build-up : 3,124	Leasehold (991-Year) Expiring Date : 4 Sep 2911	31 Dec 2017	700,000
22	19, Jalan Sungai Damansara B 32/B, Berjaya Park, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan.	Corner Unit Single Storey Shop	As 7-Eleven Convenience Store	11	Land Area : 1,647 Build-up : 1,640	Freehold	31 Dec 2017	450,000
23	No 47, Jalan TTJS/A, Taman Tuanku Jaafar, Sungai Gadut, 71450 Seremban, Negeri Sembilan Darul Khusus.	Corner Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	17	Land Area : 1,991 Build-up : 3,851	Freehold	31 Dec 2017	480,000
24	No 422, Jalan Cenderawasih 2, Taman Paroi Jaya, 70400 Seremban, Negeri Sembilan Darul Khusus.	Intermediate Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	33	Land Area : 1,755 Build-up : 3,515	Freehold	31 Dec 2017	320,000
25	No 155, Jalan Bandar Senawang 8, Pusat Bandar Senawang, 70450 Seremban, Negeri Sembilan Darul Khusus.	Intermediate Unit Two (2) Storey Shop Office	For rental purpose	14	Land Area : 1,399 Build-up : 2,800	Leasehold (99-Year) Expiring Date : 4 Dec 2088	31 Dec 2017	400,000

Additional Compliance Information

1. Audit and Non-Audit Fees

The amounts of audit and non-audit fees paid to the External Auditors or a firm affiliated to the External Auditors by the Company and the Group for the financial year ended 31 December 2017 are as follows:-

	Group (RM)	Company (RM)
Audit	458,000	80,000
Non-Audit	62,000	37,000

2. Material Contracts

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2017 or entered into since the end of the previous financial year ended 31 December 2016.

3. Recurrent Related Party Transactions

At the AGM to be held on 24 May 2018, the Company has obtained shareholder's mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("**RRPT Mandate**") which are necessary for the day-to-day operations of the Group and in the ordinary course of business, with related parties.

The RRPT Mandate is valid until the conclusion of the forthcoming Fifth Annual General Meeting of the Company to be held on 24 May 2018. The Company proposes to seek renewal of the existing and new RRPT Mandate at its forthcoming Fifth Annual General Meeting. The renewal of the existing and new RRPT Mandate, if approved by the shareholders, will be valid until the conclusion of the Company's next Annual General Meeting. Details of the RRPT Mandate being sought is provided in the Circular to Shareholders dated 25 April 2018 sent together with this Annual Report.

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 31 December 2017 by the Company and Group are as follows:-

Related Party	Nature of Transaction	Value of Transaction RM'000
MOL AccessPortal Sdn Bhd	Transaction value paid	1,152,605
MOL AccessPortal Sdn Bhd	Commission from in-store services	27,239
U Mobile Sdn Bhd	Transaction value paid	194,511
U Mobile Sdn Bhd	Commission from in-store services	12,041
Securexpress Services Sdn Bhd	Transportation services for delivery of mechandises to 7-Eleven stores	10,888
Nural Enterprise Sdn Bhd	Rental of properties	1,369
Sun Media Corporation Sdn Bhd	Advertisement placement fees	740
Sun Media Corporation Sdn Bhd	Display incentives received	720
Berjaya Times Square Sdn Bhd	Rental of properties	558
Angsana Gemilang Sdn Bhd	Rental of property	340
Cempaka Properties Sdn Bhd	Rental of property	313
Sparkling Hallmark Sdn Bhd	Rental of properties	283
Klasik Mewah Sdn Bhd	Rental of property	83
BLoyalty Sdn Bhd	Loyalty reward fees	74
BOXit Holdings Sdn Bhd	Rental income from parcel lockers	72
Berjaya Sompo Insurance Berhad	Rental of property	58

Additional Compliance Information

3. Recurrent Related Party Transactions (cont'd)

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 31 December 2017 by the Company and Group are as follows: (cont'd)

Related Party	Nature of Transaction	Value of Transaction RM'000
Berjaya Registration Services Sdn Bhd	Share registration and related services	57
Berjaya Channel Sdn Bhd	Rental of advertisement space at 7-Eleven	50
Qinetics Services Sdn Bhd	Purchase of IT infrastructure and management services fees	50
EVA Management Sdn Bhd	Human resources management services	6
BTS Carpark Sdn Bhd	Parking fees	6
Prime Credit Leasing Sdn Bhd	Leasing facilities	2
Berjaya Guard Services Sdn Bhd	Security guard services	2

These transactions are based on normal commercial terms that are not more favourable to its related parties than those generally available to the public.

4. Status of Utilisation of Proceeds

As at 31 March 2018, the status of utilisation of proceeds from the Public Issue of 181,385,000 new ordinary shares at RM1.38 per share are as follows:-

Purposes	Proposed utilization RM'000	Actual utilization as at the date of this report RM'000	Deviation between actual and proposed utilization (Note 1) RM'000	Change of proposed utilization (Note 2) RM'000	Revised Balance RM'000	Estimated time frame for utilization RM'000
i. Capital expenditure	184,790	144,000	-	(40,790)	-	Fully utilised
ii. Working capital	42,664	92,610	9,156	40,790	-	Fully utilised
iii. Estimated fees and expenses for the Initial Public Offering ("**IPO**") and listing exercise	22,857	13,701	(9,156)	-	-	Fully utilised
Total gross proceeds	**250,311**	**250,311**	**-**	**-**	**-**	

<u>Note:</u>

1. *Actual fees and expenses incurred for the IPO and listing exercise were less than the estimated fees and expenses by approximately RM9.2 million. The excess arising from actual listing expenses compared to the estimated expenses have been utilised for working capital purposes.*

2. *As announced to the Bursa Securities on 13 November 2015, the Board of Directors had approved for the unutilised balance of RM40.79 million included under capital expenditure that was allocated for the construction of the new combined distribution center on its existing land to be reallocated for working capital.*

Statistics of Shareholdings

as at 30 March 2018

Total Number of Issued Shares	:	1,110,385,000 (excluding treasury shares of 123,000,000)
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
Less than 100	34	2.09	229	0.00
100 – 1,000	393	24.20	257,932	0.02
1,001 – 10,000	797	49.08	3,828,800	0.31
10,001 – 100,000	277	17.05	8,700,499	0.70
100,001 – 61,669,249	118	7.27	512,926,540	41.59
61,669,250 and above	5	0.31	707,671,000	57.38
TOTAL	1,624	99.99	1,233,385,000	100.00

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of 7-Eleven Malaysia Holdings Berhad based on the Register of Substantial Shareholders of the Company and their respective shareholdings as at 30 March 2018 are as follows:-

	No. of Shares			
Substantial Shareholders	Direct	%	Indirect	%
Tan Sri Dato' Seri Vincent Tan Chee Yioun	6,450,000	0.58	473,544,700(1)	42.65
Berjaya Retail Berhad ("**BRetail**")	325,965,700	29.36	1,500,000(2)	0.14
Premier Merchandise Sdn. Bhd. ("**PMSB**")	-	-	327,465,700(3)	29.49
Intan Utilities Berhad ("**IUB**")	-	-	327,465,700(4)	29.49
Vista Meranti Sdn. Bhd. ("**VMSB**")	-	-	352,465,700(5)	29.49
HQZ Credit Sdn. Bhd. ("**HQZ**")	-	-	352,465,700(6)	29.49
DYMM Sultan Ibrahim Johor	172,370,000	15.52	-	-
Tan Sri Kong Hon Kong	79,000,000	7.11	-	-
Genesis Investment Management, LLP	62,645,500	5.64	-	-
The Ascend Sdn. Bhd.	78,625,000	7.08	-	-

Note:

(1) Deemed interested by virtue of his interests in the following companies:-.
- *HQZ, the ultimate holding company of BRetail and Berjaya Credit Sdn. Bhd. ("**BCredit**"); and*
- *Berjaya Corporation Berhad, the ultimate holding company of Berjaya Land Berhad and Berjaya Philippines Inc.*
- *Berjaya Assets Berhad, the holding company of Berjaya Times Square Sdn. Bhd. and Sublime Cartel Sdn. Bhd.*
- *True Ascend Sdn. Bhd.*

(2) Deemed interested by virtue of its interest in BCredit.
(3) Deemed interested by virtue of its 100% interest in BRetail, the holding company of BCredit.
(4) Deemed interested by virtue of its 100% interest in PMSB, the immediate holding company of BRetail and BCredit.
(5) Deemed interested by virtue of its 100% interest in IUB, the intermediate holding company of BRetail and BCredit.
(6) Deemed interested by virtue of its 100% interest in VMSB, the penultimate holding company of BRetail and BCredit.

Statistics of Shareholdings

as at 30 March 2018

DIRECTORS' INTERESTS

The Directors' interests based on the Register of Directors' Shareholdings of the Company as at 30 March 2018 are as follows:-

Number of ordinary shares

	Direct Interest		Indirect Interest	
Directors	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Dato' Seri Abdull Hamid Bin Embong	-	-	-	-
Tan Wai Foon	100,000	0.01	-	-
Chan Kien Sing	100,000	0.01	-	-
Puan Sri Datuk Seri Rohani Binti Abdullah	-	-	-	-
Ho Meng	90,000	0.01	-	-
Shalet Marian	200,000	0.02	-	-
Tan U-Ming	600,000	0.05	-	-
Muhammad Lukman Bin Musa @ Hussain	120,000	0.01	-	-

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
AS AT 30 MARCH 2018
(Without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shares	%
1.	**Maybank Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Retail Berhad (BRetail) (533531)*	254,676,000	22.94
2.	**DYMM Sultan Ibrahim Johor**	172,370,000	15.52
3.	**Tan Sri Kong Hon Kong**	79,000,000	7.11
4.	**Amanahraya Trustees Berhad** *As Beneficial Owner (TASB-T1)*	78,625,000	7.08
5.	**CIMB Group Nominees (Asing) Sdn. Bhd.** *Exempt An For DBS Bank Ltd (SFS)*	47,800,000	4.30
6.	**HSBC Nominees (Asing) Sdn. Bhd.** *JPMBL SA For Franklin Templeton Investment Funds*	32,002,600	2.88
7.	**Cimsec Nominees (Tempatan) Sdn. Bhd.** *CIMB Bank For Lim Wee Chai (PBCL-0G0025)*	32,000,000	2.88
8.	**Citigroup Nominees (Tempatan) Sdn Bhd** *Employees Provident Fund Board (Affin-Hwg)*	26,229,900	2.36
9.	**Malaysia Nominees (Tempatan) Sendirian Berhad** *Pledged Securities Account For Berjaya Retail Berhad (01-00854-000)*	25,939,700	2.34
10.	**Berjaya Retail Berhad**	25,000,000	2.25
11.	**DB (Malaysia) Nominee (Asing) Sdn. Bhd.** *SSBT Fund W4B0 For Wasatch International Opportunities Fund*	22,250,161	2.00
12.	**Sublime Cartel Sdn. Bhd.**	21,095,900	1.90

Statistics of Shareholdings
as at 30 March 2018

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)
AS AT 30 MARCH 2018
(Without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shares	%
13.	**HSBC Nominees (Asing) Sdn. Bhd.** *TNTC For The Genesis Group Trust For Employee Benefit Plans*	19,170,120	1.73
14.	**HSBC Nominees (Asing) Sdn. Bhd.** *BBH (LUX) SCA For The Genesis Emerging Markets Investment Company*	18,184,200	1.64
15.	**Berjaya Times Square Sdn. Bhd.**	18,000,000	1.62
16.	**HSBC Nominees (Asing) Sdn. Bhd.** *JPMCB NA For Stichting Depositary APG Emerging Markets Equity Pool*	16,595,000	1.49
17.	**HSBC Nominees (Asing) Sdn. Bhd.** *JPMCB NA For Templeton Global Investment Trust- Templeton Emerging Markets Small Cap Fund*	16,197,500	1.46
18.	**Casi Management Sdn. Bhd.**	13,300,000	1.20
19.	**Inter-Pacific Equity Nominees (Asing) Sdn. Bhd.** *Berjaya Philippines Inc*	11,600,000	1.04
20.	**UOBM Nominees (Asing) Sdn. Bhd.** *Banque De Luxembourg For Bl Emerging Markets*	11,248,700	1.01
21.	**Kenanga Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Retail Berhad(001) (Third Party)*	11,000,000	0.99
22.	**Cartaban Nominees (Asing) Sdn. Bhd.** *BBH And CO Boston For Destinations International Equity Fund*	10,587,947	0.95
23.	**JF Apex Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Sublime Cartel Sdn Bhd (Margin)*	10,258,100	0.92
24.	**Maybank Securities Nominees (Tempatan) Sdn. Bhd.** *Malayan Banking Berhad For Berjaya Retail Berhad*	9,350,000	0.84
25.	**DB (Malaysia) Nominee (Asing) Sdn. Bhd.** *Deutsche Bank AG London For Doric Asia Pacific Small Cap Fund*	7,626,600	0.69
26.	**RHB Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Lim Wee Chai*	7,000,000	0.63
27.	**CIMB Group Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Land Berhad (BLB-RC4-Conglo)*	6,500,000	0.59
28.	**Kenanga Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Koon Poh Keong*	6,200,000	0.56
29.	**Maybank Securities Nominees (Asing) Sdn. Bhd.** *Exempt An For Japan Asia Securities Co Ltd (Client A/C)*	6,128,100	0.55
30.	**UOMB Nominees (Asing) Sdn. Bhd.** *Banque De Luxembourg For BL-Equities Asia*	5,711,900	0.51
		1,021,647,428	**91.98**

Notice of Fifth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of the Company will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 24 May 2018 at 10:00 a.m. to transact the following business:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and the Auditors thereon. **[Please refer to Explanatory Note (i)]**

2. To approve the payment of Directors' fees for an amount of up to RM533,000/- payable to the Non-Executive Directors of the Company on a monthly basis for the period from 25 May 2018 until the next Annual General Meeting of the Company to be held in year 2019. **Resolution 1**

3. To approve the benefits payable to the Non-Executive Directors for an amount of up to RM50,000/- for the period from 25 May 2018 until the next Annual General Meeting of the Company to be held in year 2019. **Resolution 2**

4. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

   (a) Shalet Marian **Resolution 3**

   (b) Tan Wai Foon **Resolution 4**

   (b) Tan U-Ming **Resolution 5**

5. To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

6. **ORDINARY RESOLUTION** **Resolution 7**
   - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

   "**THAT**, subject always to the Companies Act 2016, the Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to the Companies Act 2016, to issue shares in the capital of the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **ORDINARY RESOLUTION** **Resolution 8**
   - PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

   "**THAT**, subject to the provisions of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 25 April 2018 ("**Proposed Mandate**") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

   (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the general meeting at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

Notice of Fifth Annual General Meeting

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this Resolution."

8. To transact any other business of which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
NG SHU FERN (MAICSA 7062881)
Company Secretaries

Kuala Lumpur
25 April 2018

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2018 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy may but need not be a member of the Company.

3. A member shall be entitled to appoint one (1) proxy only to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

5. To be valid, this form, duly completed must be deposited at the registered office of the Company at c/o Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting PROVIDED THAT in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS THAT the rest of the proxy form, other than the particulars of the proxy have been duly completed by member(s).

Notice of Fifth Annual General Meeting

Explanatory Notes on Ordinary and Special Business

(i) Item 1 of the Agenda

This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(ii) Item 2 of the Agenda – Payment of Directors' fees for the period from 25 May 2018 until the next Annual General Meeting of the Company in year 2019

Save and except the additional fee of RM1,000/- payable to the Chairman of the Audit Committee with effect from 1 January 2018 due to his greater responsibilities and accountabilities on the compliances under the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and other regulatory requirements, there has been no increase in Directors' fees payable to each Non-Executive Director since the previous shareholders' approval obtained at the Fourth Annual General Meeting of the Company held on 24 May 2017.

(iii) Item 3 of the Agenda – Benefits payable to the Non-Executive Directors

The proposed Directors' benefits comprise meeting allowance payable to the Non-Executive Directors.

(iv) Item 6 of the Agenda – Authority to Issue Shares pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the Fifth Annual General Meeting of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the Fourth Annual General Meeting of the Company held on 24 May 2017 (hereinafter referred to as the "Previous Mandate").

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence, no proceeds were raised therefrom.

The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes to such persons at any time as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(v) Item 7 of the Agenda – Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular to Shareholders dated 25 April 2018 for further information.

7-ELEVEN MALAYSIA HOLDINGS BERHAD
(1058531-W) (Incorporated in Malaysia)

Form of Proxy

CDS Account No.

Number of ordinary shares

I/We ____________________ NRIC No./Passport No./Company No. ____________________
of ____
being a member/members of 7-Eleven Malaysia Holdings Berhad hereby appoint :-

Full Name (in Block)	Address
NRIC/Passport No. :	

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Fifth Annual General Meeting of the Company to be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur on Thursday, 24 May 2018 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below on how you wish your vote to be casted. If no specific direction as to voting is given, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and the Auditors thereon.			
Ordinary Business		**Resolution**	**For**	**Against**
2.	To approve the payment of Directors' fees for an amount of up to RM533,000/- payable to the Non-Executive Directors of the Company on a monthly basis for the period from 25 May 2018 until the next Annual General Meeting of the Company to be held in year 2019.	1		
3.	To approve the benefits payable to the Non-Executive Directors for an amount of up to RM50,000/- for the period from 25 May 2018 until the next Annual General Meeting of the Company to be held in 2019.	2		
4.	To re-elect Shalet Marian who retires in accordance with Article 95 of the Company's Articles of Association and being eligible, offers herself for re-election.	3		
5.	To re-elect Tan Wai Foon who retires in accordance with Article 95 of the Company's Articles of Association and being eligible, offers herself for re-election.	4		
6.	To re-elect Tan U-Ming who retires in accordance with Article 95 of the Company's Articles of Association and being eligible, offers himself for re-election.	5		
7.	To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	6		
Special Business				
8.	Authority to Issue Shares pursuant to the Companies Act 2016	7		
9.	Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	8		

Dated this day __________ of ____________________ 2018

____
*Signature/Common Seal of Shareholder
** Delete if not applicable*

Notes:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2018 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy may but need not be a member of the Company.

3. A member shall be entitled to appoint one (1) proxy only to attend and vote at the Meeting. Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney.

5. To be valid, this form, duly completed must be deposited at the registered office of the Company at c/o Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting PROVIDED THAT in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS THAT the rest of the proxy form, other than the particulars of the proxy have been duly completed by member(s).

Fold this flap for sealing

AFFIX
STAMP

7-ELEVEN MALAYSIA HOLDINGS BERHAD
(1058531-W)

c/o Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur

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7-Eleven Malaysia Holdings Berhad
(Company No. 1058531-W)

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