7-Eleven Malaysia Holdings Berhad

201301028701 (1058531-W)


# 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 vmembuat 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

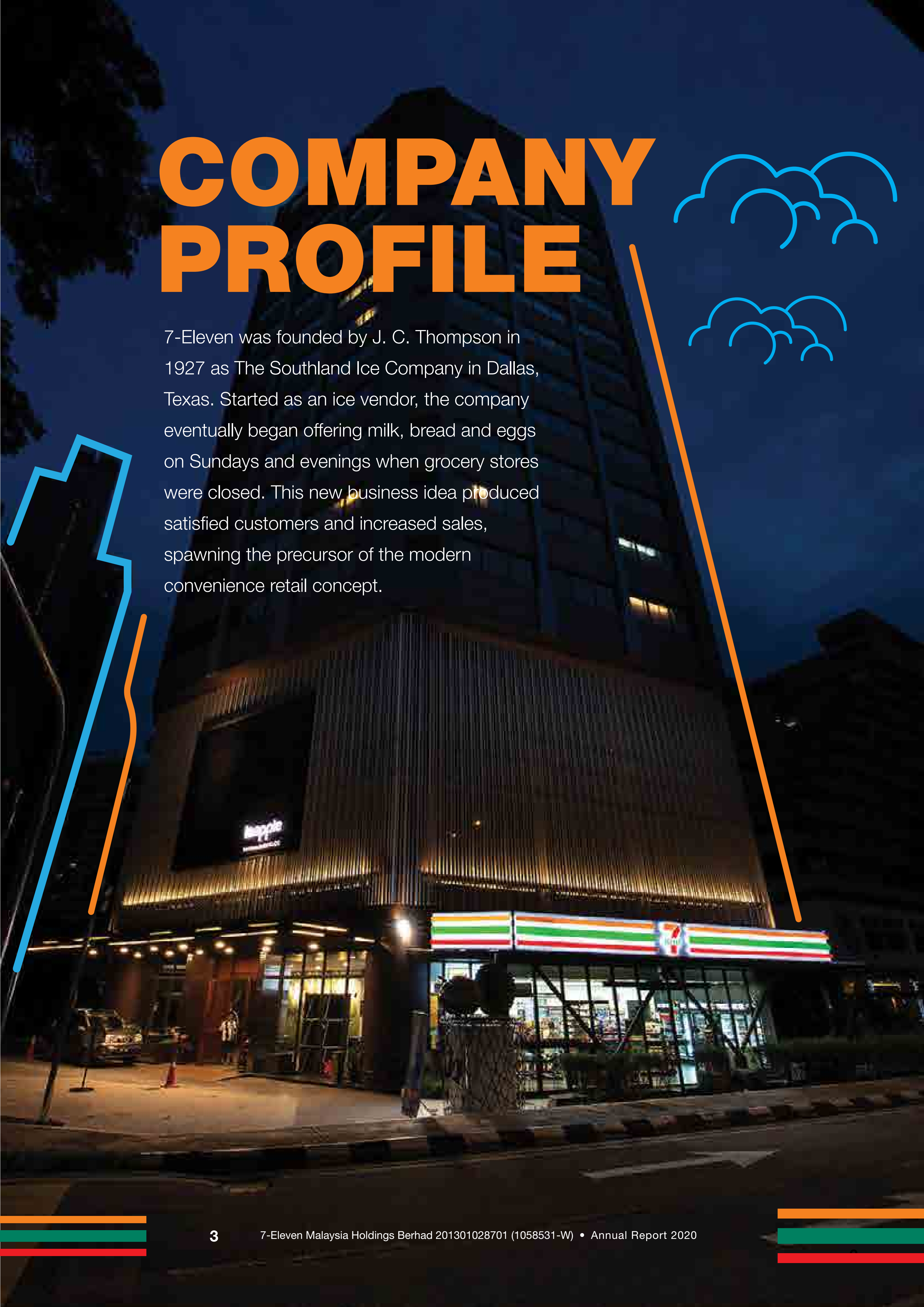
# OVERVIEW


7-Eleven Malaysia Holdings Berhad ("**SEM**") is a non-operating investment holding company which has been listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") since 2014.

Through its major subsidiary, 7-Eleven Malaysia Sdn. Bhd. ("**7-Eleven Malaysia**"), SEM 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 37 years. 7-Eleven Malaysia is the pioneer and largest 24-hours standalone convenience store operator in Malaysia.


Through another major subsidiary, Caring Pharmacy Group Berhad ("**Caring**"), SEM is the owner of one of the largest retail pharmacy chains in Malaysia. Established since 1994, Caring has grown its outlets to 144 by end-2020, with an established presence in the Klang Valley, Melaka and Johor. Caring was listed on Bursa Malaysia from 2013 until May 2020. The acquisition of Caring by SEM was completed in June 2020, marking SEM's diversification and foray into the retail pharmacy segment.





# 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.

CARiNG Pharmacy was established in 1994 by 5 pharmacists, who were course-mates in the School of Pharmacy, Universiti Sains Malaysia (USM). Starting as a neighborhood "mom & pop" pharmacy, catered to the needs of the local community, CARiNG Pharmacy has evolved into a major pharmacy chain with outlets in major shopping malls.

Currently, CARiNG Pharmacy operates more than 140 retail pharmacies nationwide. Our outlet expansion focused on new areas where we had minimal or no presence so that more Malaysians could benefit from our competitive pharmacy services and high-quality health and beauty product offerings.

One of the big success factors for CARNG Pharmacy is the belief in pharmacist's service as a core ingredient. The company has started from day 1 providing 12 hours a day, 7 days a week full times pharmacist service until now. We are proud to be the largest employer of community pharmacists in Malaysia

CARiNG Pharmacy has a vision to become the most appreciated and admired pharmacy brand. At CARiNG Pharmacy. we consistently providing health check and counselling e.g. Patient Medication Record (PMR), Medication Use Review (MUR), Diabetes Management System (DMS), Minor Ailment Service, Smoking Cessation & Weight Management

We aim to be the driver and promoter of healthy lifestyles in the communities that we serve. We provide free health screenings, valuable information and health talks/workshops by working closely with other healthcare professionals.

Regular Card is CARiNG owned CRM program with the objective to link with our regular customers and reward them for their loyalty. We have over 750,000 validated members and over 410,000 mobile users with loyalty sales of more than 60%. Our aim is to provide a seamless and convenient shopping experience for all types of customers by integrating all selling channels (physical stores, online E-store and Mobile app).

Besides the Regular Member base, our marketing strategy is to grow our own-media base e.g. Facebook, Instagram, Website Visitors and other social media platforms.

We are focusing on expanding and nurturing our blue ocean and exclusive brands. Our buying team is actively engaging with international brand owners to bring in high quality and popular health and personal care products to benefit our shoppers. We are representing 29 international and local health & beauty brands as their exclusive retail partners.

In the year 2020, CARiNG Pharmacy acquired Georgetown Pharmacy and Wellings Pharmacy which expanded our business footprint into the northern part of Malaysia covering Penang, Kedah and Perlis by another 26 pharmacy stores and expected to contribute positively to the future earnings of the CARiNG group.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

**Tan U-Ming**
*Executive Director cum Co-Chief Executive Officer*

**Wong Wai Keong**
*Executive Director cum Co-Chief Executive Officer*

**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*

**Chan Kien Sing**
*Member*
*Non-Independent Non-Executive Director*

### REMUNERATION COMMITTEE

**Chan Kien Sing**
*Chairman*
*Non-Independent Non-Executive Director*

**Shalet Marian**
*Member*
*Independent Non-Executive Director*

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

### NOMINATING COMMITTEE

**Shalet Marian**
*Chairperson*
*Independent Non-Executive Director*

**Chan Kien Sing**
*Member*
*Non-Independent Non-Executive Director*

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

### COMPANY SECRETARIES

Tia Hwei Ping (MAICSA 7057636)
(SSM PC No.202008001687)
Tai Yit Chan (MAICSA 7009143)
(SSM PC No.202008001023)

### REGISTERED OFFICE

12th Floor, Menara Symphony,
No. 5, Jalan Prof.
Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan
Tel. No.: +603 7890 4800
Fax No.: +603 7890 4650

### HEAD OFFICE

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

### AUDITORS

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

### SHARE REGISTRAR

Berjaya Registration Services Sdn. Bhd.
Lot 10-04A & 10-04B,
Level 10, West,
Berjaya Times Square,
No.1 Jalan Imbi,
55100 Kuala Lumpur,
Wilayah Persekutuan,
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

**WONG WAI KEONG**
Executive Director cum Co-Chief Executive Officer ("Co-CEO")

**TAN U-MING**
Executive Director cum Co-Chief Executive Officer ("Co-CEO")

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

**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 71,*
*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 has also been appointed as a Judge of the Mahkamah Utama Syariah Perak on 19 March 2021.

Tan Sri also serves on the Board of Ancom Berhad as Independent Non-Executive Director and the Chairman of Zetro Services Sdn. Bhd.

## TAN U-MING

*Male,*
*Aged 34,*
*Malaysian*
*Executive Director cum Co-Chief Executive Officer ("Co-CEO")*
*Key Senior Management*

Mr. Tan U-Ming was appointed to our Board as Executive Director on 21 August 2013, and subsequently he was appointed as Co-Chief Executive Officer ("Co-CEO") of the Company with effect from 1 December 2020.

Mr. Tan attended college in Irvine Valley College, California, USA. Before embarking on his studies in the US, he spent a year as a Management Trainee with Convenience Shopping Sdn. Bhd. (now known as 7-Eleven Malaysia Sdn. Bhd.), the earlier half of which as a Store Associate and the latter as an Intern with the Merchandising Department. Before returning to Malaysia, he spent six (6) months completing the Franchisee, In-store Training and Field Consultant Certification Training (Phase 1) courses with 7-Eleven Inc. in North America.

In 2008, he was appointed as a Director of 7-Eleven Malaysia Sdn. Bhd., where he was responsible for overseeing it's Merchandising, Supply Chain, Procurement and Marketing functions. He was promoted to the position of Executive Director in 2011.

He currently holds multiple directorships in other private companies of various industries. He is also the son of Tan Sri Dato' Seri Vincent Tan Chee Yioun, a major shareholder of the 7-Eleven Malaysia Holdings Berhad.

## WONG WAI KEONG

*Male,*
*Aged 47,*
*Malaysian*
*Executive Director cum Co-Chief Executive Officer ("Co-CEO")*
*Key Senior Management*

Mr. Wong Wai Keong was appointed to our Board as Executive Director on 1 November 2020, subsequently he was appointed as Co-Chief Executive Officer ("Co-CEO") of the Company with effect from 1 December 2020.

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.

## CHAN KIEN SING

*Male,*
*Aged 64,*
*Malaysian*
*Non-Independent Non-Executive Director*

Mr. Chan Kien Sing was appointed to the Board first as Executive Director on 21 August 2013 and was then 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 Assets Berhad and holds directorships in several other private limited companies.

## TAN WAI FOON (LENA TAN)

*Female,*
*Aged 61,*
*Malaysian*
*Non-Independent Non-Executive Director*

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

Besides her role in 7-Eleven Malaysia Holdings Bhd, Ms. Tan is also Chairman and Managing Director of New World Capital Advisors Sdn Bhd and a Director New World Capital Advisors Limited, Executive Director of Razer Fintech Holdings Pte Ltd, and Non-Executive Director of Berjaya Fintech Sdn Bhd, Berjaya Retail Sdn Bhd and Berjaya Credit 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 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 44,*
*Taiwanese*
*Non-Independent Non-Executive Director*

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

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

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 Directors of Cathay Life Insurance, the largest life insurer in Taiwan and also a subsidiary of Cathay Financial Holdings. After returning from the USA 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. During his tenure, Mr. Tsai oversaw a number of overseas strategic investments on behalf of the group. 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 fifteen (15) years' experience in investment and business development in the finance industry.

## SHALET MARIAN

*Female,*
*Aged 64,*
*Malaysian*
*Independent Non-Executive Director*

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

## MUHAMMAD LUKMAN BIN MUSA @ HUSSAIN

*Male,*
*Aged 45,*
*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 the 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.

She was appointed Chairperson of the Sultan Idris Education University (UPSI) in July 2020.

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

### TAN U-MING

*Executive Director/ Co-Chief Executive Officer*

The profile of Mr. Tan U-Ming is set out on page 8 of this Annual Report.

### WONG WAI KEONG

*Executive Director/ Co-Chief Executive Officer*

The profile of Mr. Wong Wai Keong is set out on page 9 of this Annual Report.

### CHONG YEOW SIANG

*Male, Aged 53, Malaysian*
*Managing Director of Caring Pharmacy Group Berhad*

Mr. Chong Yeow Siang graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Pupil Pharmacist in the Pharmacy Department of the Penang General Hospital. Subsequently he left and joined Servier Malaysia, a French pharmaceutical company located in Kuala Lumpur, as a Hospital Product Specialist in 1993. In 1994, he became Product Executive at Servier Malaysia and was later appointed as Product Manager of the company in 1995. He left Servier Malaysia in 1997 and took up the position as Branch Manager and Pharmacist at the Taman Kok Lian outlet of Caring Pharmacy Sdn Bhd. In 1999, he was later appointed as General Manager of Caring Pharmacy Sdn Bhd where he was responsible for the operations of six CARiNG outlets. He was appointed to his current tenure as Group Managing Director of CARiNG Group of companies in 2002 and is mainly responsible for developing the strategic direction and overseeing the business operations of the Group.

### SOO CHAN CHIEW

*Male, Aged 52, Malaysian*
*Executive Director of Caring Pharmacy Group Berhad*

Mr. Soo Chan Chiew graduated in 1992 from Universiti Sains Malaysia with a Bachelor of Pharmacy (Honours) Degree. He became a Registered Pharmacist with the Ministry of Health in 1993. His career started in 1992 as a Pupil Pharmacist with Universiti Hospital, Kuala Lumpur. In 1993, he joined George Town Chemist Sdn Bhd, a retail pharmacy chain, as a Pharmacist in one of the outlets. Subsequently he left to set up Caring Pharmacy Sdn Bhd in 1994 and was appointed as Branch Manager of our first 'CARiNG' community pharmacy outlet in Taman Muda. In 2007, with the establishment of Caring Pharmacy Retail Management Sdn Bhd, both the Heads of Finance and Management Information System Department report to him. His role and responsibilities include identifying critical business issues and to develop solutions to enhance the existing core applications, such as our in-house point-of-sales system and our retail management software system.

Note:-
1. Save as disclosed, none of the Key Senior Management have:-
    - Any other directorship in public companies and listed issuers;
    - Any family relationship with any Director and/or major shareholder;
    - Any conflict of interest with the Company;
    - Any convictions for offences within the past five (5) years other than traffic offences, if any; and
    - Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW

As for most enterprises globally, 2020 has been a year of unprecedented challenges, with immense social and economic disruptions caused by the COVID-19 pandemic. In Malaysia, with borders closed, movement and business operating hours restricted under the various stages of movement control orders nationwide, undeniably, the Group's performance for the financial year ended 31 December 2020 ("**FYE2020**" or "**2020**") was affected, amidst the massively cowed retail climate and weak consumer sentiment.

Throughout the COVID-19 pandemic, the Group's top priority has been supporting its employees, customers and communities at large. We implemented a host of safety measures for employees, from distributing face masks to offering flexible working programmes where applicable, and implementing stringent operational procedures mandated by the health authorities. Also, we take pride in receiving our 4th consecutive win in the Sustainability & CSR Malaysia Awards 2020 for "Company of the Year Award (Retail Category) for Supporting Needy Communities".

Despite the challenging circumstance, the Group successfully completed several major corporate exercises in 2020, which included the acquisition of 75% stake in Caring Pharmacy Group Berhad ("**Caring**").

For FYE2020, the Group recorded a Consolidated Revenue of RM2.54 billion, an increase of RM176.5 million or 7.5% as compared to prior year; this after taking into accounts nine (9) months of Caring's operations of RM475.5 million in the current year. Total combined store count was 2,557 stores, comprising 2,413 convenience stores and 144 pharmaceutical stores.

## CONVENIENCE STORES SEGMENT

Against the backdrop of the COVID-19 pandemic, the Convenience Stores segment recorded a decline in Revenue of 12.7% primarily due to the lockdown periods, whereby, store operations and operating hours were impeded, curtailing customer (local & tourist) footfall and consequently, a significant decline in store productivity.

As the largest convenience store operator in Malaysia, we remained steadfast in refurbishing and refreshing our stores, to upkeep the 7-Eleven brand image and more importantly, to continuously deliver a seamless shopping convenience and experience across our existing network. Strategically, we opened 92 new stores in various high potential regions and closed 90 under-performing 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 colleague

# MANAGEMENT DISCUSSION AND ANALYSIS

### 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 and offer more differentiated products/services to our customers, driven by insights on consumer behaviour and trends. The goal is to develop high value products/services, to provide exclusive offerings and ultimately, to enhance consumer's shopping experience at our stores.

We recognize that fresh food will be an important category that will draw customers in and drive ancillary purchases and therefore, we launched a Bean-To-Cup Coffee Machine in over 200 stores, an experience that allows the customer to be their own coffee barista. Additionally, we are delighted that Malaysians can now look forward to purchasing UK leading high-street skincare brand, "Boots", which are now available exclusively at selected 7-Eleven stores.

The convenience store landscape in Malaysia remains highly competitive. Bearing that in mind, we will continue to refresh how our customers view the 7-Eleven brand, to build customer loyalty through brand innovations, impactful promotions and exclusive products/services.

### 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 on-shelf availability, but it is still costing us too much to deliver to our 2,413 stores and a renewed focus is needed. We further recognise that additional facilities are required for fresh food and time sensitive perishables and will work towards this.

### Drive Operational Excellence

On a daily basis, more than a million customers walk into our stores. Our customers are 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.

In order to continue serving our customers during the lockdown, we had partnered with Foodpanda Malaysia ("**Foodpanda**") where customers can purchase our products via Foodpanda's digital platform, available in over 700 stores, whilst leveraging on Foodpanda's logistical expertise for last mile delivery. This being very much in line with our tagline of being "Always There For You".

We are immensely proud to have been awarded the CXP Best Customer Experience Award for 2020.

### Grow and Improve Store Base

It is important to keep our store portfolio updated and as such, we 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 under-performing 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 under-represented and make 7-Eleven accessible to all. We are pleased with a number of stores that we opened in 2020, notably, the store at TRX The Exchange 106, Malaysia's tallest building to-date.

### Digitally Enable the Organization

In the new digital economy, success is no longer linked primarily to efficiency, but to business agility. We need to be able to seize the opportunities in a rapid changing environment while responding to the needs of our customers.

In 2020, we launched our loyalty app called My7E, where members will get to enjoy special rewards and exclusive discounts via this new loyalty app. The My7E app also rewards members who make use of the app's e-stamp cards, where repeat purchases from selected brands earn you various perks. The My7E app also has e-coupon deals with discounted offers that members can take advantage of as well. Furthermore, members can link their B-Infinite card and Razer Pay e-wallet to the My7E app to earn points from those rewards programmes too.

Additionally, we had in Q4-2020 rolled out the acceptance of Credit & Debit Card, an extension of cashless payments at all our stores.

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

To create positive experiences for our customers, we must first build equally great experiences for our people. We have put in placed well-established learning and development plans/programmes for our front-liners to ensure that they embrace the knowledge and skills to fulfil their potential and serve with heart.

At the same time, we made considerable efforts 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 to understand best practices.

## PHARMACEUTICAL SEGMENT

Caring is a household brand in community pharmacy and a responsible organisation that genuinely wants to shape an ethical and professional pharmacy practice in Malaysia.

We have consistently adopted a prudent outlet expansion strategy with stringent selection criteria by committing to only open in the most strategic, high-potential areas. In 2020, we opened 18 new outlets in locations where we had minimal or no presence, to gain market share with our competitive pharmacy services and including high-quality health and beauty product offerings. On the same note, we also regularly review our under-performing outlets and we closed 7 under-performing stores during the year, where they were no longer economically viable to operate.

Despite the challenging circumstance, we embarked on an expansion plan with the proposed acquisition of equity interests as well as business assets in strategic pharmaceutical companies.

These corporate transactions were successfully completed in early 2021, and effective thereafter, The Pill House Pharmacy Sdn Bhd ("**TPH**") and Wellings Pharmacy Sdn Bhd ("**Wellings**") through Caring, are now 67% and 60% owned subsidiaries of 7-Eleven Malaysia Holdings Berhad. Said acquisition bodes well in solidifying the Group's pharmaceutical footprint in the Northern region of Peninsular Malaysia.

Additionally, we will continue to provide the most professional pharmaceutical services and offer more differentiated products to our customers, driven by insights on consumer behaviour and trends. To drive customer footfall, we aim to roll out more high quality and exciting health and personal care products, especially in our Exclusive and Home brand stable.

On the ground, we regularly strive to improve the productivity of our front-liners by equipping and empowering them with better information, tools and training. The goal is to enable our front-liners to spend more time serving customers and driving sales, instead of doing mundane repetitive tasks. During the year, we had also updated our training programmes to further develop the retail skills of our front-liners, to serve our customers better.

## FINANCIAL PERFORMANCE

### Revenue

The Group's Consolidated Revenue for the financial year ended 31 December 2020, increased by RM176.5 million or 7.5% to RM2.54 billion compared to the previous financial year of RM2.36 billion. The growth was largely driven by taking into account nine (9) months of the consolidation of Caring's operations of RM475.5 million in the current year. However, the Convenience Stores segment recorded a decline in Revenue by RM298.9 million or 12.7% to RM2.06 billion, as compared to prior year of RM2.36billion. Essentially, store operations and operating hours were impeded during the lockdown periods, curtailing customer (local & tourist) footfall and consequently, a significant decline in store productivity.

In 2020, the total combined store count was 2,557 stores, comprising 2,413 Convenience Stores and 144 Pharmaceutical Stores. For the Convenience Stores segment, we opened 92 new stores and closed 90 non-performing stores, for a net increase of 2 stores; while the Pharmaceutical segment, we opened 18 new stores and closed 7 non-performing stores, for a net increase of 11 stores.

### Gross Profit and Gross Profit Margin

Consolidated Gross Profit decreased by RM20.0 million or 2.7% compared to the previous year, driven mainly by the decline in Revenue of our Convenience Stores segment, against the backdrop of the COVID-19 pandemic, offset by the consolidation of Caring's operations of RM104.6 million in the current year.

### Other Operating Income

Consolidated Other Operating Income increased by RM26.5 million or 18.6% as compared to the previous financial year, after including Caring's operations of RM24.7 million in the current year. The increase in marketing income of our Convenience Stores segment was RM1.8 million year-on-year.

### Selling and Distribution Expenses

Consolidated Selling and Distribution expenses decreased by RM29.3 million or 4.5% year-on-year, after including Caring's operations of RM76.0 million in the current year. The decrease was primarily due to lower staff costs and utilities, which is in tandem with the shorter operating hours observed during the lockdown periods. Internally, concerted efforts were taken by the Group to manage operating costs effectively, including negotiations with landlords for rental concessions.

### Administration and Other Operating Expenses

Consolidated Administrative and Other Operating Expenses increased by RM36.9 million or 31.5% year-on-year, after including Caring's operations of RM24.5 million in the current year. Additionally, professional fees incurred for corporate exercises increased by RM7.6 million as compared to the previous year, whilst impairment for non-performing stores and impairment of investment in an Associate of RM3.0 million and RM6.5 million respectively was made in the current year.

# MANAGEMENT DISCUSSION AND ANALYSIS

### Finance Cost

Consolidated Finance cost increased by RM10.7 million or 24.5% year-on-year, after including Caring's operations of RM1.9 million in the current year. The increase was also due to interest expense on loan taken by the Group for the various corporate exercises.

### Profit after Tax

The Convenience Stores segment contributed to a Profit after Tax of RM14.2million. Corporate exercise expenses incurred for the financial year amounted to RM33.7 million. Excluding expenses incurred in the corporate exercises, the Convenience Stores segment would have recorded a Profit after Tax of RM48.0 million.

In the pharmaceutical segment, taking into account nine (9) months of results, Caring Group contributed to a Profit after Tax of RM21.1 million.

Consolidated Profit after Tax for the financial year 2020 was RM35.4 million in the current year; a decline of RM18.7 million or 34.6% year-on-year.

### Liquidity and Financial Resources

As at 31st December 2020, the Group retained a cash and bank balances of RM179.6 million after cash dividend payment for financial year 2019 of RM30.6 million.

The Group has total borrowings of RM533.1 million as at 31st December 2020. The borrowings comprise of bankers' acceptance, revolving credit and term loan facilities which were utilized for corporate exercises, working capital and capital expenditures funding for new stores opening and including store refurbishments. The net gearing ratio of the Group as at 31st December 2020 was 1.79 times, which is in compliance with all existing loan covenant obligations. Operating cash flows generated at the end of financial year 2020 was RM237.3 million.

## PROSPECTS

### Outlook for 2021

As the world and Malaysia sets forth in charting a path of recovery in 2021, and although the Malaysian Government has launched a series of relief measures to support the economy, the retail market is expected to remain challenging in the near term, as it remains uncertain as to when the effects of the COVID-19 pandemic will be fully un-wound.

Essentially, the Group's priority is to retain our competitiveness by closely monitoring cost and working capital, while streamlining and simplifying work processes to improve our operations and offerings; more importantly, to deliver a seamless shopping experience for our customers. We will continuously strive to safeguard the interests and livelihood of our people and prepare ourselves to accelerate forward as soon as the consumer market revives.

Capitalising on our physical store network and our people, we are confident of moving the 7-Eleven and Caring brands forward into the "new normal" era. Granted, the road to recovery is still laden with uncertainties, we believe that our agility and responsiveness will lead the Group through, laying a solid foundation for sustainable growth and profitability into the foreseeable future.

To all management and staff of the Group, the Board of Directors extends our heartfelt gratitude and appreciation for your resilience, dedication and loyalty. Our sincere thanks to you all.

# CORPORATE STRUCTURE

## as at 31 March 2021

**7-Eleven Malaysia Holdings Berhad**

- 100% SEM Infra Sdn Bhd
- 100% 7 Properties Sdn Bhd
- 100% Teluk Juara Sdn Bhd
- 100% 7-Eleven Malaysia Sdn Bhd
  - 46.5% Dego Malaysia Sdn Bhd
- 100% Convenience Shopping (Sabah) Sdn Bhd
  - 60% Café Decoral Sdn Bhd
  - 60% QVI Foods Sdn Bhd
  - 75% Caring Pharmacy Group Berhad
    - 100% Caring Pharmacy Retail Management Sdn Bhd
      - 67% The Pill House Pharmacy Sdn Bhd
        - 100% Wellings Pill House Sdn Bhd
          - 51% AMAZINGLIFE PHARMACY SDN BHD
          - 100% BLOOMING HEALTH PHARMACY SB
          - 51% GREEN TREES PHARMACY SB
          - 100% HEALTH TOWN PHARMACY SB
          - 60% LANGKAWI PHARMACY SB
          - 51% NUTRICIENT RX SDN BHD
          - 100% NUTRILIFE PHARMACY SB
          - 51% PHARMFRESH PHARMACY SDN BHD
          - 100% PURE HEALTH PHARMACY SB
          - 100% REALCARE BABY AND ORGANIC SB
          - 100% REALCARE PHARMACY (K) SB
          - 51% SHARING PHARMACY SB
          - 51% SIMPLE LIFE PHARMACY SB
          - 51% SUPER HEALTH SDN BHD
          - 100% WELLINGS PILL HOUSE (TG) PHARMACY SB
      - 60% Wellings Pharmacy Sdn Bhd
        - 100% Masons Health Sdn Bhd
      - 75.5% Ace Caring Pharmacy Sdn Bhd
      - 75.5% Be Caring Sdn Bhd
      - 60% Caring Abundance Sdn Bhd (f.k.a. Cosy Vision Sdn Bhd)
      - 60% Caring Alliance Sdn. Bhd.
      - 100% Caring Belle Sdn Bhd
      - 100% Caring Clover Sdn Bhd
      - 59.5% Caring Empire Sdn. Bhd.
      - 100% Caring Estore Sdn Bhd
      - 70% Caring Evergreen Sdn Bhd
      - 100% Caring Health Solutions Sdn Bhd
      - 75% Caring Healthmark Sdn Bhd
      - 60% Caring Link Sdn. Bhd.
      - 60% Caring 'N' You Pharmacy Sdn Bhd
      - 100% Caring Pharmacy (ABM) Sdn Bhd
      - 100% Caring Pharmacy (Ampang) Sdn Bhd
      - 68.2% 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
      - 100% Caring Pharmacy (SK) Sdn Bhd
      - 51% Caring Pharmacy (SW) Sdn Bhd
      - 100% Caring Pharmacy Always Sdn Bhd
      - 60% Caring Pharmacy Ascend Sdn Bhd
      - 100% Caring Pharmacy Paradise Sdn Bhd
      - 100% 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
      - 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
      - 100% Stay Caring Sdn Bhd
      - 51% Sterling Pharmacy Sdn Bhd
      - 100% Tonic Pharma Sdn Bhd
      - 75.5% Vertex Pharmacy Sdn Bhd
      - 70% Victorie Caring Sdn Bhd
      - 60% Viva Caring Sdn Bhd
      - 80% WM Caring Pharmacy Sdn. Bhd.

# COMMUNITY ENGAGEMENT

**JAN**
2020

*Joy Garden Old Folks Home*

**JAN**
2020


*Malaysian Rare Disorders Society*

**FEB**
2020

*SOLS AI*

**MAC**
2020

*COVID-19 Relief*

**MAC**
2020

*Lend A Helping Hand*

**APR**
2020

*Semurni Kasih*

**APR**
2020


*Saliva Sample Collection Kits Donation*

**MAY**
2020

*Tablet Handover*

**MAY**
2020

*Sharing Ramadhan Joy with Underprivileged Community*

# COMMUNITY ENGAGEMENT

**JUN**
2020

*PERTIS*

**JUL**
2020

*Rumah Kasih*

**JUL**
2020

*Face Masks and Hand Sanitisers for MINDEF*

**AUG**
2020

*Sponsorship of Educational Books*

**SEP**
2020

*Pangsapuri Mutiara Magna*

**SEP**
2020

*Sponsorship of Face Mask, Sanitizer & Groceries to Underprivileged Mothers*

**SEP**
2020

*#BuatBaikTogether*

**OCT**
2020

*UmieAktif*

**NOV**
2020

*World Children's Day - Pokémon Poke Plates Giveaway*

# COMMUNITY ENGAGEMENT

**NOV**
2020


*Partner with AFFC to Contribute to MINDEF*

**DEC**
2020

*DDPAM*

**DEC**
2020

*Persatuan STAND*

# MILESTONES & AWARDS

**JAN**
2020


*6th Annual Worldwide Excellence Award*

**JAN**
2020


*Pink Is In The Air*

**JAN**
2020


*Touch 'n Go - CNY Promo*

**JAN**
2020


*Hello Kitty Career Plates*

**APR**
2020


*Semurni Kasih*

**MAY**
2020

*Seoul-ful Ramadan*

**MAY**
2020

*Raya Sama-Sama*

**JUN**
2020


*My7E App*

**JUN**
2020


*BPoints Happy Hour*

# MILESTONES & AWARDS

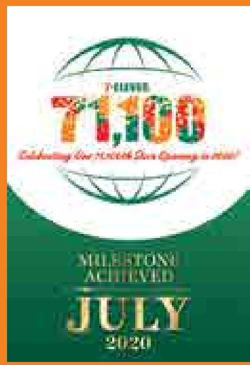
**JUN**
2020


*Emo Bear*

**JUL**
2020


*Foodpanda*

**JUL**
2020




*71,100 Stores Worldwide Celebration*

**JUL**
2020


*Free Masks For Malaysia*

**AUG**
2020

*#HiMALAYSIAku!*

**SEP**
2020


*Frooty Fun*

**SEP**
2020


*#BuatBaikTogether*

**SEP**
2020


*#BuatBaikTogether*

**OCT**
2020


*Acceptance of credit card and debit card payments in 7-Eleven stores*

**OCT**
2020


*Acquisition of Caring Pharmacy Group Bhd*

**OCT**
2020

*Acceptance of credit card and debit card payments in 7-Eleven stores*

**DEC**
2020


*T1me 2 Gift*

**DEC**
2020


*CXP Best Customer Experience Awards 2020*

**DEC**
2020

*Jolly Good Flavours*

**DEC**
2020


*Marketing Excellence Awards 2020 – Excellence in Corporate Social Responsibility*

**DEC**
2020

*Putra Brand Awards 2020 – Platinum Award (Retail Category)*

# SUSTAINABILITY STATEMENT

At 7-Eleven, we are resolute in integrating sustainability practices and values into our business operations. It is vital for us as a company to contribute to the Economy, Environment and Society (EES) by actualising positive impacts and protecting the interests of all our stakeholders.


Together with our subsidiaries, we have put into action a sustainability strategy that is underpinned by three (3) pillars defined by our Vision and Mission and are reinforced by our Core Values.

Our contributions are focused on these three (3) pillars because these are the strategies through which the communities where we operate can benefit the most.

**Our Three Strategic Pillars**

**Leading by Example:**
Promoting the shift to e-commerce as well as identifying ways of empowering customers and encouraging green consumerism

**Working with Others:**
Building sustainable partnerships with NGOs and other community organisations that would strengthen the resilience of vulnerable communities

**Empowering Customers:**
Applying a long-term programme that employs practical steps in reducing energy consumption and greenhouse gas emissions

## ABOUT THIS STATEMENT

Through this Sustainability Statement, we convey to our stakeholders the efforts that we have undertaken to address EES opportunities and risks. We aspire to weave a sustainability culture across our organisation, consistently improve our performance through persistent work, and set new goals for further development.

**Scope and Boundary:** This statement pertains to the core business of 7-Eleven: the convenience store operations, the newly acquired pharmacy business, and subsidiaries directly controlled by the Group and where it holds a majority stake.

**Reporting Period:** The reporting period spans from 1 January 2020 to 31 December 2020. Historical information for the convenience store division is presented as comparative data. The data for the pharmacy division will cover only financial year 2020.

**Guideline:**
- Primary Guideline: Bursa Malaysia Sustainability Reporting Guide (2nd Edition)
- References:
  Global Reporting Initiative (GRI) Standards
  United Nations Sustainability Development Goals (SDGs)

**Reporting Cycle:** Annually; coinciding with our Annual Report

**Feedback:** For further information, contact: ir@7eleven.com.my

SUSTAINABLE DEVELOPMENT GOALS

The UN's Sustainable Development Goals (SDGs) were designed to help society and businesses focus on solving global sustainability challenges. In addition to global policy frameworks such as the SDGs, there is a growing trend amongst governments, stock exchanges and other regulating bodies to translate global goals into laws, regulations and requirements. In response to the government's call, 7-Eleven has incorporated sustainability in our reporting measures and monitoring tools.

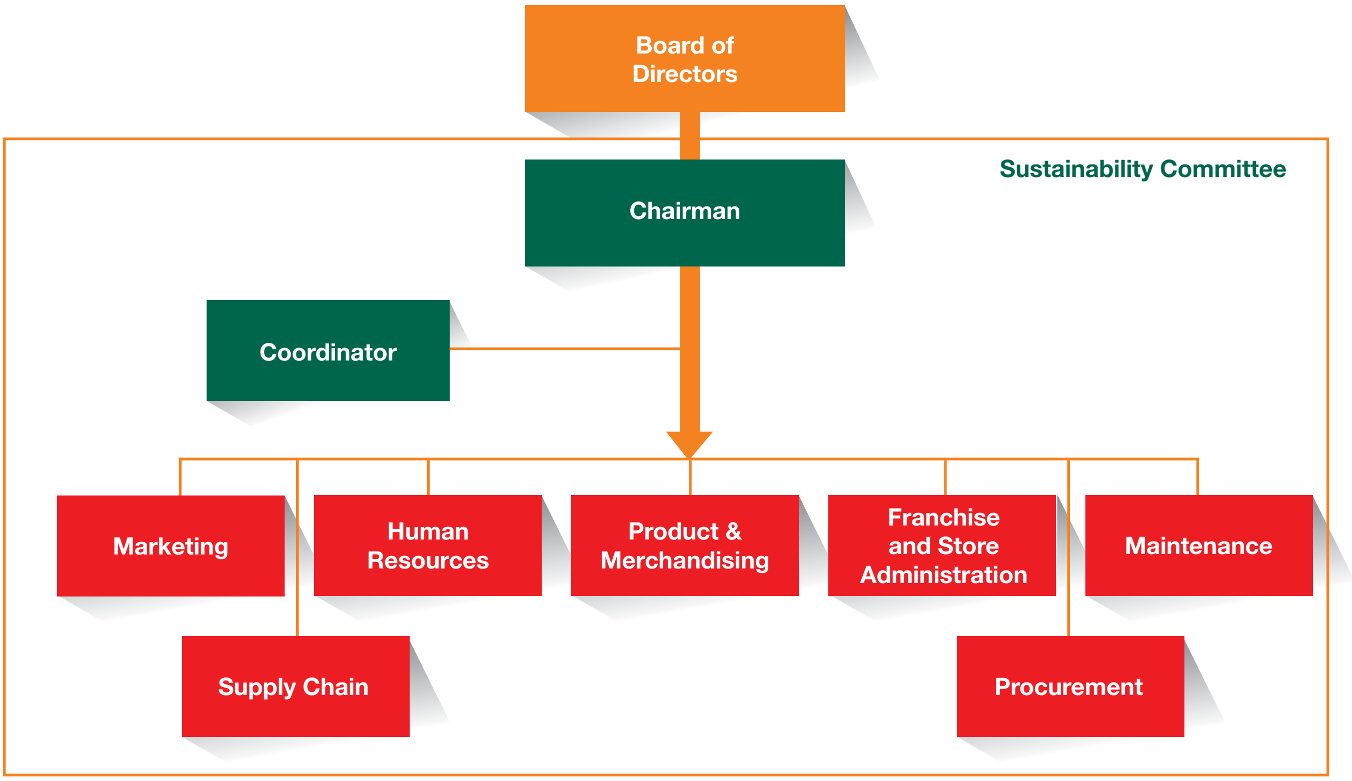
| United Nation Sustainable Development Goals (SDGs) 2030 | | 7-Eleven Contribution |
|---|---|---|
| 1 NO POVERTY | **Goal 1:** End all forms of poverty everywhere | • Regularly conducts programmes that develop capability and life skills to improve the standard of living and quality of life. |
| 3 GOOD HEALTH AND WELL-BEING | **Goal 3:** Ensure healthy lives and promote the wellbeing of everyone | • Zero tolerance in any forms of harassment in the workplace.<br>• Provide employee health benefits and encourage better work– life balance.<br>• Rolled out healthy food and fruit range<br>• Initiate health awareness campaigns |
| 4 QUALITY EDUCATION | **Goal 4:** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all | • Invested RM 1,979,590 and 202,486 hours in upskilling our employees in FY 2020<br>• Organise community empowerment initiatives |
| 5 GENDER EQUALITY | **Goal 5:** Promote sustained, inclusive and sustainable economic growth as well as full and productive employment | • Actively engage women NGOs and embed non-discrimination in our Code of Ethics<br>• Initiated the P40+ Programme |
| 10 REDUCED INEQUALITIES | **Goal 10:** Reduce inequality within and amongst countries | • Practise equitable treatment, recruitment and repatriation of migrant workers<br>• Promote procurement activities nationwide |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | **Goal 12:** Ensure sustainable consumption and production patterns | • Reduce packaging and eliminate hazardous packaging |
| 13 CLIMATE ACTION | **Goal 13:** Take urgent actions to combat climate change and its impacts | • Implement waste management and energy efficiency programmes |
| 16 PEACE, JUSTICE AND STRONG INSTITUTIONS | **Goal 16:** . Promote peaceful and inclusive societies for sustainable development; provide access to justice for all; and build effective, accountable and inclusive institutions at all levels | • Established guidelines on Conflicts of Interest, Related Party Transactions, as well as Bribery, Corruption and Business Courtesies in the Code<br>• Maintain inclusive and relevant dialogue between the public and private sectors |

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY GOVERNANCE

Our good reputation is our most important asset, as revealed by our materiality assessment. A major factor in our success is the Group's strong governance and integrity - qualities that have reduced risks to our business and produced beneficial value for our stakeholders.

We have embarked on a robust governance framework to ensure that sustainability matters are incorporated into our corporate agenda. To proactively integrate sustainability into our business activities, the Group has established a three-tiered structure with the Board of Directors at the apex. Supporting the Board is the Sustainability Committee, which is comprised of representatives from the convenience store and pharmacy divisions.




**The Board:** The Board directly oversees all matters pertaining to the Group's overarching sustainability agenda, strategic decisions and initiatives. The Board reviews existing strategies to keep them consistent with the current best practices whilst ensuring that the stakeholders' expectations are fulfilled.

**Sustainability Chairman:** The Chairman of the Committee is assisted by a Coordinator, who collaborates with the Sustainability Working Group and oversees that all implemented initiatives are in line with the Group's strategic direction and policies. The Chairman presides over sustainability meetings and updates the Board as regards the status of the Group's sustainability agenda.

**Sustainability Working Group (SWG):** The SWG consists of the Heads of Department (HODs) of both the convenience store and pharmacy divisions. Although our sustainability efforts are observed across the entire organisation, specific issues are directly tied to each department to manage. Thus, the SWG is in charge of executing our strategies, developing plans and monitoring data that reflect the Group's year-on-year EES performance parameters.

## COMPLIANCE ETHICS AND TRANSPARENCY

The Group upholds the highest standards of professional conduct. We have established policies and manuals that will guide our employees and partners towards fostering a sound corporate culture.
We do not condone acts of bribery and corruption as espoused by the Malaysian Anti-Corruption Commission (Amendment) Act 2018. Our position is reflected by our Anti-Bribery & Anti-Corruption Policy (ABAC). To promote integrity and respect in our activities, our Code of Conduct and Ethics outlines the ethical and behavioural standards that are expected of our employees and business partners.

The Whistle Blowing Policy provides an anonymous platform where all our stakeholders can raise concerns about possible breaches of policies and other questionable practices without fear of reprisals or retaliation.

Our policies are published on our website and disseminated to our employees and business partners.

## SUSTAINABILITY MATTERS

During the year under review, the Group conducted a reassessment of material issues to ensure that the newly acquired pharmacy division is adequately represented. We assessed the impacts of each sustainability aspect on our business performance and stakeholders to determine the actual matters that significantly coincide with our activities.

### MATERIALITY PROCESS

The materiality assessment process seeks to analyse, identify and prioritise the EES sustainability issues that are most material to our business operations.

**Identify and Categorise**

In our materiality reassessment, we identified a comprehensive list of stakeholders and material themes that currently affect our stakeholders and business operations. After that, we categorised each material theme under EES topics and narrowed them down to avoid redundancy.

**Prioritise**

Each material theme and stakeholder group were assessed and scored according to its importance and impact

**Stakeholder Inclusiveness**

To ensure that stakeholder voices are incorporated, the identified stakeholder groups were requested to score the themes according to their perceived importance.

**Validation & Approval**

The formulated materiality matrix was then presented to the Senior Management and the BOD for verification and approval.

## MATERIALITY MATRIX

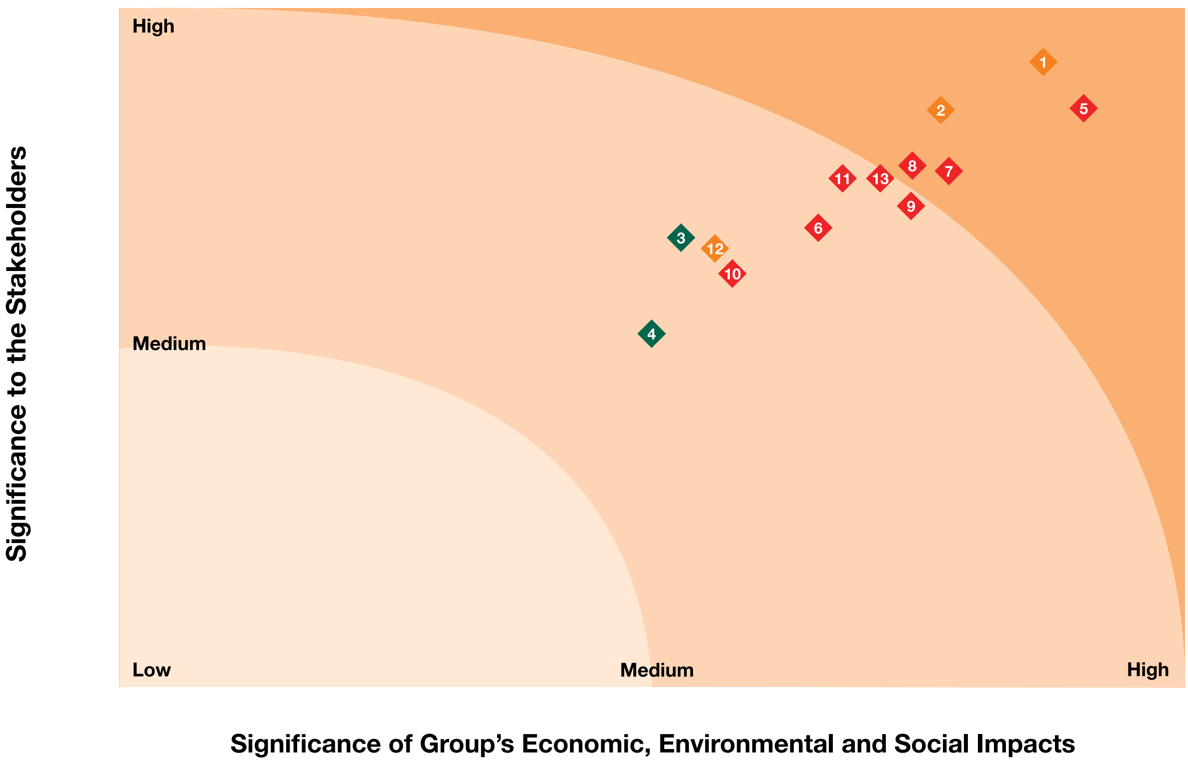
The material sustainability issues include 13 indicators which indicate the EES topics that are important to both the Group and stakeholders. The following diagram depicts the outcome of our materiality assessment. The aspects deemed most significant by the Group and our stakeholders are mapped on the upper right-hand quadrant of the matrix.

The Group's top four material issues are Branding & Reputation, Customer Satisfaction, Technology & Innovation, and Product Quality Assurance & Compliance. These matters are closely linked to the core nature of our business. Maintaining a positive brand protects our reputation, enhances our overall sustainability performance, and builds stakeholder confidence.

Meanwhile, the material issues mapped in the middle of the matrix are Waste Management, Supporting the Local Community, and Climate Change.

Our operations neither generate substantial direct waste nor exert considerable impacts on climate change and the community. Nevertheless, we recognise the value of these issues and thus have introduced initiatives for reducing waste and emissions as well as contributing to the communities where we operate.

**MATERIALITY MATRIX**




**ECONOMIC:** 1. Branding and Reputation, 2. Technology and Innovation, 12. Supporting Local Community

**ENVIRONMENT:** 3. Waste Management, 4. Climate Change

**SOCIAL:** 5. Customer Satisfaction, 6. Data Protection, 7. Product Quality Assurance and Compliance, 8. Training & Talent Development, 9. Occupational Health and Safety, 10. Diversity and Inclusion, 11. Sustainable Supply Chain, 13. Governance Ethics & Transparency

## STAKEHOLDER ENGAGEMENT

# "Understand and Connect"

Consistent with our core value to Understand and Connect, we have partnered with our stakeholders to manage sustainability issues and challenges. We pride ourselves on being good listeners to both positive and critical feedback and consider engagement a key tool in keeping abreast of retail industry trends.

We maintain effective, timely and transparent relations with our stakeholders through year-round communication across various forms of engagement. We address concerns in a collaborative manner that meets both the stakeholders' expectations and the Group's vision for sustainable growth.

| Stakeholders Group | Areas of Interest | Engagement Channel |
|---|---|---|
| **Investors** | • Financial performance<br>• Business strategy<br>• Information disclosure | • Shareholder meeting<br>• Analyst / Investor Briefings<br>• Timely disclosure of information in the company website |
| **Customers** | • Product pricing & offers<br>• Product assortments & quality<br>• E-commerce services<br>• Product safety & information | • Marketing promotions<br>• Website, social media and magazines<br>• Customer care channels<br>• Seminars and health programmes<br>• E-payment system |
| **Employees** | • Compensation benchmarking<br>• Corporate culture & values<br>• Workplace safety<br>• Career development<br>• Employee welfare | • Performance reviews<br>• Intranet, newsletter and broadcasting<br>• Occupational health and safety Initiatives<br>• Training & education programs<br>• Sports activities and social activities<br>• Awards and recognition<br>• Flexi working hours<br>• Job rotations and internal hiring |
| **Supply Chain** | • Partnership for growth<br>• Purchase commitments<br>• Product awareness | • Health awareness partnership<br>• Product training and recall<br>• Supplier meetings and briefings |
| **CSO & Community** | • Community development<br>• Medical education and awareness<br>• Community care programmes | • Student internships<br>• Health seminars<br>• Free health screening services<br>• CSR activities & collaboration with CSO<br>• Partnership with Small & Medium Enterprise (SME) |
| **Regulators** | • Compliance<br>• Ethics and transparency<br>• Food security issues<br>• Environmental initiatives | • Regulatory seminars and conferences<br>• Ethics & transparency related policies<br>• 3R initiatives |

## ECONOMY

We strive to create the right conditions and framework that would drive positive direct and indirect economic impacts. The material aspects related to economy are: Branding and Reputation, Technology and Innovation, and Supporting the Local Community.

**Direct Economic Impacts:** The Group's direct economic impacts relate to the activities of our convenience store and pharmacy divisions which generate income, profit, taxes, employment and franchising business opportunities. These are shown in the economic snapshot below:

**Economic Snapshot:**

- Revenue: RM 2,539 million
- Shareholder's Equity: RM 66.8 million
- Number of Convenience Stores: 2,413
- Number of Pharmacy Outlets: 144
- Number of Franchisees: 237
- Number of Employees: 10,476

**Indirect Economic Impacts:** 7-Eleven's indirect economic impact reflects our contributions to the growth of our people, the nation and the community. For the year under review, we have donated RM 735,998 to the community and invested RM 1,979,590 and 202,486 hours in upskilling our employees.

**Branding and Reputation**

Our Group's corporate reputation is affected by the actions of every business unit, department and employee. We can strengthen our branding and reputation by having a strong EESG management, because stakeholder sentiments relating to EESG concerns towards the Group can impact our achievements.

**Technology and Innovation**

Technology and Innovation are national key economic areas that the Malaysian government has targeted in realising growth. In line with this agenda, we have embraced technology and innovation as major strategic tools. The Group is transitioning towards digitalisation by gradually empowering the entire organisation with internet and application-based technology which would improve our operational efficiencies.

We have also invested into cloud computing allowing us on-demand availability and access to information system resources and scalability into future technology. We have adopted financial technology with the implementation of various payment systems, such as e-wallet, cards, online purchasing platforms and instore handheld devices, to leverage the booming digital economy.

**Supporting Local Community**

We have engaged the SMEs and implemented actions that prioritise the products and services of companies within the geographical proximity of our stores. 7-Eleven Community Care concentrates on community livelihood programmes and supports various charitable organisations.

## CUSTOMER

The 7-Eleven Core Values exemplify our customer relation strategy:

***Understand, Simplify, Solve* and *Connect***

With the goal of improving customer experience, we have performed various actions to understand and fulfil our customers' needs, strive for their convenience, resolve issues and engage in proactive communication.

The results of our materiality assessment revealed that Customer Satisfaction, Data Protection, and Product Quality and Compliance are the customer-related issues that were regarded with the highest priority by our stakeholders. As such, we have exerted efforts to understand how the purchasing process affects a customer's experience.

## Responding to the Pandemic

Our mission is “to consistently serve the changing needs of our customers for their convenience”. With this in mind, we have adapted our services in response to the pandemic.

7-Eleven operations which comprise the convenience store and pharmacy division are considered essential services. Hence, we are in a unique position in the forefront to ease the pandemic’s impacts. Thus, we have modified our plans and policies to ensure that all of our stores remain open, that all our employees and customers are always safe, and that our supplies are not disrupted, especially daily necessities, groceries, medications and covid essential items.

> “Our warehouse team worked from 8:30 AM to 11:00 PM daily for two weeks to deliver all the stocks to our outlets in the shortest time possible. Sometimes, our area managers and front-liners would travel to the warehouse to collect stocks.”
>
> *Senior Area Manager, Pharmacy Division*

**Keeping the Shelves Full:** As the nation responded to the pandemic, we have kept our responsibility of keeping our shelves adequately stocked. We achieved this by learning to adapt and working diligently to address any challenges.

**AI-Enabled:** Because of the COVID-19 pandemic, we have utilised different ways of reaching our customers whether they’re at home or in transit: over the phone or online. Considering the current circumstances, customers have resorted to online shopping. In response, our AI-enhanced technologies introduced new features and functionalities which provided our customers with a more convenient shopping experience.


These new features and functionalities have greatly enhanced our products and services and have adapted our operations to the current situation, where the integration into online platforms is imperative for operational continuity.

***COVID-19 Precautionary Measures:*** The safety and wellbeing of our customers and employees are of the utmost importance to us. To curb the spread of the virus, we have followed the government’s guidelines and protocols.


We have implemented preventive measures across our entire operation, including the regular sanitisation of our stores, enhanced personal hygiene protocols for our employees and the enforcement of social distancing in our stores.

Should an employee or customer test positive for COVID-19, the relevant store would undergo a thorough sanitisation as a precaution, and will only reopen when it is deemed safe. All employees who came in direct contact would be sent for screening and placed under home quarantine until the authorities give the appropriate medical clearance.

## Data Protection

Technological advances have enabled further digitalisation in retailing but have also given rise to security challenges. At 7-Eleven, cybersecurity and privacy are core elements of customer trust. We abide by the prescribed laws in the Malaysian Personal Data Protection Act 2010 (“PDPA”), which mandates the protection of the private data of our customers, employees and business partners.

We implement only the best practices when it comes to privacy and security controls so that our customers, employees and business partners can rest assured that their data are safe and secured.

## Customer Satisfaction

All of our subsidiaries are directed to take extra effort in understanding what our customers want and to adjust our products, services and customer support accordingly to meet or, if possible, even surpass their expectations.

**Customer Engagements:** To provide top-notch customer experience, we interact with our customer through different platforms, such as social media, live chat, in person and messaging applications. Through these channels, any customer could ask questions, receive information as well as browse products and promotions.


**Health Information:** *"Stop Google search, ask me!"* is a YouTube series debunking health myths and misinformation. The show provides reliable information to consumers by having medical practitioners as guests. The pharmacy website contains a wealth of knowledge, including pharmacy services, health info menu, and a soft copy of Caring News, which is published four times yearly. The pharmacy also conducts health talks, campaigns, workshops and roadshows to spread awareness about common medical conditions.

**Understanding Customer Preference:** Even if most of our in-store products and store ambience are similar, we customize product mixes and store design to complement the vibe and appeal of each location. We fulfil the needs of the neighbourhood of each store by leveraging smart maps and by analysing demand patterns, population densities demographics and psychographics.

Convenience stores with dining areas cater to locations where fast, convenient food is necessary, such as near offices and schools. By contrast, those stores located near affordable restaurants and hawker stalls have a no dine-in concept. Our pharmacies stock medicines and supplements, provide information and personalised services for the local communities where the needs by be different.

## Product Safety, Quality and Compliance

### Regulatory Compliance

Building and maintaining customer trust and confidence is crucial to our operation. Our measures adhere to the highest standards of product quality, safety and hygiene. We comply with the guidelines enforced by the MAL Food Act 1983 (Food Regulation 1985 and Food Hygiene Regulation 2009), the National Pharmaceutical Regulatory Agency (NPRA), the Hazard Analysis and Critical Control Point (HACCP), the Good Manufacturing Practice (GMP) as well as other laws and regulations that cover the products that we offer.

To comply with highly regulated medical products and standards, our pharmacy division has formed a Listing Committee, which consists of members with in-depth pharmaceutical knowledge. The committee screens all offered products and keeps abreast with NPRA regulations.

**Quality and Food Safety (Q-FoS)**

The convenience store division has established the 7E Quality and Food Safety Standard. As part of monitoring its implementation, Q-FoS Audit is conducted yearly by a dedicated quality assurance team. The team is responsible for reviewing and validating requirements, including planning, auditing, monitoring and corrective actions. The operation team is trained on the 7E Q-FoS Standard requirements to enhance the understanding of employees in the stores.

Our target for 2020 was to audit a total of 1,000 stores, which cover 415 Fresh Food Stores which are defined as high-risks stores and 585 Non-Fresh Food Stores. We were able to audit 1,063 convenience stores, including 100% of Fresh Food Stores, thereby successfully exceeding our goal.

The table below shows the Q-FoS target and achievement for our convenience store division for financial year 2020:

| Quality Food and Safety Audit | |
|---|---|
| Target FY2020 | Achievement |
| Audit 1,000 stores<br>(100 % or 415 Fresh Food Stores and 585 Non- Food Service Stores) | 1,063 stores audited<br>(415 Fresh Food Store and 648 Non-Fresh Food Stores) |

We also perform supplier audits to verify their performance against the 7E Food Manufacturing Standard which is adopted from national and international quality standards. In 2020, due to the COVID-19 pandemic, we only managed to audit 33% or three suppliers, against our total audit plan of nine OEM 7-Eleven private label suppliers for food products.

## ENVIRONMENTAL STEWARDSHIP

Climate Change and Waste Management are also part of the material aspects that we have identified to be associated with our operations. In congruence with this, we have implemented several initiatives that focus on reducing our waste and mitigating the effects of climate change.

### ENERGY EFFICIENCY

Fossil fuel burning has significantly increased the concentration of atmospheric carbon dioxide (CO2), which has been a major contributor to climate change. As part of our efficient energy consumption policy, 7-Eleven has begun monitoring and reconfiguring our systems to reduce electricity usage across our entire operation.

We have successfully initiated energy efficiency programmes since 2017, such as implementing a Cross Dock System, which has reduced trip frequency by as much as 80%. In 2018, we started to convert the lighting systems of our stores to LED lights in both the convenience store and pharmacy divisions. This initiative was completed by 2019.

Our current programme which we commenced in FY2020 was to improve the air-conditioning (AC) and chiller efficiency in 800 stores. To date, we have reached completion in 680 stores, which has resulted in a total savings of RM 665,000.

| ENERGY EFFICIENCY PROGRAMMES | | | |
|---|---|---|---|
| Period | Programme | Status | Achievement |
| 2020–2024 | Convenience store:<br>AC and chiller efficiency for 800 stores. | 680 stores completed | FY2020:<br>Total savings of RM 665,000<br>FY2019: Total savings of RM 413,000 |
| 2018–2019 | Convert lighting systems to LED | Completed | Minimised electricity consumption |
| 2017–2020 | Convenience store:<br>Cross Dock System | Completed | Minimised trip frequency by 80% compared to the previous model |

## LOGISTICS


| 0 | CDC / CENTRAL | SHAH ALAM |
|---|---|---|
| 1 | East Coast 1 (EC1) (Kelantan & Northern Terengganu) | KOTA BHARU |
| 2 | Northern 1 (N1) (Perlis, Kedah, Penang & Northern Perak) | BUKIT MINYAK |
| 3 | Southern 1 (S1) (Middle & Southern Johor) | SENAI |
| 4 | East Coast 2 (EC2) (Southern Terengganu & Eastern Pahang) | GEBENG |
| 5 | Northern 2 (N2) (Middle & Southern Perak) | IPOH |
| 6 | Southern 2 (S2) (Melaka & Northern Johor) | MELAKA |

### 7E Cross Dock System

The Cross Dock System minimises the frequency of trips to and from our cross-dock hubs by 80%.

We use 40-footer trucks in this system to transport our goods from the CDC to the Cross Dock Hubs located in the east coast, at the northern and southern parts of Peninsular Malaysia. Goods are then broken bulk and smaller trucks are used to transport goods to the nearby stores.

| Cross Dock System Energy Saving Result | | | |
|---|---|---|---|
| Period | Diesel Consumption Savings (Litre) | $CO^2$ Emission Savings (tonne) | Number of Stores |
| 2020 | 427,731 | 1,240 | 2,413 |
| 2019 | 583,664 | 1,694 | 2,411 |
| 2018 | 931,220 | 2,701 | 2,287 |
| (Total $CO^2$ saving in tonnes) / (2.9 kg per litre) * 1000 kg = Fuel Consumption in Litre | | | |

The increase in electricity consumption for convenience stores was due to investment in new training rooms and facilities as well as food testing equipment at the headquarters.

| ENERGY CONSUMPTION | | | | |
|---|---|---|---|---|
| CONVENIENCE STORE DIVISION | | | | |
| Period | Total Electricity Consumption for All Stores/ KwH | Total Electricity Consumption for HQ/KwH | Total Electricity Consumption for BRO / KwH | Number of Stores |
| 2020 | 330,667,359 | 740,395 | 126,721 | 2,413 |
| 2019 | 361,983,811 | 737,036 | 156,118 | 2,411 |
| 2018 | 327,957,872 | 783,343 | 160,014 | 2,287 |
| PHARMACY DIVISION | | | | |
| 2020 | 3,567,900 | 496,800 | No BRO | 144 |

## SUSTAINABLE CONSUMPTION

Addressing the impacts of climate change requires the involvement of everyone in making the necessary changes. At 7-Eleven, we have introduced environmentally friendly interventions to reinforce sustainable consumption.

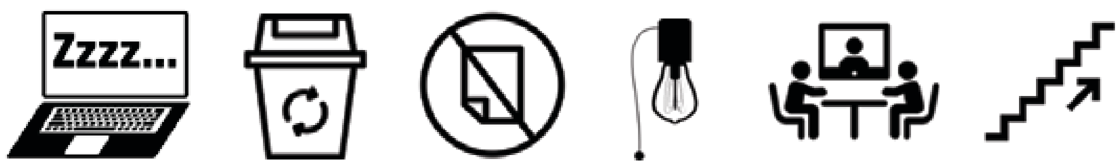
### ECO-FRIENDLY CONSUMERS

We have incorporated sustainability initiatives to retrain consumer behaviour. We have introduced eco-friendly packaging and biodegradable plastic bags, replaced plastic membership cards with mobile apps, and transported the Caring News magazine online. In addition, the use of styrofoam is strictly prohibited in all of our stores.

| Period | Caring Reusable Shopping Bags Distributed /Pcs |
|---|---|
| 2020 | 13,670 |
| 2019 | 10,200 |
| 2018 | 9,518 |

### ECO-FRIENDLY WORKPLACE

In 7-Eleven, every member of the workforce, regardless of their role or title, has to make the workplace greener and minimise emissions that contribute to climate change. Reminders about environmental footprint reduction are posted in strategic areas for everyone to see.



Employees are instructed to put in hibernation mode or switch off office equipment and lights that are not in use and to segregate waste for recycling. They are encouraged to go paperless and refrain from commuting to meetings and meet online where possible. Under the pharmacy division's "Go Green Campaign", recycling bins and energy consumption reminders are strategically placed to promote environmentally friendly practices.

| CONVENIENCE STORE ELECTRICITY INTENSITY | | |
|---|---|---|
| Period | Headquarters KwH/$m^2$ | Branch Offices KwH/$m^2$ |
| 2020 | 183 | 77 |
| 2019 | 165 | 76 |
| 2018 | 175 | 78 |

In 2020, our electricity intensity consumption (a more accurate measure of energy use) was 77 Kwh/m2 in our branch offices (BRO) and 183 Kwh/m2 in the headquarters.

The increase in intensity and energy consumption were attributed to the new training rooms in Melaka and Johor, as well as the additional space at the headquarters.

### WASTE MANAGEMENT

Mitigating the carbon dioxide concentration in the atmosphere relates to waste management. Proper waste management dictates the safe collection and disposal of waste and the conservation of resources. For this reason, we have implemented several actions that will reduce or even eliminate waste in our operations.

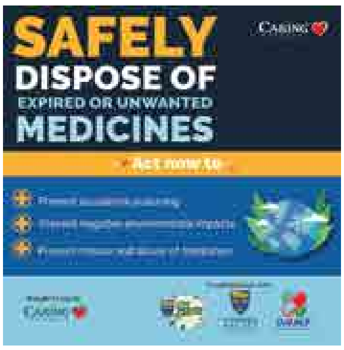
#### FOOD WASTE

Food that goes to landfills and rots produces methane, which is more potent than carbon dioxide. When food is wasted, all the energy and water resources that were consumed to grow that food also goes to waste. Hence, wasted food is not only a social or humanitarian concern but also an environmental one.

Even if we do not influence all sectors within our industry, we serve as a medium between consumers and producers. Therefore, we see it as our responsibility to reduce food waste. Below are the initiatives that we have enacted:

- Minimising over-stocking
- Reducing daily wastages particularly for products with short shelf life
- First-in First-out (FIFO) inventory management
- Using temperature control settings to avoid food spoilage

### UNWANTED MEDICINES DISPOSAL




**#SafeDUMPProject #SafeMedicineDisposal #CaringPharmacy**

Through an initiative in collaboration with the Faculty of Pharmacy, University of Malaya, consumers can now safely dispose of their unwanted medicines at selected Caring Pharmacy stores.

In 2020, we collected a total of 6 kg unwanted medicines from our customers for safe disposal.

The selected Caring Pharmacy stores collect unwanted medicines from the community. Consumers who avail of this service are given a short questionnaire and leaflets to educate them about the importance of safe medicine disposal. These unwanted medicines are delivered once a month to the Caring Head Office (HQ), where they are then arranged for delivery and incineration at the University of Malaya.

#### REFURBISH, REPAIR, REUSE

The two-to-five-year lifespan of a typical computer and hardware leads to unnecessary electronic waste. At 7-Eleven, we refurbish, repair and reuse to extend the lifecycle of our coffee machines, food heaters and computer devices until they are no longer economically viable to maintain. During store renovations, shelves and furniture are restored or refurbished for reuse.

### REDUCE and RECYCLE

| Period | Recycled Materials at CDC (tonnes) |
|---|---|
| 2020 | 220 |
| 2019 | 363 |
| 2018 | 352 |

The types of waste being recycled at our CDC are corrugated carton boxes, mix plastic and plastics. Carton boxes represent the most recycled waste in our operations, accounting for up to 90% of the total waste recycled, as they are frequently used in packing, storage and shipment of products from our CDC to our stores.

## EMPLOYEE

Positioning ourselves as an employer of choice is fundamental in achieving our vision to become the best retailer of convenience. Our employees comprise a stakeholder group that we consider to be vital to our business operations. As such, we have exerted certain effort to improve three (3) employee-associated sustainability issues: Career Development, Occupational Health and Safety, and Diversity and Inclusivity.

The Group acquired the pharmacy division during the financial year under review. Thus, historical indicators indicate one year for the pharmacy figures and three years for the convenience store figures.

### CAREER DEVELOPMENT

Total Training Hours: 202,486
Training Investment: 1,979,590
Loss Time Injury
Frequency Rate (LTIFR): 0

**CAREER** Build a Career

**BRANDING** Be a part of international brand

**BUSINESS** Opportunity to manage a business

**STUDY** Opportunity to further studies

A strong employer brand is the key to attracting talent, and implementing an effective learning and development strategy will help retain and develop individuals whilst increasing their organisational capability. In this way, our talents can climb the corporate ladder through our unique human capital development programmes.

We have two kinds of employees: store-based and store support centre (SSC) employee. The Group's business focuses on retailing, which differ from the products, services and operational management of our two subsidiaries. Hence, the training programmes of each subsidiary also vary from each other. For example, more programmes relating to statutory and regulatory requirements are conducted for the pharmacy division in view of their duties and responsibilities.

#### Training Programmes

There is a significant increase in total training hours and investment for the year under review because of the acquisition of the pharmacy division.

The training programmes conducted by the convenience store division include a wide range of topics, including customer service, food handling, payment system, delivery system and core training (Orientation, Foundation, Intermediate and Advanced). The Convenience store employees clocked in a total of 181,674 in-person and E-Learning hours with 6,008 attendees.

The employees of the pharmacy division underwent a total of 20,813 with 664 attendees. These training programmes are categorised under S level, E level, M level and Senior Management.

| | Training Hours | | Average Training Hours by Employment Type | | | |
|---|---|---|---|---|---|---|
| **Period** | **Total Training Hrs.** | **Ave. Training Hrs. / Employee** | **Senior Management** | **Management** | **Executive** | **Non-Executive** |
| **CONVENIENCE STORE TRAINING PROGRAMMES** | | | | | | |
| 2020 | 181,674 | 8 | 15 | 55 | 24 | 7 |
| 2019 | 119,607 | 8 | 19 | 12 | 14 | 24 |
| 2018 | 213,965 | 14 | 4 | 2 | 6 | 14 |
| **PHARMACY** | | | | | | |
| 2020 | 20,813 | 31 | 16 | 33 | 39 | 30 |

| Type of Training | Training Hours/Class | Total Training Hours | Total Participants |
|---|---|---|---|
| Foundation E-learning | 23 | 62,008 | 2,696 |
| Intermediate E-Learning | 19 | 37,650 | 2,008 |
| Advance E-Learning | 19 | 21,904 | 1,184 |
| Other Training | 222 | 60,112 | 120 |
| GRAND TOTAL | 283 | 181,674 | 6,008 |

| Training Investment (RM) | |
|---|---|
| FY2020 Convenience Store | 1,454,590 |
| FY2020 Pharmacy | 525,000 |
| FY2019 | 1,162,166 |

| PHARMACY DIVISION TRAINING PROGRAMMES | | | | |
|---|---|---|---|---|
| **Staff Level** | **Type of training (name of training)** | ***Total Training hours/training type** | **Average total no of pax attended/ session** | **Total hour of training** |
| **S level Staff Training** | Pharmacy Assistant (Non-Diploma) Trainee Programme | 40 | 44 | 1,760 |
| | Central Outlet's Staff Training | 24 | 76 | 1,824 |
| | Pharmacy Assistant Training | 24 | 42 | 1,008 |
| | Supervisor Training | 48 | 72 | 3,456 |
| | New Staff Induction Training | 80 | 10 | 800 |
| | Outstation (JB) Outlet's Staff Training | 8 | 43 | 344 |
| | Minor Ailments Training (All Staff) | 8 | 105 | 788 |
| | On-site Training | 435 | 5 | 2,175 |
| **E level Staff Training** | RE/TE Train-the-Trainer Programme | 48 | 10 | 480 |
| | RE/BE Grooming Programme | 32 | 11 | 352 |
| **M Level Staff Training** | Monthly Pharmacist CPE | 66 | 89 | 5,844 |
| | Retail Management Enhancement Program | 40 | 29 | 1,160 |
| | Sales Training by Ninja Sales (Workshop) | 6 | 30 | 180 |
| | Sales Training by Ninja sales | 2 | 49 | 98 |
| | Impact Coaching by LNS | 8 | 30 | 240 |
| **Senior Management** | Performance Management Program workshop | 16 | 19 | 304 |
| **TOTAL** | | | 664 | 20,813 |

* Total number of Events (Frequency) x number of hours/session = Total Training hours per training type

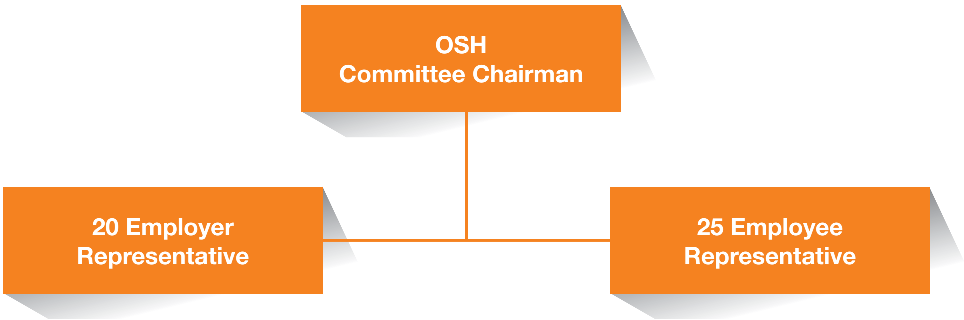
## EMPLOYEE HEALTH SAFETY and WELL-BEING

The Group places high value on health, safety and wellbeing of our employees, and we have carried out several initiatives in this regard.

### Occupational Health and Safety (OHS)

We have established the 7-Eleven Malaysia Safety and Health Policy and the 7-Eleven Crisis Management Manual (CMM). We have also adopted the JotForm work inspection platform. Across our entire operations, we strictly comply with the Occupational Safety and Health Act 1994 and the Hazard Identification, Risk Assessment and Risk Control (HIRARC). We keep track of accidents or near-miss incidents involving employees, customers and on-the-job contractors through the Accident Escalation Report procedure.

**7-Eleven Occupational Safety and Health Committee**




The Group has an Occupational Safety and Health (OSH) Committee that will formulate mitigation measures and ensure adherence to all OSH regulatory requirements as well as company guidelines and procedures.

Formed under this committee is an Emergency Response Team (ERT) that will be trained to handle different types of emergencies and disasters. At the pharmacy division, standard operating procedures include an earlier closing time for less active stores, so that female employees do not have to go home late.

### Lost Time Injury Frequency Rate (LTIFR)

LTIFR refers to the number of lost time injuries occurring in the workplace per one million man-hours worked. In 2019, we recorded an LTIFR of 0.0041. We successfully completed 2020 with no injury, so our LTIFR is zero “0”.

## Employee Wellbeing

### COVID-19

The COVID-19 pandemic has raised new challenges in business operations. To help in curbing the spread of the virus, we have followed the government’s guidelines. The Group has applied for the My Sejahtera App to monitor the COVID-19 outbreak in the country. This application collects valuable data to aid the Group and the Ministry of Health (“MOH”) in planning for early and effective countermeasures.

To further strengthen COVID-19 measures, we have also established the 7E Standard Operating Procedures (SOP) for COVID-19. The flow identifies health and safety practices applicable to our operations, including communication, quarantine procedures, PCR testing and store or office closure.

### Work–Life Balance

| Convenience Store | Pharmacy |
|---|---|
| 8:30 am – 5:30 pm | 8:00 am – 5:00pm |
| 9:00 am – 6:00 pm | 9:00 am – 6:00pm |
| 9:30 pm – 6:30 pm | 10:00 am – 7:00pm |

**Flexi Hours**

We have incorporated flexible office hours because we recognise the importance of our employees' personal lives outside of the office. With this programme, our employees can choose one from three different worktime brackets that best suits their lifestyle. In this way, our employees can have adequate time devoted to leisure and recreation, and employees with children can better manage the role of being a working parent

**Leisure, Sports and Celebrations**


*Left – right pictures: Birthday celebration before the pandemic, birthday greetings during the pandemic, winner of Hari Raya décor competition.*

With restrictions in place to prevent the spread of COVID-19, many of our employees have felt disheartened for missing out on celebrations, leisure and sports activities. Nonetheless, we have found creative ways through some ingenuity and imagination to still surprise birthday celebrants through an online platform and organise a decoration competition.

The weekly badminton games, festival gatherings and company milestone celebrations were hampered by the lockdown and social distancing.

## BENEFITS AND REMUNERATION

The Group provides remuneration and benefits packages that are considered competitive in the retail industry. We continue to review and improve our packages as the Group grows and develops to continue to attract talents and improve our employee retention rates.

- Mobile Allowance
- Car Park Allocation
- Medical & Insurance coverage
- Petrol Allowance
- Staff Discount Card within Berjaya Group
- Sports & recreation activities

We go beyond government-mandated statutory compensation and benefit requirements, and we pride ourselves in offering insurance plans for life, hospitalisation, surgery and personal accidents. We also offer employee education loans. We apply a higher employer contribution rate to KWSP for employees who have served a certain number of years and book subsidies to employees' children.

**Employee Performance and Review**


At 7 Eleven, we have a robust Employee Performance Review Plan, which facilitates the setting of corporate and personal Key Performance Indicators (KPIs). Such program inculcates and reward the right behaviours, increases employee engagement, identifies training needs, promotion opportunities and strengthens relationships.

## PROMOTING DIVERSITY and INCLUSION

The Group upholds equal opportunity and forbids harassment of any kind. Employees who are found engaging in activities of harassment or discrimination will be held liable to strict disciplinary action. We empower and nurture our people by respecting and appreciating their differences in age, gender, ethnicity, religion, disability, education, and nationality.

As shown, our workforce consists primarily of Malays, followed by Chinese, Indian and other ethnic groups. Our boardroom is one-third female and two-thirds male. Only a minor percent of our employees is hired contractually or are part-timers, with 8,402 out of 9,186 convenience store employees and 1,136 out of 1,290 pharmacy employees working permanently.

Our workforce skews young, with the majority of the employees being in the <30 age range, followed by the 30–50 range. We have an almost equal gender distribution in our convenience store division, and significantly more females are hired in our pharmacy division.

The high employee turnover is generally driven by the highly competitive employment market due to the growth in convenience store retail and seasonality, as well as nature of the convenience store industry where it attracts many short-term employment seekers.

| Workforce by Ethnicity FY2020 | | |
|---|---|---|
| Ethnicity | Convenience Store | Pharmacy |
| Malay | 7,902 | 624 |
| Chinese | 186 | 518 |
| Indian | 307 | 80 |
| Other Ethnic Groups | 387 | 68 |
| Non-Malaysian | 404 | - |
| TOTAL | 9,186 | 1,290 |

| Boardroom Diversity FY2020 | |
|---|---|
| Gender | |
| Male | 6 |
| Female | 3 |
| Ethnicity | |
| Malay | 3 |
| Chinese | 4 |
| Indian | 1 |
| Non-Malaysian | 1 |

| Convenience Store Workforce by Branch Group | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Store Support Centre (SSC) | | | | | Store Employees | | | |
| Period | Opening | Closing | Resigned | | Opening | Closing | Resigned | |
| 2018 | 977 | 998 | 329 | 33% | 12,105 | 12,072 | 20,794 | 172% |
| 2019 | 998 | 973 | 263 | 27% | 12,072 | 12,438 | 23,180 | 189% |
| 2020 | 973 | 948 | 203 | 21% | 12,438 | 8,238 | 12,933 | 125% |

| Workforce by Gender | | | | |
|---|---|---|---|---|
| Gender | Convenience Store | | | Pharmacy |
| | 2020 | 2019 | 2018 | 2020 |
| Male | 4,534 | 7,042 | 7,123 | 219 |
| Female | 4,652 | 6,369 | 5,947 | 1,071 |
| Total | 9,186 | 13,411 | 13,070 | 1,290 |

| New Employee Hires Store | | | | |
|---|---|---|---|---|
| Gender | Convenience Store | | | Pharmacy |
| | 2020 | 2019 | 2018 | 2020 |
| Male | 5,207 | 6,506 | 12,831 | 124 |
| Female | 3,979 | 8,223 | 9,557 | 559 |
| Total | 9,186 | 14,729 | 22,388 | 683 |

| Workforce by Age Composition | | | | |
|---|---|---|---|---|
| Age band | Convenience Store | | | Pharmacy |
| | 2020 | 2019 | 2018 | 2020 |
| >50 | 145 | 150 | 147 | 27 |
| 30-50 | 2,245 | 2,478 | 2,052 | 509 |
| <30 | 6,796 | 10,783 | 10,871 | 754 |

| FY2020 Workforce by Employment Type | | |
|---|---|---|
| Employment Type | Convenience Store | Pharmacy |
| Permanent | 8,402 | 1136 |
| Contractual | 471 | - |
| Part Time | 313 | 154 |
| Total | 9,186 | 1,290 |

| Workforce by Employment Type | | | | |
|---|---|---|---|---|
| Employment category | Convenience Store | | | Pharmacy |
| | 2020 | 2019 | 2018 | 2020 |
| Senior Management | 55 | 56 | 45 | 17 |
| Management | 119 | 111 | 108 | 272 |
| Executive | 486 | 513 | 485 | 84 |
| Non-Executive | 8,526 | 12,731 | 12,432 | 917 |

## SUPPORTING THE LOCAL COMMUNITY

### 7-Eleven Community Care


The Group's undertaking is to develop the capabilities and life skills of individuals to improve their standard of living and quality of life. Part of our CSR efforts is providing immediate assistance in cases of natural disasters and supporting charity homes.

Our convenience store division has partnered with NGOHub to create meaningful holistic initiatives, whereas the pharmacy division's initiatives are targeted towards community health.

Below are a number of the initiatives that we enacted during the financial year under review.

### Support during the COVID-19 Pandemic

The Group is at one with the entire world in the fight against COVID-19. We have sought different ways by which we can help in curbing the spread of the virus and easing the resultant economic hardship experienced by severely impacted communities. Both our convenience store and pharmacy divisions have donated cash, face masks, hand sanitisers, saliva sample collection kits, multivitamins, and anti-bacterial household cleaning products to several organisations, elderly homes, shelters and frontline workers.

The public are also informed about the latest COVID-19 updates, store discounts and guidelines through the live chat, hotline and YouTube platforms of our pharmacy division.




*Left to Right: Mask donations to homes; Donation to Mercy Malaysia and Ministry of Defence Malaysia (MINDEF); Pandemic Awareness programme*


### Semurni Kasih 2020

To remain true to the spirit of convenience, we have initiated Semurni Kasih, a project which encourages customers to donate at their convenience. In 2020, we have distributed RM 2,339,133 worth of goods through this initiative.

Customers can donate by purchasing goods from 7-Eleven convenience stores and placing them into designated collection boxes. The contributions are distributed by 7-Eleven to each area's nearest beneficiaries nationwide. Beneficiaries of Semurni Kasih can be viewed in this link: (bit.ly/SKR2020-BeneficiaryList).

### Empowerment Programmes

Our empowerment programmes are aimed at alleviating economic difficulties, bolstering the capabilities of beneficiaries and empowering them to become financially independent. Through these initiatives, challenged individuals can develop new skills, acquire knowledge and gain access to opportunities.

**Women Empowerment**

For the year under review, we donated sewing machines to UmieAktif's livelihood programme for single mothers and underprivileged women. We also gifted smart tablets to Women of Will (WOW) in order that their beneficiaries can continue their business transactions online during the pandemic. Our pharmacy division also conducted workshops for millennial mothers about concerns on starting a family.



*Left to Right: Sewing machine donation, Sponsored smart tablets, and Workshop*

#UmieAktif

" Since its inception in 2016, the sewing project has brought about positive impact to the community. Many of our participants can now pay medical bills, send their children to school and put food on table with decreased reliance on assistance from the members of the public."

*UmieAktif co-founder Nik Sin Nik Man*


**Empowering the Physically Challenged**

We contributed baking equipment to StandPieMe, a social enterprise whose goal is to empower individuals with disabilities to become active contributors to society. StandPieMe employees consist of young adults with autism and learning disabilities.

**Community Empowerment**

**Community Gardens:** We launched a community garden project which can provide fresh and nutritious produce to families who are unable to afford them. The goal of this initiative is to improve their diet and overall health whilst giving the neighbourhood a sense of ownership and stronger community ties.


**Community Health:** Our pharmacy division conducts health and workshops for the community. These seminars spread awareness about common medical conditions to promote early intervention and prevent complications. To prevent the spread of COVID-19, high-contact in-store activities such as wet samplings and free screenings are temporarily discontinued and health consultations are performed online.

**Local Sourcing & Hiring**

In line with 7-Eleven's strategy to *"contribute to the community where we operate"*, we source local contractors and develop sources within the geographical proximity.

**Localised Sourcing:** Each state has a local maintenance coordinator who sources and invites local contractors to provide refurbish, repair and service local outlets. This does not only open an avenue for local income but is also beneficial for the Group as local businesses are more reactive, can deliver quicker and easier to coordinate. Each state has a local maintenance coordinator who sources and invites local contractors to provide refurbish, repair and service local stores. This does not only open an avenue for local income but is also beneficial for the Group as local businesses are more reactive, can deliver quicker and easier to coordinate.

**Developing SMEs:** The Group is committed in enriching the communities where we operate. To stimulate the local economy, we collaborate with SMEs that can potentially become 7-Eleven private label or own brand suppliers. To meet the 7-Eleven manufacturing standard, our quality assurance team audits potential suppliers and assists them on corrective actions.


**Local Hiring:** The 7-Eleven Malaysia P40+ Programme provides flexible working hours/shifts at a higher market average salary and with the opportunity to work at the store nearest to their home.

**Internship and On-the-Job Trainings (OJT):** Our internship programme offers eligible students from diverse backgrounds the opportunity to acquire direct practical experience in the pharmacy and retail industries. During 2020, the Group accommodated 75 undergraduates and graduates from local institutions of higher learning.

The pharmacy division has a one-year Provisionally Registered Pharmacist (PRP) and a three-month Marketing Apprenticeship programmes. Thirteen (13) pharmacy graduates were accepted in the PRP programme, which enabled them to gain hands-on experience in a regulated manner and become competent registered pharmacists.

### Caring for All Generations

We have allocated resources for the benefit of the underprivileged regardless of their age. We believe that whatever their circumstances may be, children and young adults deserve to have the opportunity to succeed, and that the elderly must be cared for.


*Left to right: The Elderly: Chinese New Year Celebration at Old Folks Home; The Teens: dental screening at the SOL's Academy of Innovation; The School Children: Provision of first aid kits by the One Shop One School to selected primary & secondary schools.*

### Celebrating Joyful Occasions


Holiday celebrations have always been a highlight in the lives of all Malaysians. Celebrations were needed more than ever during the pandemic to lift the spirit of both givers and receivers, and the joy of giving is what gives the greatest satisfaction to 7-Eleven employees.

*Left to right: Distributed food supplies to charity homes during Iftar; Gifted Pokémon plates to 40 orphanages during World Children's Day*

### Caring for the Physically Challenged

To aid charity homes in providing for their residents, we have donated daily necessities and supplies to Persatuan Orang-Orang Cacat Penglihatan Islam Malaysia (PERTIS), Damai Disabled Person Association Malaysia and Pusat Penjagaan Kanak-Kanak Cacat.


(Co. No. 486243-P)

## Collaborations with Non-profit Groups

The Group has formed strategic collaborations with various non-profit foundations to leverage on one another's strengths towards the common goal of helping the community.

For the year under review, the Group contributed RM 735,998 to various beneficiaries.

| Beneficiary | Amount Donated (RM) | Beneficiary | Amount Donated RM) |
|---|---|---|---|
| Kementerian Kesihatan Malaysia | 260,000 | Damai Disabled Person Association Malaysia | 5,000 |
| Asthma Malaysia and the Malaysia Women Graduates Association | 30,000 | MyKasih Foundation | 66,000 |
| SOLS 24/7 Malaysia | 7,998 | St.John Ambulance Malaysia | 50,000 |
| Kementerian Pertahanan Malaysia | 40,000 | Hospital Putrajaya & Hospital Ampang | 20,000 |
| Tzu Chi Foundation Malaysia - Kita 1 Keluarga Fundraising Dinner | 20,000 | Sin Chew Jit Poh Foundation | 25,000 |
| Kelab Ragbi SMK Tinggi Batu Pahat 2020 | 5,000 | Mercy Malaysia | 50,000 |
| Tunku Laksamana Johor Cancer Foundation | 50,000 | One Shop One School | 12,000 |
| Kementerian Pertahanan Malaysia | 60,000 | Osimal Foundation | 15,000 |
| Impact Altruism Sdn Bhd | 20,000 | **TOTAL** | 735,998 |

## Employee Volunteering Activities

| Period | **FY2020** | **FY2019** | **FY2018** |
|---|---|---|---|
| No. of employee volunteers | 70 | 172 | 107 |

Employee volunteering activities are organised to bolster the Group's community engagement. It also encourages our employees to connect, serve as positive role models, and make a real difference to the lives of communities and organisations in need. We had planned to increase the number of volunteers; however, this initiative was put on hold due to the pandemic.

## Environmental Care

Our pharmacy division supports the Climate Change Project – Green the Earth, an initiative of the Malaysian Nature Society (MNS). The project involves planting 600 mangrove trees. To date, 300 of mangroves have been planted by volunteers.

## SUSTAINABLE SUPPLY CHAIN

As the push for sustainability has become more relevant than ever, the attention for supply chain management has grown considerably as well in recent years. Consistent with our value *"to understand the needs of the stakeholders and the company to make the best (balanced) decisions"*, our procurement committee has actively integrated sustainability in our processes.

The Group espouses a type of supply chain management which displays sustainability in EES aspects. We have established a procurement committee, which follows a set of procurement policies and measurement scales to achieve sustainable development in our supply chain.

### Sustainable Vetting

*"Exhibit proper professional conduct"*

Our suppliers must satisfy a sustainability qualification criterion which include recognised quality certifications or equivalent quality assurance, health and safety work policies, and measures that ensure the health and safety of employees at the workplace. Suppliers must also exhibit proper professional conduct and settle social obligations in a timely manner.

### Fair Purchasing Practices

*"No Gift Policy"*

The Group practices ethical and transparent purchasing activities, and we treat all of our suppliers with fairness. We encourage fair competition wherein our purchasing officers cannot favour one supplier over another. Open tendering is conducted on applicable contractual services. All employees are prohibited from accepting gifts and freebies, and any conflict of interest is identified.

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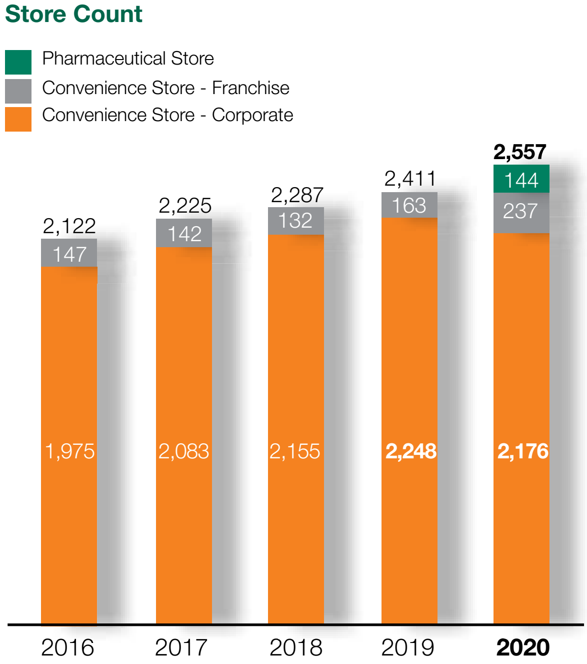
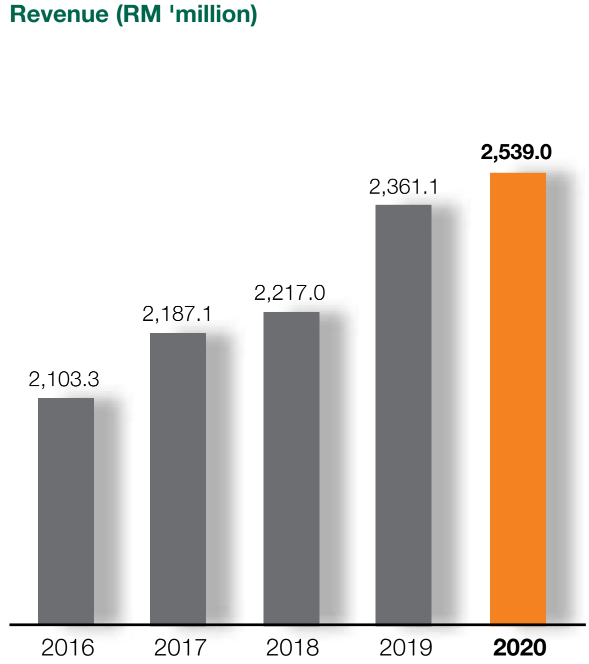
# GROUP FINANCIAL SUMMARY

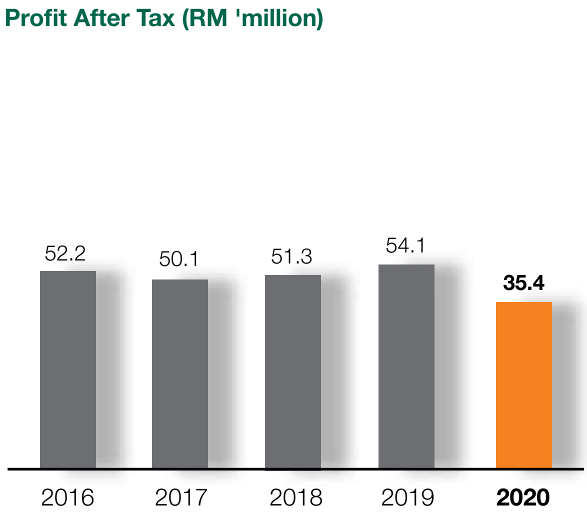
| Description | 2020 RM'000 | 2019 RM'000 | 2018 RM'000 | 2017 RM'000 | Restated# 2016 RM'000 |
|---|---|---|---|---|---|
| Revenue | **2,539,028** | 2,361,058 | 2,217,049 | 2,187,102 | 2,103,367 |
| Profit Before Tax | **62,656** | 76,653 | 73,859 | 70,496 | 70,872 |
| Profit After Tax | **35,353** | 54,084 | 51,330 | 50,107 | 52,215 |
| Profit Attributable To Shareholder | **29,766** | 54,058 | 51,307 | 50,107 | 52,215 |
| Share Capital | **1,485,138** | 1,485,138 | 1,485,138 | 1,485,138 | 123,338 |
| Treasury shares | **(157,243)** | (128,928) | (161,941) | (190,625) | (190,625) |
| Share Premium | **-** | - | - | - | 1,361,800 |
| Assets Revaluation Reserve | **42,214** | 41,969 | 41,152 | 40,784 | - |
| Reserves | **39,899** | 46,985 | 71,208 | 81,985 | 84,066 |
| Capital Reorganisation Deficit | **(1,343,248)** | (1,343,248) | (1,343,248) | (1,343,248) | (1,343,248) |
| Non-controlling Interest | **94,461** | 195 | 169 | - | - |
| Total Equity | **161,221** | 102,111 | 92,478 | 74,034 | 35,331 |
| Long Term Liabilities | **972,933** | 579,945 | 72,723 | 69,236 | 48,038 |
| Current Liabilities | **902,695** | 739,963 | 584,166 | 651,698 | 690,324 |
| Total Equity and Liabilities | **2,036,849** | 1,422,019 | 749,367 | 794,968 | 773,693 |
| Property, Plant & Equipment | **346,484** | 338,129 | 323,982 | 350,404 | 318,801 |
| Right-of-use assets | **672,881** | 608,530 | - | - | - |
| Investment Property | **-** | - | 400 | 400 | 400 |
| Intangible Assets | **425,492** | 29,390 | 34,289 | 35,298 | 35,822 |
| Investment and Other Non-Current Asset | **25,733** | 42,533 | 1 | 1 | 1 |
| Current Assets | **566,259** | 403,437 | 390,695 | 408,865 | 418,669 |
| Total Assets | **2,036,849** | 1,422,019 | 749,367 | 794,968 | 773,693 |
| Net Assets Per Share (sen) | **5.91** | 8.93 | 8.23 | 6.67 | 3.18 |
| Basic Earning Per Share (sen) | **2.60** | 4.74 | 4.57 | 4.51 | 4.51 |

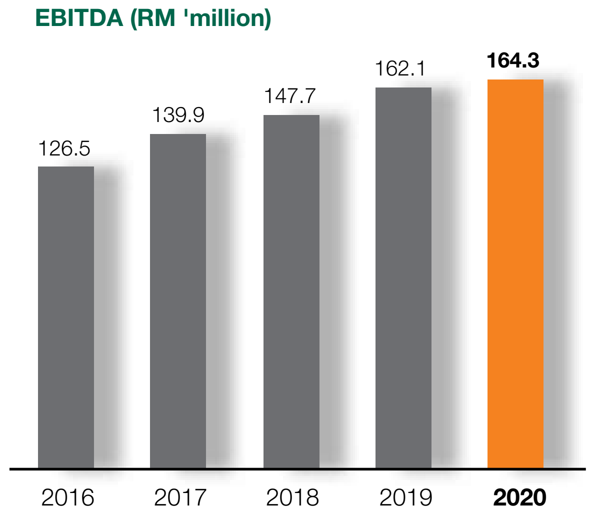
# Restated to reflect the fair value adjustment for investment property.

# GROUP FINANCIAL HIGHLIGHTS




## CHARTS ON FINANCIAL HIGHLIGHTS

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Convenience Store - Corporate | 1,975 | 2,083 | 2,155 | 2,248 | **2,176** |
| Convenience Store - Franchise | 147 | 142 | 132 | 163 | **237** |
| Pharmaceutical Store | - | - | - | - | **144** |
| **Store Count** | 2,122 | 2,225 | 2,287 | 2,411 | **2,557** |
| Revenue (RM'million) | 2,103.3 | 2,187.1 | 2,217.0 | 2,361.1 | **2,539.0** |
| Profit after Tax (RM'million) | 52.2 | 50.1 | 51.3 | 54.1 | **35.4** |
| EBITDA (RM'million) | 126.5 | 139.9 | 147.7 | 162.1 | **164.3** |

**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 separated from the Co-Chief Executive Officers. The Co-Chief Executive Officers, Mr. Tan U-Ming and Mr. Wong Wai Keong are 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 Co-Chief Executive Officers 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 Co-Chief Executive Officers 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.

*Anti-corruption policies*

On 20 May 2020, the Company adopted the Anti Bribery & Anti-Corruption ("**ABAC**") control framework including delivery of tone at the top messages and awareness campaigns; ABAC risk assessments, undertaking control measures by enhancing our policies and procedures, compliance monitoring and enforcements; and training and communication to address the prevention of bribery and corruption, and the requirements of the Malaysian Anti-Corruption Commission's ("**MACC**") Adequate Procedures Guidelines.

**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 two (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 Nominating Committee ("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 2020 are as follows:

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

*(Note: Ms. Tan Wai Foon has ceased to be a member of Nominating Committee on 11 March 2021 while Mr. Chan Kien Sing was appointed as member of Nominating Committee on 12 March 2021.)*

**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 2020, 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 Seventh 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 2020, 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 2020 are as follows:

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

*(Note: Ms. Tan Wai Foon has ceased to be the Chairperson of Remuneration Committee on 11 March 2021 while Mr. Chan Kien Sing was appointed as the Chairman of Remuneration Committee on 12 March 2021.)*

**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 | 7/7 |
| Chan Kien Sing | 7/7 |
| Tan Wai Foon | 7/7 |
| Tan U-Ming | 7/7 |
| Shalet Marian | 7/7 |

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

**Part II: Board composition (cont'd)**

**3) Fostering commitment (cont'd)**

| Name of Director | Meeting attended |
|---|---|
| Muhammad Lukman bin Musa @ Hussain | 7/7 |
| Puan Sri Datuk Seri Rohani Parkash binti Abdullah | 7/7 |
| Tsai, Tzung-Han | 7/7 |
| Wong Wai Keong* *(Appointed on 1 November 2020)* | 1/1 |
| Colin George Harvey* *(Resigned on 1 December 2020)* | 6/7 |

* 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 2020 comprise the following:

| Name of Director | Continuous education programmes attended in Year 2020 |
|---|---|
| Tan Sri Dato' Seri Abdull Hamid bin Embong | - Anti-Bribery and Anti-Corruption Framework & Policy Online Conference |
| Chan Kien Sing | - Section 17A of MACC (Amendment) Act 2018<br>- Markets: What's happening and what are we doing?<br>- Survival of Companies Against Impact of the Recent Movement Control Order in Malaysia<br>- Managing Business Continuity: Meeting Contractual Obligations and Strengthening Your Position<br>- Weathering the Covid-19 Storm Financial Recovery and Debt Restructuring<br>- Anti-bribery and Anti-corruption Framework and Policy Online Conference<br>- Training on ABAC Framework and Policy. What is Section 17A? Offence<br>- Liquidation: An Alternative Way Forward<br>- Financial Restructuring: A Focus on Debt<br>- Unclaimed Money Act 1965<br>- Portfolio Diversification & Year End Market Outlook |

**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 2020 |
|---|---|
| Tan U-Ming | - Entrepreneurs' Organization: Managing Business In Crisis - Step By Step Crisis & Recovery Plan with Dato' Sri Idris Jala<br>- Ernst & Young PLT: Navigating COVID-19<br>- Bloomberg: Sooner Than You Think: Hero Technologies<br>- Anti-Bribery and Anti-Corruption Framework & Policy Online Conference<br>- Forbes Asia Next Frontiers : Triangulation - BusinessGets its Bearings + Sailwith the Tide – Investing in the New Normal<br>- Insead: The Secret Weapon For Challenging Times: The Team at the Top<br>- Harvard Business School: Imagining the Next Global Economy: Scenario for Recovery and Transformation<br>- Massachusetts Institute of Technology: Five Rules for Leading in the Digital World<br>- Massachusetts Institute of Technology: The Digital Transformation Ecosystem<br>- Climate Governance Malaysia: Malaysia Showcase at Climate Week NYC<br>- Entrepreneurs' Organization: Turnaround and restructuring: the banker's perspective |
| Tan Wai Foon | - Anti-Bribery and Anti-Corruption Framework & Policy Online Conference<br>- Digital Banking: Malaysia's Game-changer |
| Shalet Marian | - Anti-Bribery and Anti-Corruption Framework & Policy Online Conference<br>- Limited Liability Partnership (LLP) with Tax Issues and Companies Act 2016<br>- Cyber Security Fundamentals for Finance and Accounting Professionals |
| Muhammad Lukman bin Musa @ Hussain | - Anti-Bribery and Anti-Corruption Framework & Policy Online Conference<br>- General Understanding of Sec. 17, MACC Act 2009 |
| Puan Sri Datuk Seri Rohani Parkash binti Abdullah | - Anti-Bribery and Anti-Corruption Framework & Policy Online Conference<br>- Corporate Liability for Corruption Offences, Adequate Procedures & ISO 37001<br>- Corporate Liability (Sec 17 MACC)<br>- Covid19: The Day After Tomorrow Series:<br>i. Sharing Asian Leadership Practices in a time of crisis<br>ii. Balancing Act- Supporting your People and Business<br>iii. Critical Supply Chains-Medical Svs & Food<br>- Stakeholder Primacy: Increased Emphasis on ESG<br>- Digitalisation- Review Competitive Strategies Using AI<br>- Boardroom Appointments: Making Diversity Work<br>- Talent, Tech & Transformation – Role of Business leaders in Asia<br>- Central Banking Series |
| Wong Wai Keong | - Anti-Bribery and Anti-Corruption Framework & Policy Online Conference |
| Tsai, Tzung-Han | - Anti-Bribery and Anti-Corruption Framework & Policy Online Conference |

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.

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

**Part III: Remuneration**

**1) Directors' remuneration**

The Directors' remuneration paid or payable from the Company and its subsidiaries on the named basis during the financial year ended 31 December 2020 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)** |
| Tan U-Ming | - | - | 852,123 | - | - | **852,123** |
| Colin George Harvey *(Resigned on 1 December 2020)* | - | - | 1,752,223 | - | 11,459 | **1,763,682** |
| Wong Wai Keong *(Appointed on 1 November 2020)* | - | - | 141,992 | - | - | **141,992** |
| **Non-Executive Directors** | | | | | | |
| Tan Sri Dato' Seri Abdull Hamid bin Embong | 60,000 | 4,000 | - | - | - | **64,000** |
| Chan Kien Sing | 60,000 | 4,000 | 8,393 | 60,000 | - | **132,393** |
| Tan Wai Foon | 60,000 | 9,000 | 259,542 | 1,056,514 | 14,250 | **1,399,306** |
| Shalet Marian | 60,000 | 9,000 | - | - | - | **69,000** |
| Muhammad Lukman bin Musa @ Hussain | 72,000 | 9,000 | - | - | - | **81,000** |
| Tsai, Tzung-Han | 60,000 | 4,000 | - | - | - | **64,000** |
| Puan Sri Datuk Seri Rohani binti Abdullah | 60,000 | 4,000 | - | - | - | **64,000** |
| **Total** | **432,000** | **43,000** | **3,014,273** | **1,116,514** | **25,709** | **4,631,496** |

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.*

**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 Co-Chief Executive Officers' 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.

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

**1) Upholding integrity in financial reporting (cont'd)**

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 67 to 69 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 2020, 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 2021. The Board at its meeting held on 15 April 2021 approved the Audit Committee's recommendation. The re-appointment of Messrs. Ernst & Young PLT will be presented for shareholders' approval at the forthcoming Eighth AGM.

**2) Recognising and managing risks**

The Board regards risk management and internal controls as an integral part of the overall management processes. As such, the Board has established an Enterprise Risk Management ("**ERM**") framework to identify and manage significant risks faced in the Group's operations. For the effective implementation of ERM, a Risk Management Committee, headed by the Co-Chief Executive Officers, 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 67 to 69 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 Co-Chief Executive Officers, and the External Auditors, if so required, will respond to shareholders' questions during the AGM.

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

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

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

This Corporate Governance Overview Statement was approved by the Board of Directors of the Company on 15 April 2021.

# 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 2020. 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 Co-Chief Executive Officers 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTERNAL AUDIT FUNCTION

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

For the financial year under review, the internal auditors conducted 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 2020.

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 Co-Chief Executive Officers, 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 Co-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 2020 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 2020 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 15 April 2021.

# 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 2020 are as follows:

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

*(Note: Ms. Tan Wai Foon has ceased to be a member of Audit Committee on 11 March 2021 while Mr. Chan Kien Sing was appointed as member of Audit Committee on 12 March 2021.)*

**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 2020 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 2020 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 2019; and

**(a) Financial Reporting (cont'd)**

- 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 |
|---|---|
| 13 January 2020 | Review the Budget of the Group for the financial year ended 31 December 2020 |
| 25 February 2020 | Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 December 2019 |
| 22 April 2020 | Audited Financial Statements for the financial year ended 31 December 2019, Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval and disclosure in the Company's Annual Report 2019 |
| 28 May 2020 | Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 31 March 2020 |
| 26 August 2020 | Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 30 June 2020 |
| 25 November 2020 | Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 30 September 2020 |

**(b) External Audit**

- reviewed the External Auditors' audit plan for the financial year ended 31 December 2020, 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 2020 and 25 November 2020; 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 ABAC Risk assessment;
- 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 2020, 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;

**(c) Internal Audit (cont'd)**

- reviewed and assessed the adequacy of internal controls deployed by Management on the area of coverage in the internal audit;
- reported the outcome of the internal audit by way of a formal internal audit report, highlighting the observations and recommendations for Management's consideration in improving the Group's internal control system; and
- 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 2020 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

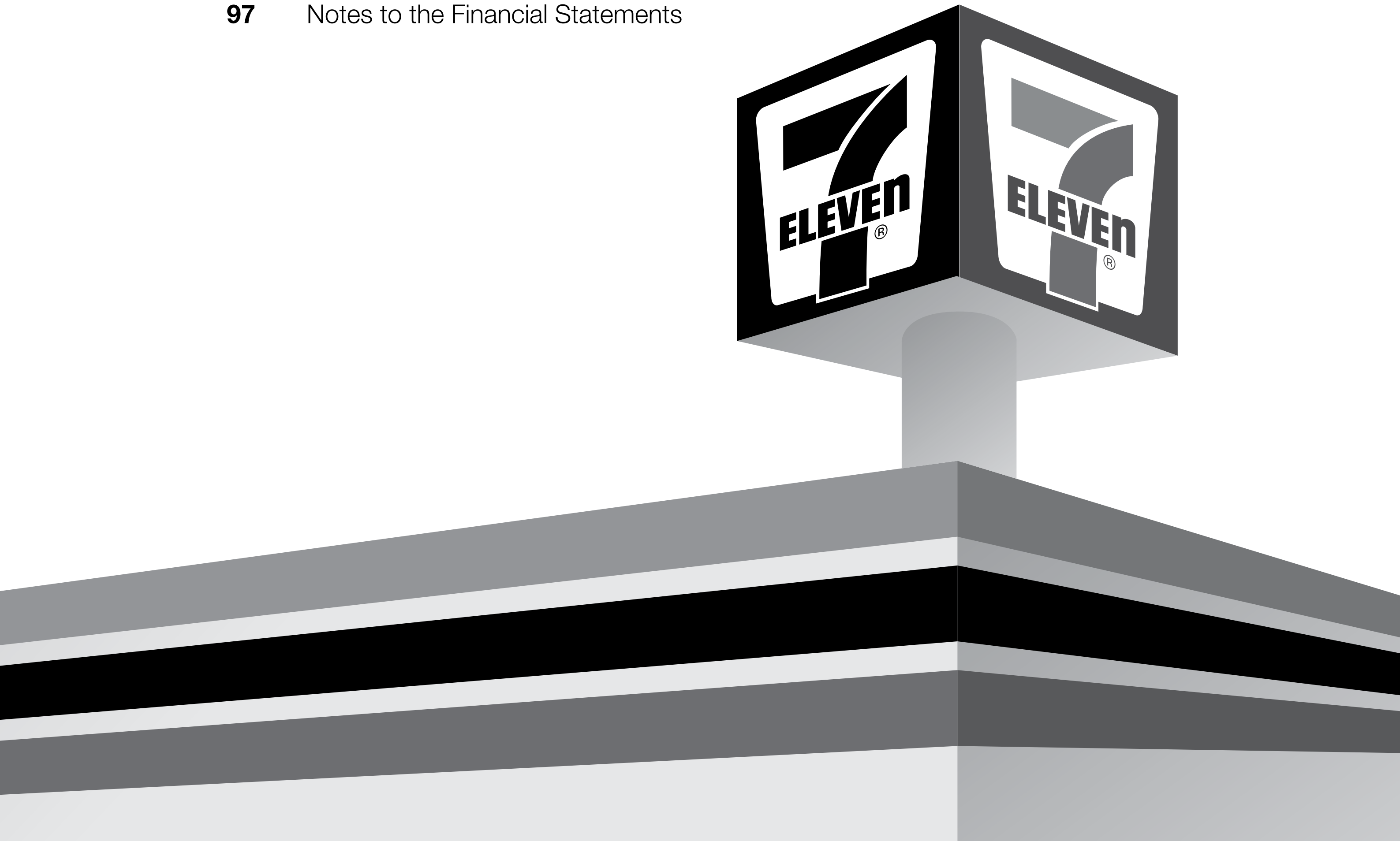
In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year 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 2020 set out on pages 88 to 205 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

**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 2020.

**Principal activities**

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries and the changes in group structure are described in Note 13 to the financial statements.

**Results**

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Net profit for the financial year | 35,353 | 54,448 |
| **Profit attributable to:** | | |
| Equity holders of the Company | 29,766 | 54,448 |
| Non-controlling interest | 5,587 | - |
| | 35,353 | 54,448 |

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 other than the matters as disclosed in Note 13 to the financial statements.

**Dividends**

The amount of dividends paid by the Company since 31 December 2019 were as follows:

| | RM'000 |
|---|---|
| **In respect of the financial year ended 31 December 2019** | |
| Interim single-tier cash dividend of 2.3% on 1,150,189,924[#] ordinary shares, declared on 22 April 2020 and paid on 28 May 2020 | 26,454 |

[#] Dividends were distributed to the holders of ordinary shares of the Company in issue as at 13 May 2020 (being the entitlement date), net of 83,195,000 treasury shares.

**Dividends (cont'd.)**

On 15 April 2021, the Board of Directors has declared a single-tier dividend of 1.6 sen per ordinary share on 1,126,320,000^ ordinary shares with voting rights.

^ Number of shares is net of 107,065,000 treasury shares.

The entitlement date has been fixed on 6 May 2021 and payable on 21 May 2021.

These dividends will be accounted for in the equity as an appropriation of retained profits in the financial year ending 31 December 2021.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2020.

**Directors**

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

| | |
|---|---|
| Tan Sri Dato' Seri Abdull Hamid Bin Embong | |
| Puan Sri Datuk Seri Rohani Parkash Binti Abdullah | |
| Chan Kien Sing | |
| Muhammad Lukman Bin Musa @ Hussain | |
| Shalet Marian | |
| Tan U-Ming* | |
| Tan Wai Foon | |
| Tsai, Tzung-Han | |
| Wong Wai Keong* | (appointed on 1 November 2020) |
| Colin George Harvey* | (resigned on 1 December 2020) |

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

In accordance with Article 99 and Article 105 of the Company's Constitution, the following Directors will be retire at the forthcoming Annual General Meeting, and being eligible, offered themselves for re-election:

Chan Kien Sing
Tan Wai Foon
Tan U-Ming
Wong Wai Keong

**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 (cont'd):

Tan Sri Dato’ Haji Mohd Ariffin Bin Mohd Yusuf
Dato' Seri Mohd Annuar Bin Zaini
Dato’ Sri Lai Kock Poh
Datin Sri Yong Mee Yam
Datin Sunita Mei-Lin Rajakumar
Ang Hooi Hoon
Ang Khoon Lim
Ang Swee Lim
Beh Siew Lian
Chan Chia Huoi
Chan Yin Mei
Ch'ng Haw Chong
Chong Yeow Siang
Chow Ching Yei
Chua Qi Yun
Derek Chin Chee Seng
Derek Moon Weng Chee
Elaine Poon Siew Yan
Foong Jeng Yew
Goh Seong Por
Goo Yuan Tieh
Gooi Chean Keong
Gwee Xin Yun
Khor Yong Xin
Koh Pei Ying
Kristy Ting Mei Ling
Kuan Mun Ni
Lai Kok Yoong
Lau Yee Voon
Lee Sze Wei
Lee Wei Phang
Lee Yoon Leong
Ler Yong Tar
Liew Pooi Cheng
Loh Paik Yoong
Loo Chuan Yen
Loo Jooi Leng
Low Yuen Ker
Nerine Tan Sheik Ping
Ng Ming Kiat
Ng Yee Choung
Ng Yi Chan
Ong Chin Yee
Ooi Jin Yi
Ooi Pei Lin

**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 (cont'd):

| | |
|---|---|
| Ooi Thean Thean | |
| See Choon Keong | |
| Seow Fue Chin | |
| Sharon Lai Wai Ling | |
| Siew Ben Jern | |
| Siow Cheuk Ching | |
| Song Yick Yuan | |
| Soo Chan Chiew | |
| Soo Wai Han | |
| Tan Fei Wun | |
| Tan Lay Ean | |
| Tan Lean Boon | |
| Tan Pik Seng | |
| Tan Teck Koon | |
| Tan Thien Thien | |
| Tan Yee May | |
| Tan Yi Hui | |
| Tang Guang Hui | |
| Tee Phaik Kien | |
| Tey Lu Ping | |
| Wong Kait Chon | |
| Wong Shin Yi | |
| Yap Sze Yin | |
| Tan Sri Dato' Seri Vincent Tan Chee Yioun | (appointed on 21 October 2020) |
| Chia Muan Muan | (appointed on 16 November 2020) |
| Ng Cheah Phing | (appointed on 16 November 2020) |
| Tengku Muzzammil Bin Tengku Makram | (appointed on 1 September 2020) |
| Dato' Sri Azlan Meah Bin Hj. Ahmed Meah | (resigned on 21 October 2020) |
| Chan Hua Hung | (resigned on 1 November 2020) |
| Cheam Shiau Tyng | (resigned on 1 November 2020) |
| Cheong Ngee Koon | (resigned on 1 November 2020) |
| Chia Peng Kwang | (resigned on 1 November 2020) |
| Chua Jia Yunn | (resigned on 1 November 2020) |
| Foo Fung Jiun | (resigned on 1 November 2020) |
| Hafiz Bin Mos @ Mohsin | (resigned on 1 November 2020) |
| Hoo Gee Pang | (resigned on 1 November 2020) |
| Lee Su Fen | (resigned on 1 November 2020) |
| Leong Bee Go | (resigned on 1 August 2020) |
| Leong Sow Fun | (resigned on 1 November 2020) |
| Lim Ai Luan | (resigned on 1 November 2020) |
| Loo Ching Hsin | (resigned on 1 November 2020) |
| Mazlan Bin Ibrahim | (resigned on 11 May 2020) |
| Ng Shih Siang | (resigned on 1 August 2020) |
| Tan Kian Chong | (resigned on 1 November 2020) |
| Von Jen Vui | (resigned on 1 November 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(b) 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 31 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 RM38,859 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** | **1.1.2020** | **Acquired** | **Sold** | **31.12.2020** |
| *Direct interest:* | | | | |
| *Ordinary shares of the Company* | | | | |
| Shalet Marian | 207,169 | - | - | 207,169 |
| Chan Kien Sing | 103,584 | - | - | 103,584 |
| Tan U-Ming | 621,509 | - | - | 621,509 |
| Muhammad Lukman Bin Musa @ Hussain | 114,301 | - | (11,500) | 102,801 |
| Tan Wai Foon | 103,584 | - | - | 103,584 |
| *Indirect interest:* | | | | |
| *Ordinary shares of the Company* | | | | |
| Tsai, Tzung-Han | 210,396,226 | 21,000,000 | - | 231,396,226 |

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

The number and carrying amount of treasury shares as at 31 December 2020 were as follows:

| | Average price per share (RM) | Number of shares | Amount RM'000 |
|---|---|---|---|
| Balance as at 1 January 2020 | 1.55 | 83,195,000 | 128,928 |
| Acquisition of treasury shares | 1.35 | 20,939,924 | 28,315 |
| Total treasury shares as at 31 December 2020 | 1.51 | 104,134,924 | 157,243 |

As at 31 December 2020, the issued ordinary share capital of the Company with voting rights was 1,129,250,000 (2019: 1,150,189,924) ordinary shares.

### 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.

### Other statutory information (cont'd.)

(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.

### Significant events and subsequent events

In addition to significant events and subsequent events disclosed elsewhere in this report, other significant events and subsequent events are disclosed in Note 39 and 40 to the financial statements.

**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 | 654 | 101 |
| Other auditors | 57 | - |
| | 711 | 101 |

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 2020.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 April 2021.

Tan U-Ming

Wong Wai Keong

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

We, Tan U-Ming and Wong Wai Keong, 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 88 to 205 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 2020 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 15 April 2021.

Tan U-Ming

Wong Wai Keong

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

I, Wong Wai Keong (MIA membership number: 16386), being the director primarily responsible for the financial management of 7-Eleven Malaysia Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 88 to 205 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 15 April 2021

Wong Wai Keong

Before me,

# INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF 7-ELEVEN MALAYSIA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)**

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of 7-Eleven Malaysia Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 88 to 205.

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 2020, and of their financial performance and their cash flows for the financial 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 matters for the audit of the financial statements of the Group is described below. These matters were 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 these matters. For each matter 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 2.24(g), 3(b)(i) and 16 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 2020, the Group has recognised rebates and incentives income amounting to RM274,345,000 of which majority has been received and the balance of RM44,260,000 is receivable as at 31 December 2020. 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 2020, 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 2.24 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 detailed review of Information Produced by Entity for revenue by performing procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions. In addition, we also performed cut-off procedures to determine if revenue is recorded in the correct accounting period.

Changes in group composition
(Refer to Notes 2.4, 2.6, 12, and 13 to the financial statements)

The Group had completed the acquisition of 75% equity interest in Caring Pharmacy Group Berhad ("Caring") for a total cash consideration of RM417,406,000 through Convenience Shopping (Sabah) Sdn Bhd ("CSSSB"), a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad. The Group has finalised the Purchase Price Allocation ("PPA") exercise in respect of the acquisition for the financial year ended 31 December 2020. Based on the PPA, the Group recorded intangible assets of RM402,362,000.

The determination of fair values of the identifiable assets and liabilities of the Caring Group at the acquisition date, including the identification of intangible assets are based on the Purchase Price Allocation which involve assumptions that are judgmental. Accordingly, we consider this to be a key audit matter.

In addressing this area of focus, the team has:

- obtained an understanding of the methodology adopted by management in estimating the fair values of the identifiable assets and liabilities of the Caring Group at the acquisition date, and assessed whether such methodologies are reasonable and appropriate;
- evaluated the appropriateness of the data used by the independent valuers as input into their valuation of the properties. We interviewed the external valuers, discussed and challenged the significant estimates and assumptions applied in their valuation process; and
- involved our valuation specialist in reviewing the intangible assets amount derived by the management and evaluated the assumptions adopted in arriving at such amounts.

*Information other than the financial statements and auditors' report thereon*

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the 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.)*

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: (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, actions taken to eliminate threats or safeguards applied.

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

Other matters

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

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Edwin Joseph Francis
No. 03370/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 April 2021

# STATEMENTS OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2020 | 2019 | 2020 | 2019 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 4 | 2,539,028 | 2,361,058 | 80,525 | 10,047 |
| Cost of sales | | (1,817,141) | (1,620,671) | - | - |
| **Gross profit** | | 721,887 | 740,387 | 80,525 | 10,047 |
| Other operating income | | 168,143 | 143,059 | - | - |
| Selling and distribution expenses | | (616,565) | (645,850) | - | - |
| Administrative and other operating expenses | | (155,569) | (117,333) | (8,954) | (1,288) |
| **Profit from operations** | 5 | 117,896 | 120,263 | 71,571 | 8,759 |
| Finance costs | 7 | (54,274) | (43,610) | (17,112) | (3,642) |
| Share of results of an associate | | (966) | - | - | - |
| **Profit before tax** | | 62,656 | 76,653 | 54,459 | 5,117 |
| Income tax (expense)/credit | 8 | (27,303) | (22,569) | (11) | 10 |
| **Profit after tax** | | 35,353 | 54,084 | 54,448 | 5,127 |
| **Other comprehensive income not to be reclassified to profit or loss in subsequent year:** | | | | | |
| Revaluation of land and buildings | 9, 10 | 337 | 1,010 | - | - |
| Taxation | 27 | (92) | (193) | - | - |
| **Total other comprehensive income (net of taxation)** | | 245 | 817 | - | - |
| **Total comprehensive income for the financial year** | | 35,598 | 54,901 | 54,448 | 5,127 |
| **Profit after tax attributable to:** | | | | | |
| Equity holders of the Company | | 29,766 | 54,058 | 54,448 | 5,127 |
| Non-controlling interest | | 5,587 | 26 | - | - |
| | | 35,353 | 54,084 | 54,448 | 5,127 |
| **Total comprehensive income attributable to:** | | | | | |
| Equity holders of the Company | | 30,011 | 54,875 | 54,448 | 5,127 |
| Non-controlling interest | | 5,587 | 26 | - | - |
| | | 35,598 | 54,901 | 54,448 | 5,127 |
| **Basic/diluted earnings per share (sen)** | 38 | 2.60 | 4.74 | | |

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

# STATEMENTS OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2020

| | Note | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 346,484 | 338,129 |
| Right-of-use assets | 10(a) | 672,881 | 608,530 |
| Intangible assets | 12 | 425,492 | 29,390 |
| Other investment | 14 | 5,174 | 28,000 |
| Trade and other receivables | 16 | 13,782 | 14,533 |
| Deferred tax assets | 27 | 6,777 | - |
| | | 1,470,590 | 1,018,582 |
| **Current assets** | | | |
| Inventories | 17 | 288,947 | 231,330 |
| Trade and other receivables | 16 | 96,183 | 75,900 |
| Other investment | 14 | 46,149 | - |
| Cash and bank balances | 18 | 134,980 | 96,207 |
| | | 566,259 | 403,437 |
| **Total assets** | | 2,036,849 | 1,422,019 |
| **Equity and liabilities** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | 19 | 1,485,138 | 1,485,138 |
| Treasury shares | 20 | (157,243) | (128,928) |
| Capital reorganisation deficit | 21 | (1,343,248) | (1,343,248) |
| Assets revaluation reserve | 22 | 42,214 | 41,969 |
| Retained profits | 23 | 39,899 | 46,985 |
| | | 66,760 | 101,916 |
| Non-controlling interest | | 94,461 | 195 |
| **Total equity** | | 161,221 | 102,111 |

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

# STATEMENTS OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2020

| | | Group | |
|---|---|---|---|
| | | 2020 | 2019 |
| | Note | RM'000 | RM'000 |
| **Non-current liabilities** | | | |
| Provisions | 24 | 9,572 | 9,804 |
| Borrowings | 25 | 331,710 | 25,200 |
| Lease liabilities | 10(b) | 559,833 | 530,520 |
| Contract liabilities | 29 | 10,563 | 4,549 |
| Deferred tax liabilities | 27 | 61,255 | 9,872 |
| | | 972,933 | 579,945 |
| **Current liabilities** | | | |
| Provisions | 24 | 1,936 | 529 |
| Borrowings | 25 | 201,365 | 124,200 |
| Lease liabilities | 10(b) | 100,016 | 76,592 |
| Trade payables | 28 | 441,498 | 403,259 |
| Other payables | 29 | 143,481 | 129,449 |
| Contract liabilities | 29 | 3,981 | 2,510 |
| Taxation | | 10,418 | 3,424 |
| | | 902,695 | 739,963 |
| **Total liabilities** | | 1,875,628 | 1,319,908 |
| **Total equity and liabilities** | | 2,036,849 | 1,422,019 |

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

| | | Company | |
|---|---|---|---|
| | | 2020 | 2019 |
| | Note | RM'000 | RM'000 |
| **Assets** | | | |
| **Non-current asset** | | | |
| Investments in subsidiary companies, representing total non-current asset | 13 | 1,402,539 | 1,402,539 |
| **Current assets** | | | |
| Trade and other receivables | 16 | 383,496 | 42 |
| Tax recoverable | | 145 | 139 |
| Cash and bank balances | 18 | 15,045 | 1,181 |
| | | 398,686 | 1,362 |
| **Total assets** | | 1,801,225 | 1,403,901 |
| **Equity and liability** | | | |
| **Equity attributable to equity holders of the Company** | | | |
| Share capital | 19 | 1,485,138 | 1,485,138 |
| Treasury shares | 20 | (157,243) | (128,928) |
| Retained profits | 23 | 30,966 | 2,972 |
| **Total equity** | | 1,358,861 | 1,359,182 |
| **Non-current liability** | | | |
| Borrowing | 25 | 320,450 | - |
| **Current liability** | | | |
| Borrowing | 25 | 37,700 | - |
| Other payables | 29 | 84,214 | 44,719 |
| | | 121,914 | 44,719 |
| **Total liabilities** | | 442,364 | 44,719 |
| **Total equity and liability** | | 1,801,225 | 1,403,901 |

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 2020

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-distributable | | | | Distributable | | | |
| | Share capital RM'000 (Note 19) | Treasury shares RM'000 (Note 20) | Capital reorganisation deficit RM'000 (Note 21) | Assets revaluation reserve RM'000 (Note 22) | Retained profits RM'000 (Note 23) | Total RM'000 | Non-controlling interest RM'000 | Total equity RM'000 |
| **Group** | | | | | | | | |
| **At 1 January 2020** | 1,485,138 | (128,928) | (1,343,248) | 41,969 | 46,985 | 101,916 | 195 | 102,111 |
| Acquisition of a subsidiary | - | - | - | - | - | - | 95,197 | 95,197 |
| Acquisition of treasury shares | - | (28,315) | - | - | - | (28,315) | - | (28,315) |
| Changes in subsidiary's ownership interests that do not result in a loss of control | - | - | - | - | (10,398) | (10,398) | (2,394) | (12,792) |
| Total comprehensive income for the year | - | - | - | 245 | 29,766 | 30,011 | 5,587 | 35,598 |
| **Transaction with owners:** | | | | | | | | |
| Dividends on ordinary shares (Note 30), representing total transaction with owners | - | - | - | - | (26,454) | (26,454) | - | (26,454) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | (4,124) | (4,124) |
| **At 31 December 2020** | 1,485,138 | (157,243) | (1,343,248) | 42,214 | 39,899 | 66,760 | 94,461 | 161,221 |

# STATEMENTS OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | Attributable to equity holders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-distributable | | | | Distributable | | | |
| | Share capital RM'000 (Note 19) | Treasury shares RM'000 (Note 20) | Capital reorganisation deficit RM'000 (Note 21) | Assets revaluation reserve RM'000 (Note 22) | Retained profits RM'000 (Note 23) | 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 | 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 30), 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 2020

| | Attributable to equity holders of the Company | | | |
|---|---|---|---|---|
| | Non-distributable | | Distributable | |
| | Share capital RM'000 (Note 19) | Treasury shares RM'000 (Note 20) | Retained profits RM'000 (Note 23) | Total equity RM'000 |
| **Company** | | | | |
| **At 1 January 2020** | 1,485,138 | (128,928) | 2,972 | 1,359,182 |
| Acquisition of treasury shares | | (28,315) | - | (28,315) |
| Total comprehensive income for the year | - | - | 54,448 | 54,448 |
| **Transaction with owners** | | | | |
| Dividends on ordinary shares (Note 30), representing total transaction with owners | - | - | (26,454) | (26,454) |
| **At 31 December 2020** | 1,485,138 | (157,243) | 30,966 | 1,358,861 |
| **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 30), 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 |

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 2020

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash receipts from customers and other receivables | 2,732,293 | 2,528,621 | 15 | 17 |
| Cash paid to suppliers and employees | (2,454,779) | (2,186,318) | (8,936) | (1,300) |
| Cash generated from/(used in) operations | 277,514 | 342,303 | (8,921) | (1,283) |
| Interest paid | (19,638) | (7,629) | (17,112) | (3,642) |
| Tax paid | (33,571) | (25,955) | (17) | (22) |
| Tax refund | 631 | 1,198 | - | 1,161 |
| Net cash generated from/(used in) operating activities | 224,936 | 309,917 | (26,050) | (3,786) |
| **Cash flows from investing activities** | | | | |
| Purchase of property, plant and equipment | (68,302) | (93,774) | - | - |
| Proceeds from disposal of property, plant and equipment | 131 | 146 | - | - |
| Proceeds from disposal of quoted shares | 3,336 | - | - | - |
| Purchase of quoted shares | (2,848) | (27,177) | - | - |
| Acquisition of subsidiary companies (Note 13) | (266,914) | - | - | - |
| Acquisition of an associate | (7,512) | - | - | - |
| Changes in subsidiaries' ownership interests that do not result in a loss of control | (5,843) | - | - | - |
| Movement in intercompany balances | - | - | (317,992) | 20,729 |
| Dividend income received | 44 | 124 | 48,000 | 10,000 |
| Net change in short term funds | (23,013) | - | - | - |
| Interest received | 2,009 | 861 | 6,525 | 47 |
| Net cash (used in)/generated from investing activities | (368,912) | (119,820) | (263,467) | 30,776 |
| **Cash flows from financing activities** | | | | |
| Dividends paid on ordinary shares | (26,454) | (27,093) | (26,454) | (27,093) |
| Dividends paid to non-controlling interests | (4,124) | - | - | - |
| Acquisition of treasury shares | (28,315) | - | (28,315) | - |
| Proceeds from banker's acceptances | 320,340 | 205,000 | - | - |

# STATEMENTS OF CASH FLOWS
## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM'000 | 2019<br>RM'000 | 2020<br>RM'000 | 2019<br>RM'000 |
| **Cash flows from financing activities (cont'd.)** | | | | |
| Repayment of banker's acceptances | (282,400) | (211,145) | - | - |
| Proceeds from term loan | 377,000 | - | 377,000 | - |
| Proceeds from revolving credit | - | 20,000 | - | - |
| Repayment of term loans | (39,123) | (16,071) | (18,850) | - |
| Repayment of revolving credit | - | (20,000) | - | - |
| Payment of principal portion of lease liabilities | (134,300) | (117,032) | - | - |
| Repayment of hire purchase and finance lease liabilities | (82) | (97) | - | - |
| Net cash used in financing activities activities | 182,542 | (166,438) | 303,381 | (27,093) |
| **Net increase/(decrease) in cash and cash equivalents** | 38,566 | 23,659 | 13,864 | (103) |
| **Cash and cash equivalents at 1 January** | 96,207 | 72,548 | 1,181 | 1,284 |
| **Cash and cash equivalents at 31 December (Note 18)** | 134,773 | 96,207 | 15,045 | 1,181 |

Cash and cash equivalents at the end of the financial period comprises the following:-

| | | | | |
|---|---|---|---|---|
| Cash and bank balances | 134,649 | 95,309 | 15,045 | 283 |
| Fixed deposits with licensed banks | 331 | 898 | - | 898 |
| | 134,980 | 96,207 | 15,045 | 1,181 |
| Fixed deposit pledged to license bank | (207) | - | - | - |
| | 134,773 | 96,207 | 15,045 | 1,181 |

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

## 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 and the changes in group structure are described in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year, except the changes in group structure are described in Note 13 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 April 2021.

## 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 2020, 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 2020.

| **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 16: *Covid-19 Related Rent Concessions* | 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 |

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

Amendments to MFRS 16: Covid-19 Related Rent Concessions

On 28 May 2020, the MASB issued Covid-19 Related Rent Concessions - amendment to MFRS 16 Leases. The amendments provide relief to lesses from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. This applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

(i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

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

### 2.2 Changes in accounting policies (cont'd.)

Amendments to MFRS 16: Covid-19 Related Rent Concessions (cont'd.)

(ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

(iii) there is no substantive change to other terms and conditions of the lease.

The Group has adopted the Amendment to MFRS 16 with election to apply the practical expedient as mentioned above to all rent concession received that meet the conditions as stated above. The Group recognised rental concession received in profit or loss.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. Impacts of rent concessions are presented within Note 10.

### 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 9, MFRS 139, MFRS 7, MFRS 4 *and MFRS 16 :Interest Rate Benchmark Reform- Phase 2* | 1 January 2021 |
| Amendments to MFRS 116 Property, Plant and Equipment: *Proceeds before Intended Use* | 1 January 2022 |
| Amendments to MFRS 137 Provisions, Contingent Liabilities and | 1 January 2022 |
| MFRS 3: Reference to Conceptual Framework (Amendments to MFRS 3) | 1 January 2022 |
| MFRS 9: Fees in the 10% Test for Derecognition of Financial Liabilities | 1 January 2022 |
| MFRS 101: Disclosure of Accounting Policies (Amendments to MFRS 101) | 1 January 2023 |
| MFRS 108: Definition of Accounting Estimates (Amendments to MFRS 108) | 1 January 2023 |

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

### 2.3 Standards issued but not yet effective (cont'd.)

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 |
|---|---|
| Annual improvements to MFRS Standards 2018 - 2020 Cycle | 1 January 2022 |
| (i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards | |
| (ii) Amendments to MFRS 3: Business Combination | |
| (iii) Amendments to MFRS 9: Financial Instruments | |
| (iv) Amendments to MFRS 16: Leases | |
| (v) Amendments to MFRS 141: Agriculture | |
| Amendments to MFRS 101 Presentation of Financial Statements: *Classification of Liabilities as Current or Non-current* | 1 January 2023 |
| MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |

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.

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

### 2.4 Basis of consolidation (cont'd.)

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

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

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

**Reorganisation**

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

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

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

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

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

### 2.4 Basis of consolidation (cont'd.)

**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.

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) Trademarks

The cost of trademarks acquired represents its fair value as at the date of acquisition. Following the initial recognition, trademarks are carried at cost less any accumulated impairment losses. Trademarks, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of trademarks are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

#### (c) Dealership rights

The cost of dealership rights acquired in a business combination is at their fair value at the date of acquisition. Following the initial recognition, the dealership rights are carried at cost less any accumulated impairment losses. The dealership rights are assessed and recognised based on the dealership agreements signed with the selected brand that satisfied the criterion to be separately identified as intangible assets and highly likely to contribute significant future economic benefits. The dealership rights are with finite lives which are amortised on a straight-line basis over their useful economic lives, 3 to 10 years.

#### (d) 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.

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

### 2.6 Intangible assets (cont'd.)

#### (d) Computer software (cont'd.)

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.

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.

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

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

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

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

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

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

### 2.8 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.

**(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.

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

**2.8 Leases (cont'd.)**

**(a) As lessee (cont'd.)**

**(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 2.24 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. Short term funds include money market instruments held for investment purposes, which does not form part of cash and cash equivalents.

For the purpose of the statements of cash flows, cash and cash equivalents consist of unrestricted cash and bank balances, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group’s and of the Company's cash management.

### 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 37, 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 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. Summary of significant accounting policies (cont'd.)

### 2.19 Taxation

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

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

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

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

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

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

Sales and services tax ("SST") incurred in purchase of assets or services is not recoverable from the taxation authority, hence SST is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

Receivables and payables are stated with the amount of SST. The payable amount of SST to the taxation authority is included as part of payables in the statement of financial position.

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

### 2.20 Provisions

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

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

### 2.21 Employee benefits

#### (a) Short term benefits

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

#### (b) Defined contribution plans

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

### 2.22 Foreign currency

#### (a) Functional and presentation currency

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

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

### 2.22 Foreign currency (cont'd.)

#### (b) Foreign currency transactions

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

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

### 2.23 Fair value measurement

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

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

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

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

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

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

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

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

### 2.23 Fair value measurement (cont'd.)

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

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

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

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

### 2.24 Revenue 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.

**(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.

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

**2.24 Revenue from contracts with customers (cont'd.)**

**(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.

**(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.

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

### 2.24 Revenue from contracts with customers (cont'd.)

#### (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.

### 2.25 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. Summary of significant accounting policies (cont'd.)**

### 2.26 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.

### 2.27 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.

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.

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.

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

### (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 RM44,260,000 (2019: RM39,280,000).

#### (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 2020 and 31 December 2019.

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.

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

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

#### (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.

#### (iv) Impairment on goodwill and trademarks

The Group determines whether the goodwill which has indefinite useful lives, are tested for impairment either annually or on a more frequent interval, depending on events or changes in circumstances that indicate the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill belongs to.

In assessing value in use, the management is required to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate to their present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are as disclosed in Note 12.

#### (v) Impairment of property, plant and equipment and right-of-use ("ROU") assets

During the current financial year, the Group recognised impairment losses in respect of certain subsidiary companies’ property, plant and equipment and ROU assets. The Group carried out the impairment test based on a variety of estimation including the VIU of the CGU to which the property, plant and equipment and ROU assets are allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised are disclosed in Notes 9 and 10.

## 4. Revenue from contracts with customers

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| **Type of goods or services** | | | | |
| Sale of merchandise goods | 2,471,778 | 2,284,451 | - | - |
| Provision of in-store services | | | | |
| - Commission income | 65,603 | 74,738 | - | - |
| Dividend income from a subsidiary | - | - | 74,000 | 10,000 |
| Franchise income | 1,464 | 1,659 | - | - |
| Interest income | - | - | 6,525 | 47 |
| Rental income | 183 | 210 | - | - |
| | 2,539,028 | 2,361,058 | 80,525 | 10,047 |
| **Timing of revenue recognition** | | | | |
| Goods or services | | | | |
| - transferred at a point in time | 2,537,381 | 2,359,189 | 74,000 | 10,000 |
| - transferred over time | 1,647 | 1,869 | 6,525 | 47 |
| | 2,539,028 | 2,361,058 | 80,525 | 10,047 |

## 5. Profit from operations

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Auditors' remuneration | | | | |
| - Statutory audit | | | | |
| - Ernst & Young PLT | 641 | 506 | 88 | 86 |
| - other auditors | 57 | - | - | - |
| - Other services | | | | |
| - Ernst & Young PLT | 13 | 68 | 13 | 13 |
| Depreciation of property, plant and equipment | 66,806 | 59,427 | - | - |
| Depreciation of right-of-use assets | 110,510 | 95,015 | - | - |
| Amortisation of intangible assets | 6,260 | 4,518 | - | - |
| Property, plant and equipment written off | 7,427 | 4,517 | - | - |
| Bad debts written off for receivables | 8 | 7,338 | - | - |
| Write off of inventories | 19,146 | 11,433 | - | - |

## 5. Profit from operations (cont'd.)

Profit from operations is arrived at after charging/(crediting): (cont'd.)

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Impairment loss on:- | | | | |
| - Goodwill (Note 12) | - | 381 | - | - |
| - Investment in an associate | 6,546 | - | - | - |
| - Property, plant and equipment | 648 | - | - | - |
| - Receivables (Note 16) | 250 | 2,550 | - | - |
| - Right-of-use assets | 3,844 | - | - | - |
| Short term lease expense/ rental of premises | 7,330 | 3,154 | - | - |
| Royalty | 20,633 | 23,617 | - | - |
| Employee benefits expense (Note 6(a)) | 332,028 | 348,632 | - | - |
| Directors' benefits (Note 6(b)) | 8,169 | 4,595 | 514 | 499 |
| Loss on disposal of property, plant and equipment | 874 | 382 | - | - |
| Realised (gain)/loss on foreign exchange translation differences | (39) | 181 | - | - |
| Bad debts recovered for other receivables | - | (161) | - | - |
| Dividend income | (44) | (124) | - | - |
| Interest income | | | | |
| - fixed deposits and overnight placements | (525) | (861) | (9) | (47) |
| - short term funds | (1,210) | - | - | - |
| - others | (274) | - | (48) | - |
| Fair value changes of FVTPL for investments in quoted shares | (1,362) | (822) | - | - |
| Realised gain on disposal of quoted shares | (974) | - | - | - |
| Fair value gain on short term funds | (109) | - | - | - |
| Rental income | (301) | (217) | - | - |
| Reversal of impairment loss of other receivables (Note 16) | - | (4,750) | - | - |
| Waiver of loans from non-controlling shareholder | (198) | - | - | - |

## 6. Employee benefits expense and directors' remuneration

### (a) Employee benefits expense

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Wages, salaries and other emoluments | 283,824 | 299,363 |
| Pension costs - defined contribution plans | 33,277 | 30,659 |
| Social security costs and employees insurance | 5,421 | 5,733 |
| Other staff benefits | 9,506 | 12,877 |
| | 332,028 | 348,632 |

### (b) Directors' benefits

The Directors' remuneration paid or payable from the Company and its subsidiaries during the financial year ended 31 December 2020 categorised into appropriate components are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Salaries and other emoluments | 4,321 | 1,800 | - | - |
| Fees | 983 | 430 | 432 | 430 |
| Bonus | 713 | 210 | - | - |
| Defined contribution plan | 741 | 385 | - | - |
| Estimated money value of benefits-in-kind | 28 | 45 | - | - |
| Allowance | 1,291 | 1,687 | 43 | 31 |
| Insurance effected to indemnify directors | 92 | 38 | 39 | 38 |
| | 8,169 | 4,595 | 514 | 499 |

## 7. Finance costs

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Interest expense on: | | | | |
| Lease liabilities | 34,636 | 35,784 | - | - |
| Hire purchase liabilities | 18 | 24 | - | - |
| Bankers' acceptances | 2,030 | 1,463 | - | - |
| Revolving credit | 2,475 | 3,006 | - | - |
| Term loans | 15,088 | 3,135 | 13,319 | - |
| Overdraft interest | - | 1 | - | - |
| Unwinding of discount on other receivables | - | 197 | - | - |
| Amount due to a subsidiary company | - | - | 3,793 | 3,642 |
| Others | 27 | - | - | - |
| | 54,274 | 43,610 | 17,112 | 3,642 |

## 8. Income tax expense/(credit)

### (a) Income statements

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Income tax: | | | | |
| Current year | 35,542 | 26,888 | - | - |
| Under/(over) provision in prior year | 3,130 | (773) | 11 | (10) |
| | 38,672 | 26,115 | 11 | (10) |
| Deferred tax (Note 27): | | | | |
| Relating to origination and reversal of temporary differences | (8,702) | (4,537) | - | - |
| (Over)/underprovision in prior year | (2,667) | 991 | - | - |
| | (11,369) | (3,546) | - | - |
| | 27,303 | 22,569 | 11 | (10) |

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 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 | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Profit before tax | 62,656 | 76,653 | 54,459 | 5,117 |
| Taxation at Malaysian statutory tax rate of 24% (2019: 24%) | 15,037 | 18,397 | 13,070 | 1,228 |
| Expenses not deductible under tax legislation | 12,285 | 4,181 | 4,690 | 1,172 |
| Income not subject to tax | (847) | (227) | (17,760) | (2,400) |
| Deferred tax assets not recognised during the financial year | 365 | - | - | - |
| Under/(over) provision of income tax in prior year | 3,130 | (773) | 11 | (10) |
| (Over)/under provision of deferred tax in prior year | (2,667) | 991 | - | - |
| Tax expense/(credit) for the year | 27,303 | 22,569 | 11 | (10) |

### (b) Other comprehensive income

| | Group | |
|---|---|---|
| | 2020 RM'000 | 2019 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 | 92 | 193 |

## 9. Property, plant and equipment

| | 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 2020** | | | | | |
| At 1 January 2020 | 68,289 | 576,534 | 456 | 209,449 | 854,728 |
| Additions | 4,550 | 45,458 | 42 | 18,252 | 68,302 |
| Disposals | - | (6,483) | - | (155) | (6,638) |
| Revaluation adjustment recognised in other comprehensive income (Note 9 (d)) | 158 | - | - | - | 158 |
| Transfer^ | (238) | - | - | - | (238) |
| Acquisition of subsidiary companies | 4,860 | 7,062 | 900 | 2,959 | 15,781 |
| Write-offs | - | (23,589) | - | (12,626) | (36,215) |
| At 31 December 2020 | 77,619 | 598,982 | 1,398 | 217,879 | 895,878 |

## 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 and impairment losses** | | | | | |
| At 1 January 2020 | - | 386,012 | 327 | 130,260 | 516,599 |
| Depreciation charge for the year | 359 | 50,784 | 243 | 15,420 | 66,806 |
| Disposals | - | (5,572) | - | (61) | (5,633) |
| Impairment losses | - | 303 | - | 345 | 648 |
| Transfer^ | (238) | - | - | - | (238) |
| Write-offs | - | (19,591) | - | (9,197) | (28,788) |
| At 31 December 2020 | 121 | 411,936 | 570 | 136,767 | 549,394 |
| **Net carrying amount** | | | | | |
| At 31 December 2020 | 77,498 | 187,046 | 828 | 81,112 | 346,484 |

## 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 2019** | | | | | |
| At 1 January 2019 | 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.)

| | 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 2019 | - | 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 |

^ 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 | Total RM'000 |
|---|---|---|---|
| **At 31 December 2020** | | | |
| **Valuation** | | | |
| At 1 January 2020 | 59,885 | 8,404 | 68,289 |
| Additions | 3,590 | 960 | 4,550 |
| Acquisition of subsidiary companies | 2,361 | 2,499 | 4,860 |
| Revaluation adjustment recognised in other comprehensive income (Note 9 (d)) | (80) | 238 | 158 |
| Transfer^ | - | (238) | (238) |
| At 31 December 2020 | 65,756 | 11,863 | 77,619 |
| **Accumulated depreciation** | | | |
| At 1 January 2020 | - | - | - |
| Depreciation charge for the year | - | 359 | 359 |
| Transfer^ | - | (238) | (238) |
| At 31 December 2020 | - | 121 | 121 |
| **Net carrying amount** | | | |
| At 31 December 2020 | 65,756 | 11,742 | 77,498 |

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

***Land and buildings (cont'd.)**

| | Freehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 December 2019** | | | |
| **Valuation** | | | |
| At 1 January 2019 | 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 |

(a) Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use costing RM320,481,103 (2019: RM279,826,959).

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

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| Cash | 68,302 | 93,774 |

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

(c) The carrying amount of certain properties pledged to licensed bank as security for bank facilities granted to the Group as disclosed in Note 25 to the financial statements are as follows:

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| Freehold land | 2,194 | - |
| Buildings | 583 | - |
| | 2,777 | - |

(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 2020, the land and buildings' fair value is based on valuations performed by independent professional valuers specialising in valuing land and buildings of similar nature. A net gain of RM158,000 (2019: RM688,000) was recognised in other comprehensive income for the financial year ended 31 December 2020, as a result of these revaluations.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 34.

**Significant unobservable valuation input:**

| | Group 2020 RM | Group 2019 RM |
|---|---|---|
| Price per square foot for freehold land and buildings | 200 - 4,840 | 200 - 4,840 |

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

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

(d) (cont'd.)

**Reconciliation of carrying amount:**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Carrying amount and fair value as at 1 January** | 68,289 | 67,829 |
| Acquisition of subsidiary companies | 4,860 | - |
| Additions | 4,550 | - |
| Depreciation for the year | (359) | (228) |
| Level 3 revaluation gain on revaluation as at 31 December | 158 | 688 |
| **Carrying amount and fair value as at 31 December** | 77,498 | 68,289 |

* 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 | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Cost | 41,321 | 30,423 |
| Accumulated depreciation | (2,996) | (2,680) |
| Net carrying amount | 38,325 | 27,743 |

(e) Impairment assessment

Impairment losses on property, plant and equipment amounting to RM647,634 have been recognised during the financial year due to recoverable amounts of property, plant and equipment in the Cash Generating Units ("CGU"), which are determined based on cash flow projections, are lower than their carrying amounts.

## 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.

During the year, the Group had adopted Amendments to MFRS 16: COVID-19 Related Rent Concessions as disclosed in Note 2.2. The Group has recognised an income of RM11,852,000 as a result of the COVID-19 pandemic for the financial year ended 2020.

### (a) Right-of-use assets

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

| | | | \|--------- At fair value | ---------\| | |
|---|---|---|---|---|---|
| Group | Properties RM'000 | Renovations and others RM'000 | Leasehold properties* RM'000 | Investment property RM'000 | Total RM'000 |
| **At 1 January 2020** | 572,462 | 22,818 | 12,850 | 400 | 608,530 |
| Additions | 108,411 | 395 | - | - | 108,806 |
| Acquisition of subsidiary companies | 63,409 | - | 28,440 | - | 91,849 |
| Revaluation adjustment recognised in other comprehensive income (Note 10(a)(i)) | - | - | 179 | - | 179 |
| Disposal | (22,017) | (112) | - | - | (22,129) |
| Depreciation expense | (109,116) | (805) | (589) | - | (110,510) |
| Impairment losses (Note 10(a)(i)) | (1,127) | (2,717) | - | - | (3,844) |
| **At 31 December 2020** | 612,022 | 19,579 | 40,880 | 400 | 672,881 |

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

**Group as a Lessee (cont'd.)**

### (a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the prior year (cont'd.):

| Group | Properties RM'000 | Renovations and others RM'000 | At fair value: Leasehold properties* RM'000 | At fair value: Investment property RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **At 1 January 2019** | 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.)

### (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 2020 and 31 December 2019, the leasehold properties' fair values are based on valuations performed by independent professional valuers specialising in valuing land and buildings of similar nature. A net gain of RM179,000 (2019: RM322,000) was recognised in other comprehensive income for the financial year ended 31 December 2020, as a result of these revaluations.

Fair value measurement disclosures for the revalued leasehold properties and investment property are provided in Note 34.

**Significant unobservable valuation input:**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Price per square foot for: | | |
| - Leasehold land and buildings | 216 - 2,490 | 325 - 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.)

**<u>Group as a Lessee (cont'd.)</u>**

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

(i) <u>Leasehold properties</u>

**Reconciliation of carrying amount:**

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Carrying amount and fair value as at 1 January** | 12,850 | 12,850 |
| Acquisition of subsidiary companies | 28,440 | - |
| Depreciation for the year | (589) | (322) |
| Level 3 revaluation gain on revaluation as at 31 December | 179 | 322 |
| **Carrying amount and fair value as at 31 December** | 40,880 | 12,850 |

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

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| Cost | 34,395 | 6,692 |
| Accumulated depreciation | (4,695) | (1,695) |
| Net carrying amount | 29,700 | 4,997 |

<u>Investment property</u>

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

As at 31 December 2020 and 31 December 2019, the fair value of the investment property is based on a valuation performed by independent professional valuers 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 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Rental income derived from leasehold property | 7 | 7 |
| Direct operating expenses generating rental income (included in other operating expenses) | - | (1) |
| Profit arising from investment property carried at fair value | 7 | 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.

(ii) The carrying amount of certain properties pledged to licensed bank as security for bank facilities granted to the Group as disclosed in Note 25 to the financial statements are as follows:

| | Group 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Leasehold building | 7,215 | - |

(iii) Impairment losses on right-of-use assets amounting to RM3,844,121 have been recognised during the financial year due to recoverable amounts of right-of-use assets in the Cash Generating Units ("CGU"), which are determined based on cash flow projections, are lower than their carrying amounts.

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

**Group as a Lessee (cont'd.)**

### (b) Lease liabilities

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

| | Properties RM'000 | Hire purchase RM'000 | Total RM'000 |
|---|---|---|---|
| **At 1 January 2020** | 606,801 | 311 | 607,112 |
| Acquisition of subsidiary companies | 67,248 | - | 67,248 |
| Additions | 108,411 | - | 108,411 |
| Disposal | (23,176) | - | (23,176) |
| Interest expense (Note 7) | 34,636 | - | 34,636 |
| Payment of principal | (134,300) | (82) | (134,382) |
| **At 31 December 2020** | 659,620 | 229 | 659,849 |

| | Properties RM'000 | Hire purchase RM'000 | Total RM'000 |
|---|---|---|---|
| **At 1 January 2019** | 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 35 (c).

| | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Current liabilities | 100,016 | 76,592 |
| Non-current liabilities | 559,833 | 530,520 |
| | 659,849 | 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 | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| **Future minimum lease payments:** | | |
| Not later than 1 year | 86 | 115 |
| Later than 1 year and not later than 2 years | 60 | 91 |
| Later than 2 years and not later than 5 years | 97 | 124 |
| Later than 5 years | 10 | 23 |
| | 253 | 353 |
| Less: Future finance charges | (24) | (42) |
| | 229 | 311 |
| **Analysis of present value of finance lease payables:** | | |
| Current | 75 | 98 |
| Non-current: | | |
| Later than 1 year and not later than 2 years | 154 | 213 |
| | 229 | 311 |

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

**Group as a Lessee (cont'd.)**

### (b) Lease liabilities (cont'd.)

Hire purchase (cont'd.)

**Hire purchase and finance lease liabilities**

Charge over a subsidiary's equipment and motor vehicles of RM240,000 (2019: RM339,000) acquired by means of hire purchase and finance lease liabilities.

Property

The following are the amounts recognised in profit or loss:

| | 2020 RM'000 | 2019 RM'000 |
|---|---|---|
| Depreciation expense of right-of-use assets | 110,510 | 95,015 |
| Interest expense on lease liabilities | 34,636 | 35,784 |
| Variable lease payments | (134,300) | (117,032) |
| Short term lease expense/ rental of premises | 7,330 | 3,154 |
| Total amount recognised in profit or loss | 18,176 | 16,921 |

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 32(b).

## 11. Investment property

| | Group | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| **Leasehold land and building** | | |
| **At fair value** | | |
| At 1 January | - | 400 |
| Effect of adoption of MFRS 16 | - | (400) |
| As at 31 December | - | - |

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

## 12. Intangible assets

| | Goodwill on consolidation RM'000 | Trademarks RM'000 | Dealership rights RM'000 | Computer software RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **At 31 December 2020** | | | | | |
| **Cost** | | | | | |
| At 1 January 2020 | 381 | - | - | 46,012 | 46,393 |
| Effect of purchase price allocation | 168,131 | 222,756 | 11,475 | - | 402,362 |
| At 31 December | 168,512 | 222,756 | 11,475 | 46,012 | 448,755 |
| **Accumulated amortisation and impairment** | | | | | |
| At 1 January 2020 | 381 | - | - | 16,622 | 17,003 |
| Amortisation (Note 5) | - | - | 1,692 | 4,568 | 6,260 |
| At 31 December 2020 | 381 | - | 1,692 | 21,190 | 23,263 |
| **Net carrying amount** | | | | | |
| At 31 December 2020 | 168,131 | 222,756 | 9,783 | 24,822 | 425,492 |

## 12. Intangible assets (cont'd.)

| | Goodwill on consolidation RM'000 | Computer software RM'000 | Total RM'000 |
|---|---|---|---|
| **Group** | | | |
| **At 31 December 2019** | | | |
| **Cost** | | | |
| As at 1 January/31 December | 381 | 46,012 | 46,393 |
| **Accumulated amortisation** | | | |
| 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 |

### (a) Goodwill and trademarks

The carrying amounts of goodwill and trademarks have been allocated to the Caring Group's cash generating unit ("CGU") identified from the pharmaceutical segment.

The recoverable amount of the CGU has been determined using the value in use ("VIU") calculations using cash flow projections based on financial budget approved by the Board of Directors covering a ten-year period. The following describes each key assumption on which management based its cash flow projections for VIU calculations of CGUs to undertake impairment test on goodwill and trademarks:

(i) Budgeted revenue and gross profit margin

The basis used to determine the value assigned to the budgeted revenue gross margin are the historical sales and average gross margin achieved in the financial year immediately before the budgeted year adjusted for expected efficiency improvements, market and economic conditions, internal resource efficiency and the supply and demand factors, where applicable.

**12. Intangible assets (cont'd.)**

**(a) Goodwill and trademarks (cont'd.)**

The recoverable amount of the CGU has been determined using the value in use ("VIU") calculations using cash flow projections based on financial budget approved by the Board of Directors covering a ten-year period. The following describes each key assumption on which management based its cash flow projections for VIU calculations of CGUs to undertake impairment test on goodwill and trademarks: (cont'd.)

(ii) Discount rate

The discount rate used for identified CGU reflect the specific risks relating to the pharmaceutical segment. The post-tax discount rate, applied to post-tax cash flows, used for identified CGU is at 10%.

(iii) Terminal growth rate

Terminal growth rate used was based on the average anticipated growth rate of the respective economies. The terminal growth rate used is 1%.

Sensitivity to changes in assumptions

With regard to the assessment of VIU for the pharmaceutical segment, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount to materially exceed its recoverable amount.

**(b) Dealership rights**

The dealership rights represents exclusive rights to distribute certain products that has been capitalised and have remaining amortisation period of 2 to 9 years.

## 13. Investments in subsidiary companies

| | Company | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Unquoted shares, at cost** | | |
| As at 1 January/ 31 December | 1,402,539 | 1,402,539 |

### (i) Business combination

**Acquisition in 2020**

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.

The SSA became unconditional on 14 February 2020 and as such, RHB Investment Bank Berhad, on behalf of CSSSB, served a notice of unconditional mandatory take-over offer on the board of directors of Caring in accordance with Paragraph 9.01(1) of the Rules, to acquire all the remaining Caring Shares not already held by CSSSB, SEM and the PACs for the Offer Price ("Offer").

On 25 March 2020, CSSSB received valid acceptances in respect of the Caring Shares pursuant to the Offer which allows CSSSB to compulsorily acquire all the remaining Caring Shares for which valid acceptances have not been received on or prior to the closing date of the Offer ("Compulsory Acquisition"). Consequently, Caring is deemed a subsidiary company of the Group, through CSSSB, with equity interest of 73.74% for a total consideration of RM417,406,000. Subsequently, the Group has further increased its equity interest in Caring to 75% with a total consideration of RM423,232,892 as at 9 June 2020.

The fair values of the identifiable assets and liabilities of Caring Group as at the date of acquisition were:

| | Fair value recognised on acquisition RM'000 |
|---|---|
| Property, plant and equipment (Note 9) | 15,781 |
| Right of use assets (Note 10) | 91,849 |
| Trademarks | 222,756 |
| Dealership rights | 11,475 |
| Deferred tax assets | 2,094 |
| Receivables | 14,570 |
| Inventories | 146,800 |
| Short term funds | 69,162 |
| Cash and bank balances | 71,491 |

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

### (i) Business combination (cont'd.)

**Acquisition in 2020 (cont'd.)**

The fair values of the identifiable assets and liabilities of Caring Group as at the date of acquisition were: (cont'd.)

| | Fair value recognised on acquisition RM'000 |
|---|---|
| Deferred tax liabilities | (57,977) |
| Borrowings (Note 25) | (7,858) |
| Payables | (165,938) |
| Provision for tax | (1,262) |
| Contract liabilities | (1,223) |
| Lease liabilities | (67,248) |
| Non-controlling interest | (6,435) |
| **Total identifiable net assets at fair value** | 338,037 |
| Non-controlling interest measured at fair value | (88,762) |
| Goodwill arising on acquisition (Note 12) | 168,131 |
| **Purchase consideration transferred** | 417,406 |

From the date of acquisition, Caring Pharmacy Group Berhad contributed RM475,476,000 of revenue and RM27,038,000 to profit before tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been RM666,670,000 and profit before tax from continuing operations for the Group would have been RM48,766,000.

| | RM'000 |
|---|---|
| Purchase consideration satisfied by cash during the year | 392,732 |
| Classified from investment in quoted shares in prior year | 24,471 |
| Fair value adjustment on investment in quoted shares prior to reclassification | 203 |
| **Purchase consideration transferred** | 417,406 |

***Analysis of cash flows on acquisition:***

| | RM'000 |
|---|---|
| Transaction costs of the acquisition | (7,509) |
| Purchase consideration satisfied by cash | (392,732) |
| Cash and bank balances, short term funds of subsidiary company acquired | 140,450 |
| Acquisition of additional interest in subsidiary company | (7,123) |
| **Net cash outflow on acquisition of subsidiary company** | (266,914) |

Transaction costs of RM7,509,000 were expensed and are included in administrative expenses.

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

**(ii) Changes in the group structure in the current financial year**

(a) On 1 June 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 25,000 additional number of ordinary shares in Caring Abundance Sdn Bhd (formerly known as Cosy Vision Sdn Bhd) with zero purchase consideration. This subscription had increased the controlling interest of the respective subsidiary from 75% to 100%.

(b) On 22 October 2020, Cosy Vision Sdn Bhd, the subsidiary of Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had changed its name to Caring Abundance Sdn Bhd.

(c) On 1 November 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had disposed 40,000 additional number of ordinary shares in Caring Abundance Sdn Bhd (formerly known as Cosy Vision Sdn Bhd) with consideration of RM40,000 at the issue price of RM1.00 per ordinary share. This subscription had decreased the controlling interest of the respective subsidiary from 100% to 60%.

(d) On 1 August 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 40,000 additional number of ordinary shares in Caring Pharmacy (Ampang) Sdn Bhd with purchase consideration of RM248,800 at the issue price of RM6.22 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 60% to 100%.

(e) On 1 August 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 12,250 additional number of ordinary shares in Caring Health Solutions Sdn Bhd with purchase consideration of RM289,468 at the issue price of RM23.63 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 87.75% to 100%.

(f) On 1 August 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 24,500 additional number of ordinary shares in Be Caring Sdn Bhd with purchase consideration of RM286,045 at the issue price of RM11.68 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 51% to 75.5%.

(g) On 1 November 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 10,000 additional number of ordinary shares in Stay Caring Sdn Bhd with purchase consideration of RM60,700 at the issue price of RM6.07 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 90% to 100%.

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

### (ii) Changes in the group structure in the current financial year (cont'd.)

(h) On 1 November 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 40,000 additional number of ordinary shares in Tonic Pharma Sdn Bhd with purchase consideration of RM608,000 at the issue price of RM15.20 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 60% to 100%.

(i) On 1 November 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 40,000 additional number of ordinary shares in Caring Pharmacy Paradise Sdn Bhd with purchase consideration of RM449,600 at the issue price of RM11.24 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 60% to 100%.

(j) On 1 November 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 30,000 additional number of ordinary shares in Caring Pharmacy Always Sdn Bhd with purchase consideration of RM228,600 at the issue price of RM7.62 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 70% to 100%.

(k) On 1 November 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 30,000 additional number of ordinary shares in Caring Pharmacy (SK) Sdn Bhd with purchase consideration of RM415,800 at the issue price of RM13.86 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 70% to 100%.

(l) On 1 November 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 10,000 additional number of ordinary shares in Caring Belle Sdn Bhd with purchase consideration of RM69,100 at the issue price of RM6.91 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 90% to 100%.

(m) On 1 November 2020, Caring Pharmacy Management Sdn Bhd ("Caring"), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") had subscribed 25,000 additional number of ordinary shares in Caring Pharmacy (ABM) Sdn Bhd with purchase consideration of RM24,500 at the issue price of RM0.98 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 75% to 100%.

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

**(ii) Changes in the group structure in the current financial year (cont'd.)**

(n) On 1 November 2020, Caring Pharmacy Management Sdn Bhd (“Caring”), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad (“SEM”) had subscribed 80,000 additional number of ordinary shares in Caring Pharmacy Rising Sdn Bhd with purchase consideration of RM1,313,600 at the issue price of RM16.42 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 60% to 100%.

(o) On 1 November 2020, Caring Pharmacy Management Sdn Bhd (“Caring”), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad (“SEM”) had subscribed 24,500 additional number of ordinary shares in Vertex Pharmacy Sdn Bhd with purchase consideration of RM1,158,360 at the issue price of RM47.28 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 51% to 75.5%.

(p) On 1 November 2020, Caring Pharmacy Management Sdn Bhd (“Caring”), an indirect 75% owned subsidiary of 7-Eleven Malaysia Holdings Berhad (“SEM”) had subscribed 17,150 additional number of ordinary shares in Caring Pharmacy (IDR) Sdn Bhd with purchase consideration of RM730,419 at the issue price of RM42.59 per ordinary share. This subscription had increased the controlling interest of the respective subsidiary from 51% to 68.15%.

**(iii) Subsidiary companies with material non-controlling interests**

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group are set out below. The summarised financial information below are the amount before inter-company elimination.

**Group**

| **Statements of financial position**<br><br>**At 31 December 2020** | **Caring**<br>**2020**<br>**RM'000** |
|---|---|
| Non-current assets | 120,997 |
| Current assets | 247,054 |
| Non-current liabilities | (53,567) |
| Current liabilities | (136,230) |
| Net assets | 178,254 |
| | |
| Equity attributable to equity holders of the parent | 173,871 |
| Non-controlling interests | 4,383 |
| Total equity | 178,254 |

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

### (iii) Subsidiary companies with material non-controlling interests (cont'd.)

| **Statements of comprehensive income**<br>**Year ended 31 December 2020** | **Caring**<br>**2020**<br>**RM'000** |
|---|---|
| Revenue | 475,476 |
| Profit for the year | 21,112 |
| | 21,112 |
| Profit for the year | |
| - Owners of the parent | 18,665 |
| - Non-controlling interests | 2,447 |
| | 21,112 |
| Total comprehensive income attributable to: | |
| - Owners of the parent | 18,665 |
| - Non-controlling interests | 2,447 |
| | 21,112 |

**Statements of cash flows**

**Year ended 31 December 2020**

| | |
|---|---|
| Net cash generated from/(used in): | |
| Operating activities | 1,566 |
| Investing activities | 30,409 |
| Financing activities | (23,789) |
| Net change in cash and cash equivalents | 8,186 |
| Dividends paid to non-controlling interests | (4,124) |

Details of the subsidiary companies are as follows:

| Name of company | Country of incorporation | Equity interest 2020 | Equity interest 2019 | 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 |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | Equity interest 2019 | Principal activity |
|---|---|---|---|---|
| ***Held by the Company (cont'd.):*** | | | | |
| 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 |
| Caring Pharmacy Group Berhad | Malaysia | 75% | - | Investment holding company |
| ***Held through Caring Pharmacy Group Berhad:*** | | | | |
| Caring Pharmacy Retail Management Sdn. Bhd. | Malaysia | 100% | - | Investment holding company, provision of management services and central warehousing and distribution of pharmaceutical, healthcare and personal care products. |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | 2019 | Principal activity |
|---|---|---|---|---|
| ***Held through Caring Pharmacy Retail Management Sdn. Bhd.:*** | | | | |
| Caring Pharmacy Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Estore Sdn. Bhd. | Malaysia | 100% | - | Internet and warehouse sales of healthcare and personal care products |
| Caring Pharmacy (Kinrara) Sdn. Bhd. | Malaysia | 100% | - | Investment holding company and property investment |
| Caring Pharmacy (RS) Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Viva Caring Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Belle Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Sterling Pharmacy Sdn. Bhd. | Malaysia | 51% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | Equity interest 2019 | Principal activity |
|---|---|---|---|---|
| ***Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):*** | | | | |
| Be Caring Sdn. Bhd. | Malaysia | 76% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| MN Pharmacy Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Stay Caring Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Health Solution Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy (KLP) Sdn. Bhd. | Malaysia | 80% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring 'N' You Pharmacy Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | Equity interest 2019 | Principal activity |
|---|---|---|---|---|
| ***Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):*** | | | | |
| Ace Caring Pharmacy Sdn. Bhd. | Malaysia | 76% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy (Ampang) Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Vertex Pharmacy Sdn. Bhd. | Malaysia | 76% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Preciouslife Pharmacy Sdn. Bhd. | Malaysia | 70% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| WM Caring Pharmacy Sdn. Bhd. | Malaysia | 80% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Tonic Pharma Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | Equity interest 2019 | Principal activity |
|---|---|---|---|---|
| ***Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):*** | | | | |
| Caring Pharmacy (MPLS) Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy (SW) Sdn. Bhd. | Malaysia | 51% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy (ABM) Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| My Caring Pharmacy Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Victorie Caring Sdn. Bhd. | Malaysia | 70% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| One Caring Pharmacy Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | Equity interest 2019 | Principal activity |
|---|---|---|---|---|
| ***Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):*** | | | | |
| Caring Pharmacy Always Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Green Surge Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy (JB Molek) Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy (Shah Alam) Sdn. Bhd. | Malaysia | 85% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy (SK) Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy (IDR) Sdn. Bhd. | Malaysia | 68% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | Equity interest 2019 | Principal activity |
|---|---|---|---|---|
| ***Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):*** | | | | |
| Living Glory Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy Paradise Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Trio Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Mega Caring Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Abundance Sdn. Bhd. (f.k.a. Cosy Vision | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Fuji Acre Sdn. Bhd. | Malaysia | 87% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | 2019 | Principal activity |
|---|---|---|---|---|
| ***Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):*** | | | | |
| Caring Pharmacy Rising Sdn. Bhd. | Malaysia | 100% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Trinity Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Clover Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Healthmark Sdn. Bhd. | Malaysia | 75% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Evergreen Sdn. Bhd. | Malaysia | 70% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Pharmacy Ascend Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |

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

Details of the subsidiary companies are as follows (cont'd.):

| Name of company | Country of incorporation | Equity interest 2020 | Equity interest 2019 | Principal activity |
|---|---|---|---|---|
| ***Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):*** | | | | |
| Caring Empire Sdn. Bhd. | Malaysia | 60% | - | Dormant |
| Caring T&T Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Link Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |
| Caring Alliance Sdn. Bhd. | Malaysia | 60% | - | Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products. |

^ Audited by a firm other than Ernst & Young PLT, Malaysia

## 14. Other investment

| | Group 2020 RM'000 | Group 2019 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 (Note (a))** | | |
| At 1 January | 27,999 | - |
| Additions | 393,514 | 27,177 |
| Disposal | (296) | - |
| Purchase consideration transferred (Note 13) | (417,406) | - |
| Fair value changes of FVTPL for investments in quoted shares | 1,362 | 822 |
| At 31 December | 5,173 | 27,999 |
| **Current** | | |
| Short term funds (Note (b)) | 46,149 | - |
| | 51,323 | 28,000 |
| **Analysed as:** | | |
| Total current | 46,149 | - |
| Total non-current | 5,174 | 28,000 |

(a) Included in other investments are investments in Berjaya Food Berhad and Berjaya Corporation Berhad, at fair value of RM4,640,000 and RM533,000, respectively as at 31 December 2020.

(b) The funds invest mainly into money market instruments held for investment purposes, which does not form part of cash and cash equivalents.

There is no maturity period for the money market funds as these money are callable on demand.

Information on the fair value hierarchy is disclosed in Note 34(C) to the financial statements.

## 15. Investment in an associate

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| **At cost** | | |
| **Unquoted shares in Malaysia** | | |
| At 1 January | - | - |
| Additions | 7,512 | - |
| Share of results | (966) | - |
| Impairment losses | (6,546) | - |
| At 31 December | - | - |

On 27 December 2019, 7-Eleven Malaysia Sdn Bhd ("SEMSB"), a subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM") 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. The Subscription has been completed on 3 January 2020.

The cost of investment was fully impaired in the current financial year and for further details refer Note 33(b)(iii).

## 16. Trade and other receivables

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| Trade receivables | 612 | - |
| **Allowance of impairment loss:** | | |
| At 1 January | - | - |
| Acquisition of subsidiary companies | 8 | - |
| Written off | (8) | - |
| At 31 December | - | - |
| | - | - |
| | 612 | - |

The Group's sales are normally conducted on cash basis. The trade receivables represent amount owing from transactions conducted with business associates and credit terms are assessed and approved on case-by-case basis.

## 16. Trade and other receivables (cont'd.)

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 | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Individually impaired** | | |
| Trade receivables - nominal amounts | 612 | - |
| Less: Allowance for impairment | - | - |
| | 612 | - |
| Movement in allowance accounts: | | |
| At 1 January | | |
| Acquisition of subsidiary companies | 8 | - |
| Written off | (8) | - |
| At 31 December | - | - |

Trade 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.

## 16. Trade and other receivables (cont'd.)

**Other receivables**

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **Non-current** | | | | |
| Deposits | 13,782 | 14,533 | - | - |
| **Current** | | | | |
| Other receivables | 52,928 | 46,862 | 1 | 1 |
| Deposits | 25,212 | 9,794 | 5 | 5 |
| Prepayments | 13,579 | 15,207 | 22 | 36 |
| Amount due from a subsidiary company | - | - | 383,468 | - |
| Due from other related parties | 4,546 | 4,481 | - | - |
| Less: Allowance for impairment on other receivables | (694) | (444) | - | - |
| Total current other receivables | 95,571 | 75,900 | 383,496 | 42 |
| Total non-current and current trade and other receivables | 109,965 | 90,433 | 383,496 | 42 |
| Less: Prepayments | (13,579) | (15,207) | (22) | (36) |
| | 96,386 | 75,226 | 383,474 | 6 |
| Add: Cash and bank balances (Note 18) | 134,980 | 96,207 | 15,045 | 1,181 |
| **Financial assets at amortised cost** | **231,366** | **171,433** | **398,519** | **1,187** |
| **Analysed as:** | | | | |
| Total current | 96,183 | 75,900 | 383,496 | 42 |
| Total non-current | 13,782 | 14,533 | - | - |

Included in other receivables is an amount of RM44,260,000 (2019: RM39,280,000), 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.

## 16. Trade and other receivables (cont'd.)

### Other receivables (cont'd.)

### (a) Receivables (cont'd.)

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 | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Individually impaired** | | |
| Other receivables - nominal amounts | 694 | 444 |
| Less: Allowance for impairment | (694) | (444) |
| | - | - |
| Movement in allowance accounts: | | |
| At 1 January | 444 | 2,644 |
| Charge for the financial year | 250 | 2,550 |
| Reversal of impairment losses | - | (4,750) |
| At 31 December | 694 | 444 |

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.

### (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 | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| Refundable deposits (Non-trade in nature) | 1,692 | 1,557 |
| Deposit for acquisition of property (Non-trade in nature) | 2,853 | 2,853 |
| Receiving variance | - | 54 |
| BCard Point Redemption | - | 17 |
| Render of accounting service | 1 | - |

## 16. Trade and other receivables (cont'd.)

**Other receivables (cont'd.)**

**(c) Deposits**

Included in deposits is an amount of RM4,886,350 in respect of deposits paid to execute share sales and business assets agreements relating to the partial sum of consideration to acquire the equity interests in retail pharmacies as disclosed in Note 40.

**(d) Amount due from a subsidiary company**

Amount due from a subsidiary company is unsecured, interest bearing at 5.1% and is repayable upon demand.

## 17. Inventories

| | Group | |
|---|---|---|
| | **2020** | **2019** |
| | **RM'000** | **RM'000** |
| At cost: | | |
| General merchandise held for resale | 286,659 | 228,725 |
| Consumables | 2,288 | 2,605 |
| | 288,947 | 231,330 |
| Cost of inventories recognised as an expense during the financial year | 1,817,141 | 1,620,671 |

## 18. Cash and bank balances

| | Group | | Company | |
|---|---|---|---|---|
| | **2020** | **2019** | **2020** | **2019** |
| | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Cash on hand and at banks | 134,649 | 95,309 | 15,045 | 283 |
| Fixed deposits with licensed banks | 331 | 898 | - | 898 |
| | 134,980 | 96,207 | 15,045 | 1,181 |
| Less: Pledged deposits | (207) | - | - | - |
| Cash and cash equivalents | 134,773 | 96,207 | 15,045 | 1,181 |

Included in cash on hand and at banks of the Group are overnight placements with licensed banks amounted to RM3,896,461 (2019: RM48,597,157), with interest ranging from 0.25% to 1.75% (2019: 1.50% to 3.00%) per annum.

As at the reporting date, the interest rate of fixed term deposits of the Group and the Company was 1.70% (2019: 2.70%) per annum.

## 18. Cash and bank balances (cont'd.)

Included in the fixed deposits with licensed banks of the Group at the end of reporting year is an amount of RM207,000, which has been pledged to a licensed bank for bank guarantee granted to a subsidiary.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 Days | 2019 Days | 2020 Days | 2019 Days |
| Deposits with licensed banks | 30 | 2 | - | 2 |

## 19. Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | 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.

## 20. Treasury shares

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | Number of ordinary shares '000 | Amount RM'000 | Number of ordinary shares '000 | Amount RM'000 |
| At 1 January | 83,195 | 128,928 | 104,494 | 161,941 |
| Shares bought back | 20,940 | 28,315 | - | - |
| Distribution as dividend during the year | - | - | (21,299) | (33,013) |
| At 31 December | 104,135 | 157,243 | 83,195 | 128,928 |

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.

During the current financial year, the Company bought back 20,940,000 shares from the open market for RM28,315,000 or at an average price of RM1.35 per share. The shares bought back are held as treasury shares and none of the shares were cancelled during the financial year.

The details of the shares bought back during the financial year are as follows:

| | Price per share (RM) | | | Number of | Total |
|---|---|---|---|---|---|
| Month | Lowest | Highest | Average | shares '000 | consideration RM'000 |
| July 2020 | 1.30 | 1.40 | 1.36 | 7,305 | 9,948 |
| Oct 2020 | 1.32 | 1.38 | 1.35 | 7,516 | 10,158 |
| Nov 2020 | 1.32 | 1.36 | 1.35 | 5,369 | 7,225 |
| Dec 2020 | 1.29 | 1.33 | 1.31 | 750 | 984 |
| | | | | 20,940 | 28,315 |

## 21. Capital reorganisation deficit

| | Group | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| **Capital reorganisation deficit** | | |
| At 1 January/31 December | (1,343,248) | (1,343,248) |

## 21. Capital reorganisation deficit (cont'd.)

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.

## 22. Assets revaluation reserve

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

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Revaluation of land and buildings classified as property, plant & equipment (Note 9)** | | |
| As 1 January | 48,519 | 47,509 |
| Increase in fair value | 337 | 1,010 |
| At 31 December | 48,856 | 48,519 |
| **Deferred taxation** | | |
| As 1 January | (6,550) | (6,357) |
| Provision during the year (Note 27) | (92) | (193) |
| At 31 December | (6,642) | (6,550) |
| **Total asset revaluation reserve, net of tax** | 42,214 | 41,969 |

## 23. Retained profits

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

## 24. Provisions

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| At 1 January | 10,333 | 7,842 |
| Acquisition of subsidiary companies | 1,040 | - |
| Provisions during the year (Note 10(a)) | 600 | 2,733 |
| Utilised during the year | (365) | (151) |
| Reversal of provision for restoration costs | (100) | - |
| Unwinding of discount on provisions | - | (91) |
| At 31 December | 11,508 | 10,333 |

## 24. Provisions (cont'd.)

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| **At 31 December** | | |
| Current | 1,936 | 529 |
| Non-current: | | |
| Later than 1 year but not later than 2 years | 542 | 633 |
| Later than 2 years but not later than 5 years | 2,917 | 2,126 |
| Later than 5 years | 6,113 | 7,045 |
| | 9,572 | 9,804 |
| | 11,508 | 10,333 |

Provisions mainly 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.

## 25. Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| **Current** | | | | |
| **Secured:** | | | | |
| Term loan | 39,225 | - | 37,700 | - |
| **Unsecured:** | | | | |
| Bankers' acceptances | 82,940 | 45,000 | - | - |
| Term loan | 19,200 | 19,200 | - | - |
| Revolving credit | 60,000 | 60,000 | - | - |
| | 162,140 | 124,200 | - | - |
| Total current borrowings | 201,365 | 124,200 | 37,700 | - |

## 25. Borrowings (cont'd.)

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Non-current** | | | | |
| **Secured:** | | | | |
| Term loan | 325,710 | - | 320,450 | - |
| **Unsecured:** | | | | |
| Term loan | 6,000 | 25,200 | - | - |
| Total non-current borrowings | 331,710 | 25,200 | 320,450 | - |
| **Total borrowings** | | | | |
| Bankers' acceptances | 82,940 | 45,000 | - | - |
| Term loan | 390,135 | 44,400 | 358,150 | - |
| Revolving credit | 60,000 | 60,000 | - | - |
| **Total current and non-current borrowings** | 533,075 | 149,400 | 358,150 | - |

The remaining maturities of the borrowings as at 31 December 2020 and 31 December 2019, other than hire purchase and finance lease liabilities as disclosed in Note 26, are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **At 31 December** | | | | |
| Current: | | | | |
| Not later than 1 year | 201,365 | 124,200 | 37,700 | - |
| Non-current: | | | | |
| Later than 1 year but not later than 2 years | 64,121 | 19,200 | 56,550 | - |
| Later than 2 years but not later than 5 years | 267,062 | 6,000 | 263,900 | - |
| Later than 5 years | 527 | - | - | - |
| | 331,710 | 25,200 | 320,450 | - |
| | 533,075 | 149,400 | 358,150 | - |

## 25. Borrowings (cont'd.)

Changes in liabilities arising from financing activities:

| Group | At 1 January 2020 RM'000 | Acquisition of subsidiary companies RM'000 | Drawdown RM'000 | Repayment RM'000 | At 31 December 2020 RM'000 |
|---|---|---|---|---|---|
| Bankers' acceptances | 45,000 | - | 320,340 | (282,400) | 82,940 |
| Term loan | 44,400 | 7,858 | 377,000 | (39,123) | 390,135 |
| Revolving credit | 60,000 | - | - | - | 60,000 |
| | 149,400 | 7,858 | 697,340 | (321,523) | 533,075 |

| 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 |

| Company | At 1 January 2020 RM'000 | Drawdown RM'000 | Repayment RM'000 | At 31 December 2020 RM'000 |
|---|---|---|---|---|
| Term loan | - | 377,000 | (18,850) | 358,150 |

## 25. 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:

(i) Legal charge over the Group's properties as disclosed in Notes 9 and 10 to the financial statements.

(ii) Legal charge over all the ordinary shares of Caring already acquired and held by the Group

(iii) Other information on financial risks of borrowings are disclosed in Note 35(b).

## 26. Hire purchase

| | Group | |
|---|---|---|
| | 2020<br>RM'000 | 2019<br>RM'000 |
| **At 1 January 2019** | - | 298 |
| Effect of adoption of MFRS 16 | - | (298) |
| **At 1 January 2019 (restated)** | - | - |
| **Future minimum lease payments:** | | |
| Not later than 1 year | - | - |
| Later than 1 year and not later than 2 years | - | - |
| Later than 2 years and not later than 5 years | - | - |
| Later than 5 years | - | - |
| | - | - |
| Less: Future finance charges | - | - |
| | - | - |
| **Analysis of present value of finance lease payables:** | | |
| Current | - | - |
| Non-current: | | |
| Later than 1 year and not later than 2 years | - | - |
| | - | - |

## 27. Deferred tax liabilities/(assets)

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| As at 1 January 2019 | 9,872 | 13,225 |
| Acquisition of subsidiary companies | 55,883 | - |
| Recognised in profit or loss (Note 8(a)) | (11,369) | (3,546) |
| Recognised in other comprehensive income (Note 8(b)) | 92 | 193 |
| As at 31 December | 54,478 | 9,872 |

Presented after appropriate offsetting as follows:

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| Deferred tax asset | (6,777) | - |
| Deferred tax liabilities | 61,255 | 9,872 |
| | 54,478 | 9,872 |

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

**Deferred tax asset**

| | At 1 January 2020 RM'000 | Acquisition of subsidiary RM'000 | Recognised in profit or loss RM'000 | At 31 December 2020 RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Right-of-use assets | (8,365) | (745) | (1,996) | (11,106) |
| Property, plant and equipment | - | (138) | (56) | (194) |
| Provisions | (3,936) | (874) | (8,646) | (13,456) |
| Unabsorbed tax losses | - | (337) | 80 | (257) |
| | (12,301) | (2,094) | (10,618) | (25,013) |
| Less: Set off deferred tax liabilities | | | | 18,236 |
| **As at 31 December 2020** | | | | (6,777) |

## 27. Deferred tax liabilities/(assets) (cont'd.)

**Deferred tax asset (cont'd.)**

| | At 1 January 2019 RM'000 | Effect of adoption of MFRS 16 RM'000 | Recognised in profit or loss RM'000 | At 31 December 2019 RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Right-of-use assets | - | (5,625) | (2,740) | (8,365) |
| Provisions | (4,041) | - | 105 | (3,936) |
| | (4,041) | (5,625) | (2,635) | (12,301) |
| Less: Set off deferred tax liabilities | | | | 12,301 |
| **As at 31 December 2019** | | | | - |

**Deferred tax liabilities**

| | At 1 January 2020 RM'000 | Acquisition of subsidiary companies RM'000 | Recognised in profit or loss RM'000 | Recognised in other comprehensive income RM'000 | At 31 December 2020 RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Property, plant and equipment | 15,577 | 215 | 620 | - | 16,412 |
| Right-of-use assets | - | (24) | (19) | - | (43) |
| Revaluation of land and buildings to fair value | 6,550 | - | - | 33 | 6,583 |
| Fair value of investment property | 46 | - | - | 59 | 105 |
| Other temporary differences | - | 57,786 | (1,352) | - | 56,434 |
| | 22,173 | 57,977 | (751) | 92 | 79,491 |
| Less: Set off deferred tax assets | | | | | (18,236) |
| **As at 31 December 2020** | | | | | 61,255 |

## 27. Deferred tax liabilities/(assets) (cont'd.)

**Deferred tax liabilities (cont'd.)**

| | At January 2019 RM'000 | Recognised in profit or loss RM'000 | Recognised in other comprehen-sive income RM'000 | At 31 December 2019 RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Property, plant and equipment | 16,488 | (911) | - | 15,577 |
| Revaluation of land and buildings to fair value | 6,357 | - | 193 | 6,550 |
| Fair value of investment property | 46 | | | 46 |
| | 22,891 | (911) | 193 | 22,173 |
| Less: Set off deferred tax assets | | | | (12,301) |
| **As at 31 December 2019** | | | | 9,872 |

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

| | Group 2020 RM'000 |
|---|---|
| Unabsorbed tax losses | 4,593 |
| Unutilised capital allowances | 408 |
| Provisions | 85 |
| Other temporary differences | 404 |
| | 5,490 |

In accordance with the provision in Finance Act 2018, the unutilised tax losses are available for utilisation in the next seven (7) years and expiring in year of assessment 2027, for which, any excess at the end of the seventh year, will be disregarded. Deferred tax assets of certain subsidiaries have not been recognised in respect of the above items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

## 28. Trade payables

| | Group 2020 RM'000 | Group 2019 RM'000 | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|---|
| **Current** | | | | |
| **Third parties (a)** | | | | |
| Merchandise suppliers | 352,931 | 316,827 | - | - |
| Phone reload coupon and in-store services suppliers | 49,325 | 58,328 | - | - |
| **Related parties (b)** | | | | |
| Merchandise suppliers | 2,635 | 1,531 | - | - |
| Phone reload coupon and in-store services suppliers | 36,607 | 26,573 | - | - |
| Total trade payables | 441,498 | 403,259 | - | - |
| | | | | |
| Total trade payables | 441,498 | 403,259 | - | - |
| Add: | | | | |
| Lease liabilities (Note 10(b)) | 659,849 | 607,112 | - | - |
| Other payables (Note 29) | 143,481 | 129,449 | 84,214 | 44,719 |
| Borrowings (Note 25) | 533,075 | 149,400 | 358,150 | - |
| Total financial liabilities, carried at amortised cost | 1,777,903 | 1,289,220 | 442,364 | 44,719 |

**(a) Third parties**

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

| | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|
| Merchandise suppliers | 30 - 120 | 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 120 (2019: 7 to 60) days. However, suppliers will generally extend their credit terms to 90 (2019: 90) days upon request by the Group.

**(b) Related parties**

As at 31 December 2020, 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 (2019: 7 to 60) days.

## 29. Other payables and contract liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| **Other payables:** | | | | |
| **Current** | | | | |
| Sundry payables | 59,725 | 57,243 | - | - |
| Accruals | 54,681 | 51,003 | 157 | 138 |
| Refundable deposits | 24,803 | 21,203 | - | - |
| Due to non-controlling shareholders | 2,473 | - | - | - |
| Due to related parties | 1,799 | - | - | - |
| Due to a subsidiary company | - | - | 84,057 | 44,581 |
| **Total other payables** | 143,481 | 129,449 | 84,214 | 44,719 |
| **Contract liabilities:** | | | | |
| **Current and non-current** | | | | |
| Initial franchise fees | 11,946 | 5,710 | - | - |
| Loyalty points programme | 2,598 | 1,349 | - | - |
| **Total contract liabilities** | 14,544 | 7,059 | - | - |

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current | 3,981 | 2,510 | - | - |
| Non-current | 10,563 | 4,549 | - | - |
| | 14,544 | 7,059 | - | - |

## 29. Other payables and contract liabilities (cont'd.)

### (a) Payables

Payables, other than amounts due to a subsidiary company, are unsecured, non-interest bearing and are normally settled on 30 to 60 (2019: 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:

| | | Group | |
|---|---|---|---|
| | **Type of transaction** | **2020 RM'000** | **2019 RM'000** |
| Securexpress Services Sdn. Bhd. | Transportation costs | 1,331 | 542 |

### (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 2020, the amount due to a subsidiary company, refers to amount due to 7-Eleven Malaysia Sdn. Bhd. This amount is unsecured, bore interest at 5.1% (2019: 5.8%) per annum and is repayable on demand.

### (d) Due to non-controlling shareholders

As at 31 December 2020, the amount due to a non-controlling shareholders of a subsidiary. This amount is unsecured, bore floating interest rate ranging from 1.86% to 3.22% per annum and is repayable on demand. The amounts are to be settled in cash.

### (e) Contract liabilities

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

## 30. Dividends

| | Group and Company | | | |
|---|---|---|---|---|
| | 2020 | | 2019 | |
| | 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 2019** | | | | |
| Interim single-tier cash dividend of 2.3% on 1,150,189,924# ordinary shares, declared on 22 April 2020 and paid on 28 May 2020 | 26,454 | 2.3 | - | - |
| **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 paid on 23 May 2019 | - | - | 33,013 | 2.9 |
| | 26,454 | 2.3 | 60,106 | 5.3 |

# Dividends were distributed to the holders of ordinary shares of the Company in issue as at 13 May 2020 (being the entitlement date), net of 83,195,000 treasury shares.

^ 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.

## 30. Dividends (cont'd.)

On 15 April 2021, the Board of Directors has declared a single-tier dividend of 1.6sen per ordinary share on 1,126,320,000^ ordinary shares with voting rights.

^ Number of shares is net of 107,065,000 treasury shares.

The entitlement date has been fixed on 6 May 2021 and payable on 21 May 2021.

These dividends will be accounted for in the equity as an approporiation of retained profits in the financial year ending 31 December 2021.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2020.

## 31. Significant related party transactions

### (a) Significant related party transactions

| | Type of transaction | Company 2020 RM'000 | Company 2019 RM'000 |
|---|---|---|---|
| **With a subsidiary company** | | | |
| ***Held by the Company:*** | | | |
| 7-Eleven Malaysia Sdn. Bhd. ("7EMSB") | Dividend income from 7EMSB | 74,000 | 10,000 |
| | Net advances from/(to) 7EMSB | 35,682 | (33,914) |
| | Interest expense payable to 7EMSB | 3,793 | 3,642 |
| Convenience Shopping (Sabah) Sdn. Bhd. ("CSSSB") | Advances to CSSSB | 377,000 | - |
| | Interest income on advances to CSSSB | (6,468) | - |

## 31. Significant related party transactions (cont'd.)

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

| | Type of transaction | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|---|
| **With companies in which TSVT is deemed interested*** | | | |
| U Mobile Sdn. Bhd. ("U Mobile") | Receipts from U Mobile for commission on sale of mobile phone reloads | 13,360 | 12,793 |
| | Payments to U Mobile for transaction values reload for sale of mobile phone reloads | 211,369 | 235,742 |
| | Receipts from U Mobile for advertisement placement fees | 8,928 | 10,194 |
| Sun Media Corporation Sdn. Bhd. | Advertising fees on placement of advertisement in The Sun newspaper | 1,258 | 824 |
| | Display fees from placement of The Sun newspaper in 7-Eleven's stores | 720 | 720 |
| Securexpress Services Sdn. Bhd. ("Securexpress") | Payment to Securexpress for transportation fees on delivery of merchandise goods to stores | 7,783 | 10,166 |
| Berjaya Sompo Insurance Berhad ("Berjaya Sompo") | Payment to Berjaya Sompo for insurance premium | - | 1,275 |
| Berjaya Food Trading Sdn Bhd ("B Food") | Payment to B Food for purchase of beverages | 2,993 | 3,526 |

## 31. Significant related party transactions (cont'd.)

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

| | Type of transaction | Group 2020 RM'000 | Group 2019 RM'000 |
|---|---|---|---|
| **With companies in which TSVT is deemed interested* (cont'd.)** | | | |
| Nural Enterprise Sdn. Bhd. ("NESB") | Payment to NESB for rental of property | 1,358 | 1,297 |
| Berjaya Times Square Sdn. Bhd. ("BTSB") | Payment to BTSB for rental of property | 1,216 | 749 |
| Razer Pay Holdings Pte. Ltd. and its subsidiary companies ("Razer") | Receipt of commission by 7-Eleven for in-store services such as reloads of mobile phone, TNG and online games, gift cards and bill payments | 33,328 | - |
| | Transaction values paid by 7-Eleven for in-store services such as reloads of mobile phones, TNG and online games, gift cards and bill payments | 2,739,994 | - |
| | Transaction value receivable by 7-Eleven for e-wallet transactions | 144,991 | - |

* TSVT is a substantial shareholder of the Company.

## 31. Significant related party transactions (cont'd.)

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

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

Information regarding outstanding balances arising from related party transactions as at 31 December 2020 and 2019 are disclosed in Notes 16, 28 and 29.

### (b) Compensation of key management personnel

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Short-term employee benefits | 16,188 | 8,345 | 514 | 499 |
| Post-employment benefits: | | | | |
| Defined contribution plan | 1,279 | 853 | - | - |
| | 17,467 | 9,198 | 514 | 499 |
| Included in the total key management personnel are: | | | | |
| Directors' benefits (Note 6(b)) | 8,169 | 4,595 | 514 | 499 |

## 32. Commitments

### (a) Capital commitments

| | Group | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| Property, plant and equipment | | |
| - approved and contracted for | 9,492 | 13,913 |
| - approved but not contracted for | 116,252 | 115,697 |
| | 125,744 | 129,610 |

## 32. 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 | |
|---|---|---|
| | 2020<br>RM'000 | 2019<br>RM'000 |
| Not later than 1 year | 295 | 160 |
| Later than 1 year but not later than 5 years | 120 | 49 |
| | 415 | 209 |

## 33. Contingent liabilities

### (a) Bank guarantee

The Group has bank guarantees of RM9,114,563 as at 31 December 2020 (2019: RM8,879,111) as security deposits in favour of various government bodies, private companies and landlord of the tenancies.

The bank guarantee facilities are granted to 7-Eleven Malaysia Sdn. Bhd. and Caring Phamacy Retail Management 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 1 April 2021 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.

## 33. 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. On 31 December 2020, the Court set aside the JID. 7EMSB filed its Defence in Court on 12 January 2021 and Purnama filed its Reply to 7EMSB's Defence on 24 February 2021. The next case management is set on 19 April 2021 for parties to comply with the pre-trial directions. 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.

(iii) Dego Malaysia Sdn Bhd (“Dego”)

On 9 November 2020, 7EMSB, a wholly-owned subsidiary of the Company and another company, Qinetics Solutions Sdn Bhd (“Qinetics”) had filed a Writ of Summons together with Statement of Claim against one Nabil Bin Feisal Bamadhaj (“Nabil”) and Dego Malaysia Sdn Bhd (previously known as Myinteractivelab Sdn Bhd) (“Dego”) for respective claims arising from a Subscription Agreement dated 27 December 2019 made between 7EMSB, Encik Nabil and Dego (“SA”) and a Share Sales Agreement ("SSA") dated 11 September 2019 made between Qinetics and Nabil (“the HC Suit”).

## 33. Contingent liabilities (cont'd.)

### (b) Material litigation (cont'd.)

(iii) Dego Malaysia Sdn Bhd ("Dego")

The cause of action pleaded in the HC Suit is fraudulent misrepresentation and 7EMSB and Qinetics are claiming for rescission of the SA and SSA respectively. The court has accepted and recorded the consent judgment between the Parties on the Mareva Injunction whereby Nabil and Dego have agreed for the imposition of the Mareva Injunction until the complete disposal of the suit at the High Court with the availability of the monthly withdrawal from Dego's UOB Bank account up to RM250,000. Leading from the matters highlighted above, the Group has ceased to have significant influence in Dego as at year end and fully impaired the said investment. On 12 April 2021, all parties to the legal action have reached an amicable settlement and recorded a Consent Judgment (a sealed copy of which was extracted on 14 April 2021) at Kuala Lumpur High Court ("Settlement"). The Settlement will envisage, amongst others, both Encik Nabil Bin Feisal Bamadhaj and Dego Malaysia Sdn Bhd to pay a sum of RM2,800,000 ("Settlement Sum") to 7-Eleven and Qinetics Solutions Sdn Bhd as full and final settlement of the claims made against them. The Settlement Sum will be satisfied with an initial payment of RM400,000 and the remaining by way of 24 monthly installments of RM100,000 each. The Settlement is expected to not have any material effect on the earnings, net assets and gearing of the SEM Group for the financial year ending 31 December 2021.

## 34. 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 | | | |
|---|---|---|---|---|
| | 2020 RM'000 | | 2019 RM'000 | |
| | Carrying amount | Fair value | Carrying amount | Fair value |
| **Financial liabilities:** | | | | |
| - Lease liabilities (Note 10 (b)) | 659,849 | 659,873 | 607,112 | 607,154 |

## 34. 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** |
|---|---|
| Trade and other receivables (current) | 16 |
| Trade and other payables (current) | 28, 29 |
| Borrowings (current and non-current) | 25 |

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.

## 34. 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 2020** | | | | |
| **Assets carried at fair value:** | | | | |
| Land and buildings classified as property, plant and equipment (Note 9(d)) | 77,498 | - | - | 77,498 |
| Land and buildings classified as right-of-use assets (Note 10(a)) | 40,880 | - | - | 40,880 |
| Investment property classified as right-of-use assets (Note 10(a)) | 400 | - | - | 400 |
| Other investment (Note 14) | 5,174 | 5,173 | - | 1 |
| Short term funds (Note 18) | 46,149 | 46,149 | - | - |
| **Liabilities for which fair values are disclosed** | | | | |
| - Lease liabilities (Note 34.A) | 659,873 | - | - | 659,873 |

## 34. 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 2019** | | | | |
| **Assets carried at fair value:** | | | | |
| Land and buildings classified as property, plant and equipment (Note 9) | 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 34.A) | 607,154 | - | - | - |

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

## 35. 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.

**35. 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 trade and 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 uses aging analysis to monitor the credit quality of trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure. Receivable balances are monitored on an ongoing basis.

<u>Credit risk concentration profile</u>

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

<u>Amounts due from related companies, subsidiary company and other related parties</u>

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

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

**(a) Credit risk (cont'd.)**

Ageing analysis

| | Gross carrying amount RM'000 | Total allowance RM'000 | Balance as at 31 Dec 2020 RM'000 |
|---|---|---|---|
| Neither past due nor impaired | 561 | - | 561 |
| Past due, not impaired | | | |
| - 1 to 30 days | 18 | - | 18 |
| - 31 to 60 days | 4 | - | 4 |
| - 61 to 90 days | 1 | - | 1 |
| - More than 90 days | 28 | - | 28 |
| | 612 | - | 612 |

**(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.

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

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

Sensitivity analysis for interest rate risk

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 RM4,517,000 (2019: RM2,687,000) 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 RM1,680,000 (2019: RM204,000) lower/higher, arising mainly as a result of higher/lower interest income on deposit with licensed banks and interest expenses on borrowings 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 2020** | | | | | | |
| **Group** | | | | | | |
| **Fixed rate** | | | | | | |
| Hire purchase and finance lease | 10(b) | 3.5 - 6.3 | 75 | 54 | 100 | 229 |
| **Variable rate** | | | | | | |
| Lease liabilities | 10(b) | 3.3 - 5.8 | 99,941 | 91,599 | 468,080 | 659,620 |
| Bankers' acceptances | 25 | 3.0 - 3.3 | 82,940 | - | - | 82,940 |
| Term loans | 25 | 3.9 - 5.4 | 58,425 | 64,121 | 267,589 | 390,135 |
| Revolving credit | 25 | 3.5 - 3.7 | 60,000 | - | - | 60,000 |
| Amount owing to non-controlling shareholders | 29 | 1.9 - 3.2 | 2,473 | - | - | 2,473 |
| **Company** | | | | | | |
| **Variable rate** | | | | | | |
| Term loans | 25 | 4.4 - 5.4 | 37,700 | 56,550 | 263,900 | 358,150 |

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

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

| | 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 | 10(b) | 3.5 - 6.3 | 98 | 80 | 133 | 311 |
| **Variable rate** | | | | | | |
| Lease liabilities | 10(b) | 5.8 | 76,592 | 74,424 | 456,096 | 607,112 |
| Bankers' acceptances | 25 | 4.4 - 4.7 | 45,000 | - | - | 45,000 |
| Term loans | 25 | 5.6 - 5.9 | 19,200 | 19,200 | 6,000 | 44,400 |
| Revolving credit | 25 | 4.8 - 5.0 | 60,000 | - | - | 60,000 |

## 35. 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.

| | 2020 | | |
|---|---|---|---|
| | On demand or within 1 year RM'000 | 1 to 5 years RM'000 | Total RM'000 |
| **Group** | | | |
| **Financial liabilities:** | | | |
| Lease liabilities | 133,939 | 697,216 | 831,155 |
| Trade payables | 441,498 | - | 441,498 |
| Other payables | 143,527 | - | 143,527 |
| Borrowings | 202,454 | 332,084 | 534,538 |
| Total undiscounted financial liabilities | 921,418 | 1,029,300 | 1,950,718 |
| **Company** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables, representing total undiscounted financial liabilities | 88,501 | - | 88,501 |

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

### (c) Liquidity risk (cont'd.)

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

| | 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 |

### (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 | |
|---|---|---|
| | 2020 RM'000 | 2019 RM'000 |
| **Receivables** | | |
| US Dollar | - | 22 |
| **Payables** | | |
| US Dollar | 130 | 5,729 |

## 35. 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.

## 36. 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 2020 and 2019.

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 | 2020 RM'000 | 2019 RM'000 | 2020 RM'000 | 2019 RM'000 |
| Borrowings | 25 | 533,075 | 149,400 | 358,150 | - |
| Balances with a subsidiary | 29 | - | - | 84,057 | 44,581 |
| Less: Cash and bank balances | 18 | (134,980) | (96,207) | (15,045) | (1,181) |
| Net debt | | 398,095 | 53,193 | 427,162 | 43,400 |
| Total capital as defined above | | 318,464 | 231,039 | 1,516,104 | 1,488,110 |
| **Gearing ratio** | | 1.25 | 0.23 | 0.28 | 0.03 |

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

## 37. Segment information

The Group is essentially involved in operation of convenience stores, pharmaceutical, 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.

### (a) Pharmaceutical

The pharmaceutical segment is the operating chain of pharmacies under the "Caring" brand name, which retailing of pharmaceutical, healthcare and personal care products.

### (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 2020** | | | |
| Convenience stores | 2,063,369 | - | 2,063,369 |
| Pharmaceutical | 475,476 | - | 475,476 |
| Others | 183 | 690 | 873 |
| Inter-segment elimination | - | (690) | (690) |
| | 2,539,028 | - | 2,539,028 |
| **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 |

## 37. Segment information (cont'd.)

### Results

| | Group | |
|---|---|---|
| | 2020 | 2019 |
| | RM'000 | RM'000 |
| **Profit from operations:** | | |
| Convenience stores | 100,644 | 119,727 |
| Pharmaceutical | 26,577 | - |
| Others | (11,334) | (325) |
| | 115,887 | 119,402 |
| Interest income | 2,009 | 861 |
| Share of results of an associate | (966) | - |
| Finance costs | (54,274) | (43,610) |
| **Profit before tax** | 62,656 | 76,653 |
| Income tax expense | (27,303) | (22,569) |
| **Net profit for the year** | 35,353 | 54,084 |

### Assets and liabilities

| | Group | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | 2020 | 2019 | 2020 | 2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Convenience stores | 1,367,664 | 1,333,756 | 1,270,012 | 1,314,386 |
| Pharmaceutical | 368,051 | - | 189,797 | - |
| Others | 301,134 | 88,263 | 415,819 | 5,522 |
| | 2,036,849 | 1,422,019 | 1,875,628 | 1,319,908 |

### 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 2020** | | | | |
| Convenience stores | 56,052 | 163,020 | 36,345 | - |
| Pharmaceutical | 12,250 | 20,556 | 1,524 | - |
| | 68,302 | 183,576 | 37,869 | - |
| **For the financial year ended 31 December 2019** | | | | |
| Convenience stores | 93,774 | 158,960 | 21,469 | - |

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

## 38. 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 | |
|---|---|---|
| | **2020** | **2019** |
| Net profit attributable to equity holders of the Company (RM'000) | 29,766 | 54,058 |
| Weighted average number of ordinary shares in issue ('000) | 1,144,404 | 1,140,875 |
| Basic/diluted earnings per ordinary share (sen) | 2.60 | 4.74 |

## 39. Significant events disclosure

(a) On 18 March 2020, Malaysia was in an unprecedented large-scale social restrictions and closure of non-essential businesses under the Movement Control Order ("MCO") throughout Malaysia. The Government subsequently imposed the Conditional Movement Control Order ("CMCO") on 4 May 2020 which ended on 9 June 2020 and further relaxed the restrictions with the implementation of the Recovery Movement Control Order ("RMCO") which took effect from 10 June 2020 until 31 August 2020 and further extended to 31 December 2020, where most businesses were allowed to re-open subject to certain conditions.

However, due to resurgence in COVID-19 cases in October 2020, the Government had re-implemented the CMCO in most states in the country, including Kuala Lumpur until December 2020. The Government had also announced stricter restrictions under the Targeted Movement Control Order ("TEMCO"), the Enhanced Movement Control Order ("EMCO") and the Administrative Enhanced Movement Control Order ("AEMCO") in specific high-risk areas in the country throughout 2020.

Following a further significant increase in the daily-recorded number of COVID-19 cases, the Government had in January 2021 reintroduced the MCO in all states of Malaysia, except Sarawak which was in effect until 18 February 2021. At this juncture, the CMCO and RMCO have been reinstated in all states of Malaysia respectively.

## 39. Significant events disclosure (cont'd.)

(a) (cont'd.)

The MCO, CMCO, RMCO, TEMCO, EMCO and AEMCO have resulted in an extended period of continued business disruption, reduced customer traffic and operation hours across most industries, including the industries in which the Group operates especially given the presence of the 7-Eleven stores nationwide as well as the presence of Caring Pharmacy outlets in strategic states and its expansion to the northern Malaysia region, via the acquisitions for a combined cash consideration of RM48.29 million.

The Group's performance in the financial year ended 31 December 2020 was affected by the COVID-19 pandemic. Revenue from the convenience stores declined by RM298.9 million or 12.7%, primarily driven by lower sales in the second to fourth quarters of 2020 as a result of the MCO and CMCO. Excluding expenses incurred in the corporate exercise, the convenience stores segment recorded a core profit after tax of RM48.0 million.

In the pharmaceutical segment, the Caring Group contributed a revenue and profit after tax of RM475.5 million and RM21.1 million, respectively, for the nine months ended 31 December 2020.

The Group’s consolidated profit after tax for the financial year ended 31 December 2020 after taking into consideration the corporate exercise expenses (which primarily includes professional fees, interest to finance the Acquisition and the Compulsory Acquisition and share of losses in the Group's associate companies) is reported at RM35.4 million, a decline of RM18.7 million or 34.6% year-on-year.

On 16 February 2021, the Government launched its National Covid-19 Immunisation Programme which aims for at least 80.0% of Malaysia's adult population to be vaccinated by February 2022 to reduce infections, hospitalisations and death. The Group expects the trading condition to gradually recover and will continue to explore opportunities for growth in other channels and innovate in its product offerings.

Nevertheless, the Group will continue to focus on its customers' needs, pursuing its core strategy pillars of Operational Excellence, Cost Management and Commercial Innovation, and at the same time refreshing the 7-Eleven and Caring Pharmacy brands in the mind of customers though refreshed stores, innovations in its pricing, promotions, and developing exciting products.

(b) On 24 August 2020, Caring Pharmacy Retail Management Sdn Bhd ("CPRM"), a wholly-owned subsidiary of Caring Pharmacy Group Berhad ("CPGB") had entered into a Sale and Purchase Agreement ("SPA") with Lim Sou Lian for the acquisition of a 3 - storey shophouse in Taman Tun Dr Ismail, Kuala Lumpur ("Property") for a cash consideration of RM4.39 million.

## 40. Subsequent event disclosure

On 29 January 2021, Caring Pharmacy Retail Management Sdn Bhd ("Caring"), an indirect 75%-owned subsidiary of 7-Eleven Malaysia Holdings Berhad ("SEM"), completed the acquisitions of equity interests in pharmacy companies as well as business assets comprising the following:

(i) 67% equity interest in The Pill House Pharmacy Sdn Bhd ("TPH") for a cash consideration of about RM24.94 million;
(ii) 60% equity interest in Wellings Pharmacy Sdn Bhd ("Wellings") for a cash consideration of RM19.90 million;
(iii) business assets in three (3) pharmacy outlets held by Farmasi Sri Nibong Sdn Bhd for a cash consideration of RM3.00 million; and
(iv) business assets in one (1) pharmacy outlet held by Farmasi Sri Nibong (Pekaka) Sdn Bhd for a cash consideration of RM0.45 million.

Accordingly, TPH and Wellings, through Caring, are now 67% and 60%-owned subsidiaries of SEM.

# LIST OF PROPERTIES
## AS AT 31 DECEMBER 2020

| 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,<br>Bukit Jelutong Industrial Park,<br>40150 Shah Alam,<br>Selangor Darul Ehsan. | A Parcel of Industrial Land | Vacant / Not Applicable | - | 174,182<br>(4 acres) | Freehold | 12 May 2009 | 34,800,000 |
| 2 | No.49, Jalan Sultan Ismail,<br>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 | 63 | Land Area :<br>1,302<br><br>Build-up :<br>3,750 | Freehold | 28 May 2004 | 5,200,000 |
| 3 | No. 2, Jalan Hang Lekiu,<br>50100 Kuala Lumpur. | Corner Unit Four (4) Storey Shop Office | Ground floor as 7-Eleven Convenience Store and other floors for rental purpose | 22 | Land Area :<br>1,033<br><br>Build-up :<br>4,142 | Freehold | 3 Oct 2005 | 5,000,000 |
| 4 | No. 1, Block 6, Jalil Link,<br>Jalan Jalil Jaya 7, Bukit Jalil,<br>57000 Kuala Lumpur. | Corner Unit Four (4) Storey Shop Office | Ground floor as 7-Eleven Convenience Store and other floors for rental purpose | 11 | Land Area :<br>1,787<br><br>Build-up :<br>7,140 | Freehold | 25 Sep 2007 | 5,600,000 |
| 5 | No. 58, Jalan PJS 11/28A,<br>Sunway Metro, Bandar Sunway,<br>461500 Petaling Jaya,<br>Selangor Darul Ehsan. | Intermediate Unit Four (4) Storey Shop Office | Ground floor as 7-Eleven Convenience Store and other floors for rental purpose | 24 | Land Area :<br>1,647<br><br>Build-up :<br>6,600 | Leasehold (99-Year)<br><br>Expiring Date :<br>28 Dec 2092<br>(H.S.(D) 85458)<br><br>11 Mar 2095<br>(H.S.(M) 9321) | 11 May 2006 | 4,100,000 |
| 6 | No. 211, Jalan Perkasa 1,<br>Taman Maluri,<br>55100 Kuala Lumpur. | Corner Unit Four (4) Storey Shop Office | Ground floor as 7-Eleven Convenience Store and other floors for rental purpose | 37 | Land Area :<br>2,208<br><br>Build-up :<br>8,654 | Leasehold (99-Year) | 6 Oct 2004 | 5,600,000 |
| 7 | No. 213, Jalan Perkasa 1,<br>Taman Maluri,<br>55100 Kuala Lumpur. | Intermediate Unit Four (4) Storey Shop Office | Ground floor as 7-Eleven Convenience Store and other floors for rental purpose | 37 | Land Area :<br>1,760<br><br>Build-up :<br>6,864 | Expiring Date :<br>24 May 2076 | 6 Oct 2004 | |
| 8 | No. 10, Jalan Tiara 2,<br>Bandar Baru Klang,<br>41150 Klang,<br>Selangor Darul Ehsan. | Intermediate Unit Four (4) Storey Shop Office | Ground floor as 7-Eleven Convenience Store and other floors for rental purpose | 28 | Land Area :<br>1,647<br><br>Build-up :<br>6,402 | Leasehold (99-Year)<br><br>Expiring Date :<br>8 May 2093 | 24 Aug 2004 | 1,500,000 |
| 9 | Lot No.G-17 & G18,<br>Ground Floor,<br>Wisma Cosway,<br>Jalan Raja Chulan,<br>50200 Kuala Lumpur. | Two (2) adjoining Ground Floor strata Shop Lot | As 7-Eleven Convenience Store | 37 | Land Area :<br>-<br><br>Build-up :<br>602.78 | Freehold | 30 Sep 2009 | 1,500,000 |
| 10 | No. 46, Jalan Permas 10,<br>Bandar Baru Permas Jaya,<br>81750 Masai,<br>Johor Darul Takzim. | Corner Unit Four (4) Storey Shop Office | Ground floor as 7-Eleven Convenience Store and other floors for rental purpose | 25 | Land Area :<br>2,583<br><br>Build-up :<br>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 | 13 | Land Area : 1,604<br>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 | 10 | Land Area : 1,701<br>Build-up : 4,620 | Leasehold (99-Year)<br>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 | 17 | Land Area : 1,604<br>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 | 44 | Land Area : 1,760<br>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 | 30 | Land Area : 1,324<br>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 | 13 | Land Area : -<br>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 | 12 | Land Area : 1,680<br>Build-up : 5,040 | Freehold | 25 Mar 2008 | 1,800,000 |
| 18 | No. 1, Jalan Kesidang 3/11, Melaka Mall, Off Jalan Tun Perak, 75300 Melaka. | End Unit Four (4) Storey Shop Office | Ground floor as 7-Eleven Convenience Store and other floors for rental purpose | 28 | Land Area : 2,271<br>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 | 71 | Land Area : 1,740<br>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 | 18 | Land Area : -<br>Build-up : 1,378 | Freehold | 14 April 2009 | 690,000 |
| 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 | 13 | Land Area : 1,647<br>Build-up : 3,124 | Leasehold (991-Year)<br>Expiring Date : 4 Sep 2911 | 14 May 2009 | 720,000 |

# LIST OF PROPERTIES
## AS AT 31 DECEMBER 2020

| 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) |
|---|---|---|---|---|---|---|---|---|
| 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 | 15 | Land Area : 1,647<br><br>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 | 21 | Land Area : 1,991<br><br>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 | 37 | Land Area : 1,755<br><br>Build-up : 3,515 | Freehold | 29 Sep 2008 | 380,000 |
| 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 | 18 | Land Area : 1,399<br><br>Build-up : 2,800 | Leasehold (99-Year)<br><br>Expiring Date : 4 Dec 2088 | 21 Jun 1997 | 400,000 |
| 26 | No. 18, Jalan Sembilang, Taman Tenaga, Off Jalan Cheras, 56000 Kuala Lumpur | Intermediate Unit Four (4) Storey Shop Office | Ground floor as 'CARiNG' outlet and other floors for rental purpose | 36 | Land Area : 1,615<br><br>Build-up : 6,967 | Leasehold (99-Year)<br><br>Expiring Date: 18 Apr 2076 | 2 Mar 2012 | 1,290,000 |
| 27 | No. 22-1, 22-2, 22-3, Jalan Radin Anum 1, Taman Sri Petaling, 57000 Kuala Lumpur | Corner Unit Three (3) Storey Shop Office | Ground floor as 'CARiNG' outlet and other floors for rental purpose | 36 | Land Area : 2,476<br><br>Build-up : 7,225 | Leasehold (99-Year)<br><br>Expiring Date: 5 Apr 2078 | 26 Aug 2008 | 3,320,000 |
| 28 | No. 19, Jalan TK, 1/11B, No. 19A, 19B & 19C, Jalan TK 1/11A, Taman Kinrara, Seksyen 1, Batu 7, ½, Jalan Puchong, 58200 Kuala Lumpur | Intermediate Unit Four (4) Storey Shop Office | Ground floor as 'CARiNG' outlet and other floors for rental purpose | 22 | Land Area : 1,650<br><br>Build-up : 5,916 | Leasehold (99-Year)<br><br>Expiring Date: 27 Aug 2088 | 26 Nov 2007 | 1,540,000 |
| 29 | Kawasan Perindustrian Tiong Nam, Seksyen 51, 46050 Petaling Jaya Selangor Darul Ehsan | Four (4) Storey Detached Factory | Headquarter and warehouse | 5 | Land Area : 33,778<br><br>Build-up : 68,000 | Leasehold (99-Year)<br><br>Expiring Date: 13 Aug 2114 | 28 Dec 2011 | 19,540,000 |
| 30 | No. 22, Jalan Manis 4, Taman Segar, 56100 Kuala Lumpur | Intermediate Unit Three (3) Storey Shop Office | Ground floor as 'CARiNG' outlet and other floors for rental purpose | 36 | Land Area : 1,679<br><br>Build-up : 4,002 | Leasehold (99-Year)<br><br>Expiring Date: 10 Dec 2077 | 18 Feb 2013 | 2,750,000 |
| 31 | 15, Jalan USJ 2/2C, 47600 Subang Jaya, Selangor Darul Ehsan | Intermediate Unit One and A Half (1.5) Storey Shop Office | As 'CARiNG' outlet | 10 | Land Area : 1,302<br><br>Build-up : 1,953 | Freehold | "30 Nov 2016 " | 1,230,000 |

| 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) |
|---|---|---|---|---|---|---|---|---|
| 32 | No. 32G, 32-01, 32-02, Jalan Bestari 2/2, Taman Nusa Bestari, Iskandar Puteri, 81300 Skudai, Johore | Intermediate Unit Three (3) Storey Shop Office | Ground floor as 'CARiNG' outlet and other floors for internal training purpose | 18 | Land Area : 1,550<br><br>Build-up : 4,650 | Freehold | 22 Feb 2018 | 1,800,000 |
| 33 | R-G-23, R-01-23 Bell Avenue, Jalan Sunsuria, 43900 Sepang, Selangor Darul Ehsan. | Intermediate Unit Two (2) Storey Shop Office | Vacant | 1 | Land Area : 2,282<br><br>Build-up : 4,392 | Freehold | 25 Mar 2016 | 1,830,000 |
| 34 | No. 94, Jalan Burhanuddin Helmi, Taman Tun Dr Ismail, 60000 Kuala Lumpur. | Intermediate Unit Three (3) Storey Shop Office | Ground floor as 'CARiNG' outlet and other floors for rental purpose | 15 | Land Area : 1,873<br><br>Build-up : 5,382 | Freehold | 24 Aug 2020 | 4,200,000 |

# 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 2020 are as follows:-

| | Group (RM) | Company (RM) |
|---|---|---|
| Audit | 698,000 | 88,000 |
| Non-Audit | 13,000 | 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 2020:

(i) A share sale agreement dated 5 October 2020 entered into between Caring Pharmacy Retail Management Sdn Bhd ("**CPRM**"), an indirect 75%-owned subsidiary of the Company and various vendors including Farmasi Sri Nibong Sdn Bhd ("**FSN**"), Farmasi Sri Nibong (Pekaka) Sdn Bhd ("**FSNP**") and Wellings Pharmacy Sdn Bhd ("Wellings") for the acquisition of 67% equity interest in The Pill House Pharmacy Sdn Bhd ("**TPH**") for a cash consideration of about RM25.51 million ("**SSA**"). The cash consideration was eventually revised to about RM24.94 million pursuant to the terms and conditions of the SSA;

(ii) A share sale agreement dated 5 October 2020 entered into between CPRM, FSN and Mah Choon Leng for the acquisition of 60% equity interest in Wellings for a cash consideration of RM19.90 million;

(iii) A sale of business agreement dated 5 October 2020 entered into between CPRM, TPH and FSN for the acquisition by TPH of certain business assets in three (3) pharmacy outlets held by FSN for a total cash consideration of RM3.00 million; and

(iv) A sale of business agreement dated 5 October 2020 entered into between CPRM, TPH and FSNP for the acquisition by TPH of certain business assets in one (1) pharmacy outlet held by FSNP for a total cash consideration of RM0.45 million.

The abovementioned acquisitions were completed on 29 January 2021.

**3. Recurrent Related Party Transactions**

At the AGM held on 24 June 2020, 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 Eighth Annual General Meeting of the Company to be held on 27 May 2021. The Company proposes to seek renewal of the existing and new RRPT Mandate at its forthcoming Eighth Annual General Meeting. The renewal of the existing and new RRPT Mandate, if approved by the shareholders, will be valid until the conclusion of the Company's next Annual General Meeting. Details of the RRPT Mandate being sought is provided in the Circular to Shareholders dated 28 April 2021 sent together with this Annual Report.

## 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 2020 by the Company and Group are as follows:-

| Related Party | Nature of Transaction | Value of Transaction RM'000 |
|---|---|---|
| Razer Pay Holdings Pte. Ltd. and its subsidiary companies | Transaction value paid | 2,739,994 |
| Razer Pay Holdings Pte. Ltd. and its subsidiary companies | Commission from in-store services | 33,328 |
| Razer Pay Holdings Pte. Ltd. and its subsidiary companies | Transaction value received for e-wallet transactions | 144,991 |
| Razer Pay Holdings Pte. Ltd. and its subsidiary companies | Commission paid for e-wallet transactions | 25 |
| U Mobile Sdn Bhd | Transaction value paid | 211,369 |
| U Mobile Sdn Bhd | Commission from in-store services | 13,360 |
| U Mobile Sdn Bhd | Advertisement placement fees | 8,928 |
| Securexpress Services Sdn Bhd | Transportation services for delivery of merchandise to 7-Eleven stores | 7,783 |
| Berjaya Food Trading Sdn Bhd | Purchase of goods | 2,993 |
| Nural Enterprise Sdn Bhd | Rental of properties | 1,358 |
| Sun Media Corporation Sdn Bhd | Advertisement placement fees | 1,258 |
| Sun Media Corporation Sdn Bhd | Display incentives received | 720 |
| Berjaya Times Square Sdn Bhd | Rental of properties | 935 |
| Ansa Hotel Sdn Bhd | Rental of property | 469 |
| Sparkling Hallmark Sdn Bhd | Rental of properties | 299 |
| Cempaka Properties Sdn Bhd | Rental of property | 183 |
| Angsana Gemilang Sdn Bhd | Rental of property | 144 |
| BTS Carpark Sdn Bhd | Parking fees | 121 |
| Wangsa Tetap Sdn Bhd | Rental of property | 116 |
| TREC Holdings Sdn Bhd | Rental of property | 99 |
| BLoyalty Sdn Bhd | Loyalty reward fees | 76 |
| Qinetics Services Sdn Bhd | Purchase of IT infrastructure and management services fees | 52 |
| Berjaya Sompo Insurance Berhad | Rental of property | 48 |
| Berjaya Registration Services Sdn Bhd | Share Registration and related services | 31 |
| Berjaya Golf Resort Berhad | Rental of property | 23 |
| Berjaya Waterfront Sdn Bhd | Rental of property | 22 |
| EVA Management Sdn Bhd | Human resources management services | 7 |

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 31 MARCH 2021

| | | |
|---|---|---|
| Total Number of Issued Shares | : | 1,129,250,000 (excluding treasury shares of 104,135,000) |
| Class of Shares | : | Ordinary shares |
| Voting Rights | : | One vote per ordinary share |

### ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares Held | % |
|---|---|---|---|---|
| Less than 100 | 327 | 19.35 | 9,548 | 0.00 |
| 100 – 1,000 | 296 | 17.51 | 96,316 | 0.01 |
| 1,001 – 10,000 | 718 | 42.49 | 2,485,273 | 0.22 |
| 10,001 – 100,000 | 232 | 13.73 | 5,795,491 | 0.51 |
| 100,001 – 61,669,249 | 114 | 6.74 | 512,889,265 | 45.42 |
| 61,669,250 and above | 3 | 0.18 | 607,974,107 | 53.84 |
| TOTAL | 1,690 | 100.00 | 1,129,250,000 | 100.00 |

### SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of 7-Eleven Malaysia Holdings Berhad based on the Register of Substantial Shareholders of the Company and their respective shareholdings as at 31 March 2021 are as follows:-

| Substantial Shareholders | Direct | % | Indirect | % |
|---|---|---|---|---|
| Tan Sri Dato' Seri Vincent Tan Chee Yioun | 315,757,086 | 27.96 | 270,323,667 (1) | 23.94 |
| True Ascend Sdn Bhd | 121,132,160 | 10.73 | - | - |
| Classic Union Group Ltd | 231,396,226 | 20.49 | - | - |
| Berjaya Corporation Berhad | 8,500,000 | 0.75 | 87,568,369 (2) | 7.75 |
| Berjaya Group Berhad | | | 87,568,369 (3) | 7.75 |
| Berjaya Land Berhad | 35,843,000 | 3.17 | 28,065,369 (4) | 2.49 |
| Teras Mewah Sdn Bhd | | | 63,908,369 (5) | 5.66 |
| Juara Sejati Sdn Bhd | | | 78,958,369 (6) | 6.99 |
| Berjaya Retail Sdn Bhd | 26,630,726 | 2.36 | 125,732,160 (7) | 11.13 |
| Intan Utilities Sdn Bhd | | | 152,362,886 (8) | 13.49 |
| Singer (Malaysia) Sdn Bhd | | | 125,732,160 (9) | 11.13 |
| Vista Meranti Sdn Bhd | | | 152,362,886 (10) | 13.49 |
| Premier Merchandise Sdn Bhd | | | 152,362,886 (11) | 13.49 |
| HQZ Credit Sdn Bhd | | | 152,362,886 (12) | 13.49 |
| Tsai, Tzung-Han | | | 231,396,226 (13) | 20.49 |
| Tsai, Hong-Tu | | | 231,396,226 (13) | 20.49 |

Notes:

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

*Notes:*

(2) *Deemed interested by virtue of its interest in the following companies:-*
- *Berjaya Sports Toto Berhad, the holding company of Berjaya Philippines Inc;*
- *Berjaya Group Berhad, the holding company of Bukit Kiara Resort Berhad, KDE Recreation Berhad, Nural Enterprise Sdn Bhd, Berjaya Land Berhad, Inter-Pacific Asset Management Sdn Bhd, Inter-Pacific Capital Sdn Bhd, Country Farms Sdn Bhd, and Wangsa Tegap Sdn Bhd; and*
- *Redtone International Berhad.*

(3) *Deemed interested by virtue of its interest in the following companies:-*
- *Berjaya Sports Toto Berhad, the holding company of Berjaya Philippines Inc;*
- *Berjaya Land Berhad, the holding company of Bukit Kiara Resort Berhad, KDE Recreation Berhad and Nural Enterprise Sdn Bhd;*
- *Berjaya Capital Berhad, the holding company of Inter-Pacific Asset Management Sdn Bhd and Inter-Pacific Capital Sdn Bhd;*
- *Redtone International Berhad;*
- *Country Farms Sdn Bhd; and*
- *Wangsa Tegap Sdn Bhd.*

(4) *Deemed interested by virtue of its interest in the following companies:-*
- *Berjaya Philippines Inc, Bukit Kiara Resort Berhad, KDE Recreation Berhad and Nural Enterprise Sdn Bhd.*

(5) *Deemed interested by virtue of its interest in the following companies:-*
- *Berjaya Land Berhad, the holding company of Berjaya Philippines Inc, Bukit Kiara Resort Berhad, KDE Recreation Berhad and Nural Enterprise Sdn Bhd.*

(6) *Deemed interested by virtue of its interest in the following companies:-*
- *Berjaya Land Berhad, the holding company of Berjaya Philippines Inc, Bukit Kiara Resort Berhad, KDE Recreation Berhad and Nural Enterprise Sdn Bhd;*
- *Berjaya Capital Berhad, the holding company of Inter-Pacific Asset Management Sdn Bhd and Inter-Pacific Capital Sdn Bhd; and*
- *Redtone International Berhad.*

(7) *Deemed interested by virtue of its interest in the following companies:-*
- *Singer Malaysia Sdn Bhd, the holding company of Berjaya Credit Sdn Bhd and True Ascend Sdn Bhd.*

(8) *Deemed interested by virtue of its interest in the following companies:-*
- *Premier Merchandise Sdn Bhd, the holding company of Berjaya Retail Sdn Bhd, Berjaya Credit Sdn Bhd and True Ascend Sdn Bhd.*

(9) *Deemed interested by virtue of its interest in the following companies:-*
- *Berjaya Credit Sdn Bhd and True Ascend Sdn Bhd.*

(10) *Deemed interested by virtue of its interest in the following companies:-*
- *Vista Meranti Sdn Bhd, the intermmediate holding company of Berjaya Retail Sdn Bhd, Berjaya Credit Sdn Bhd and True Ascend Sdn Bhd.*

(11) *Deemed interested by virtue of its interest in the following companies:-*
- *Berjaya Retail Sdn Bhd, the holding company of Berjaya Credit Sdn Bhd and True Ascend Sdn Bhd.*

(12) *Deemed interested by virtue of its interest in the following companies:-*
- *Vista Meranti Sdn Bhd, the penultimate holding company of Berjaya Retail Sdn Bhd, Berjaya Credit Sdn Bhd and True Ascend Sdn Bhd.*

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

# STATISTICS OF SHAREHOLDINGS
## AS AT 31 MARCH 2021

### DIRECTORS' INTERESTS

The Directors' interests based on the Register of Directors' Shareholdings of the Company as at 31 March 2021 are as follows:-

**Number of ordinary shares**

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Directors | No. of Shares Held | % | No. of Shares Held | % |
| Tan Sri Dato' Seri Abdull Hamid Bin Embong | - | - | - | - |
| Tan Wai Foon | 103,584 | 0.01 | - | - |
| Chan Kien Sing | 103,584 | 0.01 | - | - |
| Puan Sri Datuk Seri Rohani Parkash Binti Abdullah | - | - | - | - |
| Shalet Marian | 207,169 | 0.02 | - | - |
| Muhammad Lukman Bin Musa @ Hussain | 31,801 | 0.00 | - | - |
| Tan U-Ming | 621,509 | 0.06 | - | - |
| Tsai, Tzung-Han | - | - | 231,396,226[(1)] | 20.49 |
| Wong Wai Keong (Appointed 1 November 2020) | - | - | - | - |
| Colin George Harvey (Resigned 1 December 2020) | - | - | - | - |

Notes:-

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

### LIST OF THIRTY (30) LARGEST SHAREHOLDERS
### AS AT 31 MARCH 2021
### (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**<br>*Pledged Securities Account - AmBank (M) Berhad For Vincent Tan Chee Yioun* | 254,676,000 | 22.55 |
| 2. | **HSBC Nominees (Asing) Sdn. Bhd.**<br>*Exempt An For JPMorgan Chase Bank, National Association (SingaporeJPMPB)* | 232,165,947 | 20.56 |
| 3. | **Amanahraya Trustees Berhad**<br>*As Beneficial Owner (TASB-T1)* | 121,132,160 | 10.73 |
| 4. | **CIMB Group Nominees (Tempatan) Sdn Bhd**<br>*Pembangunan Sumber Manusia Berhad* | 50,000,000 | 4.43 |
| 5. | **Cimsec Nominees (Tempatan) Sdn. Bhd.**<br>*CIMB Bank For Lim Wee Chai (PB)* | 44,304,619 | 3.92 |
| 6. | **Amsec Nominees (Tempatan) Sdn Bhd**<br>*RCE Factoring Sdn Bhd For Kong Hon Kong* | 43,100,000 | 3.82 |
| 7. | **Berjaya Land Berhad** | 29,109,982 | 2.58 |
| 8. | **Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd.**<br>*Inter-Pacific Asset Management Sdn Bhd For Clients* | 26,900,000 | 2.38 |
| 9. | **RHB Capital Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account For Vincent Tan Chee Yioun* | 17,703,035 | 1.57 |
| 10. | **Nural Enterprise Sdn. Bhd.** | 16,323,200 | 1.45 |

**LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)**
**AS AT 31 MARCH 2021**
**(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. | **Citigroup Nominees (Tempatan) Sdn Bhd**<br>*Employees Provident Fund Board (Affin-Hwg)* | 14,410,492 | 1.28 |
| 12. | **Casi Management Sdn Bhd** | 13,776,791 | 1.22 |
| 13. | **Motivasi Optima Sdn Bhd** | 11,700,000 | 1.04 |
| 14. | **HSBC Nominees (Asing) Sdn Bhd**<br>*Banque De Luxembourg For BL-Emerging Markets* | 11,651,954 | 1.03 |
| 15. | **Maybank Securities Nominees (Tempatan) Sdn Bhd**<br>*Malayan Banking Berhad For Berjaya Retail Berhad* | 10,203,112 | 0.90 |
| 16. | **RHB Nominees (Tempatan) Sdn Bhd**<br>*Bank of China (Malaysia) Berhad Pledged Securites Account for Inter-Pacific Capital Sdn. Bhd.* | 10,000,000 | 0.89 |
| 17. | **Amsec Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account for Vincent Tan Chee Yioun (MX3977)* | 8,940,000 | 0.79 |
| 18. | **CGS-CIMB Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account for Berjaya Retail Sdn. Bhd. (M3764B)* | 8,753,772 | 0.78 |
| 19. | **Teoh Ewe Jin** | 8,500,000 | 0.75 |
| 20. | **CGS-CIMB Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account for Vincent Tan Chee Yioun (MY3309)* | 8,335,001 | 0.74 |
| 21. | **Inter-Pacific Equity Nominees (Asing) Sdn Bhd**<br>*Berjaya Philippines Inc* | 7,892,175 | 0.70 |
| 22. | **MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account For Tan Sri Dato' Vincent Tan Chee Yioun (MGN-VTC0001M)* | 7,892,143 | 0.70 |
| 23. | **CIMB Group Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account For Berjaya Retail Sdn Bhd (TSVT-RC CBM)* | 7,435,251 | 0.66 |
| 24. | **RHB Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account For Lim Wee Chai* | 7,250,942 | 0.64 |
| 25. | **CIMB Group Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account For Berjaya Land Berhad (BLB-RC4-Conglo)* | 6,733,018 | 0.60 |
| 26. | **Inter-Pacific Equity Nominees (Tempatan) Sdn.Bhd.**<br>*Pledged Securities Account For Pantai Cemerlang Sdn Bhd* | 6,600,000 | 0.58 |
| 27. | **Koon Poh Keong** | 6,422,263 | 0.57 |
| 28. | **Lembaga Tabung Angkatan Tentera** | 6,130,700 | 0.54 |
| 29. | **MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account For Berjaya Bright Sdn Bhd (MGN-SCS0007M)* | 5,994,841 | 0.53 |
| 30. | **Amsec Nominees (Tempatan) Sdn Bhd**<br>*Pledged Securities Account – Ambank (M) Berhad For Berjaya Corporation Berhad* | 5,990,000 | 0.53 |
| | | **1,010,027,398** | **89.44** |

# NOTICE OF EIGHTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Eighth 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 | : | Thursday, 27 May 2021 |
| Time | : | 10.00 a.m. |
| Broadcast Venue | : | Manhattan VI, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100, Kuala Lumpur, Malaysia |
| Mode of Communication | : | 1) Typed text in the Meeting Platform Mode of Communication<br>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 2020 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 28 May 2021 until the next Annual General Meeting of the Company to be held in year 2022. **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 28 May 2021 until the next Annual General Meeting of the Company to be held in year 2022. **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) Tan Wai Foon **Resolution 3**
   (2) Chan Kien Sing **Resolution 4**
   (3) Tan U-Ming **Resolution 5**
5. To re-elect Mr. Wong Wai Keong who retire in accordance with Article 105 of the Company's Constitution and being eligible, have offered himself for re-election. **Resolution 6**
6. 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 7**

**AS SPECIAL BUSINESS**

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

7. **ORDINARY RESOLUTION** **Resolution 8**
   **- 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 ten per centum (10%) of the total number of issued shares of the Company for the time being; **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION** **Resolution 9**
   **- 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 28 April 2021 ("**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."

9. **ORDINARY RESOLUTION** **Resolution 10**
**- 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."

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

**By Order of the Board**

**TAI YIT CHAN (SSM PC No. 202008001023) (MAICSA 7009143)**
**TIA HWEI PING (SSM PC No. 202008001687) (MAICSA 7057636)**
Company Secretaries

Selangor Darul Ehsan
28 April 2021

**NOTES:**

**Proxy**

1 As part of the initiatives to curb the spread of coronavirus disease (Covid-19), the Company will conduct the Eighth AGM entirely via remote participation and electronic voting facilities. Kindly refer to the attached Administrative Guide for the Eighth 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 Eighth 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 18 May 2021 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 lodged via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on submission of proxy form 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 28 May 2021 until the next Annual General Meeting of the Company to be held in year 2022

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 7 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 Eighth 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 Seventh Annual General Meeting of the Company held on 24 June 2020 (hereinafter referred to as the "**Previous Mandate**").

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence, no proceeds were raised therefrom.

The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes to such persons at any time as the Directors may deem fit, without having to convene a general meeting, provided that the aggregrate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(v) Item 8 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 28 April 2021 for further information.

(vi) Item 9 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 28 April 2021 for further information.

# NOTICE OF EIGHTH ANNUAL GENERAL MEETING

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Eighth 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 Eighth Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Eighth 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)**

# Form of Proxy

| CDS Account No. |
|---|
| |

| Number of ordinary shares |
|---|
| |

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

of ____________________________________________________________

being a member/members of 7-Eleven Malaysia Holdings Berhad hereby appoint 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 Eighth Annual General Meeting of the Company to be held as a fully virtual meeting at broadcast venue at Manhattan VI, Level 14, Berjaya Times Square Hotel Kuala Lumpur No. 1 Jalan Imbi, 55100, Kuala Lumpur, Malaysia. on Thursday, 27 May 2021 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 2020 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 28 May 2021 until the next Annual General Meeting of the Company to be held in year 2022. | 1 | | |
| 3. | To approve the benefits payable to the Non-Executive Directors for an amount of up to RM50,000/- for the period from 28 May 2021 until the next Annual General Meeting of the Company to be held in year 2022. | 2 | | |
| 4. | To re-elect Tan Wai Foon 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 Chan Kien Sing 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 Tan U-Ming who retires by rotation in accordance with Article 99 of the Company's Constitution and who being eligible, offers himself for re-election. | 5 | | |
| 7. | To re-elect Wong Wai Keong who retires by rotation in accordance with Article 105 of the Company's Constitution and who being eligible, offers himself for re-election. | 6 | | |
| 8. | 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. | 7 | | |
| **Special Business** | | | | |
| 9. | Authority to Issue Shares pursuant to the Companies Act 2016 | 8 | | |
| 10. | Proposed Renewal of Existing and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. | 9 | | |
| 11. | Proposed Renewal of Authority for Share Buy-Back | 10 | | |

Dated this day ____________ of ____________________ 2021

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

**Notes:-**

1. As part of the initiatives to curb the spread of coronavirus disease (Covid-19), the Company will conduct the Eighth AGM entirely via remote participation and electronic voting facilities ("RPV"). Kindly refer to the attached Administrative Guide for the Eighth 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 Eighth 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 18 May 2021 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 lodged via TIIH Online at https://tiih.online. Please refer to the Administrative Guide for further information on submission of proxy form via TIIH Online.

**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 Eighth AGM dated 28 April 2021.

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

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