ANNUAL REPORT 2019

VISION

To be the best retailer of convenience

Menjadi peruncit serbaneka yang terbaik

& MISSION

To consistently serve the changing needs of customers for their convenience

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

VALUES

UNDERSTAND

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

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

SIMPLIFY

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

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

SOLVE

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

Kami sentiasa mencari jalan penyelesaian untuk memberi manfaat kepada semua pihak

CONNECT

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

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

CONTENTS

OVERVIEW

7-Eleven Malaysia Holdings Berhad through its 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 remained a prominent icon for over 35 years. It is the pioneer and largest 24-hours standalone convenience store operator in Malaysia with 2,411 outlets nationwide and serves close to a million 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

The company's first convenience outlets were 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 company's corporate name was changed from The Southland Corporation to 7-Eleven, Inc. in 1999.

We are the pioneer and the largest 24-hours 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.

Each 7-Eleven store carries over 2,200 SKUs, including our proprietary brands Slurpee frozen beverages and Aiskleem™ an exclusive range of soft serve. The variety of products and services available at 7-Eleven include bill payment services (TM, Astro, U Mobile, Syabas and Singer), sale of mobile phone reload cards, IDD/STD, Touch 'n Go reload service, gift cards (Google Play, SONY and Netflix), online purchases payment service (Razer Cash), e-Wallets acceptance (Touch 'n Go, Razer Pay and Alipay) 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 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

Colin George Harvey
Executive Director/ Chief Executive Officer

Tan U-Ming
Executive Director

Chan Kien Sing
Non-Independent Non-Executive Director

Tan Wai Foon
Non-Independent Non-Executive Director

Tsai, Tzung-Han
Non-Independent Non-Executive Director

Muhammad Lukman Bin Musa @ Hussain
Independent Non-Executive Director

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

Shalet Marian
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
Chairperson
Non-Independent Non-Executive Director

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

Shalet Marian
Member
Independent Non-Executive Director

NOMINATING COMMITTEE

Shalet Marian
Chairperson
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

See Siew Cheng (SSM PC No. 202008000996) (MAICSA 7011225)
Tia Hwei Ping (SSM PC No. 202008001687) (MAICSA 7057636)

REGISTERED OFFICE

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contactus@7eleven.com.my
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www.7eleven.com.my

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Malaysia
Tel. No.: +603-2145 0533
Fax No.: +603-2145 9702

PRINCIPAL BANKERS

Malayan Banking Berhad
AmBank (M) Berhad
CIMB Bank Berhad
RHB 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

TAN U-MING
Executive Director

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

COLIN GEORGE HARVEY
Executive Director/
Chief Executive Officer

TSAI, TZUNG-HAN
Non-Independent Non-Executive Director

SHALET MARIAN
Independent Non-Executive Director

TAN WAI FOON (LENA TAN)
Non-Independent Non-Executive Director

PUAN SRI DATUK SERI ROHANI PARKASH BINTI ABDULLAH
Independent Non-Executive Director

CHAN KIEN SING
Non-Independent Non-Executive Director

MUHAMMAD LUKMAN BIN MUSA @ HUSSAIN
Independent Non-Executive Director

PROFILE OF DIRECTORS

TAN SRI DATO' SERI ABDULL HAMID BIN EMBONG

Male, Aged 70, 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 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.

COLIN GEORGE HARVEY

Male, Aged 49, British
Executive Director/Chief Executive Officer ("CEO")
Key Senior Management

Mr. Colin George Harvey was appointed to our Board as Non-Independent Executive Director and Chief Executive Officer of 7-Eleven Malaysia on 13 August 2018.

Started his retail career in South Africa where he worked for Africa's largest retailer Shoprite, holding various commercial and operational roles for 13 years before joining Dairy Farm in Malaysia in 2004, where for a year he managed Dairy Farm's largest Giant Hypermarket in Johor Bahru, followed up by 3 years as the Head of Dairy Farms Fresh Food commercial team in Kuala Lumpur.

From 2008 to 2011, he was the Commercial director for Pt Hero Supermarket, covering the commercial operation of Dairy Farm's Indonesian affiliate, encompassing 5 retail formats in Indonesia.

In 2011, he managed Dairy Farm's - Guardian Indonesia business, restructuring the business, building the support office, supply chain, and restoring the business to profitability until he left in 2017. Prior to his appointment as CEO of 7-Eleven Malaysia, he held the position of independent director of Pharmacity JSC., a Retail Pharmacy leader in Ho Chi Minh City, Vietnam. He has considerable retail experience in South East Asia where he has spent the last 16 years, in various senior roles.

Mr. Colin holds a Bachelor of Commerce Degree from the University of South Africa and an MBA from Stirling University in the UK.

TAN U-MING

Male, Aged 33, 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 63, 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 redesignated 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, Berjaya Assets Berhad and an Executive Director of Berjaya Media Berhad. He also holds directorships in several other private limited companies.

TAN WAI FOON (LENA TAN)
Female, Aged 60, Malaysian
Non-Independent
Non-Executive Director

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

Besides her role in 7-Eleven Malaysia Holdings Berhad, Ms. Tan is also the non-executive Chairman of 7-Eleven Malaysia, non-executive Chairman of Singer (Malaysia) Sdn Bhd, non-executive director of Berjaya Credit Sdn Bhd, Executive Director of Razer Pay Holdings Pte Ltd and Chairman of Upbit Malaysia Sdn Bhd. She also holds directorships in several other private companies.

Ms. Tan has over 30 years of experience in finance, investment, fund management, advisory and stockbroking having worked in New Zealand, Singapore, Hong Kong, London, Paris and Malaysia.

Ms. Tan served as Portfolio Manager at NZI Investment Services in New Zealand and Singapore from 1984 to 1989. She then served as Senior Investment Manager in Indosuez Asia Investment Services Ltd (Hong Kong). Between 1990 to 1998, Ms. Tan served as Director of Sales and Corporate Broking at Peregrine Securities Limited (Hong Kong and London), and Head of Asian Equity Sales at Morgan Grenfell Asia Securities Limited (London). Ms Tan was appointed as Executive Director of K&N Kenanga Sdn Bhd as representative during her role as Country Head of Malaysian Equities Product at Morgan Grenfell Asia Securities Limited (Hong Kong).

Ms. Tan joined Grand Generale Asset Management Limited (GGAM) as Senior Investment Manager in 1998. Subsequently, GGAM merged with Fortis as Fortis Investment Management Asia Limited, where Ms. Tan was promoted as the Director of Research (Asia). In 2002, Ms. Tan was relocated to France where she headed up the Asia Funds and Emerging Market equity research department for Fortis Investment Management France SA in her role as Head of Asia Funds and Coordinator of Emerging Market Equities Research.

Ms. Tan joined Ward Ferry Management Ltd in 2003 as Senior Investment Manager and later founded WMG Asia Limited and where she served as Chief Portfolio Manager and Managing Director from 2006 to 2015.

Ms Tan holds a B.A. in English from the University of Manitoba and MBA in finance from the University of San Francisco (USA).

PROFILE OF DIRECTORS

TSAI, TZUNG-HAN

Male, Aged 43, Taiwanese
Non-Independent
Non-Executive Director

Mr. Tsai, Tzung-Han was appointed to our Board as Non-Independent Non-Executive Director on 16 January 2019.

He obtained his Juris Doctor Degree in law from Georgetown University Law Center, U.S.A. and his Bachelor's Degree in Economics from Harvard University, U.S.A.

Currently, he is the Vice Chairman of Cathay United Bank, a subsidiary of Cathay Financial Holdings, a publicly listed company in Taiwan. He also serves as a director on the board of Cathay Life Insurance, the largest life insurer in Taiwan and also a subsidiary of Cathay Financial Holdings. After returning from the US in 2005, he served in various capacities at Cathay Life Insurance, including senior vice president in charge of alternative investments and executive vice president in charge of real estate acquisitions and development, human resources and strategic planning. He also ran the strategic planning department for Cathay Financial Holdings from 2010 until 2016 and oversaw the strategic investments into Bank Mayapada in Indonesia, Rizal Commercial Banking Corporation in Philippines and Conning Asset Management in the US. He joined Cathay United Bank in 2015 and served as the Head of Strategic Planning until he became the Vice Chairman in 2016, where he continues to oversee the strategic planning, wealth management, digital banking, data analytics and overseas banking departments.

Prior to returning to Taiwan, Mr. Tsai worked briefly in private equity at Goldman Sachs in New York and in venture capital at Pacific Venture Partners in San Francisco. From 2001 until 2003, he was a practicing attorney in the real estate department at Hale and Dorr LLP, currently known as Wilmer Hale, in Boston.

Mr. Tsai has over ten (10) years' experience in investment and business development in finance industry.

MUHAMMAD LUKMAN BIN MUSA @ HUSSAIN

Male, Aged 44, Malaysian
Independent Non-Executive Director

Encik Muhammad Lukman Bin Musa @ Hussain has been an Independent Non-Executive Director of the Company since 21 August 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. In July 2019, he left MARA Corporation Sdn. Bhd. and currently act as an Advisor to ECS Solutions Sdn. Bhd., a boutique management and advisory firm.

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).

He currently serves on the Board of MBM Resources Berhad.

PUAN SRI DATUK SERI ROHANI PARKASH BINTI ABDULLAH

Female, Aged 64, 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 was primarily in the civil service and spanned the land and regional development, communication and multimedia, human resources and higher education sectors. She was extensively involved in international and policy aspects of these sectors 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, as well as her role (mid-2012 to late-2018), as the President 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 Symphony Life Berhad.

SHALET MARIAN

Female, Aged 63, 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 also serves on the Audit Committee and Remuneration and Nomination Committees.

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

Ms Shalet Marian's career as a public accountant with a specialization in tax spanned over 30 years. She has a wealth of experience in finance and risk management. In KPMG Malaysia, she held various senior positions which include Head of Corporate Tax, Head of Indirect Tax, Head of Finance and Administration and Country Risk Manager. In her career she also served as internal auditor of Arab-Malaysian Merchant Bank (now known as AmInvstment Bank Berhad) in 1984. She took an early retirement in 2010 to refresh her skills in people management.

In the field of human and personal development, she is certified in Neuro Linguistic Programming, Lifeline Techniques, Cognitive Behaviour Models and Aubrey Daniels Institute's certification in behavioural based performance management technologies incorporating Performance Management and Coaching for Rapid Change in Business. In addition, she gained certification in Malaysian Goods and Services Tax (GST) from the Royal Malaysian Customs Department in 2013. She served as Advisor on tax matters that included GST to a firm of consultants between 2011 and 2015. She obtained the Human Resources Development Fund (HRDF) Certification in Training in 2017.

Ms Shalet Marian was appointed to the Board of Directors ("Board") of Hong Leong Assurance Berhad ("HLA") on 16 June 2016 and is a member of the Hong Leong Group Board Audit Committee.

Currently she serves as Chief Executive Officer of Lejadi Foundation, a non-profit organization.

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

COLIN GEORGE HARVEY

Executive Director/Chief Executive Officer

The profile of Mr. Colin George Harvey 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 8 of this Annual Report.

WONG WAI KEONG

Male, Aged 46, 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 23 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

As the largest convenience store operator in Malaysia, 7-Eleven Malaysia Holdings Berhad delivered record performance in its financial year of 2019, in spite of various challenges in the internal and external environment.

In 2019, we focused on refurbishing and refreshing our stores to upkeep the image and true convenience experience across our existing network. We opened 165 new stores in various regions and closed 41 unprofitable stores where the trade areas changed and were no longer economically viable to operate.

In our endeavours to be the best retailer of convenience, we set ourselves to grow our operating income – focusing on our customers while continuously engaging and developing our employees.

Our business strategy

- Improve assortment
- Supply chain
- Drive operational excellence
- Grow and improve store base
- Digitally enable the organization
- Engaging and developing our colleagues

Improve Assortment

7-Eleven has a legacy in innovation. We were the first to operate 24 hours a day and offer everyone's favourite frozen beverage, Slurpee®. We will continue to innovate bringing in more differentiated products and services. We have to understand consumer trends and develop high value products and keep our products and offerings exciting and give customers what they want.

Fresh food is the fastest growing segment in our business, yet continues to be underrepresented in our stores. We recognize that it will be an important growth driver that will draw customers in and drive ancillary purchases in the future and therefore we have introduced 255 new fresh food products in 2019 with a growth of 28.7% in the fresh food segment. Going forward, we will continue to invest in product development and improve on our fresh food offer.

The convenience store landscape in Malaysia is highly competitive. Bearing that in mind, we will continue to refresh how our customers view the 7-Eleven brand through our branding, promotions, and the products we offer.

We continue to focus on new and exciting as well as exclusive items.

Supply Chain

Supply chain is the heart of the business and we continue to work on improving efficiencies and optimizing our logistics. Our main focus for supply chain during the year was to ensure consistent fulfilment to the stores and to drive down cost alongside generating a fairer income. We are pleased with our progress in terms of availability, but it is still costing us too much to deliver to our 2,411 stores and renewed focus is needed. We further recognise that additional facilities are required for fresh food and dry grocery and will work towards this.

Drive Operational Excellence

On a daily basis, more than a million customers walk into our stores. Our customers our reason for being, and we continue to work on our customer service, ensuring we provide the right assistance and a lasting consumer experience. We invested in customer service training programs and monitor this through mystery shopper audits. Store operations and processes are being simplified so that focus can be on improving the execution in customer service, stock replenishments, shelf merchandising. In addition, cost efficiency was also an area of attention by ensuring the reduction of shrinkages and overtime spent. We are proud to have been awarded the Putra Brands Gold award.

Grow and Improve Store Base

It is important to keep our store portfolio updated and as such will continue to refurbish our stores. In the process, we are also exploring new concepts and models as we work on adding new formats and categories.

In our new store opening process, we set up stores based on feasibility of a certain trade area composition and economics. However, they change over the years and may not meet financial performance expectations due to evolution of a particular area. We continue to work on eliminating underperforming stores and improve profitability of the others. Our strength is in our network and as such we will continue to work on growing our stores in the right areas. We seek to go into areas where we are underrepresented and make 7-Eleven accessible to all. We are pleased with a number of stores that we opened in 2019, including new concepts at KLIA 2 and have secured sites in KLIA and at TRX Malaysia's highest building.

Digitally Enable the Organization

The appointment of several Digital Professionals in 2019 showed our commitment to digitalising our business. Initiatives included switching to android hand held devices instore, a digital maintenance reporting system, and the beginnings of a Human Resource Information System (HRIS). We further engaged AWS to move our Data Centre to Cloud and expect to complete this in 2020. We continue to review our digital strategy and investments as we strive to understand our customers better and employ the latest technologies to meet their needs.

Engaging and developing our colleagues

2019 was a year where we saw a number of key hires join the organisation, Head of Merchandising, Chief Digital Officer, a new head of franchising to name a few. At the same time we made considerable effort to develop our people by way of On the Job Training (OJT), formal programmes, seminars and leveraged the 7 Eleven network by using programs develop in the USA and Japan, and also by sending a number of colleagues to Japan, Taiwan, Thailand to understand best practices.

Financial Performance

Revenue

The Group's revenue for the financial year ended 31 December 2019, increased by RM144.0 million or 6.5% to RM2.36 billion compared to revenue in the previous financial year of RM2.22 billion. The growth in revenue was driven by the growth in new stores, improvement in same store sales and consumer promotion activities.

In 2019, we opened 165 new stores and closed 41 stores, contributing to a net increase of 124 stores which bring us to a total of 2,411 stores.

Revenue from fresh food segment is now above 4.0% of total revenue which grew 28.7% against the preceding financial year.

Gross Profit and Gross Profit Margin

Gross profit improved by RM41.8 million or 6.0% compared to the previous financial year driven by revenue growth of 6.5%, favourable sales mix and improved logistics expenses recovery.

Other Operating Income

Other operating income increased by RM20.4 million or 16.6% as compared to the previous financial year. The growth was primarily contributed by the increase in our marketing income.

Selling and Distribution Expenses

Selling and distribution expenses increased by RM3.0 million or 0.5% year-on-year, mainly driven by higher staff cost, utilities and store depreciation expense which are mostly in tandem with new store expansion but partially offset by lower inventory shrinkages, and effect of adoption of MFRS 16: Leases resulting in higher depreciation expenses and lower rental expenses.

Administration and Other Operating Expenses

Administrative and other operating expenses increased by RM22.6 million or 23.9% against the previous financial year due to higher staff cost, impairment loss on receivables, maintenance expenses, and provision for restoration cost.

Finance Cost

Finance cost for the current financial year has increased by RM33.7 million or 340.0% compared to the previous financial year. This was mainly attributed to the adoption of MFRS 16: Leases which had increased the finance cost by RM35.8 million, partially offset by lower finance cost from lower utilisation of bankers' acceptance and revolving credit facilities.

Profit after Tax

The profit after tax for the financial year 2019 was RM54.1 million compared to the RM51.3 million recorded for the previous financial year, improved by RM2.8 million or 5.5% year-on-year. The adoption of MFRS 16: Leases (effective 1 January 2019) had reduced the profit after tax by RM8.4 million. Excluding MFRS 16: leases, the Group would have achieved a profit after of RM62.5 million which is an increase of RM11.2 million or 21.8% year-on-year attributed to overall improvement in revenue and operational financial performance.

Liquidity and Financial Resources

As at 31st December 2019, the Group retained cash and bank balances of RM96.2 million after cash dividend payment for financial year 2018 of RM27.1 million.

The Group has total borrowings of RM149.4 million as at 31st December 2019. 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 2019 improved to 0.23 times compared to 0.39 times in the preceding financial year. Operating cash flows generated at the end of financial year 2019 was RM309.9 million.

Prospects

Outlook for 2020

As we write this, we are operating under the Movement Control Order due to the pandemic outbreak of Covid-19. The Country and indeed the World will be affected by this massive event for some time to come. It is these difficult times that we note the true asset of 7 Eleven, the asset that makes sure that we as a company stand by our tagline, " Always There for You" We cannot think that there has been a time in history where this was put to test more than right now. The asset that we speak of is our 7 Eleven colleagues, every single one that has been working on split shifts to ensure payroll is met, stakeholders paid, and our customers the ability to top up on their essential needs. It is indeed remarkable that in these times colleagues still found time to donate to the less fortunate, to front-liners and those in need such as local hospitals, welfare homes and more. The board of directors is humbled by their sense of responsibility and their efforts. Our sincere thanks to them all.

CORPORATE STRUCTURE

as at 30 April 2020

Our Group structure is set out below:

7-Eleven Malaysia Holdings Berhad

- 100% 7-Eleven Malaysia Sdn. Bhd.
  - 46.5% Dego Malaysia Sdn. Bhd. (Formerly known as Myinteractivelab Sdn. Bhd.)
- 100% 7 Properties Sdn. Bhd.
- 100% Teluk Juara Sdn. Bhd.
- 100% Convenience Shopping (Sabah) Sdn. Bhd.
  - 60% Café Decoral Sdn. Bhd.
- 73.7% Caring Pharmacy Group Berhad
  - 100% Caring Pharmacy Retail Management Sdn.Bhd
    - 75.5% Ace Caring Pharmacy Sdn. Bhd.
    - 51% Be Caring Sdn. Bhd.
    - 60% Caring "N" You Pharmacy Sdn. Bhd.
    - 60% Caring Alliance Sdn. Bhd.
    - 90% Caring Belle Sdn. Bhd.
    - 60% Caring Clover Sdn. Bhd.
    - 59.5% Caring Empire Sdn. Bhd.
    - 100% Caring Estore Sdn. Bhd.
    - 70% Caring Evergreen Sdn. Bhd.
    - 87.8% Caring Health Solutions Sdn. Bhd.
    - 75% Caring Healthmark Sdn. Bhd.
    - 60% Caring Link Sdn. Bhd.
    - 75% Caring Pharmacy (ABM) Sdn. Bhd.
    - 60% Caring Pharmacy (Ampang) Sdn. Bhd.
    - 51% Caring Pharmacy (IDR) Sdn. Bhd.
    - 60% Caring Pharmacy (JB Molek) Sdn. Bhd.
    - 100% Caring Pharmacy (Kinrara) Sdn. Bhd.
    - 80% Caring Pharmacy (KLP) Sdn. Bhd.
    - 60% Caring Pharmacy (MPLS) Sdn. Bhd.
    - 100% Caring Pharmacy (RS) Sdn. Bhd.
    - 85% Caring Pharmacy (Shah Alam) Sdn. Bhd.
    - 70% Caring Pharmacy (SK) Sdn. Bhd.
    - 51% Caring Pharmacy (SW) Sdn. Bhd.
    - 70% Caring Pharmacy Always Sdn. Bhd.
    - 60% Caring Pharmacy Ascend Sdn. Bhd.
    - 60% Caring Pharmacy Paradise Sdn. Bhd.
    - 60% Caring Pharmacy Rising Sdn. Bhd.
    - 100% Caring Pharmacy Sdn. Bhd.
    - 60% Caring T & T Sdn. Bhd.
    - 59.5% Caring Trinity Sdn. Bhd.
    - 59.5% Caring Trio Sdn. Bhd.
    - 75% Cosy Vision Sdn. Bhd.
    - 86.7% Fuji Acre Sdn. Bhd.
    - 60% Green Surge Sdn. Bhd.
    - 100% Living Glory Sdn. Bhd.
    - 60% Mega Caring Sdn. Bhd.
    - 60% MN Pharmacy Sdn. Bhd.
    - 60% My Caring Pharmacy Sdn. Bhd.
    - 60% One Caring Pharmacy Sdn. Bhd.
    - 70% Preciouslife Pharmacy Sdn. Bhd.
    - 90% Stay Caring Sdn. Bhd.
    - 51% Sterling Pharmacy Sdn. Bhd.
    - 60% Tonic Pharma Sdn. Bhd.
    - 51% Vertex Pharmacy Sdn. Bhd.
    - 70% Victorie Caring Sdn. Bhd.
    - 60% Viva Caring Sdn. Bhd.
    - 80% WM Caring Pharmacy Sdn. Bhd.

COMMUNITY ENGAGEMENT

Grace Home Klang

En Yuan Old Folk Home

2019

JAN 2019

FEB 2019

Armed Forced Football Club (AFFC)

Pusat Penjagaan Kanak-Kanak Cacat Klang, Selangor

MAC 2019

MAC 2019

Outreach to Pasir Gudang Victims

Bukit Tagar Sanitary Landfill

Pusat Jagaan Siti Nor Aini

MAC 2019

APR 2019

MAY 2019

COMMUNITY ENGAGEMENT

2019

Living Hope

JUN 2019

Pusat Jagaan Nuri

JUN 2019

Outreach to Sungai Isap, Pahang Victims

JUL 2019

Happy Neighbourhood

JUL 2019

World Stats Run 2019

AUG 2019

Sponsorship of Kelab Ragbi SMK Tinggi Batu Pahat

AUG 2019

Unseen Tour KL

AUG 2019

Malaysia Haze Relief

Persatuan Kebajikan SVM Selangor

2019

SEPT 2019

OCT 2019

Laksamana Run 2019

Larian 9 to 5 Marathon

PAKATS

DEC 2019

NOV 2019

NOV 2019

Rumah Chrestus

DEC 2019

MILESTONES & AWARDS

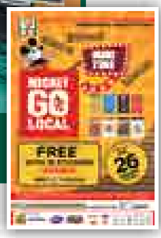
2019

MOU Exchange Ceremony - PERHEBAT

JAN 2019

Launch of Jom Borong Promotions

JAN 2019



Mickey Go Local Tins

FEB 2019

Huat Ah CNY Giveaway

FEB 2019

B Infinite Awe-mazing 3reats

MAC 2019

Jom Riuh Contest

APR 2019

6th Annual General Meeting

MAY 2019

2323rd Plaza Arkadia Store Launch

MAY 2019

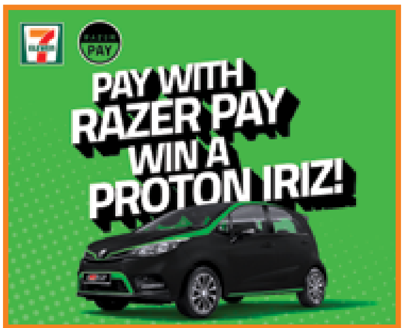
Music is a Gift Contest

MAY 2019

2019

Semurni Kasih Campaign

JUN 2019



Pay with Razer Pay Win A Proton Iriz

JUN 2019

Launch of Crazy Wednesday

JUN 2019

Pokemon Poke Plates

JUL 2019

Launch of 7-Eleven Thematic Lighter

JUL 2019

7-Eleven & Radiant Globaltech B2B Portal

JUL 2019

CSR Malaysia Award 2019

JUL 2019

MILESTONES & AWARDS

2019


Flamin' Festival

AUG 2019

B Infinite Threeple-x For Merdeka

AUG 2019

Putra Brand Awards 2019
(Gold in Retail Category)

OCT 2019

711 Race2Win Contest

SEPT 2019


#BuatBaikTogether
Campaign 2019

SEPT 2019

Touch'n Go eWallet 247 Cashback

OCT 2019

Official Launch of Touch'n Go eWallet

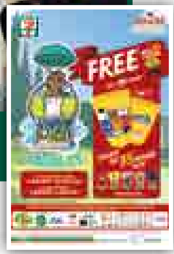
OCT 2019

Dragons of Asia Awards 2019

OCT 2019

Gift Cards Available in East Malaysia

OCT 2019



Around the World with We Bare Bears

OCT 2019

2019

7-Eleven _ Razer Parcel+Services

NOV 2019

Thirsty No More

NOV 2019

Lean In Unconference 2019

NOV 2019

Gift and be Gifted

DEC 2019

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This Sustainability Statement marks our third year of annual reporting on the topics that are most material to our stakeholders and to our business. The statement showcases our stewardship in addressing economic, environmental and social opportunities and risks.

As the single largest chain of convenience stores in Malaysia with 2,411 stores across the country, we are cognisant of our role in contributing to the domestic economy and the community that we operate within whilst protecting the environment. Therefore, we endeavour to weave a culture of sustainability across our value chain.

Reporting Approach

The statement has been prepared in reference to the Global Reporting Initiative ("GRI") Standards: Core Option and the Bursa Malaysia Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

Under the Core Option, the following GRI indicators have been disclosed:

- GRI 102-1 to 102-4: Organisational Profile
- GRI 102-18 to 102-20, 102-22 to 102-23, 102-29 and 102-32: Governance
- GRI 102-40, GRI 102-42 to 102-44: Stakeholder engagement
- GRI 102-45 to 102-47, 102-50, 102-53 and 102-55: Reporting Practice
- GRI 102-16 and 102-17: Ethics and Integrity
- GRI 204 Procurement Practices 2018
- GRI 302 Energy 2016
- GRI 305 Emission 2016
- GRI 306 Effluents and Waste 2016
- GRI 401 Employment 2016
- GRI 403 Occupational Health and Safety 2018
- GRI 404 Training and Education 2016
- GRI 405 Diversity and Equal Opportunity 2016
- GRI 413 Local Communities 2016
- GRI 416 Customer Health and Safety 2016

Scope of Reporting (102-3, 102-4, 102-46, 103-1)

The scope of the statement includes our subsidiary 7-Eleven Malaysia Sdn. Bhd. ("Company") which operates the chain of stores throughout Malaysia as well as our Combined Distribution Centres ("CDC") at Bandar Bukit Raja, Klang, Store Support Centres ("SSC") and our corporate headquarters in Kuala Lumpur.

Reporting Period (102-50)

Unless otherwise specified, the disclosures in this statement represent activities carried out between 1st January 2019 and 31st December 2019.

Feedback (102-53)

7-Eleven welcomes our stakeholders to share feedbacks and comments with us. Please contact us at:

7-Eleven Malaysia
Level 3A, Podium Block, Plaza Berjaya
No. 12, Jalan Imbi
55100 Kuala Lumpur, Malaysia
Phone: 03-21421136
Fax: 03-21421139

This statement can be downloaded from our website at http://**www.7eleven.com.my**/.

SUSTAINABILITY STRATEGY AND FRAMEWORK (102-16)

Our sustainability strategy is underpinned by three pillars that are defined by our Vision and Mission statements and built on the foundation of our Core Values

Vision

To be the best retailer covenience

Mission

To consistently serve the changing needs of customers for their convenience

7-Eleven Core Values

Understand
We seek to understand the needs of stakeholders & the Company to make the best decision

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

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

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

SUSTAINABILITY STATEMENT

Our Three Strategic Pillars

Leading by Example
Encouraging e-commerce and identifying ways to empower customers and strengthen green consumerism.

Working with Others
Building sustainable partnerships with NGOs and other community organisations to strengthen resilience within vulnerable communities.

Empowering Customers
Committed to a long-term programme involving practical steps to reduce energy consumption and greenhouse gas emissions.

OUR COMMITMENT TO UNITED NATION SUSTAINABLE DEVELOPMENT GOALS

As a member state of the United Nations, Malaysia is committed towards realising the aspirations of the Sustainability Agenda 2030 and the 17 Sustainable Development Goals ("SDGs"). The Eleventh Malaysia Plan (2016-2020) and other government policies have included the goals and targets of the SDGs to steer the nation towards sustainable development.

At 7-Eleven, we are mindful of our contribution and hence the Group identified and adopted six UN SDGs in FY2018. This year SDG 13: Climate Action was included given the urgent need to address the effects of climate change. In the table below, we have mapped the seven SDGs against our initiatives and targets.

SDGs	Related Targets Number	Contribution by 7-Eleven
2 ZERO HUNGER	**SDG 2: Zero Hunger**	• Established 7-Eleven Food Manufacturing Standards and Practices to ensure quality and safety of food products. • Conduct annual assessment on Safe & Legal Standard to ensure 7-Eleven outlets maintain their certification and quality of food sold. This year, we have assessed 62.6% out of 70% of total stores nationwide. • The Group has annual product surveillance testing in place to address critical aspects of safety and quality of food production and processing.
5 GENDER EQUALITY	**SDG 5: Gender Equality**	• Our employee distribution is near-balanced with 48% women and 52% men.

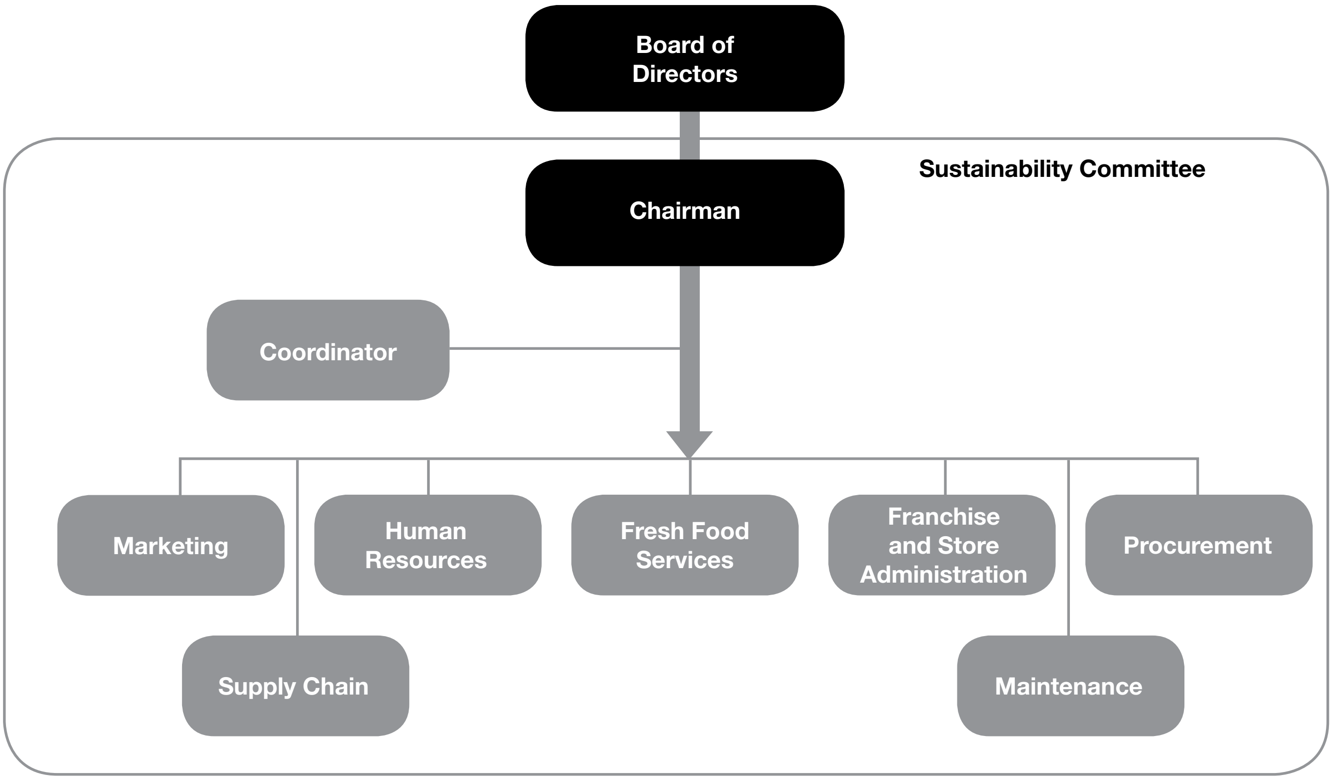
OUR COMMITMENT TO UNITED NATION SUSTAINABLE DEVELOPMENT GOALS (CONT'D)

SDGs	Related Targets Number	Contribution by 7-Eleven
8 DECENT WORK AND ECONOMIC GROWTH	**SDG 8: Decent Work and Economic Growth**	• Established Code of Conduct/Ethics, Gift Policy, Whistle Blowing Policy and Grievance Procedures to provide conducive working environment for our employees. • 91% of our total employment were hired locally in Malaysia. • Over 82% of our workforce has been below the 30 years bracket as we prioritise employment for young talents. • Invested a total 119,607 hours of training across four employment levels, namely Senior Management, Management, Executives and Non-Executives. • Established the 7-Eleven Malaysia Safety and Health Policy, Workplace Inspection Jotform, 7-Eleven Crisis Management Manual (“CMM”) and Incident Investigation Report system to ensure health and safety of employees, customers and visitors throughout our retail operation. • Collaborated with the Armed Forces Ex-Servicemen Affairs Corporation (“PERHEBAT”) to organise a recruitment programme that aimed to provide job opportunities for ex-servicemen at 7-Eleven Malaysia nationwide.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**SDG 9: Industry, Innovation and Infrastructure**	• Partnered with the Razer Parcel Plus this year to offer seamless shipping service at our 7-Eleven stores nationwide. • Provided a new e-commerce option: Touch n Go e-Wallet for customers.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**SDG 12: Responsible Consumption and Production**	• Monitored monthly records on the amount of recycled waste from the stores nationwide. • Piloted the “No Plastic Bag” initiatives at seven (7) of our stores, by changing the commercial plastic bags to biodegradable bags. • Provide wooden stirrer and paper straws instead of plastic stirrers and plastic straw at chain stores to minimise plastic footprint.
13 CLIMATE ACTION	**SDG 13: Climate Action**	• Average energy consumption in the majority of our stores was between 7 and 8 thousand kWh. • Achieved a savings of RM 413,000 from installed energy-saving devices such as air-conditioners and chillers at 314 stores. • Minimised energy use with an average of 72,855 kWh per month this year. • Achieved a total reduction of 46% or 583,830L in fuel consumption this year. • Achieved carbon emission savings of 1,694 tonnes of carbon emission due to the Cross-Dock Delivery system that has been implemented.
16 PEACE, JUSTICE, AND STRONG INSTITUTIONS	**SDG 16: Peace, Justice, and Strong Institutions**	• Uphold strong corporate governance and ethical business conduct. • Conduct Operation Reviews and Head of Department Meetings once a week to report issues faced at work place and ensure perspectives at the meeting are diverse and cross-represented. • We organised 14 community engagement programmes by reaching out 406 participants from various communities with the investment of more than RM 300,000 this year.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE (102-18, 102-20, 102-32)

A strong governance framework is key to ensuring that sustainability issues are incorporated into our corporate agenda. The Group has established a three-tiered structure with the Board of Directors at the apex. The Board has direct oversight of Group's overarching sustainability agenda, strategic decisions as well as champions the sustainability initiatives. Supporting the Board is the Sustainability Committee that comprises representative from seven departments. The Chairman of the Committee is assisted by a Coordinator.



Roles and Responsibilities

Committee	Roles and Responsibilities
Sustainability Chairman	• Updating the BOD on the sustainability performance and matters on sustainability reporting • Assisting the BOD on policies and projects regarding the sustainability reporting • Chairing Sustainability Committee meetings
Sustainability Coordinator	• Coordinating and executing sustainability activities that are in line with the strategic direction of the Group and its policies • Engaging the Sustainability Committee and oversee the sustainability initiatives progress
Sustainability Committee	• Implementing and prioritising sustainability matters that are relevant to the Group and its Stakeholders • Executing the sustainability initiatives that are approved by the BOD • Recording and managing data that reflects the Company's year-on-year performance against economic, environmental and social sustainability parameters

STAKEHOLDER ENGAGEMENT (102-40. 102-43, 102-44)

The Group believes that it is through a stakeholder-driven approach that we can accelerate sustainability. We value our partnerships with numerous stakeholders as a way to not only address our sustainability issues, but to help our partners address their sustainability challenges. By establishing effective and transparent lines of communication with our stakeholders, we aim to address their concerns in a collaborative manner that meets both the stakeholders' interests and the Group's vision for sustainable growth.

Stakeholders	Areas of Interest	Types of Engagement
Investors	• Financial performance • Business Strategy • Bursa Compliance	Annual General Meeting (AGM) Analyst / Investor Briefings Quarterly Financial Results Company Announcements
Customers	• Product pricing and offers • Product assortments • Product quality • E-commerce services • Bill payments	Marketing promotions Website and social media Customer care channel Engagement surveys/mystery shoppers New stores and access
Regulatory Agencies	• Compliance • Security issues • Waste management • Labour practices • Franchising	Local authority inspections Employees and industrial relations Task force meetings Regulatory engagements Franchise discussions
Employees	• Compensation benchmarking • Corporate culture and values • Workplace safety • Career development • Employee welfare	Monthly National Conference Weekly Operation Review Management Meetings Intranet, newsletter and broadcasting Training & Education programs Student internship Job rotations through Internal Hiring Program Occupational safety and health team meetings
Suppliers	• Partnership for growth • Purchase commitments	Procurement process Supplier audits and evaluation Vendor registration and profiling
Civil Society Organisations	• Community development • Climate change	Community donations and aid CSR activities Collaboration with NGO Hub Asia Social media

MATERIAL SUSTAINABILITY MATTERS (102-46, 102-47, 103-1)

Material Sustainability Matters ("material matters") comprise indicators that represent governance, economy, environment and societal topics that are important to both our retail operations and stakeholders.

7-Eleven conducted its first materiality assessment in FY2017 and identified 15 material matters that were most relevant. This year, the Group conducted a reassessment of material matters to ensure their relevance in representing our key opportunities and risks.

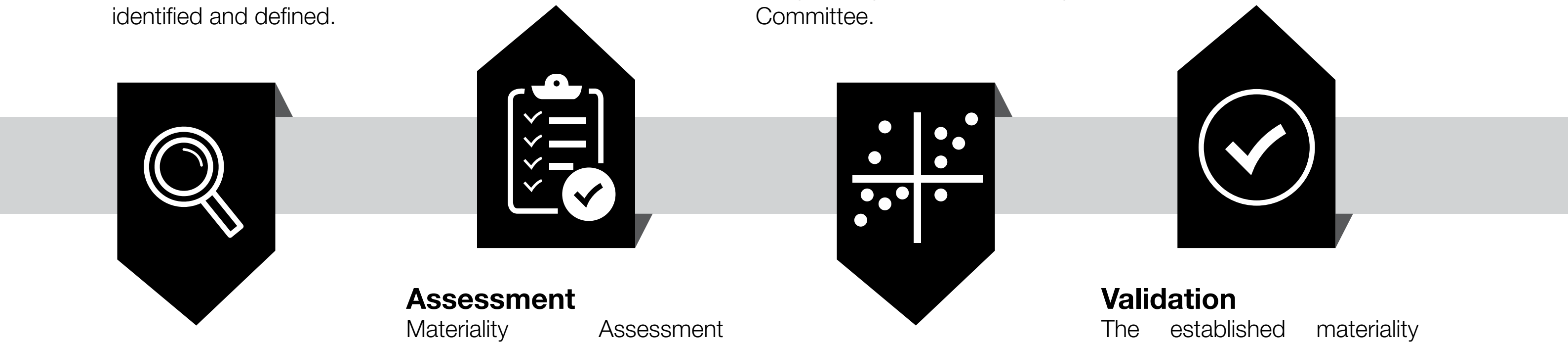
Based on the reassessment exercise, the Group maintained all the material matters and, consolidated Carbon Footprint and Transportation (two material matters) to become one, represented as Climate Change. A weighted ranking exercise was then conducted using the 14 material matters in a workshop mode to derive our materiality matrix for FY2019.

Identification

7-Eleven identified potential material matters based on the list of material matters of previous years, GRI standards, the Group's Impact on EES and peer industry. 14 key material matters for 2019 were identified and defined.

Establishment

The outcome of the assessment were converted into a materiality matrix and presented in accordance to our four fundamental sustainability teams. The matrix was then analysed by the Sustainability Committee.



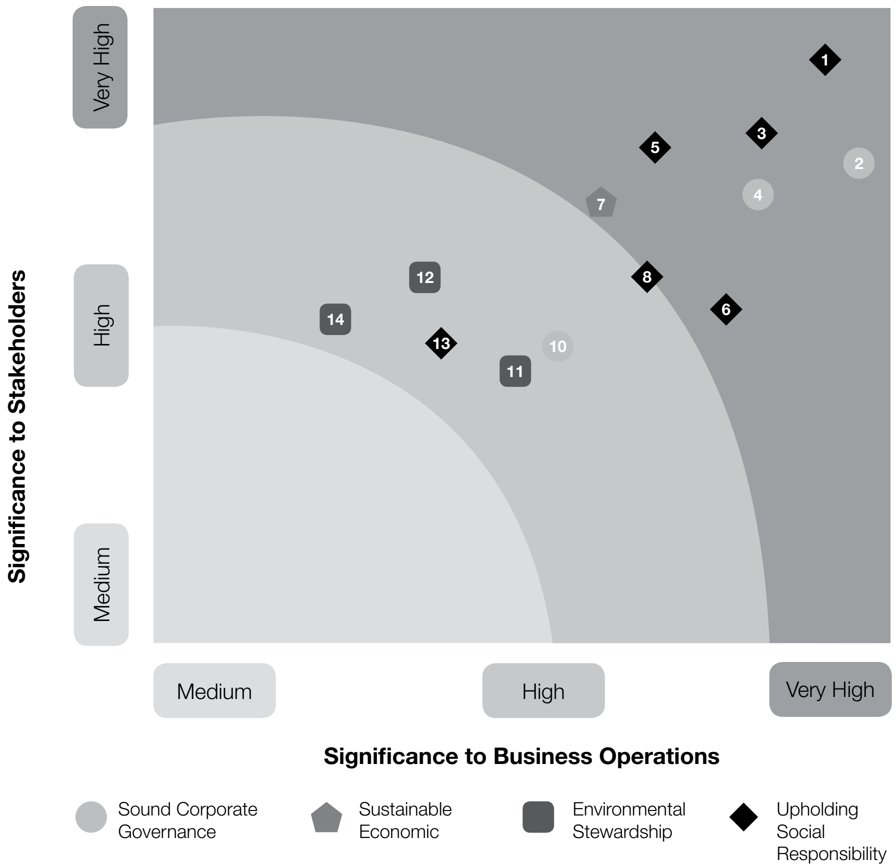
Assessment

Materiality Assessment was conducted with the Sustainability Committee in workshop mode to asses and rank the 14 key material matters based on its respective importance to the stakeholder groups and 7-Eleven's business operations.

Validation

The established materiality matrix was then tabled to the Senior Management and BOD for validation and approval.

MATERIALITY MATRIX FY2019



Material Matter	
Sound Corporate Governance	
2	Ethics and Integrity
4	Compliance
10	Corporate Governance and Transparency
Sustainable Economic	
7	Supply Chain Management
Environmental Stewardship	
11	Energy
12	Waste Recycling and Disposal
14	Climate Change
Upholding Social Responsibility	
1	Food Safety and Quality
3	Product and Service Innovation
5	Occupational Health and Safety
6	Training and Talent Development
8	Employee Well-being
9	Diversity and Inclusion
13	Community Engagement

MAPPING THE MATERIAL SUSTAINABILITY MATTERS

To understand the inter-linkages, we mapped out the relationship between our material matters, relevant stakeholder(s), corresponding GRI indicator(s) and the seven UN SDGs.

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDG
Governance			
Ethics and Integrity	• Investors • Employees	102-16 Values, principles, standards and norms of behaviour 102-17: Mechanisms for advice and concerns about ethics 103-2: Management Approach	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Corporate Governance and Transparency	• Investors • Customers • Employees	103-2: Management Approach	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Compliance	• Investors • Regulatory Agencies	103-2: Management Approach 103-3: Evaluation of the management approach	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

MAPPING THE MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDG
		Economic	
Supply Chain Management	• Investors • Regulatory Agencies • Suppliers	102-9: Supply Chain Management 103-2: Management Approach 203-2: Significant indirect economic impacts 204-1: Proportion of spending on local suppliers	8 Decent Work and Economic Growth 12 Responsible Consumption and Production
		Environment	
Energy	• Customers • Regulatory Agencies	103-2: Management Approach 103-3: Evaluation of the management approach 302-1: Energy consumption within the organisation 302-3: Energy intensity 302-4: Reduction of energy consumption	13 Climate Action
Climate Change	• Customers • Regulatory Agencies	103-2: Management Approach 103-3: Evaluation of the management approach 305-1: Direct (Scope 1) GHG emissions	12 Responsible Consumption and Production 13 Climate Action
Waste Recycling and Disposal	• Customers • Regulatory Agencies	103-2: Management Approach 306-2: Waste by type and disposal method	12 Responsible Consumption and Production 13 Climate Action
		Social	
Product and Service Innovation	• Customers	102-43: Approach to stakeholder engagement 103-2: Management Approach	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 12 Responsible Consumption and Production
Food Safety and Quality	• Customers • Regulatory Agencies	103-2: Management Approach 103-3: Evaluation of the management approach 416-1: Assessment of the health and safety impacts of products and service categories 417-1: Requirements for product and service information and labelling	2 Zero Hunger

MAPPING THE MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Material Sustainability Matters	Relevant Stakeholders	Corresponding GRI Indicators	SDG
Social			
Promoting Diversity and Inclusion	• Employees	102-7: Scale of the organisation 103-2: Management Approach 401-1: New employee hires and employee turnover 405-1: Diversity of governance bodies and employees	5 Gender Equality 8 Decent Work and Economic Growth
Employee Well-Being	• Employees	103-2: Management Approach 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	5 Gender Equality 8 Decent Work and Economic Growth
Training and Talent Development	• Employees	103-2: Management Approach 404-1: Average hours of training per year per employee 404-2: Programmes for upgrading employee skills and transition assistance programs 404-3: Percentage of employees receiving regular performance and career development reviews	5 Gender Equality 8 Decent Work and Economic Growth
Occupational Health and Safety	• Employees • Regulatory Agencies	103-2: Management Approach 403-1: Occupational Health and Safety management system 403-2: Hazard identification, risk assessment, and incident investigation (HIRARC) 403-4: Worker participation, consultation, and communication on occupational health and safety 403-5: Worker training on occupational health and safety 403-9: Work-related injuries	8 Decent Work and Economic Growth
Community Engagement	• Employees • Civil Society Organisations	103-2: Management Approach 413-1: Operations with local community engagement	16 Peace, Justice and Strong Institutions

SOUND CORPORATE GOVERNANCE

Corporate Governance and Transparency **(103-2)**

Board Charter

Our Board is at the pinnacle of the Group's corporate governance system and ultimately responsible for the performance and affairs of 7-Eleven and its subsidiaries. All Board members are accountable for charting the strategic direction towards sound corporate governance.

Our Board Charter serves as a reference for Board activities in upholding the standards of the Group's corporate governance. The charter provides guidance and direction for Directors and Management on the responsibilities of the Board, Board Committees and Senior Management and what is required of Directors in conducting their stewardship roles and responsibilities towards the Group.

Roles and Responsibilities of the Board

Our Board is accountable in various ways to shareholders and stakeholders with its key purpose being to ensure the Group's prosperity by collectively directing Group affairs while meeting the interests of stakeholders and shareholders. The Board is also designated to shape core values and standards for the Group to achieve a balance between the competing interests of shareholders and stakeholders.

The Directors are responsible to promote sound corporate governance within the Group, working together with senior management in fostering a sound corporate culture which fortifies prudent, ethical and professional behaviour at all levels of business operations. Among the principle roles and responsibilities of the Board are planning, oversight and monitoring of the Group management on its corporate conduct and performance to ensure our business is strategically managed.

Ethics and Integrity **(102-16, 102-17, 103-2)**

At 7-Eleven, we hold ourselves to the highest standards of professional conduct. Our Code of Conduct and Ethics outlines the expected standards of behaviour for our employees with respect to corporate governance and ethical principles whilst promoting integrity and respect among employees. We disseminate the requirements to our employees during our orientation programme or via 7-Eleven Wiki.

7-Eleven Wiki is an online communication channel to circulate updated news, file access and important processes that are significant to employee's daily work

Our Gift Policy, Whistle-blowing Policy and Grievance Handling Procedures ensure that we are committed to the values of transparency, integrity, impartiality and accountability in the day-to-day operation of our retail business.

Gift Policy

Our Gift Policy iterates that no employees shall accept any form of gifts or gratuities from clients/ customers, suppliers, contractors or any other party having business dealings with the Group. Upon offered a gift prohibited by this Policy, an employee must notify the gift giver about this policy and graciously decline or return the gift. They are also required to report the incident to their Immediate Manager and the Human Resources Department.

Whistleblowing Policy

7-Eleven has established a Whistle-blowing Policy as required under the Malaysian Whistleblower Protection Act 2010 to promote high standards of ethical conduct and open communication whilst ensuring protection to the whistleblowers. The Policy provides employees a safe avenue to report incidents of malpractice, corruption, financial impropriety and mismanagement to the Head of Internal Audit

For this reporting year, a total of nine whistleblowing cases was reported, where all of these cases were investigated and dealt with according to the Group's protocol.

SOUND CORPORATE GOVERNANCE (CONT'D)

Ethics and Integrity (102-16, 102-17, 103-2) (Cont'd)

Grievance Handling Procedures

These Procedures encourage employees to communicate grievances or incidents involving discrimination, harassment or intimidation without fear of reprisal. The Group has established an online grievance platform, 7Assist for employees to address their complaints or concerns in an online grievance form. Valid grievances are treated in confidence and the necessary action taken to resolve the issue.

Transparency in Corporate Communication

For 7-Eleven, transparent communication with stakeholders and shareholders is vital in delivering timely information on our financial status, business progress and performance as well as building a long-term mutually-beneficial relationship.

Our 7-Eleven corporate website which is accessible to the public serves as an avenue for communication with our shareholders, investors and the public. The Investor Relations section is dedicated for sharing information such as Bursa announcements, financial reports, and corporate governance reports. Stakeholders' understanding of the Group's governance policies has been enhanced through the disclosure of the Board Charter, Whistle-blowing Policy and details of the Audit Committee, Nominating Committee and Remuneration policies of Directors on the Group's corporate website.

Compliance (103-2, 103-3)

At 7-Eleven, we promote a culture of compliance by ensuring strict adherence to laws and regulations. The requirements of key regulations that govern the management of our human resource as well as the environment are incorporated in our operations.

LAWS AND REGULATIONS	
Employment Act 1955 Employees Provident Fund Act 1991	To safeguard the rights of employees at workplace.
Food Act 1983 (Act 281) Food Regulations 1985 Food Safety and Quality Standards	To ensure food products are properly handled.
Occupational Safety and Health Act 1994 Safety and Health Committee Regulations 1996	To uphold the safety of our working environment.
Industrial Relations Act 1967	To promote and maintain industrial harmony and facilitate the employer-employee relations.

SUSTAINABLE ECONOMY

Supply Chain Management (102-9, 103-2, 203-2, 204-1)

The Group has implemented effective inventory management, stringent supplier vetting and cross-docking delivery system and endeavours to maintain a healthy partnership with, among others, manufacturers, distributors, wholesalers and service agents who are part of the value chain. We preferentially support local procurement as part of our contribution to the growth of the local economy and to minimise our environmental footprint.

Our Handbook on Procurement Policies and Procedures and our Purchasing Guidelines guide the supplier selection process. To reduce potential procurement risks, we conduct pre-assessments on potential suppliers and the criteria used include financial position, product quality, regulatory compliance, halal certification and labelling requirements before signing agreements with them.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL STEWARDSHIP

Energy (103-2, 103-3, 302-1, 302-3, 302-4)

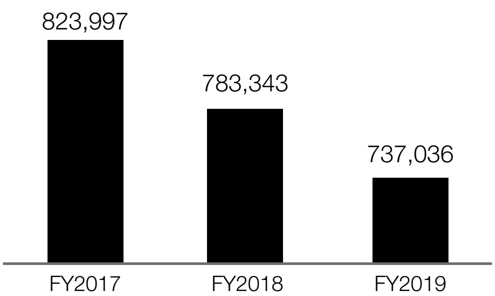
The Group recorded an average energy consumption of 7,524 kWh in the majority of its stores in Malaysia in the reporting year. We also achieved a savings of RM 413,000 from installed energy-saving devices such as air-conditioners and chillers at 314 stores.

Average electricity consumption at our stores by months

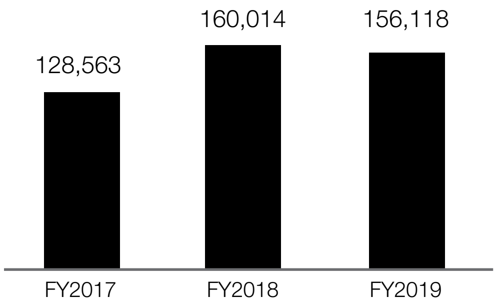
7,524 kWh

7-Eleven began to monitor electricity usage at its headquarters and branch offices as part of our policy of ensuring efficient energy consumption in the reporting period. The energy usage for headquarters and branch offices from FY2017 to FY2019 are presented in the graphs below. We noticed a consumption reduction of 10.6% since FY2017 at headquarters and a drop of 2.4% since FY2018 at our branch offices.

Total Electricity Consumption (Kwh) at Headquarters

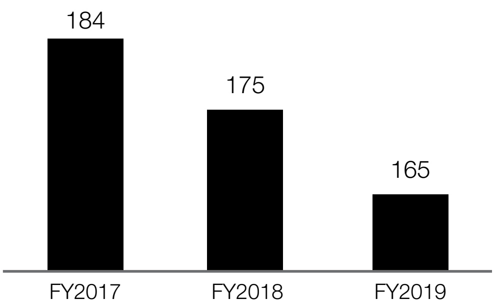


Total Electricity Consumption (Kwh) at Branch Offices

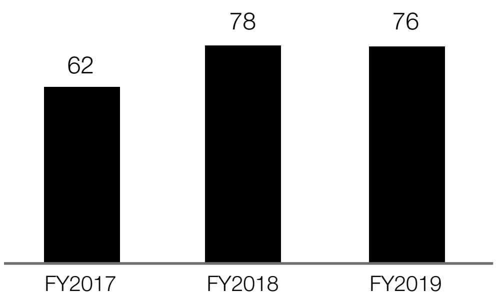


Our consumption in FY2019 with regard to electricity intensity (a more accurate measure of energy use) was 165 Kwh/m2 at headquarters and 76 Kwh/m^2 at the branch offices.

Electricity Intensity (Kwh/m^2) at Headquarters



Electricity Intensity (Kwh/m^2) at Branch Offices

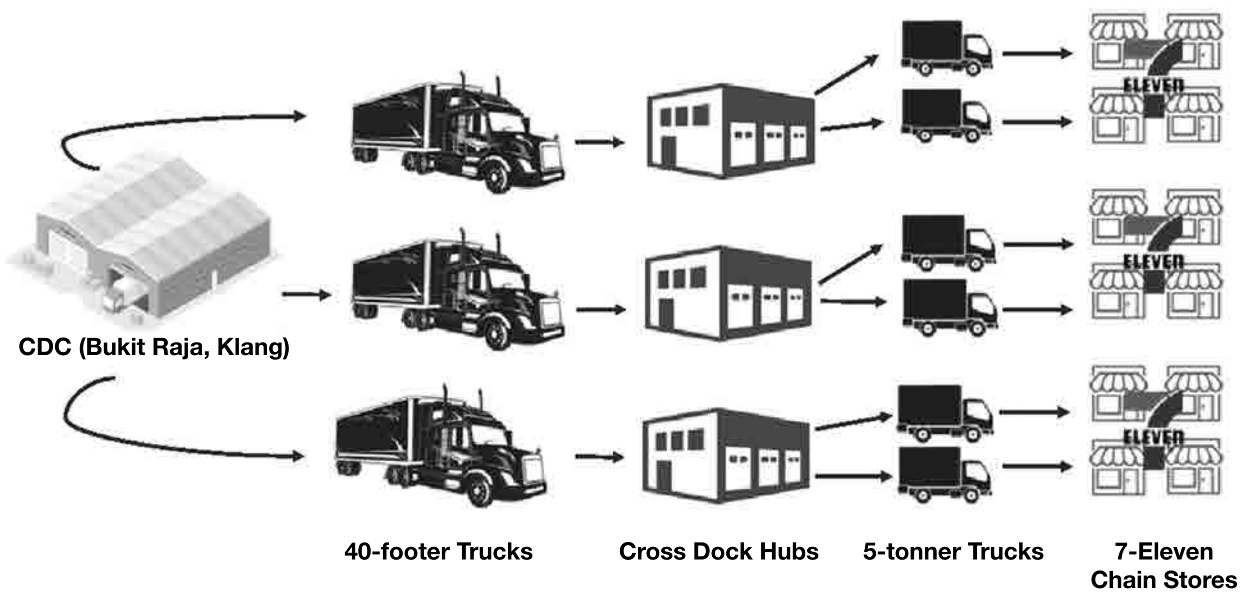


Our initiatives to encourage the efficient use of electricity at our buildings include the use of LED instead of conventional lighting as well as turning off electrical appliances, lights and air-conditioning after working hours.

ENVIRONMENTAL STEWARDSHIP (CONT'D)

Diesel Consumption (302-1, 302-4)

The Cross Dock Delivery System is our logistic practice since FY2017 of which it does not only replenish our inventory efficiency but also reduces transportation cost, delivery time and minimises our environmental footprint. We use 40-footer trucks in this system to transport our goods from CDC to the Cross Dock Hubs located at East Coast, Northern and Southern part of Peninsular Malaysia.



Such logistic practice enabled us to minimise the frequency of trips to and from our cross-dock hubs by 80%. In comparison to our previous delivery model, we achieved a reduction of 46% (or 583,664 litres) in our diesel consumption this year. However, we observed a drop of 37% (or 347,556 litres) in our consumption savings since FY2018 due to the reduced number of trips taken by 40-footer trucks.

Total Diesel Consumption Savings (Litre)

It is our strategy to increase the number of Cross Dock hub networks in Ipoh and Melaka to expedite shipments to customers and by doing so enhance our competitive edge.

ENVIRONMENTAL STEWARDSHIP (CONT'D)

Climate Change (103-2, 103-3, 305-1)

According to The Sustainability Consortium, a global organisation dedicated to improving the sustainability of consumer products, 60% of all greenhouse gas (“GHG”) emissions worldwide come from the global production and use of consumer goods. With operations and a value chain that span the country, we aim to galvanise collective action to reduce emissions, while taking steps to strengthen the resilience of our business.

Our carbon footprint is continuously monitored and this year we managed to save 1,694 tonnes of carbon emissions through the Cross Dock Delivery system.

Carbon Emission Savings (tonne)

2,378 **2,701** **1,694**

FY2017 **FY2018** **FY2019**

Waste Recycling and Disposal (103-2, 306-2)

According to the World Bank Report, the world generates an average of 3.5 million tons of solid waste per day. It is expected that daily waste generation will increase to 6 million tonnes per day by 2025. The World Economic Forum reports that 84 percent of material inputs are lost to landfill or incineration annually, representing a loss of $2.7 trillion in potentially valuable materials.

At 7-Eleven, we take proactive measures to minimise waste generation that not only reduce the total amount of waste for disposal but also translates as cost savings to our operations.

Types of waste recycled by 7- Eleven

Old Corrugated Carton

Plastic

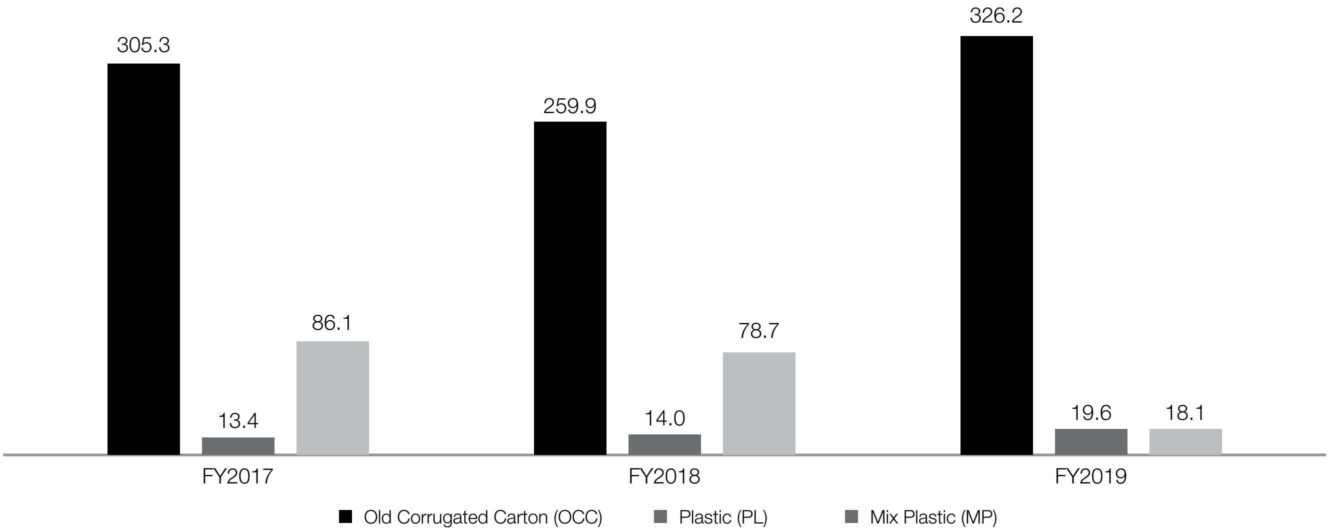
Mix Plastic

We have put in place numerous waste recycling initiatives and we monitor them on a monthly basis.

ENVIRONMENTAL STEWARDSHIP (CONT'D)

Waste Recycling and Disposal **(103-2, 306-2) (cont'd)**

Total Waste Recycled (tonnes)



The most recycled wastes at our outlets throughout the three years are old corrugated cartons of which make up of 90% of total waste recycled. This is because corrugated boxes are used frequently in packing, storage as well as shipping of products from our CDC to 7-Eleven stores.

We are currently piloting the "No Plastic Bag" initiative at seven of our stores where we substitute the conventional plastic bags with biodegradable bags, heavy duty paper bags and reusable shopping bags. Also provided are wooden stirrers and paper straws instead of plastic stirrers and straws.

UPHOLDING SOCIAL RESPONSIBILITY

Product and Service Innovation **(102-43, 103-2)**

E-Commerce

Technological advances and societal shifts are changing the face of retail businesses. More companies are shifting towards adopting digital processes and solutions in their business operations. At 7-Eleven, we continue to explore new platforms on e-commerce by expanding our partnerships with various e-commerce retailers. Our multiple partnerships enhance our business transformation as we are now able to serve our customers 24/7/365.

7-Eleven partnered with the Razer Merchant Services (formerly MOLPay Sdn. Bhd.) and NINJA Van Malaysia to expand the Razer Parcel Plus which offers seamless shipping service at selected 7-Eleven stores across Klang Valley, Johor Bahru and Penang. We intend to offer this service to all of our outlets throughout the country in the upcoming years.

Besides Razer Pay and Alipay, we have also introduced an additional e-wallet option this year through our collaboration with the Touch 'n Go e-wallet, a new e-wallet in Malaysia. This initiative is aimed to provide a myriad of options for customers to facilitate online payment and reload convenience with secured transactions across all 7-Eleven's outlet nationwide.

UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Product and Service Innovation (102-43, 103-2) (cont'd)

Ready-To-Eat Food (RTE)

Apart from in-store services, 7-Eleven also offers a wide variety of ready-to-eat (“RTE”) and microwavable meals which are wallet-friendly and convenient. Our range of RTE food offering includes sandwiches, coffee, sausages, fried noodles and “nasi lemak” at all of our outlets in Malaysia to satisfy consumers’ who lead a fast-paced and busy lifestyle. 7-Eleven ensures the supply of RTE food from our selected suppliers has undergone strict quality control for safe consumption. Our commitment food safety and quality is disclosed in the Food Safety & Quality section of this statement.

In the coming years, we intend to introduce a new and improved range of RTE food at our stores to provide variety and better adapt to the requirements of our customers. We also plan to upgrade our store layouts to include with seating facilities at selected stores for the comfort and convenience of our customers.

Food Safety and Quality (103-2, 103-3, 416-1, 417-1)

Food quality and safety are paramount in our industry. As leaders in the retail business, we believe that maintaining progressive and effective food safety management systems is a critical part of our continued success. We have established the 7-Eleven Food Manufacturing Standards and Practices which is adapted from international and national food quality standards. And we strictly comply to the relevant regulations related to food safety and quality including the Malaysia Food Act 1983 (Act 283) and the Malaysia Food Regulations 1985. Our products are also certified under the Hazard Analysis and Critical Control Plan (“HACCP”) system.

1 **Environmental & Operational**

All environmental and operational control and monitoring procedures that are vital to produce safe and legal food products measures must be in place, clearly identified and well-documented.

2 **Food Containers and Packaging**

All food contact materials including containers and packaging must comply with the Malaysian Food Regulations 1985 Part VI "Packages for Food".

3 **Food Labelling**

All intended use of food product needs to properly labelled with nutrients, ingredients and shelf-life information adhering to the Malaysian Food Act 1983 and Food Regulations 1985.

4 **Stringent Supplier Selection**

Ensuring suppliers are Halal certified (MS 1500:2009) and are in compliance with our status as GMP, HACCP or ISO 22000:2015 certified manufactures to reduce food safety risks to our customers.

5 **Hazard Analysis and Critical Control Points (HACCP) Plan**

Preventing biological, chermical and physical risks from the food production, procurement and handling to manufacturing, distribution and consumption of the final food products.

We periodically conduct internal assessments on our performance on Safe & Legal Standards to ensure all our 7-Eleven chain outlets maintain their certification. In FY2019, we assessed a total of 1522 (63%) 7-Eleven stores nationwide. We were unable to cover all our stores because the assessment has yet to be implemented in the stores in East Malaysia and, some of our stores are in the midst of refurbishment. However, we successfully assessed 503 stores from our 1,522 stores and we are pleased to report that each store received an average score of above 80%.

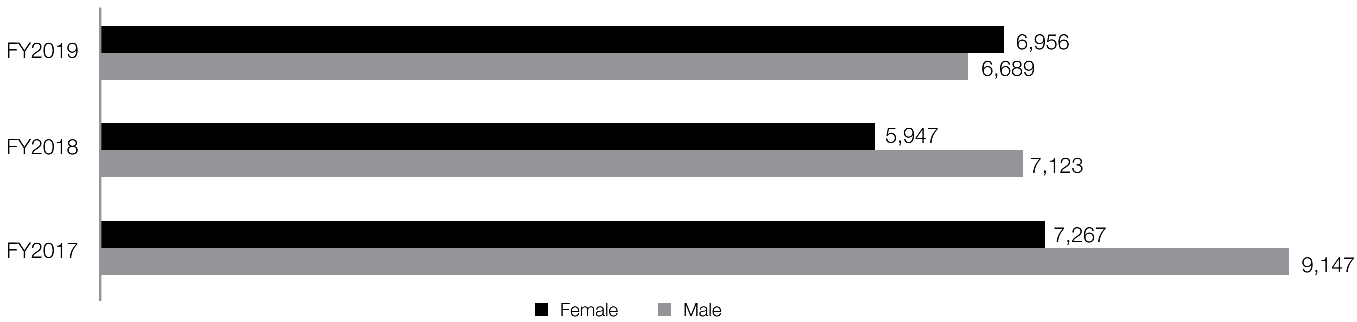
UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Promoting Diversity and Inclusion (102-7, 103-2, 401-1, 405-1)

At 7-Eleven, we seek to attract, develop and retain individuals who will diversify our thinking, develop new ideas and demonstrate the skills needed to address future challenges in the retail sector. By investing in our employees, we not only promote the success of our business but also drive job satisfaction and engagement. Above all, we strive to create a conducive work environment that genuinely considers our employees' needs, ambitions and wellbeing.

With over 2000 convenience stores across the nation, we contribute to the socio-economic of local communities by offering employment opportunities. We are pleased to inform that 91% of our total employees are Malaysians with a good balance between the men and women. Over 82% of workforce are below the 30 years bracket, followed by the age group of 30 – 50 years and the age group of above 50 years. The percentage of women in Senior Management was at 24% for the reporting period.

Workforce by Gender



Workforce by Age Groups

	FY2017	FY2018	FY2019
Above 50 years	146	147	175
30 - 50 years	2,063	2,052	2,216
Below 30 years	14,205	10,871	12,590

Workforce by Employment Type

	FY2017	FY2018	FY2019
Senior Management	43	45	50
Management	106	108	124
Executive	474	485	496
Non-Executive	15,791	12,432	14,311

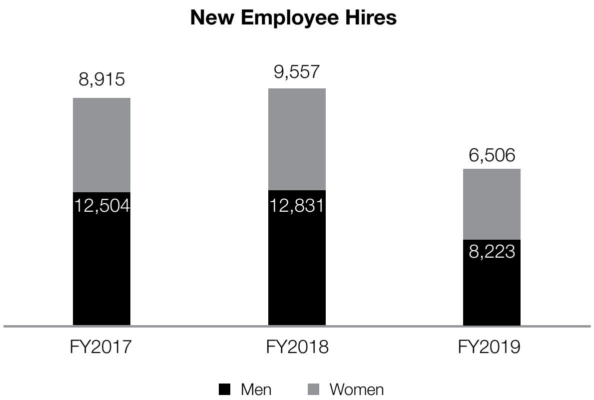
UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

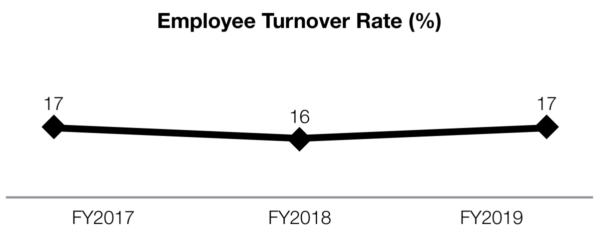
Promoting Diversity and Inclusion (102-7, 103-2, 401-1, 405-1) (cont'd)

Although, we prioritise the recruitment of young talent who have a propensity to learn, adopt easily, tech-savvy, confident and able to contribute new ideas that are suited to the industry, we also acknowledge the role of mature and experienced employees. In seeking suitable candidates for this employment group, 7-Eleven collaborated with the Armed Forces Ex-Servicemen Affairs Corporation ("PERHEBAT") to organise a recruitment programme in March 2019. This programme aims to provide job opportunities for ex-servicemen at 7-Eleven Malaysia and in FY2019, 16 individuals were employed through this programme.

The Group endeavours to recruit talent who are active, ambitious and well-aligned with our sector to remain competitive. We offer our employees attractive remuneration and employee benefit packages as articulated in the Employee Well-Being section. While we hired 14,732 employees in FY2019, our turnover rate was 17%.

The Group experienced a decrease of 34% in our employee new hire from FY2018. This is due to the implementation of the Optimized Head Count Ratio initiative at our stores since October 2019. The head count ratio refers to the optimized headcount that is approved by the Group Human Resource for new employee hires based in profile of the store. This initiative is to effectively manage manpower recruitment at all of our stores. Meanwhile, the slight increase in the employee turnover rate is driven by a highly competitive employment market due to growth in retail, seasonality as well as the nature of the convenience store industry where it attracts many short term employment seekers.





Employee Well-Being (103-2, 401-2)

We strive to provide benefits packages that are competitive among the retail industry. As the Group grows and develops, we continually seek to improve our offerings. We are committed to keeping our employee retention rates high and thus, we continue to provide various forms of employee benefits in terms of healthcare, lifestyle, transportation, flexibility, allowance and related benefits.

UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Employee Well-Being (103-2, 401-2) (cont'd)

In addition to this, 7-Eleven offers the Group Term Life Insurance to further enhance the protection coverage of employees.

To encourage cross-departmental interaction, we organise a range of events throughout the year including:

- Festive Celebrations: Raya, Chinese New Year, Deepavali and Christmas
- Annual Dinners
- Staff Appreciation Day
- Indoor Games
- Bowling Tournaments, etc.

Investing in Training and Development (103-2, 404-1, 404-2, 404-3)

Our ability to remain competitive within the retail sector relies on the continuous development of our employees' skills, experience and knowledge and to nurture a high-performance culture in the workforce.

7-Eleven aims to provide a seamless and engaged purchasing experience for our customers to ensure business sustainability and profitability. Hence, we provided customer service training programme for our employees to develop crucial skills and techniques in building customer service-oriented culture, retaining our valuable clients and increasing our repeat business.

Training Programme	Objective
Customer Service Training	• To acquire skills in improving customer service via engagement and communication • To enhance customer retention and increase repeat customers • To improve understanding on customer expectation • To enhance product knowledge

In addition, we also provided training programme on topics such as leadership skills, productivity, communication and related competencies. These programmes enable employees, particularly the senior management group to be updated on current trends in the marketplace to stay ahead of our competitors.

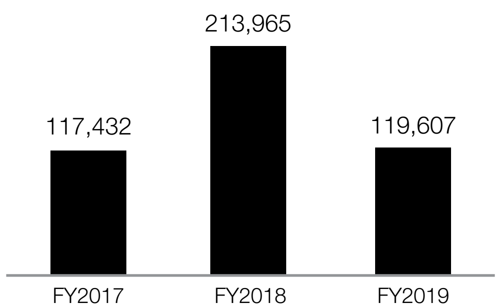
Training Programme	Objective
Whale Done!	• To improve productivity of employees • To enhance connectivity between employees through active interaction • To increase talent retention at workplace
Fish Philosophy	• To inculcate four elements of customer service: Be there, Play, Make Their Day and Choose Your Attitude to be implemented in the working environment. • To improve employee interactions.
Planning and Organising	• To assist employee by providing clear understanding on the planning tools for effective implementation of a procedure, programme or a strategy.
Take Ownership	• To provide leadership skills and knowledge for Subordinates
7-Eleven Core Values	• To provide understanding on the newly established core values to be implemented at workplace.

UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

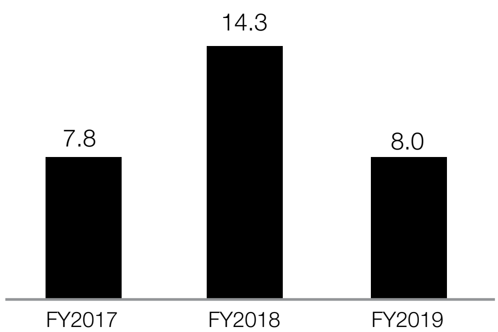
Investing in Training and Development (103-2, 404-1, 404-2, 404-3) (cont'd)

Every 7-Eleven employee has received a minimum of 8 hours of training per year since FY2018. We invested RM 1,162,166 in total for training and an average of RM 185 per employee this year. This investment translated to 119,607 training hours across four employment levels, namely Senior Management, Management, Executive and Non-Executive.

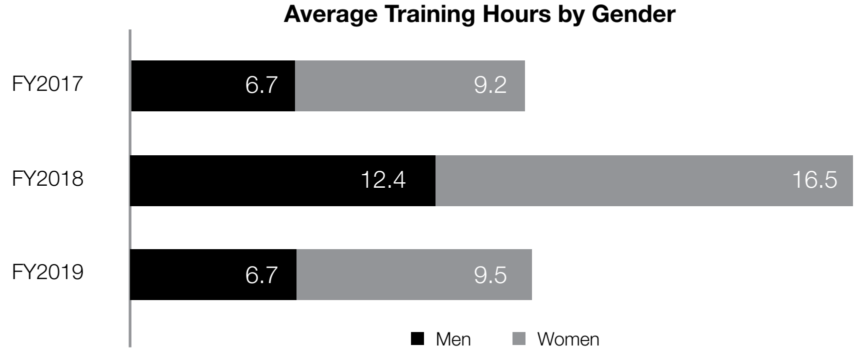
Total Training Hours



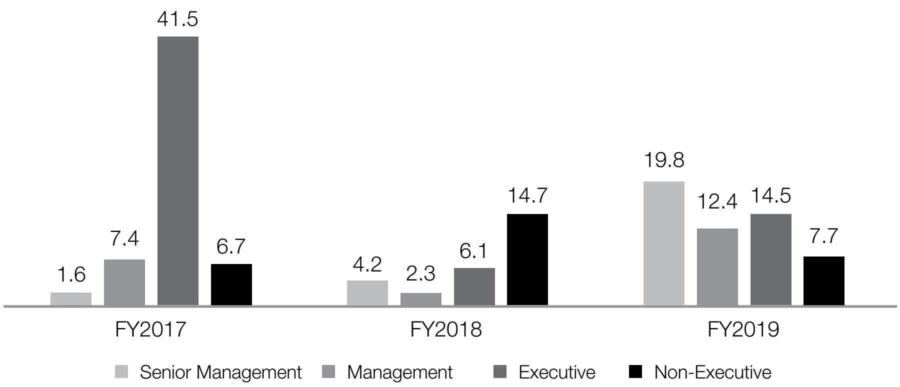
Average Training Hours Per Employee



Average Training Hours by Gender



Average Training Hours by Employment Type

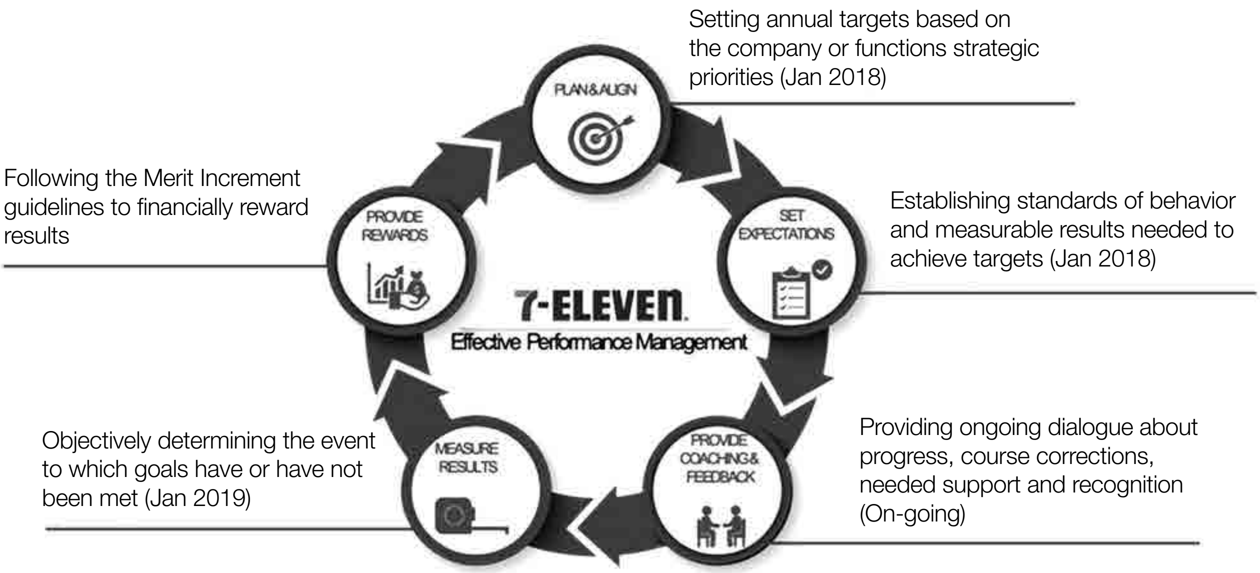


UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Investing in Training and Development (103-2, 404-1, 404-2, 404-3) (cont'd)

Employee Performance and Review

We promote open and regular communication with our employees through a number of channels to motivate strong performers and detect performance gaps. Employees are evaluated by comparing their performance to the standards and expectations established during the appraisal period.



This appraisal review is only conducted for store managers and Store Support Centre ("SSC") employees of which comprising 20% of the total employees at 7-Eleven.

Occupational Health and Safety (103-2, 403-1, 403-2, 403-4, 403-5, 403-9)

Ensuring the health and safety of our employees is a priority at the Group. We have put in place the 7-Eleven Malaysia Safety and Health Policy and we impose strict compliance to the Occupational Safety and Health Act 1994.

One of our initiatives include the Workplace Inspection Jotform as well as the Hazard Identification, Risk Assessment and Risk Control ("HIRARC") at our corporate headquarters and stores this year to identify safety hazards in routine and non-routine activities throughout the retail operation.

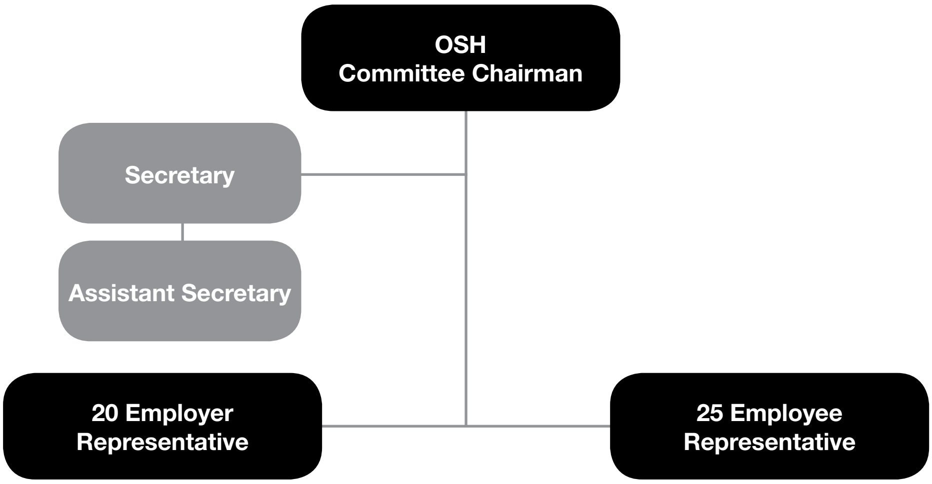
UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Occupational Health and Safety (103-2, 403-1, 403-2, 403-4, 403-5, 403-9) (cont'd)

We have also introduced the 7-Eleven Crisis Management Manual ("CMM") and Incident Investigation Report system which require employees at stores to report on near miss incidents. This initiative is an extension to our Accident Escalation Report procedure to keep track on the number of accidents or near miss incidents at occurred at stores involving employees, customers and/or on-the-job contractors.

To manage occupational safety and health for the Group, 7-Eleven has established a dedicated Occupational Health and Safety ("OSH") committee, headed by the OSH Committee Chairman, comprising 20 employer representatives and 25 employee representatives. We have also formed an Emergency Response Team ("ERT") with 11 employees based at headquarters. Both the committee and ERT are responsible for the formulation of mitigation measures to minimise accidents and occupational health issues, ensuring the Group adheres to regulatory requirements and creating awareness of OSH risks and hazards within the Group.

7-Eleven Occupational Health and Safety Committee



Specific roles and responsibilities of the OSH committee in adherence to safety and health requirements as illustrated below.

Committee Role	Task
Chairman	• To ensure that the Occupational Health and Safety management system is implemented and sustained. • To ensure the committee is qualified and competent as Health and Safety Representatives
Employer Representative	• To ensure that the workplace is safe and does not pose any risk to employees. • To identify precautionary methods that minimise risks and hazards at workplace • To provide the necessary training, knowledge and supervision to employees to enhance their awareness on health and safety at work. • To ensure that all employees comply with the safety standards and requirements that are implemented.
Employee Representative	• To inspect and identify hazards and risks that may occur at chain stores and branch offices according to the OHS Policy Plan. • To report the findings of the inspection or assessment to the Health and Safety Committee. • To assist immediate superior in investigating incidents and accidents and identifying remedial action to prevent recurrence of such events. • To ensure employees comply with the health and safety standards at workplace.

UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Occupational Health and Safety (103-2, 403-1, 403-2, 403-4, 403-5, 403-9) (cont'd)

In ensuring effective management of safety and healthy at our workplace, 7-Eleven equips its employees with competency-based training to upskill themselves and keep abreast of the latest safety and health requirements.

Employee Training Programme
Effective Safety & Health Committee by NIOSH (National Institute of Occupational Safety and Health)
Emergency Response Team training
Emergency Response – First Aid & Cardiopulmonary resuscitation (CPR) Training

Lost Time Injury Frequency Rate ("LTIFR")

LTIFR refers to the amount of lost time injuries occurring in the workplace per one million man-hours worked. In FY2019, we observed a LTIFR of 0.0041.

Enriching with The Community (103-2, 413-1)

The local communities where our stores are located and where our customers and suppliers live are the cornerstones of our business. We are conscious of our social responsibility and continuously plan and implement programmes that support and benefit less fortunate.

The Group's community outreach and environmental efforts are carried out by 7-Eleven Community Care, our non-profit initiative established to implement corporate responsibility programmes. Our efforts to uplift the community and protect the environment were recognised at the 2019 Corporate Social Responsibility Malaysia Awards where 7-Eleven was awarded "Company of the Year (Retail Category)". This is the third time that 7-Eleven has received this award.

With that in line, we continued our partnership with NGOHub Asia and other charitable organisations to ensure enhanced and effective outcomes from our programmes. This year, 7-Eleven has supported 406 beneficiaries with a budget spent of more than RM 300,000. The following are further details of the community programmes we conducted in FY2019.

Caring for the Elderly

7-Eleven kick-started the New Year together with the ladies of Grace Home Klang and provided free health screening for the community at *Pusat Jagaan Siti Nor Aini*. Working in collaboration with Tigas Alliance Pharmacy and NGOHub Asia, we held talks on healthy eating habits and recommended appropriate vitamins and dietary supplements to improve the health of those living in these homes. We also distributed food hampers containing staples such as rice and oil.

The visit to *Pusat Jagaan Siti Nor Aini* Working was held on 18 January 2019

A Time of Celebration and Sharing

We collaborated with NGO Hub Asia and provided a scrumptious dinner for the elderly living at the Eng Yuan Old Folk Home. During the dinner we distributed food packets and *Ang Pow* (red packets containing cash) which is a traditional practice for the Chinese. Similarly, during the Muslim festival of Hari Raya, we visited 30 orphans at *Pusat Jagaan Nuri* and distributed *Duit Raya* (cash gifts) and coin boxes.

In addition to this, 7-Eleven has contributed more than RM3 million worth of provisions comprising both food and non-food items to various charity organisations in both Peninsula Malaysia and Sabah and Sarawak during the month of Ramadhan, from 30th April 2019 to 10th June 2019. The items included canned food, biscuits, rice, cooking oil, laundry detergent and toiletries.

Chinese New Year celebration at the Eng Yuan Old Folk Home on 18 February 2019

Raya Cheer with children of Pusat Jagaan Nuri on 21 June 2019

UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Enriching with The Community (103-2, 413-1) (cont'd)

A Time of Celebration and Sharing (cont'd)

A Raya celebration organised by 7-Eleven towards the end of Ramadhan campaign. The event was held at the The Pearl Hotel, Kuala Lumpur and attended by representatives from 7-Eleven Malaysia and Semurni Kasih recipients.

A Friendly Match for the Disabled

To commemorate World Down Syndrome Day on the 21st of March 2019, 7-Eleven jointly organised a telematch with NGO Hub Asia at *Persatuan Penjagaan Kanak-Kanak Cacat Klang ("PPKKCK")*, Selangor. The telematch comprised games that enhance self-grooming skills and teamwork among 84 disabled children. In the spirit of 'Everyone is a Winner', each participant was awarded with a gold medal and a bag of treats.

The children of (PPKKCK), Selangor at the end of the telematch on 15 March 2019

Environmental Aid and Education

In conjunction with World Earth Month, volunteers from 7-Eleven organised an eco-educational visit to the Bukit Tagar Sanitary Landfill for the youths from *Rumah Saffiyah* and *Sweet Care Home*. The activity involved a detailed presentation on the landfill including its design and capacity, waste management processes, environmental monitoring and the generation of renewable energy from the landfill gas (methane). During the visit, representatives from The KUB-Berjaya Enviro, the operator of the landfill, also participated in the programme.

In addition to this, we organised an environmental preservation programme for the underprivileged children of *Pertubuhan Amal & Kebajikan Anak-Anak Islam Tersisih Selangor* (PAKATS). The participants were exposed to the planting of vegetation and fruits around their compound.

The youths of Rumah Saffiyah and Sweet Care Home during the eco-educational visit on 24 April 2019

Around 12 children participated in the planting activity on 20 November 2019

UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Enriching with The Community (103-2, 413-1) (cont'd)

Lending A Helping Hand During Haze

In September 2019, as a nation we suffered the health impacts arising from the poor air quality experienced during the atmospheric phenomenon known as the haze. We reached out to selected underprivileged communities who were adversely affected by the haze and distributed N95 particulate masks, eye drops, vitamins and dietary supplements as well as snacks rich in Vitamin E including nuts and sunflower seeds. These communities included children and the elderly from Sai Pandian Orphanage, *Pertubuhan Pusat Kebajikan Destiny, Rumah Anak Yatim Al-Munirah*, GT Community Care and *Persatuan Thalasemia Selangor*.

The distribution of haze essentials to the selected underprivileged communities on 21 September 2019

Coaching and Educating Young Leaders of Tomorrow

The workshop held on 26 July 2019 saw a participation of 60 children from the Happy Neighbourhood (Jiran Ria)

7-Eleven organised an entrepreneurship workshop for the children of Happy Neighbourhood (*Jiran Ria*) at the Enggang Apartments in Puchong, Selangor with the primary goal of instilling an entrepreneurial mindset in the younger generation. The workshop started off with a briefing coordinated by our employees using visual aids on how to build micro enterprises. The children were then divided into two groups and assigned to make a famous local dessert known as '*aiskrim Malaysia*' as their product. They were also taught how to prepare attractive marketing material to promote the sales of the dessert.

The participants of the organised walking tour on 26 August 2019

The Group collaborated with Yellow House Kuala Lumpur ("YHKL") and NGO Hub Asia to organise a walking tour of Kuala Lumpur for a group of 45 Malaysian Girl Guides from the *Pangsapuri Perumahan Rakyat community* residing in the city of Kuala Lumpur. The aim of the tour was to educate youths on how diverse the city was in terms of ethnicity and nationality. They leisurely strolled through the city's well-known cultural sites and places of worship. At the end of the activity, the participants were each given a bag of treats and served with our fresh and ready-to-eat meals.

Doing Good Deeds Together

This year, we chose to kickstart the #*BuatBaikTogether* campaign with our CSR partner, Malaysian Rare Disorders Malaysia ("MRDS"). MRDS is a voluntary organisation set-up to represent and look out for the welfare of individuals affected by rare disorders such as brittle bone disease and Marfan syndrome and, their family members. The money donated by 7-Eleven was used to organise leisure activities as well as to provide financial assistance to those diagnosed with these disorders as well as pay for genetic testing to ascertain if other members of the family suffer the similar syndrome.

During the campaign period, customers were encouraged to contribute by purchasing necessities and supplies from 7-Eleven Malaysia outlets across Malaysia and dropping them into contribution boxes. The contributions were distributed by 7-Eleven Malaysia to selected beneficiaries across the country.

The #BuatBaikTogether campaign was held from 24 September – 4 November 2019

UPHOLDING SOCIAL RESPONSIBILITY (CONT'D)

Donation FY2019

Apart from community programmes, 7-Eleven also contributed financial aid to the following recipients.

Month	Name of Beneficiary	Amount Donated (RM'000)
January	Bukit Kiara - Riding for Disabled Fund (RDA)	50
April	Science of Life Studies 247	575
June	Living Hope 12th Anniversary Charity Bazaar	5
June	Spirit of 57 Unity Ribbons	2
August	Tzu Chi International School Fund Raising Luncheon	60
August	Malaysian Gymnastics Federation	50
September	Kelab Ragbi SMK Tinggi Batu Pahat 2019	5
September	Siswa Food Bank Programme USM	6
October	Lean in Malaysia	30
October	Tunku Laksamana Johor Cancer Foundation	50
December	Dignity and Services	50
December	Malaysian Rare Disorders Malaysia	7
TOTAL		**890**

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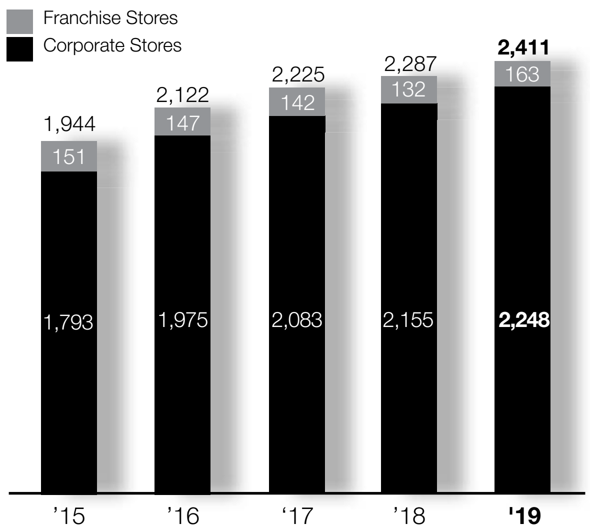
GROUP FINANCIAL SUMMARY

Description	2019 RM'000	2018 RM'000	2017 RM'000	Restated# 2016 RM'000	Restated# 2015 RM'000
Revenue	**2,361,058**	2,217,049	2,187,102	2,103,367	2,006,284
Profit Before Tax	**76,653**	73,859	70,496	70,872	77,857
Profit After Tax	**54,084**	51,330	50,107	52,215	55,813
Profit Attributable To Shareholder	**54,058**	51,307	50,107	52,215	55,813
Share Capital	**1,485,138**	1,485,138	1,485,138	123,338	123,338
Treasury shares	**(128,928)**	(161,941)	(190,625)	(190,625)	(58,913)
Share Premium	**-**	-	-	1,361,800	1,361,800
Assets Revaluation Reserve	**41,969**	41,152	40,784	-	-
Reserves	**46,985**	71,208	81,985	84,066	87,317
Capital Reorganisation Deficit	**(1,343,248)**	(1,343,248)	(1,343,248)	(1,343,248)	(1,343,248)
Non-controlling Interest	**195**	169	-	-	-
Total Equity	**102,111**	92,478	74,034	35,331	170,294
Long Term Liabilities	**579,945**	72,723	69,236	48,038	14,700
Current Liabilities	**739,963**	584,166	651,698	690,324	558,808
Total Equity and Liabilities	**1,422,019**	749,367	794,968	773,693	743,802
Property, Plant & Equipment	**338,129**	323,982	350,404	318,801	303,608
Right-of-use assets	**608,530**	-	-	-	-
Investment Property	**-**	400	400	400	350
Intangible Assets	**29,390**	34,289	35,298	35,822	21,232
Investment and Other Non-Current Asset	**42,533**	1	1	1	1
Current Assets	**403,437**	390,695	408,865	418,669	418,611
Total Assets	**1,422,019**	749,367	794,968	773,693	743,802
Net Assets Per Share (sen)	**8.93**	8.23	6.67	3.18	14.28
Basic Earning Per Share (sen)	**4.74**	4.57	4.51	4.51	4.56

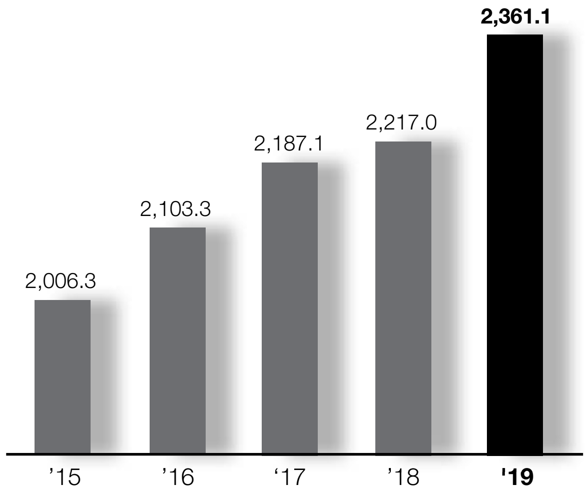
Restated to reflect the fair value adjustment for investment property.

GROUP FINANCIAL HIGHLIGHTS

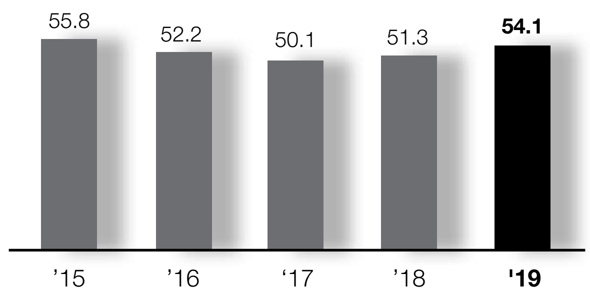
Store Count



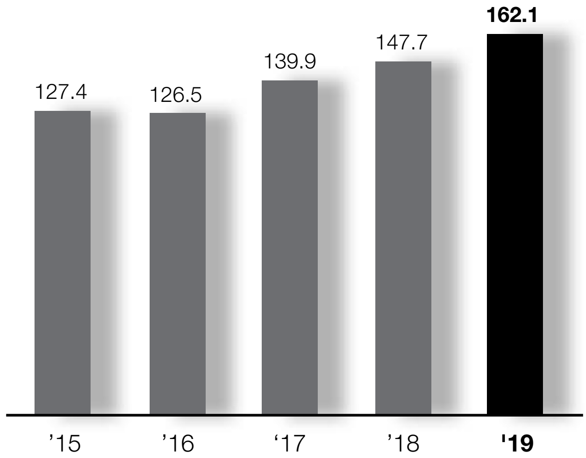
Revenue (RM 'million)



Profit After Tax (RM 'million)



EBITDA (RM 'million)



CHARTS ON FINANCIAL HIGHLIGHTS

	2015	2016	2017	2018	2019
Corporate Stores	1,793	1,975	2,083	2,155	**2,248**
Franchise Stores	151	147	142	132	**163**
Store Count	1,944	2,122	2,225	2,287	**2,411**
Revenue (RM'million)	2,006.3	2,103.3	2,187.1	2,217.0	**2,361.1**
Profit after Tax (RM'million)	55.8	52.2	50.1	51.3	**54.1**
EBITDA (RM'million)	127.4	126.5	139.9	147.7	**162.1**

Notes:
EBITDA defined as profit before finance cost, tax, depreciation of assets and exclude impacts from MFRS 16: Leases.

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**").

Detail applications for each practice as set out in the Code is disclosed in the Corporate Governance Report which is available on the Company's corporate 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 ensures 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 the Chief Executive Officer. The Chief Executive Officer, Mr. Colin George Harvey 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 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 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.

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.

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 Economy, Environmental and Governance ("**EES**") aspects of business sustainability. As such, the EES 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 EES elements.

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 nine (9) members, comprising three (2) Executive Directors, three (3) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfils the Listing Requirements, which stipulate that at least three (3) 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. However, the NC is of the view that the current Board size and composition is appropriate and effective taking account the nature of business operations of the Company. The Board is also satisfied with the current board composition. Nevertheless, the Board may consider increasing the number of Independent Director should there be a suitable candidate.

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 2019 are as follows:

Name of Nominating Committee Member	Meeting attended
Shalet Marian, Chairperson *(Independent Non-Executive Director)*	2/2
Muhammad Lukman bin Musa @ Hussain, member *(Independent Non-Executive Director)*	2/2
Tan Wai Foon, member *(Non-Independent Non-Executive Director)*	2/2

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 provide 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 2019, 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 Directors who are due for re-election by rotation at the Sixth 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 2019, 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.

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, 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.

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)

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 99 of the Company's Constitution, at least one-third (1/3) of the Directors, or the number nearest to one-third (1/3) 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 105 of the Company's Constitution.

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 2019 are as follows:

Name of Remuneration Committee Member	Meeting attended
Tan Wai Foon, Chairperson *(Non-Independent Non-Executive Director)*	2/2
Muhammad Lukman bin Musa @ Hussain, member *(Independent Non-Executive Director)*	2/2
Shalet Marian, member *(Independent Non-Executive Director)*	2/2

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.

The Board takes cognisance 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	5/6
Chan Kien Sing	5/6
Colin George Harvey	6/6
Muhammad Lukman bin Musa @ Hussain	6/6
Puan Sri Datuk Seri Rohani Parkash binti Abdullah	6/6

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
Tan U-Ming	6/6
Tan Wai Foon	4/6
Tsai, Tzung-Han* *(Appointed on 16 January 2019)*	5/6
Ho Meng* *(Resigned on 24 October 2019)*	4/4

* Reflects the attendance and the number of meetings held during the financial year since the Director held office.

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 2019 comprise the following:

Name of Director	Continuous education programmes attended in Year 2019
Tan Sri Dato' Seri Abdull Hamid bin Embong	- NIL
Chan Kien Sing	- MIA International Accountants Conference 2019
Colin George Harvey	- 7-Eleven International Business Summit 2019
Muhammad Lukman bin Musa @ Hussain	- MIA International Accountants Conference 2019 - Anti-Bribery and Corruption Seminar 2019
Puan Sri Datuk Seri Rohani Parkash binti Abdullah	- PNB Leadership Forum - Revisiting the Misconception of Board Remuneration by Mark Reid - Ring the Bell for Gender Equality Empower Women for Sustainable results - Sustainability and Business BCSD Breakfast Talk Series - Corporate governance (CG Watch) How Does Malaysia Rank - The role of the Board in Risk management of Legal Issues During Mergers and Acquisitions - Shape Analysts Expectations: How to win over equity analysts
Shalet Marian	- Let's Get Real on Anti-Bribery - FIDE Elective Programme | Understanding Fintech and Its Implications for Insurance Companies - MIA International Accountants Conference 2019

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 in Year 2019
Tan U-Ming	- Hacking the Digital Revolution - YPO Chapter Leadership Workshop (CLW) 2019 - MIA International Accountants Conference 2019
Tan Wai Foon	- NACS Convenience Summit Asia 2019 - 7-Eleven International Business Summit 2019
Tsai, Tzung-Han	- Mandatory Accreditation Program (MAP)

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.

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 2019 categorised into appropriate components are as follows:-

	Company		Group			
Executive Directors	**Fee (RM)**	**Meeting Allowance (RM)**	**Salaries and/or Bonus* (RM)**	**Other Emoluments^ (RM)**	**Benefits-in-kind (RM)**	**Total (RM)**
Colin George Harvey	-	-	1,400,747	-	12,500	**1,413,247**
Tan U-Ming	-	-	723,324	-	6,842	**730,166**
Ho Meng *(Resigned on 24 October 2019)*	-	-	115,143	487,097	8,250	**610,490**
Non-Executive Directors						
Tan Sri Dato' Seri Abdull Hamid bin Embong	60,000	2,500	-	-	-	**62,500**
Chan Kien Sing	60,000	2,500	14,043	60,000	-	**136,543**
Muhammad Lukman bin Musa @ Hussain	72,000	7,500	-	-	-	**79,500**
Puan Sri Datuk Seri Rohani binti Abdullah	60,000	2,500	-	-	-	**62,500**
Shalet Marian	60,000	7,500	-	-	-	**67,500**
Tan Wai Foon	60,000	6,500	142,137	1,108,710	17,100	**1,334,447**
Tsai, Tzung-Han	57,581	2,500	-	-	-	**60,081**
Total	**429,581**	**31,500**	**2,395,394**	**1,655,807**	**44,692**	**4,556,974**

Notes:-
* *The salaries and/or bonus are inclusive of employer's provident fund contributions.*
^ *The other emoluments inclusive of varies allowances, ex-gratia and leave-pay paid to Directors.*

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

Part III: Remuneration (cont'd)

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.

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 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 68 to 70 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 term 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 2019, 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 & Young PLT as the External Auditors for the financial year ending 31 December 2020. The Board at its meeting held on 22 April 2020 approved the Audit Committee's recommendation. The re-appointment of Messrs. Ernst & Young PLT will be presented for shareholders' approval at the forthcoming Seventh AGM.

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

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 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.

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 70 to 72 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 RM80,000.00.

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 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.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

2) Strengthening relationship between the Company and its shareholders (cont'd)

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 22 April 2020.

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 2019. 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 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 Meeting held a total of 12 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.

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;

- 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 in the Annual Report of the Company.

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 one cycle of audit, focusing on key risks and internal controls relating Store Operations, 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 engagement is Mohd Khaidzir Shahari, Chartered Accountant, Malaysian Institute of Accountants; Certified Global Management Accountant; Certified Internal Auditor, The Institute of Internal Auditors Inc; and Chartered Member, Institute of Internal Auditors Malaysia. A total of 6 personnel were deployed by KPMG for the internal audit work during the financial year ended 31 December 2019.

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 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 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 2019 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 2019 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 8 May 2020.

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 2019 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)	5/6

MEMBERSHIP

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

Throughout the financial year 2019 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 2019 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 2018; and

- 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
14 January 2019	Review the Budget of the Group for the financial year ended 31 December 2019
25 February 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 December 2018
17 April 2019	Audited Financial Statements for the financial year ended 31 December 2018, Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval and disclosure in the Company's Annual Report 2018
27 May 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 31 March 2019
27 August 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 30 June 2019
25 November 2019	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 30 September 2019

(b) External Audit

- reviewed the External Auditors' audit plan for the financial year ended 31 December 2019, 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 25 February 2019 and 25 November 2019; 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 2019, the internal audit function had covered the area of store operations and follow up on findings of previous internal audit report. 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;

(c) Internal Audit (cont'd)

- 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
- 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 2019 amounted to approximately RM80,000.

(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 2019 set out on pages 74 to 181 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 2019.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are described in Note 13 to the financial statements.

Results

	Group RM'000	Company RM'000
Net profit for the financial year	54,084	5,127
Profit attributable to:		
Equity holders of the Company	54,058	5,127
Non-controlling interest	26	-
	54,084	5,127

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.

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 2018 were as follows:

	RM'000
In respect of the financial year ended 31 December 2018	
Interim single-tier cash dividend of 2.4% on 1,128,890,823# ordinary shares, declared on 19 April 2019 and paid on 23 May 2019	27,093
Share dividend via distribution of 21,299,101 treasury shares on the basis of 1 treasury share for every 53 existing ordinary shares#, declared on 19 April 2019 and credited on 23 May 2019	33,013
	60,106

Dividends were distributed to the holders of ordinary shares of the Company in issue as at 13 May 2019 (being the entitlement date), net of 104,494,000 treasury shares.

Dividends (cont'd.)

On 22 April 2020, the Board of Directors has declared an interim dividend comprising the following:

Single-tier cash dividend of 2.3 sen per ordinary share on 1,150,189,924^ ordinary shares (net of treasury shares) with voting rights

^ Number of shares is net of 83,195,000 treasury shares.

The entitlement date has been fixed on 13 May 2020. The cash dividend is payable on 28 May 2020 and will be credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd within 10 market days from the entitlement date.

These dividends will be accounted for in the equity as an approporiation of retained profits in the financial year ending 31 December 2020.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2019.

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	
Chan Kien Sing	
Colin George Harvey*	
Muhammad Lukman Bin Musa @ Hussain	
Puan Sri Datuk Seri Rohani Binti Abdullah	
Shalet Marian	
Tan U-Ming*	
Tan Wai Foon*	
Tsai, Tzung-Han	(appointed on 16 January 2019)
Ho Meng*	(resigned on 24 October 2019)

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

In accordance with Article 99 of the Company's Constitution, the following Directors will retire at the forthcoming Annual General Meeting, and being eligible, offered themselves for re-election:

Tan Sri Dato' Seri Abdull Hamid bin Embong
Puan Sri Datuk Seri Rohani binti Abdullah
Shalet Marian

Directors (cont'd.)

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
Dato' Sri Azlan Meah Bin Hj. Ahmed Meah
Derek Chin Chee Seng
Ng Ming Kiat
Wong Wai Keong
Mohamed Shah Bin Kadir (resigned on 31 March 2020)

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 RM38,165 respectively.

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:

	← Number of ordinary shares			→
Name of director	**1.1.2019**	**Acquired**	**Sold**	**31.12.2019**
Direct interest:				
Ordinary shares of the Company				
Chan Kien Sing	101,666	1,918	-	103,584
Muhammad Lukman Bin Musa @ Hussain	122,000	2,301	(10,000)	114,301
Shalet Marian	203,333	3,836	-	207,169
Tan U-Ming	610,000	11,509	-	621,509
Tan Wai Foon	101,666	1,918		103,584
Indirect interest:				
Ordinary shares of the Company				
Tsai, Tzung-Han	-	210,396,226	-	210,396,226

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.

Treasury shares

During the financial year, the Company distributed share dividend equivalent to 2.9 sen per share via distribution of 21,299,101 treasury shares on basis of 1 treasury share for every 53 existing ordinary shares held.

Details of distribution of treasury shares are disclosed in Note 19 to the financial statements. As at 31 December 2019, the issued and paid up share capital of the Company with voting rights was 1,150,189,924 shares (net of treasury shares).

As at 31 December 2019, the Company held as treasury shares a total of 83,195,000 of its 1,233,385,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM128,928,000. Details of the treasury shares are disclosed in Note 19 to the financial statements.

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) it necessary to write off any 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.

(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 PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young PLT	561	99
Other auditors	13	-
	574	99

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, 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 PLT for the financial year ended 31 December 2019.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 May 2020.

Colin George Harvey

Tan U-Ming

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Colin George Harvey 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 89 to 181 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 2019 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 8 May 2020.

Colin George Harvey

Tan U-Ming

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

I, Wong Wai Keong (MIA membership number: 16386), being the officer 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 89 to 181 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 Wong Wai Keong at
Kuala Lumpur in the Federal Territory
on 8 May 2020

Wong Wai Keong

Before me,

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF 7-ELEVEN MALAYSIA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Opinion

We have audited the financial statements of 7-Eleven Malaysia Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 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 89 to 181.

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 2019, 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

Key audit matters (cont'd.)

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.

<u>Recognition of rebates and incentives income from vendors</u>

(Refer to Notes 2.25(g), 3(b)(i) and 15 to the financial statements)

The Group receives various types of allowance in the form of rebates and incentives from its vendors in connection with the purchase of goods from those vendors. These allowances contribute significantly to the Group's profit before tax. During the financial year ended 31 December 2019, the Group has recognised rebates and incentives income amounting to RM248,923,000 of which majority has been received and the balance of RM39,280,000 is receivable as at 31 December 2019. Recognition of rebates and incentives income required the Group's fulfilment of its obligations under contractual arrangement with vendors. 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 2019, 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.

<u>Revenue from contracts with customers and cost of sales</u>

(Refer to Notes 2.25 and 4 to the financial statements)

The Group relies heavily on information technology systems for the processing and recording of revenue from sale of merchandise goods and the related cost of sales. The information technology systems process large volumes of data which consists of individually low value transactions. Accordingly, we identified the recognition of revenue and cost of sales to be areas of audit focus as the magnitude and the high volume of transactions may give rise to a higher risk of material misstatement relating to timing and the amount of revenue and cost of sales recognised.

Key audit matters (cont'd.)

Revenue from contracts with customers and cost of sales (cont'd.)

We involved our information technology specialists to test the operating effectiveness of automated controls over the processing and recording of revenue and cost of sales. We also tested the accuracy of data interface between the Point of Sales system and the general ledger, including the updating of approved product price changes in the system. We also tested the information technology dependent manual and manual controls in place to ensure the completeness and accuracy of revenue and cost of sales recognised. We performed procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial instituitions. In addition, we also performed cut-off procedures to determine if revenue is recorded in the correct accounting period.

Transition from the accounting standard MFRS 117 Leases to MFRS 16 Leases

(Refer to Notes 2.2, 2.8 and 10 to the financial statements)

MFRS 16 Leases becomes effective for annual periods beginning on or after 1 January 2019. The application of the new standard gives rise to a right-of-use assets of RM603,066,000 and a corresponding increase in lease liabilities of RM590,150,000 in the financial statements of the Group. The Group applied the modified retrospective approach for the transition accounting.

The application of this new accounting standard requires judgements to be made in policy elections such as transition approach and practical expedients. The measurement of the right-of-use assets and lease liabilities are based on assumptions such as discount rates and lease terms, including termination and renewal options. The Group implemented new processes (including controls) to identify and process all relevant data to measure the right-of-use assets and the corresponding lease liabilities. These factors, together with the material nature of the balances recorded on application of MFRS 16, are significant to our audit.

Our audit procedures included an evaluation of management's implementation process, which included obtaining an understanding of the transition approach and practical expedients selected by management and management's process of ensuring the completeness and accuracy of the lease contracts identified. We corroborated, on a sample basis, the accuracy of the inputs in the lease accounting computation to the underlying lease contracts. We evaluated management's key assumptions on the discount rates by benchmarking to observable market interest rates for leases of similar terms. We also evaluated the reasonableness of the lease terms, including assessing whether options to renew or terminate the leases are reasonably certain to be exercised. We recalculated the amounts of right of use asset, lease liabilities, interest expenses and amortisation expenses. In addition, we also evaluated the adequacy of the disclosures on the Group's leases in the financial statements.

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’, 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 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 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 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 other information that we obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the 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.

Auditors' 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.

- 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.

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- 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 member 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 PLT	Edwin Joseph Francis
202006000003 (LLP0022760-LCA) & AF 0039	No. 03370/05/2020 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
8 May 2020

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	4	2,361,058	2,217,049	10,047	61,099
Cost of sales		(1,620,671)	(1,518,432)	-	-
Gross profit		740,387	698,617	10,047	61,099
Other operating income		143,059	122,667	-	-
Selling and distribution expenses		(645,850)	(642,803)	-	-
Administrative and other operating expenses		(117,333)	(94,714)	(1,288)	(1,022)
Profit from operations	5	120,263	83,767	8,759	60,077
Finance costs	7	(43,610)	(9,908)	(3,642)	(4,436)
Profit before tax		76,653	73,859	5,117	55,641
Income tax (expense)/credit	8	(22,569)	(22,529)	10	(24)
Profit after tax		54,084	51,330	5,127	55,617
Other comprehensive income not to be reclassified to profit or loss in subsequent year:					
Revaluation of land and buildings	9, 10	1,010	2,513	-	-
Taxation	26	(193)	(2,145)	-	-
Total other comprehensive income (net of taxation)		817	368	-	-
Total comprehensive income for the financial year		54,901	51,698	5,127	55,617
Profit after tax attributable to:					
Equity holders of the Company		54,058	51,307	5,127	55,617
Non-controlling interest		26	23	-	-
		54,084	51,330	5,127	55,617
Total comprehensive income attributable to:					
Equity holders of the Company		54,875	51,675	5,127	55,617
Non-controlling interest		26	23	-	-
		54,901	51,698	5,127	55,617
Basic/diluted earnings per share (sen)	37	4.74	4.57		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000
Assets			
Non-current assets			
Property, plant and equipment	9	338,129	323,982
Right-of-use assets	10(a)	608,530	-
Investment property	11	-	400
Intangible assets	12	29,390	34,289
Other investment	14	28,000	1
Sundry receivables	15	14,533	33,695
		1,018,582	392,367
Current assets			
Inventories	16	231,330	224,682
Sundry receivables	15	75,900	59,770
Cash and bank balances	17	96,207	72,548
		403,437	357,000
Total assets		1,422,019	749,367
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	18	1,485,138	1,485,138
Treasury shares	19	(128,928)	(161,941)
Capital reorganisation deficit	20	(1,343,248)	(1,343,248)
Assets revaluation reserve	21	41,969	41,152
Retained profits	22	46,985	71,208
		101,916	92,309
Non-controlling interest		195	169
Total equity		102,111	92,478
Non-current liabilities			
Provisions	23	9,804	7,742
Borrowings	24	25,200	44,611
Lease liabilities	10(b)	530,520	-
Contract liabilities	28	4,549	1,520
Deferred tax liabilities	26	9,872	18,850
		579,945	72,723

	Note	Group 2019 RM'000	Group 2018 RM'000
Current liabilities			
Provisions	23	529	249
Borrowings	24	124,200	127,303
Lease liabilities	10(b)	76,592	-
Trade payables	27	403,259	345,735
Other payables	28	129,449	107,114
Contract liabilities	28	2,510	1,699
Taxation		3,424	2,066
		739,963	584,166
Total liabilities		1,319,908	656,889
Total equity and liabilities		1,422,019	749,367

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Company 2019 RM'000	Company 2018 RM'000
Assets			
Non-current asset			
Investments in subsidiary companies, representing total non-current asset	13	1,402,539	1,402,539
Current assets			
Sundry receivables	15	42	61,060
Tax recoverable		139	1,268
Cash and bank balances	17	1,181	1,284
		1,362	63,612
Total assets		1,403,901	1,466,151
Equity and liability			
Equity attributable to equity holders of the Company			
Share capital	18	1,485,138	1,485,138
Treasury shares	19	(128,928)	(161,941)
Retained profits	22	2,972	57,951
Total equity		1,359,182	1,381,148
Current liability			
Other payables, representing total current liability	28	44,719	85,003
Total equity and liability		1,403,901	1,466,151

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 2019

	Attributable to equity holders of the Company							
	Non-distributable				Distributable			
	Share capital 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 RM'000	Non-controlling interest RM'000	Total equity RM'000
Group								
At 1 January 2019	1,485,138	(161,941)	(1,343,248)	41,152	71,208	92,309	169	92,478
As previously stated								
Effect on adoption of MFRS 16 (Note 2.2)	-	-	-	-	(18,175)	(18,175)	-	(18,175)
At 1 January 2019 (restated)	1,485,138	(161,941)	(1,343,248)	41,152	53,033	74,134	169	74,303
Total comprehensive income for the year	-	-	-	817	54,058	54,875	26	54,901
Transaction with owners:								
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	33,013	-	-	(60,106)	(27,093)	-	(27,093)
At 31 December 2019	1,485,138	(128,928)	(1,343,248)	41,969	46,985	101,916	195	102,111

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to equity holders of the Company							
	Non-distributable				Distributable			
	Share capital 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 RM'000	Non-controlling interest RM'000	Total equity RM'000
Group								
At 1 January 2018								
As previously stated	1,485,138	(190,625)	(1,343,248)	40,784	81,985	74,034	-	74,034
Effect on adoption of MFRS 15	-	-	-	-	(3,420)	(3,420)	-	(3,420)
At 1 January 2018 (restated)	1,485,138	(190,625)	(1,343,248)	40,784	78,565	70,614	-	70,614
Total comprehensive income for the year	-	-	-	368	51,307	51,675	23	51,698
Acquisition of a subsidiary company (Note 13)	-	-	-	-	-	-	146	146
Transaction with owners:								
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	28,684	-	-	(58,664)	(29,980)	-	(29,980)
At 31 December 2018	1,485,138	(161,941)	(1,343,248)	41,152	71,208	92,309	169	92,478

	Attributable to equity holders of the Company			
	← Non-distributable →		Distributable	
	Share capital RM'000 (Note 18)	Treasury shares RM'000 (Note 19)	Retained profits RM'000 (Note 22)	Total equity RM'000
Company				
At 1 January 2019	1,485,138	(161,941)	57,951	1,381,148
Total comprehensive income for the year	-	-	5,127	5,127
Transaction with owners				
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	33,013	(60,106)	(27,093)
At 31 December 2019	1,485,138	(128,928)	2,972	1,359,182
At 1 January 2018	1,485,138	(190,625)	60,998	1,355,511
Total comprehensive income for the year	-	-	55,617	55,617
Transaction with owners				
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	28,684	(58,664)	(29,980)
At 31 December 2018	1,485,138	(161,941)	57,951	1,381,148

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 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash flows from operating activities				
Cash receipts from customers and other receivables	2,528,621	2,290,403	17	30
Cash paid to suppliers and employees	(2,186,318)	(2,178,621)	(1,300)	(1,000)
Cash generated from/(used in) operations	342,303	111,782	(1,283)	(970)
Interest paid	(7,629)	(9,908)	(3,642)	(4,436)
Tax paid	(25,955)	(19,447)	(22)	(57)
Tax refund	1,198	-	1,161	-
Net cash generated from/(used in) operating activities	309,917	82,427	(3,786)	(5,463)
Cash flows from investing activities				
Purchase of property, plant and equipment	(93,774)	(35,452)	-	-
Proceeds from disposal of property, plant and equipment	146	350	-	-
Purchase of quoted shares	(27,177)	-	-	-
Acquisition of subsidiary companies (Note 13)	-	(754)	-	(24,291)
Movement in intercompany balances	-	-	(40,271)	1,416
Dividend income received	124	-	71,000	58,000
Interest received	861	1,008	47	99
Net cash (used in)/generated from investing activities	(119,820)	(34,848)	30,776	35,224
Cash flows from financing activities				
Dividends paid on ordinary shares	(27,093)	(29,980)	(27,093)	(29,980)
Proceeds from banker's acceptances	205,000	280,200	-	-
Repayment of banker's acceptances	(211,145)	(301,000)	-	-
Proceeds from term loan	-	18,000	-	-
Proceeds from revolving credit	20,000	-	-	-
Repayment of term loans	(16,071)	(11,800)	-	-
Repayment of revolving credit	(20,000)	-	-	-
Payment of principal portion of lease liabilities	(117,032)	-	-	-
Repayment of hire purchase and finance lease liabilities	(97)	(85)	-	-
Net cash used in financing activities activities	(166,438)	(44,665)	(27,093)	(29,980)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	23,659	2,914	(103)	(219)
Cash and cash equivalents at 1 January	72,548	69,634	1,284	1,503
Cash and cash equivalents at 31 December (Note 17)	96,207	72,548	1,181	1,284

Note:
During the year, the dividend income received amounting to RM71,000,000 was offset against amount due to a subsidiary company. As the transaction did not involve actual cash transfer, the effect is not separately presented in the statements of cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

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 12th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, Petaling Jaya, 46200 Selangor Darul Ehsan. 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 13.

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 8 May 2020.

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. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except on 1 January 2019, the Group and of the Company adopted the following new and amendments to MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2019.

Description	**Effective for annual financial periods beginning on or after**
Amendments to MFRS 9 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
Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures	1 January 2019
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
(iii) Amendments to MFRS 112 : Income Taxes	1 January 2019
(iv) Amendments to MFRS 123 : Borrowing Costs	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019

The adoption of the above pronouncements did not have any significant financial impact to the Group and the Company, except as stated below:

MFRS 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement on financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have an impact for leases where the Company is the lessor.

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd.)

The Group and the Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 at the date of initial application.

The Group and the Company have lease contracts for various items of property, vehicles and other equipment. Before the adoption of MFRS 16, the Group and the Company classified each of its leases at the inception date as either finance lease or an operating lease. Refer to Note 2.18 for the accounting policy prior to 1 January 2019.

Upon adoption of MFRS 16, the Group and the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2.8 for the accounting policy beginning 1 January 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group and the Company.

Leases previously classified as operating leases

The Group and the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group and the Company also applied the available practical expedients wherein they:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application;

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd)

Leases previously classified as operating leases (cont'd.)

- applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The effect of adoption MFRS 16 as at 1 January 2019 are, as follows:

		As at 31 December 2018 RM'000	MFRS 16 adjustments RM'000	As at 1 January 2019 RM'000
Group				
Non-current assets				
Right-of-use assets	**(a)**	-	603,066	603,066
Property, plant and equipment	**(a)**	323,982	(15,843)	308,139
Investment property	**(a)**	400	(400)	-
		324,382	586,823	911,205
Current asset				
Sundry receivables	**(b)**	93,465	(20,920)	72,545
		417,847	565,903	983,750
Non-current liabilities				
Lease liabilities	**(c)**	-	590,150	590,150
Borrowings	**(c)**	298	(298)	-
Provisions	**(d)**	7,991	(149)	7,842
Deferred tax liabilities	**(e)**	18,850	(5,625)	13,225
		27,139	584,078	611,217
Profit attributable to:	**(f)**			
Equity holders of the Company		92,309	(18,175)	74,134
Non-controlling interests		169	-	169
		92,478	(18,175)	74,303

2. Summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies (cont'd.)

MFRS 16 Leases (cont'd)

Based on the above, as at 1 January 2019:

(a) Right-of-use assets were recognised and presented separately in the statements of financial position. This includes the lease assets recognised previously under finance leases and estimated dismantling costs of RM400,000, RM12,850,000 and RM2,678,000, respectively, that were reclassified from Property, plant and equipment and Investment Property.

(b) Prepaid lease payments which were previously classified as other receivables are now recognised as part of right-of-use assets.

(c) Lease liabilities were recognised and included under financial liabilities. This includes the hire purchase recognised previously under borrowings amounted to RM298,000 that was reclassified to lease liabilities.

(d) The provision of dismantling costs is recognised as part of the right-of-use assets.

(e) Deferred tax liabilities decreased because of the deferred tax impact of the changes in recognised lease related assets and liabilities.

(f) Retained earnings and non-controlling interests decreased due to the net impact of these adjustments.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018, as follows:

	RM'000
Assets	
Operating lease commitments as at 31 December 2018	17,743
Weighted average incremental borrowing rate as at 1 January 2019	5.8%
Discounted operating lease commitments as at 1 January 2019	15,409
Add:	
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	574,741
Lease liabilities as at 1 January 2019	590,150

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The standards and 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 3: *Business Combinations*	1 January 2020
Amendments to MFRS 7: *Financial Instruments: Disclosures*	1 January 2020
Amendments to MFRS 9: *Financial Instruments*	1 January 2020
Amendments to MFRS 101: *Presentation of Financial Statements*	1 January 2020
Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements: *Classification of Liabilities as Current or Non-current*	1 January 2022
MFRS 17 : Insurance Contracts	1 January 2021

The adoption of the above standards and interpretations are not expected to have a material impact on the financial statements in the period of application.

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.

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.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

Business combination (cont'd.)

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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in 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 and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

The accounting policy for goodwill is detailed in Note 2.6(a).

Acquisition of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Summary of significant accounting policies (cont'd.)

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.

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.

2. Summary of significant accounting policies (cont'd.)

2.6 Intangible assets (cont'd.)

(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 properties, 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 recognised 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.

2. Summary of significant accounting policies (cont'd.)

2.7 Property, plant and equipment and depreciation (cont'd.)

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.

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 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. Summary of significant accounting policies (cont'd.)

2.8 Leases (cont'd.)

(a) As lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Property	1 to 15 years
Leasehold properties	50 to 99 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.10.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Summary of significant accounting policies (cont'd.)

2.8 Leases (cont'd.)

(a) As lessee (cont'd.)

(ii) Lease liabilities (cont'd.)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments such as changes to future payments resulting from a change in an index or rate used to determine such lease payments or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in financial liabilities in Note 10.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases such as those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The assessment of whether an underlying asset is of low value is performed on an absolute basis and is not affected by the size, nature or circumstances of the lessee. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd.)

2.9 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, including 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 2.10.

2.10 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.

2. Summary of significant accounting policies (cont'd.)

2.10 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.

2.11 Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15. Refer to the accounting policies in Note 2.25 for Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group determined the classification of their financial assets as financial assets at amortised cost (debt instruments) at its initial recognition.

2. Summary of significant accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

(b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit of loss

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables (excluding prepayments) and cash and bank balances.

(c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

(i) The rights to receive cash flows from the asset have expired; or

(ii) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

(a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

2. Summary of significant accounting policies (cont'd.)

2.11 Financial assets (cont'd.)

(c) Derecognition (cont'd.)

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, the Group and the Company evaluate if, and to what extent, the Group and the Company have retained the risks and rewards of ownership. When the Group and the Company have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

2.12 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider factors if a financial asset in default such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments that indicate that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (cont'd.)

2.13 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.

2.14 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.

2.15 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, and loans and borrowings including bank overdrafts.

The Group measures its financial liabilities as loans and borrowings.

(b) Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective-interest-rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

2. Summary of significant accounting policies (cont'd.)

2.15 Financial liabilities (cont'd.)

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.16 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.

2.17 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.

2.18 Leases (effective prior to 1 January 2019)

(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.

2. Summary of significant accounting policies (cont'd.)

2.18 Leases (effective prior to 1 January 2019) (cont'd.)

(a) As lessee (cont'd.)

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.

2.19 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.

2.20 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.

2. Summary of significant accounting policies (cont'd.)

2.20 Income tax (cont'd.)

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.

2.21 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.

2. Summary of significant accounting policies (cont'd.)

2.22 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.

2.23 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.

2.24 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:

2. Summary of significant accounting policies (cont'd.)

2.24 Fair value measurement (cont'd.)

(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.

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.

2.25 Revenue from contracts with customers and other operating income

Revenue from contracts with customers and other operating income is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, except for the agency services for provision of in-store services, because it typically controls the goods or services before transferring them to the customer.

2. Summary of significant accounting policies (cont'd.)

2.25 Revenue from contracts with customers (cont'd.)

(a) Sale of goods

Revenue from sale of general merchandise is recognised at the point in time when control of the asset is transferred to the customer. These are in cash consideration.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points).

(b) Provision of in-store services income

The Group acts as an agent in providing in-store services to its customers.

When another party is involved in providing services to its customers, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. When the Group's role is only to arrange for another entity to provide the services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

(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

Initial franchise fee

Initial franchise fee is recognised on a straight-line basis over the term of the franchise agreement. The transaction price for franchise agreement is discounted, using the rate that would be reflected in a separate financing transaction between the Group and its customers at contract inception, to take into consideration the significant financing component.

(f) Dividend income

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

2. Summary of significant accounting policies (cont'd.)

2.25 Revenue from contracts with customers (cont'd.)

(g) Rebates and incentives income

The Group receives incentives and rebates from suppliers for various programs, primarily volume incentives, prompt payment discounts and central distribution centre rebates ("CDC rebates"). Rebates are recognised to statements of comprehensive income when the Group achieved the volume-purchase targets, 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 recognised as deduction against costs of goods sold when the goods are sold and for the CDC rebates only, when goods are delivered to the stores. Rebates and discounts for unsold goods and CDC rebates in respect of goods not delivered to the stores yet, are deducted against inventories and shall be recognised to the statements of comprehensive income when the goods are subsequently sold or delivered to respective stores.

Other incentives mainly comprised in-store displays and promotions and advertisements for specific products. Incentives are recognised to the statements of comprehensive income 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 operating income in the statements of comprehensive income.

(h) 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. Summary of significant accounting policies (cont'd.)

2.26 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

The Group recognises contract assets for rebates and incentives income receivable.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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 Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity.

2.28 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification.

An asset is classified as current when:

(i) it is expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

2. Summary of significant accounting policies (cont'd.)

2.28 Current versus non-current classification (cont'd.)

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax liabilities are classified as non-current assets and liabilities.

3. Significant accounting estimates and judgements

The preparation of the Group's financial statements in accordance with MFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(a) Critical judgements made in applying accounting policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(i) Determining the lease term of contracts with renewal and termination options as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

3. Significant accounting estimates and judgements (cont'd)

(a) Critical judgements made in applying accounting policies (cont'd)

(i) Determining the lease term of contracts with renewal and termination options as lessee (cont'd.)

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate such as the construction of significant leasehold improvements or significant customisation to the leased asset.

The Group included the renewal period as part of the lease term for leases with shorter non-cancellable period such as three to five years. The Group typically exercise its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available.

(b) 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:

(i) Recognition of incentives and rebates

The Group receives rebates and incentives 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 RM39,280,000 (2018: RM27,178,000).

(ii) Revaluation of property, plant and equipment

The Group carries its freehold and leasehold 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 2019 and 31 December 2018.

3. Significant accounting estimates and judgements (cont'd.)

(b) Key sources of estimation uncertainty (cont'd.)

(ii) Revaluation of property, plant and equipment (cont'd.)

The freehold and leasehold 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.

Fair value adjustments and the key assumptions used to determine the fair value of the properties and sensitivity analysis are provided in Note 9 for freehold properties and Note 10 for leasehold properties.

(iii) Estimating the incremental borrowing rate to measure lease liabilities

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs such as market interest rates when available and is required to make certain entity-specific estimates.

4. Revenue from contracts with customers

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Type of goods or services				
Sale of merchandise goods	2,284,451	2,143,891	-	-
Provision of in-store services				
- Commission income	74,738	71,964	-	-
Dividend income from				
a subsidiary	-	-	10,000	61,000
Franchise income	1,659	950	-	-
Interest income	-	-	47	99
Rental income	210	244	-	-
	2,361,058	2,217,049	10,047	61,099
Timing of revenue recognition				
Goods or services				
- transferred at a point in time	2,359,189	2,215,855	10,000	61,000
- transferred over time	1,869	1,194	47	99
	2,361,058	2,217,049	10,047	61,099

5. Profit from operations

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Auditors' remuneration				
- Statutory audit				
- current	506	510	86	88
- Other services	68	28	13	13
Depreciation of property, plant and equipment	59,427	59,164	-	-
Depreciation of right-of-use assets	95,015	-	-	-
Amortisation of intangible assets	4,518	4,679	-	-
Property, plant and equipment written off	4,517	2,467	-	-
Impairment loss on sundry receivables (Note 15)	2,550	621	-	-
Impairment of goodwill (Note 12)	381	-	-	-
Bad debts written off for sundry receivables	7,338	-	-	-
Write off of inventories	11,433	4,482	-	-
Short term lease expense/ rental of premises	3,154	113,389	-	-
Royalty	23,617	22,195	-	-
Employee benefits expense (Note 6(a))	348,632	322,191	-	-
Directors' benefits (Note 6(b))	4,595	3,589	499	432
Loss on disposal of property, plant and equipment	382	168	-	-
Loss on foreign exchange translation differences	181	6	-	-
Bad debts recovered for sundry receivables	(161)	-	-	-
Dividend income	(124)	-	-	-
Interest income				
- fixed deposits and overnight placements	(861)	(1,008)	(47)	(99)
Fair value changes of FVTPL for investments in quoted shares	(822)	-	-	-
Rental income	(217)	(173)	-	-
Reversal of impairment loss of sundry receivables (Note 15)	(4,750)	-	-	-

6. Employee benefits expense and directors' remuneration

(a) Employee benefits expense

	Group	
	2019	2018
	RM'000	RM'000
Wages, salaries and other emoluments	299,363	276,750
Pension costs - defined contribution plans	30,659	28,957
Social security costs and employees insurance	5,733	5,438
Other staff benefits	12,877	11,046
	348,632	322,191

(b) Directors' benefits

The Directors' remuneration paid or payable from the Company and its subsidiaries during the financial year ended 31 December 2019 categorised into appropriate components are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	1,800	1,308	-	-
Fees	430	367	430	367
Bonus	210	83	-	-
Defined contribution plan	385	299	-	-
Estimated money value of benefits-in-kind	45	45	-	-
Allowance	1,687	1,448	31	26
Insurance effected to indemnify directors	38	39	38	39
	4,595	3,589	499	432

7. Finance costs

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Interest expense on:				
Lease liabilities	35,784	-	-	-
Hire purchase liabilities	24	7	-	-
Bankers' acceptances	1,463	3,198	-	-
Revolving credit	3,006	3,351	-	-
Term loans	3,135	3,333	-	-
Overdraft interest	1	19	-	-
Unwinding of discount on sundry receivables	197	-	-	-
Amount due to a subsidiary company	-	-	3,642	4,436
	43,610	9,908	3,642	4,436

8. Income tax expense/(credit)

(a) Income statements

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Income tax:				
Current year	26,888	26,031	-	24
Over provision in prior year	(773)	(771)	(10)	-
	26,115	25,260	(10)	24
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	(4,537)	(1,548)	-	-
Under/(over) provision in prior year	991	(1,183)	-	-
	(3,546)	(2,731)	-	-
	22,569	22,529	(10)	24

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

8. Income tax expense/(credit) (cont'd.)

(a) Income statements (cont'd.)

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		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	76,653	73,859	5,117	55,641
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	18,397	17,726	1,228	13,354
Expenses not deductible under tax legislation	4,181	6,757	1,172	1,310
Income not subject to tax	(227)	-	(2,400)	(14,640)
Under provision of income tax in prior year	(773)	(771)	(10)	-
Under/(over) provision of deferred tax in prior year	991	(1,183)	-	-
Tax expense/(credit) for the year	22,569	22,529	(10)	24

(b) Other comprehensive income

	Group	
	2019 RM'000	2018 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	193	2,145

9. Property, plant and equipment

	Note	At valuation ← Land and buildings* RM'000	Furniture, fittings, computer equipment and other equipment RM'000	At cost → Motor vehicles RM'000	Renovations RM'000	Total RM'000
Group						
At 31 December 2019						
At 1 January 2019		80,679	519,106	1,844	199,879	801,508
Effect of adoption of MFRS 16	2.2	(12,850)	(75)	(433)	(7,990)	(21,348)
At 1 January 2019 (restated)		67,829	519,031	1,411	191,889	780,160
Additions		-	71,437	5	22,332	93,774
Disposals		-	(5,144)	(622)	(29)	(5,795)
Revaluation adjustment recognised in other comprehensive income (Note 9 (d))		688	-	-	-	688
Transfer^		(228)	-	-	-	(228)
Write-offs		-	(8,790)	(338)	(4,743)	(13,871)
At 31 December 2019		68,289	576,534	456	209,449	854,728

9. Property, plant and equipment (cont'd.)

	Note	At valuation Land and buildings* RM'000	At cost Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
Group (cont'd.)						
Accumulated depreciation						
At 1 January 2019		-	351,075	1,399	125,052	477,526
Effect of adoption of MFRS 16	2.2	-	(7)	(186)	(5,312)	(5,505)
At 1 January 2019 (restated)		-	351,068	1,213	119,740	472,021
Depreciation charge for the year		228	45,769	53	13,377	59,427
Disposals		-	(4,661)	(601)	(5)	(5,267)
Transfer^		(228)	-	-	-	(228)
Write-offs		-	(6,164)	(338)	(2,852)	(9,354)
At 31 December 2019		-	386,012	327	130,260	516,599
Net carrying amount						
At 31 December 2019		68,289	190,522	129	79,189	338,129

9. Property, plant and equipment (cont'd.)

	At valuation	At cost			
	Land and buildings* RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
Group					
At 31 December 2018					
At 1 January 2018	78,689	514,375	2,008	193,226	788,298
Additions	-	27,632	-	8,159	35,791
Disposals	(250)	(1,239)	(437)	(15)	(1,941)
Revaluation adjustment recognised in other comprehensive income (Note 9 (d))	2,513	-	-	-	2,513
Transfer^	(523)	-	-	-	(523)
Reclassified to intangible assets (Note 12)	-	(3,654)	-	-	(3,654)
Write-offs	-	(18,186)	-	(1,502)	(19,688)
Acquisition of a subsidiary company (Note 13)	250	178	273	11	712
At 31 December 2018	80,679	519,106	1,844	199,879	801,508

9. Property, plant and equipment (cont'd.)

	At valuation	At cost			
	Land and buildings* RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Total RM'000
Group (cont'd.)					
Accumulated depreciation					
At 1 January 2018	-	325,422	1,747	110,725	437,894
Depreciation charge for the year	523	43,442	78	15,121	59,164
Disposals	-	(997)	(426)	-	(1,423)
Transfer^	(523)	-	-	-	(523)
Reclassified to intangible assets (Note 12)	-	(365)	-	-	(365)
Write-offs	-	(16,427)	-	(794)	(17,221)
At 31 December 2018	-	351,075	1,399	125,052	477,526
Net carrying amount					
At 31 December 2018	80,679	168,031	445	74,827	323,982

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

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 2019				
Valuation				
At 1 January 2019	59,530	11,799	9,350	80,679
Effect of adoption of MFRS 16	-	(3,500)	(9,350)	(12,850)
At 1 January 2019 (restated)	59,530	8,299	-	67,829
Revaluation adjustment recognised in other comprehensive income (Note 9 (d))	355	333	-	688
Transfer^	-	(228)	-	(228)
At 31 December 2019	59,885	8,404	-	68,289
Accumulated depreciation				
At 1 January 2019	-	-	-	-
Depreciation charge for the year	-	228	-	228
Transfer^	-	(228)		(228)
At 31 December 2019	-	-	-	-
Net carrying amount				
At 31 December 2019	59,885	8,404	-	68,289

9. Property, plant and equipment (cont'd.)

*Land and buildings (cont'd.)

Group	Freehold land RM'000	Buildings RM'000	Long term leasehold land RM'000	Total RM'000
At 31 December 2018				
Valuation				
At 1 January 2018	58,160	11,429	9,100	78,689
Disposal	-	(250)	-	(250)
Revaluation adjustment recognised in other comprehensive income (Note 9 (d), 10)	1,370	730	413	2,513
Transfer^	-	(360)	(163)	(523)
Acquisition of a subsidiary company (Note 13)	-	250	-	250
At 31 December 2018	59,530	11,799	9,350	80,679
Accumulated depreciation				
At 1 January 2018	-	-	-	-
Depreciation charge for the year	-	360	163	523
Transfer^	-	(360)	(163)	(523)
At 31 December 2018	-	-	-	-
Net carrying amount				
At 31 December 2018	59,530	11,799	9,350	80,679

(a) Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use costing RM279,826,959 (2018: RM262,278,652).

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

	Group 2019 RM'000	Group 2018 RM'000
Cash	93,774	35,452
Capitalisation of restoration costs (Note 23)	-	339
	93,774	35,791

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	
	2019 RM'000	2018 RM'000
Equipment	-	82
Motor vehicles	-	247
	-	329

(d) 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, adjusted for differences in the nature, location or condition of the specific land and buildings. As at the date of revaluations on 31 December 2019, 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 RM688,000 (2018: RM2,513,000) was recognised in other comprehensive income for the financial year ended 31 December 2019, 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	
	2019 RM	2018 RM
Price per square foot for freehold land and buildings	200 - 4,840	200 - 4,840

9. Property, plant and equipment (cont'd.)

(d) (cont'd.)

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

Reconciliation of carrying amount:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Carrying amount and fair value as at 1 January	80,679	78,689
Effect of adoption of MFRS 16	(12,850)	-
At 1 January 2019 (restated)	67,829	78,689
Depreciation for the year	(228)	(523)
Level 3 revaluation gain on revaluation as at 31 December	688	2,513
Carrying amount and fair value as at 31 December	68,289	80,679

* 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 2017.

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

	Group	
	2019	**2018**
	RM'000	**RM'000**
Cost	30,423	30,423
Accumulated depreciation	(2,680)	(2,537)
Net carrying amount	27,743	27,886

10. Right-of-use assets and lease liabilities

Group as a Lessee

The Group has lease contracts for various items of plant, property and equipment used in its operations. Leases of property generally have lease terms between 1 and 15 years, while leasehold property generally have lease terms between 50 and 99 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

10. Right-of-use assets and lease liabilities (cont'd.)

Group as a Lessee (cont'd.)

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Group	Property RM'000	Renovation and others RM'000	|--------- At fair value ---------| Leasehold properties* RM'000	Investment property RM'000	Total RM'000
At 1 January 2019	-	-	-	-	-
Effect of adoption of MFRS 16 (Note 2.2)	566,414	23,402	12,850	400	603,066
At 1 January 2019 (restated)	566,414	23,402	12,850	400	603,066
Additions	106,392	2,955	-	-	109,347
Revaluation adjustment recognised in other comprehensive income (Note 10(a)(i))	-	-	322	-	322
Disposal	(7,693)	(1,209)	-	-	(8,902)
Depreciation expense	(92,651)	(2,042)	(322)	-	(95,015)
Unwinding of discount on sundry receivables	-	(288)	-	-	(288)
At 31 December 2019	572,462	22,818	12,850	400	608,530

10. Right-of-use assets and lease liabilities (cont'd.)

Group as a Lessee (cont'd.)

(a) Right-of-use assets (cont'd.)

(i) 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 leasehold properties and investment property were 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 properties. As at the date of revaluation on 31 December 2019 and 31 December 2018, the leasehold properties' fair values are 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 RM322,000 (2018:-) was recognised in other comprehensive income for the financial year ended 31 December 2019, as a result of these revaluations.

Fair value measurement disclosures for the revalued leasehold properties and investment property are provided in Note 33.

Significant unobservable valuation input:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Price per square foot for:		
- Leasehold land and buildings	325 - 2,489	336 - 2,489
- Investment property	286	286

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

10. Right-of-use assets and lease liabilities (cont'd.)

Group as a Lessee (cont'd.)

(a) Right-of-use assets (cont'd.)

(i) (cont'd.)

Leasehold properties

Reconciliation of carrying amount:

	Group 2019 RM'000
Carrying amount and fair value as at 1 January	-
Effect of adoption of MFRS 16	12,850
At 1 January 2019 (restated)	12,850
Depreciation for the year	(322)
Level 3 revaluation gain on revaluation as at 31 December	322
Carrying amount and fair value as at 31 December	12,850

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

	Group 2019 RM'000	Group 2018 RM'000
Cost	6,400	6,400
Accumulated depreciation	(1,598)	(1,418)
Net carrying amount	4,802	4,982

Investment property

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

As at 31 December 2019 and 31 December 2018, the fair value of the investment property is based on a valuation 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, adjusted for differences in the nature, location or condition of the specific property.

10. Right-of-use assets and lease liabilities (cont'd.)

Group as a Lessee (cont'd.)

(a) Right-of-use assets (cont'd.)

(i) (cont'd.)

Investment property (cont'd.)

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

	Group 2019 RM'000	Group 2018 RM'000
Rental income derived from leasehold 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

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

(b) Lease liabilities

Set out below are the carrying amounts of property and hire purchase and the movements during the year:

	Property RM'000	Hire purchase RM'000	Total RM'000
At 1 January 2019	-	-	-
Effect of adoption of MFRS 16 (Note 2.2)	589,852	298	590,150
At 1 January 2019 (restated)	589,852	298	590,150
Additions	106,392	110	106,502
Disposal	(8,195)	-	(8,195)
Interest expense (Note 7)	35,784	-	35,784
Payment of principal	(117,032)	(97)	(117,129)
At 31 December 2019	606,801	311	607,112

The maturity analysis of lease liabilities are disclosed in Note 34 (b).

Current liabilities	76,592
Non-current liabilities	530,520
	607,112

10. Right-of-use assets and lease liabilities (cont'd.)

Group as a Lessee (cont'd.)

(b) Lease liabilities (cont'd.)

Hire purchase

	Group 2019 RM'000	Group 2018 RM'000
Future minimum lease payments:		
Not later than 1 year	115	105
Later than 1 year and not later than 2 years	91	96
Later than 2 years and not later than 5 years	124	112
Later than 5 years	23	23
	353	336
Less: Future finance charges	(42)	(38)
	311	298
Analysis of present value of finance lease payables:		
Current	98	87
Non-current:		
Later than 1 year and not later than 2 years	213	211
	311	298

Hire purchase and finance lease liabilities

Charge over a subsidiary's equipment and motor vehicles of RM339,000 (2018: RM329,000) acquired by means of hire purchase and finance lease liabilities, as disclosed in Note 9(c).

Property

The following are the amounts recognised in profit or loss:

	2019 RM'000
Depreciation expense of right-of-use assets	95,015
Interest expense on lease liabilities	35,784
Unwinding of discount on sundry receivables	197
Variable lease payments	(117,032)
Total amount recognised in profit or loss	13,964

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 31(b).

11. Investment property

	Group 2019 RM'000	Group 2018 RM'000
Leasehold land and building		
At fair value		
At 1 January 2019	400	400
Effect of adoption of MFRS 16 (Note 2.2)	(400)	-
As at 1 January 2019 (restated)/ 31 December	-	400

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

12. Intangible assets

	Group: Goodwill on consolidation RM'000	Group: Computer software RM'000	Group: Total RM'000
At 31 December 2019			
Cost			
As at 1 January/31 December	381	46,012	46,393
Accumulated amortisation/impairment			
At 1 January 2019	-	12,104	12,104
Impairment of goodwill	381	-	381
Amortisation (Note 5)	-	4,518	4,518
At 31 December 2019	381	16,622	17,003
Net carrying amount			
At 31 December 2019	-	29,390	29,390

12. Intangible assets (cont'd.)

	Group		
	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
At 31 December 2018			
Cost			
At 1 January 2018	-	42,358	42,358
Reclassified from property, plant and equipment (Note 9)	-	3,654	3,654
Acquisition of a subsidiary company (Note 13)	381	-	381
At 31 December 2018	381	46,012	46,393
Accumulated amortisation			
At 1 January 2018	-	7,060	7,060
Reclassified from property, plant and equipment (Note 9)	-	365	365
Amortisation (Note 5)	-	4,679	4,679
At 31 December 2018	-	12,104	12,104
Net carrying amount			
At 31 December 2018	381	33,908	34,289

Goodwill with infinite useful life - Impairment testing

(a) Allocation of goodwill

Goodwill arises from the acquisition of a subsidiary, Café Decoral Sdn. Bhd., by the Group. Goodwill is allocated to food service cash-generating unit ("CGU").

(b) Key assumptions used in value-in-use calculations

The recoverable amount of the CGU is determined based on value-in-use calculation using cash flow projections.

13. Investments in subsidiary companies

	Company 2019 RM'000	Company 2018 RM'000
Unquoted shares, at cost		
At 1 January	1,402,539	1,378,248
Acquisition of shares in Convenience Shopping (Sabah) Sdn. Bhd. ("CSSSB") (Note 13(i)(a))	-	2,291
Acquisition of shares in Teluk Juara Sdn. Bhd. ("TJSB") (Note 13(i)(b))	-	15,000
Acquisition of shares in 7 Properties Sdn. Bhd. ("7PSB") (Note 13(i)(b))	-	7,000
	1,402,539	1,402,539

(i) Changes in the group structure in the previous financial year

On 7 September, 2018 the Company has undertaken an internal reorganisation as follows:-

(a) the acquisition by the Company of the entire 2,000,000 ordinary shares in CSSSB, representing 100% of the issued and paid-up share capital of CSSSB from its wholly-owned subsidiary, 7-Eleven Malaysia Sdn. Bhd. (“7EMSB”), for a cash consideration of RM2,291,000; and

(b) the subscriptions by the Company of:

(i) 15,000,000 new ordinary shares, representing 83.3% equity interest in the enlarged share capital of 18,000,000 ordinary shares in TJSB for a cash consideration of RM15,000,000; and

(ii) 7,000,000 new ordinary shares, representing 70.0% equity interest in the enlarged share capital of 10,000,000 ordinary shares in 7PSB, for a cash consideration of RM7,000,000.

13. Investments in subsidiary companies (cont'd.)

Business combination

Acquisition in 2018

On 28 April 2018, CSSSB, the Group's 100%-owned subsidiary company, proposed acquisition of 123,004 ordinary shares, representing 60% equity interest in Café Decoral Sdn. Bhd. (a non-listed entity) for a total cash consideration of RM600,000. The acquisition was completed on 28 September 2018 and Café Decoral Sdn. Bhd. became an indirect subsidiary of the Company.

Assets acquired and liabilities assumed

	Group Fair value recognised on acquisition RM'000
Assets	
Property, plant and equipment (Note 9)	712
Receivables	1,344
Inventories	132
	2,188
Liabilities	
Payables	(1,045)
Borrowings (Note 24)	(580)
Provision for tax	(40)
Deferred tax liability	(4)
Cash and cash equivalents	(154)
	(1,823)
Total identifiable net assets at fair value	365
Non-controlling interest measured at fair value	(146)
Goodwill arising on acquisition (Note 11)	381
Purchase consideration transferred	600
Analysis of cash flows on acquisition:	
Purchase consideration settled in cash (included in cash flows from investing activities)	(600)
Bank overdraft assumed (included in cash flows from investing activities)	(154)
Net cash flow on acquisition	(754)

13. Investments in subsidiary companies (cont'd.)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Equity interest 2019	Equity interest 2018	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
Convenience Shopping (Sabah) Sdn. Bhd.	Malaysia	100%	100%	Investment holding company
7 Properties Sdn. Bhd.	Malaysia	70%	70%	Real property investments
Teluk Juara Sdn. Bhd.	Malaysia	83.3%	83.3%	Real property investments
Held through 7-Eleven Malaysia Sdn. Bhd.:				
7 Properties Sdn. Bhd.	Malaysia	30%	30%	Real property investments
Teluk Juara Sdn. Bhd.	Malaysia	16.7%	16.7%	Real property investments
Held through Convenience Shopping (Sabah) Sdn. Bhd. :				
Café Decoral Sdn. Bhd.^	Malaysia	60%	60%	Supply food stuff

^ Audited by a firm other than Ernst & Young

14. Other investment

	Group	
	2019	2018
	RM'000	RM'000
Financial asset at fair value through profit or loss		
Non-current		
Unquoted shares in Malaysia		
At 1 January/31 December	1	1
Quoted shares in Malaysia		
At 1 January	-	-
Additions	27,177	-
Fair value changes of FVTPL for investments in quoted shares	822	-
At 31 December	27,999	-
	28,000	1

15. Sundry receivables

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current				
Deposits	14,533	33,695	-	-
Current				
Other receivables	46,862	31,159	1	1
Deposits	9,794	9,055	5	5
Prepayments	15,207	14,774	36	54
Dividend receivable from a subsidiary company	-	-	-	61,000
Due from other related parties	4,481	7,426	-	-
Less: Allowance for impairment on other receivables	(444)	(2,644)	-	-
Total current sundry receivables	75,900	59,770	42	61,060
Total non-current and current sundry receivables	90,433	93,465	42	61,060

15. Sundry receivables (cont'd.)

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Total sundry receivables	90,433	93,465	42	61,060
Less: Prepayments	(15,207)	(14,774)	(36)	(54)
	75,226	78,691	6	61,006
Add: Cash and bank balances (Note 17)	96,207	72,548	1,181	1,284
Financial assets at amortised cost	**171,433**	**151,239**	**1,187**	**62,290**

Included in sundry receivables is an amount of RM39,280,000 (2018: RM27,178,000), 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 2019 RM'000	Group 2018 RM'000
Individually impaired		
Other receivables - nominal amounts	444	2,644
Less: Allowance for impairment	(444)	(2,644)
	-	-
Movement in allowance accounts:		
At 1 January	2,644	2,023
Charge for the financial year	2,550	621
Reversal of impairment losses	(4,750)	-
At 31 December	444	2,644

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.

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 2019 RM'000	2018 RM'000
Refundable deposits (Non-trade in nature)	1,557	860
Deposit for acquisition of property (Non-trade in nature)	2,853	-
Advertising income - Revenue sharing (Trade in nature)	-	2,872
Display fees from placement of the Sun newspaper (Trade in nature)	-	3,488
Deposit for in-store space rent	-	206
Receiving variance	54	-
BCard Point Redemption	17	-

16. Inventories

	Group 2019 RM'000	Group 2018 RM'000
At cost:		
General merchandise held for resale	228,725	221,709
Consumables	2,605	2,973
	231,330	224,682
Cost of inventories recognised as an expense during the financial year	1,620,671	1,518,432

17. Cash and bank balances

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash on hand and at banks	95,309	71,430	283	166
Short term deposits with licensed banks	898	1,118	898	1,118
	96,207	72,548	1,181	1,284

Included in cash on hand and at banks of the Group is overnight placements with licensed banks amounted to RM48,597,157 (2018: RM16,066,837), with interest ranging from 1.50% to 3.00% (2018: 1.50% to 3.00%) per annum.

As at the reporting date, the interest rate of short term deposits of the Group and the Company was 2.70% (2018: 3.00%) per annum.

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

	Group 2019 Days	Group 2018 Days	Company 2019 Days	Company 2018 Days
Deposits with licensed banks	2	2	2	2

18. Share capital

	Group and Company			
	2019		2018	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Issued and fully paid up				
At 1 January/31 December	1,233,385	1,485,138	1,233,385	1,485,138

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.

19. Treasury shares

	Group and Company			
	2019		2018	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
At 1 January	104,494	161,941	123,000	190,625
Distribution as dividend during the year	(21,299)	(33,013)	(18,506)	(28,684)
At 31 December	83,195	128,928	104,494	161,941

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.

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 2019 RM'000	Group 2018 RM'000
Capital reorganisation deficit		
At 1 January/31 December	(1,343,248)	(1,343,248)

Capital reorganisation deficit represents the difference between the purchase consideration paid to acquire 7-Eleven Malaysia Sdn Bhd ("7EMSB") and the equity interest of 7EMSB being acquired.

21. Assets revaluation reserve

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

	Group 2019 RM'000	Group 2018 RM'000
Revaluation of land and buildings classified as property, plant & equipment (Note 9)		
As 1 January	47,509	44,996
Increase in fair value	1,010	2,513
At 31 December	48,519	47,509
Deferred taxation (Note 26)		
As 1 January	(6,357)	(4,212)
Provision during the year	(193)	(2,145)
At 31 December	(6,550)	(6,357)
Total asset revaluation reserve, net of tax	41,969	41,152

22. Retained profits

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

23. Provisions

	Group 2019 RM'000	Group 2018 RM'000
At 1 January	7,991	7,677
Effect of adoption of MFRS 16	(149)	-
At 1 January (restated)	7,842	7,677
Provisions during the year (Note 10(a))	2,733	339
Utilised during the year	(151)	(25)
Unwinding of discount on provisions	(91)	-
At 31 December	10,333	7,991
At 31 December		
Current	529	249
Non-current:		
Later than 1 year but not later than 2 years	633	448
Later than 2 years but not later than 5 years	2,126	2,030
Later than 5 years	7,045	5,264
	9,804	7,742
	10,333	7,991

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 right-of-use assets.

24. Borrowings

	Group 2019 RM'000	Group 2018 RM'000
Current		
Secured:		
Hire purchase and finance lease liabilities (Note 25)		
At 1 January 2019	87	87
Effect of adoption of MFRS 16 (Note 2.2)	(87)	-
At 1 January 2019 (restated)	-	87
Unsecured:		
Bankers' acceptances	45,000	51,145
Term loan	19,200	16,071
Revolving credit	60,000	60,000
Total current borrowings	124,200	127,303

24. Borrowings (cont'd.)

	Group 2019 RM'000	Group 2018 RM'000
Non-current		
Secured:		
Hire purchase and finance lease liabilities (Note 25)		
At 1 January 2019	211	211
Effect of adoption of MFRS 16 (Note 2.2)	(211)	-
At 1 January 2019 (restated)	-	211
Unsecured:		
Term loan	25,200	44,400
Total non-current borrowings	25,200	44,611
Total borrowings		
Bankers' acceptances	45,000	51,145
Term loan	44,400	60,471
Revolving credit	60,000	60,000
Hire purchase and finance lease liabilities (Note 25)	-	298
Total current and non-current borrowings	149,400	171,914

The remaining maturities of the borrowings as at 31 December 2019 and 31 December 2018, other than hire purchase and finance lease liabilities as disclosed in Note 25, are as follows:

	Group 2019 RM'000	Group 2018 RM'000
At 31 December		
Current:		
Not later than 1 year	124,200	127,216
Non-current:		
Later than 1 year but not later than 2 years	19,200	19,200
Later than 2 years but not later than 5 years	6,000	25,200
	25,200	44,400
	149,400	171,616

24. Borrowings (cont'd.)

Changes in liabilities arising from financing activities:

Group	At 1 January 2019 RM'000	Drawdown RM'000	Repayment RM'000	At 31 December 2019 RM'000
Bankers' acceptances	51,145	205,000	(211,145)	45,000
Term loan	60,471	-	(16,071)	44,400
Revolving credit	60,000	20,000	(20,000)	60,000
	171,616	225,000	(247,216)	149,400

Group	At 1 January 2018 RM'000	Drawdown RM'000	Repayment RM'000	Acquisition of a subsidiary company RM'000 (Note 13)	At 31 December 2018 RM'000
Bankers' acceptances	71,800	280,200	(301,000)	145	51,145
Term loan	54,200	18,000	(11,800)	71	60,471
Revolving credit	60,000	-	-	-	60,000
Hire purchase and finance lease liabilities	19	-	(85)	364	298
	186,019	298,200	(312,885)	580	171,914

24. Borrowings (cont'd.)

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

Borrowings are secured by the followings:

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

25. Hire purchase

	Group	
	2019 RM'000	2018 RM'000
At 1 January 2019	298	298
Effect of adoption of MFRS 16 (Note 2.2)	(298)	-
At 1 January 2019 (restated)	-	298
Future minimum lease payments:		
Not later than 1 year	-	105
Later than 1 year and not later than 2 years	-	96
Later than 2 years and not later than 5 years	-	112
Later than 5 years	-	23
	-	336
Less: Future finance charges	-	(38)
	-	298
Analysis of present value of finance lease payables:		
Current	-	87
Non-current:		
Later than 1 year and not later than 2 years	-	211
	-	298

26. Deferred tax liabilities

	Group	
	2019 RM'000	2018 RM'000
As at 1 January	18,850	19,436
Effect of adoption of MFRS 16	(5,625)	-
As at 1 January 2019 (restated)	13,225	19,436
Recognised in profit or loss (Note 8(a))	(3,546)	(2,731)
Recognised in other comprehensive income (Note 8(b))	193	2,145
As at 31 December	9,872	18,850

26. Deferred tax liabilities (cont'd.)

Presented after appropriate offsetting as follows:

	Group 2019 RM'000	Group 2018 RM'000
Deferred tax asset	(12,301)	(4,041)
Deferred tax liabilities	22,173	22,891
	9,872	18,850

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

Deferred tax asset

Group	Right-of-use assets RM'000	Provisions RM'000	Total RM'000
At 1 January 2019	-	(4,041)	(4,041)
Effect of adoption of MFRS 16	(5,625)	-	(5,625)
At 1 January 2019 (restated)	(5,625)	(4,041)	(9,666)
Recognised in profit or loss	(2,740)	105	(2,635)
At 31 December 2019	(8,365)	(3,936)	(12,301)
At 1 January 2018	-	(4,764)	(4,764)
Recognised in profit or loss	-	723	723
At 31 December 2018	-	(4,041)	(4,041)

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
At 1 January 2019	16,488	6,357	46	22,891
Recognised in profit or loss	(911)	-	-	(911)
Recognised in other comprehensive income (Note 8(b))	-	193	-	193
At 31 December 2019	15,577	6,550	46	22,173

26. Deferred tax liabilities (cont'd.)

Deferred tax liabilities (cont'd.)

	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
Group				
At 1 January 2018	19,942	4,212	46	24,200
Recognised in profit or loss	(3,454)	-	-	(3,454)
Recognised in other comprehensive income (Note 8(b))	-	2,145	-	2,145
At 31 December 2018	16,488	6,357	46	22,891

27. Trade payables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Third parties (a)				
Merchandise suppliers	316,827	248,005	-	-
Phone reload coupon and in-store services suppliers	58,328	45,484	-	-
Related parties (b)				
Merchandise suppliers	1,531	-	-	-
Phone reload coupon and in-store services suppliers	26,573	52,246	-	-
Total trade payables	403,259	345,735	-	-
Total trade payables	403,259	345,735	-	-
Add:				
Lease liabilities (Note 10(b))	607,112	-	-	-
Other payables (Note 28)	129,449	107,114	44,719	85,003
Borrowings (Note 24)	149,400	171,914	-	-
Total financial liabilities, carried at amortised cost	1,289,220	624,763	44,719	85,003

27. Trade payables (cont'd.)

(a) Third parties

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

	Group	
	2019 RM'000	2018 RM'000
Merchandise suppliers	30 - 60	30 - 60
Phone reload coupon and in-store services suppliers	7 - 60	7 - 60

The normal trade credit terms granted to the Group ranged from 7 to 60 (2018: 7 to 60) days. However, suppliers will generally extend their credit terms to 90 (2018: 90) days upon request by the Group.

(b) Related parties

As at 31 December 2019, related party refers to U Mobile Sdn. Bhd. ("U Mobile"), a company in which TSVT is deemed to have an interest. The trade credit term granted by U Mobile ranged from 7 to 60 (2018: 7 to 60) days.

As at 31 December 2018, 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 ranged from 7 to 60 (2018: 7 to 60) days.

28. Other payables and contract liabilities

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other payables:				
Current				
Sundry payables	57,243	43,716	-	17
Accruals	51,003	45,554	138	132
Refundable deposits	21,203	17,844	-	-
Due to a subsidiary company	-	-	44,581	84,854
Total other payables	129,449	107,114	44,719	85,003
Contract liabilities:				
Current and non-current				
Initial franchise fees	5,710	2,470	-	-
Loyalty points programme	1,349	749	-	-
Total contract liabilities	7,059	3,219	-	-

28. Other payables and contract liabilities (cont'd.)

The current and non-current portions of contract liabilities are as below:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current	2,510	1,699	-	-
Non-current	4,549	1,520	-	-
	7,059	3,219	-	-

(a) Payables

Payables, other than amounts due to a subsidiary company, are unsecured, non-interest bearing and are normally settled on 30 to 60 (2018: 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 2019 RM'000	Group 2018 RM'000
Securexpress Services Sdn. Bhd.	Transportation costs	542	1,377

(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 2019, 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% (2018: 5.8%) per annum and is repayable on demand.

(d) Contract liabilities

Contract liabilities comprised deferred revenue from initial franchise fees and loyalty points not yet redeemed.

29. Dividends

	Group and Company			
	2019		2018	
	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 2018				
Interim single-tier cash dividend of 2.4% on 1,128,890,823# ordinary shares, declared on 19 April 2019 and paid on 23 May 2019	27,093	2.4	-	-
Share dividend via distribution of 21,299,101 treasury shares on the basis of 1 treasury share for every 53 existing ordinary shares# held , declared on 19 April 2019 and credited on 23 May 2019	33,013	2.9	-	-
Dividend for the financial year ended 31 December 2017				
Interim single-tier cash dividend of 2.7% on 1,110,385,000^ ordinary shares, declared on 18 April 2017 and paid on 24 May 2018	-	-	29,980	2.7
Share dividend via distribution of 18,505,823 treasury shares on the basis of 1 treasury share for every 60 existing ordinary shares# held , declared on 18 April 2018 and credited on 24 May 2018	-	-	28,684	2.6
	60,106	5.3	58,664	5.3

Dividends were distributed to the holders of ordinary shares of the Company in issue as at 10 May 2019 (being the entitlement date), net of 104,494,000 treasury shares.

^ Dividends were distributed to the holders of ordinary shares of the Company in issue as at 14 April 2018 (being the entitlement date), net of 123,000,000 treasury shares.

29. Dividends (cont'd.)

The following dividend have been declared on 22 April 2020, for the financial year ended 31 December 2019:

	Group and Company	
	Amount, net of tax RM'000	Net dividend per ordinary share sen
Interim single-tier dividend of 2.3% on ordinary shares^	26,454	2.3

^ Number of shares is net of 83,195,000 treasury shares.

The entitlement date has been fixed on 13 May 2020. The cash dividend is payable on 28 May 2020 and will be credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd within 10 market days from the entitlement date.

These dividends will be accounted for in the equity as an approporiation of retained profits in the financial year ending 31 December 2020.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2019.

30. Significant related party transactions

(a) Significant related party transactions

	Type of transaction	Company 2019 RM'000	2018 RM'000
With a subsidiary company			
Held by the Company:			
7-Eleven Malaysia Sdn. Bhd.	Dividend receivable from 7EMSB	10,000	61,000
("7EMSB")	Net advances to 7EMSB	33,914	3,021
	Interest expense payable to 7EMSB	3,642	4,436

30. Significant related party transactions (cont'd.)

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

	Type of transaction	Company 2019 RM'000	Company 2018 RM'000
With companies in which TSVT is deemed interested*			
MOL AccessPortal Sdn. Bhd. ("MOL")	Commission income from MOL for in-store services such as reloads of mobile phone, Touch 'n Go, and online game and bill payments@	-	9,981
	Transaction values for MOL's in-store services such as reloads of mobile phone, Touch 'n Go, and online game and bill payments@	-	667,748
	@ Disclosure for related party transactions from 1 January 2018 to 10 May 2018. MOL ceased being a related party after 10 May 2018.		
U Mobile Sdn. Bhd. ("U Mobile")	Commission income from U Mobile on sale of mobile phone reloads	12,793	12,707
	Transaction values for U Mobile's in-store services for sale of mobile phone reloads	235,742	202,214
	Advertisement placement fees from U Mobile	10,194	7,512
Berjaya Channel Sdn. Bhd. ("BCSB")	Advertisement placement fees from BCSB	-	42
Sun Media Corporation Sdn. Bhd.	Advertising fees on placement of advertisement in The Sun newspaper	824	943
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	720	720

30. Significant related party transactions (cont'd.)

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

	Type of transaction	Group 2019 RM'000	Group 2018 RM'000
With companies in which TSVT is deemed interested* (cont'd.)			
Securexpress Services Sdn. Bhd. ("Securexpress")	Transportation fees to Securexpress on delivery of merchandise goods to stores	10,166	9,832
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Insurance premium fee to Berjaya Sompo	1,275	1,743
Berjaya Food Trading Sdn Bhd ("B Food")	Purchase of beverages from B Food	3,526	-
Nural Enterprise Sdn. Bhd. ("NESB")	Rental of property of NESB	1,297	1,327
Berjaya Times Square Sdn. Bhd. ("BTSB")	Rental of property of BTSB	749	670

* TSVT is a substantial shareholder of the Company.

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 2019 and 2018 are disclosed in Notes 15, 27 and 28.

30. Significant related party transactions (cont'd.)

(b) Compensation of key management personnel

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	8,345	6,091	499	432
Post-employment benefits:				
Defined contribution plan	853	629	-	-
	9,198	6,720	499	432
Included in the total key management personnel are:				
Directors' benefits (Note 6(b))	4,595	3,589	499	432

31. Commitments

(a) Capital commitments

	Group	
	2019 RM'000	2018 RM'000
Property, plant and equipment		
- approved and contracted for	13,913	7,265
- approved but not contracted for	115,697	99,749
	129,610	107,014

31. Commitments (cont'd.)

(b) 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	
	2019 RM'000	2018 RM'000
Not later than 1 year	160	120
Later than 1 year but not later than 5 years	49	85
	209	205

32. Contingent liabilities

(a) Bank guarantee

The Group has bank guarantees of RM8,879,111 as at 31 December 2019 (2018: RM7,344,318) 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.

(b) Material litigation

(i) E-Apaci Sdn Bhd (“EASB”)

On 29 November 2019, E-Apaci Sdn Bhd (“EAP”) filed a claim against 7-Eleven Malaysia Sdn. Bhd. ("7EMSB"), a wholly owned subsidiary of the Company, for specific performance to execute the energy saving contract and loss and damages for an alleged breach of contract and/or loss of contract amounting to RM8,785,720 and RM1,343,817, respectively. 7EMSB has filed its Defence in the Court on 8 January 2020 and case management of the matter is fixed on 21 May 2020 for parties to comply with pre-trial directions. As at reporting date, the trial dates for the above matter is fixed on 3 May 2021 to 5 May 2021 and thus, the outcome cannot be determined at this juncture. The Directors’ of 7EMSB are of the opinion that as there is a fair chance of succeeding in their defense over the disputed claim. Accordingly, no provision for any liability has been made in the financial statements.

32. Contingent liabilities (cont'd.)

(b) Material litigation (cont'd.)

(ii) Purnama Resources (M) Sdn Bhd ("Purnama")

On 24 September 2019, Purnama Resources (M) Sdn Bhd ("Purnama") filed a claim for loss and damages against 7EMSB for a purported wrongful termination of contract amounting to RM1,913,194. On 11 November 2019, Purnama obtained a Judgement in Default ("JID") against the Company. On 17 January 2020, the Company applied to set aside the JID and for leave to defend against the claim. A case management is fixed on 13 April 2020 for parties to furnish hardcopies of written submission to court and to fix a hearing date. On 21 January 2020, 7EMSB filed an Originating Summons along with a Notice of Application (Ex-Parte) seeking for a Fortuna Injunction to restrain Purnama from, amongst others, presenting a winding-up petition. On 24 January 2020, the Court granted the Company with the Fortuna Injunction Order on an ex-parte basis. On 14 February 2020, by consent, 7EMSB obtained the Injunction Order sought under the Originating Summons. Accordingly, the outcome cannot be determined as at the reporting date. The Directors' of 7EMSB are of the opinion that as there is a fair chance of succeeding in their defense over the disputed claim and thus, no provision for any liability has been made in the financial statements.

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			
	2019 RM'000		2018 RM'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
- Lease liabilities (Note 10 (b))	607,112	607,154	-	-
- Hire purchase and finance lease liabilities (Note 25)	-	-	298	336

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.

33. Fair value of financial instruments (cont'd.)

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		
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant un-observable inputs (Level 3) RM'000
Group				
31 December 2019				
Assets carried at fair value:				
Land and buildings classified as property, plant and equipment (Note 9(d))	68,289	-	-	68,289
Land and buildings classified as right-of-use assets (Note 10(a))	12,850	-	-	12,850
Investment property classified as right-of-use assets (Note 10(a))	400	-	-	400
Other investment (Note 14)	28,000	27,999	-	1
Liabilities for which fair values are disclosed				
- Lease liabilities (Note 33.A)	-	-	-	-

33. Fair value of financial instruments (cont'd.)

C. Fair value hierarchy (cont'd.)

		Fair value measurement using		
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant un-observable inputs (Level 3) RM'000
Group				
31 December 2018				
Assets carried at fair value:				
Land and buildings classified as property, plant and equipment (Note 9)	80,679	-	-	80,679
Investment property (Note 11)	400	-	-	400
Other investment (Note 14)	1	-	-	1
Liabilities for which fair values are disclosed				
Borrowings				
- Hire purchase and finance lease liabilities (Note 33.A)	336	-	-	336

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

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.

34. Financial risk management objectives and policies (cont'd.)

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.

Exposure to credit risk

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.

Amounts due from related companies and other related parties

There is minimal risk of default as these related companies holds substantial amount of properties; while the other related parties are prospectively profitable. The credit standing of these related companies are periodically monitored and reviewed.

(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 manage their interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

34. Financial risk management objectives and policies (cont'd.)

(b) Interest rate risk (cont'd.)

<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 RM2,687,000 (2018: RM587,000) 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 RM204,000 (2018: RM323,000) 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.

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 10, 24 and 25 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 2019						
Group						
Fixed rate						
Hire purchase and finance lease	25	3.5 - 6.3	98	80	133	311
Variable rate						
Lease liabilities	10	5.8	76,592	74,424	456,096	607,112
Bankers' acceptances	24	4.4 - 4.7	45,000	-	-	45,000
Term loans	24	5.6 - 5.9	19,200	19,200	6,000	44,400
Revolving credit	24	4.8 - 5.0	60,000	-	-	60,000
At 31 December 2018						
Fixed rate						
Hire purchase and finance lease	25	3.5 - 6.3	87	188	23	298
Variable rate						
Bankers' acceptances	24	4.7 - 5.6	51,145	-	-	51,145
Term loans	24	5.7 - 6.3	16,071	19,200	25,200	60,471
Revolving credit	24	5.3 - 5.7	60,000	-	-	60,000

34. Financial risk management objectives and policies (cont'd.)

(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.

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.

	2019		
	On demand or within 1 year RM'000	**1 to 5 years RM'000**	**Total RM'000**
Group			
Financial liabilities:			
Lease liabilities	109,879	674,642	784,521
Trade and other payables	532,708	-	532,708
Borrowings	126,201	26,159	152,360
Total undiscounted financial liabilities	768,788	700,801	1,469,589
Company			
Financial liabilities:			
Trade and other payables, representing total undiscounted financial liabilities	47,305	-	47,305

34. Financial risk management objectives and policies (cont'd.)

(c) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	2018		
	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	452,849	-	452,849
Borrowings	133,843	51,471	185,314
Total undiscounted financial liabilities	586,692	51,471	638,163
Company			
Financial liabilities:			
Trade and other payables, representing total undiscounted financial liabilities	89,933	-	89,933

(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.

The net unhedged financial liabilities of the Group and the Company that are not denominated in their functional currency are as follows:

	Group	
	2019 RM'000	2018 RM'000
Receivables		
US Dollar	22	-
Payables		
US Dollar	5,729	702

34. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk (cont'd.)

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 shareholders' 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 2019 and 2018.

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	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Borrowings	24	149,400	171,914	-	-
Balances with a subsidiary	28	-	-	44,581	84,854
Less: Cash and bank balances	17	(96,207)	(72,548)	(1,181)	(1,284)
Net debt		53,193	99,366	43,400	83,570
Total capital as defined above		231,039	254,419	1,488,110	1,543,089
Gearing ratio		0.23	0.39	0.03	0.05

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

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.

Revenue		Group	
	External RM'000	Inter-segment RM'000	Total RM'000
For the financial year ended 31 December 2019			
Convenience stores	2,360,848	-	2,360,848
Others	210	697	907
Inter-segment elimination	-	(697)	(697)
	2,361,058	-	2,361,058
For the financial year ended 31 December 2018			
Convenience stores	2,216,804	-	2,216,804
Others	245	61,697	61,942
Inter-segment elimination	-	(61,697)	(61,697)
	2,217,049	-	2,217,049

36. Segment information (cont'd.)

Results

	Group 2019 RM'000	Group 2018 RM'000
Profit from operations:		
Convenience stores	119,727	83,276
Others	(325)	(517)
	119,402	82,759
Interest income	861	1,008
Finance costs	(43,610)	(9,908)
Profit before tax	76,653	73,859
Income tax expense	(22,569)	(22,529)
Net profit for the year	54,084	51,330

Assets and liabilities

	Group			
	Assets		Liabilities	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Convenience stores	1,333,756	692,310	1,314,386	653,297
Others	88,263	57,057	5,522	3,592
	1,422,019	749,367	1,319,908	656,889

Other information

	Group			
	Capital expenditure RM'000	Depreciation and amortisation RM'000	Impairment loss/ written-off RM'000	Other non-cash expenses RM'000
For the financial year ended 31 December 2019				
Convenience stores	93,774	158,960	21,469	-
For the financial year ended 31 December 2018				
Convenience stores	35,452	63,843	7,570	24

All revenue and non-current assets are earned and held in Malaysia.

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	
	2019	**2018**
Net profit attributable to equity holders of the Company (RM'000)	54,058	51,307
Weighted average number of ordinary shares in issue ('000)	1,140,875	1,121,640
Basic/diluted earnings per ordinary share (sen)	4.74	4.57

38. Significant events disclosure

(a) On 30 September 2019, 7-Eleven Malaysia Sdn Bhd (“7EMSB”), a subsidiary of 7-Eleven Malaysia Holdings Berhad (“SEM”) had entered into a Sale and Purchase Agreement (“SPA”) with Tropicana Aman Sdn Bhd (“TASB”) for the proposed acquisition of a 2- story shop-office in Bandar Tropicana Aman, Selangor Darul Ehsan (“Property”) for a cash consideration of RM2.85 million.

(b) On 28 November 2019, Convenience Shopping (Sabah) Sdn Bhd ("CSSSB"), a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad had entered into a conditional share sale agreement (“SSA”) with Motivasi Optima Sdn Bhd for the acquisition of 55,198,000 ordinary shares in Caring Pharmacy Group Berhad (“Caring”) (“Caring Shares”), representing approximately 25.35% equity interest in Caring for a total cash consideration of RM143,514,800 or RM2.60 per Caring Share (“Acquisition”).

The SSA has become unconditional on 14 February 2020 and the Acquisition was completed on 27 February 2020. Upon the completion of the Acquisition, the collective shareholdings of CSSSB and identified persons acting in concert with it in Caring increased from 13.41% to 38.77%.

Accordingly, CSSSB is obliged to extend a mandatory take-over offer to acquire all the remaining Caring Shares not already owned by CSSSB and persons acting in concert with it at a cash offer price of RM2.60 per Caring Share (“Offer Price”) pursuant to Section 218(2) of the Capital Markets and Services Act 2007 and Paragraph 4.01(a) of the Rules and Take-overs, Mergers and Compulsory Acquisitions (“Rules”). On 14 February 2020, RHB Investment Bank Berhad had, on behalf of CSSSB, served a notice of unconditional mandatory offer on the board of directors of Caring in accordance with Paragraph 9.10(1) of the Rules, to acquire all the remaining Caring Shares not already held by CSSSB at the Offer Price. The Offer has closed on 10 April 2020. As at 24 April 2020, CSSSB owns 161,842,625 Caring Shares which represent 74.34% equity interest in Caring.

38. Significant events (cont'd.)

(c) On 27 December 2019, a subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"), SEMSB, had entered into a subscription agreement for the subscription of 490,030 new ordinary shares ("Subscription Shares") representing about 46.45% equity interest in the enlarged issued share capital of Dego Malaysia Sdn Bhd ("DEGO") *(formerly known as Myinteractivelab Sdn Bhd)* for a cash consideration of RM7,512,160. Upon the completion of the subscription on 3 January 2020, DEGO became an associate of SEMSB with equity interest of 46.45%.

39. Comparatives

The presentation and classification in the current financial statements have been consistent with the previous financial year except for certain incentives income comparatives which have been reclassed to conform with current year's presentation.

For the financial year ended 31 December 2018

Statement of comprehensive income

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
Cost of sales	(1,400,333)	(118,099)	(1,518,432)
Gross profit	816,716	(118,099)	698,617
Other operating income	4,568	118,099	122,667

40. Subsequent event disclosure

The World Health Organisation had on 11 March 2020 declared COVID-19 a pandemic and the Government of Malaysia, in its effort to contain the COVID-19 outbreak had on 16 March 2020 announced a Movement Control Order ("MCO") to be imposed effective from 18 March 2020 until 31 March 2020, subsequently extended to April 28 2020. The Group's principal activities involve the operation of convenience stores which are amongst the listed essential services allowed to operate during the MCO. The scale and duration of the MCO remain uncertain but could impact the Group's earnings, cash flows and financial condition going forward.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Acquisition	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	12 May 2009	34,800,000
2	No.49, Jalan Sultan Ismail, 50250 Kuala Lumpur.	A Commercial Land Accommodating An Intermediate Unit 2 ½ Storey Terraced Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	62	Land Area : 1,302 Build-up : 3,750	Freehold	28 May 2004	5,200,000
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 purpose	21	Land Area : 1,033 Build-up : 4,142	Freehold	3 Oct 2005	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	10	Land Area : 1,787 Build-up : 7,140	Freehold	25 Sep 2007	5,600,000
5	No. 58, Jalan PJS 11/28A, Sunway Metro, Bandar Sunway, 461500 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	23	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)	11 May 2006	4,100,000
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	36	Land Area : 2,208 Build-up : 8,654	Leasehold (99-Year)	6 Oct 2004	5,600,000
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	36	Land Area : 1,760 Build-up : 6,864	Expiring Date : 24 May 2076	6 Oct 2004	
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	27	Land Area : 1,647 Build-up : 6,402	Leasehold (99-Year) Expiring Date : 8 May 2093	24 Aug 2004	1,650,000
9	Lot No.G-17 & G18, Ground Floor, Wisma Cosway, Jalan Raja Chulan, 50200 Kuala Lumpur.	Two (2) adjoining Ground Floor strata Shop Lot	As 7-Eleven Convenience Store	36	Land Area : - Build-up : 602.78	Freehold	30 Sep 2009	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	24	Land Area : 2,583 Build-up : 10,332	Freehold	9 Dec 2008	2,300,000

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Acquisition	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	Lower Ground Floor used as car park and other floors for rental purpose	12	Land Area : 1,604 Build-up : 5,003	Freehold	25 Jan 2006	1,450,000
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	9	Land Area : 1,701 Build-up : 4,620	Leasehold (99-Year) Expiring Date : 23 May 2105	11 Dec 2008	1,500,000
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	16	Land Area : 1,604 Build-up : 4,516	Freehold	16 May 1997	1,350,000
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	43	Land Area : 1,760 Build-up : 2,916	Freehold	27 Apr 2006	1,500,000
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	29	Land Area : 1,324 Build-up : 2,408	Freehold	22 Jan 1998	2,100,000
16	No. A-G-08, Block A , Jalan PJU 1A/41B, Diaman Crimson (Pusat Dagangan NZX), 47301 Petaling Jaya, Selangor Darul Ehsan.	Intermediate Unit Ground Floor Shop	As 7-Eleven Convenience Store	12	Land Area : - Build-up : 1,711	Freehold	10 Mar 2005	1,250,000
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	11	Land Area : 1,680 Build-up : 5,040	Freehold	25 Mar 2008	1,900,000
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	27	Land Area : 2,271 Build-up : 7,928	Freehold	25 Aug 2007	850,000
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	70	Land Area : 1,740 Build-up : 3,040	Freehold	15 Jun 2007	700,000
20	No. D-0-5 & D-0-6, Block D, Ground Floor, Arena Green Apartment, Jalan 1/155A, Bukit Jalil, 57000 Kuala Lumpur.	Two (2) adjoining Ground Floor strata Shop Lot	As 7-Eleven Convenience Store	17	Land Area : - Build-up : 1,378	Freehold	14 April 2009	690,000

LIST OF PROPERTIES
AS AT 31 DECEMBER 2019

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Acquisition	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	12	Land Area : 1,647 Build-up : 3,124	Leasehold (991-Year) Expiring Date : 4 Sep 2911	14 May 2009	720,000
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	14	Land Area : 1,647 Build-up : 1,640	Freehold	17 Aug 2007	470,000
23	No 47, Jalan TTJS/A, Taman Tuanku Jaafar, 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	20	Land Area : 1,991 Build-up : 3,851	Freehold	22 Apr 1996	550,000
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	36	Land Area : 1,755 Build-up : 3,515	Freehold	29 Sep 2008	360,000
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	17	Land Area : 1,399 Build-up : 2,800	Leasehold (99-Year) Expiring Date : 4 Dec 2088	21 Jun 1997	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 2019 are as follows:-

	Group (RM)	Company (RM)
Audit	506,000	86,000
Non-Audit	68,000	13,000

2. Material Contracts

Save as disclosed below, neither 7-Eleven Malaysia Holdings Berhad nor any of its subsidiary companies have entered into any contract which is or may be material (not being contracts entered into in the ordinary course of business of the Company or any of its subsidiary companies) for the financial year ended 31 December 2019:

(a) A share sale agreement dated 28 November 2019 entered into between Convenience Shopping (Sabah) Sdn Bhd, a wholly-owned subsidiary of 7-Eleven Holdings, and Motivasi Optima Sdn Bhd for the acquisition of 55,198,000 ordinary shares in Caring Pharmacy Group Berhad ("Caring"), representing approximately 25.35% equity interest in Caring for a total cash consideration of RM143,514,800. The said acquisition was completed on 27 February 2020.

(b) A subscription agreement dated 27 December 2019 entered into between 7-Eleven, a wholly-owned subsidiary of 7-Eleven Holdings, and Myinteractivelab Sdn Bhd ("MSB") for the subscription of 490,030 new ordinary shares representing about 46.45% equity interest in the enlarged issued share capital of MSB for a cash consideration of RM7,512,160. The said subscription was completed on 3 January 2020.

3. Recurrent Related Party Transactions

At the AGM held on 29 May 2019, 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 Seventh Annual General Meeting of the Company to be held on 24 June 2020. The Company proposes to seek renewal of the existing and new RRPT Mandate at its forthcoming Seventh 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/Statement to Shareholders dated 22 May 2020 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 2019 by the Company and Group are as follows:-

Related Party	Nature of Transaction	Value of Transaction RM'000
U Mobile Sdn Bhd	Transaction value paid	235,742
U Mobile Sdn Bhd	Commission from in-store services	12,793
U Mobile Sdn Bhd	Advertisement placement fees	10,194
Securexpress Services Sdn Bhd	Transportation services for delivery of merchandise to 7-Eleven stores	10,166
Berjaya Food Trading Sdn Bhd	Purchase of goods	3,526
Nural Enterprise Sdn Bhd	Rental of properties	1,297
Sun Media Corporation Sdn Bhd	Advertisement placement fees	824
Sun Media Corporation Sdn Bhd	Display incentives received	720

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 2019 by the Company and Group are as follows:- (cont'd)

Related Party	Nature of Transaction	Value of Transaction RM'000
Berjaya Times Square Sdn Bhd	Rental of properties	749
Ansa Hotel Sdn Bhd	Rental of property	460
Sparkling Hallmark Sdn Bhd	Rental of properties	309
Angsana Gemilang Sdn Bhd	Rental of property	294
Cempaka Properties Sdn Bhd	Rental of property	265
Wangsa Tetap Sdn Bhd	Rental of property	125
TREC Holdings Sdn Bhd	Rental of property	90
Berjaya Sompo Insurance Berhad	Rental of property	56
Qinetics Services Sdn Bhd	Purchase of IT infrastructure and management services fees	50
BLoyalty Sdn Bhd	Loyalty reward fees	37
Berjaya Waterfront Sdn Bhd	Rental of property	32
Berjaya Golf Resort Berhad	Rental of property	25
BTS Carpark Sdn Bhd	Parking fees	17
Berjaya Registration Services Sdn Bhd	Share Registration and related services	15
EVA Management Sdn Bhd	Human resources management services	6

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 Utilization of Proceeds

There were no proceeds raised from corporate proposals during the financial year.

STATISTICS OF SHAREHOLDINGS
AS AT 30 APRIL 2020

Total Number of Issued Shares	:	1,150,189,924 (excluding treasury shares of 83,195,076)
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	279	17.50	7,842	0.00
100 – 1,000	245	15.38	72,712	0.01
1,001 – 10,000	704	44.19	2,365,915	0.21
10,001 – 100,000	249	15.63	5,849,039	0.51
100,001 – 57,509,495	113	7.09	555,235,309	48.27
57,509,496 and above	3	0.19	586,659,107	51.01
TOTAL	1,593	100.00	1,150,189,924	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 April 2020 are as follows:-

Substantial Shareholders	Direct	%	Indirect	%
Tan Sri Dato' Seri Vincent Tan Chee Yioun	295,170,000	25.66	248,771,740(1)	21.63
Classic Union Group Ltd.	210,396,226	18.29	-	-
True Ascend Sdn. Bhd.	121,132,160	10.53	-	-
Tan Sri Kong Hon Kong	61,454,716	5.34	-	-
Tsai, Tzung-Han	-	-	210,396,226(2)	18.29
Tsai, Hong-Tu			210,396,226(2)	18.29

Note:

(1) Deemed interested by virtue of his interests in the following companies:-
- *HQZ, the ultimate holding company of Berjaya Retail Sdn. Bhd. and Berjaya Credit Sdn. Bhd.;*
- *Berjaya Corporation Berhad, the ultimate holding company of Berjaya Land Berhad, Berjaya Philippines Inc., Bukit Kiara Resort Berhad, KDE Recreation Berhad, Country Farms Sdn Bhd, Nural Enterprise Sdn Bhd, Inter-Pacific Asset Management Sdn Bhd, Redtone International Berhad and Wangsa Tegap Sdn Bhd;*
- *Berjaya Assets Berhad, the holding company of Berjaya Bright Sdn. Bhd.;*
- *True Ascend Sdn. Bhd.;*
- *U Telemedia Sdn. Bhd. and*
- *Hotel Resort Enterprise Sdn. Bhd.*

(2) Deemed interested by virtue of his interest in Classic Union Group Ltd.

STATISTICS OF SHAREHOLDINGS
AS AT 30 APRIL 2020

DIRECTORS' INTERESTS

The Directors' interests based on the Register of Directors' Shareholdings of the Company as at 30 April 2020 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	-	-	-	-
Chan Kien Sing	103,584	0.01	-	-
Colin George Harvey	-	-	-	-
Muhammad Lukman Bin Musa @ Hussain	105,301	0.01	-	-
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah	-	-	-	-
Shalet Marian	207,169	0.02	-	-
Tan U-Ming	621,509	0.05	-	-
Tan Wai Foon	103,584	0.01	-	-
Tsai, Tzung-Han	-	-	210,396,226[(1)]	18.30

Notes:-

(1) Deemed interested by virtue of his interests in Classic Union Group Ltd.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
AS AT 30 APRIL 2020
(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shareholding	% of Issued Capital
1.	**AMSEC Nominees (Tempatan) Sdn Bhd** *Pledged Securities Account - AmBank (M) Berhad For Vincent Tan Chee Yioun*	254,676,000	22.14
2.	**HSBC Nominees (Asing) Sdn. Bhd.** *Exempt An For JPMorgan Chase Bank, National Association (SINGAPOREJPMPB)*	210,850,947	18.33
3.	**Amanahraya Trustees Berhad** *As Beneficial Owner (TASB-T1)*	121,132,160	10.53
4.	**DYMM Sultan Ibrahim Johor**	51,122,886	4.44
5.	**CIMSEC Nominees (Tempatan) Sdn. Bhd.** *CIMB Bank For Lim Wee Chai (PBCL-0G0025)*	44,304,619	3.85
6.	**AMSEC Nominees (Tempatan) Sdn Bhd** *Fulcrum Capital Sdn Bhd For Kong Hon Kong*	43,100,000	3.75
7.	**CIMB Group Nominees (Asing) Sdn. Bhd.** *Exempt An For DBS Bank Ltd (SFS)*	38,434,129	3.34
8.	**JF Apex Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Bright Sdn Bhd (Margin)*	21,975,384	1.91
9.	**HSBC Nominees (Asing) Sdn. Bhd.** *TNTC For The Genesis Group Trust For Employee Benefit Plans*	19,430,750	1.69
10.	**Tan Sri Kong Hon Kong**	18,354,716	1.60

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)
AS AT 30 APRIL 2020
(Without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shareholding	% of Issued Capital
11.	**Inter-Pacific Equity Nominees (Asing) Sdn. Bhd.** *Berjaya Philippines Inc*	16,699,975	1.45
12.	**Citigroup Nominees (Tempatan) Sdn. Bhd.** *Employees Provident Fund Board (Affin-HWG)*	14,410,492	1.25
13.	**MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd** *Pledged Securities Account for Berjaya Bright Sdn. Bhd. (MGN-SCS0007M)*	14,407,541	1.25
14.	**HSBC Nominees (Asing) Sdn. Bhd.** *JPMBL SA For Stichting Depositary APG Emerging Markets Equity Pool*	13,879,254	1.20
15.	**Casi Management Sdn. Bhd.**	13,776,791	1.20
16.	**HSBC Nominees (Asing) Sdn. Bhd.** *BBH (LUX) SCA For The Genesis Emerging Markets Investment Company*	13,739,241	1.19
17.	**HSBC Nominees (Asing) Sdn. Bhd.** *Banque De Luxembourg For BL-Emerging Markets*	11,651,954	1.01
18.	**RHB Nominees (Tempatan) Sdn Bhd** *Pledged Securities Account For Vincent Tan Chee Yioun*	11,067,535	0.96
19.	**Berjaya Land Berhad**	10,766,982	0.94
20.	**Maybank Securities Nominees (Tempatan) Sdn. Bhd.** *Malayan Banking Berhad For Berjaya Retail Berhad*	10,203,112	0.89
21.	**DB (Malaysia) Nominee (Asing) Sdn. Bhd.** *Deutsche Bank AG London For Doric Asia Pacific Small Cap Fund*	10,094,207	0.89
22.	**CIMSEC Nominees (Tempatan) Sdn. Bhd.** *CIMB Bank for Vincent Tan Chee Yioun (PBCL-0G0361)*	8,871,292	0.77
23.	**Scotia Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Retail Berhad*	8,753,772	0.76
24.	**Teoh Ewe Jin**	8,500,000	0.74
25.	**HSBC Nominees (Asing) Sdn. Bhd.** *JPMCB NA For Templeton Global Investment Trust- Templeton Emerging Markets Small Cap Fund*	7,817,103	0.68
26.	**CGS-CIMB Nominees (Tempatan) Sdn Bhd** *Pledged Securities Account For Vincent Tan Chee Yioun (MY3309)*	7,485,001	0.65
27.	**CIMB Group Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Retail Berhad (TSVT-RC CBM)*	7,435,251	0.65
28.	**RHB Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Lim Wee Chai*	7,250,942	0.63
29.	**CIMB Group Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Land Berhad (BLB-RC4-Conglo)*	6,733,018	0.59
30.	**Koon Poh Keong**	6,422,263	0.56
		1,033,347,317	**89.84**

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of 7-Eleven Malaysia Holdings Berhad ("the Company") will be conducted virtually for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Day and Date	:	Wednesday, 24 June 2020
Time	:	10.00 a.m.
Broadcast Venue	:	Level 3, Podium Block, Plaza Berjaya, No. 12, Jalan Imbi, 55100, Kuala Lumpur, Malaysia
	:	1) Typed text in the Meeting Platform Mode of Communication 2) E-mail questions to ir@7eleven.com.my prior to Meeting.

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 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 up to RM574,000/- payable to the Non-Executive Directors of the Company on a monthly basis for the period from 25 June 2020 until the next Annual General Meeting of the Company to be held in year 2021. **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 June 2020 until the next Annual General Meeting of the Company to be held in year 2021. **Resolution 2**

4. To re-elect the following Directors who retire in accordance with Article 99 of the Company's Constitution and being eligible, have offered themselves for re-election:-
   (1) Shalet Marian **Resolution 3**
   (2) Tan Sri Dato' Seri Abdull Hamid Bin Embong **Resolution 4**
   (3) Puan Sri Datuk Seri Rohani Parkash Binti Abdullah **Resolution 5**

5. To re-appoint Messrs. Ernst & Young PLT 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 Constitution 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 twenty per centum (20%) 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 EXISTING 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/Statement to Shareholders dated 22 May 2020 ("**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;

(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. **ORDINARY RESOLUTION** **Resolution 9**
- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

"**THAT**, subject always to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("**Exchange**") and any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company ("**7-Eleven Holdings Shares**") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of central depositories accounts under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreement, arrangement and guarantee with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the existing total number of issued shares in the ordinary share capital of the Company;

2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;

3. the authority shall commence immediately upon passing of this ordinary resolution until:-

   (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following the AGM at which such resolution was passed, at which time it will lapse unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT upon completion of the purchase(s) of the 7-Eleven Holdings Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any 7-Eleven Holdings Shares so purchased by the Company in the following manner:-

(a) cancel all the 7-Eleven Holdings Shares so purchased; or

(b) retain all the 7-Eleven Holdings Shares as treasury shares for future resale or for distribution as dividends to the shareholders of the Company; or

(c) retain part thereof as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force."

9. To transact any other business of which due notice shall have been given.

By Order of the Board

SEE SIEW CHENG (SSM PC No. 202008000996) (MAICSA 7011225)
TIA HWEI PING (SSM PC No. 202008001687) (MAICSA 7057636)
Company Secretaries

Selangor Darul Ehsan
22 May 2020

NOTES:

Proxy

1. As part of the initiatives to curb the spread of coronavirus disease (Covid-19), the Company will conduct the Seventh AGM entirely via remote participation and voting facilities ("RPV"). Kindly refer to the attached Administrative Details for the Seventh AGM for more information.

2. The only venue involved is the broadcast venue for the compliance with Section 327(2) of the Companies Act 2016 that the Chairman of the Meeting shall be present at the main venue of the AGM. No shareholder or proxy from the public should be physically present nor admitted at the broadcast venue on the day of the AGM.

3. As the Seventh AGM will be conducted via a virtual meeting, a member who is not able to participate in the AGM may appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

4. In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 June 2020 shall be eligible to attend the Meeting.

5. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation save that the proxy must be of full age.

6. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.

7. 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.

8. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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.

9. 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.

10. To be valid, this form, duly completed must be deposited at the Share Registrar's office of the Company, Berjaya Registration Services Sdn. Bhd. at Lot 10-04A & 10-04B, Level 10, West, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia. 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).Alternatively, the proxy form can be electronically lodge via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on submission via TIIH Online.

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 June 2020 until the next Annual General Meeting of the Company to be held in year 2021

The proposed Directors' benefits comprise meeting allowance payable to the Non-Executive Directors.

(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 Seventh 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 Sixth Annual General Meeting of the Company held on 29 May 2019 (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 Ordinary Resolution 7 proposed under item 6 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 76 of the Act. Bursa Malaysia Securities Berhad had on 16 April 2020 announced that listed issuers are allowed to seek a higher general mandate under Paragraph 6.03 of Main Market Listing Requirements of not more than 20% of the total number of issued shares for issue of new securities ("**20% General Mandate**"), provided that the following are being complied with:-

(a) Procure shareholders' approval for the 20% General Mandate at a general meeting;
(b) Complies with all relevant applicable legal requirements, including its Constitution or relevant constituent document.

This 20% General Mandate may be utilised by listed issuer to issue new securities until 31 December 2021 and thereafter, the 10% general mandate will be reinstated. The Board, having considered the current economic climate and future financial needs of the Group, is of the opinion that this 20% General Mandate is in the best interests of the Company and its shareholders. This 20% General Mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 20% of the total number of issued share of the Company to meets its funding requirements for working capital and operational expenditure and for the purpose of the strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

(v) Item 7 of the Agenda – Proposed Renewal of Existing 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/Statement to Shareholders dated 22 May 2020 for further information.

(vi) Item 8 of the Agenda – Proposed Renewal of Authority for the Company to purchase its own shares

The proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of the total issued share capital of the Company by utilising the funds allocated which shall not be exceed the total retained profits of the Company.

Please refer to the Circular/Statement to Shareholders dated 22 May 2020 for further information.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Seventh Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Seventh Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Seventh Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

7-ELEVEN MALAYSIA HOLDINGS BERHAD
[Registration No. 201301028701 (1058531-W)]
(Incorporated in Malaysia)

CDS Account No.

Number of ordinary shares

Form of Proxy

I/We ____________________ NRIC No./Passport No./Company No. ____________________

of ____________________

being a member/members of 7-Eleven Malaysia Holdings Berhad hereby appoint Mr/Ms ____________________

____________________ NRIC No./Passport No. ____________________

of ____________________

and him/her, Mr/Ms ____________________ NRIC No./Passport No. ____________________

of ____________________

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 Seventh Annual General Meeting of the Company to be held as a fully virtual meeting at broadcast venue at Level 3, Podium Block, Plaza Berjaya, No. 12, Jalan Imbi, 55100, Kuala Lumpur, Malaysia on Wednesday, 24 June 2020 at 10.00 a.m. and at any adjournment thereof.

The Proportion of *my/*our holding to be represented by *my/*our proxies are as follows:

Proxy 1	%	Proxy 2	%	100%

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 2019 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 RM574,000/- payable to the Non-Executive Directors of the Company on a monthly basis for the period from 25 June 2020 until the next Annual General Meeting of the Company to be held in year 2021.	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 June 2020 until the next Annual General Meeting of the Company to be held in year 2021.	2		
4.	To re-elect Shalet Marian who retires by rotation in accordance with Article 99 of the Company's Constitution and who being eligible, offers herself for re-election.	3		
5.	To re-elect Tan Sri Dato' Seri Abdull Hamid Bin Embong who retires by rotation in accordance with Article 99 of the Company's Constitution and who being eligible, offers himself for re-election.	4		
6.	To re-elect Puan Sri Datuk Seri Rohani Parkash Binti Abdullah who retires by rotation in accordance with Article 99 of the Company's Constitution and who being eligible, offers herself for re-election.	5		
7.	To re-appoint Messrs. Ernst & Young PLT 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 Existing and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	8		
10.	Proposed Authority for Share Buy-Back	9		

Dated this day ____________ of ____________________ 2020

____
Signature/Common Seal of Shareholder
[*Delete if not applicable]

Notes:-

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PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the Seventh AGM dated 22 May 2020

Fold this flap for sealing

AFFIX
STAMP

7-ELEVEN MALAYSIA HOLDINGS BERHAD
Registration No. 201301028701 (1058531-W)

c/o Berjaya Registration Services Sdn. Bhd.
Registration No. 199401008064 (293743-X)
Lot 10-04A & 10-04B, Level 10, West,
Berjaya Times Square, No.1 Jalan Imbi,
55100 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

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1st fold here

7-ELEVEN MALAYSIA HOLDINGS BERHAD
201301028701 (1058531-W)