



7-Eleven Malaysia Holdings Berhad
201301028701 (1058531-W)



SOMETHING FOR EVERYONE ● ANNUAL REPORT 2022



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VISION

To be the best retailer of convenience

Menjadi peruncit serbaneka yang terbaik

MISSION

To consistently serve the changing needs of customers for their convenience

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

VALUES



UNDERSTAND

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

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



SIMPLIFY

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

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



SOLVE

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

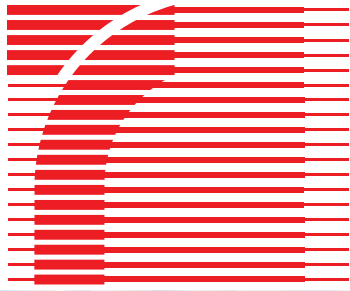
Kami sentiasa mencari jalan penyelesaian untuk memberi manfaat kepada semua pihak



CONNECT

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

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



OVERVIEW



7-Eleven Malaysia Holdings Berhad (“SEM”) is an 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 38 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 over 230 outlets in Malaysia and Indonesia. 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.

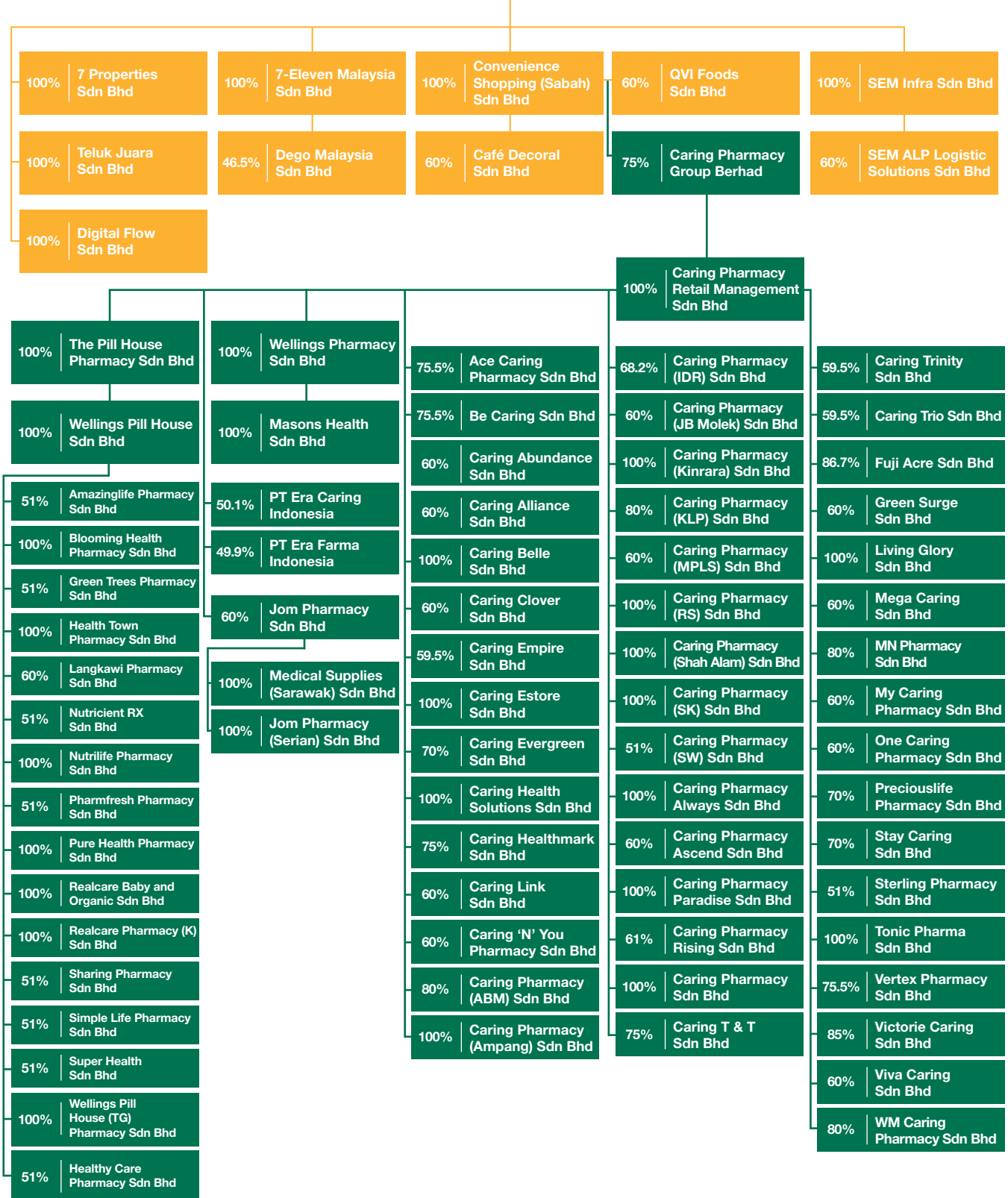


CORPORATE STRUCTURE

as at 31 March 2023



7-Eleven Malaysia Holdings Berhad



CORPORATE INFORMATION

BOARD OF DIRECTORS

Farhash Wafa Salvador
Chairman, Non-Independent
Non-Executive Director

Dato' Richard Alexander John Curtis
Deputy Chairman, Senior Independent
Non-Executive Director

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

Wong Wai Keong
Executive Director cum
Co-Chief Executive Officer

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

Chan Kien Sing
Non-Independent
Non-Executive Director

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

Shalet Marian
Independent Non-Executive Director

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

Moyra Binti Ibrahim
Independent Non-Executive Director

AUDIT COMMITTEE

Shalet Marian
Chairperson
Independent Non-Executive Director

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

Moyra Binti Ibrahim
Member
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chan Kien Sing
Chairman
Non-Independent
Non-Executive Director

Shalet Marian
Member
Independent Non-Executive Director

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

NOMINATING COMMITTEE

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

Shalet Marian
Member
Independent Non-Executive Director

Chan Kien Sing
Member
Non-Independent
Non-Executive Director

RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Dato' Richard Alexander John Curtis
Chairman
Senior Independent
Non-Executive Director

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

Moyra Binti Ibrahim
Member
Independent Non-Executive Director

COMPANY SECRETARIES

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

REGISTERED OFFICE

12th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia
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 1139
Email address:
contactus@7eleven.com.my
Website address:
www.7eleven.com.my

AUDITORS

Ernst & Young PLT (AF0039)
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.
[Registration No.: 199401008064
(293743-X)]
09-27 Level 9, 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

STOCK EXCHANGE LISTING

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

PLACE OF INCORPORATION AND DOMICILE

Malaysia

BOARD OF DIRECTORS



1 FARHASH Wafa SALVADOR
Chairman, Non-Independent
Non-Executive Director

**2 DATO' RICHARD ALEXANDER
JOHN CURTIS**
Deputy Chairman,
Senior Independent
Non-Executive Director

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

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

5 MOYRA BINTI IBRAHIM
Independent
Non-Executive Director



6 **CHAN KIEN SING**
Non-Independent
Non-Executive Director

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

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

9 **SHALET MARIAN**
Independent
Non-Executive Director

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

PROFILE OF DIRECTORS

FARHASH Wafa SALVADOR

**Male, Aged 40,
Malaysian
Chairman,
Non-Independent Non-Executive Director**

Mr. Farhash Wafa Salvador was appointed to our Board as Chairman, Non-Independent Non-Executive Director on 3 January 2023.

He graduated with a Master of Science in Finance in Accounting/Law from the University of Portsmouth, United Kingdom. He is a multi-talented innovator with five (5) award-winning patents held across the world including the United States, United Kingdom, France, Germany, and China.

He presently sits in the Board of Advisory of Yayasan Usahawan Malaysia, a non-government organization that thrives on the frontier of gathering, creating and developing sustainable companies with strong entrepreneurship traits.

Currently, he is also a Group Executive Chairman of Apex Equity Holdings Berhad, and a Director of Berjaya Construction Berhad and Bukit Kiara Resort Berhad.

DATO' RICHARD ALEXANDER JOHN CURTIS

**Male, Aged 71,
British
Deputy Chairman,
Senior Independent Non-Executive Director**

Dato' Richard Alexander John Curtis was appointed to our Board as Deputy Chairman, Independent Non-Executive Director on 25 November 2021 and redesignated as a Senior Independent Non-Executive Director on 20 April 2022. He was appointed as Chairman of the Risk Management and Sustainability Committee on 20 April 2022.

Dato' Richard Alexander John Curtis commenced his career in legal practice as a solicitor in Norton Rose (1976-1979) in London and progressively advanced his career by joining Jardine Matheson & Co. (1979-1983) in Hong Kong after which he joined the Jardine Offshore Group (1983-1986) with postings to Singapore and Indonesia. He subsequently pursued his own businesses (1988-1997) in retail, consultancy and construction before helming The Melium Group (1997-2004), a leading Malaysian retail company and F&B chain operator, as its Chief Executive Officer.

Dato' Richard Alexander John Curtis was formerly the Group Managing Director of Cahya Mata Sarawak Berhad ("CMS"), a conglomerate listed on the Main Market of Bursa Malaysia Securities Berhad with cement, construction materials, road maintenance, infrastructure and property development as its core businesses until his retirement on 31 December 2017. He was then appointed as a Non-Independent Non-Executive Director of CMS and of some of its subsidiary companies until his resignation on 31 December 2018. He was then appointed as an Adviser to CMS, whilst remaining as a Non-Independent Non-Executive Director of some of its subsidiary companies, until he retired effective 1 January 2021.

Dato' Richard Alexander John Curtis was also appointed as a Non-Independent Non-Executive Director on 11 September 2006 and a member of Executive Committee of UBG Berhad (formerly known as Utama Banking Group Berhad) on 22 September 2006. He then resigned on 19 September 2008 as a member of the Executive Committee and a Non-Independent Non-Executive Director.

Dato' Richard Alexander John Curtis was also a Non-Independent Non-Executive Director, member of Group Board Risk Committee and member of Group Board Digital Innovation & Technology Committee of Kenanga Investment Bank Berhad. He ceased to be a member of these two Committees and a Non-Independent Non-Executive Director on 11 June 2021.

PROFILE OF DIRECTORS

TAN U-MING

**Male, Aged 36,
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 U-Ming 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 its 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 49,
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.

PROFILE OF DIRECTORS

CHAN KIEN SING

**Male, Aged 66,
Malaysian
Non-Independent
Non-Executive Director**

Mr. Chan Kien Sing was appointed to the Board first as Non-Independent Executive Director on 21 August 2013 and was then redesignated as Non-Independent Non-Executive Director on 22 April 2015. Mr. Chan was appointed as the Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit Committee on 12 March 2021. He resigned as member of the Audit Committee on 12 April 2022.

He is a chartered accountant by qualification and a member of the Malaysian Institute of Certified Accountants (MICPA) and Malaysian Institute of Accountants (MIA). He has over 40 years of experience in strategic corporate planning and structuring, M&As, IPOs, audit/accountancy and managing business operations.

From 1975 to 1981, he pursued his professional MICPA articleship with Messrs Peat Marwick Mitchell (now KPMG). Involved principally in statutory compliance audits for companies in various industries. He subsequently joined Ambank Bhd, an investment bank, for eight years specialising in corporate advisory and banking. A notable assignment in Ambank was co-leading a joint research team with Kleinwort Benson, to formulate the Privatisation Master plan (PMP) for the Government of Malaysia.

In 1989, he joined Berjaya Corporation to head their Group Investment function. Shortly thereafter, he was promoted to Group Executive Director and spent some 30 years in the group overseeing various operations and functions. He retired as Executive Director in January 2017 and remained as Non-Executive Director until December 2019.

Whilst in Berjaya Group, he held multiple roles and was seconded to oversee various operations. Following are some notable appointments:

- DiGi Telecommunications Sdn Bhd
 - CEO/ Executive Director of DiGi from 1995 till 2005.
 - Member of pioneer team to launch Malaysia's first fully digital cellular network operations in May 1995 and in a record period of ten months.
 - Coordinated public listing of DiGi in December 1997 under the new Infrastructure Project Companies category.
 - Instrumental in negotiating and jointly managing with strategic partners, SwissCom and Telenor from Norway, to develop DiGi into a highly innovative service provider.
- 7 Eleven Malaysia Sdn Bhd ("7E")
 - Managing Director / Executive Director.
 - Instrumental in negotiating and acquiring 7E franchise in 2001.
 - Immediate focus was on modernising 7E operations via automating the entire store network operating systems and launching a new combined distribution centre for timely logistical support, so critical for this fast-moving business. Coordinated the public listing of 7E via Berjaya Retail Bhd.
 - 7E store network grew from 180 to over (2,500) stores representing the largest convenience store chain in Malaysia.
 - Currently, Mr Chan still remain on 7-Eleven Malaysia Holdings Berhad's Board as a Non-Executive Director.
- CEO of Berjaya Capital Bhd which operates the stockbroking company, Inter-Pacific Securities Sdn Bhd.
- Managing Director of the Sun Media group. Publishes theSun newspaper. Largest free daily paper distributed in Malaysia.
- Chairman/Director of Berjaya Holdings (HK) Ltd. A public company listed on HKEX which acquired the global operations of Cosway Bhd via a reverse takeover exercise in 2009.
- Executive Director of International Lottery & Totalizator Systems Inc, (ILTS) A subsidiary of Sports Toto based in USA providing computerized wagering equipment and systems to online lottery and racing organizations. ILTS also supplies online digital election voting systems and equipment to various State Authorities in USA.
- Director of Caring Pharmacy Sdn Bhd. ("Caring") Instrumental in identifying this pharmacy chain and negotiating a minority strategic investment position. Coordinated the public listing of Caring on Bursa in 2013. Caring grew to become the largest pharmacy retail chain in Malaysia.

Currently, he is a Non-Independent Non-Executive Director of Berjaya Assets Berhad and holds directorships in several other private limited companies.

PROFILE OF DIRECTORS

TSAI, TZUNG-HAN

**Male, Aged 47,
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, he 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, Tzung-Han has over fifteen (15) years' experience in investment and business development in the finance industry. He is the son of Mr. Tsai, Hong-Tu, who is the major shareholder of 7-Eleven Malaysia Holdings Berhad by virtue of his indirect interest shareholding in Classic Union Group Ltd.

SHALET MARIAN

**Female, Aged 66,
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 served as a member of the Audit Committee and Remuneration Committee and was the Chairperson of the Nominating Committee. On 12 April 2022, she was redesignated as Chairperson of the Audit Committee and a member in the Nominating Committee.

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. She also served as internal auditor of Arab-Malaysian Merchant Bank (now known as AmlInvestment Bank Berhad) in 1984. She retired from public practice in 2010.

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. In 2021 she obtained a Certificate in Cybersecurity Fundamentals for Finance and Accounting Professionals (AICPA and CIMA).

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

PROFILE OF DIRECTORS

MUHAMMAD LUKMAN BIN MUSA @ HUSSAIN

**Male, Aged 47,
Malaysian
Non-Independent
Non-Executive Director**

Encik Muhammad Lukman Bin Musa @ Hussain has been an Independent Non-Executive Director of the Company since 21 August 2013 and was redesignated as Non-Independent Non-Executive Director on 22 March 2022.

He also serves as the Chairman of Audit Committee, member of Remuneration Committee and member of Nominating Committee. Subsequently, he was redesignated as member of Audit Committee on 22 March 2022 and resigned as member of Remuneration Committee and member of Nominating Committee on 11 April 2022. He then appointed as member of Risk Management and Sustainability Committee on 20 April 2022.

He commenced his career in 1998 as an 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 Acting Chief Executive Officer and Chief Financial Officer. In July 2019, he left MARA Corporation Sdn. Bhd. and currently serves as a Chief Executive Officer of Berjaya Capital Berhad.

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

PUAN SRI DATUK SERI ROHANI PARKASH BINTI ABDULLAH

**Female, Aged 67,
Malaysian
Independent
Non-Executive Director**

Puan Sri Datuk Seri Rohani Parkash Binti Abdullah was appointed to the Board as Independent Non-Executive Director on 10 February 2017. She was appointed as the Chairperson of the Nominating Committee and member of Remuneration Committee on 11 April 2022.

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 is also the Chairperson of the Sultan Idris Education University (UPI), the first lady to assume the post in a public university in Malaysia.

PROFILE OF DIRECTORS

MOYRA BINTI IBRAHIM

**Female, Aged 46,
Malaysian
Independent
Non-Executive Director**

Puan Moyra Binti Ibrahim was appointed to the Board as Independent Non-Executive Director on 28 November 2022. She was also appointed as the members of the Audit Committee and Risk Management and Sustainability Committee on 28 November 2022.

She is a qualified Chartered Accountant with the Malaysian Institute of Accountants (MIA). She holds a Bachelor of Commerce from The University of Newcastle, Australia and the Association of Chartered Certified Accountants (ACCA) from the University Technology MARA (UITM). She is also a Licensed Financial Planner from Securities Commission of Malaysia.

She has more than 20 years of experience in financial and business advisory services, with focus in the field of accounting, audit and finance. In addition, she has developed an expertise in investment planning and management, covering both Islamic and conventional.

She is the founder and Managing Director of ECS Solution Group of companies which provides enterprise convenience services covering corporate services, corporate advisory, financial planning and tailored training programs.

Notes:-

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 cum
Co-Chief Executive Officer

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

WONG WAI KEONG

Executive Director cum
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 55,
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 54,
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.

AARON NG WEI EE

Male, Aged 41,
Malaysian

Finance Director

Mr. Aaron Ng Wei Ee is an experienced financial professional and has over 18 years of working experience in multinational corporations, overseeing finance, accounting and business management and professional services of investment banking and corporate finance, audit and assurance.

He has extensive experience in the Retail FMCG space, ranging from B2B, B2C, omni-channel and including multi-level marketing.

Prior to his appointment as Finance Director of 7-Eleven Malaysia Holdings Berhad, he served as Finance Director of Tupperware Brands Malaysia, overseeing finance for both Malaysia and Singapore markets. He has previously held key management roles in Hong Kong SaSa Malaysia and L'Oreal Malaysia and Hong Kong.

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.



2022 for “Company of the Year Award (Retail Category) and Long - Standing Excellence in Sustainability, Putra Brand Awards 2022: Retail Category, Gold Winner, The Malaysia Franchise Awards 2022: Master Franchisee of the Year 2022 – Silver Award, Top Asia Corporate Ball 2022/23: Brand of The Year Award for Malaysia’s Best in Sustainability Leadership.

OVERVIEW

On reflection, FYE2022 was indeed eventful for Malaysia, from the long-awaited transition to endemicity, to the tightly contested 15th general election; all while the doldrums of COVID continue to sporadically reverberate through the country. On the global front, growth continue to moderate with major economies having to battle high inflationary pressures, elevated supply chain constraints and rising commodity prices, largely affected by the on-going conflict in Ukraine. Said global challenges did in-turn, have a domino-effect on the local economy, in particular, cost pressures amidst supply chain disruptions.

With the re-opening of our borders in April, trading conditions recovered rapidly in tandem with much improved consumer sentiments. In addition, the Government’s relief measures such as Bantuan Keluarga Malaysia, EPF withdrawal and the implementation of a minimum wage increase, helped spur domestic consumption, including a strong rebound of local tourism. Collectively, these factors contributed positively to the Group’s performance

for the fiscal year ending 31 December 2022 (“FYE2022”), delivering an all-time high Revenue record of RM3.76 billion, an increase of RM955.8 million or +34.0% as compared to the previous year. Total combined store count was 2,706 stores, comprising 2,472 convenience stores and 234 pharmaceutical stores (Note: 220 in Malaysia and 14 in Indonesia).

During the year, the Group successfully concluded several major corporate exercises, including among others, the (a) Issuance of RM100.0 million of Medium-Term Notes; (b) Commissioning of our Chilled Distribution Centre; and (c) Expansion of our Pharmaceutical business into Indonesia through a joint venture with the PT. Erajaya Swasembada Tbk Group (“PT. Erajaya”).

We remained steadfast in our continued support to our people, customers, and communities at large, prioritizing their safety and welfare. Indeed, we are deeply humbled to have been recognized for our efforts by receiving several awards, including our 6th consecutive win in the *Sustainability & CSR Malaysia Awards*

CONVENIENCE STORES SEGMENT

On the back of more favourable trading conditions, the Convenience Stores segment recorded an all-time high Revenue of RM2,484.5 million, an increase of RM674.1 million or +37.2%. Essentially, whilst store operating hours were gradually extended, we achieved overall higher productivity in terms of (a) Customer count; (b) Basket size; and (c) Average per store day (“APSD”) sales, as compared to the previous year.

We take pride in being the largest convenience store operator in Malaysia and we stand by our unwavering dedication to deliver a personalised shopping experience to our customers across our store network. Strategically, we opened 80 new stores (Note: 52 Classic stores and 28 7-Café stores) in various high potential regions and we closed 35 under-performing stores, where the trading levels had declined and were no longer economically viable to operate. Notably, we had also refurbished 60 existing classic stores into the 7-Café format, bringing a total of 88 7-Café stores in FYE2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Our business strategy

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

Improve Assortment

With the ever-evolving retail landscape in Malaysia, we will continue to modernize, innovate and offer differentiated products and services at our stores. We are cognisant of the rise in “brand agnosticism”, as the modern consumer today, is one, that is faced with unlimited choices and one, with a limited attention span. In essence, the goal is to develop products and services to excite customers with new and personalised experience coupled with value-added offerings.

To this end, we had in FYE2022, made significant strides in expanding our private label products, simultaneously delivering a variety of value-added options to our consumers. In this regard, we actively introduced new and exclusive products, including premium imported goods and limited-edition merchandise through collaborations with brand-partners like Marvel, Disney etc. And in the Fresh Food segment, we partnered with niche operators like Niko Neko Matcha and Lingham’s, to create novel, sensory-inspiring

products and artisanal limited-time offers as well, keeping our menu fresh, relevant and exciting is one of our prime focus areas.

Supply Chain

Supply chain is the heart of our business and we continue to work on improving efficiencies and optimizing our logistical infrastructures. During the year, we successfully commissioned our Chilled Distribution Centre in Shah Alam, which has a capacity to serve up to 1,000 stores in Klang Valley. This cold-chain infrastructure will complement the growth strategies of our Perishable and Fresh Food offerings to our customers, anchored primarily through our 7-Café stores.

We will continue to ensure consistent fulfilment to stores and to drive down costs along with growing revenue. That said, we further recognise that additional infrastructure and facilities are required to fully support the expansion of our 7-Café store format outside of Klang Valley, especially with time-sensitive Perishables and Fresh Food products being a key offering. These goals will remain a key focus for us going forward.

Drive Operational Excellence

On a daily basis, close to a million customers walk into our stores. Our customers are our reason for being, and we continue to work on our

customer service, ensuring that we provide the right assistance for a positive shopping experience. This year, in addition to our network of 1,000 Foodpanda enabled delivery stores, we had expanded our delivery partnership with ShopeeFood, specifically for our Fresh Food offerings through selected 7-Café stores.

We continue to invest in customer service training programs and monitor this actively through our mystery shopper audits. Cost efficiency is also an area of attention to ensure the reduction of bad costs, shrinkages and over-time spent. More importantly, as with our tagline of “Always There For You”, we have undertaken a strategic approach in selecting our stores to resume 24-hour operations, where currently, over 60% of our stores are operating around the clock. Manpower shortages aside, it is also a delicate balance of cost management, especially after the minimum wage increase in FYE2022.

Grow and Improve Store Base

It is important to keep our store portfolio updated by exploring new concepts and models. Indeed, we were remarkably pleased to have launched our new 7-Café store format in the previous financial year, a concept positioning for lifestyle convenience and a re-defined customer shopping experience.



MANAGEMENT DISCUSSION AND ANALYSIS

During the year, we successfully launched our first flagship 7-Café store in Uptown Damansara Utama, followed by a chic, two-storey mega flagship 7-Café store in Bandar Puteri Puchong which boasts a trade area of more than 6,000 sqft, four times the size of a classic store. This mega flagship store carries a significantly expanded variety of products, ranging from ready-to-go (“RTG”) meals and made-to-go (“MTG”) counter-food, to exclusive 7-Eleven merchandise, including a diverse collection of FunkoPop figurines, Harry Potter and Disney collectibles. The upper floor offers a mini bookstore, opened in partnership with BookXcess, complementing the food and beverage section offering beverages, desserts and cakes from the contemporary artisan matcha brand Niko Neko Matcha.

Essentially, 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.

Digitally Enable the Organization

In today’s rapidly evolving digital economy, achieving success is no longer solely reliant on efficiency, but also on business agility. It is crucial to swiftly seize opportunities while to simultaneously cater to our customers’ demands and expectations.

During the year, we had unveiled an upgraded edition of our loyalty app, re-named My7E 2.0 which is available for download on Android, iOS, and including Huawei devices. This new

version includes numerous member exclusive benefits and lifestyle rewards, such as monthly in-app product vouchers, birthday rewards and of course, the ability to earn loyalty points which are exchangeable as in-store credits. And we are thrilled to have amassed close to 500,000 members in the current year since its relaunch in August, doubling the number of members we had in the previous loyalty app. Through continuous engagement with our members, we hope to be able to better understand their unique needs, and in turn, be able to curate a more personalised experience and consumer journey with 7-Eleven.

This year, we are also proud to have reached a significant milestone of achieving over 200,000 followers on our TikTok account, which serves as a testament to our growing popularity and engagement with our customers. We will 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

In order to create exceptional experiences for our customers, we recognize the importance of first building an exceptional work environment for our employees. We have implemented robust learning and development plans/programs for our front-line workers, ensuring that they acquire the necessary knowledge and skills to reach their full potential and deliver exceptional service with compassion.

Furthermore, we developed our workforce through Store Training-New Modules. This training encompasses Objective Setting, Dedicated Store Trainer, and Post-Action Planning, with the ultimate goal of fostering customer satisfaction. We also provide ongoing training in areas such as product/food handling, customer engagement, upselling, and promotion tracking, all of which contribute to our customers’ positive experiences.

PHARMACEUTICAL SEGMENT

Caring is a well-known brand in community pharmacy, committed to promoting ethical and professional pharmacy practices throughout Malaysia. In FYE2022, we successfully executed a joint venture with the PT. Erajaya, paving the way for us to serve the Indonesian market under the brand name Apotek Wellings.

We have consistently adhered to a prudent outlet expansion strategy, using stringent selection criteria to ensure we only open outlets in the most strategic and high-potential locations. In 2022, Caring opened 33 new outlets in areas where we had minimal or no presence, to increase our market share and offer competitive pharmacy services, including high-quality health and beauty products. Additionally, we regularly review our under-performing outlets and closed 5 of them during the year when they were no longer economically viable to operate. The joint venture in Indonesia added another 14 new outlets to our portfolio, bringing our total combined outlet count to 234 in FY2022.



MANAGEMENT DISCUSSION AND ANALYSIS

During the year, we successfully relocated our central distribution centre to a 60,000 sqft warehouse in Puchong, Selangor. This new facility entails a higher degree of automation but more importantly, it has the capacity to serve all of our pharmacy outlets in Peninsular Malaysia, including The Pill House and Wellings in the Northern region, with greater efficiency.

To enhance our customers' shopping experiences and increase our proximity to them, we have transitioned to a new point of sale system ("POS"). This new POS improves the payment gateway and allows outlets to integrate with third-party last-mile providers to offer online-to-offline ("O2O") fulfilment through our outlets. We have also upgraded the Caring member app, which now provides greater visibility into the earn-and-burn points system, access to our e-store, and health monitoring capabilities.

FINANCIAL PERFORMANCE

Revenue

The Group's Consolidated Revenue for the financial year ended 31 December 2022, increased by RM955.8 million or 34.0% to RM3.76 billion compared to the previous year of RM2.81 billion. The growth was largely driven by improved trading conditions with the transition to endemicity, reopening of our international borders and accommodative policy support from the Government.

Revenue of Convenience Stores segment expanded by RM674.1 million or +37.2% to RM2,484.5 million, as compared to prior year of RM1,810.6 million. We achieved overall higher productivity in terms of (a) Customer count; (b) Basket size; and (c) APSD sales, and we recorded a positive same-store-sales growth ("SSSG") of +34.6% as compared to the previous year.

Revenue of Pharmaceutical segment expanded by RM281.7 million or +28.2% to RM1,279.6 million, as compared to prior year of RM997.9 million. Growth was driven by new store openings, the gradual recovery of Wellings Pharmacy's performance with the re-opening of our borders and we also recorded a positive SSSG of +17% as compared to the previous year.

In 2022, the total combined store count was 2,706 stores, comprising 2,472 Convenience Stores and 234 Pharmaceutical Stores. For the Convenience Stores segment, we opened 80 new stores and closed 35 non-performing stores, for a net increase of 45 stores; whilst for the Pharmaceutical segment, we opened 47 stores of in Malaysia and Indonesia and closed 5 non-performing stores, for a net increase of 42 stores.

Gross Profit

Consolidated Gross Profit increased by RM294.9 million or 38.9% compared to the previous year, driven by the increase in Revenue from

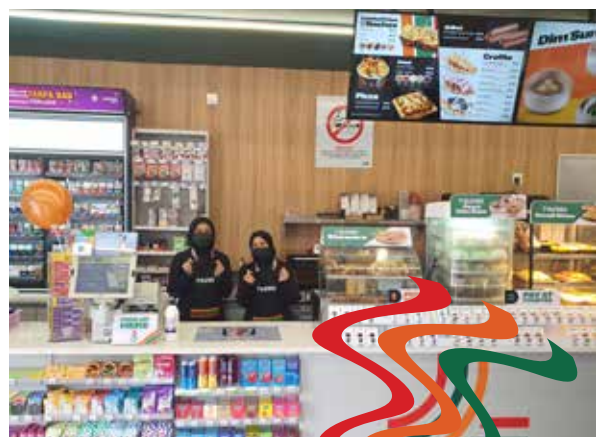
both Convenience Stores and the Pharmaceutical segments and also improved margin in the Convenience Store as a result from lower contribution of tobacco.

Other Operating Income

Consolidated Other Operating Income increased by RM20.2 million or 11.7% as compared to the previous year, driven by the increase promotional activities from both Convenience Stores and the Pharmaceutical segments.

Selling and Distribution Expenses

Consolidated Selling and Distribution Expenses increased by RM193.3 million or 31.1% year-on-year. This growth was primarily attributed to the escalated store operating expenses incurred by both Convenience Stores and the Pharmaceutical segments. The Convenience Store segment was impacted by the minimum wages increase effective 1st May 2022, reduced subsidies and rental waivers as compared to the previous year, and higher operating expenses due to extended operating hours. Whereas in the Pharmaceutical segment, higher variable rents in tandem with increases in revenue in managed properties, higher operating expenses in e-commerce fulfilment and higher overall operating costs rising in tandem with sales.



MANAGEMENT DISCUSSION AND ANALYSIS

Administration and Other Operating Expenses

Consolidated Administrative and Other Operating Expenses increased by RM65.9 million or 42.2% year-on-year. This was driven by mainly staff cost related and advertising expenses for both Convenience Store and Pharmaceutical segments. Notably, the Convenience Store had incurred one-off investment cost to ramp-up member acquisition for our new My7E 2.0 loyalty app, where we doubled our member base to over 500,000 members as compared to the previous app, in a span of four (4) months.

Finance Cost

Consolidated Finance Cost increased by RM4.2 million or 6.9% year-on-year. This was driven mainly by the increase of interest expense from the issuance of Medium-Term Note ("MTN") of RM100.0 million taken by the Group primarily for working capital purposes.

Profit after Tax

The Convenience Stores segment contributed a Core Profit of RM63.9 million, a surge of RM23.6 million year-on-year; whilst the Pharmaceutical segment contributed a Core Profit of RM49.1 million, an increase of RM7.1 million year-on-year.

After deducting Corporate Exercise expenses incurred for the financial year of RM28.7 million, the Group recorded a Consolidated Profit after Tax of RM84.3 million, an increase of RM25.5 million or 43.3% year-on-year.

Liquidity and Financial Resources

As at 31st December 2022, the Group retained a cash balance and short-term investment of RM376.4 million after cash dividend payment for financial year 2021 of RM29.3 million.

The Group has total borrowings of RM721.0 million as at 31st December 2022. The borrowings comprise of bankers' acceptance, revolving credit, term loan and medium term note which were utilized for corporate exercises, working capital and capital expenditures funding for new

stores opening and including store refurbishments. The debt-to-equity ratio (excluding the reorganisation deficit) of the Group as at 31st December 2022 was 0.46 times, which is in compliance with all existing loan covenant obligations. Operating cash flows generated at the end of financial year 2022 were RM466.0 million.

PROSPECTS

Outlook for 2023

As a highly open economy, Malaysia will continue to face substantial risks emanating from the external environment. And as global growth continues to moderate vis-a-vis elevated inflation, tighter monetary policies and a prolonged war in Ukraine, further adverse shocks will have potential negative spill-over effects. That said, the global economy will be supported by some positive factors such as the resilient labour market, easing of supply chain conditions and continued recovery in tourism activities. And with China's re-opening, this could facilitate a rebound in consumer spending and tourism activity in particular, leading to a positive impact on global growth.

Whilst the balance of risks to Malaysia's growth remains tilted to the downside, we remain optimistic and focused in our transformative goals, to continue charting a sustained path of recovery, expansion and profitability for the Group. Essentially, our priority is to retain our competitiveness by closely monitoring consumer behaviours and competitive trends, managing costs and working capital effectively, and accelerate digital integration of our business operations. We will continuously strive to safeguard the interests and livelihood of our people, whilst remembering to give back to the local communities in which we faithfully serve.

In the coming year, the Convenience Stores segment will continue to focus on expanding its new 7-Café store format; also, to constantly innovate and refresh our Fresh Food menu of RTG and MTG meals, incorporating clean and healthy ingredients with greater nutritional value. Equally vital,

is the mission to grow our private label offerings as we seek to continuously deliver value to the emerging group of modern, brand agnostic consumer, where the focus solely on brand per-se is gradually vanishing in favour of a focus on the product itself and its attributes.

We will also strive to optimize our newly commissioned Chilled Distribution Centre, a crucial infrastructure in driving our Fresh Food and Perishable growth strategies. Furthermore, we plan to complete the construction of our new Fresh Food Commissary, which has a capacity to serve up to 1,000 stores in Klang Valley. With better equipment/machines aiding automation of key processes at this new facility, we will elevate the quality and consistency of our Fresh Food to our customers. Last but not least, we target to double our My7E member count in 2023, with a vision to enhance their consumer journey with us, through both physical and digital touch-points, into the foreseeable future.

The Pharmaceutical segment has most certainly demonstrated remarkable resilience throughout the pandemic. We successfully acquired The Pill House and Wellings, established a joint venture with PT Era Caring Indonesia, and had recently in early 2023 completed the acquisition of Jom Pharmacy, a chain of pharmacy stores based in Sarawak. With these acquisitions, we have now expanded our pharmaceutical footprint nationwide, except for the state of Terengganu. In this regard, we will be focusing on the consolidation and integration of systems and business processes where applicable, so as to harness operating efficiencies and economies of scale as an enlarged pharmaceutical business.

The Board of Directors expresses its heartfelt gratitude to our shareholders for their unwavering support throughout the years. In particular, to the Management and employees of 7-Eleven and Caring, for their resilience, dedication and loyalty; and in serving our customers with the utmost care and professionalism, our sincere thanks to you all.

COMPANY PROFILE

7-ELEVEN MALAYSIA

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

lifestyle convenience retail concept.

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 2021, 7-Eleven launched its new 7-CAFé store format, a refreshed concept with much improved fresh foods, product offerings, services and in-store customer experience.

2022 COMMUNITY ENGAGEMENTS

JANUARY



Distribution of food and clean water through Gurwara Sahib Guru Nanak, Persatuan Bulan Sabit Merah and Saora Industries

FEBRUARY



Contribution of one meal to participating B40 Communities

MARCH



Celebrating International Women's Day

APRIL - MAY



Semurni Kasih



APRIL - MAY



Ramadhan Joy

JUNE



Donation to Pertubuhan Kebajikan Dan Perlindungan Al-Haq

JUNE



Back To School Program

JUNE



Environmental Awareness Month

2022 COMMUNITY ENGAGEMENTS

JULY



Workshop for underprivileged children



Hope mission



AUGUST - SEPTEMBER



Lend A Helping Hand



OCTOBER



Donation to Persatuan Insan Istimewa

DECEMBER



Empowering Disabled Community Through #BuatBaikTogether Campaign

NOVEMBER



7-Eleven Day Care & Share Campaign



DECEMBER



Flood relief in collaboration with The Royal Malaysia Police (PDRM)

DECEMBER



Donation to Xiao Xin Serdang Old Folks Home



DECEMBER



Happy Year End Shopping Spree for children from Rumah Chrestus

2022 MILESTONES & AWARDS

JANUARY



Roaring New Year Promotion



7-Eleven x Airasia Contest



Shopee Pay Launch

FEBRUARY



Eat Drink Love Promotion



My7E Birthday Reward FREE Slurpee



Airasia Ride Pick-Me-Up Campaign

MARCH



March Much More Promotion



Touch'nGo March More Cashback



TCAFé Easy Cheesy Lemon Squeezy

2022 MILESTONES & AWARDS

APRIL



Ramadhan Bersama 7-Eleven



Touch'nGo The Goal Hunter



Peraduan Jom Reload 4 Raya

MAY



Bestnya Raya Bersama 7-Eleven



Touch'nGo Pump & Shop Campaign



Raya Bersama 7CAfé with Iman Troye

JUNE



Summer Splash Promotion



Slurpee New Grapefruit Paradise



Largest 7CAfé Launch

2022 MILESTONES & AWARDS

JULY



Mid-Year Madness Promotion



Shopee Pay Great Deals & Cash Back

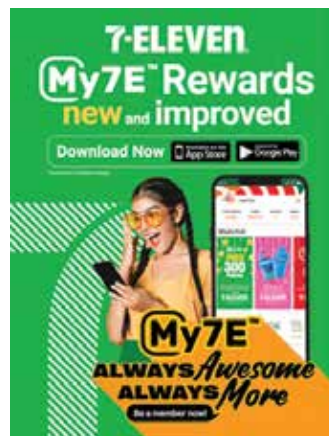


New Mango Madness with Calpis Soft Serve

AUGUST



Eat Drink Malaysia Promotion



My7E App Launch



Celebrate with Slurpee at RM2

SEPTEMBER



Eat Drink Malaysia Promotion



MyDebit Wave & Win



7-Eleven x Lingham's Flaming Choco Soft Serve

2022 MILESTONES & AWARDS

OCTOBER



Shop, Win & Get Rewarded



Marvel Collectible Enamel Mug



Slurpee New Happee Grapee

NOVEMBER



Bola Cray Cray Promotion



7CAFé Serving Up Surprises



Niko Neko Matcha & Yuzu Soft Serve

DECEMBER



Eat Drink Celebrate Promotion



7-Eleven Private Label with Merqeen



Touch'nGo RM500 CashBack



2022 ENGAGING SOCIAL MEDIA ACTIVATION

We have the biggest social community number within C-Stores with a total of 1.8 million fans/followers across major social media platforms.





2022 ENGAGING SOCIAL MEDIA **ACTIVATION**

Generated **130 million** video views and **18 million** social interactions.



COMPANY PROFILE

CARING PHARMACY



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 200 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 CARiNG 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 time 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 provide 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 900,000 validated members and over 480,000 mobile users with loyalty sales of more than 65%. 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 2021, CARING Pharmacy acquired Georgetown Pharmacy and Wellings Pharmacy which expanded our business footprint into the northern part of Malaysia covering Penang, Kedah and Perlis with another 33 pharmacy stores.

In 2022, through a joint venture with PT Era Caring Indonesia, the Group marked its foray into the Indonesian market, operating a network of pharmacies under the brand "Wellings".



CARING PHARMACY

2022 COMMUNITY ENGAGEMENTS & MILESTONES



Do It Right launching at Sin Chew Daily



Celebration of CARiNG 10,000 days at Pavilion KL



Cervical cancer awareness programme



Mid-Autumn Festival Low Sugar Mooncakes give away to Old Folk Homes at Bodi Homecare, Cheras



A CARiNG Kit for Umrah



Celebration of CARiNG 10,000 days at Pavilion KL



Wellness Wednesday Health Awareness Video by CARiNG Pharmacist



Caring Loyalty Membership 2.0 launching at Pavilion Bukit Jalil



Multi-brand Roadshow at Pavilion Bukit Jalil



CARiNG PHARMACY



New CARiNG Stores at Lakefield, Sungai Besi, Bandar Puchong Utama, Puchong, The Starling Mall, PJ and Vivacity Megamall, Kuching



Mid-Autumn Festival Low Sugar Mooncakes give away to Rumah Orang Tua Seri Kembangan



Donation of Face Shields to St. John Ambulance of Malaysia Ceremony at CARiNG HQ



1 Shop 1 School Program, SRK (c) Hwa Jin, Batu Bahat, Johor



1 Shop 1 School Program, SRK (c) Chi Wen, Bahau



1 Shop 1 School Program, SJK Kung Man, Serdang Lama



Health Workshop at University Pertanian Malaysia

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

7-Eleven Malaysia Holdings Berhad (“SEM” or “the Group”) is the owner and operator of the 7-Eleven convenience store. 7-Eleven is by far the largest 24-hour standalone convenience store operator in Malaysia. SEM also owns Caring Pharmacy, one of Malaysia’s largest retail pharmacy chains, through its subsidiary, Caring Pharmacy Group Berhad (“CARiNG”).

Sustainability is integral to our business strategy, embedded conscientiously in the Group’s core values. Sustainability helps build a profitable, resilient, economically and environmentally responsible business, including social aspects of our operational footprint. Emerging from the pandemic and facing continued global and local economic volatility, we focus on integrating our Environment, Economic and Social (“EES”) agenda throughout the value chain, incorporating sustainable practices and shared values with all stakeholders whenever possible.

The Group prioritises governing, tracking and disclosing its EES commitments and performance. Transparent reporting and disclosure build trust, accountability and credibility. This Sustainability Statement presents the Group’s journey and progress on crucial EES topics identified in the materiality assessment.

Reporting Scope and Boundary	This Sustainability Statement covers SEM’s core business segments: the Convenience Stores segment (“7E”), the Pharmaceutical segment (“CARiNG”) and directly-controlled subsidiaries in which the Group holds a majority stake.
Reporting Period	Following an annual reporting cycle, SEM issued its last Sustainability Statement on 28 April 2022 for Financial Year 2021. This Sustainability Statement includes information for Financial Year 2022 unless otherwise stated.
Reporting Cycle	Annually
Reporting Standards	We target complete alignment with the following good practice reporting standards and guidelines: <ul style="list-style-type: none"> • Global Reporting Initiative (“GRI”) Universal Standards • Bursa Malaysia Sustainability Reporting Guide • FTSE4Good Bursa Malaysia ESG Index • ISO 26000 Social Responsibility • United Nations Sustainable Development Goals (“UNSDGs”) • Task Force on Climate-Related Financial Disclosures (“TCFD”)
Reliability of Information Disclosed	The Risk Management and Sustainability Committee (“RMSC”) reviewed the accuracy of the Sustainability Statement’s content before final approval by the Board of Directors (“Board”).
Feedback	As SEM progresses on its sustainability journey, it welcomes stakeholders’ support and any feedback for improvement. For feedback, questions or additional information about this Sustainability Statement or approach to sustainability, please contact: ir@7eleven.com.my

OUR APPROACH TO SUSTAINABILITY

As the owner and operator of Malaysia’s largest convenience stores and pharmacy chain, SEM recognises its responsibilities and value in contributing to a more sustainable future for all. We remain committed to minimising our environmental footprint and supporting the local communities where we operate. Collaborating with business partners across the value chain ensures the Group’s EES agenda is relevant. We continuously engage our employees and stakeholders with a vision of building a Group circular operating model for the foreseeable future.

WORKING WITH THE WORLD TO CREATE A SUSTAINABLE SOCIETY

Customers, partners and stakeholders display increased interest in sustainability-oriented products and solutions, with heightened expectations to understand and monitor sustainability contributions within the Group’s value chain. Investors also prioritise sustainability in their investment decisions.

SUSTAINABILITY STATEMENT

The Group supports the United Nations Sustainable Development Goals (“UNSDGs”), as a blueprint for sustainable development, in fulfilling its EES aspirations. The Group is committed to adopting relevant global goals for its operations. The materiality assessment and stakeholder inputs helped identify initiatives that complement the UNSDGs for optimal influence and impact.

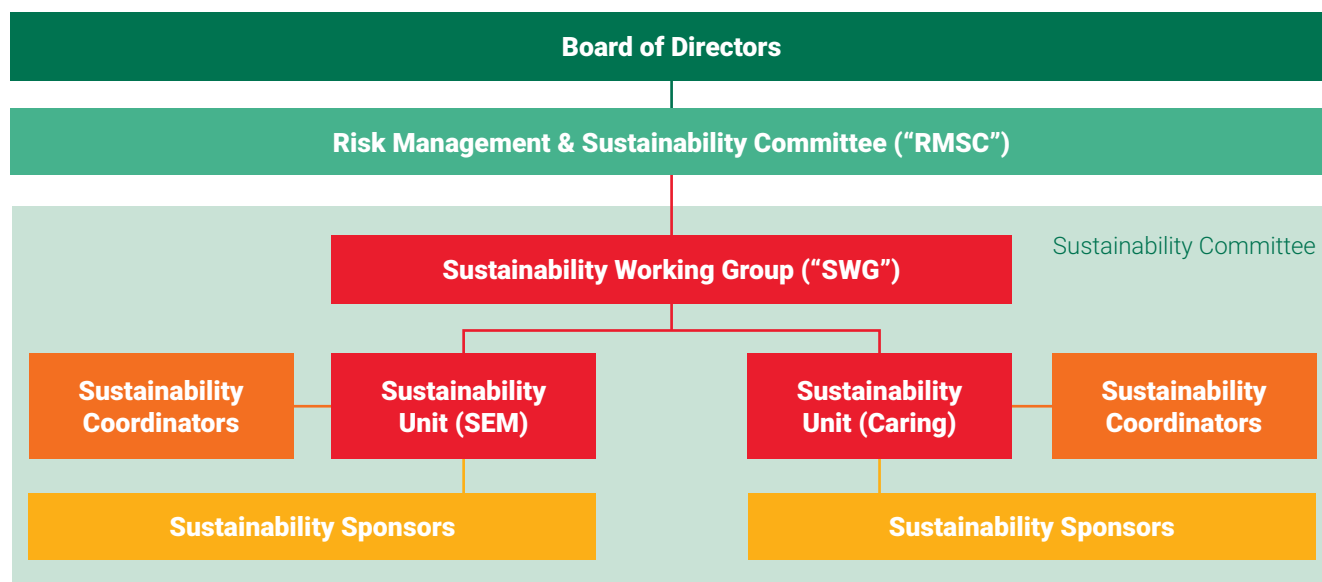
The table below maps our contribution to each goal pertinent to 7-Eleven.

UNSDGs	Convenience Store Division	Pharmacy Division
	<ul style="list-style-type: none"> One-for-One Campaign Semurni Kasih Back to School Programme #Givefood Campaign with Hope Mission Welfare Society 	<ul style="list-style-type: none"> Conducted home visits to old folks’ homes to provide a free health check and sponsorship of essentials (Pharmacy Division)
	<ul style="list-style-type: none"> Lend a Helping Hand #BuatBaikTogether Introducing plant-based soy milk and oat milk at 7-Cafés Promoting healthier eating and better nutrition by offering healthier options, particularly through SEM’s private-label products Offering a nutritious, private-label nuts series, including almonds, walnuts, peanuts and hazelnuts 	<ul style="list-style-type: none"> Organised the 90 CARiNG Health Awareness Day (“CHAD”) event nationwide to provide free health checks and medication reviews for community members Held a series of campaigns promoting a healthy lifestyle and chronic diseases prevention Collaborated with various institutions and research projects to make positive health impacts
	<ul style="list-style-type: none"> Back-to-school programme for B40 families 50% increase in training expenditure in FY2022 compared to FY2021 	<ul style="list-style-type: none"> Delivered continuous training for pharmacists and employees Collaborating with local universities on a one-year Provisionally Registered Pharmacist (“PRP”) and a three-month Marketing Apprenticeship programme Conducted CARiNG’s Do It Right project to educate consumers on safely disposing of unwanted medicines
	<ul style="list-style-type: none"> Celebrating Women’s Day by showcasing female employees’ inspirational stories Encouraging more women to have meaningful careers in SEM with various development training Offering special benefits such as flexi-hours 	<ul style="list-style-type: none"> Recognised employees’ contributions through the Employee Service Anniversary Award and Long Service Award Collaborated with the National Population and Family Development Board and EuroDrug Laboratories on the ‘Take Control Forum’
	<ul style="list-style-type: none"> Fair employment practices with no discrimination in hiring and promotion Upholding equal pay for equal work and comply with all local laws 	<ul style="list-style-type: none"> Performed fair employment practices with no discrimination in hiring and promotion Upholding equal pay for equal work and complies with all local laws
	<ul style="list-style-type: none"> 7E Food Manufacturing Standard and strict in-house quality control standards Responsible and transparent labelling to help customers become savvy about their consumption choices 7E Cross Dock System, which minimises operational footprint 	<ul style="list-style-type: none"> Ensured customer satisfaction through the Brand Health 7 Customer Experience Study and Member User Experience Survey (“MUES”) Launched the Patient Medication Record (“PMR”), an electronic record system for recording customers’ medication
	<ul style="list-style-type: none"> Working closely with employees and supply chain partners on energy-saving systems and a climate change risk assessment 100% of lighting at our stores now use energy-saving LED and induction lights 	<ul style="list-style-type: none"> Working towards achieving the Net Zero Emission goal as an active member of CEO Asia Network (“CAN”)
	<ul style="list-style-type: none"> Established guidelines on Conflicts of Interest, Related Party Transactions, as well as Bribery, Corruption and Business Courtesies in the Code of Ethics Maintained inclusive and relevant dialogue between public and private sectors Sustained a corporate culture of delivering the highest standards of legal compliance across SEM 	

SUSTAINABILITY STATEMENT

SEM SUSTAINABILITY GOVERNANCE

The Board is ultimately responsible and accountable for embedding sustainability into the Group's strategic direction and integrating sustainable values and principles in operational decision-making processes. A robust Sustainability Governance structure helps the Board monitor, manage and mobilise the Group's sustainability programme.



The Board delegated authority through the RMSC and SWG to oversee sustainability initiatives across the Group. These committees support the Board by:

- Developing the Group's sustainability framework and strategy
- Supervising the respective business unit working groups on specific projects and initiatives
- Reporting the programme targets, performance, progress and scorecard to the Board quarterly

The 7E and CARiNG Sustainability Units are responsible for their respective programmes. They regularly report their project plans, strategy execution and data monitoring to the SWG to reflect the Group's annual sustainability performance.

The Group's comprehensive Enterprise Risk Management ("ERM") Framework identifies, assesses, mitigates and monitors various business, operational and financial risks that can affect the Company's sustainability.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement reaches out to customers, business partners, employees and local communities. Communication with stakeholders helps us fulfil our EES goals by listening to their valuable views on improving our business activities, products and services.

We engage with stakeholders and external experts to align social expectations and apply this knowledge to promoting sustainability. Adapting to social changes and steadily responding to stakeholder needs and expectations are essential for ensuring the relevance of the Group's business operations vis-a-vis the sustainability agenda.

Collaboration is vital for creating shared value that builds a more inclusive and equitable society.

SUSTAINABILITY STATEMENT

Stakeholder Engagement Communication Model

Stakeholder Group	Areas of Interest	Engagement Channel
Investors	<ul style="list-style-type: none"> Financial performance Business strategy Information disclosure 	<ul style="list-style-type: none"> Shareholder meetings Analyst/investor briefings Timely disclosure of information on the company website
Customers	<ul style="list-style-type: none"> Product pricing & offers Product assortments & quality E-commerce services Product safety & information Health issues Customer experience & loyalty 	<ul style="list-style-type: none"> Marketing promotions Website, social media & magazines Customer care channels Seminars & health programmes E-payment system
Employees	<ul style="list-style-type: none"> Compensation benchmarking Corporate culture & values Workplace safety Career development Employee welfare 	<ul style="list-style-type: none"> Performance reviews Intranet, newsletter & broadcasting Occupational health & safety initiatives Awards & recognition Flexi-working hours Job rotations & internal hiring
Supply Chain	<ul style="list-style-type: none"> Partnership for growth Purchase commitments Product awareness 	<ul style="list-style-type: none"> Health awareness partnership Product training & recall Supplier meetings & briefings Human rights Environmental initiatives
Community	<ul style="list-style-type: none"> Community development Medical education & awareness Community care programme Disaster assistance Waste & energy reduction strategies 	<ul style="list-style-type: none"> Student internships Health seminars Free health screening services Corporate Social Responsibility (“CSR”) activities Partnership with Small & Medium Enterprises (“SMEs”)
Regulators	<ul style="list-style-type: none"> Compliance Ethics & transparency Food security issues Environmental initiatives 	<ul style="list-style-type: none"> Regulatory seminars & conferences Ethics & transparency-related policies 3R recycling initiatives

MATERIALITY

SEM conducts annual materiality assessments to align its EES strategies, performance management and reporting. These assessments ensure our sustainability strategy addresses stakeholders’ evolving ESG concerns that significantly influence our ability to create value.

SEM commissioned an external consultant to conduct a comprehensive study of the most material aspects of its sustainability programme in the last quarter of FY2022. Selecting an impartial, external party secured the anonymity of the respondents. The Group sought feedback from representatives of all major stakeholder groups:












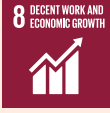




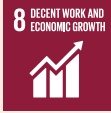










SUSTAINABILITY STATEMENT

SEM asked its stakeholders to rate the importance they placed on 16 areas of sustainability on a scale of very unimportant (1) to very important (5). Using a 5-point Likert Symmetric Scale allowed respondents to specify their level of agreement, with (3) being neutral.

Members of the Board and Senior Management Team completed a similar survey. These responses represent SEM.




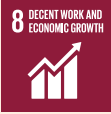














The Group ensures its sustainability practices contribute to local stakeholders and larger goals. The following table maps each material matter against the GRI and corresponding UNSDGs.

Description of Materiality Study Topics

Topic	Description	Corresponding GRI	Corresponding UNSDGs
Economic			
Regulatory Compliance	Preventing anti-competitive behaviour and corruption while complying with all other economic, environmental and social legislation	<ul style="list-style-type: none"> Anti-competitive behaviour Environmental compliance Socio-economic compliance 	 
Supply Chain Management	Integrating environmentally and socially viable practices into the complete supply chain life-cycle	<ul style="list-style-type: none"> Procurement Practices Supplier Environmental Assessment Supplier Social Assessment 	  
Technology & Innovation	Advancing the industry and building the nation through technology and innovation	<ul style="list-style-type: none"> Indirect economic impacts 	      
Environment			
Energy & Climate Change	Managing energy and greenhouse gases effectively and reducing them whenever possible	<ul style="list-style-type: none"> Energy Emissions 	     
Waste Management	Minimising food waste, packaging and other types of waste and recycling whenever possible	<ul style="list-style-type: none"> Effluents and waste 	  
Social			
Diversity, Inclusion & Non-discrimination	Promoting diversity and equal opportunities and eliminating all forms of discrimination in the workplace	<ul style="list-style-type: none"> Diversity and equal opportunity Non-discrimination 	   

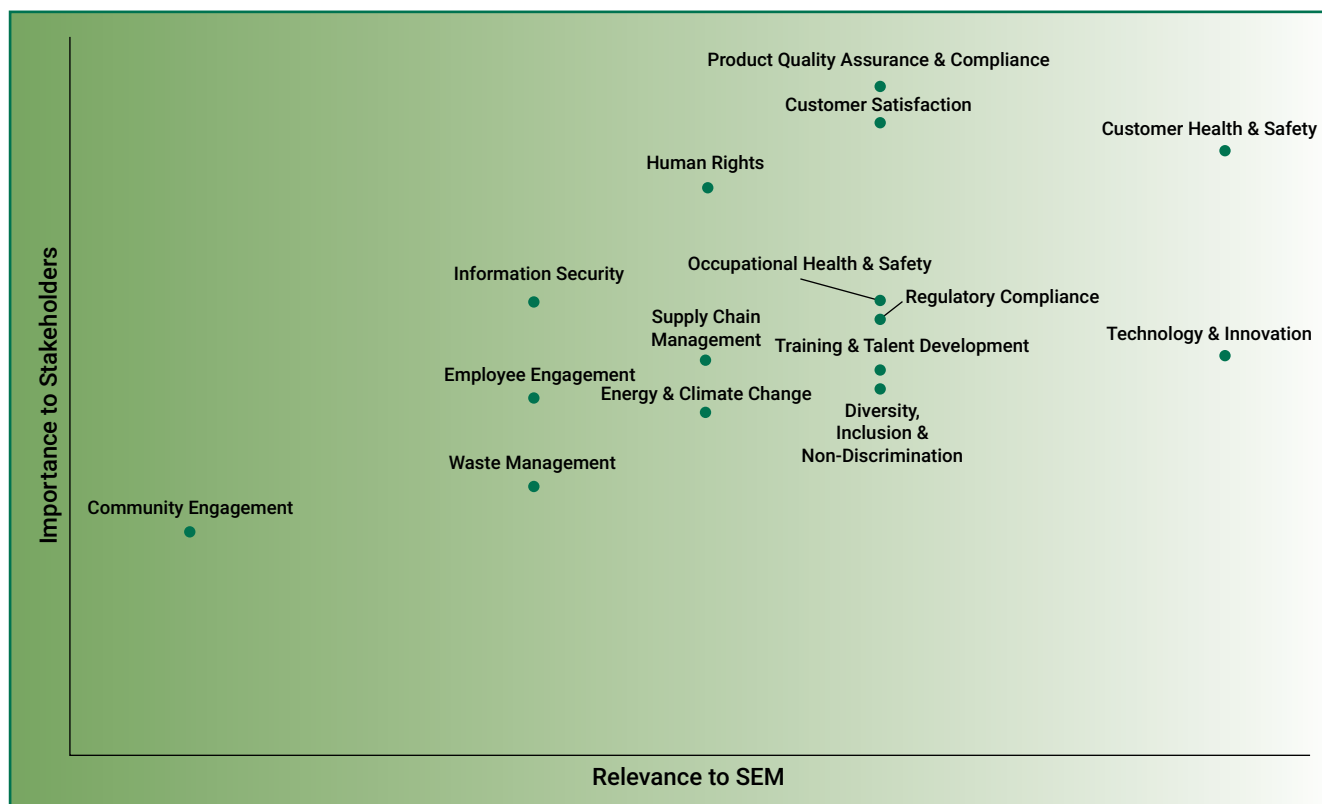
SUSTAINABILITY STATEMENT

Description of Materiality Study Topics

Topic	Description	Corresponding GRI	Corresponding UNSDGs
Social			
Community Engagement	Supporting local communities through charitable contributions and Corporate Social Responsibility initiatives	<ul style="list-style-type: none"> Local communities 	 
Human Rights	Protecting all aspects of human rights, including protecting the indigenous population, staff welfare and security and ensuring there is no child or forced labour	<ul style="list-style-type: none"> Human rights assessment Rights of indigenous peoples Security practices Child labour Forced labour 	  
Employee Engagement	Respecting employees' rights to joint representation and consultative practices	<ul style="list-style-type: none"> Labour/management relations Freedom of association and collective bargaining 	
Training and Talent Development	Providing training and education to employees to expand their knowledge base for career development	<ul style="list-style-type: none"> Employment Training and education 	    
Occupational Health and Safety	Keeping all workers safe and free from injury and both non-communicable and infectious diseases	<ul style="list-style-type: none"> Occupational health and safety 	  
Customer Satisfaction	Ensuring high levels of customer satisfaction throughout our stores	<ul style="list-style-type: none"> Non-GRI topic 	
Customer Health & Safety	Improving customer health and safety through marketing, labelling and nutrition	<ul style="list-style-type: none"> Customer health and safety 	
Product Quality Assurance & Compliance	Promoting quality and assurance throughout all aspects of operations to ensure high-quality products reach all customers	<ul style="list-style-type: none"> Customer safety and health Marketing and labelling 	 
Information Security	Protecting all information, including confidential business data, employee information and customers' data privacy	<ul style="list-style-type: none"> Customer privacy 	

SUSTAINABILITY STATEMENT

Materiality Matrix



SUSTAINABILITY PERFORMANCE DATA

	Convenience Store			Pharmaceutical		
	2020	2021	2022	2020	2021	2022
Economic						
Sustainable Procurement						
Percentage of local suppliers (%)	100%	100%	99.68%	NA	99.68%	99.68%
Total spending on local suppliers (RM'000)	1,854,320	1,623,738	2,118,779	NA	623,404	776,685
Environment *						
Energy						
Electricity consumption (kWh)	215,961,277	211,399,409	228,286,179	4,064,700	4,600,000	5,560,000
Diesel consumption (genset) (litres)	427,731	353,291	357,561	NA	NA	NA
Water						
Water consumption (m ³)	NA	NA	NA	12,791	12,968	14,413
Waste						
Total recycled waste by type (MT)	767	691	785	NA	NA	NA
Total waste diverted from disposal	NA	NA	NA	161	577	1,848

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE DATA

	Convenience Store			Pharmaceutical		
	2020	2021	2022	2020	2021	2022
Emissions (tCO₂e)						
Scope 1 *	1,131	934	945	NA	NA	NA
Scope 2 **	126,337	123,669	133,547	2,378	2,691	3,253
Scope 3 ***	NA	NA	24	NA	NA	NA

* SEM calculates CO₂ emissions from fuel consumption using the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

** SEM calculates CO₂ emissions from electricity consumption using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.

*** SEM uses online tools derived from the WRI Greenhouse Gas Protocol to calculate the CO₂ emissions from air travel.

Social	Convenience Store			Pharmaceutical		
	2020	2021	2022	2020	2021	2022
Workforce Strength						
Total employees (number)	9,186	8,357	9,845	1,336	1,922	2,336
New Employees Hires (number)	9,186	9,335	5,794	695	931	1,656
Workforce Breakdown by Nationality						
Local	NA	7,987 (95.57%)	9,342 (94.89%)	1,336 (100%)	1,922 (100%)	2,336 (100%)
Foreigners	NA	370 (4.43%)	503 (5.11%)	0 (0%)	0 (0%)	0 (0%)
Workforce Breakdown by Employment Contract						
Permanent	8,402 (91.47%)	7,614 (91.11%)	8,612 (87.48%)	1,121 (83.91%)	1,598 (83.14%)	1,899 (81.29%)
Temporary/contract	471 (5.13%)	390 (4.67%)	546 (5.55%)	0 (0.00%)	8 (0.42%)	12 (0.51%)
Part-time	313 (3.41%)	353 (4.22%)	687 (6.98%)	215 (16.09%)	316 (16.44%)	425 (18.19%)
Workforce Breakdown by Category						
Senior management	55 (0.60%)	53 (0.63%)	51 (0.52%)	53 (3.97%)	77 (4.01%)	78 (3.34%)
Management	119 (1.30%)	140 (1.68%)	133 (1.35%)	328 (24.55%)	452 (23.52%)	529 (22.65%)
Executive	486 (5.29%)	523 (6.26%)	466 (4.73%)	86 (6.44%)	179 (9.31%)	202 (8.65%)
Non-executive	8,526 (92.82%)	7,641 (91.43%)	9,195 (93.40%)	869 (5.04%)	1,214 (63.16%)	1,527 (65.37%)
Breakdown by Gender for each Employee Category						
Senior Management (female)	NA	17 (32.08%)	16 (31.37%)	29 (54.72%)	36 (46.75%)	39 (50.00%)
Senior Management (male)	NA	36 (67.92%)	35 (68.63%)	24 (45.28%)	41 (53.25%)	39 (50.00%)
Management (female)	NA	69 (49.29%)	59 (44.36%)	242 (73.78%)	335 (74.12%)	396 (74.86%)
Management (male)	NA	71 (50.71%)	74 (55.64%)	86 (26.22%)	117 (25.88%)	133 (25.14%)
Executive (female)	NA	300 (57.36%)	261 (56.01%)	66 (76.74%)	142 (79.33%)	159 (78.71%)
Executive (male)	NA	223 (42.64%)	205 (43.99%)	20 (23.26%)	37 (20.67%)	43 (21.29%)
Non-executive (female)	NA	3,917 (51.26%)	4,527 (49.23%)	768 (88.38%)	990 (81.55%)	1,230 (80.55%)
Non-executive (male)	NA	3,724 (48.74%)	4,668 (50.77%)	101 (11.62%)	224 (18.45%)	297 (19.45%)

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE DATA

	Convenience Store			Pharmaceutical		
	2020	2021	2022	2020	2021	2022
Social						
Breakdown by Age Group for each Employment Category						
Senior Management (<30)	NA	0 (0.00%)	0 (0.00%)	2 (3.77%)	2 (2.60%)	4 (5.13%)
Senior Management (30-50)	NA	40 (75.47%)	40 (78.43%)	43 (81.13%)	65 (84.42%)	66 (84.62%)
Senior Management (>50)	NA	13 (24.53%)	11 (21.57%)	8 (15.09%)	10 (12.99%)	8 (10.26%)
Management (<30)	NA	11 (7.86%)	7 (5.26%)	114 (34.76%)	146 (32.30%)	224 (42.34%)
Management (30-50)	NA	116 (82.86%)	111 (83.46%)	209 (63.72%)	298 (65.93%)	298 (56.33%)
Management (>50)	NA	13 (9.29%)	15 (11.28%)	5 (1.52%)	8 (1.77%)	7 (1.32%)
Executive (<30)	NA	84 (16.06%)	74 (15.88%)	41 (47.67%)	81 (45.25%)	94 (46.53%)
Executive (30-50)	NA	418 (79.92%)	372 (79.83%)	45 (52.33%)	96 (53.63%)	106 (52.48%)
Executive (>50)	NA	21 (4.02%)	20 (4.29%)	0 (0.00%)	2 (1.12%)	2 (0.99%)
Non-executive (<30)	NA	5,731 (75.00%)	7,135 (77.60%)	605 (69.62%)	768 (63.26%)	1,089 (71.32%)
Non-executive (30-50)	NA	1,831 (23.96%)	1,982 (21.56%)	246 (28.31%)	396 (32.62%)	401 (26.26%)
Non-executive (>50)	NA	79 (1.03%)	78 (0.85%)	18 (2.07%)	50 (4.12%)	37 (2.42%)
Workforce Breakdown by Gender						
Female	4,652 (50.64%)	4,289 (51.32%)	4,863 (49.40%)	1,105 (82.71%)	1,503 (78.20%)	1,824 (78.08%)
Male	4,534 (49.36%)	4,068 (48.68%)	4,982 (50.60%)	231 (17.29%)	419 (21.80%)	512 (21.92%)
Workforce Breakdown by Age Group						
<30	6,796 (73.98%)	6,178 (73.93%)	7,216 (73.30%)	762 (57.04%)	997 (51.87%)	1,411 (60.40%)
30-50	2,245 (24.44%)	2,063 (24.69%)	2,505 (25.44%)	543 (40.64%)	855 (44.48%)	871 (37.29%)
>50	145 (1.58%)	116 (1.39%)	124 (1.26%)	31 (2.32%)	70 (3.64%)	54 (2.31%)
Workforce Breakdown by Ethnicity						
Malay	7,902 (86.02%)	6,979 (83.51%)	7,939 (80.64%)	626 (46.86%)	813 (42.30%)	1,050 (44.95%)
Chinese	186 (2.02%)	207 (2.48%)	231 (2.35%)	556 (41.62%)	906 (47.14%)	1,033 (44.22%)
Indian	307 (3.34%)	416 (4.98%)	602 (6.11%)	81 (6.06%)	114 (5.93%)	156 (6.68%)
Others	387 (4.21%)	385 (4.61%)	569 (5.78%)	73 (5.46%)	89 (4.63%)	97 (4.15%)
Non-Malaysian	404 (4.40%)	370 (4.43%)	504 (5.12%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Disabled staff	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Employee Turnover Rates (%)						
Total turnover	NA	115.76%	163.27%	38.77%	32.52%	46.23%
Turnover by gender						
Female	NA	105.83%	156.88%	36.02%	33.13%	45.67%
Male	NA	126.23%	169.51%	51.95%	30.31%	48.24%

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE DATA

	Convenience Store			Pharmaceutical		
	2020	2021	2022	2020	2021	2022
Social						
Turnover by age group						
<30	NA	138.77%	204.02%	54.46%	51.96%	65.41%
30-50	NA	51.04%	51.58%	17.31%	11.23%	16.07%
>50	NA	41.38%	48.39%	29.03%	15.71%	31.48%
Turnover by Employment Category						
Senior management	NA	22.64%	21.57%	7.55%	15.58%	0.00%
Management	NA	10.71%	24.81%	15.55%	6.64%	11.34%
Executive	NA	15.49%	24.03%	9.30%	20.11%	21.29%
Non-executive	NA	125.19%	173.12%	52.36%	45.06%	63.98%
Women Representatives in the Management						
% Women in Management	NA	41%	44%	93%	92%	91%
% Women in Top Management	NA	30%	31%	7%	8%	9%
Boardroom Diversity						
Breakdown of Board of Directors by Gender						
Male	6 (66.67%)	7 (77.78%)	7 (70.00%)	7 (87.50%)	6 (75.00%)	6 (75.00%)
Female	3 (33.33%)	2 (22.22%)	3 (30.00%)	1 (12.50%)	2 (25.00%)	2 (25.00%)
Breakdown of Board of Directors by Ethnicity						
Malay	3 (33.33%)	2 (22.22%)	3 (30.00%)	2 (25.00%)	0 (0.00%)	0 (0.00%)
Chinese	4 (44.44%)	4 (44.44%)	4 (40.00%)	5 (62.50%)	7 (87.50%)	8 (100.00%)
Indian	1 (11.11%)	1 (11.11%)	1 (10.00%)	1 (12.50%)	1 (12.50%)	0 (0.00%)
Non-Malaysian	1 (11.11%)	2 (22.22%)	2 (20.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Breakdown of Board of Directors by Age Group						
<30	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
30-50	4 (44.44%)	5 (55.56%)	6 (60.00%)	2 (25.00%)	2 (25.00%)	3 (37.50%)
>50	5 (55.56%)	4 (44.44%)	4 (40.00%)	6 (75.00%)	6 (75.00%)	5 (62.50%)
Human Rights						
Number of complaints concerning human rights violations	0	0	0	0	0	0
Training						
Total training time	181,674	91,632	70,734	20,813	73,285	74,794
Training investment (RM)	NA	1,159,464	1,732,621	NA	522,115	449,329
Average hours of training per year per employee	8	4	8	31	11	12

SUSTAINABILITY STATEMENT

SUSTAINABILITY PERFORMANCE DATA

	Convenience Store			Pharmaceutical		
	2020	2021	2022	2020	2021	2022
Boardroom Diversity						
Training Hours by Employment Category						
Senior management	NA	72	24	305	896	896
Management	NA	159	460	7522	58904	60784
Executive	NA	776	2,716	832	1096	240
Non-executive	NA	90,625	67,534	12,155	12,389	12,874
Safety						
Number of work-related fatalities	0	0	0	0	0	0
Lost time incident rate	0	0	0	0	0	0
Number of employees trained on health and safety standards	46	43	46	0	0	100
Community						
Total amount invested in the community (RM)	2,837,131	4,111,919	4,810,844	60,150	552,475	444,600
Total number of beneficiaries of the investment in communities	468	421	600	9	18	109

ECONOMIC

The Malaysian retail industry has contributed significantly to the country's gross domestic product for decades. The Malaysian Investment Development Authority ("MIDA") has listed the pharmaceutical industry as one of the new growth areas targeted for promotion and development by the Malaysian Government.

SEM is committed to delivering sustainable returns to its shareholders, exceptional customer experience and fostering economic growth.

The Group adheres to the principles of good governance with complete transparency and accountability. Keeping up-to-date with the latest market trends, customer preferences and regulations helps the business adapt while delivering excellent service quality, satisfaction and trust.

SUSTAINABLE VALUE CHAIN

SEM strives for greater sustainability across the entire value chain by integrating sustainability best practices into the Group's policies and processes, effectively making responsible choices in collaboration with supplier partners, material purchases, and transport/logistical considerations. The Group has adopted environmental and social accountability for many years, with a vision to develop a profitable yet sustainably responsible business.

SEM always consider suppliers' sustainability initiatives as part of the tendering process for new suppliers while beginning a comprehensive sustainability review of existing strategic suppliers. The procurement and sustainability units monitor progress to achieve set objectives.

We will work closely with suppliers to review our packaging materials and maintain an in-house database. Built-in sustainability metrics allow us to focus on improvement projects across our packaging materials supplier portfolio.



SUSTAINABILITY STATEMENT

SUSTAINABILITY DEMANDS ON SUPPLIERS

Inculcating sustainability throughout the entire value chain is essential. We ensure suppliers abide by our sustainability requirements in their operations. Our Suppliers Code of Conduct (“SCC”) lists the Group’s fundamental requirements of its suppliers, including demands of their environmental and social work. SEM communicates the SCC to all suppliers and translates it into the relevant languages.

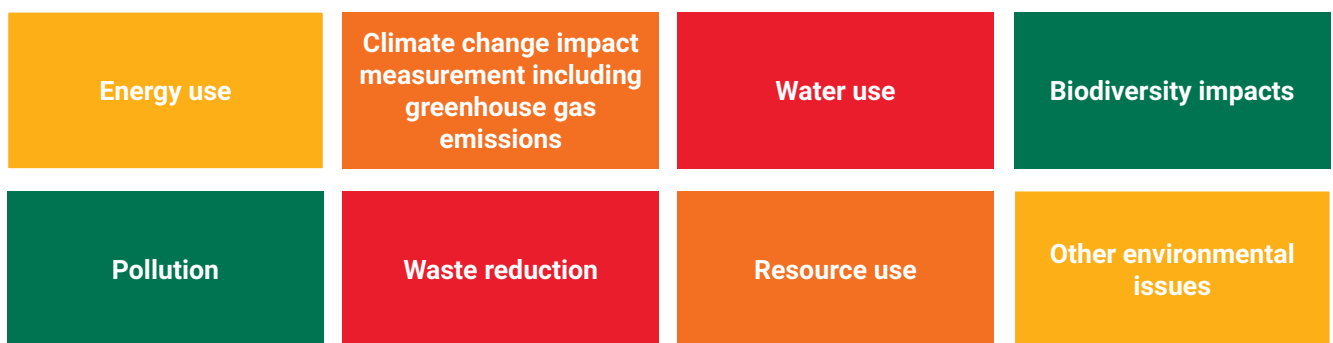
Closely aligning supplier and SEM’s environmental and social standards will significantly enhance the sustainability performance of the Group’s value chain. Our long-term partnerships are instrumental in developing our EES strategy for a responsible and sustainable supply chain.

Engaging with major suppliers also helps build capacity for social and environmental awareness. During these engagement sessions, we share best practices from other industry players for our collective development to address industry-wide environmental and social risks together.

ENVIRONMENTAL SUPPLY CHAIN

The Group is committed to its supplier sourcing assessment processes, which include social and environmental elements such as reduction of greenhouse gas emissions, energy and water conservation within the value chain and compliance with the applicable environmental laws and regulations.

Elements of Our Supplier Sourcing Assessment Processes



We have integrated environmental policies into the Group’s supply chain process. More importantly, we have communicated our goals and expectations to major suppliers through formal meetings and regular engagement, such as conducting training and workshops for relevant supplier staff.

Potential or new suppliers are subject to an environmental risk assessment as part of due diligence to ensure compliance with our environmental standards. SEM conducts similar risk assessments for existing suppliers, especially those high-risk environmentally, and ad-hoc and planned periodic reviews of suppliers. SEM discovered no significant cases of non-compliance during FY2022.

We will continue to mitigate environmental impacts in our supply chain by participating and collaborating in workshops and industry/topic-specific initiatives. Our membership in various relevant organisations, such as the CEO Action Network (“CAN”), addresses industry and topic-specific environmental sustainability in supply chain initiatives.

We invite suppliers to join us on our green journey and encourage them to monitor, record, report and share their environmental performance and impact reduction. We share our knowledge with suppliers, provide tools to evaluate their environmental footprint, define suitable improvement activities and reward progress and proactivity. Suppliers are also encouraged to minimise their impact on biodiversity and pollution and practise resource waste reduction.

Our Pharmaceutical segment, CARiNG, and its suppliers have implemented the Paperless Packing List for products distributed from its central warehouse to the stores. This initiative has saved approximately 1,060,000 sheets of A4 paper, or 2,120 reams, since introduced in May 2022.

SUSTAINABILITY STATEMENT

SOCIAL SUPPLY CHAIN

Social responsibility in a supply chain concerns suppliers protecting and fairly treating those working indirectly. Major supply chain partners must adhere to all social standards stipulated by Malaysian Labour Law and the International Labour Organisation (“ILO”). The Group’s formal Ethical Code of Conduct for suppliers includes terms to ensure workers:

- Are treated with dignity and respect;
- Work in a safe environment, with ample mitigating measures that safeguard workplace risks and hazards;
- Enjoy the freedom of association and are free to exercise their rights and bargain collectively by joining a union, assembling peacefully and negotiating pay increases;
- Do not experience sexual and other harassment and violence;
- Do not experience discrimination of any kind, including gender, religious views, sexual orientation, age and race;
- Are compensated fairly for working overtime and abide by regulations on working hours; and
- Receive salaries that meet or exceed Malaysia’s minimum wage.

As part of due diligence, SEM assesses all current and potential new suppliers on a list of sustainability criteria.



<p>Social supply chain policy and practices integrated into buyer training, purchasing policy and suppliers’ contracts.</p>	<p>Expected social conduct from major suppliers communicated through purchasing policy, supplier contract and training.</p>	<p>Major suppliers encouraged to inform workers of social obligations in a language they can understand.</p>
<p>New and existing major suppliers undergo social risk assessment as part of due diligence to ensure they comply with our standards.</p>	<p>Major suppliers, particularly those identified as ‘high risk’, are assessed both informally and formally and through physical inspection audits if required.</p>	<p>47 vendors and subcontractors renewed in FY2022.</p>

In FY2022, there were no social supply chain violations by our partners, including child or forced labour, slavery, discrimination or harassment.



SUSTAINABILITY STATEMENT

BUYING LOCAL

SEM contributes to the local community and economy by providing local employment opportunities within the geographical proximity of its stores. A reliable income helps uplift the living standards of local communities, offering the means to rise above the poverty line.

In line with SEM's strategy to "contribute to the community where we operate", we source our products and services locally whenever possible. In every state, a local maintenance coordinator sources local contractors for store repairs and maintenance works, including minor refurbishments. In FY2022, local suppliers represented more than 98% of our sourcing and procurement activities.

We also prioritise local suppliers and SMEs at our events or any partnership agreement to benefit the local economy. The Group collaborates with local SMEs to innovate our growing range of private labels or own-brand products.

UPHOLDING ETHICAL BUSINESS PRACTICE

SEM is committed to conducting its business with the highest standards of ethics and integrity with strong governance to protect the Group from unethical business practices. The Group's Code of Conduct and Business Ethics ("CCBE") is a wide-ranging policy that outlines the correct way to do business. SEM has zero tolerance for all corruption and unethical business practices, including bribery, kick-backs, fraud and money laundering.

All Board members and employees have accepted the Group's CCBE and Anti-Bribery and Anti-Corruption Policy and Procedure ("ABAC"). They have completed the relevant training and assessments guided by the respective policies.

SEM communicates its ABAC policy to all employees during orientation upon joining the Company. We publish relevant policies on our website and disseminate them to all our employees and business partners. All employees must sign an acknowledgement form and remind them of our commitment to anti-corruption through regular training. We enforce strict disciplinary action against violating the policy to the extent of termination of employment.

The Group's ABAC and No-Gift Policy address ethical conduct expected of employees, suppliers and business partners, with zero tolerance for any form of corruption and bribery. Employees must not accept any gifts or freebies from contractors and suppliers. All contractors and suppliers must follow these policies when acting on our behalf, as non-compliance is a breach of contract that may lead to a termination of business relationships.

Corruption risks, including bribery, are essential elements of SEM's risk register. This keen understanding helps the Group design effective mitigation strategies and strategically deploy resources to combat potential instances of bribery, corruption and fraud. SEM conducts corruption risk assessments for intermediaries, including contractors and agents, clearly communicating its anti-corruption policy to these intermediaries.

All contractors, subcontractors and third parties are subject to corruption and bribery risk assessments and must declare they are not involved in any misconduct or corrupt, unethical or illegal behaviour. The comprehensive screening of new and existing business partners for corruption and bribery is part of our due diligence in the context of SEM's compliance requirements.

Our Whistleblowing Channel addresses any potential non-compliance with the Code. It provides a secure channel to express concerns anonymously without fear of reprisal. The Group encourages "self-responsibility" to report any misconduct or grievance, including bullying or harassment, using available channels stated on the Fit and Proper Policy, which is available on the corporate website at <https://www.7eleven.com.my/fit-proper-policy>

Dedicated officers of the company are trained to handle these reports, bullying, harassment, bribery, financial irregularity and other offences.

In FY2022, no disciplinary cases were reported for corrupt practices that resulted in the dismissal of employees. We have received zero fines and penalties from the authorities during recent years or the current reporting period, which demonstrates the effectiveness of our stringent anti-corruption policies and practices.



SUSTAINABILITY STATEMENT

ENVIRONMENTAL

SEM values environmental conservation and sustainable natural resource management and aims to minimise the environmental impact of business operations by:

- Considering climate change, energy conservation, greenhouse gas emissions reduction and efficient natural resource use
- Alleviating risks of various environmental problems relevant to our operational value chain, both directly and indirectly, such as waste, pollution and resource management

In FY2022, the Group received no fines, penalties or non-monetary sanctions for non-compliance with environmental laws and regulations. We continued advocating environmental stewardship to our employees, customers and business partners by inviting them to participate in the following environmental initiatives.

100% RECYCLED PET BOTTLES BAG

This initiative encourages recycled bags and promotes environmental awareness to reduce plastic bag use. We also shared tips to educate our audiences and customers on reducing plastic use in our daily lives through small, impactful actions.

CELEBRATING RECYCLE WEEK

In conjunction with Recycle Week, we shared tips highlighting the positive impact of recycling on the environment, including GHG emissions reduction, to address global climate change.

ENERGY AND CLIMATE CHANGE MANAGEMENT

Climate change remains one of the most pressing challenges faced globally. SEM understands the importance of reducing emissions throughout the supply chain and the devastating effects and associated short- and long-term business risks of climate change. The Group's solid commitment to addressing this issue includes avoiding climate change's impact by improving operational efficiencies.

The SWG and Sustainability Units, overseen by RMSC, devise strategies to manage and minimise our environmental footprint. Progress reports and proposals on energy management, climate change and pollution reduction are presented to the Board every quarter. Our climate change strategy includes working with employees and supply chain partners on energy-saving systems and a climate change risk assessment.

SEM is committed to addressing energy conservation by improving the energy efficiency of its lighting, ovens and freezers. 100% of store lighting uses energy-saving LED and induction lights. All new air-conditioning units have at least a three (3), preferably four (4)-star rating, indicating their power efficiencies. We also embrace technological innovation and implementation and energy efficiency improvements. We are committed to addressing the issue of climate change and improving efficiency by adopting new and green technology, where feasible, across our supply chain. Specifically, we have adopted a tracking system for GHG emissions and energy use at our operations.

SEM integrated climate-related risk management into the Group-wide risk scorecard. It is part of the foundation for formulating the business strategy and selecting future R&D and technological investments. SEM's climate risk management process includes mitigation efforts to reduce greenhouse emissions and climate engineering. We integrate climate-related risks and opportunities into the Group's strategy, especially when designing new processes, R&D, sourcing strategy and mitigation plans.

Climate change affects operating costs ("OPEX") and capital expenditures ("CAPEX"). Our stores' efficiency, output and performance can decrease due to changing climate conditions. Further, CAPEX could increase due to premature replacements or repairs, and OPEX might also rise due to the increased need for congestion management.

We work closely with regulators and regularly consult on ways to address challenges brought by climate change, such as through public policy implementation. The Group shapes public policy and regulations, with our Pharmaceutical Division being a CEO Action Network ("CAN") member. This closed-door peer-to-peer informal network of CEOs of leading Malaysian businesses focuses on sustainability advocacy, capacity building, action and performance. During the year, 22 companies discussed growing business challenges: accelerating climate change and the climate emergency, increasing social injustices and corporate governance failures. Our role and involvement in this membership include:

- Identifying pressing environmental issues in climate change, water and waste
- Collaborating on solutions that drive improvement within SEM and throughout the value chain

SUSTAINABILITY STATEMENT

We continue to ensure consistency between our climate change policy and the position we advocate at trade associations of which we are members. When opinions clash, we identify gaps and initiate a process that alerts the Group to new areas of development and industry best practices.

SEM is committed to being a part of tackling the climate change problem, emphasising reducing GHG emissions in the following areas:

Carbon Footprint Scopes	What We Do
Direct energy consumption within the organisation (scope 1)	Monitoring and recording the company vehicles' petrol and diesel use
Indirect energy consumption from energy use (scope 2)	<ul style="list-style-type: none"> Monitoring and recording the electricity consumption across our entire operations Lighting 100% of our stores with LEDs Improving the efficiency of air-conditioning and chillers with 2,472 stores upgraded, saving RM2,094,677
Energy consumption outside the organisation from various stakeholders (scope 3)	Measuring the overall environmental impact of products from storage to delivery with the 7E Cross Dock System reduced the trip frequency by 80%

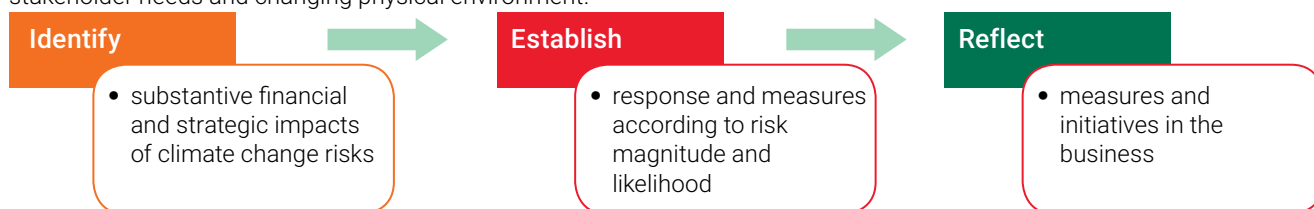
CARBON FOOTPRINT CALCULATIONS



* Please refer to the Performance Data Table on pages 40 to 44 of this Annual Report for detailed data on our environmental footprint.

CLIMATE CHANGE RISKS AND OPPORTUNITIES

Climate change risks include changes in the global climate system, region-specific regulatory reinforcement, market trends, stakeholder needs and changing physical environment.



SEM has integrated the Task Force on Climate-related Financial Disclosures ("TCFD") framework into its climate change management, carefully considering risks that may result from climate change. We assess climate change risks for all upstream and downstream activities throughout the value chain and closely monitor and address the risks identified. The Company's Climate Management Plan integrates mitigation and adaptation actions to understand vulnerabilities and manage the risks posed by climate change. This plan improves our resilience to potential threats and exploits new business opportunities.

In the short term, we view extreme weather events and the requirement to introduce high-efficiency technologies as potential risks and reduced energy costs as opportunities. We project changing consumption patterns and expanded renewable energy use as mid-term opportunities and the physical impacts, such as climate change, as long-term risks. We establish response measures for long-term risks based on our emissions mitigation plans, guided by the Paris Agreement, the emissions scenarios of the Intergovernmental Panel on Climate Change ("IPCC") and the Energy Technology Perspectives of the International Energy Agency ("IEA").

SUSTAINABILITY STATEMENT

MAKING STORE OPERATIONS MORE ENERGY EFFICIENT

It is simply good business for everyone to reduce energy use. During the year, we have installed more efficient lighting and refrigeration. It saves money and reduces our contribution to climate change.

SEM CROSS DOCK SYSTEM

The 7E Cross Dock System minimises our supply chain environmental footprint. Suppliers deliver their products to our Centralised Distribution Centres (“CDC”) for consolidation before being funnelled to the regional Cross Dock Hubs. The products are separated for delivery to stores. This system eliminates delivery trips by individual suppliers to our stores nationwide, thereby reducing CO₂ emissions.

7E Cross Dock System Benefits

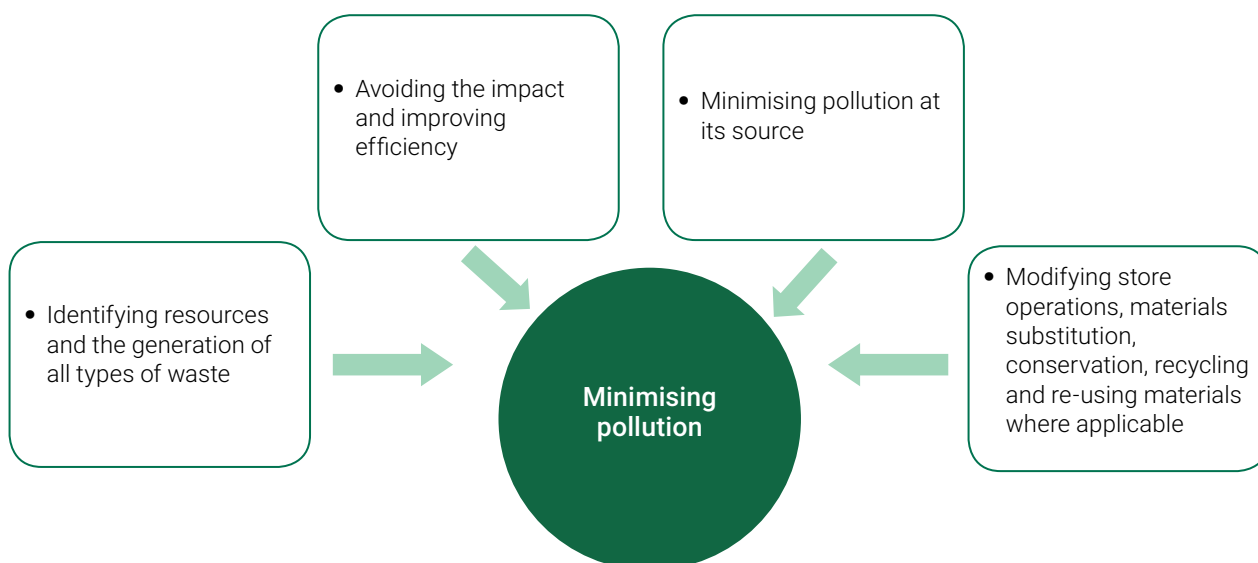


Despite our growing store base, we lowered both diesel consumption and CO₂ emissions each year, as shown below:

Year	Diesel consumption: savings (litres)	CO ₂ Emission: savings (tonnes)	Number of convenience stores
2020	427,731	1,240	2,413
2021	353,291	1,024	2,427
2022	357,561	1,036	2,472

POLLUTION PREVENTION AND CONTROL

SEM addresses its resource use and avoids impact by using resources more efficiently and reducing the volume of waste generated.



SUSTAINABILITY STATEMENT

WASTE

SEM employs circular economy principles where possible and relevant, with a vision to create value and play its part in addressing environmental issues. The Group has introduced eco-friendly packaging and biodegradable plastic bags at all our stores. 7E replaced its plastic membership cards with a new mobile application, available for Android and iOS, including Huawei devices. Our pharmaceutical division, CARING, reduced its newspaper advertisements from 73 in FY2021 to 48 in FY2022, which reduced paper printing significantly.

We aim to reduce plastic waste from single-use plastics throughout the value chain. In this regard, we continue to adopt a sustainable approach throughout our supply chain by utilising reusable plastic pallets, tote boxes, food trays and milk crates to deliver goods/products from our CDCs to the stores. These reusable items and tools are cost-effective and durable, significantly reducing waste.

Essentially, we strive to minimise the impact of waste by practising recycling whenever possible. Recyclable waste generated at our CDCs comprises corrugated carbon boxes and plastics. Carton boxes used for packing, storage and shipment of products from CDCs to stores are the most recycled waste, accounting for up to 90% of the total waste recycled.

Waste Recycled at CDC by Convenience Store Division

Waste Recycled (kg)	FY2020	FY2021	FY2022
Corrugated Carton Boxes	737,800	659,712	735,630
Plastics	29,970	31,750	49,430
Total	767,770	691,462	785,060

Waste Recycled at CDC by Pharmaceutical Division

Waste Recycled (kg)	FY2020	FY2021	FY2022
Corrugated Carton Boxes	62,552	88,620	108,601
Polypropylene	-	332	228
Total	62,552	88,952	108,829

ADDRESSING FOOD WASTE

Food waste is one of the significant concerns for Convenience Stores, and there are difficult trade-offs and considerations concerning store replenishment and re-ordering.

Difficult Trade-off When Ordering Food



7E has formulated an "Ordering Training Class" for its Operations Team, a guide for store managers to perform optimal ordering for replenishment. This guide primarily uses historical sales trends and min-max shelf capacities to minimise food wastage and write-offs.

SUSTAINABILITY STATEMENT

Food Waste Minimisation Initiatives

- Avoiding over-stocking

- Reducing daily wastage, particularly for products with a short shelf life

- First-in-First-out (FIFO) inventory management

- Carefully controlling temperature to avoid food spoilage

ENVIRONMENTAL AWARENESS

SEM raises environmental awareness and improves communication by disseminating information to its employees and customers and holding regular programmes. In FY2022, 7E implemented various education initiatives such as:

- Energy conservation through simple daily habits, including switching off unused equipment and lights;
- Going paperless where able, aided by digital tools;
- Promoting online meetings;
- Encouraging waste segregation and recycling; and
- Reducing plastic use.



Our Pharmaceutical segment, CARiNG's "Do It Right" campaign, advocates proper disposal of unused or expired medicines by the public to prevent pharmaceutical waste from toxifying the environment. Multiple efforts to raise awareness among customers and the public include microsites, leaflets, videos, official store posters and car wrap advertisements. The Pharmaceutical segment also held various awareness-raising events for customers and the public, such as the Net Zero Pathways Workshop on 7 July 2022.



SUSTAINABILITY STATEMENT

SOCIAL: OUR PEOPLE

Our employees are the heart of our business. Our strength comes from our people. As a Group, we aim to be a responsible, equitable employer to attract, retain and develop talents by offering a pleasant and attractive workplace with good working conditions, equal opportunities and a safe and healthy work environment.

The Group's CCBE lists fair employment standards and practices. We communicate our stance to all employees in English as it is the most commonly used business language. This document is translated into other languages, including Bahasa Malaysia, when necessary.

Periodically, we participate in workshops or industry/topic-specific collaboration projects that provide industry solutions that improve labour standards in Malaysia. As part of our risk assessment procedure, we regularly review the labour standards of existing operations and potential business and supply chain partners as part of due diligence. We familiarise all parties with our CCBE from time to time. There were no instances of non-compliance with labour standards during this reporting period.

INCLUSIVE CULTURE

SEM is proud to present a positively distinct and diverse culture. Creating a diverse team where everyone belongs and has equal opportunities inspires our talent to be their true selves. With a workforce of 12,181 employees, we take action to improve workforce diversity, provide equal opportunities and reduce discrimination of race, religion, gender, age, sexual orientation, disabilities or nationality. Together, we are always there for our people.

For details of our diverse team, please refer to the Group Sustainability Performance Data table on pages 40-43.

EQUALITY IN HIRING, PAY AND PROMOTION

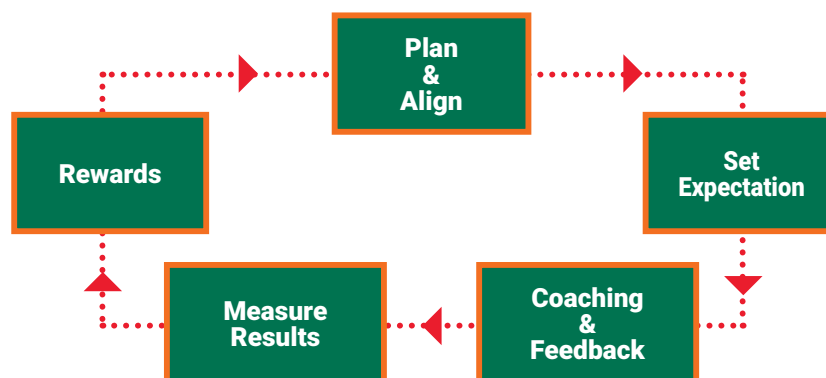
SEM adheres to local labour laws during recruitment, preferring hiring locally. However, diverse talent and expertise are vital for our ever-expanding international customer base. When these talents and expertise are unavailable locally, we source internationally.

The Group does not discriminate in its hiring process. Fair employment practices address youth unemployment in Malaysia by promoting the hiring of underprivileged groups, including those from deprived backgrounds and having poor social status with no formal education or qualifications.

We uphold our stand of 'equal pay for equal work' and comply with all local laws. The principle of equal remuneration for work of equal value is respected when setting wage structures.

EMPLOYEE PERFORMANCE AND REVIEW

The Group introduced a robust Employee Performance Review Plan that facilitates the strategic setting of corporate and personal Key Performance Indicators (KPIs) and a corresponding reward scheme. This plan instils and rewards the right behaviours and work ethic and increases employee engagement. It also identifies training needs and promotion opportunities while strengthening relationships across the Group.



SUSTAINABILITY STATEMENT

WAGES AND BENEFITS

Competitive and fair remuneration is essential in attracting talent and retaining employees. We ensure that our employee compensation complies with all applicable laws, including minimum wages, overtime hours and legally mandated benefits. Deducting wages as a disciplinary measure is forbidden.

In FY2022, 7E upgraded its Group Term Life (“GTL”) insurance for all employment levels, with a 50%-higher total sum insured. The Group also offers:

- RM500 Covid-Pampasan Prihatin financial assistance to any employee testing positive for Covid-19;
- RM500 Bantuan Prihatin Bencana for employees affected by natural disasters
- Free health checks for Pharmaceutical Division employees by in-house pharmacists

7E P40+ PROGRAMME

The 7E P40+ Programme is a unique benefit that offers early retirees:

- Flexible working hours and shifts at higher market average salaries
- The opportunity to work at the store nearest to their home

7E approved this benefit for 16 employees in FY2022, allowing them to enjoy more flexible work during their extended employment.

EMPLOYEE ENGAGEMENT AND WELL-BEING

We create a wellness, equality and inclusion culture, holding several sports and recreational activities, engagement, dialogue and festive celebrations throughout the year.

Employee Engagement Examples

Festivals:	• Chinese New Year, Hari Raya and Deepavali celebrations
Engagement events:	• International Womens Day, blood donation drive, 7-Eleven Day Celebration, Annual Dinner - Glam Rock, Long Service Award Ceremony, Best Department Award, Best Pharmacist Award and Gratitude Friday Celebration
Talks, dialogues and town halls:	• YMFH Initiative Webinar, E-filling Talk, Mental Health Webinar, Financial Talk and Children Development Milestone Webinar
Sports and Recreation:	• Malaysia Day Childhood Games and Merdeka Pin Busters

As we strive to create working conditions that promote healthy work-life balance and employee well-being, the Group continues to offer a 50% gym subsidy and staggered working hours to eligible employees.

SEM specifically targets facilitating employee engagement by making employees feel like a community. Employees have the opportunity to share and display their very best work. We also promote channels where each employee can raise issues and give feedback.



SUSTAINABILITY STATEMENT

TESTIMONIALS

- i. "I can manage my free time by doing a part-time in 7Eleven at the same time, I can add money in my pocket" - Kamsiah - store #0015
- ii. "It's so surprising to me that I can build my own confidence by interacting with many customers daily" - Rizal - store #1179
- iii. "I gain new skills in a convenience store, especially product arrangement, dealing with vendors and receiving or returning products" - Haslam - store #1673
- iv. "Staff and managers are courteous and treat me very well. I receive help from my managers and who treat me like a parent and also respect me." – Tharma - store #0139
- v. "With this experience...who knows, I am maybe interested in joining as a partnership (franchise) soon" – Mohd Amin - store #0460

SEM ELEVATES, CELEBRATES AND UPLIFTS WOMEN

In FY2022, 7E celebrated its female employees in conjunction with International Women's Day by honouring women's achievements and raising awareness of women's equality via social media activation. Long-serving female employees shared their career journeys and other aspirations with colleagues. 7E also invited female employees to attend the International Women's Day event organised by LeadWomen.

Meanwhile, the Pharmaceutical segment held the Take Control Forum in collaboration with the National Population and Family Development Board and EuroDrug Laboratories to advocate women's empowerment on birth control and sexual reproductive health.

SEM encourages women to have meaningful careers by delivering various development training. The Group also offers specific benefits that benefit women, such as flexi hours.

SAFETY AND HEALTH

The Group views providing a safe and healthy workplace as a fundamental duty of a responsible employer. In FY2022, the Group continued fostering a safety culture to sustain zero workplace accidents. Across our entire operations, we strictly comply with the Occupational Safety & Health Act 1994 and Hazard Identification, Risk Assessment and Risk Control. The Group's occupational health and safety policy and standards comprehensively list all health and safety requirements for employees, contractors, temporary workers and visitors.

The Group also established an Occupational Safety and Health Committee ("OSHC") overseen by the RMSC. Comprising 12 employer and 44 employee representatives and meeting quarterly, the OSHC is responsible for:

- Inspecting and identifying hazards that may occur according to the Occupational Health and Safety Plans
- Presenting inspection findings at committee meetings
- Investigating severe non-compliance cases, incidents and accidents and formulating preventive action

Our dedicated First Persons On-Scene act as first responders during incidents. They are responsible for notifying supervisory personnel during emergencies and initiating evacuation. The supervisory personnel begin an initial response before coordinating further action with the incident commander and local responders. There were 11 Emergency Response Team ("ERT") members as of 31 December 2022.

During the year, we held various safety training programmes covering material topics such as hazard identification, incident prevention, Heinrich's Five Stages Sequence and safety investigation principles.

Lost Time Incident Frequency Rate (LTIFR)*

Employees			Contractors		
FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
0	0	0	0	0	0

*LTIFR refers to the number of lost time injuries occurring in the workplace per one million man-hours worked. The Group recorded zero workplace accidents in FY2022, so the LTIFR was zero.

SUSTAINABILITY STATEMENT

STORE SAFETY

From workplace safety guidelines to consumer privacy regulations, convenience stores and the pharmaceutical industry face many hidden business risks that can have costly implications. Convenience store employees face multiple safety risks, with late-night shift employees, particularly at risk. Accordingly, we have established clear operating procedures regarding night shift operations, with clear guidance to prioritise employees' safety and well-being.

TALENT DEVELOPMENT

SEM commits to employee personal development training. Developing high-potential employees prepares them for growth and succession. We offer talent development opportunities to all colleagues to nurture talent and promote from within whenever possible.

In FY2022, we held training sessions covering safety, information technology, anti-bribery and corruption, leadership, communication and sustainability.

Examples of Training Programmes in FY2022

- Problem-solving and decision making
- Situation leadership theory
- Change Management Task Force (CMTF) management
- Gallup Clifton Strengths Workshop
- Data analytics for business

SUCCESSION PLANNING

Succession planning is critical for organisational growth and sustainability. The Group constantly refines its performance management system, engages high-performing employees to set key performance indicators, and assumes more significant roles and responsibilities. In the last quarter of FY2022, all department heads participated in an exercise to:

- Identify critical roles and technical, functional and leadership competencies required for these roles;
- Nominate successors; and
- Develop Individuals Development Plans (IDPs).

INTERNSHIP AND PLACEMENTS

The Pharmaceutical segment runs a one-year Provisionally Registered Pharmacist ("PRP") and a three-month Marketing, E-commerce Apprenticeship Programme with local universities. In FY2022, 30 pharmaceutical graduates participated in the PRP programme, with 15 completed during the year. The students gained hands-on experience in a regulated manner and became competent registered pharmacists. After completing the PRP training, qualified applicants are offered one-year fixed-term contracts as Fully Registered Pharmacists (FRP) serving at our stores.

HELPING PEOPLE HANDLE CHANGE AT WORK MORE EFFECTIVELY

Malaysia's retail and pharmaceutical segments are rapidly evolving with the ever-changing consumer habits, behaviours and trends. Accordingly, we must nurture the team's ability to deal with the changes in market dynamics and customer demands.

In May 2021, a transformation GPS survey determined employees' sentiments about organisational changes. The four drivers with the lowest scores were Team Leadership, Accountability, Skills & Staffing, and Fear & Frustration.

Following this, we formed a Change Management Task Force ("CMTF") to formulate programmes to bridge gaps and help the Company and employees address challenges in the four areas. We will progress as a team as the Group remains a prominent icon in the retail and pharmaceutical landscapes.



SUSTAINABILITY STATEMENT

SOCIAL: SOCIETY

The Group aligned its community investment principles with the focus areas of always being there for society and the development of local communities. Closer business strategy alignment with community investment produces better outcomes for the brand and local communities.

In FY2022, the Group's social investment and support initiatives helped communities, non-profit organisations and the vulnerable, contributing RM4,810,844 to non-profit organisations.

FLOOD RELIEF

The floods of December 2021 in Malaysia left almost 50 dead, with over 400,000 people requiring evacuation and causing an estimated RM6.1 billion in financial losses. Unprecedented rainfall left areas on the west coast of Peninsular Malaysia under almost four metres of water and turned roads into rivers.

In January 2022, 7E collaborated with Gurwara Sahib Guru Nanak, Persatuan Bulan Sabit Merah and Saora Industries to distribute flood relief aid, such as food and clean water, to victims in the worst affected areas. 7E also supplied flood relief necessities, including inflatable boats, life jackets and sustainable food supplies to sustain the Royal Malaysia Police in their rescue mission.

ONE-FOR-ONE CAMPAIGN

The One-for-One Campaign commits to contributing one meal to participating NGOs with every RTE meal purchased at SEM. We invite customers to support this initiative to help unfortunate communities. We distributed 21,000 meals to B40 communities over three months.

SEMURNI KASIH

Semurni Kasih is part of 7E's Community Care in support of underprivileged groups. This five-week annual campaign during Ramadan urges customers to donate purchased items using contribution boxes at our stores nationwide. We collected RM1,737,055 worth of food and non-food items during this campaign in FY2022 for distribution to needful charities and charitable causes across the region.

BACK TO SCHOOL

Adhering to the UN Global Compact and Save the Children – the Children's Rights and Business Principles, the Group continues to advocate children's rights, especially their right to education. SEM's Back-to-School Programme helps B40 children return to school by sponsoring essential school items.

We donated over 100 care packs to 50 primary and 50 secondary students to support their post-pandemic back-to-school journey. Each box contains a school bag, stationery, school uniform vouchers, shoes, supplies and necessities.

COLLABORATING WITH BOOKXCESS AND FUN4KIDS MALAYSIA FOR A FUN-FILLED EXPERIENCE

On 23 July 2022, 7E collaborated with BookXcess and Fun4Kids Malaysia to deliver a fun-filled workshop at its Puchong Flagship Store. Children from Rumah Shalom enjoyed a one-day simple circuit house-making led by Fun4Kids.

LEND A HELPING HAND

7E invited customers and the public to help fellow Malaysians in need throughout August 2022 in conjunction with Malaysia's independence. With the tagline 'You Contribute, We Distribute', 7E invited customers to purchase necessities, including food, beverages, household essentials, personal care and other suppliers at its stores. Customers deposited the items in dedicated contribution boxes for distribution to various charities and good causes in Malaysia. We collected and distributed more than RM1 million worth of goods.

CARE & SHARE CAMPAIGN

The Group celebrated the 7-Eleven Day meaningfully by giving 500 My7E app points to everyone who donated at least RM30 worth of food, beverages and household essentials at specified locations. The Group distributed all donations to Aiyide Old Folks Home, which shelters abandoned old folks suffering from health problems.

SUSTAINABILITY STATEMENT

#BUATBAIKTOGETHER

The #BuatBaikTogether is a four-week campaign held in December, the season of giving. The campaign encouraged customers to purchase food, beverages, household essentials and other suppliers from our stores and donate them in contribution boxes in over 2,400 stores nationwide.

In FY2022, the #BuatBaikTogether collected over RM756,000 worth of suppliers consisting of food and non-food items such as groceries, canned food, biscuits, snacks, non-alcoholic beverages and medical supplies. The contributions benefited 211 charity homes and non-profit organisations.

OTHER PHILANTHROPY, CONTRIBUTIONS AND DONATIONS

- Donations of children's milk powder and RM12,000 to Pertubuhan Kebajikan Dan Perlindungan Al-Haq
- 7E #GiveFood Campaign gave RM14,000 in cash, equivalent to 50 days of meals, and in-kind donations such as toiletries, food and daily necessities for children of Hope Mission Welfare Society
- Sponsored 200 goodie bags to support the Persatuan Insan Istimewa IMC Selangor in its educational event organised for children with special needs
- Donation of daily essentials and RM13,000 cash contribution to Xiao Xin Serdang Old Folks Home
- Sponsored a shopping spree for eight children from Rumah Shalom at our Pop-Up Booth in MyTown Cheras

CARING ONE SHOP ONE SCHOOL

In 2017, CARiNG Pharmacy launched its 'One Shop One School' Corporate Responsibility programme. This programme provides first aid subsidies to local primary and secondary schools, raises health awareness among students and reduces schools' financial burden. This programme's activities include a school adoption in which we donate first aid kits and cash to replenish the school's first aid kits.

The CARiNG One Shop One School programme has benefited 40 schools since its launch in 2017. We added 12 schools to this programme in FY2022.



RECOGNISING VOLUNTEERISM

We continue encouraging volunteerism and invite employees to participate in our philanthropy programmes. Our annual voluntary programmes included Semurni Kasih, Lend A Helping Hand and #BuatBaikTogether in FY2022. We offered stores incentives for meeting their sales targets in the respective campaign period.

HUMAN RIGHTS

All operations and the extended value chain respect human rights as we conduct business ethically and sustainably. We operate in accordance with international human rights instruments, including the Universal Declaration of Human Rights. We adhere to all applicable employment and human rights laws where our operations are based.

The Code of Conduct and Business Ethics summarises our human rights policy. All associates review and receive annual awareness briefings on this Code as part of the training on human rights policy. These documents are available in English and Bahasa Malaysia.

The Group is committed to aligning its conduct with the United Nations Guiding Principles on Business and Human Rights. We also allocated day-to-day responsibilities and functions for monitoring human rights compliance.

We continuously assess our human rights impacts as part of our core business processes. Evaluating the effects of the business and setting targets drives continuous improvement. Our actions involve avoiding, preventing and mitigating human rights issues. We have implemented human rights screening, training and monitoring of internal operations and supply chain partners. We adhere to all applicable employment and human rights regulations where operations are based. Suppliers must do the same and at least abide by our Principles on Labour Practices and Human Rights.

Our principles and codes on labour practices and human rights include:

- Providing a safe and healthy workplace for employees, free from discrimination and harassment
- Not using child, forced and involuntary labour
- Prohibiting physical abuse, bullying and threats
- Employing foreign and migrant workers in full compliance with labour and immigration laws
- Supporting and respecting freedom of association and the rights of workers and employees to bargain collectively, as per local laws and regulations
- Practising freedom of expression and two-way communication by having a mechanism to allow employees to engage with management
- A clear policy which prohibits discrimination in the hiring and employment practices, including gender, race, religion, age, sexual orientation, disability and nationality
- Respecting and protecting the rights of indigenous people
- Complying with local laws on working hours and overtime with a clear policy which commits to reducing excessive working hours (multiple shifts);
- Providing competitive benefits and remunerations where employee salaries meet or exceed the minimum wage

OPERATING RESPONSIBILITY

We handle a wide range of convenience store products and pharmaceutical goods. We have established our in-house management standards as some foods, drugs, and other stocked products may harm our customers' lives if improperly handled. We ensure that the safety standards set by each type of product are maintained. Our food safety risks will increase as we expand our food service offerings. The Group's overarching system, guided by local and international standards, controls every step of its process life-cycle to maintain high product quality and safety.

PROTECTING OUR CUSTOMERS' DATA PRIVACY AND SECURITY

The Group values the trust customers place in our products and services. We fulfil our responsibility to protect customers' privacy.

We raise privacy and cybersecurity awareness with resources available through the dedicated privacy page on our intranet and the website. We provide focused guidance for specific teams dealing with personal data and those involved in creating the data collection technologies, including vendor management, engineering, human resources and legal.

Following stringent data governance, we limit and control access governed by audit logs. Our vendor hosts customers' data and is working towards ISO 27001. The 7E IT team performed penetration testing on the My7E 2.0 mobile app until the first quarter of 2023 to ensure it reliably protects customer data.

SUSTAINABILITY STATEMENT

QUALITY MANAGEMENT

The Group practises precise quality control across supply chains, prioritising safe and reliable products to protect customers' interests. All private label product suppliers must attend the Supplier Management Programme for product management and surveillance management training, which warrants product quality, use and consumption safety and maintaining consumer trust. We also audited our suppliers to evaluate their performance against the 7E Food Manufacturing Standard. We discovered no significant non-compliance among the 19 audited suppliers.

We aligned our in-house quality control standards with the Malaysia Food Act 1983 (Food Regulation 1985 and Food Hygiene Regulation 2009), Malaysia Standard Hazard Analysis and Critical Control Point (HACCP), Malaysia Standard Good Manufacturing Practice (GMP), Medical Device Authority Act 2012 (Medical Device Regulation 2012, Medical Device (Advertising) Regulation 2019) and National Pharmaceutical Regulatory Agency (NPRA).

Quality control standards focus

- Building programmes that drive excellence in quality, safety and regulatory compliance
- Delivering a transparent, credible and robust end-to-end brand quality system.

SEM conducts regular quality and food safety audits across all its stores.

Quality and Food Safety Audits



Each store practises strict rules, including:

- Checking the condition of all foods and packaging on receipt for damage, contamination risks, pests, quality and expiry dates;
- Rejected deliveries if significant damage risking contamination, infestation or expired products; and
- Ensuring hot counters are 60°C and above at all times as per local Government's temperature control requirements.

QUALITY AND FOOD SAFETY (Q-FOS)

The Convenience Stores division established the 7E Quality and Food Safety Standard ("7E Q-FoS"). We regularly train our operations team on the 7E Q-FoS Standard requirements to ensure compliance. A dedicated quality assurance team conducts an annual Q-FoS Audit, auditing 964 stores in 2022.

The audit team reviews and validates 7E Q-FoS compliance at stores, including planning, auditing, monitoring and corrective actions. We delivered 20 7E Q-FoS training sessions for 580 store managers during the year.



SUSTAINABILITY STATEMENT

ENSURING SATISFACTION

In FY2022, the Pharmaceutical Division conducted two brand health checks and customer experience surveys to measure the Net Promoter Score (“NPS”) and customer satisfaction towards the CARiNG brand: Brand Health & Customer Experience Study and Member User Experience Survey (“MUES”). Essentially, NPS measures customer loyalty, rating the likelihood of customers recommending our products or services to their friends and families.

ADVOCATING HEALTHY EATING AND A HEALTHY LIFESTYLE

The retail food environment plays an essential role in shaping the dietary habits of the modern consumer. Nutritional information and the visibility of healthier food products inside our stores help customers make healthier nutritional choices.

7E launched a new healthy sandwich product, the wholemeal-bread cranberry sandwich filled with cranberries and alfalfa, to improve access and advocate better nutrition. We also offer soy and oat milk alternatives for coffee at our flagship stores to cater for lactose-intolerant customers.

Our product and innovation team will continue offering wider healthy food and beverage options for a healthier community. We also work with our industry peers on strategies to promote products with less negative impact and address negative product impact, especially processed foods and drinks. We protect vulnerable groups such as children by prohibiting alcohol and medication. Customers require identity cards when purchasing alcohol and tobacco or a doctor’s prescription for controlled drugs.

Our Pharmaceutical Division also held a series of campaigns to promote a healthy lifestyle and prevent chronic diseases. For example, we launched the Jom Kurang Manis low-sugar mooncakes, which contained half the sugar of typical mooncakes. The team distributed these healthy mooncakes while visiting four old folks’ homes and handicap centres for the Mid-Autumn Festival. We gave away RM1,000 cash vouchers, daily essentials and healthcare devices and conducted free blood glucose and cholesterol screening for elderly residents.

HELPING CUSTOMERS UNDERSTAND THEIR CONSUMPTION THROUGH RESPONSIBLE ADVERTISING AND MARKETING

We comply with the Food Regulations 1985 under the Ministry of Health for our product labels. Detailed food packaging and product label rules help customers become savvy about their choices, particularly processed foods and drinks. With a wide range of products available at our stores, 7E is committed to responsibly marketing all products, including processed foods.

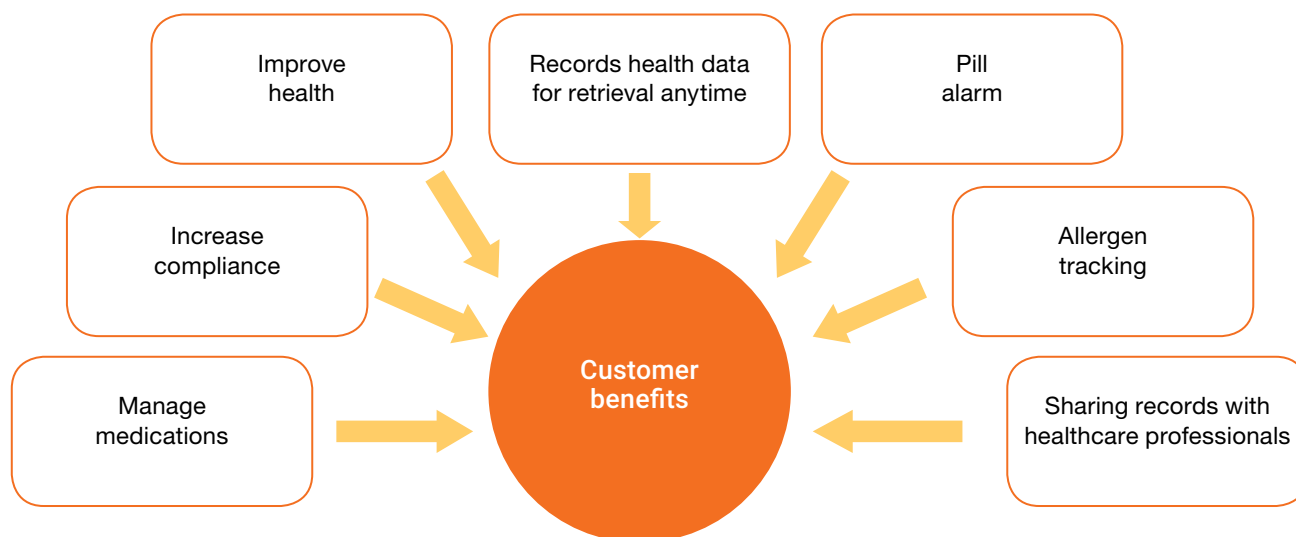
The Group has established detailed guidelines that govern the advertising, marketing and labelling of products for the Convenience Stores and Pharmaceutical Division. 7E’s private labels inform customers what the food or beverage contains, its ingredients and key dietary details. Front-of-package labels deliver concise and practical nutritional information to encourage healthier food choices. For example, “high in fibre”, “high in protein”, “cholesterol free”, “trans-fat free” and ‘low in sodium’.

Our Pharmaceutical Division launched the Patient Medication Record (“PMR”), an electronic record system that records customers’ medication histories. In FY2022, our pharmacist team recruited 39,255 clients, compared to 26,666 in the previous year, including customers requesting health checks with repeat prescriptions and wellness programmes such as the Eat Well Stay Fit Weight Management Programme. Customers with repeated prescriptions were encouraged to create a PMR profile for better monitoring. In FY2022, CARiNG recorded 32,165 pieces of prescription information in its database, which is crucial for the continued pharmaceutical care of its customers. CARiNG also introduced its Chronic Disease Management Programme to encourage our customers to follow up regularly with their doctors and repeat their prescriptions.

SUSTAINABILITY STATEMENT

CARiNG Pharmacy Group works with its partner doctors on a one-stop solution for their customers' healthcare needs through the CariDoctor Electronic Prescription Service. This service allows customers to acquire seamless professional advice and prescriptions from certified doctors for selected medical needs - should pharmacists warrant further consultation. CARiNG launched this brand-new service in May 2022. The programme has benefited 6,830 patients as of 31 December 2022.

PMR Benefits



We train our store employees on product labels and how to market responsibly. Setting requirements for purchasing certain items such as controlled drugs avoids the negative impact and side effects from over-consumption of our products, including food, beverage and medications.

BUILDING HEALTHY COMMUNITIES THROUGH COLLABORATION

CARiNG Pharmacy promotes healthy lifestyles in the local communities. Collaboration is the best way for communities to reach their highest and healthiest potential. We inspire communities and neighbourhoods to make positive health impacts possible by engaging with stakeholders at every level, such as individual, doctor, community and organisational levels.

CARiNG collaborates with various institutions on research projects and health programmes, including collaborations with:

- Universiti Malaya in promoting safe medicine disposal
- Universiti Kebangsaan Malaysia on a medication review research project
- Monash University on Prediabetes, Intervention, Management and Evaluation Programme (PRiME) – a study on prediabetes
- The Ministry of Health, University Putra Malaysia and Johnson & Johnson on CARiNG Quit Smoking Counselling Services



SUSTAINABILITY STATEMENT

AT YOUR CONVENIENCE

With the tagline “Always There for You”, 7E strives to deliver customers a more convenient and fulfilling shopping experience. Our Convenience Stores Division is the largest convenience store chain, with 2,472 stores nationwide as of 31 December 2022, serving over 900,000 customers daily. Customers can quickly locate us wherever they are for fresh food, snacks, drinks, coffee and other necessities.

Our Pharmaceutical Division recently launched domestic and international home delivery to reach a broader customer base. Caring and 7E work hard with supply-chain partners to keep their shelves stocked, particularly core items, to avoid disappointing or inconveniencing customers.

REWARDING LOYALTY

In FY2002, CARiNG launched its first customer loyalty programme, the CARiNG Regular Card. In 2006, CARiNG Pharmacy began a partnership with BonusLink, Malaysia's premier multi-partner consumer rewards programme to enhance our benefits programme. As the business grew, we introduced our Caring Shopper Loyalty Programme in 2018. The programme is digitally accessible via Caring Pharmacy's mobile app, with 1.43 million members. Members enjoy benefits and rewards, including birthday treats, collect and redeem points and news of exclusive promotions and discounts. CARiNG launched a new, improved membership in October 2022 with new reward tiers – Silver, Gold and Platinum. Members will enjoy more rewards as they advance across these reward tiers.

Our 7REWARDS offers exclusive deals that earn loyalty points for every Ringgit spent by 7E Members. Essentially, 7E members may exchange points for free snacks and goodies. Members also receive a FREE Slurpee drink in their birthday month. 7E members can also boost their savings with Bonus Points and start a points collection streak when they purchase selected products.

CONSUMER EDUCATION FOR CONSUMER WELL-BEING

There are over 2,600 pharmacies, 8,000 clinics and 375 hospitals in Malaysia, all of which supply medicines destined for consumers' medicine cabinets or drawers. Many consumers stock medicines “just in case”; and do not know how to dispose of these unwanted medicines once they expire.

CARiNG's Do It Right Project educates consumers not to discard unwanted medicines in the household rubbish, drain or toilet as they enter the water supply and pollute the environment.

We invite consumers to return unwanted medicines to any CARiNG Pharmacy stores for safe disposal. In 2022, we received 1,217, or 1,848 kg of medicine returns from the public. CARiNG awards 200 points to every customer as a token of appreciation for their excellent practice.

Our pharmacists actively engage with the local community to promote the importance of proper disposal and provide a convenient collection point for unwanted medication.

CARiNG ensures that a pharmacist is always on duty whenever possible. Pharmacists are essential for educating patients about using or administering their medications and dealing with their specific needs and issues.



SUSTAINABILITY STATEMENT

LOOKING AHEAD

The future is pivotal as we manage further sector regulation and increasing stakeholder expectations. However, this is an opportunity to be fit and ready for our future. We also recognise the need to engineer products and operations to reduce waste, such as more efficient product packing and supply chain processes.

Moving forward, we will continue upholding our commitment to reducing our environmental footprint and fostering a heightened sense of social responsibility. We will also continue to prioritise sustainability in our operations and value chain, from sourcing sustainable materials to reducing waste and GHG emissions. Proactively engaging with customers and suppliers to promote sustainable practices will create a culture of sustainability throughout the industry.

Embracing sustainable practices will contribute to a better world, strengthen our competitive position and create long-term value for all stakeholders. Together, we can build a more sustainable future for ourselves and future generations.

TECHNOLOGY AND INNOVATION

The Group will improve its operational efficiency by gradually adopting the applicable tech solutions such as the Internet of Things (“IoT”), artificial intelligence (“AI”) and other innovative products to expedite our sustainability journey, such as using:

- Advanced IoT devices to control and improve electricity usage at our stores
- Predictive AI solutions to aid sales forecast and store ordering to reduce food wastage

We will improve our supply chain operations by integrating a better transportation management system to optimise routes, reduce empty miles and minimise idling time to lower fuel consumption and greenhouse gas emissions.

Integrating the Human Resource Information System (“HRIS”) allowed the HR Department to manage its tasks remotely and effectively plan manpower. HRIS also protects the data’s accuracy and security and empowers employees to manage their personal information.

TRANSFORMING CUSTOMER EXPERIENCE

We provide customers exceptional service and high-quality products that guarantee a memorable in-store experience. To achieve this, we constantly strive to improve our offerings, including exploring the development of affordable private-label products that provide excellent value for money while prioritising sustainability through recyclable packaging.

Our environmental protection commitment complements our goal of delivering better nutrition to our customers, as healthy living and responsible environmental practices are essential for a better future.

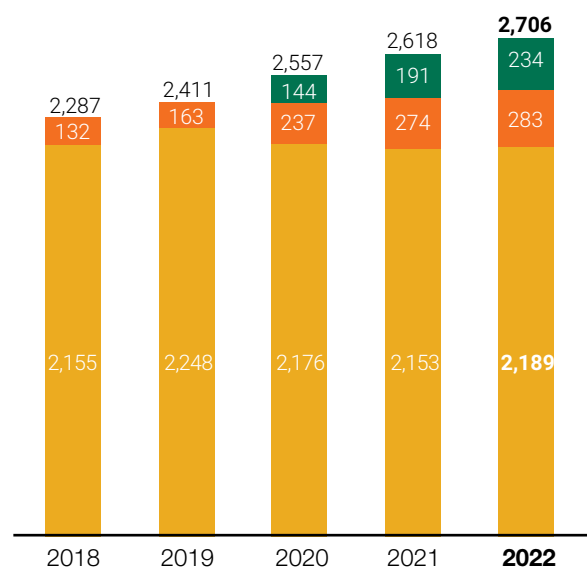
GROUP FINANCIAL SUMMARY

Description	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	3,764,279	2,808,500	2,539,028	2,361,058	2,217,049
Profit Before Tax	140,808	92,429	62,656	76,653	73,859
Profit After Tax	84,328	58,840	35,353	54,084	51,330
Profit Attributable To Shareholder	66,875	44,348	29,766	54,058	51,307
Share Capital	1,485,138	1,485,138	1,485,138	1,485,138	1,485,138
Treasury shares	(194,302)	(161,410)	(157,243)	(128,928)	(161,941)
Assets Revaluation Reserve	45,599	43,236	42,214	41,969	41,152
Other Reserves	140,974	66,266	39,899	46,985	71,208
Capital Reorganisation Deficit	(1,343,248)	(1,343,248)	(1,343,248)	(1,343,248)	(1,343,248)
Non-controlling Interest	96,080	92,061	94,461	195	169
Total Equity	230,241	182,043	161,221	102,111	92,478
Long Term Liabilities	1,350,052	1,231,305	972,933	579,945	72,723
Current Liabilities	1,096,934	849,391	902,695	739,963	584,166
Total Equity and Liabilities	2,677,227	2,262,739	2,036,849	1,422,019	749,367
Property, Plant & Equipment	361,620	321,045	346,484	338,129	323,982
Right-of-use assets	684,363	652,534	672,881	608,530	-
Investment Property	20,585	21,029	-	-	400
Intangible Assets	473,374	478,949	425,492	29,390	34,289
Investment and Other Non-Current Asset	79,036	36,559	25,733	42,533	1
Current Assets	1,058,247	752,623	566,259	403,437	390,695
Total Assets	2,677,227	2,262,739	2,036,849	1,422,019	749,367
Net Assets Per Share (sen)	12.09	7.99	5.91	8.93	8.23
Basic Earning Per Share (sen)	5.95	3.93	2.60	4.74	4.57

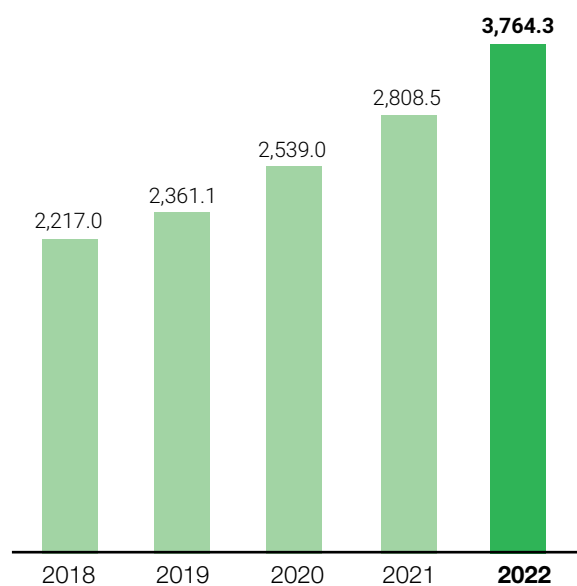
GROUP FINANCIAL HIGHLIGHTS

Store Count

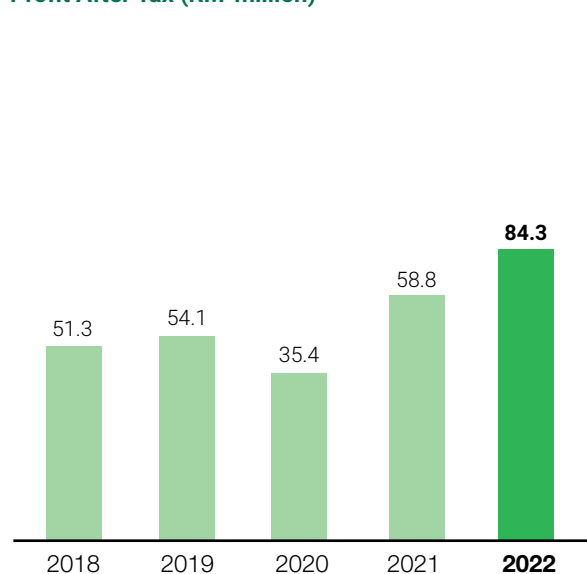
- Pharmaceutical Store
- Convenience Store - Franchise
- Convenience Store - Corporate



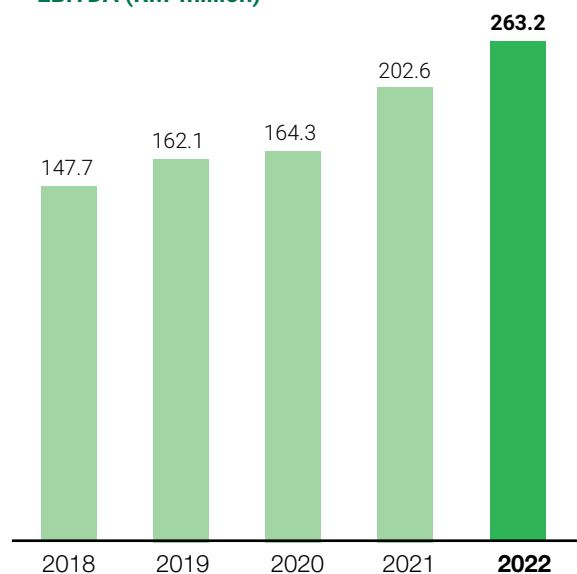
Revenue (RM 'million)



Profit After Tax (RM 'million)



EBITDA (RM 'million)



CHARTS ON FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022
Convenience Store - Corporate	2,155	2,248	2,176	2,153	2,189
Convenience Store - Franchise	132	163	237	274	283
Pharmaceutical Store	-	-	144	191	234
Store Count	2,287	2,411	2,557	2,618	2,706
Revenue (RM'million)	2,217.0	2,361.1	2,539.0	2,808.5	3,764.3
Profit after Tax (RM'million)	51.3	54.1	35.4	58.8	84.3
EBITDA (RM'million)	147.7	162.1	164.3	202.6	263.2

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 (“**7-Eleven**” or “the “**Company**”) recognises the importance of adopting high corporate governance standards, in compliance with the law, regulatory requirements and rules, and ethically 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**”).

This statement outlines the following principles and recommendations which the Group has comprehended and applied with the best practices outlined in the MCCG:-

- Board Leadership and Effectiveness
- Effective Audit and Risk Management
- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

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, Mr. Farhash Wafa Salvador is a Non-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. In the absence of the Chairman, the role of Chairman will be undertaken by the Deputy Chairman.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part I: Board responsibilities (Cont'd)

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

Chairman of the Board (Cont'd)

The Company has applied Practice 1.4 of the MCCG whereby the Chairman of the Board should not be a member of the Board Committee. Hence, our Chairman of the Board is not a member of any Board Committees of the Company.

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.

Technology is effectively used in the Board and Board Committees' meetings. The agenda and meeting materials are sent online to the Directors before the hardcopy versions of the same. Where the Directors are in remote areas or overseas, they are encouraged to participate in meetings via audio or video conferencing.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part I: Board responsibilities (Cont'd)

2) Demarcation of responsibilities

Board Charter

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

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

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

3) Good business conduct and corporate culture

Code of Ethics

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

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

Whistle blowing

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 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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition

1) Strengthening the Board's composition

As of the date of this Statement, the Board consisted of ten (10) members, comprising two (2) Executive Directors, four (4) Non-Independent Non-Executive Directors, one (1) Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors. This composition fulfils the Listing Requirements, which stipulate that at least three (3) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. The Board took note of the requirement of Practice 5.2 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 13 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 and Sustainability 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 2022 are as follows:

Name of Nominating Committee Member	Meeting attended
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah, Chairperson ⁽¹⁾ <i>(Independent Non-Executive Director)</i>	3/3
Shalet Marian, Member ⁽²⁾ <i>(Independent Non-Executive Director)</i>	4/4
Chan Kien Sing, Member <i>(Non-Independent Non-Executive Director)</i>	4/4
Muhammad Lukman bin Musa @ Hussain, Member ⁽³⁾ <i>(Non-Independent Non-Executive Director)</i>	1/1

Notes:

1. Puan Sri Datuk Seri Rohani Parkash Binti Abdullah was appointed as Chairperson of the Nominating Committee on 11 April 2022.
2. Ms. Shalet Marian was redesignated from Chairperson of the Nominating Committee to member of Nominating Committee on 11 April 2022.
3. Encik Muhammad Lukman Bin Musa @ Hussain was redesignated as Non-Independent Non-Executive Director on 22 March 2022 and resigned as a member of Nominating Committee on 11 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition

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 2022, 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 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 2022, and was guided by the Corporate Governance Guide - Towards Boardroom Excellence taking into consideration the following key elements for assessment:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition (Cont'd)

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

I. Nominating Committee (Cont'd)

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

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

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

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

In accordance with Article 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 2022 are as follows:

Name of Remuneration Committee Member	Meeting attended
Chan Kien Sing, Chairman (Non-Independent Non-Executive Director)	3/3
Shalet Marian, Member (Independent Non-Executive Director)	3/3
Muhammad Lukman bin Musa @ Hussain, Member ⁽²⁾ (Non-Independent Non-Executive Director)	2/2
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah, Member ⁽¹⁾ (Non-Independent Non-Executive Director)	1/1

Notes:

1. Puan Sri Datuk Seri Rohani Parkash Binti Abdullah was appointed as member of Remuneration Committee on 11 April 2022.
2. Encik Muhammad Lukman Bin Musa @ Hussain was redesignated as Non-Independent Non-Executive Director on 22 March 2022 and resigned as a member of Remuneration Committee on 11 April 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition (Cont'd)

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

II. Remuneration Committee (Cont'd)

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

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

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

III. Risk Management and Sustainability Committee ("RMSC")

To better address risk faced and develop the Environment, Social and Governance ("ESG") matters of the Company, the Board established a new Risk Management and Sustainability Committee on 20 April 2022. The Board is in the opinion that the new changes will be more effective to ensure the Board's role in considering sustainability matters when exercising its duties of developing and implementing company strategies, business plans, major plans of actions and risk management and that adequate resources, systems and process are in place for managing sustainability matters. The RMSC will review the sustainability reports and emerging issues. The Company will continue to review and enhance Key Performance Indicators ("KPIs") related to sustainability to further strengthen its governance practices from time to time.

The RMSC comprises the following members and their attendance during the financial year ended 31 December 2022 are as follows:

Name of Risk Management and Sustainability Committee Member	Meeting attended
<i>Dato' Richard Alexander John Curtis, Chairman (Senior Independent Non-Executive Director)</i>	2/2
<i>Muhammad Lukman Bin Musa @ Hussain, Member (Non-Independent Non-Executive Director)</i>	2/2
<i>Dr. Mazatul 'Aini Shahar Binti Abdul Malek Shahar, Member ⁽¹⁾ (Independent Non-Executive Director)</i>	0/1
<i>Moyra Binti Ibrahim, Member ⁽²⁾ (Independent Non-Executive Director)</i>	-

Notes:

1. Dr. Mazatul 'Aini Shahar Binti Abdul Malek Shahar was appointed as member of Risk Management and Sustainability Committee on 12 April 2022 and subsequently resigned on 31 October 2022.
2. Puan Moyra Binti Ibrahim was appointed as member of Risk Management and Sustainability Committee on 28 November 2022.

2) Reinforcing independence

In line with the MCGG, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition (Cont'd)

2) Reinforcing independence (Cont'd)

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 5.2 of the MCGG 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
Farhash Wafa Salvador* (Appointed on 3 January 2023)	5/5
Dato' Richard Alexander John Curtis	5/5
Tan U-Ming	5/5
Wong Wai Keong	5/5
Chan Kien Sing	5/5
Tsai, Tzung-Han	5/5
Shalet Marian	5/5
Muhammad Lukman Bin Musa @ Hussain	5/5
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah	5/5
Moyra Binti Ibrahim* (Appointed on 28 November 2022)	1/1
Dr. Mazatul 'Aini Shahar Binti Abdul Malek Shahar* (Appointed on 12 April 2022 and Resigned on 31 October 2022)	3/3
Dato' Sri Robin Tan Yeong Ching* (Resigned on 3 January 2023)	5/5

* 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition (Cont'd)

3) Fostering commitment (Cont'd)

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 2022 comprise the following:

Name of Director	Continuous education programmes attended in Year 2022
Farhash Wafa Salvador ⁽⁴⁾	<ul style="list-style-type: none"> - Harvard Kennedy School - Leadership Decision Making - Transformational Leadership for Corporate Directors
Dato' Richard Alexander John Curtis	<ul style="list-style-type: none"> - FCD Series Module E: Digital Awareness and Upskilling for Board - International Directors Summit 2022 - Bursa Malaysia's Enhanced Sustainability Reporting Framework - Sustainability Strategy & Reporting and Directors' Duties & Responsibilities
Tan U-Ming	<ul style="list-style-type: none"> - Directors' Duties & Responsibilities & Sustainability Strategy & Reporting - Bloomberg Asean Business Summit - Insead & IMD: Mastering Digital Transformation's Tectonic Shifts - Insead & IMD: Disruptive Thinking - Insead & IMD: Secrets of Digital Innovation Success - MIA Conference 2022 - YPO Thriving Through Transitions & Transformations
Wong Wai Keong	<ul style="list-style-type: none"> - Sustainability Strategy & Reporting and Directors' Duties & Responsibilities - MIA Conference 2022 - MICPA-KPMG Webinar: Supercharge ESG Ambitions with Technology - APAC Executive Trends 2022 - 7-Eleven International 2022 Leadership Summit
Muhammad Lukman Bin Musa @ Hussain	<ul style="list-style-type: none"> - MIA Conference 2022 - Provision of Financial Assistance & RPT - Sustainability Strategy & Reporting and Directors' Duties & Responsibilities
Chan Kien Sing	<ul style="list-style-type: none"> - Sustainability Strategy & Reporting and Directors' Duties & Responsibilities - MIA Conference 2022
Tsai, Tzung-Han	<ul style="list-style-type: none"> - Design and Taxation of Trust Products E-Course - Real Estate Trust E-course - Employee Confidentiality Education in 2022 - The First Course of Social Engineering in 2022 - 2022 CUB Overseas branch AML & CFT training - 2022 Introduction to Principles Governing Cross-Border Activities - 2022 Prevention of Sexual Harassment at Workplace - Future Directions of Green Finance and Supervisory Expectations CS (Including Climate) Training - The First Information Security Foundation Course in 2022 - General Studies of Risk Management - 2022 Personal Information Protection Act & Practice - 2022 BCM acknowledge training - On-the-Job Training for Safety Committee Members and Introduction to Occupational Safety and Health - Introduction to IFRS 17 - 2022 Accessibility of Financial Services in Banking Industry - Internal Ratings-Based Approach (IRB) - 2022 Code of Conduct Training - Financial Consumer Protection Act

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition (Cont'd)

3) Fostering commitment (Cont'd)

Name of Director	Continuous education programmes attended in Year 2022
Tsai, Tzung-Han	<ul style="list-style-type: none"> - Treating Customers Fairly (TCF) Principles - Financial Services Dispute Cases in Banking Industry - The Second Course of Social Engineering in 2022 - 2022 AML & CFT Training for Directors, Supervisors and Top Management - 2022 Treating Customers Fairly (TCF) for Directors, Supervisors and Top Management - 2022 Information Security Training for Directors, Supervisors and Top Management - 2022 AML & CFT Training for Board Members and Top Management - 2022 Introduction to Whistle-blowing System - 2022 CUB Overseas Units AML & CFT Training - The Second Information Security Foundation Course in 2022 - BoD Information Security Advisory Group: Information Security Threat Analysis Report for Q1 and Q2 - Treating Customers Fairly (TCF) and 21 Principles for Financial Consultant Management - 2022 Accessibility of Financial Services Guidelines: Chapter of Elderly Service and Accessibility
Shalet Marian	<ul style="list-style-type: none"> - Strengthening ESG disclosures - Anti-Corruption Talk Series for Directors and Senior Managers - MIA Conference 2022 - KPMG Tax Investigation - A Step into the future - Sustainability Strategy & Reporting and Directors' Duties & Responsibilities
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah	<ul style="list-style-type: none"> - Employer and Employee Tax Obligations in Malaysia - Spillovers at the Extreme: macroprudential stance and vulnerability to the financial cycle - Malaysia's Corporate taxes and incentives updates - Data protection best Practices - SME Forum: Leveraging Modern Technology to Drive Business Growth - MIA Conference 2022 - Climate Governance - Stakeholder Engagement - Human rights and Environment - Sustainability Strategy & Reporting and Directors' Duties & Responsibilities
Moyra Binti Ibrahim ⁽²⁾	<ul style="list-style-type: none"> - Malaysian Business Reporting System ("MBRS") – Annual Return - Compliance with Guidelines For The Reporting Framework For Beneficial Ownership of Legal Persons - Train The Trainer Certificate Program - Phillip Capital 12th Investment Conference 2022 - Assessing Financial System Integrity – Anti Money Laundering and Combating the Financing of Terrorism, Corruption & Bribery, Customer Information and Permitted Disclosure - Annual Signature Financial Planning Symposium 2022
Dr. Mazatul 'Aini Shahr Binti Abdul Malek Shahr ⁽¹⁾	<ul style="list-style-type: none"> - Mandatory Accreditation Programme - Steward Leadership for Sustainability, FIDE Forum & ASB
Dato' Sri Robin Tan Yeong Ching ⁽³⁾	<ul style="list-style-type: none"> - Atlan In House Training - Taxation principle and concepts for Directors

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition (Cont'd)

3) Fostering commitment (Cont'd)

Note:

1. Dr. Mazatul 'Aini Shahar Binti Abdul Malek Shahar was appointed as Independent Non-Executive Director of the Company on 12 April 2022 and subsequently resigned on 31 October 2022.
2. Puan Moyra Binti Ibrahim was appointed as Independent Non-Executive Director of the Company on 28 November 2022.
3. Dato' Sri Robin Tan Yeong Ching was resigned as Chairman, Non-Independent Non-Executive Director of the Company on 3 January 2023.
4. Mr. Farhash Wafa Salvador was appointed as Chairman, Non-Independent Non-Executive Director of the Company on 3 January 2023.

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

Part III: Remuneration

1) Directors' remuneration

The Directors' remuneration paid or payable from the Company and its subsidiaries on the named basis during the financial year ended 31 December 2022 categorised into appropriate components are as follows:-

	Company		Group			Total (RM)
	Fee (RM)	Meeting Allowance (RM)	Salaries and/or Bonus* (RM)	Other Emoluments [^] (RM)	Benefits-in-kind (RM)	
Executive Director						
Tan U-Ming	-	-	1,351,646	-	48,900	1,400,546
Wong Wai Keong	-	-	1,351,646	-	16,000	1,367,646
Non-Executive Director						
Farhash Wafa Salvador (Appointed on 3 January 2023)	-	-	-	-	-	-
Dato' Richard Alexander John Curtis	60,000	4,000	-	-	-	64,000
Chan Kien Sing	60,000	7,500	8,443	60,000	13,325	149,268
Tsai, Tzung-Han	60,000	3,000	-	-	-	63,000
Shalet Marian	68,633	9,500	-	-	-	78,133
Muhammad Lukman Bin Musa @ Hussain	62,710	8,000	-	-	-	70,710
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah	60,000	5,000	-	-	-	65,000
Moyra Binti Ibrahim (Appointed on 28 November 2022)	5,500	1,000	-	-	-	6,500
Dr. Mazatul 'Aini Shahar Binti Abdul Malek Shahar (Appointed on 12 April 2022 and Resigned on 31 October 2022)	33,333	4,000	-	-	-	37,333
Dato' Sri Robin Tan Yeong Ching (Resigned on 3 January 2023)	60,000	3,000	-	-	-	63,000
Total	470,176	45,000	2,711,735	60,000	78,225	3,365,136

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part III: Remuneration (Cont'd)

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

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

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

1) Upholding integrity in financial reporting

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

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 84 to 86 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 three (3) 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 2022, 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 2023. The Board at its meeting held on 13 April 2023 approved the Audit Committee's recommendation. The re-appointment of Messrs. Ernst & Young PLT will be presented for shareholders' approval at the forthcoming Tenth AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

2) Recognising and managing risks

The Board regards risk management and internal controls as an integral part of the overall management processes. As such, the Board has established an Enterprise Risk Management (“ERM”) framework to identify and manage significant risks faced in the Group’s operations. For the effective implementation of ERM, a Risk Management Working Group, headed by the Co-Chief Executive Officers, has been established, comprising key management personnel from the respective divisions. The Risk Management Working Group is tasked to report to the Risk Management and Sustainability Committee on key risks identified and the implementation of action plans to mitigate the risks. The Board is apprised, via the Risk Management and Sustainability Committee, of the Group’s risk profile, including action plans to address the significant risks. On 20 April 2022, the Group merged the Sustainability Management Committee and Risk Management Committee.

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 and Risk Management and Sustainability 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 84 to 86 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 RM120,000.00.

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.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

The Board recognises the importance of being transparent and accountable to the Company's investors. The Company will hold group and individual discussions with analysts, institutional shareholders, and investment communities, at their request, with the view to fostering greater understanding of the business of the Group. The various channels of communications are through the quarterly announcements on the financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.7eleven.com.my where shareholders can access corporate information, Annual Reports, press releases, minutes of AGMs, 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 13 April 2023.

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 2022 ("FY2022"). 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

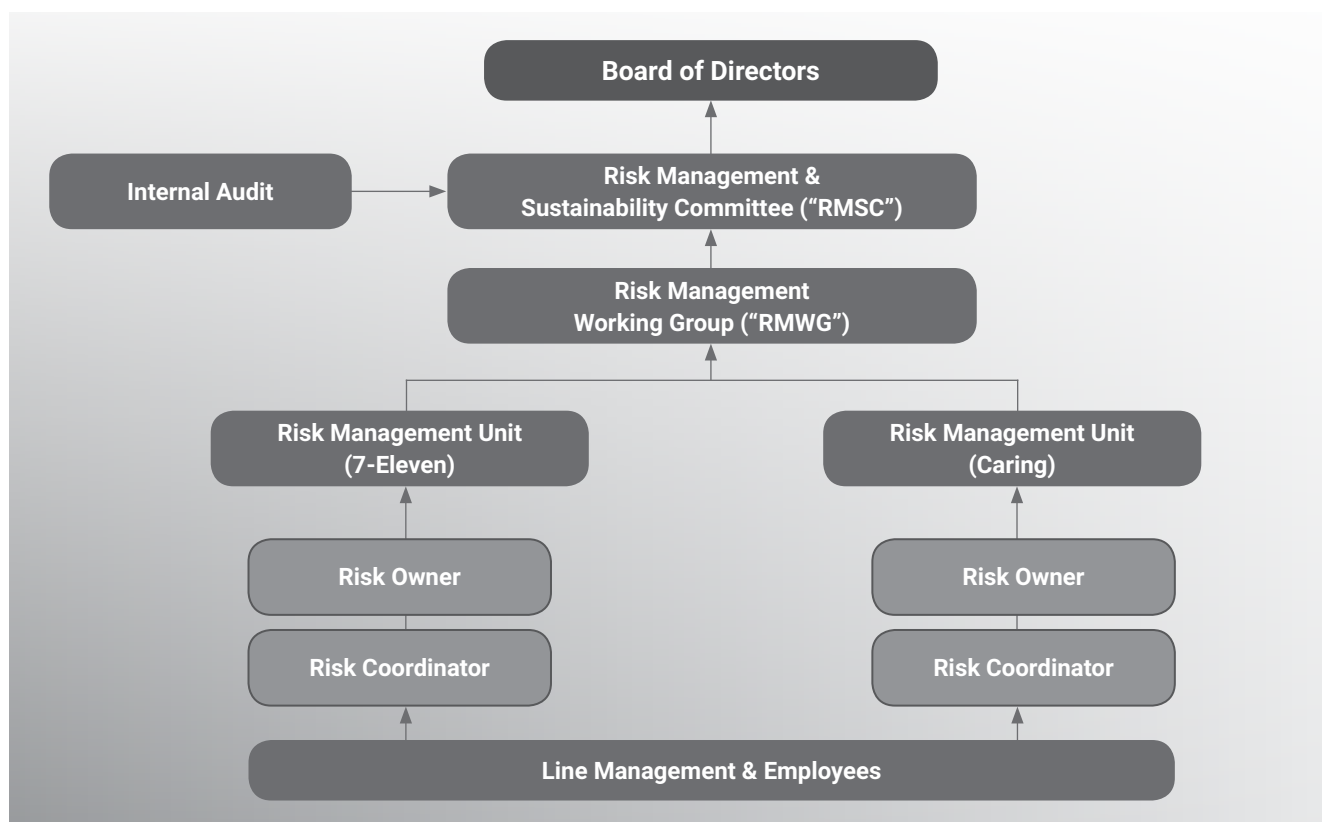
The Board recognises the importance of maintaining a sound system of internal control and the proper identification and management of risks affecting the Group's operations in order to safeguard shareholders' investments. Accordingly, the Board affirms its overall responsibility for the Group's system 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 losses.

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:

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

Recognising the importance of leadership and a clear line of responsibility in effective risk management, the Group had in the current financial year, established a new risk oversight structure as shown below :-



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK (CONT'D)

Essentially, the Board retains the overall risk management responsibility to identify principal risks and ensure the implementation of appropriate controls to manage these risks. The Board approves the risk management strategies but delegates authority through the RMSC and RMWG for risk management, including the timely review of identified risks and the effectiveness of mitigation strategies and controls.

Accountable to the Board, the RMSC meets on a quarterly basis to:

- Review the implementation of the ERM framework;
- Deliberate on key business risks and mitigating controls to address the risks identified;
- Provide oversight of the Group's insurance policies, cyber security management, business continuity and disaster recovery plans, Charters of Authority, anti-bribery and anti-corruption matters;
- Oversee the execution and implementation of sustainability strategy, monitor the progress of our sustainability initiatives and establish of Group's sustainability targets; and
- Recommend to the Board for endorsement or approval where necessary.

At the Risk Management Unit level, the respective risk owners are responsible for identifying risks that may have an adverse impact to their operational and/or financial goals, including any other business objectives. In assessing and monitoring identified risks, the Group employs the use of a matrix to map out the risk materiality impact and likelihood of occurrence. And after taking into consideration the effectiveness of mitigating controls and action plans taken or proposed to be taken, these identified risks are then ranked according to its residual risks. Said risk matrix is assessed and reviewed over time, in accordance with the changes in the Group's operating landscape and strategic direction to ensure relevancy and effectiveness.

In FY2022, the RMSC had duly reviewed, appraised and assessed the efficacy of the controls and progress of action plans taken to mitigate, monitor and manage the Group's risk exposure. The RMSC has subsequently provided assurance to the Board that the Group's ERM framework and internal controls are operating adequately and effectively in all material aspects.

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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL FRAMEWORK (CONT'D)

(b) Planning, monitoring and reporting (Cont'd)

- 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 protected against calamities and/ or theft that may result in material losses to the Group.

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

INTERNAL AUDIT FUNCTION

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

For the financial year under review, the internal auditors conducted two cycles of audit, focusing on merchandising processes, store operations and inventory management, 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, a Certified Internal Auditor ("CIA"), The Institute of Internal Auditors, Inc ("IIA"), Board of Governors, Institute of Internal Auditors Malaysia ("IIA Malaysia"), Chairman of Research and Technical Advisory Committee, IIAM, Professional member, IIA Malaysia, Chartered Accountant, Malaysia Institute of Accountants ("MIA"), Member, Islamic Finance Committee, Certified Global Management Accountant, Chartered Institute of Management Accountant, and Bachelor in Accounting, International Islamic University (Hons), Malaysia. A total of seven (7) personnel were deployed by KPMG MRC for the internal audit work during the financial year ended 31 December 2022.

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 operating manuals 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 Executive Directors cum Co-Chief Executive Officers and 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 2022 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 PLT, 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 2022 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 26 April 2023.

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 2022 are as follows:

Name of Audit Committee Member	Meetings attended
Shalet Marian, Member, Chairperson ⁽¹⁾ (Independent Non-Executive Director)	6/6
Muhammad Lukman Bin Musa @ Hussain, Member ⁽²⁾ (Non-Independent Non-Executive Director)	6/6
Chan Kien Sing, Member ⁽³⁾ (Non-Independent Non-Executive Director)	2/2
Dr. Mazatul 'Aini Shahar Binti Abdul Malek Shahar, Member ⁽⁴⁾ (Independent Non-Executive Director)	3/3
Moyra Binti Ibrahim, Member ⁽⁵⁾ (Independent Non-Executive Director)	1/1

Notes:

1. Ms. Shalet Marian was redesignated as the Chairperson of Audit Committee on 12 April 2022.
2. Encik Muhammad Lukman Bin Musa @ Hussain was redesignated as Non-Independent Non-Executive Director and member of Audit Committee on 22 March 2022.
3. Mr. Chan Kien Sing resigned as a member of Audit Committee on 12 April 2022.
4. Dr. Mazatul 'Aini Shahar Binti Abdul Malek Shahar was appointed as a member of Audit Committee on 12 April 2022 and subsequently resigned on 31 October 2022.
5. Puan Moyra Binti Ibrahim was appointed as member of Audit Committee on 28 November 2022.

MEMBERSHIP

The Members 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.

As at the date of this Report, all the Audit Committee members are the member of the Malaysian Institute of Accountants. 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. Encik Muhammad Lukman Bin Musa @ Hussain was redesignated from Chairman to Member of the Audit Committee on 22 March 2022, following his redesignation as Non-Independent Non-Executive Director of the Company. Subsequently, the Audit Committee is chaired by Ms. Shalet Marian with effect from 12 April 2022.

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.

AUDIT COMMITTEE REPORT

SUMMARY OF WORK OF THE AUDIT COMMITTEE

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

(a) Financial Reporting (Cont'd)

- 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 2022 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 2021; and
- The dates the Audit Committee meeting held during the financial year to deliberate on financial reporting matters as detailed below:

Date of meeting	Financial Reporting/Statements Reviewed
13 January 2022	Review the Budget of the Group for the financial year ended 31 December 2022
24 February 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 December 2021
20 April 2022	Audited Financial Statements for the financial year ended 31 December 2021, Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval and disclosure in the Company's Annual Report 2021
26 May 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 31 March 2022
25 August 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 30 June 2022
29 November 2022	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 30 September 2022
	Review the Budget of the Group for the financial year ending 31 December 2023

(b) External Audit

- reviewed the External Auditors' audit plan for the financial year ended 31 December 2022, including the key areas of audit emphasis, audit approach and their proposed audit fees;
- reviewed, discussed and assessed all significant matters highlighted by the External Auditors on financial reporting and operation issues;
- met with the External Auditors without the presence of Executive Directors and Management on 24 February 2022 and 29 November 2022; 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.

AUDIT COMMITTEE REPORT

(c) Internal Audit (Cont'd)

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 Anti-Bribery and Anti-Corruption 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 2022, the internal audit function had covered the area of store operations and follow up on findings of previous internal audit report. The following activities were carried out:

- tabled for the Audit Committee's consideration and approval of the internal audit plan and the underlying scope of work before commencement of internal audit;
- carried out internal audit testing on the Group's compliance with its policies and procedures as well as relevant rules and regulations;
- reviewed and assessed the adequacy of internal controls deployed by Management on the area of coverage in the internal audit;
- 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 2022 amounted to approximately RM120,000.

(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 2022 set out on pages 106 to 227 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 are 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.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and irregularities.



FINANCIAL **STATEMENTS**

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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 2022.

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	<u>84,328</u>	<u>55,060</u>
Profit attributable to:		
Equity holders of the Company	66,875	55,060
Non-controlling interest	<u>17,453</u>	<u>-</u>
	<u>84,328</u>	<u>55,060</u>

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2021 were as follows:

	RM'000
In respect of the financial year ended 31 December 2022	
Interim single-tier cash dividend of 2.6% on 1,126,320,000 [#] ordinary shares, declared on 20 April 2022 and paid on 27 May 2022	<u>29,284</u>

[#] Dividends were distributed to the holders of ordinary shares of the Company in issue as at 11 May 2022 (being the entitlement date), net of 107,065,000 treasury shares.

DIRECTORS' REPORT

Dividends (cont'd.)

On 13 April 2023, the Board of Directors has declared a single-tier dividend of 5.4 sen per ordinary share on 1,110,046,500[^] ordinary shares with voting rights.

[^] Number of shares is net of 123,338,500 treasury shares.

The entitlement date has been fixed on 11 May 2023 and payable on 25 May 2023.

These dividends will be accounted for in the equity as an appropriation of retained profits in the financial year ending 31 December 2023.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2022.

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:

Puan Sri Datuk Seri Rohani Parkash Binti Abdullah
Dato' Richard Alexander John Curtis
Chan Kien Sing
Muhammad Lukman Bin Musa @ Hussain
Shalet Marian
Tan U-Ming*
Tsai, Tzung-Han
Wong Wai Keong*
Moyra Binti Ibrahim (Appointed on 28 November 2022)
Farhash Wafa Salvador (Appointed on 03 January 2023)
Dr Mazatul 'Aini Shahr Binti Abdul Malek Shahr (Appointed on 12 April 2022 and
resigned on 31 October 2022)
Dato' Sri Robin Tan Yeong Ching (Resigned on 03 January 2023)

* 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 retire at the forthcoming Annual General Meeting, and being eligible, offered themselves for re-election:

Puan Sri Datuk Seri Rohani Parkash Binti Abdullah
Chan Kien Sing
Moyra Binti Ibrahim
Farhash Wafa Salvador

DIRECTORS' REPORT

Directors (cont'd.)

In accordance with Article 99 of the Company's Constitution, Shalet Marian who retires by rotation at the forthcoming Annual General Meeting will not be seeking for re-election.

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:

Tan Sri Dato' Seri Vincent Tan Chee Yioun

Tan Sri Mohd Annuar Bin Zaini

Dato' Sri Lai Kock Poh

Datin Sri Yong Mee Yam

Aaron Ng Wei Ee

Andy Ler Yong Ta

Ang Hooi Hoon

Ang Khoon Lim

Ang Swee Lim

Beh Siew Lian

Chan Chia Huoi

Chang, Chien-Tai

Chia Muan Muan

Ch'ng Haw Chong

Chong Yeow Siang

Chow Ching Yei

Chua Qi Yun

Christopher Michael Lower

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

Joshua Ng Zheng Yong

Kang Pei Joul

Khor Yong Xin

Koh Pei Ying

Kuan Mun Ni

Lai Kok Yoong

Lau Yee Voon

Lee Sze Wei

Lee Wei Phang

Lee Yoon Leong

Lee Yu Ren

Liew Pooi Cheng

Lim Kah Kiat

DIRECTORS' REPORT

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.):

Lim Kok Kit
Loh Paik Yoong
Loo Chuan Yen
Loo Jooi Leng
Low Yuen Ker
Nah Bee Chyi
Ng Cheah Phing
Ng Ming Kiat
Ng Yee Choung
Ng Yi Chan
Ng Wei Ping
Ong Chin Yee
Ong It Seang
Ooi Jin Yi
Ooi Pei Lin
Ooi Thean Thean
Ooi Yi Zhi
Rachel Lau Jean Mei
Seow Fue Chin
Sharon Lai Wai Ling
Siew Ben Jern
Siow Cheuk Ching
Song Yick Yuan
Soo Chan Chiew
Soo Wai Han
Tan Chai Choo
Tan Fei Wun
Tan Lay Ean
Tan Lean Boon
Tan Pik Seng
Tan Teck Koon
Tan Thien Thien
Tan Wei Sheng
Tan Yee May
Tan Yi Hui
Tan Zhen Yao
Tang Guang Hui
Tengku Muzzammil Bin Tengku Makram
Tee Phaik Kien
Tey Lu Ping
Voon Hui Shun
Wong Kait Chon
Wong Shin Yi

DIRECTORS' REPORT

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.):

Yap Sze Yin	
Mah Choon Leng	(Appointed on 15 March 2022)
Tung Kean Seng	(Appointed on 15 March 2022)
Wong Mei Fong	(Appointed on 15 March 2022)
Choo Jia Ying	(Appointed on 1 July 2022)
Heng Xin Ya	(Appointed on 1 July 2022)
Lew Ai Peng	(Appointed on 1 July 2022)
See Choon Keong	(Resigned on 15 February 2022)
Lye Chu Siang	(Resigned on 15 March 2022)
Liam Kah Thiam	(Resigned on 1 May 2022)
Ong Hoay Ling	(Resigned on 1 May 2022)
Yeow Shin Yi	(Resigned on 1 May 2022)
Lim Chee Mun	(Resigned on 1 June 2022)
Chan Yin Mei	(Resigned on 23 December 2022)

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 below) 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 33 to the financial statements.

The directors' benefit are as follows:

	Group RM'000	Company RM'000
Executive directors' remuneration:		
Salaries, allowance and other emoluments	5,004	45
Fees	1,141	470
Bonus	410	-
Defined contribution plan	812	-
Estimated money value of benefits-in-kind	78	-
Total directors' remuneration including benefits-in-kind	<u>7,445</u>	<u>515</u>

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 RM43,293, respectively.

DIRECTORS' REPORT

Directors' interests

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

Name of director	Number of ordinary shares			31.12.2022
	1.1.2022	Acquired	Sold	
<i>Direct interest:</i>				
<i>Ordinary shares of the Company</i>				
Chan Kien Sing	103,584	-	-	103,584
Muhammad Lukman Bin Musa @ Hussain	31,801	-	(1,000)	30,801
Shalet Marian	207,169	-	-	207,169
Tan U-Ming	621,509	-	-	621,509
<i>Indirect interest:</i>				
<i>Ordinary shares of the Company</i>				
Tsai, Tzung-Han	<u>231,396,226</u>	<u>60,000,000</u>	-	<u>291,396,226</u>

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 2022 were as follows:

	Average price per share (RM)	Number of shares	Amount RM'000
Balance as at 1 January 2022	1.51	107,064,924	161,410
Acquisition of treasury shares	2.02	16,273,576	32,892
Total treasury shares as at 31 December 2022	<u>2.03</u>	<u>123,338,500</u>	<u>194,302</u>

As at 31 December 2022, the issued ordinary share capital of the Company with voting rights was 1,110,046,500 (2021: 1,126,320,000) ordinary shares.



DIRECTORS' REPORT

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (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.

DIRECTORS' REPORT

Other statutory information (cont'd.)

- (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 the significant events and subsequent events disclosed elsewhere in this report, other significant events and subsequent events are disclosed in Note 41 and 42 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	985	127
Other auditors	242	-
	<u>1,227</u>	<u>127</u>

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 2022.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 April 2023.

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 106 to 227 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 2022 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 26 April 2023.

Tan U-Ming

Wong Wai Keong

Statutory declaration

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

I, Aaron Ng Wei Ee (MIA membership number: 49692), being the officer primarily responsible for the financial management of 7-Eleven Malaysia Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 106 to 227 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 Aaron Ng Wei Ee at
Kuala Lumpur in the Federal Territory
on 26 April 2023.

Aaron Ng Wei Ee

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 2022 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 106 to 227.

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 2022, 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.

INDEPENDENT AUDITORS' REPORT

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

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 matters 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 matters below, provide the basis of our audit opinion on the accompanying financial statements.

Recognition of rebates and incentives income from vendors

(Refer to Notes 2.25(g), 3(b)(i) and 17 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 2022, the Group has recognised rebates and incentives income amounting to RM313,446,000 of which majority has been received and the balance of RM57,375,000 is receivable as at 31 December 2022. 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.

Our procedures to address this area of focus include, amongst others, the following:

- understand and tested management's controls around the completeness and accuracy of the source data required for the computation of these rebates and incentives;
- involved our information technology specialists to test the operating effectiveness of automated controls over the processing and recording of rebates and incentives as well as assessed the accuracy of data interface between the Rebate system and the general ledger;
- reviewed and assessed the appropriateness of management's computation of rebates and incentives income for unsold inventories for financial year ended 31 December 2022;
- reviewed and assessed the appropriateness of management's assessment on each type of rebates and incentives received from vendors i.e. whether they are distinct services and separate performance obligation as well as the classification in the statement of comprehensive income in accordance to MFRS 15; and
- 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 2022, amounts are either recalculated by us based on contractual terms confirmed by vendors or reconciled to post year-end settlements with vendors.

INDEPENDENT AUDITORS' REPORT

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

Key audit matters (cont'd.)

Revenue from contracts with customers and cost of sales

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

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

Our procedures to address this area of focus include, amongst others, the following:

- obtained an understanding of the relevant internal controls over the revenue and cost of sales recognition process and tested the operating effectiveness of these controls;
- involved our information technology specialists to test the operating effectiveness of automated controls over the processing and recording of revenue and cost of sales;
- assessed 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;
- assessed the information technology-dependent manual ("ITDM") and manual controls in place to ensure the completeness and accuracy of revenue and cost of sales recognised;
- performed detailed review of Information Produced by Entity ("IPE") for revenue by performing procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions;
- performed substantive procedures which includes the use of data analytics to perform correlation analysis between revenue, trade receivables and cash and bank balances;
- performed cut-off procedures to determine if revenue is recorded in the correct accounting period; and
- performed cash anchor testing procedures to determine if cash received relates to revenue.

Impairment assessment of goodwill and trademarks

(Refer to Notes 2.7, 3(b)(iv) and 12 to the financial statements)

Goodwill and trademarks arising from the acquisition of Caring Pharmacy Group Berhad ("Caring"), The Pill House Pharmacy Sdn Bhd ("TPH") and Wellings Pharmacy Sdn Bhd ("Wellings") and others totalling RM445,198,000 which formed 27.5% and 16.6% of non-current assets and total assets of the Group as at 31 December 2022, respectively.

INDEPENDENT AUDITORS' REPORT

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

Key audit matters (cont'd.)

Impairment assessment of goodwill and trademarks (cont'd.)

Goodwill and trademarks are subject to an annual impairment test. The Group estimates the recoverable amount of the cash generating unit ("CGU") based on value-in-use ("VIU"). Estimating the VIU of the CGU involves assumptions made by the management relating to the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate. The cash flow forecasts, which have been approved by the Board of Directors, contain a number of significant judgements and estimates including estimates on revenue growth rate, discount rate and terminal growth rate.

We consider this to be an area of focus for our audit as the amount involved is significant and the impairment assessment is complex and involves significant judgements about future market and economic conditions.

Our procedures to address this area of focus include, amongst others, the following:

- obtained an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- evaluated the appropriateness of the methodology and approach applied, and consider whether it is commonly used in the industry;
- checked the basis of preparing the cash flow forecasts by taking into consideration the assessment of management's historical budgeting accuracy;
- challenged whether key assumptions relating to revenue growth rate and terminal growth rate are reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth in Malaysia;
- involved our internal valuation specialists to evaluate whether the rate used in discounting the future cash flows to its present value is appropriate;
- analysed the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount; and
- evaluated the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive.

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.



INDEPENDENT AUDITORS' REPORT

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

Information other than the financial statements and auditors' report thereon (cont'd.)

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 or 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.



INDEPENDENT AUDITORS' REPORT

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

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.



INDEPENDENT AUDITORS' REPORT

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

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 those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters 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.



INDEPENDENT AUDITORS' REPORT

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

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

Hoh Yoon Hoong
No. 02990/08/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
26 April 2023

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	4	3,764,279	2,808,500	82,038	60,903
Cost of sales	18	(2,710,378)	(2,049,503)	-	-
Gross profit		<u>1,053,901</u>	<u>758,997</u>	<u>82,038</u>	<u>60,903</u>
Other operating income		193,079	172,830	-	-
Selling and distribution expenses		(815,145)	(621,850)	-	-
Administrative and other operating expenses		(221,973)	(156,090)	(2,256)	(3,007)
Profit from operations	5	<u>209,862</u>	<u>153,887</u>	<u>79,782</u>	<u>57,896</u>
Finance costs	7	(65,705)	(61,458)	(24,104)	(21,203)
Share of results of joint ventures	16	(3,349)	-	-	-
Profit before tax		<u>140,808</u>	<u>92,429</u>	<u>55,678</u>	<u>36,693</u>
Income tax expense	8	(56,480)	(33,589)	(618)	(1,161)
Profit after tax		<u>84,328</u>	<u>58,840</u>	<u>55,060</u>	<u>35,532</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent year:					
Fair value reserve of financial assets at FVTOCI	14	37,338	-	-	-
Revaluation of land and buildings	9, 10	3,725	1,372	-	-
Taxation	29	(586)	(133)	-	-
Total other comprehensive income (net of taxation)		<u>40,477</u>	<u>1,239</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the financial year		<u>124,805</u>	<u>60,079</u>	<u>55,060</u>	<u>35,532</u>
Profit after tax attributable to:					
Equity holders of the Company		66,875	44,348	55,060	35,532
Non-controlling interest		17,453	14,492	-	-
		<u>84,328</u>	<u>58,840</u>	<u>55,060</u>	<u>35,532</u>
Total comprehensive income attributable to:					
Equity holders of the Company		106,576	45,370	55,060	35,532
Non-controlling interest		18,229	14,709	-	-
		<u>124,805</u>	<u>60,079</u>	<u>55,060</u>	<u>35,532</u>
Basic/diluted earnings per share (sen)	40	<u>5.95</u>	<u>3.93</u>		

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group	
	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment	9	361,620	321,045
Right-of-use assets	10(a)	684,363	652,534
Investment properties	11	20,584	21,029
Intangible assets	12	473,375	478,949
Other investments	14	33,392	9,801
Investment in joint ventures	16	9,665	-
Trade and other receivables	17	23,598	24,666
Deferred tax assets	29	12,382	2,092
		<u>1,618,979</u>	<u>1,510,116</u>
Current assets			
Inventories	18	453,054	384,061
Trade and other receivables	17	220,356	164,561
Other investments	14	77,794	41,527
Tax recoverable		8,411	3,726
Cash and bank balances	19	298,633	158,748
		<u>1,058,248</u>	<u>752,623</u>
Total assets		<u>2,677,227</u>	<u>2,262,739</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	20	1,485,138	1,485,138
Treasury shares	21	(194,302)	(161,410)
Capital reorganisation deficit	22	(1,343,248)	(1,343,248)
Fair value adjustment reserve	23	37,338	-
Assets revaluation reserve	24	45,599	43,236
Retained profits	25	103,636	66,266
		<u>134,161</u>	<u>89,982</u>
Non-controlling interest		96,080	92,061
Total equity		<u>230,241</u>	<u>182,043</u>

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Group	
	Note	2022 RM'000	2021 RM'000
Non-current liabilities			
Provisions	26	15,251	10,774
Borrowings	27	643,476	555,363
Lease liabilities	10(b)	579,417	553,087
Contract liabilities	31	12,698	12,816
Contingent consideration	28	33,423	36,083
Deferred tax liabilities	29	65,787	63,182
		<u>1,350,052</u>	<u>1,231,305</u>
Current liabilities			
Provisions	26	1,982	1,074
Borrowings	27	77,566	84,874
Lease liabilities	10(b)	113,042	103,307
Trade payables	30	668,370	517,864
Other payables	31	211,332	134,160
Contract liabilities	31	11,783	8,112
Tax payable		12,859	-
		<u>1,096,934</u>	<u>849,391</u>
Total liabilities		<u>2,446,986</u>	<u>2,080,696</u>
Total equity and liabilities		<u>2,677,227</u>	<u>2,262,739</u>

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

		Company	
	Note	2022	2021
		RM'000	RM'000
Assets			
Non-current asset			
Investments in subsidiary companies, representing total non-current asset	13	<u>1,402,539</u>	<u>1,402,539</u>
Current assets			
Trade and other receivables	17	562,273	468,463
Tax recoverable		125	127
Cash and bank balances	19	<u>847</u>	<u>1,135</u>
		<u>563,245</u>	<u>469,725</u>
Total assets		<u>1,965,784</u>	<u>1,872,264</u>
Equity and liability			
Equity attributable to equity holders of the Company			
Share capital	20	1,485,138	1,485,138
Treasury shares	21	(194,302)	(161,410)
Retained profits	25	<u>74,253</u>	<u>48,477</u>
Total equity		<u>1,365,089</u>	<u>1,372,205</u>
Non-current liability			
Borrowings	27	<u>600,000</u>	<u>500,000</u>
Current liability			
Other payables, representing total current liability	31	<u>695</u>	<u>59</u>
Total liabilities		<u>600,695</u>	<u>500,059</u>
Total equity and liability		<u>1,965,784</u>	<u>1,872,264</u>

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 2022

	Attributable to equity holders of the Company						
	Non-distributable			Distributable			
Group	Share capital RM'000 (Note 20)	Treasury shares RM'000 (Note 21)	Capital reorganisation RM'000 (Note 22)	Fair value adjustment reserve RM'000 (Note 23)	Assets revaluation reserve RM'000 (Note 24)	Retained profits RM'000 (Note 25)	Total equity RM'000
At 1 January 2022	1,485,138	(161,410)	(1,343,248)	-	43,236	66,266	182,043
Acquisition of treasury shares	-	(32,892)	-	-	-	-	(32,892)
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	-	(221)	(68)
Total comprehensive income for the year	-	-	-	37,338	2,363	66,875	124,805
Transaction with owners:							
Dividends on ordinary shares (Note 32), representing total transaction with owners	-	-	-	-	-	(29,284)	(29,284)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(14,142)
At 31 December 2022	1,485,138	(194,302)	(1,343,248)	37,338	45,599	103,636	230,241

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

	Attributable to equity holders of the Company							Total equity RM'000
	Non-distributable			Distributable				
	Share capital RM'000 (Note 20)	Treasury shares RM'000 (Note 21)	Capital reorganisation deficit RM'000 (Note 22)	Assets revaluation reserve RM'000 (Note 24)	Retained profits RM'000 (Note 25)	Total RM'000	Non- controlling interest RM'000	
Group								
At 1 January 2021	1,485,138	(157,243)	(1,343,248)	42,214	39,899	66,760	94,461	161,221
Acquisition of a subsidiary	-	-	-	-	-	-	2,480	2,480
Acquisition of treasury shares	-	(4,167)	-	-	-	(4,167)	-	(4,167)
Changes in subsidiary's ownership interests that do not result in a loss of control	-	-	-	-	40	40	(207)	(167)
Total comprehensive income for the year	-	-	-	1,022	44,348	45,370	14,709	60,079
Transaction with owners:								
Dividends on ordinary shares (Note 32), representing total transaction with owners	-	-	-	-	(18,021)	(18,021)	-	(18,021)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(19,513)	(19,513)
Issuance of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	131	131
At 31 December 2021	1,485,138	(161,410)	(1,343,248)	43,236	66,266	89,982	92,061	182,043

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2022

	Attributable to equity holders of the Company			
	Non-distributable Share capital RM'000 (Note 20)	Treasury shares RM'000 (Note 21)	Distributable Retained profits RM'000 (Note 25)	Total equity RM'000
Company				
At 1 January 2022	1,485,138	(161,410)	48,477	1,372,205
Acquisition of treasury shares	-	(32,892)	-	(32,892)
Total comprehensive income for the year	-	-	55,060	55,060
Transaction with owners				
Dividends on ordinary shares (Note 32), representing total transaction with owners	-	-	(29,284)	(29,284)
At 31 December 2022	1,485,138	(194,302)	74,253	1,365,089
At 1 January 2021	1,485,138	(157,243)	30,966	1,358,861
Acquisition of treasury shares	-	(4,167)	-	(4,167)
Total comprehensive income for the year	-	-	35,532	35,532
Transaction with owners				
Dividends on ordinary shares (Note 32), representing total transaction with owners	-	-	(18,021)	(18,021)
At 31 December 2021	1,485,138	(161,410)	48,477	1,372,205

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

STATEMENTS OF CASH FLOWS

As at 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Cash receipts from customers and other receivables	4,010,942	3,041,195	222	116
Cash paid to suppliers and employees	(3,459,317)	(2,705,735)	(1,620)	(3,105)
Advances to intercompanies	-	-	(122,034)	(60,879)
Repayment from intercompanies	-	-	88,002	54,800
Cash generated from/(used in) operations	551,625	335,460	(35,430)	(9,068)
Interest paid	(29,090)	(25,319)	(24,104)	(21,203)
Tax paid	(56,640)	(47,422)	(625)	(1,143)
Tax refund	63	40	9	-
Net cash generated from/(used in) operating activities	465,958	262,759	(60,150)	(31,414)
Cash flows from investing activities				
Purchase of property, plant and equipment and right of use assets	(108,482)	(44,466)	-	-
Acquisitions of intangible assets	(3,483)	(6,507)	-	-
Proceeds from disposal of property, plant and equipment and investment property	1,528	2,975	-	-
Placements with broker under a Discretionary Investment Fund, net	(24,829)	(67,714)	-	-
Investment in joint ventures (Note 16)	(13,014)	-	-	-
Acquisition of subsidiary companies (Note 13)	-	(30,825)	-	-
Changes in subsidiaries' ownership interests that do not result in a loss of control	(289)	(167)	-	-
Dividend income received	212	106	60,000	40,000
Placement in short term funds	(1,055,132)	-	-	-
Withdrawal of short term funds	1,020,804	5,528	-	-
Increase in pledged fixed deposits with licensed bank	(1,241)	(61)	-	-
Interest received	4,126	1,597	22,038	20,903
Net cash (used in)/generated from investing activities	(179,800)	(139,534)	82,038	60,903

STATEMENTS OF CASH FLOWS

As at 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities				
Dividends paid on ordinary shares	(29,284)	(18,021)	(29,284)	(18,021)
Dividends paid to non-controlling interests	(14,142)	(19,513)	-	-
Acquisition of treasury shares	(32,892)	(4,167)	(32,892)	(4,167)
Advances to subsidiaries	-	-	(60,000)	(162,000)
Proceeds from banker's acceptances	68,200	228,500	-	-
Proceeds from medium term notes	100,000	498,939	100,000	498,939
Repayment of banker's acceptances	(69,700)	(304,440)	-	-
Proceeds from issuance of shares	-	131	-	-
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	43	-	-	-
Proceeds from term loan	-	43,730	-	-
Proceeds from revolving credit	-	20,000	-	-
Repayment of term loans	(17,695)	(386,566)	-	(358,150)
Repayment of revolving credit	-	(20,000)	-	-
Payment of principal portion of lease liabilities	(151,778)	(137,580)	-	-
Repayment of hire purchase and finance lease liabilities	(266)	(531)	-	-
Net cash used in financing activities	<u>(147,514)</u>	<u>(99,518)</u>	<u>(22,176)</u>	<u>(43,399)</u>
Net increase/(decrease) in cash and cash equivalents	138,644	23,707	(288)	(13,910)
Cash and cash equivalents at 1 January	<u>158,480</u>	<u>134,773</u>	<u>1,135</u>	<u>15,045</u>
Cash and cash equivalents at 31 December (Note 19)	<u>297,124</u>	<u>158,480</u>	<u>847</u>	<u>1,135</u>

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	295,963	156,009	748	1,036
Fixed deposits with licensed banks	2,670	2,739	99	99
	<u>298,633</u>	<u>158,748</u>	<u>847</u>	<u>1,135</u>
Fixed deposit pledged to licensed banks	(1,509)	(268)	-	-
	<u>297,124</u>	<u>158,480</u>	<u>847</u>	<u>1,135</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 April 2023.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 2022, 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 2022.

Description	Effective for annual financial periods beginning on or after
Annual improvements to MFRS Standards 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 3 Business Combinations	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

The adoption of the above amendments did not have any significant financial impact to the Group and the Company.

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
MFRS 17 Insurance Contracts ("MFRS 17") and Amendments to MFRS	11 January 2023
Amendments to MFRS 112 Income Taxes	1 January 2023
Amendments to MFRS 16 Leases	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2024
Amendments to MFRS 10: Consolidated Financial Statements and MFRS 128: Investments in Associates and Joint Venture	Deferred

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.4 Basis of consolidation

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

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

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.4 Basis of consolidation (cont'd.)

Reorganisation

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

- (a) The results of entities are presented as if the reorganisation occurred from the beginning of the earliest period presented in the financial statements;
- (b) The Company will consolidate the assets and liabilities of the acquired entities at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the reorganisation that would otherwise be done under the acquisition method; and
- (c) No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as capital reorganisation reserve or deficit.

Business combination

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.4 Basis of consolidation (cont'd.)

Business combination (cont'd.)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. 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 2.7(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 Associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in an associate and joint ventures are as disclosed in Note 15 and 16 of the financial statements.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.6 Associate and joint ventures (cont'd.)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.7 Intangible assets

(a) Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.7 Intangible assets (cont'd.)

(a) Goodwill (cont'd.)

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

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.7 Intangible assets (cont'd.)

(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 embodied in the assets is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software is recognised in profit or loss.

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

2.8 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.9 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.

(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 2.11.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.9 Leases (cont'd.)

(a) As lessee (cont'd.)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.9 Leases (cont'd.)

(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.

2.10 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 2.11.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.11 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.12 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 ("FVTOCI"), and fair value through profit or loss ("FVTPL").

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

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

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

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

Equity investments which are carried at fair value through other comprehensive income, comprises of investments in equity that are not held for trading, and the Group irrevocably elects to account for subsequent changes in the investments' fair value in other comprehensive income.

This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income

On derecognition of equity investments, fair value changes and other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.12 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 FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial assets at amortised cost

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.

Financial assets designated at FVTOCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Group has elected to classify irrevocably its quoted equity investments under this category.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes all other instruments which the Group had not irrevocably elected to classify at FVTOCI.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.12 Financial assets (cont'd.)

(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.

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.

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.13 Impairment of financial assets (cont'd.)

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.

2.14 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.16 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.17 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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.18 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.

2.19 Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.20 Taxation (cont'd.)

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.

2.21 Provisions

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

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

2.22 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.23 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

2.24 Fair value measurement

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.24 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.

2.25 Revenue from contracts with customers and other operating income

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.25 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

(g) Rebates and incentives income (cont'd.)

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

(h) Customer loyalty programme

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

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

The consideration allocated to the award credits is deferred and subsequently recognised as revenue when the award credits are redeemed. The deferral is treated as a deduction from revenue. The fair value of the award credits is determined with reference to the fair value of the gift to the customer and considers the redemption rate for the award credits.

2.26 Contract balances

(a) 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.

(b) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

2.27 Treasury shares

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

2.28 Current versus non-current classification

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

An asset is classified as current when:

- (i) it is expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 RM32,881,000 (2021: RM39,335,000).

(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 2022 and 31 December 2021.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 previous 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

4. Revenue from contracts with customers

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Type of goods or services				
Sale of merchandise goods	3,686,369	2,737,534	-	-
Provision of in-store services				
- Commission income	68,190	64,677	-	-
Dividend income from a subsidiary	-	-	60,000	40,000
Loyalty fees	7,558	4,256	-	-
Franchise income	1,934	1,856	-	-
Interest income	-	-	22,038	20,903
Rental income	228	177	-	-
	3,764,279	2,808,500	82,038	60,903
Timing of revenue recognition				
Goods or services				
- transferred at a point in time	3,762,117	2,806,467	60,000	40,000
- transferred over time	2,162	2,033	22,038	20,903
	3,764,279	2,808,500	82,038	60,903

5. Profit from operations

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

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- Statutory audit				
- Ernst & Young PLT	968	752	110	86
- Other auditors	242	277	-	-
- Non-audit related services				
- Ernst & Young PLT	17	13	17	13
Employee benefits expense (Note 6(a))	471,292	329,737	1,020	451
Rental income	(1,176)	(1,145)	-	-
Dividend income	(212)	(106)	(60,000)	(40,000)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

5. Profit from operations (cont'd.)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income				
- fixed deposits and overnight placements	(1,431)	(380)	(2)	(24)
- short term funds	(1,989)	(888)	-	-
- others	(706)	(329)	-	-
- subsidiaries	-	-	(22,036)	(20,879)
Rebates and incentives income	(313,446)	(265,260)	-	-
Short term lease expense/ rental of premises	12,547	7,092	-	-
Royalty expenses	24,864	18,123	-	-
Realised (gain)/loss on foreign exchange translation differences	(82)	10	-	-
Fair value changes through profit or loss on investment properties (Note 11)	1,830	26	-	-
Fair value (loss)/gain on short term funds (Note 14)	(50)	17	-	-
Fair value changes in contingent consideration	2,660	-	-	-
Depreciation of property, plant and equipment (Note 9)	69,086	68,825	-	-
Depreciation of right-of-use assets (Note 10(a))	127,718	120,592	-	-
Amortisation of intangible assets (Note 12)	8,884	8,175	-	-
Intangible asset written off (Note 12)	173	-	-	-
Property, plant and equipment written off (Note 9)	1,979	1,419	-	-
Impairment loss on:				
- Property, plant and equipment (Note 9)	-	337	-	-
- Right-of-use assets (Note 10)	-	3,368	-	-
- Receivables (Note 17)	528	125	-	-
Gain in disposal of property, plant and equipment and investment properties	(461)	(145)	-	-
Bad debts written off on other receivables	654	18	-	-
Reversal of impairment loss of other receivables (Note 17 (b))	-	(10)	-	-
Inventories written off	15,277	12,882	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

5. Profit from operations (cont'd.)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Transaction costs on business combinations	-	606	-	-

6. Employee benefits expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries and other emoluments	384,347	275,866	1,020	451
Pension costs - defined contribution plans	43,674	34,712	-	-
Social security costs and employees insurance	6,585	5,071	-	-
Other staff benefits	36,686	14,088	-	-
	<u>471,292</u>	<u>329,737</u>	<u>1,020</u>	<u>451</u>

Included in the employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM7,445,000 (2021: RM6,481,000) and RM515,000 (2021: RM451,000), respectively.

The Directors' remuneration paid or payable from the Company and its subsidiaries during the financial year ended 31 December 2022 categorised into appropriate components are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, allowance and other emoluments	5,004	4,109	45	41
Fees	1,141	713	470	410
Bonus	410	802	-	-
Defined contribution plan	812	763	-	-
Estimated money value of benefits-in-kind	78	94	-	-
	<u>7,445</u>	<u>6,481</u>	<u>515</u>	<u>451</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

7. Finance costs

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Lease liabilities	36,633	36,173	-	-
Bankers' acceptances	415	1,950	-	-
Revolving credit	2,359	2,128	-	-
Term loans	2,119	10,300	-	7,614
Medium term notes	24,104	10,856	24,104	10,856
Amount due to a subsidiary company	-	-	-	2,733
Others	75	51	-	-
	<u>65,705</u>	<u>61,458</u>	<u>24,104</u>	<u>21,203</u>

8. Income tax expense

(a) Income statements

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year	65,210	36,699	640	960
(Over)/Under provision in prior year	(459)	(3,793)	(22)	201
	<u>64,751</u>	<u>32,906</u>	<u>618</u>	<u>1,161</u>
Deferred tax (Note 27):				
Relating to origination and reversal of temporary differences	(11,151)	(3,696)	-	-
Under provision in prior year	2,880	4,379	-	-
	<u>(8,271)</u>	<u>683</u>	<u>-</u>	<u>-</u>
	<u>56,480</u>	<u>33,589</u>	<u>618</u>	<u>1,161</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

8. Income tax expense (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	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax	140,808	92,429	55,678	36,693
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	33,794	22,183	13,363	8,806
Effect of Cukai Makmur at the tax rate of 33% (2021: Nil)	7,266	-	-	-
Expenses not deductible under tax legislation	12,090	12,212	1,677	1,754
Income not subject to tax	(2,334)	(1,450)	(14,400)	(9,600)
Effect of share of result of joint ventures	804	-	-	-
Effect of income subject to real property gain tax	(119)	-	-	-
Deferred tax assets not recognised during the financial year	278	58	-	-
(Over)/under provision of income tax in prior year	(459)	(3,793)	(22)	201
Under provision of deferred tax in prior year	2,880	4,379	-	-
Tax expense for the year	54,200	33,589	618	1,161

(b) Other comprehensive income

	Group	
	2022	2021
	RM'000	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	586	133

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

9. Property, plant and equipment

Group	At valuation		At cost				Total RM'000
	Land and buildings* RM'000	Asset-in- progress RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Renovations RM'000	
At 31 December 2022							
At 1 January 2022	81,794	1,750	614,312	544	227,483		925,883
Additions	13,883	-	75,143	1,262	18,142		108,430
Disposals	-	-	(1,795)	(954)	(5)		(2,754)
Revaluation adjustment recognised in other comprehensive income (Note 9 (d))	1,544	-	-	-	-		1,544
Transfer [^]	(250)	-	-	-	-		(250)
Write-offs	-	-	(39,429)	-	(5,421)		(44,850)
Reclassification (Note 10 & 11)	1,725	-	-	458	-		2,183
At 31 December 2022	98,696	1,750	648,231	1,310	240,199		990,186

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

	At valuation		At cost				Total RM'000
	Land and buildings* RM'000	Asset-in- progress RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Renovations RM'000	
Group (cont'd.)							
Accumulated depreciation and impairment losses							
At 1 January 2022	252	-	453,664	(97)	151,019	604,838	
Depreciation charge for the year	487	-	50,345	504	17,750	69,086	
Disposals	-	-	(1,376)	(861)	-	(2,237)	
Transfer [^]	(250)	-	-	-	-	(250)	
Write-offs	-	-	(38,177)	-	(4,694)	(42,871)	
At 31 December 2022	489	-	464,456	(454)	164,075	628,566	
Net carrying amount							
At 31 December 2022	98,207	1,750	183,775	1,764	76,124	361,620	

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Group	At valuation		At cost				Total RM'000
	Land and buildings* RM'000	Asset-in- progress RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Renovations RM'000	
At 31 December 2021							
At 1 January 2021	77,619	-	598,982	1,398	217,879	-	895,878
Additions	87	-	29,475	197	10,404	-	40,163
Disposals	-	-	(1,346)	(1,124)	-	-	(2,470)
Revaluation adjustment recognised in other comprehensive income (Note 9 (d))	1,042	-	-	-	-	-	1,042
Transfer ^a	(244)	-	-	-	-	-	(244)
Acquisition of subsidiary companies	3,290	1,750	3,058	820	1,805	-	10,723
Write-offs	-	-	(5,901)	-	(2,605)	-	(8,506)
Reclassification (Note 10 & 12)	-	-	(9,956)	(747)	-	-	(10,703)
At 31 December 2021	81,794	1,750	614,312	544	227,483	-	925,883

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

	At valuation		At cost				Total RM'000
	Land and buildings* RM'000	Asset-in- progress RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovations RM'000	Renovations RM'000	
Group (cont'd.)							
Accumulated depreciation							
At 1 January 2021	121	-	411,936	570	136,767	549,394	
Depreciation charge for the year	375	-	52,182	524	15,744	68,825	
Disposals	-	-	(1,218)	(902)	-	(2,120)	
Impairment losses	-	-	59	-	278	337	
Transfer [^]	(244)	-	-	-	-	(244)	
Write-offs	-	-	(5,317)	-	(1,770)	(7,087)	
Reclassification (Note 10 & 12)	-	-	(3,978)	(289)	-	(4,267)	
At 31 December 2021	252	-	453,664	(97)	151,019	604,838	
Net carrying amount							
At 31 December 2021	81,542	1,750	160,648	641	76,464	321,045	

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

*Land and buildings

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 December 2022			
Valuation			
At 1 January 2022	66,606	15,188	81,794
Additions	5,400	8,483	13,883
Revaluation adjustment recognised in other comprehensive income (Note 9 (d))	1,377	167	1,544
Transfer^	(50)	(200)	(250)
Reclassification		1,725	1,725
At 31 December 2022	<u>73,333</u>	<u>25,363</u>	<u>98,696</u>
Accumulated depreciation			
At 1 January 2022	-	252	252
Depreciation charge for the year	-	487	487
Transfer^	-	(250)	(250)
At 31 December 2022	<u>-</u>	<u>489</u>	<u>489</u>
Net carrying amount			
At 31 December 2022	<u>73,333</u>	<u>24,874</u>	<u>98,207</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

*Land and buildings (cont'd.)

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
At 31 December 2021			
Valuation			
At 1 January 2021	65,756	11,863	77,619
Additions		87	87
Revaluation adjustment recognised in other comprehensive income (Note 9 (d))	850	192	1,042
Transfer [^]	-	(244)	(244)
Acquisition of subsidiary companies	-	3,290	3,290
At 31 December 2021	<u>66,606</u>	<u>15,188</u>	<u>81,794</u>
Accumulated depreciation			
At 1 January 2021	-	121	121
Depreciation charge for the year	-	375	375
Transfer [^]	-	(244)	(244)
At 31 December 2021	<u>-</u>	<u>252</u>	<u>252</u>
Net carrying amount			
At 31 December 2021	<u>66,606</u>	<u>14,936</u>	<u>81,542</u>

(a) Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use during the financial year costing RM382,076,463 (2021: RM386,299,070).

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

	Group	
	2022 RM'000	2021 RM'000
Cash	<u>108,430</u>	<u>40,163</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 27 to the financial statements are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Freehold land	2,147	1,310
Buildings	3,753	5,504
	<u>5,900</u>	<u>6,814</u>

- (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 2022, 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 RM1,544,000 (2021: RM1,042,000) was recognised in other comprehensive income for the financial year ended 31 December 2022, as a result of these revaluations.

Fair value measurement disclosures for the revalued land and buildings are provided in Note 36.

Significant unobservable valuation input:

	Group	
	2022	2021
	RM	RM
Price per square foot for freehold land and buildings	<u>200 - 4,840</u>	<u>200 - 4,840</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Reconciliation of carrying amount:

	Group	
	2022	2021
	RM'000	RM'000
Carrying amount and fair value as at 1 January	81,542	77,498
Acquisition of subsidiary companies	-	3,290
Additions	13,883	87
Depreciation for the year	(487)	(375)
Level 3 revaluation gain on revaluation as at 31 December	1,544	1,042
Reclassification	1,725	-
Carrying amount and fair value as at 31 December	<u>98,207</u>	<u>81,542</u>

* 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	
	2022	2021
	RM'000	RM'000
Cost	59,158	46,602
Accumulated depreciation	(3,814)	(3,492)
Net carrying amount	<u>55,344</u>	<u>43,110</u>

(e) Impairment assessment

Impairment losses on property, plant and equipment amounting to RM nil (2021: RM337,514) have been recognised during the financial year due to recoverable amounts of property, plant and equipment in the 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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.

In prior year, the Group had adopted Amendments to MFRS 16: COVID-19 Related Rent Concessions Beyond 30 June 2021. Consequently, the Group has recognised an income of RM525,000 (2021: RM9,215,000) during the financial year as a result of the COVID-19 pandemic.

(a) Right-of-use assets

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

Group	Properties RM'000	Renovations and others RM'000	At fair value		Total RM'000
			Leasehold properties* RM'000	Investment property RM'000	
At 1 January 2022	599,860	7,620	44,674	380	652,534
Additions	158,684	5,401	52	-	164,137
Remeasurement	2,378	-	-	-	2,378
Revaluation adjustment recognised in other comprehensive income (Note 10(a)(i))	-	-	2,181	-	2,181
Disposals	(8,678)	(13)	-	-	(8,691)
Depreciation expense (Note 5)	(122,273)	(4,576)	(869)	-	(127,718)
Reclassification (Note 9)	-	(458)	-	-	(458)
At 31 December 2022	629,971	7,974	46,038	380	684,363

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Group as a Lessee (cont'd.)

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

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 -----		Total RM'000
			Leasehold properties* RM'000	Investment property RM'000	
At 1 January 2021	612,022	19,579	40,880	400	672,881
Additions	112,089	164	4,303	-	116,556
Acquisition of subsidiary companies (Note 13)	7,116	-	-	-	7,116
Revaluation adjustment recognised in other comprehensive income	-	-	350	(20)	330
Disposals	(11,748)	(45)	-	-	(11,793)
Depreciation expense (Note 5)	(118,973)	(760)	(859)	-	(120,592)
Impairment losses (Note 10(a)(iv))	(646)	(2,722)	-	-	(3,368)
Unwinding of discount on deposit receivables	-	(9,054)	-	-	(9,054)
Reclassification (Note 9)	-	458	-	-	458
At 31 December 2021	599,860	7,620	44,674	380	652,534

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Group as a Lessee (cont'd.)

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

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

Fair value of the leasehold properties and investment property were determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific properties. As at the date of revaluation on 31 December 2022 and 31 December 2021, 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 RM2,181,000 (2021: RM350,000) was recognised in other comprehensive income for the financial year ended 31 December 2022, as a result of these revaluations.

Fair value measurement disclosures for the revalued leasehold properties and investment property are provided in Note 36.

Significant unobservable valuation input:

	Group	
	2022	2021
	RM	RM
Price per square foot for:		
- Leasehold land and buildings	325 - 2,489	437 - 2,489
- Investment property	272	272

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Group as a Lessee (cont'd.)

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

(ii) Leasehold properties

Reconciliation of carrying amount:

	Group	
	2022	2021
	RM'000	RM'000
Carrying amount and fair value as at 1 January	44,674	40,880
Additions	52	4,303
Depreciation for the year	(869)	(859)
Level 3 revaluation gain on revaluation as at 31 December	2,181	350
Carrying amount and fair value as at 31 December	46,038	44,674

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

	Group	
	2022	2021
	RM'000	RM'000
Cost	38,750	38,698
Accumulated depreciation	(5,329)	(5,329)
Net carrying amount	33,421	33,369

During the financial year, the Group acquired leasehold properties by the following means:

	Group	
	2022	2021
	RM'000	RM'000
Cash	52	4,303

Investment property

The Group's investment properties consist of 7 residential and commercial properties.

As at 31 December 2022 and 31 December 2021, the fair value of the investment properties are based on a valuation performed by independent professional valuers specialising in valuing these type of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Group as a Lessee (cont'd.)

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

(ii) Leasehold properties (cont'd.)

Investment property (cont'd.)

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.

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

	Group	
	2022	2021
	RM'000	RM'000
Rental income derived from leasehold property	7	7
Direct operating expenses generating rental income (included in other operating expenses)	(1)	(1)
Profit arising from investment property carried at fair value	<u>6</u>	<u>6</u>

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.

(iii) The carrying amount of certain properties pledged to licensed bank as security for bank facilities granted to the Group as disclosed in Note 27 to the financial statements are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Leasehold land and building	<u>19,940</u>	<u>19,560</u>

(iv) Impairment losses on right-of-use assets amounting to Nil (2021: RM3,368,157) have been recognised during the financial year due to recoverable amounts of right-of-use assets in the CGU, which are determined based on cash flow projections, are lower than their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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:

	Property RM'000	Hire purchase RM'000	Total RM'000
At 1 January 2022	655,785	609	656,394
Additions	158,684	-	158,684
Remeasurement	1,633	-	1,633
Disposal	(8,316)	-	(8,316)
Interest expense (Note 7)	36,615	18	36,633
Lease concession	(525)	-	(525)
Payment of principal	(151,778)	(266)	(152,044)
At 31 December 2022	692,098	361	692,459

	Property RM'000	Hire purchase RM'000	Total RM'000
At 1 January 2021	659,620	229	659,849
Acquisition of subsidiary companies	7,259	649	7,908
Additions	112,089	228	112,317
Disposal	(12,527)	-	(12,527)
Interest expense (Note 7)	36,139	34	36,173
Lease concession	(9,215)	-	(9,215)
Payment of principal	(137,580)	(531)	(138,111)
At 31 December 2021	655,785	609	656,394

The maturity analysis of lease liabilities are disclosed in Note 37 (c).

	2022 RM'000	2021 RM'000
Current liabilities	113,042	103,307
Non-current liabilities	579,417	553,087
	692,459	656,394

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Group as a Lessee (cont'd.)

(b) Lease liabilities (cont'd.)

Hire purchase

	Group	
	2022	2021
	RM'000	RM'000
Future minimum lease payments:		
Not later than 1 year	200	234
Later than 1 year and not later than 2 years	149	219
Later than 2 years and not later than 5 years	35	201
	384	654
Less: Future finance charges	(23)	(45)
	361	609
Analysis of present value of finance lease payables:		
Current	169	180
Non-current:		
Later than 1 year and not later than 2 years	124	257
Later than 2 year and not later than 5 years	68	172
	192	429
	361	609

Hire purchase and finance lease liabilities

Charge over a subsidiary's equipment and motor vehicles of RM993,000 (2021: RM569,000) acquired by means of hire purchase and finance lease liabilities.

Property

The following are the amounts recognised in profit or loss:

	2022	2021
	RM'000	RM'000
Depreciation expense of right-of-use assets	122,273	118,973
Interest expense on lease liabilities	36,633	36,173
Variable lease payments	(151,778)	(137,580)
Short term lease expense/ rental of premises	12,547	7,092
Total amount recognised in profit or loss	19,675	24,658

The future cash outflows relating to leases that have not yet commenced are disclosed in Note 34(b).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

11. Investment properties

	Group	
	2022	2021
	RM'000	RM'000
At fair value		
At 1 January	21,029	-
Acquisition of subsidiaries	-	23,150
Additions	-	333
Fair value changes through profit or loss (Note 5)	1,830	26
Disposal	(550)	(2,480)
Reclassification to (Note 9)	(1,725)	-
As at 31 December	20,584	21,029

The Group's investment properties consist of 7 residential and commercial properties.

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

	Group	
	2022	2021
	RM'000	RM'000
Rental income derived from investment properties	703	449
Direct operating expenses generating rental income (included in other operating expenses)	(127)	(55)
Profit arising from investment property carried at fair value	576	394

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.

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

	Group	
	2022	2021
	RM'000	RM'000
Cost	20,034	21,077
Accumulated depreciation	(1,068)	(1,269)
Net carrying amount	18,966	19,808

Significant unobservable valuation input:

	Group	
	2022	2021
	RM	RM
Price per square foot for investment properties	812 - 2,880	319 - 2,880

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

12. Intangible assets

Group	Goodwill on consolidation RM'000	Trademarks RM'000	Dealership rights RM'000	Computer software RM'000	Total RM'000
At 31 December 2022					
Cost					
At 1 January 2022	201,083	243,387	11,475	58,420	514,365
Additions	1,132	-	-	2,351	3,483
Write-off	-	-	-	(425)	(425)
At 31 December	202,215	243,387	11,475	60,346	517,423
Accumulated amortisation and impairment					
At 1 January 2022	381	-	3,948	31,087	35,416
Amortisation (Note 5)	-	23	2,254	6,607	8,884
Write-off	-	-	-	(252)	(252)
At 31 December 2022	381	23	6,202	37,442	44,048
Net carrying amount					
At 31 December 2022	201,834	243,364	5,273	22,904	473,375

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

12. Intangible assets

	Goodwill on consolidation RM'000	Trademarks RM'000	Dealership rights RM'000	Computer software RM'000	Total RM'000
Group (cont'd.)					
At 31 December 2021					
Cost					
At 1 January 2021	168,512	222,756	11,475	46,012	448,755
Additions	-	-	-	2,452	2,452
Effect of business combination					
- TPH and Wellings (Note 13)	28,744	20,514	-	-	49,258
- Others	3,827	117	-	-	3,944
Reclassification (Note 9)	-	-	-	9,956	9,956
At 31 December	201,083	243,387	11,475	58,420	514,365
Accumulated amortisation and impairment					
At 1 January 2021	381	-	1,692	21,190	23,263
Amortisation (Note 5)	-	-	2,256	5,919	8,175
Reclassification (Note 9)	-	-	-	3,978	3,978
At 31 December 2021	381	-	3,948	31,087	35,416
Net carrying amount					
At 31 December 2021	200,702	243,387	7,527	27,333	478,949

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

12. Intangible assets (cont'd.)

(a) Goodwill and trademarks

The carrying amounts of goodwill and trademarks have been allocated to the Caring Group's 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 10-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.

(ii) Discount rate

The discount rate used for identified CGU reflect the specific risks relating to the pharmaceutical segment. The pre-tax discount rate, applied to pre-tax cash flows, used for identified CGU is at 15.3% (2021: 11.7%).

(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% (2021: 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

13. Investments in subsidiary companies

	Company	
	2022	2021
	RM'000	RM'000
Unquoted shares, at cost		
As at 1 January/ 31 December	1,402,539	1,402,539

(a) Business combination

Acquisitions in 2021

On 2 February 2021, Convenience Shopping (Sabah) Sdn. Bhd. ("CSSSB"), a wholly-owned subsidiary of the Company, acquired 6 ordinary shares representing 60% equity interest of QVI Foods Sdn. Bhd. ("QVI") for a consideration of RM6. Consequent thereon, QVI become a 60% owned subsidiary of CSSSB.

On 23 February 2021, the Company acquired 2 ordinary shares representing the entire paid-up share capital of SEM Infra Sdn. Bhd. ("SISB") for a consideration of RM1. Consequent thereon, SISB become a wholly-owned subsidiary of the Company.

On 7 July 2021, the Company acquired 2 ordinary shares representing the entire paid-up share capital of Digital Flow Sdn. Bhd. ("DFSB") for a consideration of RM1. Consequent thereon, DFSB become a wholly-owned subsidiary of the Company.

On 13 October 2021, SEM Infra Sdn. Bhd. ("SISB"), a wholly-owned subsidiary of the Company acquired 600 ordinary shares representing the 60% equity interest of SEM ALP Logistic Solutions Sdn. Bhd. ("SALSSB") for a consideration of RM600. Consequent thereon, SALSSB become a 60% owned subsidiary of SISB.

On 29 January 2021, Caring Pharmacy Retail Management Sdn. Bhd. ("CPRM"), a subsidiary of the Group had acquired:-

(i) 67% equity interest in The Pill House Pharmacy Sdn. Bhd. ("TPH") for a cash consideration of about RM25.26 million;

(ii) 60% equity interest in Wellings Pharmacy Sdn. Bhd. ("Wellings") for a cash consideration of RM17.94 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

(a) Business combination (cont'd.)

Acquisitions in 2021 (cont'd.)

Acquisition of TPH and Wellings

The fair values of the identifiable assets and liabilities of TPH and Wellings as at the date of acquisition were:

	Fair values recognised on acquisition RM'000
Property, plant and equipment (Note 9)	10,723
Right of use assets (Note 10)	7,116
Investment properties (Note 11)	23,150
Trademarks	20,514
Receivables	8,018
Inventories	38,602
Short term funds	11,039
Fixed deposits with licensed banks	1,410
Cash and bank balances	12,978
Deferred tax liabilities (Note 29)	(5,796)
Borrowings (Note 27)	(25,938)
Payables	(40,082)
Provision for tax	440
Contract liabilities	(1,075)
Provisions	(175)
Lease liabilities	(7,908)
Non-controlling interest	(2,480)
Total identifiable net assets at fair value	<u>50,536</u>
Goodwill arising on acquisition (Note 12)	28,744
Purchase consideration transferred	<u>79,280</u>
	RM'000
Purchase consideration satisfied by cash	43,197
Deferred contingent consideration payable	36,083
	<u>79,280</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

(a) Business combination (cont'd.)

Acquisitions in 2021 (cont'd.)

	RM'000
<i>Analysis of cash flows on acquisition:</i>	
Transaction costs of the acquisition	(606)
Purchase consideration satisfied by cash	(43,197)
Cash and bank balances of subsidiary company acquired	12,978
Net cash outflow on acquisition of subsidiary company	<u>(30,825)</u>

Transaction costs of RM606,000 were expensed and are included in administrative expenses.

(b) Changes in the group structure in the current financial year

- (i) On 25 February 2022, CPRM had subscribed 20,000 additional number of ordinary shares in MN Pharmacy Sdn. Bhd. with total purchase consideration of RM20,000. This subscription had increased the controlling interest of the respective subsidiary from 60% to 80%.
- (ii) On 28 February 2022, CPRM had subscribed 15,000 additional number of ordinary shares in Caring T&T Sdn. Bhd. with total purchase consideration of RM15,000. This subscription had increased the controlling interest of the respective subsidiary from 60% to 75%.
- (iii) On 8 August 2022, CPRM had disposed 78,000 additional number of ordinary shares in Caring Pharmacy Rising Sdn Bhd with consideration of RM78,000 at the issue price of RM1.00 per ordinary share. This subscription had decreased the controlling interest of the respective subsidiary from 100% to 61%.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

- (i) On 21 May 2021, The Pill House Pharmacy Sdn. Bhd. ("TPH"), a wholly-owned subsidiary of Caring Pharmacy Group Berhad ("CARING") had incorporated a subsidiary, Healthy Care Pharmacy Sdn. Bhd., with 2 ordinary shares and subscriptions of 50,998 new ordinary shares for a total consideration of RM51,000.
- (ii) On 1 August 2021, CPRM had disposed 80,000 additional number of ordinary shares in Caring Pharmacy (ABM) Sdn. Bhd. for a consideration of RM80,000 at the issue price of RM1.00 per ordinary share. This subscription had decreased the controlling interest of the respective subsidiary from 100% to 80%.
- (iii) On 20 August 2021, CPRM had acquired 30,000 additional number of ordinary shares in Victorie Caring Sdn. Bhd. for a total purchase consideration of RM140,000. This subscription had increased the controlling interest of the respective subsidiary from 70% to 85%.
- (iv) On 25 October 2021, CPRM had disposed 30,000 additional number of ordinary shares in Stay Caring Sdn. Bhd. for a consideration of RM30,000 at the issue price of RM1.00 per ordinary share. This subscription had decreased the controlling interest of the respective subsidiary from 100% to 70%.

(d) 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

At 31 December 2022	Caring	
	2022 RM'000	2021 RM'000
Non-current assets	263,605	224,099
Current assets	374,752	319,922
Non-current liabilities	(158,663)	(159,815)
Current liabilities	(296,395)	(223,198)
Net assets	<u>183,299</u>	<u>161,008</u>
Equity attributable to equity holders of the parent	175,665	152,107
Non-controlling interests	7,634	8,901
Total equity	<u>183,299</u>	<u>161,008</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

Statements of comprehensive income	Caring	
	2022	2021
Year ended 31 December 2022	RM'000	RM'000
Revenue	1,279,587	997,868
Profit for the year	48,068	41,959
Other comprehensive income	2,612	869
Total comprehensive income for the year	50,680	42,828
Profit for the year		
- Owners of the parent	40,032	34,841
- Non-controlling interests	8,036	7,118
	48,068	41,959
Total comprehensive income attributable to:		
- Owners of the parent	42,644	35,710
- Non-controlling interests	8,036	7,118
	50,680	42,828
Statements of cash flows	Caring	
Year ended 31 December 2022	2022	2021
	RM'000	RM'000
Net cash generated from/(used in):		
Operating activities	112,731	87,324
Investing activities	(55,771)	(34,613)
Financing activities	(74,122)	(56,298)
Net change in cash and cash equivalents	(17,162)	(3,587)
Dividends paid to non-controlling interests	(9,184)	(4,716)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Equity interest 2022	2021	Principal activity
<i>Held by the Company:</i>				
7-Eleven Malaysia Sdn. Bhd.	Malaysia	100%	100%	Operating and franchising of convenience stores under the "7-Eleven" brand name
Convenience Shopping (Sabah) Sdn. Bhd.	Malaysia	100%	100%	Investment holding company
7 Properties Sdn. Bhd.	Malaysia	70%	70%	Real property investments
Teluk Juara Sdn. Bhd.	Malaysia	83.3%	83.3%	Real property investments
SEM Infra Sdn. Bhd.	Malaysia	100.0%	100%	Investment holding company
Digital Flow Sdn. Bhd.	Malaysia	100.0%	100%	Provision of information technology solution, technical and maintenance support service and software solution
<i>Held through 7-Eleven Malaysia Sdn. Bhd.:</i>				
7 Properties Sdn. Bhd.	Malaysia	30%	30%	Real property investments
Teluk Juara Sdn. Bhd.	Malaysia	16.7%	16.7%	Real property investments

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Equity interest 2022	Equity interest 2021	Principal activity
<i>Held through Convenience Shopping (Sabah) Sdn. Bhd.:</i>				
Café Decoral Sdn. Bhd.^	Malaysia	60%	60%	Supply food stuff
Caring Pharmacy Group Berhad	Malaysia	75%	75%	Investment holding company
QVI Foods Sdn. Bhd.^	Malaysia	60%	60%	Manufacture of prepared meals and dishes
<i>Held through SEM Infra Sdn. Bhd.:</i>				
SEM ALP Logistic Solutions Sdn. Bhd.	Malaysia	60%	60%	Integrated logistics solutions and warehousing provider
<i>Held through Caring Pharmacy Group Berhad:</i>				
Caring Pharmacy Retail Management Sdn. Bhd.	Malaysia	100%	100%	Investment holding company, provision of management services and central warehousing and distribution of pharmaceutical, healthcare and personal care products
Caring Pharmacy Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 2022	2021	Principal activity
<i>Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):</i>				
Caring Estore Sdn. Bhd.	Malaysia	100%	100%	Internet and warehouse sales of healthcare and personal care products
Caring Pharmacy (Kinrara) Sdn. Bhd.	Malaysia	100%	100%	Investment holding company and property investment
Caring Pharmacy (RS) Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Viva Caring Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Belle Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Sterling Pharmacy Sdn. Bhd.	Malaysia	51%	51%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 2022	Equity interest 2021	Principal activity
<i>Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):</i>				
Be Caring Sdn. Bhd.	Malaysia	76%	76%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
MN Pharmacy Sdn. Bhd.	Malaysia	80%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Stay Caring Sdn. Bhd.	Malaysia	70%	70%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Health Solution Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (KLP) Sdn. Bhd.	Malaysia	80%	80%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring 'N' You Pharmacy Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 2022	2021	Principal activity
<i>Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):</i>				
Ace Caring Pharmacy Sdn. Bhd.	Malaysia	76%	76%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (Ampang) Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Vertex Pharmacy Sdn. Bhd.	Malaysia	76%	76%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Preciouslife Pharmacy Sdn. Bhd.	Malaysia	70%	70%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
WM Caring Pharmacy Sdn. Bhd.	Malaysia	80%	80%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Tonic Pharma Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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		Principal activity
		2022	2021	
<i>Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):</i>				
Caring Pharmacy (MPLS) Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (SW) Sdn. Bhd.	Malaysia	51%	51%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (ABM) Sdn. Bhd.	Malaysia	80%	80%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
My Caring Pharmacy Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Victorie Caring Sdn. Bhd.	Malaysia	85%	85%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
One Caring Pharmacy Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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		Principal activity
		2022	2021	
<i>Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):</i>				
Caring Pharmacy Always Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Green Surge Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (JB Molek) Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (Shah Alam) Sdn. Bhd.	Malaysia	85%	85%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (SK) Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy (IDR) Sdn. Bhd.	Malaysia	68%	68%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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		Principal activity
		2022	2021	
<i>Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):</i>				
Living Glory Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy Paradise Sdn. Bhd.	Malaysia	100%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Trio Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Mega Caring Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Abundance Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Fuji Acre Sdn. Bhd.	Malaysia	87%	87%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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 2022	2021	Principal activity
<i>Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):</i>				
Caring Pharmacy Rising Sdn. Bhd.	Malaysia	61%	100%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Trinity Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Clover Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Healthmark Sdn. Bhd.	Malaysia	75%	75%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Evergreen Sdn. Bhd.	Malaysia	70%	70%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Pharmacy Ascend Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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		Principal activity
		2022	2021	
<i>Held through Caring Pharmacy Retail Management Sdn. Bhd. (cont'd.):</i>				
Caring Empire Sdn. Bhd.	Malaysia	60%	60%	Dormant
Caring T&T Sdn. Bhd.	Malaysia	75%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Link Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
Caring Alliance Sdn. Bhd.	Malaysia	60%	60%	Operation of community pharmacy including retailing of pharmaceutical, healthcare and personal care products
The Pill House Pharmacy Sdn. Bhd. ^	Malaysia	67%	67%	Stores specialised in retail sale of pharmaceuticals, medical and orthopaedic goods
Wellings Pharmacy Sdn. Bhd. ^	Malaysia	60%	60%	Wholesale of pharmaceutical

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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		Principal activity
		2022	2021	
<i>Held through The Pill House Pharmacy Sdn. Bhd.:</i>				
Wellings Pill House Sdn. Bhd. ^	Malaysia	100%	100%	Warehouse supplies and warehouse management of pharmaceuticals
Wellings Pill House (TG) Pharmacy Sdn. Bhd. ^	Malaysia	100%	100%	Dealer in pharmaceutical products
Blooming Health Pharmacy Sdn. Bhd. ^	Malaysia	100%	100%	Dealer in pharmaceutical products
Realcare Pharmacy (K) Sdn. Bhd. ^	Malaysia	100%	100%	Dealer in pharmaceutical products
Health Town Pharmacy Sdn. Bhd. ^	Malaysia	100%	100%	Dealer in pharmaceutical products
Green Trees Pharmacy Sdn. Bhd. ^	Malaysia	51%	51%	Dealer in pharmaceutical products
Realcare Baby And Organic Sdn. Bhd. ^	Malaysia	100%	100%	Dealer in pharmaceutical products
Nutrilife Pharmacy Sdn. Bhd. ^	Malaysia	100%	100%	Dealer in pharmaceutical products
Pure Health Pharmacy Sdn. Bhd. ^	Malaysia	100%	100%	Dealer in pharmaceutical products
Sharing Pharmacy Sdn. Bhd. ^	Malaysia	51%	51%	Dealer in pharmaceutical products

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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		Principal activity
		2022	2021	
<i>Held through The Pill House Pharmacy Sdn. Bhd. (cont'd.):</i>				
Simple Life Pharmacy Sdn. Bhd. ^	Malaysia	51%	51%	Dealer in pharmaceutical products
Langkawi Pharmacy Sdn. Bhd. ^	Malaysia	60%	60%	Dealer in pharmaceutical products
Amazinglife Pharmacy Sdn. Bhd. ^	Malaysia	51%	51%	Dealer in pharmaceutical products
Pharmfresh Pharmacy Sdn. Bhd. ^	Malaysia	51%	51%	Dealer in pharmaceutical products
Nutricient RX Sdn. Bhd. ^	Malaysia	51%	51%	Dealer in pharmaceutical products
Super Health Sdn. Bhd. ^	Malaysia	51%	51%	Dealer in pharmaceutical products
Healthy Care Pharmacy Sdn. Bhd. ^	Malaysia	51%	51%	Dealer in pharmaceutical products
<i>Held through Wellings Pharmacy Sdn. Bhd.:</i>				
Masons Health Sdn. Bhd. ^	Malaysia	100%	100%	Dormant

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

14. Other investments

	Group	
	2022	2021
	RM'000	RM'000
Non-current		
Financial asset carried at fair value through profit or loss ("FVTPL")		
Unquoted shares in Malaysia		
At 1 January/31 December	1	1
Financial assets designated at fair value through other comprehensive income ("FVTOCI")		
Quoted shares in Malaysia (Note (a))		
At 1 January	9,800	5,173
(Withdrawal)/placement, net	(13,747)	4,627
Fair value changes	37,338	-
At 31 December	<u>33,391</u>	<u>9,800</u>
Current		
Financial assets carried at FVTPL		
Short term investments (Note (b))		
At 1 January	41,527	46,150
Placement/(withdrawal), net	34,328	(5,528)
Interest	1,989	888
Fair value changes	(50)	17
At 31 December	<u>77,794</u>	<u>41,527</u>
Total	<u>111,186</u>	<u>51,328</u>
Analysed as:		
Total current	77,794	41,527
Total non-current	<u>33,392</u>	<u>9,801</u>

- (a) Investments in quoted shares designated at FVTOCI include investments in Berjaya Food Berhad, Berjaya Corporation Berhad and equity investments held through Discretionary Investment Fund in Inter-Pacific Asset Management Sdn. Bhd. ("IPAM") at fair values of RM15,600,000, RM4,020,000 and RM13,770,500 as at 31 December 2022, respectively.

Disposals of equity investments during the year were due to changes in the investment strategy and investment risk profile of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

14. Other investments (cont'd.)

- (b) Short term investments consists of investments in highly liquid money market instruments, which are readily convertible and are subject to risks of change in value. 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 36(c) to the financial statements.

15. Investment in an associate

	Group	
	2022	2021
	RM'000	RM'000
At cost		
Unquoted shares in Malaysia		
At 1 January/31 December	-	-

On 27 December 2019, 7-Eleven Malaysia Sdn. Bhd. ("7EMSB"), a subsidiary of 7-Eleven Malaysia Holdings Berhad 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") for a cash consideration of RM7,512,160. The Subscription had been completed on 3 January 2020.

The cost of investment was fully impaired in the previous financial year. Further details on this is disclosed in Note 35(b)(ii) to the financial statements.

16. Investment in joint ventures

	Group	
	2022	2021
	RM'000	RM'000
At cost		
Unquoted shares in Indonesia		
At 1 January	-	-
Additions	13,014	-
Share of results	(3,349)	-
At 31 December	9,665	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

16. Investment in joint ventures (cont'd.)

On 1 April 2022, CPRM, an indirect 75%-owned subsidiary of the Company, completed the joint venture with PT Era Prima Indonesia ("EPI") to establish pharmaceutical business in Indonesia through the following:

- (i) establishment of PT Era Caring Indonesia ("ECI"), a joint-venture company which undertakes the distribution business of pharmaceutical products via a Shareholder's Agreement for a cash consideration of RM1.48 million; and
- (ii) subscription of convertible bonds in PT Era Farma Indonesia ("EFI"), a subsidiary of EPI which undertakes the retailing business of pharmaceutical products via a Mandatory Convertible Bond Subscription Agreement ("MCBSA") for a cash consideration of RM7.16 million.

Subsequently, on 25 November 2022, CPRM invested an additional RM4.37 million in ECI.

Summarised financial information in respect of ECI and EFI, the Group's material joint ventures is set out below. The summarised financial information represents the amounts in the financial statements of the joint ventures after modification of fair value adjustments arising from business combination and not the Group's share of those amounts.

31 December 2022	ECI RM'000	EFI RM'000
Non-current assets	703	10,150
Current assets, including cash and cash equivalents	10,784	8,497
Non-current liabilities	-	(1,775)
Current liabilities	(6,801)	(2,208)
Net assets	<u>4,686</u>	<u>14,664</u>
Revenue	759	2,694
(Loss)/Profit for the year, representing total comprehensive income for the year	<u>(6,944)</u>	<u>260</u>
Group's interest in the joint ventures	50.1%	49.9%
Group's share in the carrying amount of net assets	2,348	7,317
Group's share of (loss)/profits in joint ventures	<u>(3,479)</u>	<u>130</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other receivables (b)	23,598	24,666	-	-
Current				
Trade receivables (a)	1,315	1,323	-	-
Other receivables (b)				
Sundry receivables	77,589	63,083	1	1
Amount due from broker under				
a Discretionary Investment Fund	93,921	63,000	-	-
Deposits	36,802	26,312	5	5
Prepayments	8,498	8,670	746	968
Amount due from subsidiaries (c)	-	-	561,521	467,489
Amount due from other				
related parties (d)	3,550	2,964	-	-
Less: Allowance for impairment				
on other receivables	(1,319)	(791)	-	-
Total current trade and other receivables	220,356	164,561	562,273	468,463
Total non-current and current trade and other receivables	243,954	189,227	562,273	468,463
Less: Prepayments	(8,498)	(8,670)	(746)	(968)
	235,456	180,557	561,527	467,495
Add: Cash and bank balances (Note 19)	298,633	158,748	847	1,135
Financial assets at amortised cost	534,089	339,305	562,374	468,630
Analysed as:				
Total current	220,356	164,561	562,273	468,463
Total non-current	23,598	24,666	-	-

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.

(a) Trade receivables

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Trade and other receivables (cont'd.)

(b) Other receivables

Included in other receivables is an amount of RM57,375,000 (2021: RM42,473,000), 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.

Included in other receivables is an amount of RM93,921,000 (2021: RM63,000,000) due from IPAM.

Other receivables that are impaired

The other 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	
	2022	2021
	RM'000	RM'000
Individually impaired		
Other receivables - nominal amounts	1,319	791
Less: Allowance for impairment	(1,319)	(791)
	<u>-</u>	<u>-</u>

Movement in allowance accounts:

At 1 January	791	694
Charge for the financial year	528	125
Written off	-	(18)
Reversal of impairment losses	-	(10)
At 31 December	<u>1,319</u>	<u>791</u>

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.

(c) Amount due from subsidiaries

Amount due from subsidiaries is unsecured, interest bearing at 4.4% (2021: 5.1%) and is repayable upon demand.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

17. Trade and other receivables (cont'd.)

(d) Amount 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	
	2022	2021
	RM'000	RM'000
Refundable deposits (Non-trade in nature)	3,550	2,958
Render of accounting service	-	6
	<u>3,550</u>	<u>2,964</u>

18. Inventories

	Group	
	2022	2021
	RM'000	RM'000
At cost:		
General merchandise held for resale	447,870	381,273
Consumables	5,184	2,788
	<u>453,054</u>	<u>384,061</u>
Cost of inventories recognised as an expense during the financial year	<u>2,710,378</u>	<u>2,049,503</u>

19. Cash and bank balances

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	289,081	147,267	748	1,036
Cash pledged on term loan	6,882	8,742	-	-
Fixed deposits with licensed banks	2,670	2,739	99	99
	<u>298,633</u>	<u>158,748</u>	<u>847</u>	<u>1,135</u>
Less: Pledged deposits	(1,509)	(268)	-	-
Cash and cash equivalents	<u>297,124</u>	<u>158,480</u>	<u>847</u>	<u>1,135</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

19. Cash and bank balances (cont'd.)

Included in cash on hand and at banks of the Group are overnight placements with licensed banks amounted to RM158,271,294 (2021: RM37,997,388), with interest ranging from 0.05% to 2.66% (2021: 0.25% to 1.75%) per annum.

As at the reporting date, the interest rate of fixed term deposits of the Group and the Company was 1.76% to 3.06% (2021: 1.71% to 1.73%) per annum.

Included in the fixed deposits with licensed banks of the Group at the end of reporting year is an amount of RM1,509,000 (2021: RM268,000), which has been pledged to a licensed bank for bank guarantee granted to a subsidiary.

Included in cash and bank of the Group are amounts of RM6,881,659 (2021: RM8,741,514) placed in the property loan linked current account under full flexi loan arrangement. The Group has placed excess cash equal to the term loan balances hence there is no interest charged for the financial period. The cash placed in the property loan linked current account are readily convertible to know amounts of cash and subject to an insignificant risk of change in value.

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

	Group		Company	
	2022 Days	2021 Days	2022 Days	2021 Days
Deposits with licensed banks	30 - 90	30 - 90	90	90

20. Share capital

	Group and Company			
	2022		2021	
	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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

21. Treasury shares

	Group and Company			
	2022		2021	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
At 1 January	107,065	161,410	104,135	157,243
Shares bought back	16,274	32,892	2,930	4,167
At 31 December	<u>123,339</u>	<u>194,302</u>	<u>107,065</u>	<u>161,410</u>

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.

The Company bought back 16,274,000 (2021: 2,930,000) shares from the open market for RM32,892,000 (2021: RM4,167,000) or at an average price of RM2.02 (2021: RM1.42) 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:

Month	Price per share (RM)			Number of shares '000	Total consideration RM'000
	Lowest	Highest	Average		
Oct 2022	1.55	2.45	2.02	9,731	19,682
Nov 2022	1.60	2.40	2.02	6,542	13,210
				<u>16,274</u>	<u>32,892</u>

22. Capital reorganisation deficit

	Group	
	2022 RM'000	2021 RM'000
Capital reorganisation deficit		
At 1 January/31 December	<u>(1,343,248)</u>	<u>(1,343,248)</u>

Capital reorganisation deficit represents the difference between the purchase consideration paid to acquire 7EMSB and the equity interest of 7EMSB being acquired.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

23. Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes in investments in equity instruments, net of tax.

24. Assets revaluation reserve

Asset revaluation reserve represents the cumulative fair value changes in land and buildings, net of tax.

	Group	
	2022	2021
	RM'000	RM'000
Revaluation of land and buildings classified as property, plant and equipment and right-of-use assets (Note 9 & Note 10)		
As 1 January	50,011	48,856
Increase in fair value	3,725	1,372
At 31 December	<u>53,736</u>	<u>50,228</u>
Attributable to non-controlling interest	<u>(776)</u>	<u>(217)</u>
Attributable to equity holders of the Company	<u>52,960</u>	<u>50,011</u>
Deferred taxation		
As 1 January	(6,775)	(6,642)
Provision during the year (Note 29)	(586)	(133)
At 31 December	<u>(7,361)</u>	<u>(6,775)</u>
Total asset revaluation reserve, net of tax	<u>45,599</u>	<u>43,236</u>

25. Retained profits

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

26. Provisions

	Group	
	2022	2021
	RM'000	RM'000
At 1 January	11,848	11,508
Acquisition of subsidiary companies	-	175
Provisions during the year	5,581	439
Utilised during the year	(166)	(219)
Reversal of provision for restoration costs	(30)	(55)
At 31 December	<u>17,233</u>	<u>11,848</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

26. Provisions (cont'd.)

	Group	
	2022	2021
	RM'000	RM'000
At 31 December		
Current	1,982	1,074
Non-current:		
Later than 1 year but not later than 2 years	1,822	1,368
Later than 2 years but not later than 5 years	3,437	3,096
Later than 5 years	9,992	6,310
	<u>15,251</u>	<u>10,774</u>
	<u>17,233</u>	<u>11,848</u>

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.

27. Borrowings

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current				
Secured:				
Term loan	12,066	11,874	-	-
Unsecured:				
Bankers' acceptances	5,500	7,000	-	-
Term loan	-	6,000	-	-
Revolving credit	60,000	60,000	-	-
	<u>65,500</u>	<u>73,000</u>	<u>-</u>	<u>-</u>
Total current borrowings	<u>77,566</u>	<u>84,874</u>	<u>-</u>	<u>-</u>
Non-current				
Secured:				
Term loan	43,476	55,363	-	-
Unsecured:				
Medium term notes (a)	600,000	500,000	600,000	500,000
	<u>600,000</u>	<u>500,000</u>	<u>600,000</u>	<u>500,000</u>
Total non-current borrowings	<u>643,476</u>	<u>555,363</u>	<u>600,000</u>	<u>500,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

27. Borrowings (cont'd.)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Total borrowings				
Bankers' acceptances	5,500	7,000	-	-
Term loan	55,542	73,237	-	-
Revolving credit	60,000	60,000	-	-
Medium term notes	600,000	500,000	600,000	500,000
Total current and non-current borrowings	721,042	640,237	600,000	500,000

(a) Medium term notes

In the previous financial year, the Company has established a 15-year medium term notes ("MTN") programme of RM600 million in nominal value ("MTN Programme"), which was lodged with the Securities Commission Malaysia ("SC") on 15 April 2021 in accordance with the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. On 28 June 2021, the Company has completed its maiden MTN issuance of RM500 million ("Series 1 MTN") under the MTN Programme. The tenure is up to 15 years from the date of the first issuance of MTN.

The remaining maturities of the borrowings as at 31 December 2022 and 31 December 2021, other than hire purchase and finance lease liabilities as disclosed in Note 10, are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At 31 December				
Non-current:				
Later than 1 year but not later than 2 years	162,037	12,012	150,000	-
Later than 2 years but not later than 5 years	368,499	426,977	350,000	400,000
Later than 5 years	112,940	116,374	100,000	100,000
Total non-current borrowings	643,476	555,363	600,000	500,000
Current:				
Not later than 1 year	77,566	84,874	-	-
Total non-current and current borrowings	721,042	640,237	600,000	500,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

27. Borrowings (cont'd.)

Changes in liabilities arising from financing activities:

Group	At 1 January 2022 RM'000	Acquisition of subsidiary companies RM'000	Drawdown RM'000	Repayment RM'000	At 31 December 2022 RM'000
Bankers' acceptances	7,000	-	68,200	(69,700)	5,500
Term loan	73,237	-	-	(17,695)	55,542
Revolving credit	60,000	-	-	-	60,000
Medium term notes	500,000	-	100,000	-	600,000
	640,237	-	168,200	(87,395)	721,042

Group	At 1 January 2021 RM'000	Acquisition of subsidiary companies RM'000	Drawdown RM'000	Repayment RM'000	At 31 December 2021 RM'000
Bankers' acceptances	82,940	-	228,500	(304,440)	7,000
Term loan	390,135	25,938	43,730	(386,566)	73,237
Revolving credit	60,000	-	20,000	(20,000)	60,000
Medium term notes	-	-	500,000	-	500,000
	533,075	25,938	792,230	(711,006)	640,237

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

27. Borrowings (cont'd.)

Changes in liabilities arising from financing activities: (cont'd.)

	At 1 January 2022 RM'000	Drawdown RM'000	Repayment RM'000	At 31 December 2022 RM'000
Company				
Medium term notes	500,000	100,000	-	600,000
	At 1 January 2021 RM'000	Drawdown RM'000	Repayment RM'000	At 31 December 2021 RM'000
Company				
Term loan	358,150	-	(358,150)	-
Medium term notes	-	500,000	-	500,000
	<u>358,150</u>	<u>500,000</u>	<u>(358,150)</u>	<u>500,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

27. Borrowings (cont'd.)

Borrowings are secured by the following:

- (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 37(b).

28. Contingent consideration

The contingent consideration represents the fair value of the remaining purchase consideration payable to the vendors in FY2025 in relation to the acquisition of TPH and Wellings as disclosed in Note 13.

29. Deferred tax liabilities/(assets)

	Group	
	2022	2021
	RM'000	RM'000
As at 1 January	61,090	54,478
Acquisition of subsidiary companies	-	5,796
Recognised in profit or loss (Note 8(a))	(8,271)	683
Recognised in other comprehensive income (Note 8(b))	586	133
As at 31 December	<u>53,405</u>	<u>61,090</u>

Presented after appropriate offsetting as follows:

	Group	
	2022	2021
	RM'000	RM'000
Deferred tax assets	(12,382)	(2,092)
Deferred tax liabilities	65,787	63,182
	<u>53,405</u>	<u>61,090</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

29. Deferred tax liabilities/(assets) (cont'd.)

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 2022 RM'000	Recognised in profit or loss RM'000	At 31 December 2022 RM'000
Group			
Right-of-use assets	(13,208)	(1,667)	(14,875)
Property, plant and equipment	211	-	211
Provisions	(12,264)	(13,214)	(25,478)
Unabsorbed tax losses	4	-	4
	<u>(25,257)</u>	<u>(14,881)</u>	<u>(40,138)</u>
Less: Set off deferred tax liabilities			<u>27,756</u>
As at 31 December 2022			<u>(12,382)</u>

	At 1 January 2021 RM'000	Recognised in profit or loss RM'000	At 31 December 2021 RM'000
Group			
Right-of-use assets	(11,106)	(2,102)	(13,208)
Property, plant and equipment	(194)	405	211
Provisions	(13,456)	1,192	(12,264)
Unabsorbed tax losses	(257)	261	4
	<u>(25,013)</u>	<u>(244)</u>	<u>(25,257)</u>
Less: Set off deferred tax liabilities			<u>23,165</u>
As at 31 December 2021			<u>(2,092)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

29. Deferred tax liabilities/(assets) (cont'd.)

Deferred tax liabilities

	At 1 January 2022 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehen- sive income RM'000	At 31 December 2022 RM'000
Group				
Property, plant and equipment	18,479	9,144	489	28,112
Right-of-use assets	(43)	(325)	-	(368)
Intangible assets	62,750	(542)		62,208
Revaluation of land and buildings to fair value	6,710	-	97	6,807
Fair value of investment property	100	-	-	100
Other temporary differences	(1,649)	(1,667)	-	(3,316)
	<u>86,347</u>	<u>6,610</u>	<u>586</u>	<u>93,543</u>
Less: Set off deferred tax assets				(27,756)
As at 31 December 2022				<u><u>65,787</u></u>

	At 1 January 2021 RM'000	Acquisition of subsidiary companies RM'000	Recognised in profit or loss RM'000	Recognised in other comprehen- sive income RM'000	At 31 December 2021 companies RM'000
Group					
Property, plant and equipment	16,412	654	1,402	11	18,479
Right-of-use assets	(43)	-	-	-	(43)
Intangible assets	57,780	4,923	47	-	62,750
Revaluation of land and buildings to fair value	6,583	-	-	127	6,710
Fair value of investment property	105	-	-	(5)	100
Other temporary differences	(1,346)	219	(522)	-	(1,649)
	<u>79,491</u>	<u>5,796</u>	<u>927</u>	<u>133</u>	<u>86,347</u>
Less: Set off deferred tax assets					(23,165)
As at 31 December 2021					<u><u>63,182</u></u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

29. Deferred tax liabilities/(assets) (cont'd.)

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

	Group	
	2022	2021
	RM'000	RM'000
Unabsorbed tax losses	4,207	4,680
Unutilised capital allowances	265	265
Other temporary differences	3,808	2,178
	<u>8,280</u>	<u>7,123</u>

The unabsorbed tax losses and unutilised capital allowances of the Group are available for offsetting against future taxable profits subject to the Income Tax Act, 1967 and guidelines issued by the tax authority. The Ministry of Finance via Finance Bill 2021 announced that the unused tax losses carried forward shall be extended from a maximum period of 7 to 10 consecutive years of assessment. This amendment is deemed to have effect for the year of assessment 2019 and subsequent years of assessment.

30. Trade payables

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current				
Third parties (a)				
Merchandise suppliers	585,212	437,454	-	-
Phone reload coupon and in-store services suppliers	58,424	55,281	-	-
Related parties (b)				
Merchandise suppliers	2,581	3,696	-	-
Phone reload coupon and in-store services suppliers	22,153	21,433	-	-
Total trade payables	<u>668,370</u>	<u>517,864</u>	<u>-</u>	<u>-</u>
Total trade payables	668,370	517,864	-	-
Add:				
Lease liabilities (Note 10(b))	692,459	656,394	-	-
Other payables (Note 31)	211,332	134,160	695	59
Borrowings (Note 27)	721,042	640,237	600,000	500,000
Total financial liabilities, carried at amortised cost	<u>2,293,203</u>	<u>1,948,655</u>	<u>600,695</u>	<u>500,059</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

30. Trade payables (cont'd.)

(a) Third parties

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

	Group	
	2022	2021
	RM'000	RM'000
Merchandise suppliers	30 - 120	30 - 120
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 (2021: 7 to 120) days. However, suppliers will generally extend their credit terms to 90 (2021: 90) days upon request by the Group.

(b) Related parties

As at 31 December 2022, related party refers to companies in which Tan Sri Vincent Tan Chee Yioun ("TSVT") are deemed to have an interest. The trade credit term granted ranged from 7 to 60 (2021: 7 to 60) days.

31. Other payables and contract liabilities

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Other payables:				
Current				
Sundry payables	54,428	35,285	-	-
Accruals	120,513	65,191	695	59
Refundable deposits	28,669	28,053	-	-
Due to non-controlling shareholders	3,804	3,962	-	-
Due to related parties	3,918	1,669	-	-
Total other payables	211,332	134,160	695	59
Contract liabilities:				
Current and non-current				
Initial franchise fees	14,636	14,590	-	-
Loyalty points programme	9,845	6,338	-	-
Total contract liabilities	24,481	20,928	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current	12,698	12,816	-	-
Current	11,783	8,112	-	-
	<u>24,481</u>	<u>20,928</u>	<u>-</u>	<u>-</u>

(a) Payables

Payables, other than amounts due to a subsidiary company, are unsecured, non-interest bearing and are normally settled on 30 to 60 (2021: 30 to 60) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

	Type of transaction	Group	
		2022 RM'000	2021 RM'000
Securexpress Services Sdn. Bhd.	Transportation costs	<u>544</u>	<u>821</u>

(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 non-controlling shareholders

As at 31 December 2022, the amount due to a non-controlling shareholders of a subsidiary is unsecured, bore floating interest rate ranging from 1.88% to 2.95% (2021: 1.86% to 3.22%) per annum and is repayable on demand. The amounts are to be settled in cash.

(d) Contract liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

32. Dividends

	Group and Company			
	2022		2021	
	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 2022				
Interim single-tier cash dividend of 2.6% on 1,126,320,000 [#] ordinary shares, declared on 20 April 2022 and paid on 27 May 2022	29,284	2.6	-	-
Dividend for the financial year ended 31 December 2021				
Interim single-tier cash dividend of 1.6% on 1,126,320,000 [^] ordinary shares, declared on 15 April 2021 and paid on 21 May 2021	-	-	18,021	1.6
	<u>29,284</u>	<u>2.6</u>	<u>18,021</u>	<u>1.6</u>

[#] Dividends were distributed to the holders of ordinary shares of the Company in issue as at 11 May 2022 (being the entitlement date), net of 107,065,000 treasury shares.

[^] Dividends were distributed to the holders of ordinary shares of the Company in issue as at 6 May 2021 (being the entitlement date), net of 107,065,000 treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

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33. Significant related party transactions

(a) Significant related party transactions

	Type of transaction	Company	
		2022 RM'000	2021 RM'000
With a subsidiary company			
<i>Held by the Company:</i>			
7-Eleven Malaysia Sdn. Bhd. ("7EMSB")	Dividend income from 7EMSB	60,000	40,000
	Net advances from/(to) 7EMSB	48,002	(149,933)
	Interest income on advances to 7EMSB	-	858
	Interest income/(expense) payable to 7EMSB	2,355	(2,733)
Convenience Shopping (Sabah) Sdn. Bhd. ("CSSSB")	Advances to CSSSB	60,000	-
	Interest income on advances to CSSSB	19,681	20,021
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	8,614	9,797
	Payments to U Mobile for transaction values reload for sale of mobile phone reloads	(154,138)	(157,173)
	Receipts from U Mobile for advertisement placement fees	7,976	9,423

NOTES TO THE FINANCIAL STATEMENTS

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

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

		Group	
Type of transaction		2022 RM'000	2021 RM'000
With companies in which TSVT is deemed interested* (cont'd.)			
Sun Media Corporation Sdn. Bhd.	Advertising fees on placement of advertisement in The Sun newspaper	(263)	(874)
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	(360)	(720)
Securexpress Services Sdn. Bhd. ("Securexpress")	Payment to Securexpress for transportation fees on delivery of merchandise goods to stores	(7,806)	(6,411)
Berjaya Food Trading Sdn. Bhd. ("B Food")	Payment to B Food for purchase of beverages	(5,681)	(4,950)
Nural Enterprise Sdn. Bhd. ("NESB")	Payment to NESB for rental of property	(2,056)	(1,500)
Berjaya Times Square Sdn. Bhd. ("BTSB")	Payment to BTSB for rental of property	(1,063)	(1,202)
Ace Print Sdn. Bhd. ("Ace Print")	Purchase of consumables	(1,395)	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

Type of transaction	Group		
	2022 RM'000	2021 RM'000	
With companies in which TSVT is deemed interested* (cont'd.)			
Razer Pay Holdings Pte. Ltd. and its subsidiary companies ("Razer")	Receipt of commission by 7EMSB for in-store services such as reloads of mobile phone, TNG and online games, gift cards and bill payments	38,913	36,747
	Transaction values paid by 7EMSB for in-store services such as reloads of mobile phones, TNG and online games, gift cards and bill payments	(4,408,147)	(3,988,170)
	Commission receivable for e-wallet transactions	1,503	164
	Transaction value receivable by 7EMSB for e-wallet transactions	412,986	289,043
With companies in which Director of a subsidiary is deemed interested			
Ken Prima Cosmeceuticals Sdn. Bhd. ("KEN")	Purchase of personal care products by Caring	-	(1,080)
Bioscenergy International Sdn. Bhd. ("BIO")	Purchase of healthcare products by Caring	(2,999)	(1,390)

* TSVT is a substantial shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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33. 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 2022 and 2021 are disclosed in Notes 17, 30 and 31.

(b) Compensation of key management personnel

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	11,094	13,264	558	451
Post-employment benefits:				
Defined contribution plan	1,396	1,882	-	-
	<u>12,490</u>	<u>15,146</u>	<u>558</u>	<u>451</u>
Included in the total key management personnel are:				
Directors' benefits (Note 6(b))	<u>7,445</u>	<u>6,547</u>	<u>515</u>	<u>451</u>

34. Commitments

(a) Capital commitments

	Group	
	2022 RM'000	2021 RM'000
Property, plant and equipment		
- approved and contracted for	10,595	9,141
- approved but not contracted for	237,611	238,108
	<u>248,206</u>	<u>247,249</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

34. 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	
	2022	2021
	RM'000	RM'000
Not later than 1 year	516	865
Later than 1 year but not later than 5 years	670	676
	<u>1,186</u>	<u>1,541</u>

35. Contingent liabilities

(a) Bank guarantee

The Group has bank guarantees of RM10,122,912 as at 31 December 2022 (2021: RM9,018,534) as security deposits in favour of various government bodies, private companies and landlord of the tenancies. The bank guarantee facilities are granted to 7EMSB and CPRM on a clean basis.

(b) Material litigation

(i) E-Apaci Sdn. Bhd. ("EASB")

On 29 November 2019, EASB filed a claim against 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 filed its Defence in the Court on 8 January 2020. Full trial of the matter was concluded on 7 October 2021, where the High Court held that there was a concluded contract and awarded nominal damages of RM10,000 and costs of RM40,000 to EASB.

In April 2022, EASB filed an appeal to the Court of Appeal against part of the High Court's decision dismissing its claims for damages. The appeal was heard on 22 November 2022 and upon hearing the parties, the Court of Appeal has dismissed EASB's appeal and 7EMSB succeeded in resisting the appeal. EASB had until 22 December 2022 to apply for leave to appeal to the Federal Court if it is dissatisfied with the outcome. However, there was no further action by the Plaintiff, thereby concluding the case.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

35. Contingent liabilities (cont'd.)

(b) Material litigation

(ii) Deگو Malaysia Sdn. Bhd. ("Deگو")

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 Deگو for respective claims arising from a Subscription Agreement dated 27 December 2019 made between 7EMSB, Encik Nabil and Deگو ("SA") and a Share Sales Agreement dated 11 September 2019 made between Qinetics and Nabil ("the HC Suit").

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 Nabil and Deگو to pay a sum of RM2,800,000 ("Settlement Sum") to 7EMSB and Qinetics as full and final settlement of the claims made against them.

After the record of the Settlement, Nabil and Deگو had breached the Consent Judgment and the Settlement by defaulting in paying monthly instalment of the Settlement Sum ("the Default"). Due to the Default, 7EMSB and Qinetics have initiated a Creditor's Petition to initiate bankruptcy proceedings at Kuala Lumpur High Court against Nabil to recover the outstanding sum under the Consent Judgment. The Creditor's Petition envisages a demand from Nabil a total sum of RM1,813,808 (inclusive of late payment interest).

Nabil had until 14 November 2022 to pay up the full demanded sum under the Bankruptcy Notice, and in the mean time the Creditors' Petition was fixed for hearing on 14 November 2022. At the High Court hearing of the Creditors' Petition on 14 November 2022, the Court was in agreement with 7EMSB and granted order in terms whereby Nabil was adjudged a bankrupt, thereby concluding the case.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

35. Contingent liabilities (cont'd.)

(b) Material litigation

(iii) Former employees of 7EMSB

(a) Former employee A ("Plaintiff A")

On 26 October 2021, Plaintiff A of 7EMSB commenced an action against 7EMSB alleging, amongst others, breach of employment agreement, negligence and harassment, claiming damages in the sum of over RM96,032,956, as well as general damages to be assessed by the Court. 7EMSB applied for the claim to be struck out, however the High Court dismissed the striking out application and directed the Plaintiff to amend the Statement of Claim. On 21 April 2022, Plaintiff A amended her claim to RM6,032,956 and for damages be assessed by the Court.

Thereafter, 7EMSB filed an appeal against the dismissal of the striking out application in the Court of Appeal which was heard on 14 March 2023. The Court of Appeal unanimously allowed 7EMSB's appeal with costs of RM8,000. This means that Plaintiff A's suit against 7EMSB in the High Court has been struck out. Plaintiff A has a final appeal avenue to the Federal Court if she is dissatisfied with the outcome. Plaintiff A will need to first obtain leave from the Federal Court which must be made within 1 month from the day the Court of Appeal delivered its decision. The time for the Plaintiff to file her application for leave to appeal to the Federal Court has lapsed on 13 April 2023. 7EMSB's solicitors have not been served with the Plaintiff's leave application as of to-date.

The Directors of 7EMSB are of the opinion that there is a fair chance of succeeding in their defence over the disputed claim. Accordingly, no provision for any liability has been made in the financial statements.

(b) Former employee B ("Plaintiff B")

On 11 October 2022, Plaintiff B who was a former employee of 7EMSB commenced an action against 7EMSB alleging, amongst others, breach of employment agreement, constructive dismissal, tort of intentional infliction of emotional distress and tort of harassment. The claim is primarily based on Plaintiff B being dissatisfied with the proposed restructuring exercise within the team suggested by his superior. Plaintiff B is claiming special damages in the sum of RM4,708,992. 7EMSB has filed its Defence on 11 November 2022 and the Plaintiff has served his Reply to Defence on 7EMSB on 23 November 2022. The matter is now fixed for full trial on 3 and 4 July 2023.

The Directors of 7EMSB are of the opinion that there is a fair chance of succeeding in their defence over the disputed claim. Accordingly, no provision for any liability has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

36. 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			
	2022 RM'000		2021 RM'000	
	Carrying amount	Fair value (Level 3)	Carrying amount	Fair value (Level 3)
Financial liabilities:				
- Lease liabilities (Note 10 (b))	692,459	692,482	656,394	656,439

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)	17
Trade and other payables (current)	30, 31
Borrowings (current and non-current)	27

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

36. 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 2022				
Assets carried at fair value:				
Land and buildings classified as property, plant and equipment (Note 9(d))	98,207	-	-	98,207
Asset-in-progress classified as property, plant and equipment (Note 9)	1,750	-	-	1,750
Land and buildings classified as right-of-use assets (Note 10(a))	46,038	-	-	46,038
Investment property classified as right-of-use assets (Note 10(a))	380	-	-	380
Investment properties (Note 11)	20,584	-	-	20,584
Other investments (Note 14)	111,186	111,185	-	1
Liabilities for which fair values are disclosed				
- Lease liabilities (Note 36.A)	692,482	-	-	692,482

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

C. Fair value hierarchy (cont'd.)

Group	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
31 December 2021				
Assets carried at fair value:				
Land and buildings classified as property, plant and equipment (Note 9)	81,542	-	-	81,542
Asset-in-progress classified as property, plant and equipment (Note 9)	1,750	-	-	1,750
Land and buildings classified as right-of-use assets (Note 10(a))	44,674	-	-	44,674
Investment property classified as right-of-use assets (Note 10(a))	380	-	-	380
Investment properties (Note 11)	21,029	-	-	21,029
Other investments (Note 14)	51,328	51,327	-	1
Liabilities for which fair values are disclosed				
- Lease liabilities (Note 36.A)	656,439	-	-	656,439

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

37. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees the policies and procedures for the management of these risks, in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group and of the Company, which are executed by the senior management of the Company.

It is the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from 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 ageing 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.

Credit risk concentration profile

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

Exposure to credit risk

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

(a) Credit risk (cont'd.)

Amounts due from related companies, subsidiaries and other related parties

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.

Ageing analysis

	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 31 Dec 2022 RM'000
Neither past due nor impaired	1,315	-	1,315
Past due, not impaired	-	-	-
	<u>1,315</u>	<u>-</u>	<u>1,315</u>

	Gross carrying amount RM'000	Total allowance RM'000	Balance as at 31 Dec 2021 RM'000
Neither past due nor impaired	539	-	539
Past due, not impaired			
- 1 to 30 days	520	-	520
- 31 to 60 days	24	-	24
- 61 to 90 days	136	-	136
- More than 90 days	104	-	104
	<u>1,323</u>	<u>-</u>	<u>1,323</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

37. 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 RM5,386,000 (2021: RM4,772,000) 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 RM146,000 (2021: RM123,000) 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, 27 and 31 and the table below:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

Group	Note	Range of interest %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000	Total RM'000
Fixed rate							
Hire purchase and finance lease	10(b)	2.3 - 6.5	169	124	68	-	361
Medium term notes	27	4.0 - 4.7	-	150,000	350,000	100,000	600,000
Variable rate							
Lease liabilities	10(b)	3.5 - 4.4	112,904	141,710	437,484	-	692,098
Bankers' acceptances	27	3.0 - 4.3	5,500	-	-	-	5,500
Term loans	27	2.3 - 8.3	12,066	12,037	18,499	12,940	55,542
Revolving credit Amount owing to non-controlling shareholders	27	3.5 - 4.6	60,000	-	-	-	60,000
Company							
	31	1.8 - 3.0	3,804	-	-	-	3,804
Fixed rate							
Medium term notes	27	4.0 - 4.7	-	150,000	350,000	100,000	600,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

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

	Note	Range of interest interest %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000	Total RM'000
At 31 December 2021							
Group							
Fixed rate							
Hire purchase and finance lease	10(b) 27	2.2 - 6.3 4.0 - 4.7	180 -	257 -	172 400,000	- 100,000	609 500,000
Variable rate							
Lease liabilities	10(b)	3.34 - 5.8	103,123	98,473	219,332	234,857	655,785
Bankers' acceptances	27	3.0 - 3.8	7,000	-	-	-	7,000
Term loans	27	2.3 - 8.1	17,874	11,936	27,142	16,285	73,237
Revolving credit	27	3.5 - 3.7	60,000	-	-	-	60,000
Amount owing to non-controlling shareholders	31	1.8 - 1.9	3,962	-	-	-	3,962
Company							
Fixed rate							
Medium term notes	27	4.0 - 4.7	-	-	400,000	100,000	500,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

37. 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.

	2022			Total RM'000
	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	
Group				
Financial liabilities:				
Lease liabilities	145,684	578,703	124,715	849,102
Trade payables	668,370	-	-	668,370
Other payables	211,332	-	-	211,332
Borrowings	108,402	589,478	117,976	815,856
Total undiscounted financial liabilities	1,133,788	1,168,181	242,691	2,544,660
Company				
Financial liabilities:				
Trade and other payables	695	-	-	695
Borrowings	26,240	555,639	102,333	684,212
Total undiscounted financial liabilities	26,935	555,639	102,333	684,907

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

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

(c) Liquidity risk (cont'd.)

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

Group	2021			Total RM'000
	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	
Financial liabilities:				
Lease liabilities	137,968	450,903	219,166	808,037
Trade payables	517,864	-	-	517,864
Other payables	134,160	-	-	134,160
Borrowings	107,985	512,102	119,097	739,184
Total undiscounted financial liabilities	897,977	963,005	338,263	2,199,245

Company	2021			Total RM'000
	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	
Financial liabilities:				
Trade and other payables	59	-	-	59
Borrowings	21,430	470,077	102,372	593,879
Total undiscounted financial liabilities	21,489	470,077	102,372	593,938

(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:

Payables	Group	
	2022 RM'000	2021 RM'000
US Dollar	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

37. 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.

38. 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 2022 and 2021.

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 1.80 times. The Group includes within net debt, loans and borrowings, less cash and bank balances. Capital represent total equity excluding treasury shares.

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Borrowings	27	721,042	640,237	600,000	500,000
Less: Cash and bank balances	19	(298,633)	(158,748)	(847)	(1,135)
Net debt		<u>422,409</u>	<u>481,489</u>	<u>599,153</u>	<u>498,865</u>
Total capital as defined above		<u>424,543</u>	<u>343,453</u>	<u>1,559,391</u>	<u>1,533,615</u>
Capital and net debts		<u>846,952</u>	<u>824,942</u>	<u>2,158,544</u>	<u>2,032,480</u>
Gearing ratio		<u>0.99</u>	<u>1.40</u>	<u>0.38</u>	<u>0.33</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

39. 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.

(b) Pharmaceutical

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

(c) 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		Total RM'000
	External RM'000	Inter- segment RM'000	
For the financial year ended 31 December 2022			
Convenience stores	2,484,464	-	2,484,464
Pharmaceutical	1,279,587	-	1,279,587
Others	228	594	822
Inter-segment elimination	-	(594)	(594)
	<u>3,764,279</u>	<u>-</u>	<u>3,764,279</u>
For the financial year ended 31 December 2021			
Convenience stores	1,810,455	-	1,810,455
Pharmaceutical	997,868	-	997,868
Others	177	680	857
Inter-segment elimination	-	(680)	(680)
	<u>2,808,500</u>	<u>-</u>	<u>2,808,500</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

39. Segment information (cont'd.)

Results

	Group	
	2022	2021
	RM'000	RM'000
Profit from operations:		
Convenience stores	137,417	98,694
Pharmaceutical	72,056	57,766
Others	(3,737)	(4,913)
	205,736	151,547
Interest income	4,126	2,340
Share of results of an associate	(3,349)	-
Finance costs	(65,705)	(61,458)
Profit before tax	140,808	92,429
Income tax expense	(56,480)	(33,589)
Net profit for the year	84,328	58,840

Assets and liabilities

	← Group →			
	Assets		Liabilities	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Convenience stores	1,871,944	1,288,916	1,788,512	1,212,072
Pharmaceutical	638,357	544,021	455,058	383,013
Others	166,308	429,802	202,798	485,611
	2,676,609	2,262,739	2,446,368	2,080,696

Other information

	← Group →			
	Capital	Depreciation	Impairment	Other
	expenditure	and	loss/	non-cash
	RM'000	amortisation	written-off	expenses
	RM'000	RM'000	RM'000	RM'000

For the financial year ended 31 December 2022

Convenience stores	94,670	164,410	18,267	-
Pharmaceutical	13,812	41,278	171	-
	108,482	205,688	18,438	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

39. Segment information (cont'd.)

Other information (cont'd.)

	← 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 2021				
Convenience stores	37,174	164,374	17,049	-
Pharmaceutical	7,292	33,218	1,090	-
	<u>44,466</u>	<u>197,592</u>	<u>18,139</u>	<u>-</u>

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

40. 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	
	2022	2021
Net profit attributable to equity holders of the Company (RM'000)	66,875	44,348
Weighted average number of ordinary shares in issue ('000)	1,123,309	1,127,043
Basic/diluted earnings per ordinary share (sen)	<u>5.95</u>	<u>3.93</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2022

41. Significant event disclosure

Significant event during the financial year relates to completion of joint venture arrangement by CPRM, an indirect 75%-owned subsidiary of the Company, with EPI to establish pharmaceutical business in Indonesia. Further details on the joint venture arrangement are disclosed in Note 16 to the financial statements.

42. Subsequent event disclosure

On 9 September 2022, CPRM, an indirect 75%-owned subsidiary of the Company had entered into a share-sale agreement ("SSA") to acquire 60% equity interest in Sarawak-based retail pharmacy chain, JOM Pharmacy ("JOM"), for a cash consideration of RM3.91 million.

As at the financial year ended 31 December 2022, the Conditions Precedent of the agreement has not been met. On 1 January 2023, the Conditions Precedent were met and the SSA has become unconditional. In addition, the respective parties have agreed to reduce the cash consideration for the acquisition of JOM by RM0.29 million, from RM3.91 million to RM3.62 million, following the adjustment to provide for any increase of the Agreed Net Debt or shortfall in the Minimum NAV or to meet the indemnity obligations of the Seller based on the Completion Accounts and thereafter the Balance Purchase Price, in accordance to the SSA.

The acquisition was deemed completed and effective on 1 January 2023.

LIST OF PROPERTIES

As at 31 December 2022

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Acquisition	Net Book Value (RM)
1	Lot 3, Persiaran Gerbang Utama, Bukit Jelutong Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.	A Parcel of Industrial Land	Vacant / Not Applicable	-	174,182 (4 acres)	Freehold	12 May 2009	34,800,000
2	No.49, Jalan Sultan Ismail, 50250 Kuala Lumpur.	A Commercial Land Accommodating An Intermediate Unit 2 ½ Storey Terraced Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	65	Land Area : 1,302 Build-up : 3,750	Freehold	28 May 2004	5,200,000
3	No. 2, Jalan Hang Lekiu, 50100 Kuala Lumpur.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	24	Land Area : 1,033 Build-up : 4,113	Freehold	3 Oct 2005	5,000,000
4	No. 1, Block 6, Jalil Link, Jalan Jalil Jaya 7, Bukit Jalil, 57000 Kuala Lumpur.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	13	Land Area : 1,787 Build-up : 7,140	Freehold	25 Sep 2007	5,600,000
5	No. 58, Jalan PJS 11/28A, Sunway Metro, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan.	Intermediate Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	26	Land Area : 1,647 Build-up : 6,600	Leasehold (99-Year) Expiring Date : 28 Dec 2092 (H.S.(D) 85458) 11 Mar 2095 (H.S.(M) 9321)	11 May 2006	4,100,000
6	No. 211, Jalan Perkasa 1, Taman Maluri, 55100 Kuala Lumpur.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	39	Land Area : 2,208 Build-up : 8,654	Leasehold (99-Year)	6 Oct 2004	5,600,000
7	No. 213, Jalan Perkasa 1, Taman Maluri, 55100 Kuala Lumpur.	Intermediate Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	38	Land Area : 1,760 Build-up : 6,864	Expiring Date : 24 May 2076	6 Oct 2004	5,600,000
8	No. 10, Jalan Tiara 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan.	Intermediate Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	30	Land Area : 1,647 Build-up : 6,402	Leasehold (99-Year) Expiring Date : 8 May 2093	24 Aug 2004	1,500,000
9	Lot No.G-17 & G18, Ground Floor, Wisma Cosway, Jalan Raja Chulan, 50200 Kuala Lumpur.	Two (2) adjoining Ground Floor strata Shop Lot	As 7-Eleven Convenience Store	39	Land Area : - Build-up : 602.78	Freehold	30 Sep 2009	1,440,000
10	No. 46, Jalan Permas 10, Bandar Baru Permas Jaya, 81750 Masai, Johor Darul Takzim.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	27	Land Area : 2,583 Build-up : 10,332	Freehold	9 Dec 2008	2,300,000
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	15	Land Area : 1,604 Build-up : 5,003	Freehold	25 Jan 2006	1,450,000

LIST OF PROPERTIES

As at 31 December 2022

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)
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	12	Land Area : 1,701 Build-up : 4,620	Leasehold (99-Year) Expiring Date : 23 May 2105	11 Dec 2008	1,500,000
13	No. 1, Lorong Sungai Emas, Eden Square, Batu Ferringhi, 11100 Pulau Pinang.	Corner Unit Three (3) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	19	Land Area : 1,604 Build-up : 4,516	Freehold	16 May 1997	1,350,000
14	No. 65, Jalan Badik 1, Taman Sri Tebrau, 80050 Johor Bahru, Johor Darul Takzim.	Intermediate Unit Two (2) Storey Terraced Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	46	Land Area : 1,760 Build-up : 2,916	Freehold	27 Apr 2006	1,500,000
15	No. 7, Jalan SS 12/1B, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan.	Intermediate Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	32	Land Area : 1,324 Build-up : 2,408	Freehold	22 Jan 1998	2,100,000
16	No. A-G-08, Block A, Jalan PJU 1A/41B, Diaman Crimson (Pusat Dagangan NZX), 47301 Petaling Jaya, Selangor Darul Ehsan.	Intermediate Unit Ground Floor Shop	As 7-Eleven Convenience Store	15	Land Area : - Build-up : 1,711	Freehold	10 Mar 2005	1,250,000
17	No. 30, Jalan Setia Tropika 1/24, Taman Setia Tropika, Kempas, 81200 Johor Bahru, Johor Darul Takzim.	End Unit Three (3) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	14	Land Area : 1,680 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	30	Land Area : 2,271 Build-up : 7,928	Freehold	25 Aug 2007	850,000
19	No. 47, Jalan Yang Kalsom, 30250 Ipoh, Perak Darul Ridzuan.	Intermediate Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	73	Land Area : 1,740 Build-up : 3,040	Freehold	15 Jun 2007	700,000
20	No. D-0-5 & D-0-6, Block D, Ground Floor, Arena Green Apartment, Jalan 1/155A, Bukit Jalil, 57000 Kuala Lumpur.	Two (2) adjoining Ground Floor strata Shop Lot	As 7-Eleven Convenience Store	20	Land Area : - 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	15	Land Area : 1,647 Build-up : 3,124	Leasehold (991-Year) Expiring Date : 4 Sep 2911	14 May 2009	720,000
22	19, Jalan Sungai Damansara B 32/B, Berjaya Park, Seksyen 32, 40460 Shah Alam, Selangor Darul Ehsan.	Corner Unit Single Storey Shop	As 7-Eleven Convenience Store	17	Land Area : 1,647 Build-up : 1,640	Freehold	17 Aug 2007	470,000
23	No 47, Jalan TTJS/A, Taman Tuanku Jaafar, 71450 Seremban, Negeri Sembilan Darul Khusus.	Corner Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	23	Land Area : 1,991 Build-up : 3,851	Freehold	22 Apr 1996	520,000

LIST OF PROPERTIES

As at 31 December 2022

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)
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	39	Land Area : 1,755 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	20	Land Area : 1,399 Build-up : 2,800	Leasehold (99-Year) Expiring Date : 4 Dec 2088	21 Jun 1997	380,000
26	No. 2-G & 2-1, Jalan Aman Sinaria 9, Bandar Tropicana Aman, 42500 Telok Panglima Garang, Selangor Darul Ehsan	Corner Unit Two (2) Storey Shop Office	Vacant / For rental purpose	3	Land Area : 2,626 Build-up : 5,246	Leasehold (91-Year) Expiring Date: 9 Nov 2110	26 Mar 2021	2,850,000
27	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	39	Land Area : 1,615 Build-up : 6,967	Leasehold (99-Year) Expiring Date: 18 Apr 2076	2 Mar 2012	1,390,000
28	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	39	Land Area : 2,476 Build-up : 7,225	Leasehold (99-Year) Expiring Date: 5 Apr 2078	26 Aug 2008	3,240,000
29	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	25	Land Area : 1,650 Build-up : 5,916	Leasehold (99-Year) Expiring Date: 27 Aug 2088	26 Nov 2007	1,560,000
30	No. 1, Jalan 51/203A, Kawasan Perindustrian Tiong Nam, Seksyen 51, 46050 Petaling Jaya Selangor Darul Ehsan	Four (4) Storey Detached Factory	Headquarter and warehouse	8	Land Area : 33,778 Build-up : 68,000	Leasehold (99-Year) Expiring Date: 13 Aug 2114	28 Dec 2011	19,940,000
31	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	39	Land Area : 1,679 Build-up : 4,002	Leasehold (99-Year) Expiring Date: 10 Dec 2077	18 Feb 2013	3,150,000
32	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	13	Land Area : 1,302 Build-up : 1,953	Freehold	30 Nov 2016	1,540,000
33	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	11	Land Area : 1,550 Build-up : 4,650	Freehold	22 Feb 2018	1,850,000
34	R-G-23, R-01-23 Bell Avenue, Jalan Sunsuria, 43900 Sepang, Selangor Darul Ehsan.	Intermediate Unit Two (2) Storey Shop Office	Vacant	4	Land Area : 2,282 Build-up : 4,392	Freehold	25 Mar 2016	1,840,000

LIST OF PROPERTIES

As at 31 December 2022

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)
35	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	18	Land Area : 1,873 Build-up : 5,382	Freehold	24 Aug 2020	5,160,000
36	No. 25, Jalan KPJ 2/1, Kompleks Perniagaan Jitra 2, 06000 Jitra, Kedah	Corner Unit Two (2) Storey Shop Office	Ground floor as 'Georgetown' outlet and other floor for store purpose	3	Land Area : 5,016 Build-up : 8,517	Freehold	22 Apr 2019	2,600,000
37	B-19-5, Residensi Continew, No. 315 Jalan Tun Razak, 50400 Kuala Lumpur	Serviced Apartment	Vacant	1	Land Area : - Build-up : 1,184	Freehold	17 May 2017	960,000
38	No. 368-2-1, Bellisa Row, Jalan Burma, 10350 Pulau Pinang	Corner Unit Second Floor Shop Office	Headquarter	25	Land Area : - Build-up : 2,702	Freehold	27 Apr 2016	1,500,000
39	166-28-3A, Gurney Park Condominium, Persiaran Gurney, 10250 Pulau Pinang	Condominium	For rental purpose	23	Land Area : - Build-up : 883	Freehold	06 Dec 2017	725,000
40	No. 598-GF-08, Menara Asas, Jalan Tanjung Bungah, 11200 Pulau Pinang	Corner Unit Ground Floor strata Shop Lot	As 'Georgetown' outlet	27	Land Area : - Build-up : 2,982	Freehold	05 Sep 2011	950,000
41	1E-6-11, Quayside Condominium, Seri Tanjung Pinang, Tanjung Tokong, 10470 Pulau Pinang	Condominium	Vacant	9	Land Area : - Build-up : 1,371	Freehold	26 Jul 2010	Sold in Dec 2022
42	No. 218C-01-08, Tropicana 218 Macalister, Jalan Macalister, 10400 George Town, Pulau Pinang	Intermediate Unit Ground Floor strata Shop Lot	For rental purpose	4	Land Area : - Build-up : 1,442	Freehold	31 Mar 2015	1,450,000
43	No. 368-1-1, Bellisa Row, Jalan Burma, 10350 Pulau Pinang	Corner Unit Ground Floor Shop Lot	For rental purpose	25	Land Area : - Build-up : 1,389	Freehold	26 Oct 2019	4,000,000
44	No. 368-1-15, 16 & 17, Bellisa Row, Jalan Burma, 10350 Pulau Pinang	Three (3) adjoining Ground Floor strata Shop Lot	For rental purpose	25	Land Area : - Build-up : 4,253	Freehold	01 Apr 2019	12,000,000
45	No 57, Jalan PBS 14/10, Taman Perindustrian Bukit Serdang, 43300 Seri Kembangan	Intermediate Unit One and a Half (1.5) Storey Shop Office	For production of fresh food products	21	Land Area : - Build-up : 2,002	Leasehold	01 Jan 2021	1,464,824
46	Lot 1911-A, Jalan KPB7, Kawasan Perindustrian Kampung Baru Balakong, 43300 Seri Kembangan, Selangor	Single Storey Factory And Two (2) Storey Office Building	For production of fresh food products	20	Land Area : - Build-up : 40,957	Freehold	01 Oct 2022	13,779,300

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 2022 are as follows:-

	Group (RM)	Company (RM)
Audit	968,000	110,000
Non-Audit	61,600	17,000

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 2022:

- (a) Joint Venture between Caring Pharmacy Retail Management Sdn Bhd and PT Era Prima Indonesia ("EPI") to establish pharmaceutical business in Indonesia:
- (i) (i) a shareholders' agreement ("SHA") with EPI to facilitate the establishment of a new company in Indonesia under the name PT Era Caring Indonesia or such other name to be mutually agreed ("DistributionCo") which CPRM subscribes for 50.1% stake in the DistributionCo for a cash subscription of Indonesian Rupiah ("IDR") 5.03 billion (about RM1.48 million) to undertake the distribution business of pharmaceutical products which will include medicine, vitamins, supplements, cosmetics, personal care, health food and beverages and baby products ("Products") in the Republic of Indonesia ("Proposed JV"); and
 - (ii) a mandatory convertible bond subscription agreement ("BSA") with EPI and its 98.46%-owned subsidiary, PT Era Farma Indonesia ("RetailCo") for the proposed cash subscription of principal amount of IDR23.95 billion (about RM7.07 million) unsecured mandatory convertible interest-bearing bonds ("Bond") in RetailCo, which will undertake the retailing business of the Products under the brand name of "Wellings" in the Republic of Indonesia ("Proposed Bond Subscription").

The abovementioned transactions were completed on 1 April 2022.

Subsequently, on 25 November 2022, Caring Pharmacy Retail Management Sdn Bhd invested an additional RM4.37 million in ECI.

3. Recurrent Related Party Transactions

At the AGM held on 26 May 2022, 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 Tenth Annual General Meeting of the Company to be held on 26 May 2023. The Company proposes to seek renewal of the existing and new RRPT Mandate at its forthcoming Tenth 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 27 April 2023 sent together with this Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

3. Recurrent Related Party Transactions (Cont'd)

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 31 December 2022 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	4,408,147
Razer Pay Holdings Pte. Ltd. and its subsidiary companies	Commission from in-store services	38,913
Razer Pay Holdings Pte. Ltd. and its subsidiary companies	Transaction value received for e-wallet transactions	412,986
Razer Pay Holdings Pte. Ltd. and its subsidiary companies	Commission paid for e-wallet transactions	1,503
Razer Pay Holdings Pte. Ltd. and its subsidiary companies	Thermal paper charges	125
U Mobile Sdn Bhd	Transaction value paid	154,138
U Mobile Sdn Bhd	Commission from in-store services	8,614
U Mobile Sdn Bhd	Advertisement placement fees	7,976
U Mobile Sdn Bhd	Prepaid incentive receivable	664
Securexpress Services Sdn Bhd	Transportation services for delivery of merchandise to 7-Eleven stores	7,806
Berjaya Food Trading Sdn Bhd	Purchase of goods	5,681
Berjaya Food Trading Sdn Bhd	Advertising service income	743
Nural Enterprise Sdn Bhd	Rental of properties	2,054
Sun Media Corporation Sdn Bhd	Advertisement placement fees	263
Sun Media Corporation Sdn Bhd	Display incentives received	360
Berjaya Times Square Sdn Bhd	Rental of properties	1,017
Ansa Hotel Sdn Bhd	Rental of property	507
Angsana Gemilang Sdn Bhd	Rental of property	156
Sparkling Hallmark Sdn Bhd	Rental of properties	301
Cempaka Properties Sdn Bhd	Rental of property	92
BTS Carpark Sdn Bhd	Parking fees	152
Regal Class Residence Sdn Bhd (fka RC Residence Sdn Bhd)	Rental of property	98
TREC Holdings Sdn Bhd	Rental of property	99
BLoyalty Sdn Bhd	Loyalty reward fees	21
Qinetics Services Sdn Bhd	Purchase of IT infrastructure and management services fees	1
Berjaya Sampo Insurance Berhad	Rental of property	54
Berjaya Registration Services Sdn Bhd	Share Registration and related services	29
Berjaya Hartanah Berhad	Rental of property	25
Berjaya Waterfront Sdn Bhd	Rental of property	18
Berjaya Hills Resort Berhad	Rental of property	51
Tan Tee Ming & Nerine Tan Sheik Ping	Rental of property	48
Tropicana Indah Sdn Bhd	Rental of property	213
Singer (Malaysia) Sdn Bhd	Purchase Chest Freezer & Microwave	501
Aces Parking Sdn Bhd	Parking fees	522
JL Morison (Malaya) Sdn Bhd	Purchase of consumer products	338
Country Farms Sdn Bhd	Purchase of consumer products	896
Ace Print Sdn Bhd	Purchase of consumables	1,395
Jejari Artistik Sdn Bhd	Rental income	18

ADDITIONAL COMPLIANCE INFORMATION

3. Recurrent Related Party Transactions (Cont'd)

Related Party	Nature of Transaction	Value of Transaction RM'000
TDR Jaya Sdn Bhd	Rental income	18
Zenzari World Sdn Bhd	Rental income	9
Zenzari World Sdn Bhd	Purchase of personal care products	168
Motivasi Optima Sdn Bhd	Accounting service fee	6
Bioscenergy International Sdn Bhd	Purchase of healthcare products	2,999
Caring Pharmacy Holdings Sdn Bhd	Rental fee	64
Caring Pharmacy Holdings Sdn Bhd	Accounting service fee	6
Pharm D Sdn Bhd	Purchase of healthcare products	6
Pharm D Sdn Bhd	Sales of health care products	177

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

The Company has established a 15-year medium term notes ("MTN") programme of RM600.0 million in nominal value ("MTN Programme"), which was lodged with the Securities Commission Malaysia ("SC") on 15 April 2021 in accordance with the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework. On 28 June 2022, the Company has completed its subsequent MTN issuance of RM100.0 million ("Series 2 MTN") under the MTN Programme.

As at 31 December 2022, the Company has utilised the proceeds from the Series 2 MTN for working capital.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2023

Total Number of Issued Shares : 1,110,046,500 (excluding treasury shares of 123,338,500)
 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	531	30.45	13,085	0.00
100 - 1,000	401	22.99	119,830	0.01
1,001 - 10,000	562	32.22	1,943,069	0.18
10,001 - 100,000	151	8.66	4,039,967	0.36
100,001 – 55,502,324	97	5.56	612,088,602	55.14
55,502,325 and above	2	0.11	491,841,947	44.31
TOTAL	1,744	100.00	1,110,046,500	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 2023 are as follows:-

Substantial Shareholders	Direct	%	Indirect	%
Tan Sri Dato' Seri Vincent Tan Chee Yioun	248,024,163	22.34	66,554,149 ⁽¹⁾	6.00
Classic Union Group Ltd	291,396,226	26.25	-	-
Berjaya Corporation Berhad	18,910,000	1.70	103,458,369 ⁽²⁾	9.32
Berjaya Group Berhad			103,458,369 ⁽³⁾	9.32
Berjaya Land Berhad	39,343,000	3.54	29,295,369 ⁽⁴⁾	2.64
Teras Mewah Sdn Bhd			68,638,369 ⁽⁵⁾	6.18
Juara Sejati Sdn Bhd			88,388,369 ⁽⁶⁾	7.96
Tsai, Tzung-Han			291,396,226 ⁽⁷⁾	26.25
Tsai, Hong-Tu			291,396,226 ⁽⁷⁾	26.25

Notes:

- (1) Deemed interested by virtue of his interests in the following companies:-
- Berjaya Assets Berhad, the holding company of Berjaya Bright Sdn Bhd;
 - HQZ Credit Sdn Bhd, the ultimate holding company of Berjaya Retail Sdn Bhd, True Ascend Sdn Bhd and Berjaya Infrastructure Sdn Bhd;
 - U Telemedia Sdn Bhd;
 - Hotel Resort Enterprise Sdn Bhd; and
 - B & B Enterprise Sdn Bhd.
- (2) Deemed interested by virtue of its interests 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, Berjaya Vacation Club Berhad, Nural Enterprise Sdn Bhd, Berjaya Land Berhad, Inter-Pacific Asset Management Sdn Bhd, Inter-Pacific Securities Sdn Bhd, Inter-Pacific Capital Sdn Bhd, Regal Class Residence Sdn Bhd (F.K.A RC Residence Sdn Bhd) and Berjaya Food (International) Sdn Bhd; and
 - REDtone Digital Berhad.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2023

Notes:

- (3) Deemed interested by virtue of its interests 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, Berjaya Vacation Club Berhad and Nural Enterprise Sdn Bhd;
 - Berjaya Capital Berhad, the holding company of Inter-Pacific Asset Management Sdn Bhd, Inter-Pacific Securities Sdn Bhd and Inter-Pacific Capital Sdn Bhd;
 - REDtone Digital Berhad;
 - Regal Class Residence Sdn Bhd (F.K.A RC Residence Sdn Bhd); and
 - Berjaya Food Berhad, the holding company of Berjaya Food (International) Sdn Bhd.
- (4) Deemed interested by virtue of its interests in the following companies:-
- Berjaya Philippines Inc., Bukit Kiara Resort Berhad, KDE Recreation Berhad, Berjaya Vacation Club Berhad and Nural Enterprise Sdn Bhd.
- (5) Deemed interested by virtue of its interests in the following companies:-
- Berjaya Land Berhad, the holding company of Berjaya Philippines Inc., Bukit Kiara Resort Berhad, KDE Recreation Berhad, Berjaya Vacation Club Berhad and Nural Enterprise Sdn Bhd.
- (6) Deemed interested by virtue of its interests in the following companies:-
- Berjaya Land Berhad, the holding company of Berjaya Philippines Inc., Bukit Kiara Resort Berhad, KDE Recreation Berhad, Berjaya Vacation Club Berhad and Nural Enterprise Sdn Bhd;
 - Berjaya Capital Berhad, the holding company of Inter-Pacific Asset Management Sdn Bhd, Inter-Pacific Securities Sdn Bhd and Inter-Pacific Capital Sdn Bhd; and
 - REDtone Digital Berhad.
- (7) Deemed interested by virtue of his interest in Classic Union Group Ltd.

DIRECTORS' INTERESTS

The Directors' interests based on the Register of Directors' Shareholdings of the Company as at 31 March 2023 are as follows:-

Number of ordinary shares

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Farhash Wafa Salvador	-	-	-	-
Dato' Richard Alexander John Curtis	-	-	-	-
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	30,801	0.00	-	-
Tan U-Ming	621,509	0.06	-	-
Tsai, Tzung-Han	-	-	291,396,226 ⁽¹⁾	26.25
Wong Wai Keong	-	-	-	-
Moyra Binti Ibrahim	-	-	-	-

Notes:-

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

STATISTICS OF SHAREHOLDINGS

As at 31 March 2023

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

AS AT 31 MARCH 2023

(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.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An For JPMorgan Chase Bank, National Association (SingaporeJPMPB)</i>	292,165,947	26.32
2.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Vincent Tan Chee Yioun</i>	199,676,000	17.99
3.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Exempt An For Inter-Pacific Asset Management Sdn Bhd</i>	54,835,300	4.94
4.	Pertubuhan Keselamatan Sosial	51,000,000	4.59
5.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pembangunan Sumber Manusia Berhad</i>	50,000,000	4.50
6.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB For Lim Wee Chai (PB)</i>	44,304,619	3.99
7.	Amsec Nominees (Tempatan) Sdn Bhd <i>RCE Factoring Sdn Bhd For Kong Hon Kong</i>	43,100,000	3.88
8.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Inter-Pacific Asset Management Sdn Bhd For Koperasi Angkatan Tentera Malaysia Berhad</i>	36,764,000	3.31
9.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Land Berhad (GB-RC3-Conglo2)</i>	29,000,000	2.61
10.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Inter-Pacific Capital Sdn Bhd (A/C 83)</i>	24,919,145	2.24
11.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 22)</i>	22,670,300	2.04
12.	SJ Sec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - Al Rajhi Bank For Nural Enterprise Sdn Bhd</i>	15,200,000	1.37
13.	Motivasi Optima Sdn Bhd	13,690,000	1.23
14.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Vincent Tan Chee Yioun (EDG&CBD)</i>	12,000,000	1.08
15.	Berjaya Food (International) Sdn Bhd	11,870,000	1.07
16.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Vincent Tan Chee Yioun (MGN-UTS0001M)</i>	11,200,000	1.01
17.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for U Telemedia Sdn Bhd (MGN-UTS0001M)</i>	10,432,300	0.94
18.	Berjaya Land Berhad	10,343,000	0.93
19.	RHB Nominees (Tempatan) Sdn Bhd <i>Bank of China (Malaysia) Berhad Pledged Securites Account for Inter-Pacific Capital Sdn Bhd</i>	10,000,000	0.90
20.	Casi Management Sdn Bhd	9,813,191	0.88

STATISTICS OF SHAREHOLDINGS

As at 31 March 2023

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

AS AT 31 MARCH 2023

(Without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shareholding	% of Issued Capital
21.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Berjaya Retail Sdn Bhd (M3764B)</i>	9,000,000	0.81
22.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Berjaya Corporation Berhad (BCB CBM-C2-TL3)</i>	8,510,000	0.77
23.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Sri Dato' Vincent Tan Chee Yioun (MGN-VTC0001M)</i>	8,442,000	0.76
24.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for B & B Enterprise Sdn Bhd (MY3764)</i>	8,055,600	0.73
25.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd <i>Berjaya Philippines Inc</i>	7,892,175	0.71
26.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Berjaya Retail Sdn Bhd (TSVT-RC CBM)</i>	7,435,251	0.67
27.	RHB Nominees (Tempatan) Sdn Bhd <i>Lim Wee Chai</i>	7,250,942	0.65
28.	Koon Poh Keong	6,422,263	0.58
29.	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Berjaya Corporation Berhad</i>	5,410,000	0.49
30.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Vincent Tan Chee Yioun (PB)</i>	5,001,292	0.45
		1,026,403,325	92.44

Notes:-

- (1) Pursuant to the Bursa Malaysia Depository Disclosure Framework, reports on the list of shareholders and transactions are based on the settlement cycle of 2 trading days after the transaction date. Hence, the distribution of shareholdings record transactions made up to 29 March 2023 which was subsequently captured in the Register of Depositors dated 31 March 2023.
- (2) Excluding a total of 123,338,500 shares bought back by the Company and retained as treasury shares based on the Register of Depositors dated 31 March 2023.

NOTICE OF TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth 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 : Friday, 26 May 2023
Time : 10.00 a.m.
Broadcast Venue : Manhattan V, 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
2) E-mail questions to ir@7eleven.com.my prior to Meeting.

AGENDA

AS ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors' thereon. [Please refer to Explanatory Note (i)]
- To approve the payment of Directors' fees for an amount up to RM593,000/- payable to the Non-Executive Directors of the Company on a monthly basis for the period from 27 May 2023 until the next Annual General Meeting of the Company to be held in year 2024. **Resolution 1**
- To approve the benefits payable to the Non-Executive Directors for an amount of up to RM50,000/- for the period from 27 May 2023 until the next Annual General Meeting of the Company to be held in year 2024. **Resolution 2**
- To approve the additional benefits payable to the Non-Executive Directors for an amount of up to RM448,000/- for the financial year ended 31 December 2022. **Resolution 3**
- To re-elect the following Directors who retire by rotation in accordance with Article 99 of the Company's Constitution and being eligible, have offered themselves for re-election:-
(1) Puan Sri Datuk Seri Rohani Parkash Binti Abdullah **Resolution 4**
(2) Chan Kien Sing **Resolution 5**

Ms. Shalet Marian who also retires by rotation in accordance with Article 99 of the Company's Constitution, has expressed her intention not to seek for re-election. Hence, she will retain office until the close of the Tenth Annual General Meeting.
- To re-elect the following Directors who retire in accordance with Article 105 of the Company's Constitution and being eligible, have offered themselves for re-election:-
(1) Moyra Binti Ibrahim **Resolution 6**
(2) Farhash Wafa Salvador **Resolution 7**
- To re-appoint Messrs. Ernst & Young PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration. **Resolution 8**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

- ORDINARY RESOLUTION** **Resolution 9**
- 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.

NOTICE OF TENTH ANNUAL GENERAL MEETING

THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 and Clause 55 of the Company's Constitution, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares pursuant to this mandate by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

9. ORDINARY RESOLUTION

Resolution 10

- PROPOSED RENEWAL OF AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT**, subject to the provisions of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular/Statement to Shareholders dated 27 April 2023 ("**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."

10. ORDINARY RESOLUTION

Resolution 11

- 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;

NOTICE OF TENTH ANNUAL GENERAL MEETING

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."

11. 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
27 April 2023

NOTES:

Proxy

1. The Company will conduct the Tenth AGM entirely via remote participation and electronic voting facilities. Kindly refer to the Administrative Guide for the Tenth 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 Tenth AGM.
3. As the Tenth 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.

NOTICE OF TENTH ANNUAL GENERAL MEETING

4. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2023 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. The instrument appointing a proxy together with the power of attorney (if any) or a certified copy thereof must be deposited at the Share Registrar's office, Berjaya Registration Services Sdn. Bhd. at 09-27 Level 9, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED THAT in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS THAT the rest of the proxy form, other than the particulars of the proxy have been duly completed by member(s). Alternatively, the proxy form can be electronically lodge via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for further information on submission via Boardroom Smart Investor Portal.

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 27 May 2023 until the next Annual General Meeting of the Company to be held in year 2024

Pursuant to Section 230(1) of the Act, the fees of the directors and any benefits payable to the Directors of a Listed Company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the Tenth Annual General Meeting.

In determining the estimated Directors' fees to the Non-Executive Directors of the Company, the Board has considered various factors including the current Board size and provisional sum as a contingency for future appointment of Directors on the Board.

(iii) Item 3 of the Agenda – Benefits payable to the Non-Executive Directors

There has been no increase in Directors' benefits comprise meeting allowance payable to the Non-Executive Directors since the previous shareholders' approval obtained at the Ninth Annual General Meeting of the Company held on 26 May 2022.

NOTICE OF TENTH ANNUAL GENERAL MEETING

- (iv) Item 4 of the Agenda – Additional benefits payable to the Non-Executive Directors

The Board via the recommendation of the Remuneration Committee of the Company proposed the additional amount of RM448,000 benefits payable to the Non-Executive Directors to reflect their invaluable contributions to the success of the Company for the year 2022.

The proposed additional benefits payable to Non-Executive Directors for the financial year ended 31 December 2022 are as below:-

Non-Executive Directors	Proposed Additional Benefits Payable (RM)
Dato' Richard Alexander John Curtis	56,000
Chan Kien Sing	56,000
Shalet Marian	56,000
Muhammad Lukman Bin Musa @ Hussain	56,000
Puan Sri Datuk Seri Rohani Binti Abdullah	56,000
Tsai, Tzung-Han	56,000
Moyra Binti Ibrahim	56,000
Dato' Sri Robin Tan Yeong Ching	56,000
Total	448,000

The proposed additional benefits also include the former Chairman, Dato' Sri Robin Tan Yeong Ching in recognition of his outstanding contributions and unwavering dedication to the Company's success.

- (v) Items 5 and 6 of the Agenda - Re-election of Directors

The profiles of the Directors who are standing for re-election as per Agenda item no. 5 and 6 are set out in the Board of Directors' profile of the Annual Report 2022.

Based on the recommendation of the Nominating Committee, the Board is satisfied with the performance and contributions of the following Directors and support the re-election based on the following justifications:-

- (a) Ordinary Resolution 4 – Re-election of Puan Sri Datuk Seri Rohani Parkash Binti Abdullah as Independent Non-Executive Director

Puan Sri Datuk Seri Rohani Parkash Binti Abdullah was appointed to our Board as Independent Non-Executive Director on 10 February 2017. She has demonstrated her independence through her engagement in the meetings by proactively giving valuable insights to the Management in developing the Group's business strategies. She also exercised his due care and carried out his professional duties proficiently during her tenure as an Independent Non-Executive Director of the Company.

- (b) Ordinary Resolution 5 – Re-election of Chan Kien Sing as Non-Independent Non-Executive Director

Mr. Chan Kien Sing was appointed to our Board first as Non-Independent Executive Director on 21 August 2013 and was then redesignated as Non-Independent Non-Executive Director on 22 April 2015. He has vast experience in strategic corporate planning and structuring, merger & acquisitions, initial public offerings, audit/accountancy and managing business operations. He has also exercised his due care and carried out his professional duties proficiently during his tenure as Non-Independent Non-Executive Director of the Company.

- (c) Ordinary Resolution 6 – Re-election of Moyra Binti Ibrahim as Independent Non-Executive Director

Puan Moyra Binti Ibrahim was appointed to our Board as Independent Non-Executive Director on 28 November 2022. She demonstrated his independence through her engagement in the meetings by providing external perspectives on the business and constructively feedback to the Company in developing the Group's business strategies. She has also exercised her due care and carried out his professional duties proficiently during her tenure as the Independent Non-Executive Director of the Company.

- (d) Ordinary Resolution 7 – Re-election of Farhash Wafa Salvador as Chairman, Non-Independent Non-Executive Director

Farhash Wafa Salvador was appointed to our Board as Chairman, Non-Independent Non-Executive Director on 3 January 2023. He exercised his due care and carried out his professional duties proficiently during his tenure as Chairman, Non-Independent Non-Executive Director of the Company.

NOTICE OF TENTH ANNUAL GENERAL MEETING

(vi) Item 8 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 Tenth 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 Ninth Annual General Meeting of the Company held on 26 May 2022 (hereinafter referred to as the **"Previous Mandate"**).

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence, no proceeds were raised therefrom.

The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes to such persons at any time as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(vii) Item 9 of the Agenda – Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular/Statement to Shareholders dated 27 April 2023 for further information.

(viii) Item 10 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. The Board of Directors may resolve to cancel all the shares purchased, retain all the shares purchased as treasury shares, or retain part thereof as treasury shares and subsequently cancelling the balance.

Please refer to the Circular/Statement to Shareholders dated 27 April 2023 for further information.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Tenth 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 Tenth Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Tenth 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.

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 ("the Company") 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 Tenth Annual General Meeting of the Company to be held virtually at the broadcast venue at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Malaysia on Friday, 26 May 2023 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%
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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	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon.			
Ordinary Business				
2.	To approve the payment of Directors' fees for an amount of up to RM593,000/- payable to the Non-Executive Directors of the Company on a monthly basis for the period from 27 May 2023 until the next Annual General Meeting of the Company to be held in year 2024.	1		
3.	To approve the benefits payable to the Non-Executive Directors for an amount of up to RM50,000/- for the period from 27 May 2023 until the next Annual General Meeting of the Company to be held in year 2024.	2		
4.	To approve the additional benefits payable to the Non-Executive Directors for an amount of up to RM448,000/- for the financial year ended 31 December 2022.	3		
5.	To re-elect Puan Sri Datuk Seri Rohani Parkash Binti Abdullah who retires by rotation in accordance with Article 99 of the Company's Constitution and who being eligible, has offered herself for re-election.	4		
6.	To re-elect Chan Kien Sing who retires by rotation in accordance with Article 99 of the Company's Constitution and who being eligible, has offered himself for re-election.	5		
7.	To re-elect Moyra Binti Ibrahim who retires in accordance with Article 105 of the Company's Constitution and who being eligible, has offered herself for re-election.	6		
8.	To re-elect Farhash Wafa Salvador who retires in accordance with Article 105 of the Company's Constitution and who being eligible, has offered himself for re-election.	7		
9.	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.	8		
Special Business				
10.	Authority to Issue Shares pursuant to the Companies Act 2016.	9		
11.	Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	10		
12.	Proposed Renewal of Authority for the Company to Purchase its own Shares.	11		

Dated this day _____ of _____, 2023

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

Notes:-

- The Company will conduct the Tenth AGM entirely via remote participation and electronic voting facilities. Kindly refer to the Administrative Guide for the Tenth AGM for more information.
- 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 Tenth AGM.
- As the Tenth 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.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 May 2023 shall be eligible to attend the Meeting.
- 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.
- 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.
- Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (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.
- 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.
- To be valid, this form, duly completed must be deposited at the Share Registrar's office, Berjaya Registration Services Sdn. Bhd. at 09-27 Level 9, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia, not less than forty-eight (48) hours before the time for holding the meeting PROVIDED THAT in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her proxy, PROVIDED ALWAYS THAT the rest of the proxy form, other than the particulars of the proxy have been duly completed by member(s). Alternatively, the proxy form can be electronically lodge via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administrative Guide for further information on submission via Boardroom Smart Investor Portal.

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 Tenth AGM dated 27 April 2023.

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)
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