7-Eleven Malaysia Holdings Berhad

Company No. 1058531-W

Annual Report 2018

VISION & VALUES

VISION

To be the best retailer of convenience

Menjadi peruncit serbaneka yang terbaik

VALUES

To consistently serve the changing needs of customers for their convenience

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

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 mempermudahkan setiap perkara untuk setiap pihak bagi mendapatkan penyelesaian yang terbaik

SOLVE

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

Kami sentiasa mencari jalan penyelesaian untuk memberi manfaat kepada semua pihak

CONNECT

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

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

CONTENTS


OVERVIEW


7-Eleven Malaysia Holdings Berhad through its subsidiary 7-Eleven Malaysia Sdn. Bhd. is the owner and operator of 7-Eleven stores in Malaysia. Incorporated on 4 June 1984, 7-Eleven Malaysia has made its mark in the retailing scene and remained a prominent icon for over 30 years. It is the pioneer and largest 24-hours standalone convenience store operator in Malaysia with 2,287 outlets nationwide and serves close to a million customers daily.

COMPANY PROFILE

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

COMPANY PROFILE

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

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

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

Each 7-Eleven store carries over 2,200 SKUs, including our proprietary brands such as Slurpee frozen beverages and Aiskleem™, an exclusive range of soft serve. The variety of services available at 7-Eleven include the bill payment service (TM, Astro, U Mobile, Syabas and Singer), sale of mobile phone reload cards, IDD/STD, Touch'n Go reload, internet games' starter packs, reloads via MOL Point top-up, ink cartridge refill, photocopying, fax, automated teller machine (ATM), and bulletin board for neighbourhood community notices.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Colin George Harvey
Executive Director/ Chief Executive Officer

Ho Meng
Executive Director

Tan U-Ming
Executive Director

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

Chan Kien Sing
Non-Independent Non-Executive Director

Tan Wai Foon (Lena Tan)
Non-Independent Non-Executive Director

Shalet Marian
Independent Non-Executive Director

Muhammad Lukman Bin Musa @ Hussain
Independent Non-Executive Director

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

AUDIT COMMITTEE

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

Shalet Marian
Member
Independent Non-Executive Director

Tan Wai Foon (Lena Tan)
Member
Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Tan Wai Foon (Lena Tan)
Chairman
Non-Independent Non-Executive Director

Shalet Marian
Member
Independent Non-Executive Director

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

NOMINATING COMMITTEE

Shalet Marian
Chairman
Independent Non-Executive Director

Tan Wai Foon (Lena Tan)
Member
Non-Independent Non-Executive Director

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

COMPANY SECRETARIES

See Siew Cheng (MAICSA 7011225)
Tia Hwei Ping (MAICSA 7057636)

REGISTERED OFFICE

Level 8, Symphony House,
Pusat Dagangan Dana 1,
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Fax No.: +603 7841 8199

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

AUDITORS

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

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 10-04A & 10-04B,
Level 10, West,
Berjaya Times Square,
No.1 Jalan Imbi,
55100 Kuala Lumpur,
Malaysia
Tel. No.: +03-2145 0533
Fax No.: +03-2145 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

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

COLIN GEORGE HARVEY
Executive Director/
Chief Executive Officer

TAN U-MING
Executive Director

HO MENG
Executive Director

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

CHAN KIEN SING
Non-Independent
Non-Executive Director

SHALET MARIAN
Independent Non-Executive
Director

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

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

MUHAMMAD LUKMAN BIN MUSA @ HUSSAIN
Independent Non-Executive
Director

PROFILE OF DIRECTORS

TAN SRI DATO' SERI ABDULL HAMID BIN EMBONG

Male, Aged 69, Malaysian
Independent Non-Executive Chairman

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

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

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

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

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

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

COLIN GEORGE HARVEY

Male, Aged 48, South African
Executive Director/Chief Executive Officer ("CEO")
Key Senior Management

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

Started his retail career in South Africa where he worked for Africa's largest retail Shoprite, holding various commercial and operational roles for 13 years before joining Dairy Farm in Malaysia in 2004, where for a year he managed Dairy Farm's largest Hypermarket in Johor Bahru, followed up by 3 years as the Head of Dairy Farms Fresh Food commercial team in Kuala Lumpur until 2008.

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

He managed Dairy Farm's -Guardian Indonesia business, restructuring the business, building the support office, supply chain, and restoring the business to profitability until he left in 2017. Prior to his appointment as CEO of 7-Eleven Malaysia, he held the position of independent director of Pharmacity JSC., a Retail Pharmacy leader in Ho Chi Minh City, Vietnam. He has considerable retail experience in Malaysia and Indonesia where he has spent the last 13 years, in various senior roles.

He holds a Bachelor of Commerce Degree from the University of South Africa and an MBA from Stirling University in the UK and is also a Board Member of the British Chamber of Commerce in Indonesia until recently and he still has significant involvement in their research projects.

HO MENG

Male, Aged 59, Malaysian
Executive Director
Key Senior Management

Mr. Ho Meng was appointed to our Board as Executive Director on 21 August 2013 and was re-designated as Non-Independent Non-Executive Director on 29 April 2016. Subsequently, he was re-designated as Executive Director/Acting Chief Executive Officer on 1 August 2017. He ceased as Acting Chief Executive Officer on 10 August 2018.

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

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

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

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

TAN U-MING

Male, Aged 32, Malaysian
Executive Director
Key Senior Management

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

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

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

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

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

TSAI, TZUNG-HAN

Male, Aged 42, Taiwanese
Non-Independent Non-Executive Director

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

He obtained his Juris Doctor Degree in law from Georgetown University Law Center, 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 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 and oversaw the strategic investments into Bank Mayapada in Indonesia, Rizal Commercial Banking Corporation in Philippines and Conning Asset Management in the USA. 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 returning to Taiwan, Mr. Tsai worked briefly in private equity at Goldman Sachs in New York and in venture capital at Pacific Venture Partners in San Francisco. From 2001 until 2003, he was a practicing attorney in the real estate department at Hale and Dorr LLP, currently known as Wilmer Hale, in Boston.

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

CHAN KIEN SING

Male, Aged 62, Malaysian
Non-Independent
Non-Executive Director

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

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

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

PROFILE OF DIRECTORS

TAN WAI FOON (LENA TAN)

Female, Aged 59, Malaysian
Non-Independent Non-Executive Director

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

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

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

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

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

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

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

SHALET MARIAN

Female, Aged 62, Malaysian
Independent Non-Executive Director

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

She is a member of the Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

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

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

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

MUHAMMAD LUKMAN BIN MUSA @ HUSSAIN

Male, Aged 43, Malaysian
Independent Non-Executive Director

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

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

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

He currently serves on the Board of MBM Resources Berhad.

PUAN SRI DATUK SERI ROHANI PARKASH BINTI ABDULLAH

Female, Aged 63, Malaysian
Independent Non-Executive Director

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

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

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

Since mid-2015, Puan Sri has involved herself solely with the corporate sector, as well as her role (mid-2012 to late-2018), as the President of PUSPANITA Kebangsaan (Association of Women Civil Servants and Wives of Civil Servants) which is a charity and volunteer organisation.

Puan Sri currently serves on the Boards of Nylex (Malaysia) Berhad (resigned in May 2018); CCM Duopharma Biotech Berhad and Symphony Life Berhad.

PROFILE OF KEY SENIOR MANAGEMENT

COLIN GEORGE HARVEY

Executive Director/ Chief Executive Officer

The profile of Mr. Colin George Harvey is set out on page 8 of this Annual Report.

HO MENG

Executive Director

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

TAN U-MING

Executive Director

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

WONG WAI KEONG

Male, Aged 45, Malaysian
Chief Financial Officer

Mr. Wong Wai Keong was appointed as Chief Financial Officer of the Company on 12 March 2018. He is an experienced financial professional and has over 23 years of working experience in multinational corporations (MNCs) and local environment across the region overseeing finance, accounting, information technology/enterprise resource planning (ERP) and business management. He has worked in various industries including healthcare, multi-level marketing, Enterprise Application services, manufacturing, agriculture and the Fast Moving Consumer Goods industry (FMCG).

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

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

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

Note:-

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

As the largest convenience store operator in Malaysia, 7-Eleven Malaysia Holdings Berhad continued to deliver consistent performance in its financial year of 2018, in spite of various challenges in the external environment.

In 2018, we focused on refurbishing and refreshing our stores to upkeep the image and true convenience experience across our existing network. We opened 86 new stores in various regions and closed 24 unprofitable stores where the trade areas changed and were no longer economically viable to operate.

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

Our business strategy

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

Improve Assortment

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

Fresh food is one of the fastest growing segments in our business, yet currently underrepresented in our stores. We recognize that it will be an important growth driver that will draw customers in and drive ancillary purchases in the future. Year 2018 saw the group acquired a 60% controlling stake into Café Decoral, a fresh food company, to leverage into their experience and production of ready-to-eat food facilities. Going forward, we will continue to invest in product development and improve on our fresh food offerings.

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

Supply Chain

Supply chain is the heart of the business and we continue to work on improving efficiencies and optimizing our logistics. The transition to a new logistics partner was completed in May. There were teething issues in the early stages of the migration and we have since made progress in improving our productivity and fulfilment to stores. In the process, we invested in new technologies such as Put to Light systems, a more productive and accurate automated sortation method to process deliveries.

Drive Operational Excellence

On a daily basis, close to a million customers walk into our stores. Our customers are important to us and we continue to work on our customer service, ensuring we provide the right assistance and a lasting customer experience. We invested in customer service training programs and monitor this through mystery shoppers audits. Store operations and processes are being simplified so that focus can be on improving the execution in customer service, stock replenishments, shelf merchandising.

Grow and Improve Store Base

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

In our new store opening process, we set up stores based on feasibility of a certain trade area composition and economics. However, they change over the years and may not meet financial performance expectations due to evolution of a particular area. We continue to work on eliminating underperforming stores and improve profitability of the others. Our strength is in our network and as such we will continue to work on growing our stores in the right areas. We seek to go into areas where we are underrepresented and make 7-Eleven accessible to all.

Digitally Enable the Organization

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

We continue to review our digital strategy and investments as we strive to understand our customers better and improve their in-store experience.

Financial Performance

Revenue

The Group's revenue for the financial year ended 31 December 2018, increased by RM29.9 million or 1.4% to RM2.22 billion compared to revenue in the previous financial year of RM2.19 billion. The growth in revenue was driven by the growth in new stores, improvement in same store sales and consumer promotion activities. Revenue from food service segment is now above 3% of total revenue which grew 6.5% against the preceding financial year.

Gross Profit and Gross Profit Margin

Gross profit improved by RM125.4 million or 18.1% compared to the previous financial year driven by revenue growth of 1.4%, gross profit margin expansion from favourable sales mix and RM95.0 million reduction in cost of sales contributed by reclass of rebates RM132.8 million, partially offset by reclass of logistics expenses RM37.8 million primarily due to adoption of new accounting standards.

Other Operating Income

Other operating income decreased by RM132.6 million or 96.7% as compared to the previous financial year primarily due to reclass of rebates RM132.8 million to cost of sales due to adoption of new accounting standard and partially attributed to compensation income from vendors in the previous financial year.

Selling and Distribution Expenses

Selling and distribution expenses decreased by RM8.4 million or 1.3% year-on-year, mainly caused by reclass of logistics expenses RM37.8 million to cost of sales, partially offset by higher staff cost, rental cost and store depreciation expense which are mostly in tandem with new store expansion.

Administration and Other Operating Expenses

Administrative and other operating expenses decreased by RM2.8 million or 2.9% against the previous financial year due to better cost management and lower staff related cost.

Finance Cost

Finance cost for the current financial year has increased marginally by RM0.7 million compared to the previous financial year mainly attributed to utilisation of bankers' acceptance, revolving credit and term loan facilities.

Profit after Tax

The profit after tax at the end of financial year 2018 was RM51.3 million compared to the RM50.1 million recorded for the previous financial year. The improvement in the profit after tax by 2.4% year-on-year was mainly attributed to overall improvement in operational financial performance.

Liquidity and Financial Resources

As at 31st December 2018, the Group retained cash and bank balances of RM72.5 million after cash dividend payment for financial year 2017 of RM30.0 million.

The Group has total borrowings of RM171.9 million as at 31st December 2018. The borrowings comprise of bankers' acceptance, revolving credit and term loan facilities which were utilized for funding working capital and capital expenditures for new stores and refurbishments. Despite utilisation of the said borrowings, the net gearing ratio of the Group as at 31st December 2018 improved to 0.39 times compared to 0.44 times in the preceding financial year. Operating cash flows generated at the end of financial year 2018 was RM82.4 million.

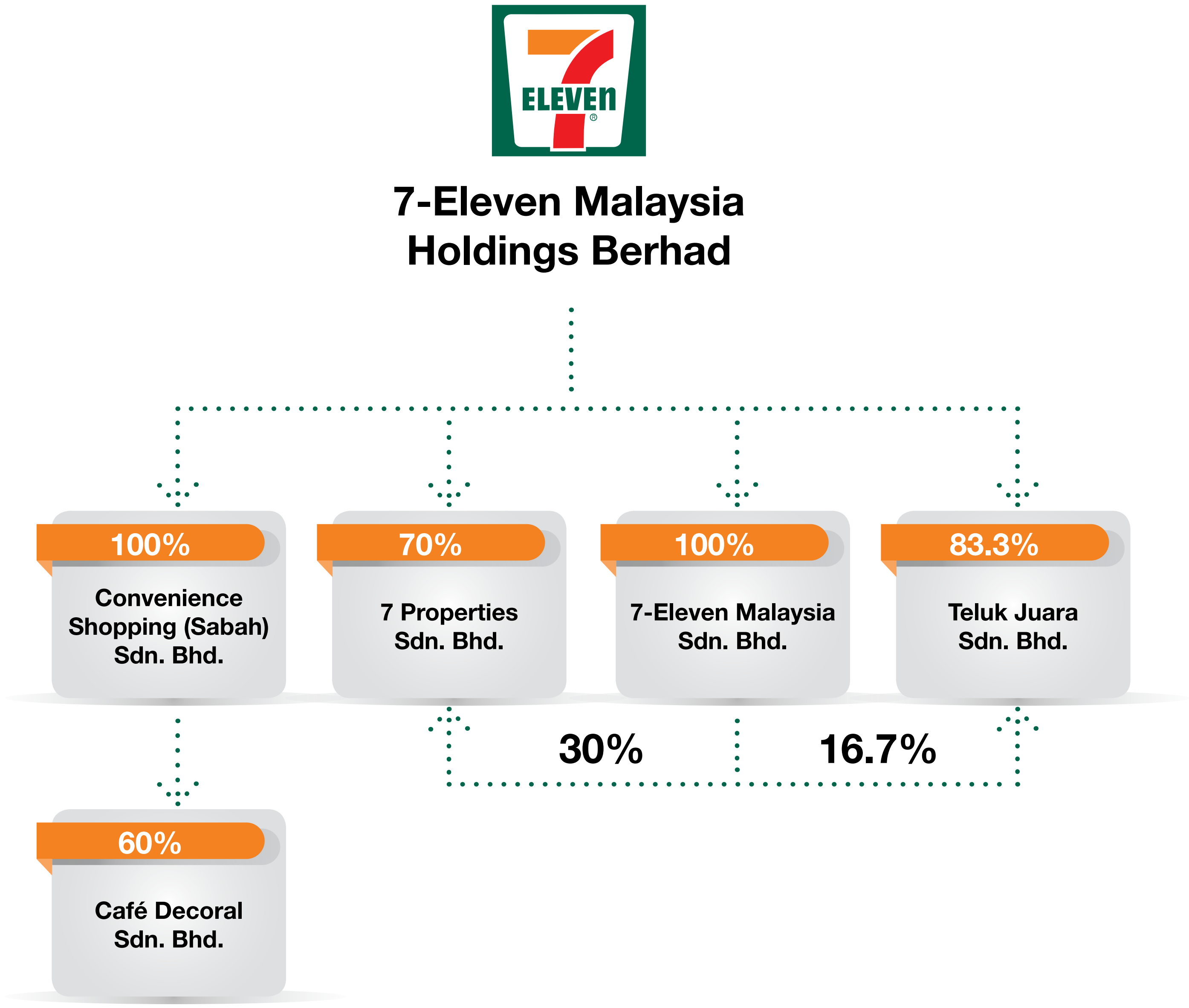
Prospects

Outlook for 2019

We expect the growth for the group as the leading convenience store to be positive as we focus on our key strategies in driving growth both at the top and bottom line.

CORPORATE STRUCTURE
as at 31 March 2019

Our Group structure is set out below:

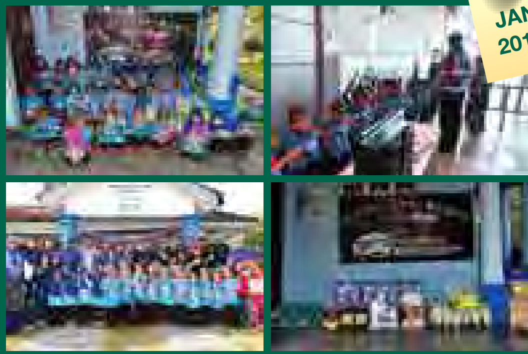


COMMUNITY ENGAGEMENT

JAN 2018

Pusat Jagaan Asnaf Barakh

JAN 2018



Event Charity HRVROM Kidzania

MAR 2018

Make-A-Wish Malaysia Wish Fulfilment

APR 2018

Redang Island Conservation Event

APR 2018

Titiwangsa Lake Garden

MAY 2018

Persatuan Wanita & Ibu Tunggal Nur Iman Kuala Lumpur and Selangor

FEB 2018

Charis Senior Citizen Home

MAR 2018

Berjaya University College 'Love Your Kidneys' Public Awareness Campaign

APR 2018

Slurpee KOL Youth Engagement Support for KLSCCCI

APR 2018

Jersey Sponsorship of Persatuan Bola Sepak Angkatan Tentera Malaysia (PBAT) Malaysia

JUN 2018

Pusat Jagaan Lambaian Kasih

JUN 2018

Laksamana Run 2018

COMMUNITY ENGAGEMENT

JUN 2018

Best FM Renjer

JUN 2018

Minions Mascot Appearances

AUG 2018

Pantai Dalam PPR Community & Gurpuri Foundation

SEP 2018

IMC Training Center for Special Needs

NOV 2018

Sarina Rhythmic Gymnastics Club (SRGC) Event

NOV 2018

Pusat Jagaan Ebenezer Home

JUL 2018

Cherishlife Home

JUL 2018

Sponsorship of Kelab Ragbi SMK Tinggi Batu Pahat

OCT 2018

Kampung Orang Asli Sg. Enggang, Lanchang

OCT 2018

Kampung Orang Asli Batu 5, Maran, Pahang

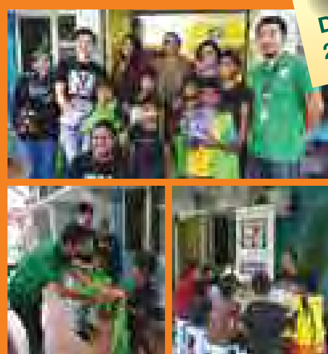
DEC 2018

Breast Cancer Foundation Contribution

DEC 2018

Rumah Kebajikan Orang-Orang Tua Seri Permai

DEC 2018



Trinity Children's Home

MILESTONES & AWARDS

JAN 2018

Official Launch of One2pay Mobile Wallet

FEB 2018

7-Eleven Malaysia Franchise Programme

FEB 2018

7-Eleven Malaysia P40+ Programme

APR 2018

TNB Pay & Ride Prize Giving Ceremony

APR 2018

B Infinite Redeem & Be Rewarded Campaign

MAY 2018

The Golden Globe Tiger Awards

MAY 2018

5th Annual General Meeting

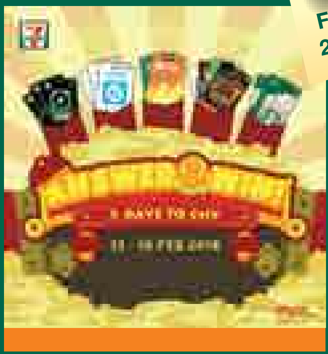
JUL 2018

Company of the Year (Retail Category) in CSR Malaysia Awards 2018

JUL 2018

Official Launch of Razer Pay

FEB 2018



Answer and Win (5 Days to CNY)

MAR 2018

First Ever Sale and Have It All Cash Contest and Online Contest

APR 2018

Beli & Vroom Vroom

MAY 2018

Semurni Kasih 2018

MAY 2018

Irama Raya 2018

MAY 2018

Minions Da! Da! Da!

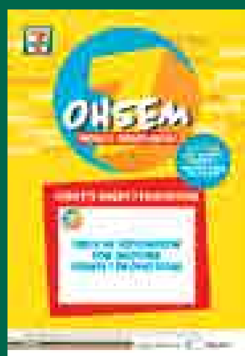
AUG 2018

Launch of Slurpee Combo

AUG 2018

7-Eleven Malaysia Appoints New CEO - Colin George Harvey

SEP 2018



Ohsem 7 (Sep 2018)

MILESTONES & AWARDS

SEP 2018

#BuatBaikTogether 2018

SEP 2018

7-Eleven & Cardiff City FC Blueberry Slurpee Visits Malaysia Contest

SEP 2018

Slurpee Selfie Contest

OCT 2018

Berjaya World Vegetarian Day Exhibition

NOV 2018

7-Eleven & PTPTN Payment Facility

NOV 2018

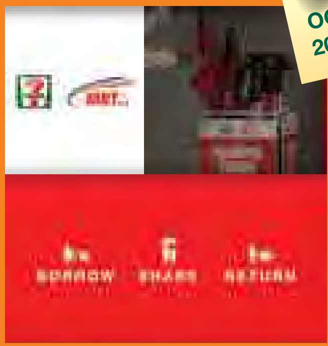
DreamWorks All Stars Pins

MILESTONES & AWARDS

OCT 2018

Putra Brand Awards 2018 -
Silver in Retail Category

OCT 2018



7-Eleven x MRT - Share, Borrow,
Return Project

OCT 2018

Dragons of Asia Award

NOV 2018

Launch of Soft Serve

DEC 2018

Lean In Unconference

DEC 2018

7-Eleven and Tiangseri MOA

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

7-Eleven Malaysia Holdings Berhad (“Group”) is pleased to present our sustainability statement for the second consecutive year of reporting (FY2018). The Group through our subsidiary, 7-Eleven Malaysia Sdn. Bhd. (“7-Eleven” or “Company”), owns and operates more than 2,000 7-Eleven convenience stores in Malaysia. This year, 7-Eleven reports our economic, environmental and social (EES) risks, management and initiatives as the Company moves towards a more sustainable future and aspires to achieve its long-term business goals.

7-Eleven presents this statement in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The statement is prepared with reference to the Sustainability Reporting Guide issued by Bursa Malaysia and the Global Reporting Initiative (GRI) Standards as recommended by Bursa Malaysia.

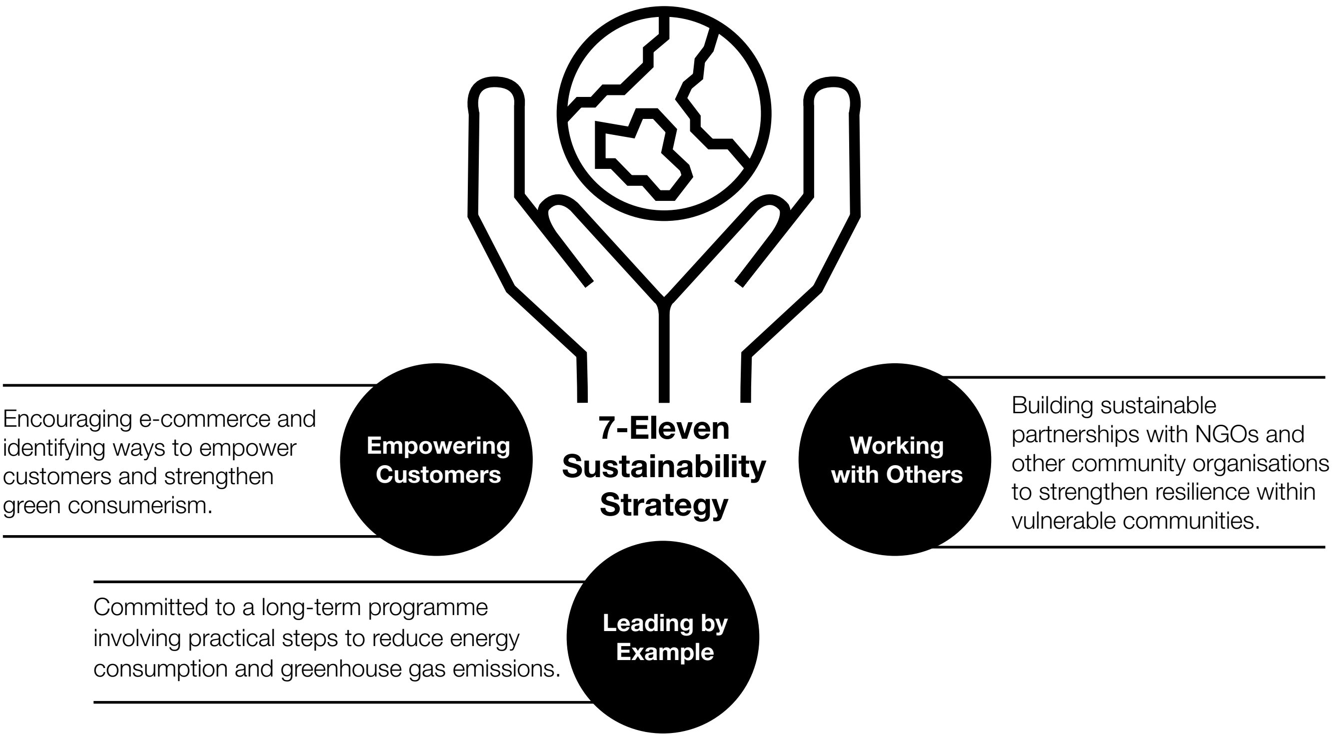
The reporting scope this year includes the Company’s 2,287 convenience stores located throughout Peninsular and East Malaysia, Store Support Centre (SSC), Combined Distribution Centre (CDC) in Bukit Raja, Klang and our headquarters in Kuala Lumpur.

This statement covers the sustainability performance of the Company operations for the financial year ended 31 December 2018.

SUSTAINABILITY STRATEGY AND FRAMEWORK

7-Eleven recognises the importance of embedding sustainability practices and values into our business operations to meet the long-term goals of sustainability development for the Company, the nation and the global community.

7-Eleven’s sustainability journey is formulated to strike a balance between economic performance, environmental stewardship and social commitment. The Company has developed a three-pronged strategy for sustainability.



Success and future value creation depend on the effective measurement and management of these well-defined thrusts. This strategy promulgates an innovative organisation culture that is continuously improving our knowledge, skills, brands, corporate reputation, relationships, trust, information and data, and processes.

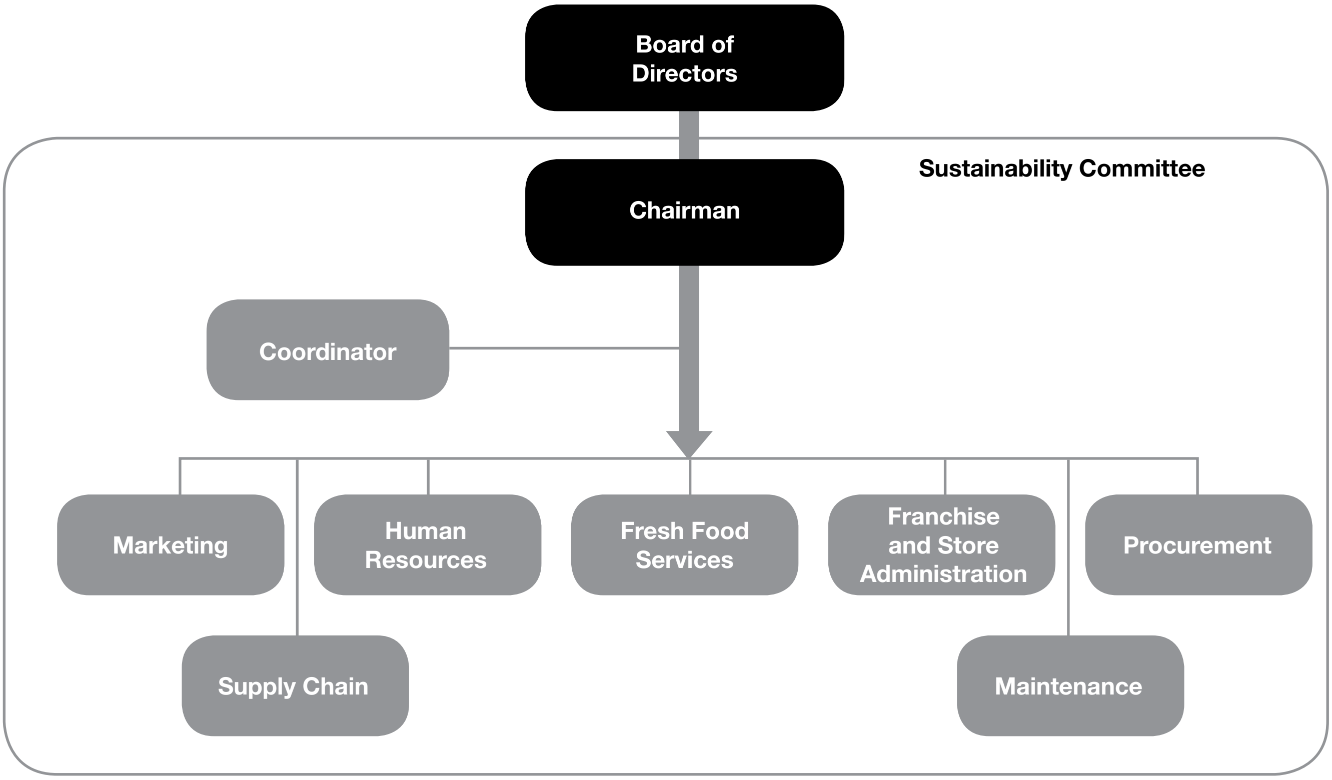
CORPORATE GOVERNANCE ON SUSTAINABILITY

Sustainability governance is essential in realising an organisation's sustainability strategy. A robust governance structure, supported by committed leadership, clear direction and strategic influence, is essential for the successful integration and effective management of sustainability throughout the organisation.

In FY2017, 7-Eleven established a Sustainability Committee ("SC") comprising Head of Departments ("HoDs") of Supply Chain, Marketing, Human Resources, Fresh Food Services, Franchise and Store Administration, Procurement, and Maintenance. This ensures that decisions are taken at the right level of the business by the people best placed to take them.

The Chief Financial Officer is the SC's Chairman and the General Manager of Franchise and Store Administration is the Sustainability Coordinator. The SC Chairman reports to the Board of Directors once a year.

7-Eleven's Sustainability Committee is illustrated below.



Roles and Responsibilities

At the apex of the governance structure is the Board of Directors ("the Board"), which ensures that the sustainability initiatives and strategy are aligned to 7-Eleven's strategic business objectives. Furthermore, matters regarding the Company's sustainability performance and vision for sustainability, to be disclosed in the sustainability statement for the reporting period, require the Board's approval.

The roles of the Sustainability Committee Chairman include:

- Updating the Board on the progress of the Company's sustainability performance and on matters regarding sustainability reporting
- Assisting and advising the Board on policies and projects regarding sustainability matters
- Requesting for and chairing SC meetings

Roles and Responsibilities (cont'd)

The roles of the Sustainability Coordinator include:

- Engaging the departments involved in the SC and overseeing the progress of the sustainability initiatives and projects that are in place across the different departments
- Encouraging new initiatives towards improving the sustainability performance of the Company
- Chairing SC meetings in the absence of the SC Chairman

The roles of the Sustainability Committee include:

- Meeting twice a year or upon request of the SC Chairman
- Identifying and prioritising the material sustainability matters that are relevant to the Company and the stakeholders
- Implementing the sustainability projects that have been approved by the Board
- Recording and managing data that reflect the Company's year-on-year performance against economic, environmental and social sustainability parameters

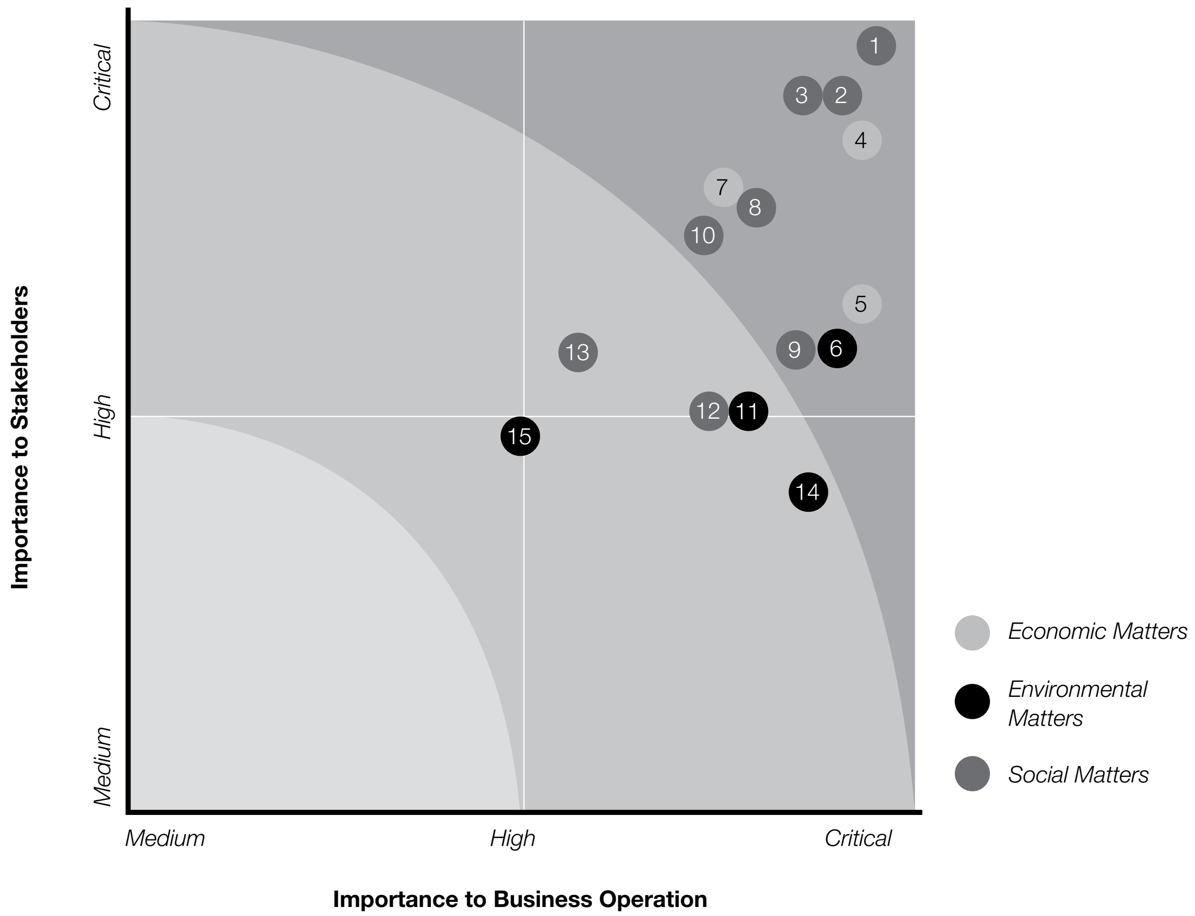
STAKEHOLDER ENGAGEMENT

7-Eleven's operational success heavily relies on the cooperation with our various stakeholder groups. Across all our business operations, 7-Eleven maintains a constant line of communication with our stakeholders, both at a formal and informal level. It is through this practice of open communication that the Company is able to build a trustworthy relationship with and amongst our stakeholders. The stakeholder groups include investors, customers, regulatory agencies and statutory bodies, employees, suppliers and NGOs. The table below lists the various stakeholder interests with regard to the Company, the methods by which 7-Eleven engages with each stakeholder group, as well as how often those engagements take place.

Stakeholders	Areas of Interest	Forms of Engagement
Investors	• Financial performance • Business strategy • Bursa Compliance	• Annual General Meeting (AGM) • Investor Briefings • Quarterly Financial Results • Company announcements
Customers	• Product pricing and offers • Product assortments • Product quality • E-commerce services • Bill payments	• Marketing promotions • Website and social media • Customer care channels • Engagement surveys/mystery shoppers • New stores opening
Regulatory Agencies	• Compliance • Security issues • Waste management • Labour practices	• Local council inspections • Employees and industrial relations • Meetings
Employees	• Compensation benchmarking • Corporate culture and values • Workplace safety • Career development • Employee welfare	• Monthly National Conference • Weekly Operation Review • Intranet, newsletter and broadcasting • Training programmes • Student internship • Job rotations • Occupational safety and health team meetings
Suppliers	• Partnership for growth • Payment terms • Purchase commitments	• Procurement process • Supplier audits and evaluation • Vendor registration and profiling
Civil Society Organizations	• Community development • Climate change	• Community donations and aid • CSR activities • Collaboration with NGO Hub Asia • Social media

MATERIAL SUSTAINABILITY MATTERS

An organisation's material sustainability matters are those matters that reflect its significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders. Accordingly, 7-Eleven identified 15 material sustainability matters that have a medium, high or critical impact on the Company's business operations and stakeholders, as detailed below.



MATERIAL SUSTAINABILITY MATTERS (CONT'D)

No.	Material Sustainability Matter	GRI Indicators	Standards and Practices
1	**Food Safety and Quality**	417-1	• HACCP certified • GMP certified • MS 1500:2009 certified • ISO 22000:2005 certified
2	**Ethics and Integrity**	GRI General Disclosure	• Whistle-blowing Policy • Orientation Training • Gift Policy • Grievance Channel
3	**Corporate Governance and Transparency**	GRI General Disclosure	• Sustainability reporting • MCCG 2017 Standard • Whistle-blowing Policy • Code of Conduct/Ethics
4	**Compliance**	419-1	• Food Safety and Quality Standard
5	**Supply Chain Management**	204-1	• Procurement policies and procedures • Purchasing guidelines
6	**Carbon Footprint**	305-5	• Carbon emission savings • Installation of LED lighting
7	**Product and Service Innovation**	302-4	• In-store E-commerce services • E-wallet
8	**Occupational Health and Safety**	403-1, 403-2	• OSH committee • OHSAS 18001 certified
9	**Employee Well-being**	401-1, 401-2	• Parental leave • Retirement provision
10	**Training and Talent Development**	404-1, 404-2	• Emerging Leaders Development Training • In-house training programmes
11	**Transportation**	302/305	• Cross dock project
12	**Community Engagement**	413-1	• Community projects • Engagement with CSOs • Internship programme
13	**Diversity and Inclusion**	405-1	• Diversity policy • Women at the workplace
14	**Energy**	302-4	• Installation of energy savings devices • Installation of LED lighting
15	**Waste Recycling and Disposal**	306-2	• Waste recycling at CDC

ECONOMIC SUSTAINABILITY

LEADING FOR BUSINESS INNOVATION

Today, 7-Eleven provides a myriad of e-commerce options for our customers to foster the growth of a sustainable business transformation to the digital world. Since 2014, the Company has collaborated with MOLPay, Southeast Asia's leading online payment solutions provider, for the MOLPay CASH service whereby online shoppers can have the option to pay offline for their online transactions at any of our 2,287 convenience stores. This innovative solution promises a safer, fraud-free payment transaction and convenient, hassle-free option for our customers without internet banking and debit/credit cards. Additionally, 7-Eleven also accepts mobile payment options through AliPay and RazerPay with the recent launch of the e-wallet app by MOL AccessPortal.

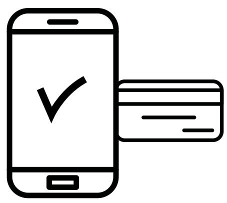
Our 24/7 convenience stores, accessible from all over Malaysia, allow bills payers to skip the long queue and multiple payment channel visits to make their monthly payments. We offer single-channel accessibility for TM, Astro, SYABAS, SAJ, TNB and U Mobile users to pay their bills at any 7-Eleven stores. Instalment payment for Berjaya Credit and SINGER can also be made at 7-Eleven.

The Company is pleased to announce that we recently added another category to our in-store prepaid selections. In addition to mobile and TV subscription reloads (Astro NJOI, Tune Talk, XOX Mobile, Tron, Altel, M8, Speak Out, Merchant Trade Mobile, Maxis Hotlink, U Mobile, Celcom Xpax, Digi) and the Touch 'n Go smart card top-ups, we have launched a wide variety of prepaid gift cards to cater to every customer's needs. Our gift cards offer an extensive range of lifestyle, online apps, gaming, music streaming and fashion products, featuring big brands such as Starbucks, Google Play, Facebook and Zalora.

Prepaid option for:

Smart Card	Gift Card		Mobile		TV subscription
• Touch'n Go	• Starbucks • World of Warcraft • KKBox • WeChat	• Zalora • Joox • MY Sony PS+ • Others	• Tune Talk • Maxis Hotlink • U Mobile	• Celcom Xpax • Digi • Others	• Astro NJOI

Offering MOLPay CASH which is an offline payment option for online purchases



Introducing e-wallet payment through AliPay and Razerpay

Accessible bill payment channel for TM, Astro, SYABAS, SAJ, TNB and U Mobile users as well as Berjaya Credit and SINGER instalment payment

DELIVERING SAFE AND QUALITY PRODUCTS

7-Eleven is strongly committed to provide safe and reliable food products to our customers. To this end, we ensure stringent food safety and quality through our 7-Eleven Food Manufacturing Standards, which is GMP certified and assessed annually by our internal and external auditors. The 7-Eleven Food Manufacturing Standards is adapted from international and national food quality standards and covers best practices as outlined below:

7-ELEVEN FOOD MANUFACTURING STANDARDS AND PRACTICES

All environmental and operational controls that are necessary to produce safe and legal food products must be in place. These will include but not limited to:

- Personal hygiene
- Staff training
- Pest control
- Cleaning procedures
- Glass or hard plastic control
- Waste control

All environmental and operational control measures and monitoring procedures must be clearly identified and documented.

All food contact materials which are materials intended to be in contact with food such as containers and packaging must comply with the Malaysian Food Regulations 1985 Part VI 'Packages for Food'.

The intended use of a food product must be defined, detailing the end user (consumer) and suitability for vulnerable groups such as allergy sufferers, infants and the elderly.

A Hazard Analysis and Critical Control Points (HACCP) plan to effectively prevent biological, chemical and physical hazards from production, procurement and handling, to manufacturing, distribution and consumption of the final food product must be developed using Codex Alimentarius HACCP principles with reference to relevant legislation, 7-Eleven Codes of Practice and industry guidance.

The HACCP plan is verified by a 3rd party specializing in food microbiology, food chemistry and food processing technologies such as thermal processing.

The operation of the HACCP plan must be verified to confirm that it is effective. This may include:

- Internal audits
- Review of customer complaints
- Review of hazard measurements such as microbiological analysis results

The HACCP plan must be reviewed annually at a minimum or prior to changes of product/process which may affect product safety. This may include changes in:

- Process steps
- Supply or specification of raw materials
- Ingredients/Recipe
- Packaging, storage or distribution

All products from our ready-to-eat home brand '7-Eleven' are properly labelled with nutrition, ingredients and shelf life information, adhering to the Malaysian Food Act 1983 and Food Regulations 1985. As of November 2018, only six customer complaints have been registered. All of these complaints have been forwarded to our suppliers for corrective and preventive actions. A one-month evaluation of the effectiveness of those measures was then conducted. Presently, all of those cases have been resolved.

The Company recognises the importance of managing supplier quality, working closely with our suppliers to ensure that the products we buy are safe and compliant with relevant regulations. In our procurement contracts, we ensure that our suppliers are Halal certified (MS 1500:2009) and are in compliance with our status as a GMP, HACCP or ISO 22000:2005 certified manufacturer. With these strict control policies, the Company is able to successfully minimise food safety risks to our customers.

SAFEGUARDING A RELIABLE AND EFFECTIVE SUPPLY CHAIN

The 7-Eleven Supply Chain Management (SCM) involves a process of planning, implementing, and controlling the operations of the supply chain with the purpose of fulfilling customer needs through collaborative efficiency, optimised logistics and long-term sustainability of a productive and profitable operations. In our organisation, our supplies are managed in two ways:

Put-Away: Keeping the inventory up to a maximum of 14 days	Flow Through: Not keeping any inventory - supplier will deliver based on daily store orders and schedule arrival at stores on the same day
Benefits:	
Allows uninterrupted connectivity between suppliers to our store network	Reduces labour costs and handling
Reduces transportation cost from improved traveling times and optimised routes	Improves delivery time to stores
Better controls over inventory availabilities	Reduces demand for warehouse space

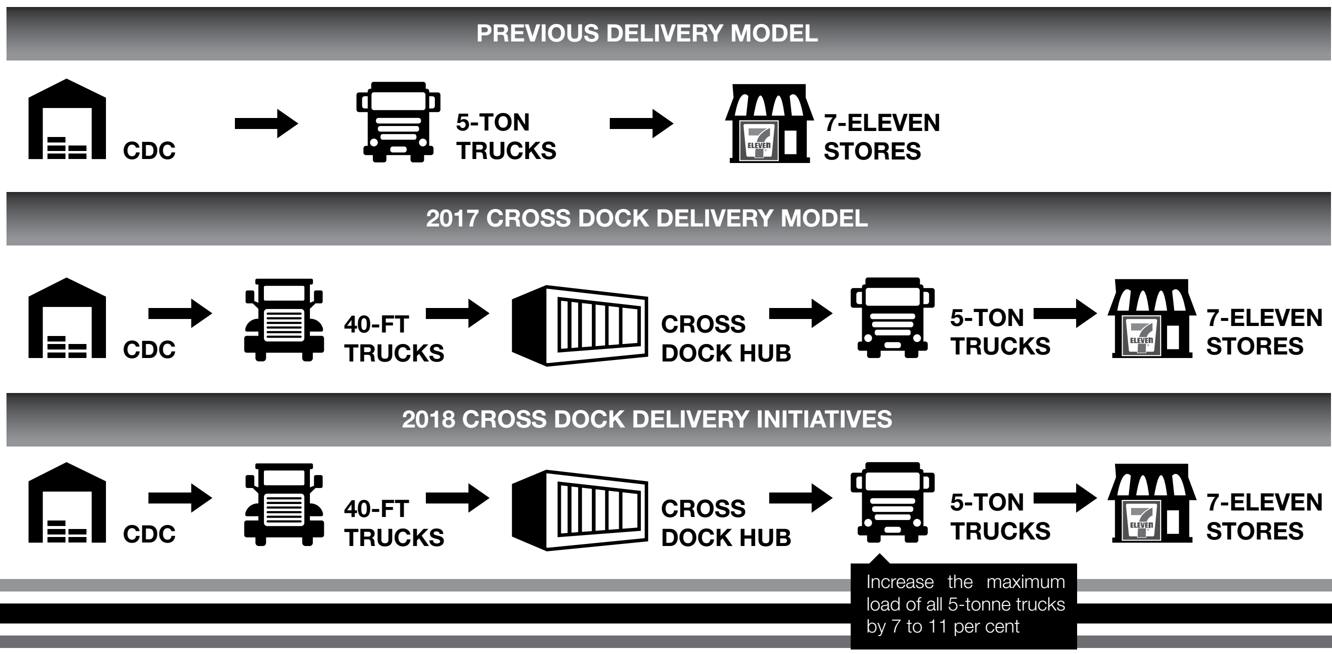
We communicate our expectations to suppliers and solicit their feedbacks to improve our merchandising and strengthen our responsible sourcing practices. Goods delivered and stored at our Combined Distribution Centre (CDC) require proper marking and packaging for easy, safe and organised handling. On each packaging unit, we require our suppliers to label their company name, product name, production site, product type, batch code number and production date, net weight, Kosher and Halal (whenever applicable) and hazard marking according to the regulations.

As of today, the CDC is engaged with twelve new vendors. When required, we will assess vendors through a screening process to understand their business conditions and ensure adequate transparency throughout our whole value chain. We work to drive an efficient supply chain management to make sure we bring great products at great prices to our stores.

IMPROVING BUSINESS EFFICACY THROUGH STRATEGIC DELIVERY

Via the implementation of the cross dock delivery system, the Company has managed to reduce the frequency of trips from our CDC to stores and back. This has been instrumental in not only reducing carbon footprint, but has also proven to be more economically viable.

Effective from mid-October 2018, we have optimised the maximum load per 5-ton trucks by 7 to 11 per cent. All 5-ton trucks heading towards our 7-Eleven stores from the four cross dock hubs in Kelantan, Penang, Pahang and Johor would now carry a maximum load of 300 totes and cartons as compared to the previous maximum load capacity of 270 totes and cartons.



IMPROVING BUSINESS EFFICACY THROUGH STRATEGIC DELIVERY (CONT'D)

By introducing the 40-ft trucks in 2017, we've experienced a total savings of 21 per cent in our transportation. This new initiative in truck load increment is expected to further increase our savings by the end of 2018.

Moving forward, the Company will further implement initiatives to ensure the right quantity and assortment of products reach our retail customers in a more efficient and timely manner, while saving time for route delivery drivers by eliminating overlapping delivery vehicles and reducing frequent trips to the warehouse.

SOCIAL SUSTAINABILITY

VALUING ETHICS AND INTEGRITY

7-Eleven aims to create a healthy, honest and fair workplace environment through our culture of ethics and integrity. Our set of vision, mission and core values defines who we are as a company and influences our treatment towards our customers, suppliers and other important stakeholders.

We create awareness amongst employees and other stakeholders on the Company's values, internal policies and code of conduct, and ensure that these values are well communicated and understood by all parties. An E-learning module is tentatively planned to launch in March 2019 and participation by all employees based at our Malaysia headquarters will be made compulsory. The objective of the E-Learning module is to reflect on our core values through employee activities and to provide a better understanding of what those values mean and how they can be implemented in our daily work.

One other measure to encourage business transparency and employer-employee communication is through implementation of a new grievance channel for employees, which is more user-friendly and has a simpler procedure. This new version of our grievance reporting is called 7Assist whereby employees can submit their concerns or complaints by completing a simple form online. One complaint has been reported so far through this channel. The severity of the case is insignificant and has since been resolved by our management team.

On a quarterly basis, we remind all our employees on our whistleblowing policy through email. We acknowledge the importance of sharing the whistleblowing policy to all employees especially new hires as an awareness of our Company's stance to justice.

COMPLYING WITH LAWS AND REGULATIONS

We conduct our business in an open and transparent manner throughout our operations and comply with all relevant laws as well as our own policies. We duly comply with different economic, environmental and social laws and regulations in running our day-to-day operations. Several of these regulations will include Employment Act 1955 and Employees Provident Fund Act 1991, all of which serve to protect the rights of employees in Malaysia. Our food product and handling operations comply to Food Act 1983 (Act 281), Food Regulations 1985 and Food Safety and Quality Standards. To ensure workplace safety, we comply to the Occupational Safety and Health Act 1994 and Safety and Health Committee Regulations 1996.

We take issues relating to compliance seriously, investigating and revisiting operational controls where necessary as we continuously seek to protect employee rights and ensure their wellbeing. This year, we faced a number of fines due to non-compliance. We identify the root cause for each case and consecutively, implement a mitigation plan to prevent repetition of such cases in the future.

We are taking the effort to be precautious in our environmental and health impacts by ensuring to keep food at a height of more than 20 cm from the ground and implement better control measures to combat pest, insects and mosquito larvae. To ensure store-handling issues can be tackled, we are working towards keeping our turnover rate at its minimum.

CARING FOR THE HEALTH AND SAFETY OF OUR EMPLOYEES

As an organisation with 2,287 stores nationwide, 7-Eleven is committed to safeguarding employees, customers and visitors by providing a safe in-store and office working environment, which complies with the Occupational Safety and Health Act (OSHA) 1994. Our in-store operation possesses the most safety risks as it is more vulnerable to occurrences such as fire accidents and robberies, followed by the CDC and our corporate offices.

OUR PROMISE

- Ensuring everyone knows their responsibility and is well trained
- Identifying and eliminating risks at the workplace
- Ensuring a safe working environment for all
- Reviewing and learning from accidents when they occur

At 7-Eleven branch offices and convenience stores, we conduct our best practices to minimise health and safety risks for all our employees. One of our best practices includes completing a Workplace Inspection Jotform by an employee representative at the branch office or convenience store. The Workplace Inspection Jotform is available online to our internal staff, and requires representatives at each branch and store to complete the form once in every three months. Instructions on how to fill in the Jotform will be shared through gatekeeping (GKP) which is our internal broadcast. Once the assessment is completed, the information gathered from the forms will be analysed by the occupational health and safety team to identify any potential workplace hazards.

In the case of an accident in stores, the store representative is required to file an Accident Escalation Report. This Accident Escalation Report form is to be filled in and documented in the event that a personal injury or near-miss accident occurs at our premises involving our employees, customers and/or on-the-job contractors. Once a report is filed, we will conduct an internal investigation process to ensure the case is resolved. Findings from the investigation report will be disclosed during our OSH Quarter Meeting.

OUR SAFETY AND HEALTH OBJECTIVES

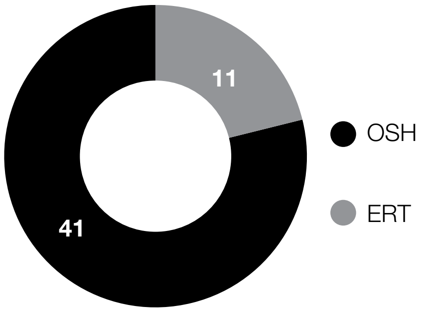
- Reduce accidents and work-related ill health
- Comply with safety and health regulations
- Create awareness of safety and health risks within 7-Eleven
- Work together to make the workplace safer

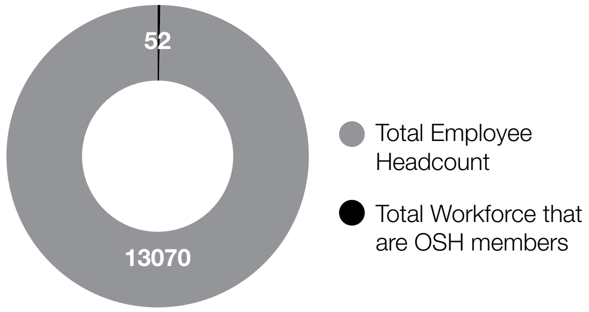
We constantly invest in health and safety by sending our employees for training programmes and emergency preparedness seminars to create employees of high competency. From September to December 2018, we sent two of our employees for an Occupational Safety and Health (OSH) course with the National Institute of Occupational Safety and Health (NIOSH) for a training period of 22 days. Upon completion of the course, the employees will be designated as certified and competent Safety and Health Officers. These certified employees are expected to internally educate and cross train other members of our OSH Committee on the importance of safety and health, plan OSH programmes, interpret OSH legal requirements, and conduct hazard identification, risk assessment and risk control.

The Company places great emphasise on emergency preparedness. To date, we have set up an Emergency Response Team (ERT) and conducted a Fire Safety seminar for all employees at our headquarters. Our floor staff are required to prepare assembly points and evacuation plans for every 7-Eleven store.

CARING FOR THE HEALTH AND SAFETY OF OUR EMPLOYEES (CONT'D)

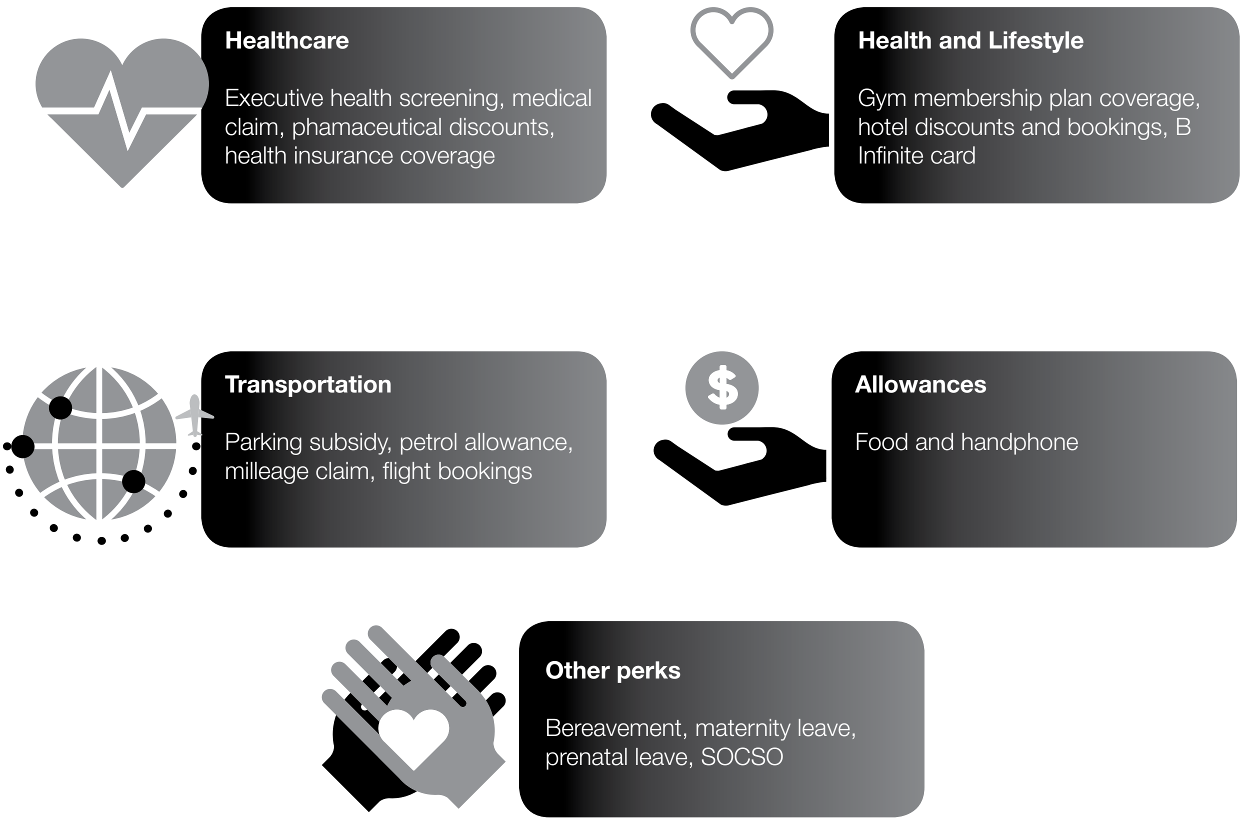
The total members in the OSH and ERT committees amount to 52 members, which is 0.40 per cent of the total workforce. These members are responsible for the risk and management of safety and health at every department in 7-Eleven.





CARING FOR OUR EMPLOYEE WELL-BEING

The Company fosters productivity and contentment with work by rewarding deserving employees for their loyalty and great service with us. We consider our staff well-being by providing flexibility to our staff to work in their best and most productive state through staggered working hours and other benefits in terms of prenatal leave, bereavement, healthcare and other employee benefits in addition to competitive remunerations.



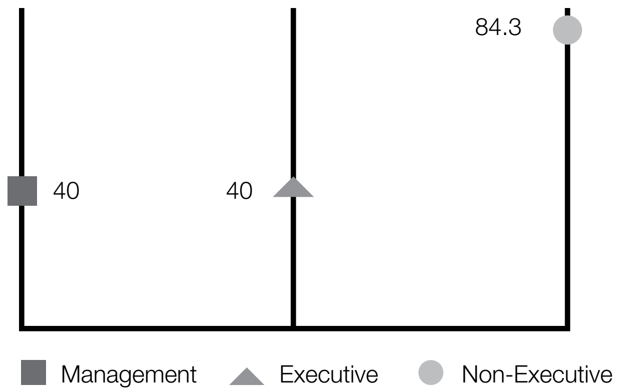
INVESTING IN TRAINING AND DEVELOPMENT

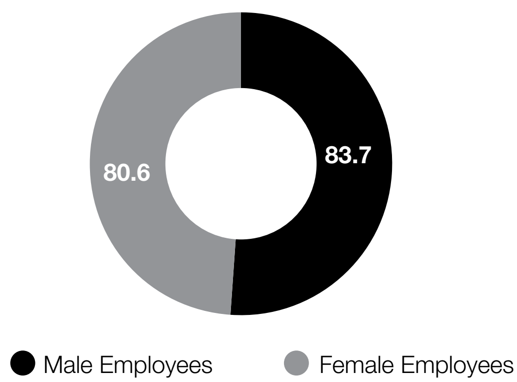
At 7-Eleven, we impose an 8-hour minimum of employee training per year as part of the Company's Key Performance Indicator (KPI). Our Learning and Development team ensures that employees fulfil the minimum training hours to improve their knowledge and skills. By setting training and development as a KPI, we enable our employees to stay relevant and current in the market and empower them to make smart business decisions. The training programmes conducted in FY2018 are listed below.

Type of Training	Training Programme	Training Duration
E - Learning & Practical	Back to Basics: Foundation	40 hours
	Back to Basics: Intermediate	28 hours
	Back to Basics: Advanced	28 hours
	Back to Basics: Expert	4 hours
Classroom	Back to Basics: Advanced	16 hours
	Back to Basics: Expert	32 hours
E-Learning	Core Values (Non-Executive and Executive)	15 minutes
	Core Values (Senior Executive and Senior Management)	30 minutes
Classroom	Leadership	8 hours
	Core Values	8 hours
	Payroll	16 hours
	S.A.P.	40 hours

The graph below depicts the number of hours spent on learning and development for each employee level. When averaged, employees in the management and executive levels have all attended training for an average of 40 hours, whereas non-executive employees underwent training for an average of 84.3 hours. The gender comparison pie chart shows that male employees have taken up training programmes more extensively than our female employees. This is shown below.

Average Training Hours

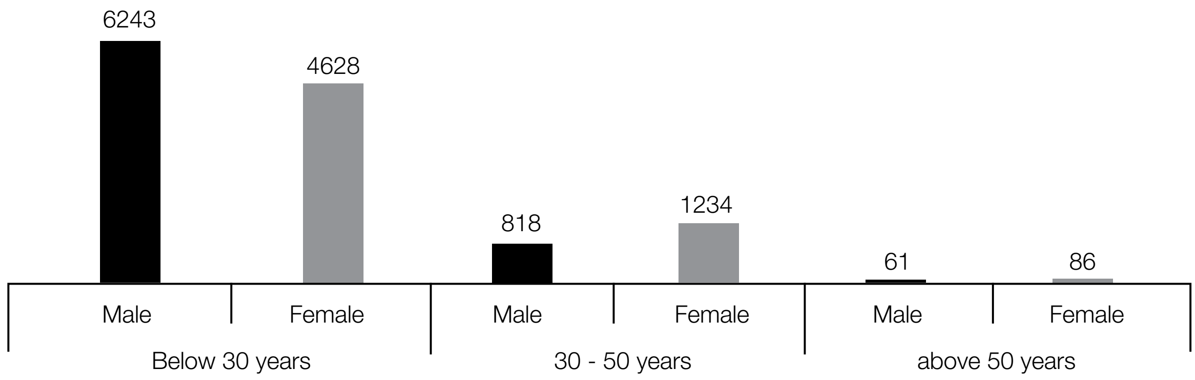




PROMOTING DIVERSITY AND INCLUSION

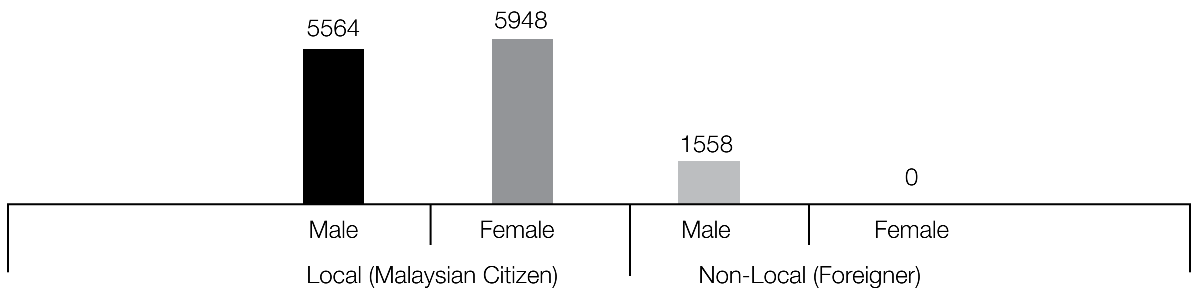
Every employee plays a role in giving 7-Eleven a competitive business advantage, which is why we highly value everyone's contribution at every level. By advocating diversity and inclusiveness, we are building a talent pool that embraces teamwork and shared success within the Company. We employ talented and experienced individuals in the senior management level whom will lead our business to flourish and gain the trust of stakeholders. Management and executive levels have a higher distribution of 30 to 50-year-olds whereas non-executive employees are comprised of the youngest people in the workforce.

Employee Age Distribution by Gender



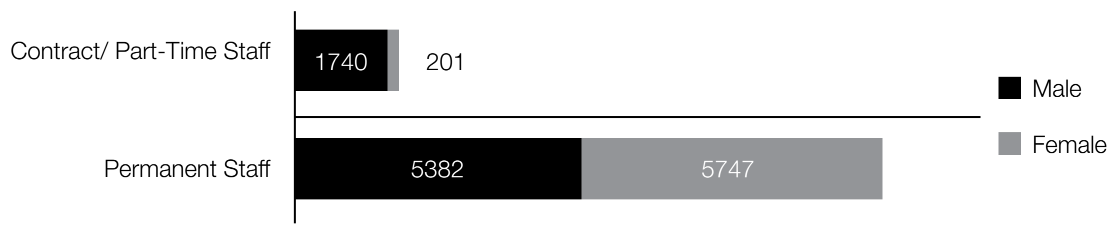
The Company acknowledges our role in supporting the local community and as such, local hiring is highly prioritised in providing employment opportunities. To date, only about 12 per cent of our workforce are non-Malaysians whereas 11,512 employees are locals. Our total employees during the reporting period is 13,070.

Demographic of Local and Foreign Employees by Gender



In our efforts to grow as a sustainable organisation, we endeavour to keep our employee turnover rate low so as to maintain the level of competency, experience, skills and knowledge in the Company. Due to this, most of our employees are permanent staff with only about 15 per cent of the workforce employed on a contract or part-time basis.

Employment Type Distribution by Gender



As part of our initiatives to encourage women at the workplace, we launched the 7-Eleven Malaysia P40+ Programme in February 2018 to attract housewives and retirees aged between 40 to 65 years old who are keen to earn some extra income. The programme provides flexible working hours and a minimum working period of four hours per day. Besides that, maternity leave is given up to sixty days in conformance to the Employment Act 1955 Section 37.

ENGAGING WITH THE COMMUNITY

At the heart of our sustainability journey lies our commitment to contribute and give back to the communities in which we operate. For this reporting year, the Company's community engagement initiatives included a food drive, women empowerment session, public clean-up, cultural festivities, charity programmes, and donations to the less fortunate. The following are further details of the community engagement programmes we partook in this year.

Igniting Creativity in Gifted Learners

In conjunction with International Creativity Month, we collaborated with NGOHub Asia and conducted an arts and crafts activity session for the children at Pusat Jagaan Asnaf Barakh. The children were taught how to construct wind chimes using cupcake liners. We also distributed goodie bags to the children and provisions to help alleviate the home's operational expenses.

Time to Share and Care

For Chinese New Year this year, we journeyed to Charis Senior Citizen Home alongside our start-up NGOHub Asia to celebrate the occasion with the elderly. A delectable feast was prepared for the occupants and daily necessities and red packets distributed to them.

In conjunction with Hari Raya, we decided to spread the festive joy to a group of 35 orphans from Pusat Jagaan Lambaian Kasih. In collaboration with our start-up NGOHub Asia, the orphans were brought to a garment retail store to purchase new Hari Raya clothing. The day concluded with an appetising feast to break fast and distribution of goodie bags.

Opening Opportunities for Womankind

To empower women and single mothers in the community, we organised a baking session for Persatuan Wanita & Ibu Tunggal Nur Iman Kuala Lumpur & Selangor (PWITUS), with the support of our start-up NGOHub Asia. The purpose of this activity is to teach these women how to make baked goods which they can sell to the public for extra income, especially during the month of Ramadhan when preparations for the coming Hari Raya Aidilfitri are much astir.

Conserving Flora and Fauna

In support of preserving our environment, we organised a public clean-up at Titiwangsa Lake Gardens to create awareness on the importance of keeping public spaces clean. Volunteers from 7-Eleven Malaysia together with NGOHub Asia were divided into groups and carried large plastic bags to pick up litter in several areas within the park.

Recently, we also journeyed to Hulu Langat, Selangor to pay a visit to Cherishlife Home, a no-kill animal shelter. Volunteers from 7-Eleven Malaysia and NGOHub Asia were warmly greeted by the 250 rescued cats and dogs housed in the vicinity. To show support for the organisation and aid in their daily operations, we contributed various supplies and assisted with some minor clean-up at the shelter.

A Sweet Conclusion with Semurni Kasih

The donation drive was held in conjunction with the month of Ramadhan for 6 weeks, from 8 May to 18 June 2018. The campaign concluded with a staggering RM3.1million worth of provisions comprising food and non-food items. The contributions were disbursed to recipients from various charity organisations and causes across the nation.

Numerous Hari Raya celebrations were organised by 7-Eleven staff nationwide to celebrate with their respective charitable organisations. One such celebration was held in Kelab Komuniti Taman Tasik, Cyberjaya and attended by representatives from 7-Eleven Malaysia and Semurni Kasih recipients such as Pusat Jagaan Baitus Sakinah Wal Mahabbah.

Embracing Patriotism among Malaysians

On Malaysia's 61st National Day, we celebrated the nation's significant milestone with the children of Komuniti Program Perumahan Rakyat (PPR) Pantai Dalam and Gurpuri Foundation. The fun-filled day of learning and exploring took place in the majestic National Museum, Kuala Lumpur. Volunteers from 7-Eleven and NGOHub Asia provided goodie bags, Fresh-To-Go food and Jalur Gemilang flags to all the children and gave prizes to the game winners.

For Malaysia Day, we collaborated with NGOHub Asia to organise a Malaysia Day-themed colouring contest and talent contest for the children of the Individual Mentally Challenged Training Centre. The children participated in the activities and won prizes, after which the volunteers enjoyed teatime with the children and distributed needed provisions along with goodie bags to them.

ENGAGING WITH THE COMMUNITY (CONT'D)

Doing Good, Together

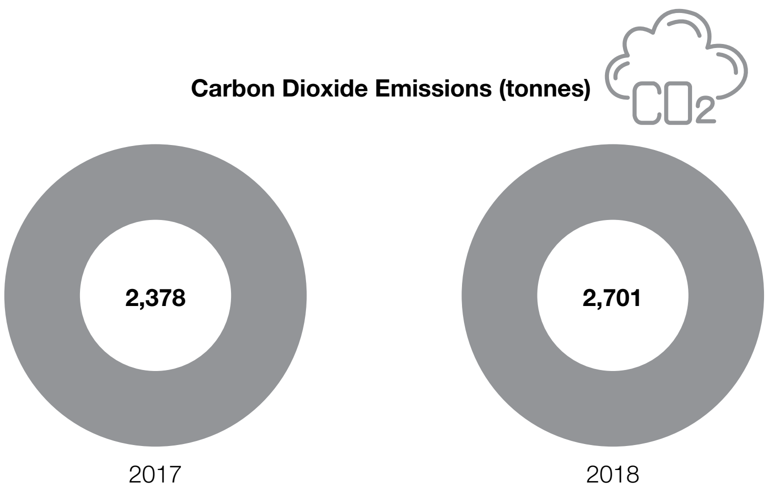
This year, #BuatBaikTogether under the Community Care program is collaborating with Breast Cancer Foundation Malaysia, a non-profit organisation that supports and empowers women who are breast cancer patients or survivors. For every contribution of partner products, 7-Eleven Malaysia will donate 10 cents to the Breast Cancer Foundation Patient Fund, which provides financial assistance to breast cancer patients. The campaign ran for 43 days, from 25 September until 6 November 2018. During the campaign period, customers are encouraged to support the cause by contributing necessities such as food, non-alcoholic beverages, household essentials and other provisions purchased from 7-Eleven Malaysia outlets across the nation and drop them into contribution boxes.

ENVIRONMENTAL SUSTAINABILITY

REDUCING OUR CARBON FOOTPRINT

Since the implementation of 7-Eleven's Cross Dock Delivery System in 2016, we have reduced our carbon footprint tremendously, by more than half as compared to the previous years. Though the Company introduced the system at a cost, the formulation of this enduring strategy is deemed as more sustainable to our business due to the major reduction in long-term costs and environmental impacts. The total trip taken from our warehouse or the CDC to chain stores is also greatly reduced with the addition of a 40-foot-long haul truck in replacement of the smaller trucks. The big truck is utilised to transport goods from the CDC to several cross dock hubs located at the East Coast, Southern and Northern regions of Malaysia. Smaller 5-tonne trucks will then transport the goods from each hub station to chain stores closest to them.

The amount of carbon dioxide emitted in tonnes is relative to the number of trips taken throughout the year. When rounded up per month, the average amount of carbon dioxide emitted is only about 0.2 to 0.3 tonnes per trip.



ENSURING EFFECTIVE USE OF ENERGY

7-Eleven has a network of over 2,000 convenience stores across Malaysia, and our energy needs will increase as we continue to grow. As a proactive step, we began switching our traditional halogen bulbs for LED lights in 2015, with plans to continue the roll-out across all our stores.

The Company continuously optimises and monitors our energy management system to ensure it is effective and energy-efficient. In majority of our stores, the average 6-month energy consumption recorded is relatively low, ranging in the 7 to 8 thousand kWh per month per store.

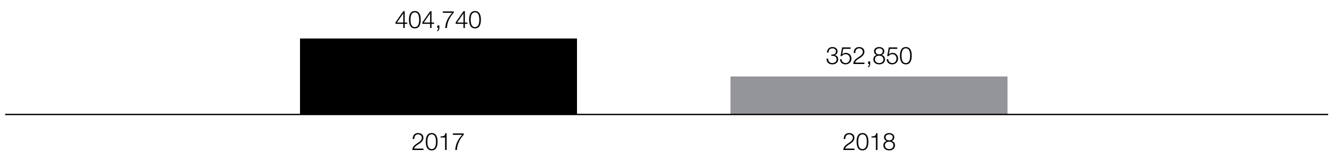
We have initiated to implement energy-saving devices in our stores, primarily on our equipments such as chillers and air-conditioners. As a start, we have started some trials in some of our stores and are monitoring its effectiveness as we endeavour to reduce our energy consumption. The intention will be to scale up and roll it out to most of our stores.

PRACTISING WASTE RECYCLING

As a big organisation, 7-Eleven recognises the importance of participating in good environmental practices. By recycling our wastes, we are actively involved in preventing the vicious cycle of sourcing non-renewables.

We keep track of our environmental impacts and every month, the amount of wastes recycled is also monitored. The types of waste that we recycled are old corrugated carton, plastics and mixed plastics. Shown below is the total amount of waste, in kilogram, that we've sent for recycling over the last 2 years.

Total Waste Recycled (kg)



CONCLUSION

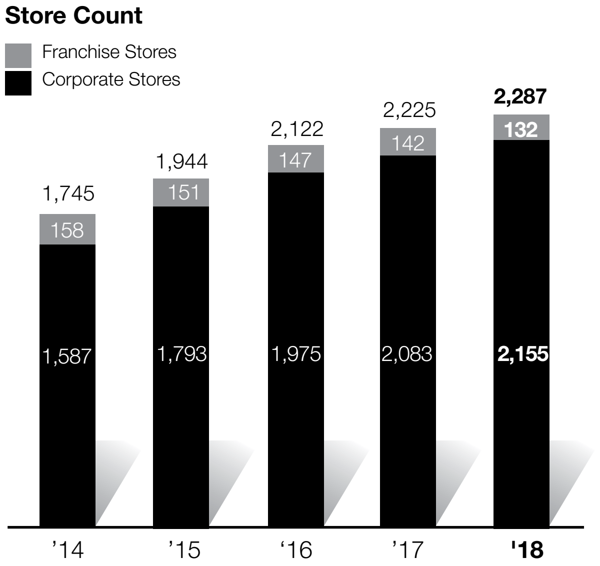
In conclusion, 7-Eleven's sustainability statement reports all the economic, environmental and social risks faced by the Company in this financial year. The statement also extends to the management and the efforts put in by the Company to grow as an exemplary sustainable organisation. Moving forward, we will continuously endeavour to enhance our sustainability performance in the coming years.

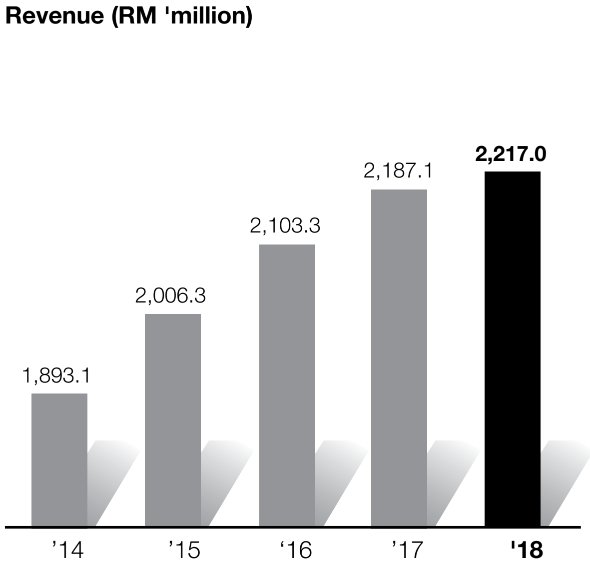
GROUP FINANCIAL SUMMARY

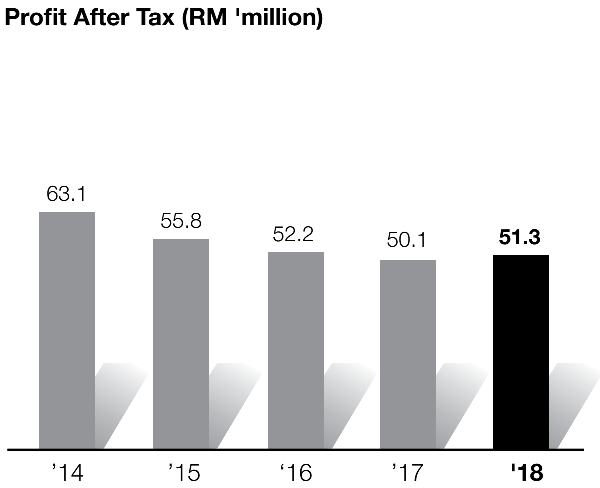
Description	2018 RM'000	2017 RM'000	Restated# 2016 RM'000	Restated# 2015 RM'000	Restated# 2014 RM'000
Revenue	**2,217,049**	2,187,102	2,103,367	2,006,284	1,893,104
Profit Before Tax	**73,859**	70,496	70,872	77,857	89,341
Profit After Tax	**51,330**	50,107	52,215	55,813	63,096
Profit Attributable To Shareholder	**51,307**	50,107	52,215	55,813	63,096
Share Capital	**1,485,138**	1,485,138	123,338	123,338	123,338
Treasury shares	**(161,941)**	(190,625)	(190,625)	(58,913)	-
Share Premium	**-**	-	1,361,800	1,361,800	1,361,800
Assets Revaluation Reserve	**41,152**	40,784	-	-	-
Reserves	**71,208**	81,985	84,066	87,317	94,407
Capital Reorganisation Deficit	**(1,343,248)**	(1,343,248)	(1,343,248)	(1,343,248)	(1,343,248)
Non-controlling Interest	**169**	-	-	-	-
Total Equity	**92,478**	74,034	35,331	170,294	236,297
Long Term Liabilities	**72,723**	69,236	48,038	14,700	15,668
Current Liabilities	**584,166**	651,698	690,324	558,808	483,303
Total Equity and Liabilities	**749,367**	794,968	773,693	743,802	735,268
Property, Plant & Equipment	**323,982**	350,404	318,801	303,608	242,473
Investment Property	**400**	400	400	350	340
Intangible Assets	**34,289**	35,298	35,822	21,232	11,499
Investment and Other Non-Current Asset	**1**	1	1	1	1
Current Assets	**390,695**	408,865	418,669	418,611	480,955
Total Assets	**749,367**	794,968	773,693	743,802	735,268
Net Assets Per Share (sen)	**8.22**	6.67	3.18	14.28	19.16
Basic Earning Per Share (sen)	**4.57**	4.51	4.51	4.56	5.44

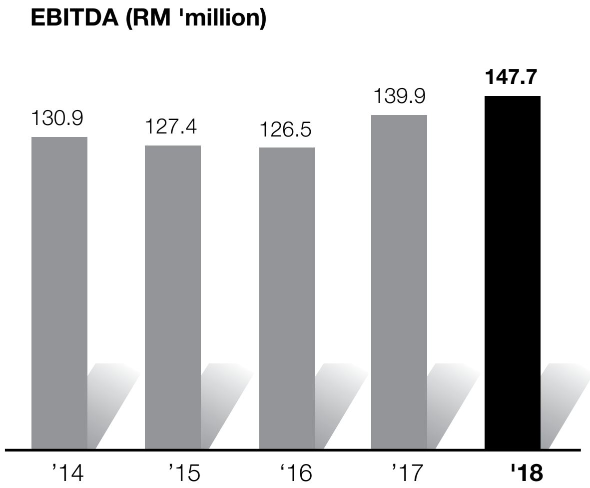
\# Restated to reflect the fair value adjustment for investment property.

GROUP FINANCIAL HIGHLIGHTS









CHARTS ON FINANCIAL HIGHLIGHTS

	2014	2015	2016	2017	2018
Corporate Stores	1,587	1,793	1,975	2,083	**2,155**
Franchise Stores	158	151	147	142	**132**
Store Count	1,745	1,944	2,122	2,225	**2,287**
Revenue (RM'million)	1,893.1	2,006.3	2,103.3	2,187.1	**2,217.0**
Profit after Tax (RM'million)	63.1	55.8	52.2	50.1	**51.3**
EBITDA (RM'million)	130.9	127.4	126.5	139.9	**147.7**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Detail applications for each practice as set out in the Code is disclosed in the Corporate Governance Report which is available on the Company's corporate website at www.7eleven.com.my/investor-relations.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

Part I: Board responsibilities

1) Establishing clear roles and responsibilities of the Board

Board of Directors

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

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

Chairman of the Board

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

The roles of the Chairman are separate from the Chief Executive Officer. The Chief Executive Officer, Mr. Colin George Harvey is responsible for the day-to-day operations and management of the business.

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

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

Part I: Board responsibilities (cont'd)

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

Qualified Company Secretaries

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

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

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

Directors

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

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

Access to information and advice

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

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

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

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

Part I: Board responsibilities (cont'd)

2) Demarcation of responsibilities

Board Charter

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

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

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

3) Good business conduct and corporate culture

Code of Ethics

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

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

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

Whistle blowing

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

Sustainability

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

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

Part II: Board composition

1) Strengthening the Board's composition

As of the date of this Statement, the Board consisted of ten (10) members, comprising three (3) Executive Directors, three (3) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfils the Listing Requirements, which stipulate that at least three (3) Directors or one-third (1/3rd) of the Board, whichever is higher, must be independent. The Board took note of the requirement of Practice 4.1 of the MCCG which requires at least half of the Board comprises Independent Directors. However, the Nominating Committee is of the view that the current Board size and composition is appropriate and effective taking account the nature of business operations of the Company. The Board is also satisfied with the current board composition. Nevertheless, the Board may consider increasing the number of Independent Director should there be a suitable candidate.

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

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

Board Committees

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

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

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

I. Nominating Committee

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

The Nominating Committee comprises the following members and their attendance during the financial year ended 31 December 2018 are as follows:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Part II: Board composition (cont'd)

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

I. Nominating Committee (cont'd)

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

- to assist the Board in reviewing, on an annual basis, the required mix of skills, experience and other qualities, including core competencies of Directors;
- to assess and recommend to the Board, candidates for directorship and Board Committee's membership, including chairmanship;
- to establish a mechanism for the formal annual assessment of the effectiveness of the Board, as a whole, and the contribution of each individual Director based on objective performance criteria; and
- to 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 2018, 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 Fifth 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 2018, 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.

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 95 of the Company's Articles of Association ("AA"), 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 95 of the Company's AA.

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

II. Remuneration Committee

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

The Remuneration Committee comprises the following members and their attendance during the financial year ended 31 December 2018 are as follows:

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

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

Part II: Board composition (cont'd)

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

II. Remuneration Committee (cont'd)

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

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

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

2) Reinforcing independence

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

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

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

3) Fostering commitment

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

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

Name of Director	Meeting attended
Tan Sri Dato' Seri Abdull Hamid bin Embong	5/5
Ho Meng	5/5
Chan Kien Sing	5/5
Tan Wai Foon	5/5
Tan U-Ming	5/5

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

Part II: Board composition (cont'd)

3) Fostering commitment (cont'd)

Name of Director	Meeting attended
Shalet Marian	5/5
Muhammad Lukman bin Musa @ Hussain	5/5
Puan Sri Datuk Seri Rohani Parkash binti Abdullah	3/5
Colin George Harvey *	2/2

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

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

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

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

The continuous education programmes attended by the Directors as of the date of this Statement, during the financial year ended 31 December 2018 comprise the following:

Name of Director	Continuous education programmes attended in Year 2018
Tan Sri Dato' Seri Abdull Hamid bin Embong	- Akademi Pencegahan Rasuah Malaysia(MACA) entitled: Gearing Up For Corporate Liability - Bursa and MSWG Advocacy Program on Corporate Governance
Chan Kien Sing	- MIA International Accountants Conference 2018 - Anti-Corruption Summit 2018 "Good Governance and Integrity for Sustainable Business Growth"
Ho Meng	- 2018 Store Development Workshop and 7-Eleven Experience - Advocacy Programme on CG Assessment using the Revised Asean CG Scorecard Methology - MIA International Accountant Conference 2018 - PwC Budget 2019 Seminar – Fiscal Discipline in Driving Sustainable Growth
Tan U-Ming	- YPO Global Leadership Conference & EDGE 2018 - MIA International Accountants Conference 2018 - Retail Partner Convention 2018 - NLP Asia 2018

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 2018
Tan Wai Foon	- Consensus: Singapore 2018 Global Conference about the future of blockchain technology - MIA International Accountants Conference 2018
Shalet Marian	- Digital Transformation and Impact on Businesses Form (presented by Dell EMC) - MFRS 17 Insurance Contracts Technical Training (Ernst & Young) - MIA International Accountants Conference 2018
Muhammad Lukman bin Musa @ Hussain	- Taklimat National Regulatory Sandbox - Corporate Governance Briefing Session - Continuous Professional Development (CPD) Talk - Symposium on Halal Gelatin Ecosystem & MOU Exchange of Gate to Global Entrepeneurs in Conjuction of MIHAS 2018 - Kursus Corporate Governance & Board Effectiveness - Seminar Perundangan 2018 - Program Engaging Employees: Optimising Performance - An Intimate Education of Social Enterprise Discussion with Prof. M. Yunus - MIA International Accountants Conference 2018
Puan Sri Datuk Seri Rohani Parkash binti Abdullah	- QA Controls in Complying with Regulatory Requirements from Authorities - Remuneration Committee: Attracting and Retaining the best Talents - Quality Control - Market Misconduct: how to Detect and Prevent Them - Corporate Rebranding Workshop - Sustainability Engagement Series for Directors/CEOs - Understanding Regulatory Affairs & Evolution of Regulatory Requirements in Malaysia - Business Trends: China and its Impact to ASEAN and Malaysia - Enterprise Risk Management (ERM): Driving Organisational Sustainability, Agility & Resilience - Corporate Liability Bill & Integrity - Seminar "Gearing Up for Corporate Liability" - Corporate Directors course
Colin George Harvey	- Mandatory Accreditation Program (MAP)

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

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

Part III: Remuneration

1) Directors' remuneration

The Directors' remuneration paid or payable from the Company and its subsidiaries on the named basis during the financial year ended 31 December 2018 categorised into appropriate components are as follows:-

	Company		Group			
Executive Directors	**Fee (RM)**	**Meeting Allowance (RM)**	**Salaries and/or Bonus* (RM)**	**Other Emoluments^ (RM)**	**Benefits-in-kind (RM)**	**Total (RM)**
Ho Meng (Cessation as Acting Chief Executive Officer with effect from 10 August 2018)	-	-	117,029	595,000	13,500	**725,529**
Tan U-Ming	-	-	653,229	-	20,525	**673,754**
Colin George Harvey (Appointed on 13 August 2018)	-	-	516,646	-	6,667	**523,313**
Hishammudin bin Hassan (Resigned on 26 March 2018)	-	-	266,333	87,865	4,575	**358,773**
Non-Executive Directors						
Tan Sri Dato' Seri Abdull Hamid bin Embong	60,000	2,500	-	-	-	**62,500**
Chan Kien Sing	60,000	2,500	8,393	60,000	-	**130,893**
Tan Wai Foon	60,000	6,500	87,229	720,000	-	**873,729**
Shalet Marian	60,000	6,500	-	-	-	**66,500**
Muhammad Lukman bin Musa @ Hussain	67,000	6,500	-	-	-	**73,500**
Puan Sri Datuk Seri Rohani binti Abdullah	60,000	1,500	-	-	-	**61,500**
Total	**367,000**	**26,000**	**1,648,859**	**1,462,865**	**45,267**	**3,549,991**

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

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

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

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

1) Upholding integrity in financial reporting

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

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

To assist in the discharge of its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Non-Executive Directors with a majority of Independent Non-Executive Directors, chaired by an Independent Non-Executive Director. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 57 to 59 of this Annual Report. One (1) of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and the Company comply with the applicable approved financial reporting standards in Malaysia and provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

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

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

The Directors are satisfied that in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2018, the Group has used appropriate accounting policies and applied them consistently. The Directors are also of the view that relevant applicable approved financial reporting standards have been followed in the preparation of these financial statements.

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

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

The Audit Committee, after due deliberation, has recommended the re-appointment of Messrs. Ernst and Young as the External Auditors for the financial year ending 31 December 2019. The Board at its meeting held on 17 April 2019 approved the Audit Committee's recommendation. The re-appointment of Messrs. Ernst and Young will be presented for shareholders' approval at the forthcoming Sixth AGM.

2) Recognising and managing risks

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

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

2) Recognising and managing risks (cont'd)

The Board has outsourced its internal audit function to a professional firm, namely KPMG Management & Risk Consulting Sdn. Bhd. The internal audit function reports directly to the Audit Committee on the adequacy and effectiveness of the system of internal controls. The internal audit function is independent of the Company, Board and Management. The scope of works covered by the internal audit function for the financial year under review is furnished in the Audit Committee Report as set out on pages 57 to 59 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 Chief Executive Officer, and the External Auditors, if so required, will respond to shareholders' questions during the AGM.

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

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

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

This Corporate Governance Overview Statement was approved by the Board of Directors of the Company on 17 April 2019.

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 2018. For the purpose of disclosure, the Board has taken into consideration the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (the "Guidelines"), a publication issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Risk Management and Internal Control Statement pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities.

BOARD RESPONSIBILITY

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

RISK MANAGEMENT FRAMEWORK

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

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

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

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

During the financial year under review, the RMC Meeting held a total of 12 meetings to assess and evaluate risks that may impede the Group from achieving its objectives, as well as develop action plans to mitigate such risks. On a quarterly basis, the RMC will update the Audit Committee and the Board of Directors on the risk management activities.

INTERNAL CONTROL FRAMEWORK

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

(a) Limits of authority and responsibility

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

(b) Planning, monitoring and reporting

The following internal control processes have been established:

- Strategic Business Planning Processes

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

- Documented Policies and Procedures

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

- Performance Monitoring and Reporting

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

- Financial Performance Review

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

- Safeguarding of Assets

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

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

For the financial year under review, the internal auditors conducted two cycles of audit, focusing on key risks and internal controls relating to IT Application Controls and Data Integrity, General IT Controls and Authorisation / User Profile, and Store Operations, and reported directly to the Audit Committee on improvement measures pertaining to internal controls, including follow up on the status of Management's implementation of recommendations raised in previous reports. The reports were tabled to the Audit Committee, who reviewed the observations, including Management's action plans to address the concerns raised by the internal auditors. The lead individual in charge of the two engagements is Mohd Khaidzir Shahari, Chartered Member of the Institute of Internal Auditors, Malaysia; Certified Internal Auditor, the Institute of Internal Auditors, Inc; and Chartered Accountant, Malaysian Institute of Accountants. A total of 6 personnel were deployed by KPMG for the internal audit work during the financial year ended 31 December 2018.

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

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

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

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

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

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

The Board is of the view that there has been no material breakdown or weakness in the system of risk management and internal control of the Group for the financial year ended 31 December 2018 that may result in a significant loss to the Group. The Board continues to take pertinent measures to improve the Group's risk management and internal control system in meeting the Group's strategic objectives.

LIMITED ASSURANCE PROCEDURES PERFORMED ON THE STATEMENT BY EXTERNAL AUDITORS

The external auditors, Messrs Ernst & Young, have performed limited assurance procedures on this Statement on Risk Management and Internal Control for inclusion in the Annual Report of 7-Eleven for the year ended 31 December 2018 and have reported to the Board that nothing had come to their attention that caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosure required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* to be set out, nor is this Statement factually inaccurate.

This Statement is made in accordance with a resolution of the Board dated 17 April 2019.

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 five (5) meetings held during the financial year ended 31 December 2018 are as follows:

Name of Director	Meeting attended
Muhammad Lukman bin Musa @ Hussain, Chairman (Independent Non-Executive Director)	5/5
Shalet Marian, member (Independent Non-Executive Director)	5/5
Tan Wai Foon, member (Non-Independent Non-Executive Director)	5/5

MEMBERSHIP

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

Throughout the financial year 2018 and up to the date of this Report, the Audit Committee comprises two (2) Directors who are the member of the Malaysian Institute of Accountants, they are Encik Muhammad Lukman bin Musa @ Hussain and Ms. Shalet Marian. This composition fulfills the Listing Requirements, which stipulate that at least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants or, alternatively, a Director who has at least three (3) years working experience and has passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Securities. The members of the Audit Committee have also elected Encik Muhammad Lukman bin Musa @ Hussain as the Chairman who is an Independent Non-Executive Director.

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

SUMMARY OF WORK OF AUDIT COMMITTEE

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

(a) Financial Reporting

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

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

- reviewed the unaudited quarterly financial results before recommending the same to the Board for consideration and approval for release to Bursa Securities;
- reviewed the Budget for the financial year ended 31 December 2018 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 2017; 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
26 February 2018	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the fourth quarter ended 31 December 2017
17 April 2018	Audited Financial Statements for the financial year ended 31 December 2017, Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval and disclosure in the Company's Annual Report 2017
23 May 2018	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the first quarter ended 31 March 2018
27 August 2018	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the second quarter ended 30 June 2018
29 November 2018	Unaudited quarterly report on consolidated results of the Company and its Group of Companies for the third quarter ended 30 September 2018

(b) External Audit

- reviewed the External Auditors' audit plan for the financial year ended 31 December 2018, 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 26 February 2018; and
- reviewed the independence and effectiveness of the External Auditors and recommended to the Board to propose to shareholders on the re-appointment of the External Auditors at the Annual General Meeting of the Company.

(c) Internal Audit

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

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

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

For the financial year ended 31 December 2018, the internal audit function had covered the areas of inventory management, store operations and Integrated Retail Information System (IRIS) system. The following activities were carried out:

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

(c) Internal Audit (cont'd)

- reported the outcome of the internal audit by way of a formal internal audit report, highlighting the observations and recommendations for Management's consideration in improving the Group's internal control system; and
- followed up and reported the status of implementation by Management on recommendations highlighted in the previous internal audit reports.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2018 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 2018 set out on pages 61 to 163 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis (except as disclosed in Note 2.2 of the Financial Statements) and made judgments and estimates that are reasonable and prudent. The Board also considers that relevant approved accounting standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

The principal activity of the Company is investment holding.

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

Results

	Group RM'000	Company RM'000
Net profit for the financial year	51,330	55,617
Profit attributable to:		
Equity holders of the Company	51,307	55,617
Non-controlling interest	23	-
	51,330	55,617

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 2017 were as follows:

	RM'000
In respect of the financial year ended 31 December 2017	
Interim single-tier cash dividend of 2.7% on 1,110,385,000# ordinary shares, declared on 18 April 2018 and paid on 24 May 2018	29,980
Share dividend via distribution of 18,505,823 treasury shares on the basis of 1 treasury share for every 60 existing ordinary shares#, declared on 18 April 2018 and credited on 24 May 2018	28,684
	58,664

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

Dividends (cont'd.)

On 19 April 2019, the Board of Directors has declared an interim dividend comprising the following:

a) single-tier cash dividend of 2.4 sen per ordinary share on 1,128,890,823^ ordinary shares (net of treasury shares) with voting rights, and

b) share dividend (equivalent to approximately 2.9 sen per ordinary share) via distribution of 21,299,827 treasury shares on the basis of 1 treasury share for every 53 existing ordinary shares^ held.

^ Number of shares is net of 104,494,000 treasury shares.

The entitlement date has been fixed on 10 May 2019. The cash dividend is payable on 23 May 2019 and the treasury shares to be distributed as share dividend will be credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd within 10 market days from the entitlement date.

These dividends will be accounted for in the equity as an appropriation of retained profits in the financial year ending 31 December 2019.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2018.

Directors

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

Tan Sri Dato' Seri Abdull Hamid Bin Embong
Puan Sri Datuk Seri Rohani Binti Abdullah
Shalet Marian
Chan Kien Sing
Ho Meng*
Tan U-Ming*
Tan Wai Foon*
Muhammad Lukman Bin Musa @ Hussain
Colin George Harvey* (Appointed on 13 August 2018)
Tsai, Tzung-Han (Appointed on 16 January 2019)
Hishammudin Bin Hasan (Resigned on 26 March 2018)

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

DIRECTORS' REPORT

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

Chan Kien Sing
Ho Meng
Muhammad Lukman Bin Musa @ Hussain

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

Dato' Seri Mohd Annuar Bin Zaini
Mohamed Shah Bin Kadir
Dato' Sri Azlan Meah Bin Hj. Ahmed Meah
Derek Chin Chee Seng
Wong Wai Keong (Appointed on 26 September 2018)
Ng Ming Kiat (Appointed on 9 November 2018)
Ng Kin Chen (Resigned on 9 November 2018)
Hor Kar Shan (Resigned on 26 March 2018)
Ng Lee Chin (Deceased on 2 April 2019)

Directors' benefits

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

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

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and officers of the Group and of the Company are RM30,000,000 and RM38,655 respectively.

Directors' interests

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

	Number of ordinary shares			
Name of director	**1.1.2018**	**Acquired**	**Sold**	**31.12.2018**
Direct interest:				
Ordinary shares of the Company				
Shalet Marian	200,000	3,333	-	203,333
Chan Kien Sing	100,000	1,666	-	101,666
Ho Meng	90,000	1,500	-	91,500
Tan U-Ming	600,000	10,000	-	610,000
Muhammad Lukman Bin Musa @ Hussain	120,000	2,000	-	122,000
Tan Wai Foon	100,000	1,666	-	101,666

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

Treasury shares

During the financial year, the Company distributed share dividend equivalent to 2.6 sen per share via distribution of 18,505,823 treasury shares on basis of 1 treasury share for every 60 existing ordinary shares held.

Details of distribution of treasury shares are disclosed in Note 19 to the financial statements. As at 31 December 2018, the issued and paid up share capital of the Company with voting rights was 1,128,890,823 shares (net of treasury shares).

As at 31 December 2018, the Company held as treasury shares a total of 104,494,000 of its 1,233,385,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM161,941,000. Details of the treasury shares are disclosed in Note 19 to the financial statements.

Other statutory information

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

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

Other statutory information (cont'd.)

(a) (cont'd.)

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

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

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

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

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

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

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

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

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

(f) In the opinion of the Directors:

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

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

Auditors

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

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young	530	101
Other auditors	8	-
	538	101

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young for the financial year ended 31 December 2018.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 April 2019.

Colin George Harvey   Tan U-Ming

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

We, Colin George Harvey and Tan U-Ming, being two of the Directors of 7-Eleven Malaysia Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 74 to 163 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 2018 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 19 April 2019.

Colin George Harvey

Tan U-Ming

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

I, Wong Wai Keong (MIA membership number: 16386), being the officer primarily responsible for the financial management of 7-Eleven Malaysia Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 74 to 163 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Wong Wai Keong at
Kuala Lumpur in the Federal Territory
on 19 April 2019

Wong Wai Keong

Before me,

INDEPENDENT AUDITORS' REPORT

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of 7-Eleven Malaysia Holdings Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 74 to 163.

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 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

Key audit matters (cont'd.)

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

1. Recognition of rebates and incentives income from vendors

(Refer to Notes 2.24(g), 3.1(a) and 15 to the financial statements)

The Group receives various types of allowance in the form of rebates and incentives from its vendors in connection with the purchase of goods from those vendors. These allowances contribute significantly to the Group's profit before tax. The Group recognises these allowances as reduction in cost of sales. During the financial year ended 31 December 2018, the Group has recognised rebates and incentives income amounting to RM208,126,000 of which majority has been received and the balance of RM27,178,000 is receivable as at 31 December 2018. Recognition of rebates and incentives income required the Group's fulfilment of its obligations under contractual arrangement with vendors. We focused on this area because the recognition of rebates and incentives income requires, to some extent, judgement from management concerning the nature and level of fulfilment of the Group's obligations under the vendor agreements.

We have carried out procedures to understand and test management's controls around the completeness and accuracy of the source data required for the computation of these rebates and incentives. We also reviewed and agreed the rebates and incentives during the year to contractual evidence on a sample basis. For the rebates and incentives receivable as at 31 December 2018, amounts are either recalculated by us based on contractual terms confirmed by vendors or reconciled to post year-end settlements with vendors. In addition, to evaluate the reliability of management's estimates, we reviewed subsequent collections of prior year's rebates and incentives income receivables.

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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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, 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.

Responsibilities of directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

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

Other matters

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

Ernst & Young
AF: 0039
Chartered Accountants

Teoh Soo Hock
No. 02477/10/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
19 April 2019

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Revenue	4	2,217,049	2,187,102	61,099	58,094
Cost of sales		(1,400,333)	(1,495,772)	-	-
Gross profit		816,716	691,330	61,099	58,094
Other operating income		4,568	137,199	-	-
Selling and distribution expenses		(642,803)	(651,243)	-	-
Administrative and other operating expenses		(94,714)	(97,558)	(1,022)	(1,569)
Profit from operations	5	83,767	79,728	60,077	56,525
Finance costs	7	(9,908)	(9,232)	(4,436)	(4,632)
Profit before tax		73,859	70,496	55,641	51,893
Income tax expense	8	(22,529)	(20,389)	(24)	(58)
Profit after tax		51,330	50,107	55,617	51,835
Other comprehensive income not to be reclassified to profit or loss in subsequent year:					
Revaluation of land and buildings	9	2,513	44,996	-	-
Taxation	26	(2,145)	(4,212)	-	-
Total other comprehensive income (net of taxation)		368	40,784	-	-
Total comprehensive income for the financial year		51,698	90,891	55,617	51,835
Profit after tax attributable to:					
Equity holders of the Company		51,307	50,107	55,617	51,835
Non-controlling interest		23	-		
		51,330	50,107	55,617	51,835
Total comprehensive income attributable to:					
Equity holders of the Company		51,675	90,891	55,617	51,835
Non-controlling interest		23	-		
		51,698	90,891	55,617	51,835
Basic/diluted earnings per share (sen)	37	4.57	4.51		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000
Assets			
Non-current assets			
Property, plant and equipment	9	323,982	350,404
Investment property	10	400	400
Intangible assets	11	34,289	35,298
Other investment	13	1	1
		358,672	386,103
Current assets			
Inventories	14	224,682	221,957
Sundry receivables	15	93,465	113,526
Tax recoverable		-	3,748
Cash and bank balances	16	72,548	69,634
		390,695	408,865
Total assets		749,367	794,968
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	17	1,485,138	1,485,138
Share premium	18	-	-
Treasury shares	19	(161,941)	(190,625)
Capital reorganisation deficit	20	(1,343,248)	(1,343,248)
Assets revaluation reserve	21	41,152	40,784
Retained profits	22	71,208	81,985
		92,309	74,034
Non-controlling interest		169	-
Total equity		92,478	74,034
Non-current liabilities			
Provisions	23	7,742	7,400
Borrowings	24	44,611	42,400
Contract liabilities	28	1,520	-
Deferred tax liabilities	26	18,850	19,436
		72,723	69,236

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000
Current liabilities			
Provisions	23	249	277
Borrowings	24	127,303	143,619
Trade payables	27	345,735	392,617
Other payables	28	107,114	115,184
Contract liabilities	28	1,699	-
Taxation		2,066	1
		584,166	651,698
Total liabilities		656,889	720,934
Total equity and liabilities		749,367	794,968

	Note	Company 2018 RM'000	Company 2017 RM'000
Assets			
Non-current asset			
Investments in subsidiary companies, representing total non-current asset	12	1,402,539	1,378,248
Current assets			
Sundry receivables	15	61,060	58,090
Tax recoverable		1,268	1,235
Cash and bank balances	16	1,284	1,503
		63,612	60,828
Total assets		1,466,151	1,439,076
Equity and liability			
Equity attributable to equity holders of the Company			
Share capital	17	1,485,138	1,485,138
Treasury shares	19	(161,941)	(190,625)
Retained profits	22	57,951	60,998
Total equity		1,381,148	1,355,511
Current liability			
Other payables, representing total current liability	28	85,003	83,565
Total equity and liability		1,466,151	1,439,076

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 2018

	Attributable to equity holders of the Company								
	← Non-distributable				→ Distributable				
Group	Share capital RM'000 (Note 17)	Share premium RM'000 (Note 18)	Treasury shares RM'000 (Note 19)	Capital reorganisation deficit RM'000 (Note 20)	Assets revaluation reserve RM'000 (Note 21)	Retained profits RM'000 (Note 22)	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2017	123,338	1,361,800	(190,625)	(1,343,248)	-	84,066	35,331	-	35,331
Transfer pursuant to Section 618(2) of Companies Act 2016	1,361,800	(1,361,800)	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	40,784	50,107	90,891	-	90,891
Transaction with owners:									
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	-	-	-	-	(52,188)	(52,188)	-	(52,188)
At 31 December 2017	1,485,138	-	(190,625)	(1,343,248)	40,784	81,985	74,034	-	74,034

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holders of the Company								
	← Non-distributable →				Distributable				
	Share capital RM'000 (Note 17)	Share premium RM'000 (Note 18)	Treasury shares RM'000 (Note 19)	Capital reorganisation deficit RM'000 (Note 20)	Assets revaluation reserve RM'000 (Note 21)	Retained profits RM'000 (Note 22)	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Group									
At 1 January 2018									
As previously stated	1,485,138	-	(190,625)	(1,343,248)	40,784	81,985	74,034	-	74,034
Effect on adoption of MFRS 15	-	-	-	-	-	(3,420)	(3,420)	-	(3,420)
As restated	1,485,138	-	(190,625)	(1,343,248)	40,784	78,565	70,614	-	70,614
Total comprehensive income for the year	-	-	-	-	368	51,307	51,675	23	51,698
Acquisition of a subsidiary company (Note 12)	-	-	-	-	-	-	-	146	146
Transaction with owners:									
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	-	28,684	-	-	(58,664)	(29,980)	-	(29,980)
At 31 December 2018	1,485,138	-	(161,941)	(1,343,248)	41,152	71,208	92,309	169	92,478

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Attributable to equity holders of the Company				
	← Non-distributable →			Distributable	
	Share capital RM'000 (Note 17)	**Share premium RM'000 (Note 18)**	**Treasury shares RM'000 (Note 19)**	**Retained profits RM'000 (Note 22)**	**Total equity RM'000**
Company					
At 1 January 2017	123,338	1,361,800	(190,625)	61,351	1,355,864
Transfer pursuant to Section 618(2) of Companies Act 2016	1,361,800	(1,361,800)	-	-	-
Total comprehensive income for the year	-	-	-	51,835	51,835
Transaction with owners					
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	-	-	(52,188)	(52,188)
At 31 December 2017	1,485,138	-	(190,625)	60,998	1,355,511
At 1 January 2018	1,485,138	-	(190,625)	60,998	1,355,511
Total comprehensive income for the year	-	-	-	55,617	55,617
Transaction with owners					
Dividends on ordinary shares (Note 29), representing total transaction with owners	-	-	28,684	(58,664)	(29,980)
At 31 December 2018	1,485,138	-	(161,941)	57,951	1,381,148

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Cash receipts from customers and other receivables	2,290,403	2,352,114	30	10
Cash paid to suppliers and employees	(2,178,621)	(2,282,307)	(1,000)	(1,789)
Cash generated from/(used in) operations	111,782	69,807	(970)	(1,779)
Interest paid	(9,908)	(9,232)	(4,436)	(4,632)
Tax paid	(19,447)	(11,527)	(57)	(505)
Net cash generated from/(used in) operating activities	82,427	49,048	(5,463)	(6,916)
Cash flows from investing activities				
Purchase of property, plant and equipment	(35,452)	(44,560)	-	-
Purchase of intangible assets	-	(3,613)	-	-
Proceeds from disposal of property, plant and equipment	350	282	-	-
Acquisition of subsidiary companies (Note 12)	(754)	-	(24,291)	-
Movement in intercompany balances	-	-	1,416	(1,285)
Dividend income received	-	-	58,000	52,000
Interest received	1,008	888	99	94
Net cash (used in)/generated from investing activities	(34,848)	(47,003)	35,224	50,809
Cash flows from financing activities				
Dividends paid on ordinary shares	(29,980)	(52,188)	(29,980)	(52,188)
Proceeds from banker's acceptances	280,200	330,820	-	-
Repayment of banker's acceptances	(301,000)	(324,533)	-	-
Proceeds from revolving credit	-	40,000	-	-
Proceeds from term loan	18,000	32,000	-	-
Repayment of term loans	(11,800)	(7,800)	-	-
Repayment of hire purchase and finance lease liabilities	(85)	(160)	-	-
Net cash (used in)/generated from financing activities	(44,665)	18,139	(29,980)	(52,188)

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net increase/(decrease) in cash and cash equivalents	2,914	20,184	(219)	(8,295)
Cash and cash equivalents at 1 January	69,634	49,450	1,503	9,798
Cash and cash equivalents at 31 December (Note 16)	72,548	69,634	1,284	1,503

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

1. Corporate information

7-Eleven Malaysia Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, Petaling Jaya, 47301 Selangor Darul Ehsan. The principal place of business of the Company is located at Level 3A, Podium Block, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur, Wilayah Persekutuan.

The principal activity of the Company is investment holding.

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2019.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

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

2.2 Changes in accounting policies

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

On 1 January 2018, the Group and the Company adopted the following new and amendments to MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2018:

Description	**Effective for annual financial periods beginning on or after**
MFRS 9: *Financial Instruments*	1 January 2018
MFRS 15: *Revenue from Contracts with Customers*	1 January 2018
Clarifications to MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Amendments to MFRS 2 Share-based Payment : *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 4 Insurance Contracts : *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	1 January 2018
Amendments to MFRS 140 Investment Property : *Transfers of Investment Property*	1 January 2018
IC Interpretation 22 : *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
(i) Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018

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

2.2 Changes in accounting policies (cont'd.)

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

(a) MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139.

Classification and measurement

Under MFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through other comprehensive income ("OCI"). The classification is based on two criteria: the Group’s and the Company's business model for managing the assets; and whether the instruments’ contractual cash flows represent ‘solely payments of principal and interest’ on the principal amount outstanding.

The assessment of the Group’s and the Company's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact on the Group and the Company. The following are the changes in the classification of the Group’s and the Company's financial assets:

<u>Financial assets</u>

Trade receivables, other receivables (excluding prepayments) and cash and bank balances previously classified as "loans and receivables" are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as "financial assets at amortised cost (debt instrument)".

Investment in unquoted shares was previously carried at cost. This investment is now classified and measured as "financial asset at fair value through profit or loss". Financial asset at fair value through profit or loss is carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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

2.2 Changes in accounting policies (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

Classification and measurement (cont'd.)

Financial liabilities

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following classification as at 1 January 2018:

		MFRS 9 measurement category	
	Balance as at 1 January 2018	Belonging to debt instruments at amortised cost	Belonging to equity instrument designated at fair value through profit or loss
	RM'000	RM'000	RM'000
Group			
MFRS 139 measurement category			
Loans and receivables			
Receivables	100,075	100,075	-
Cash and bank balances	69,634	69,634	-
Available-for-sale equity instrument			
Investment in unquoted shares	1	-	1
	169,710	169,709	1
Company			
MFRS 139 measurement category			
Loans and receivables			
Receivables	58,005	58,005	-
Cash and bank balances	1,503	1,503	-
	59,508	59,508	-

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

2.2 Changes in accounting policies (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

Impairment

The adoption of MFRS 9 has fundamentally changed the Group’s and the Company's accounting for impairment losses for financial assets by replacing MFRS 139’s incurred loss approach with a forward-looking expected credit loss ("ECL") approach. MFRS 9 requires the Group and the Company to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

The application of ELC approach on the Group's and the Company's financial assets did not result in any adjustments to the retained profits as at 1 January 2018.

(b) MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 January 2018.

The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained profits. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related interpretations.

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

2.2 Changes in accounting policies (cont'd.)

(b) MFRS 15 Revenue from Contracts with Customers (cont'd.)

The effect of adopting MFRS 15 as at 1 January 2018 was as follows:

Group **Statement of financial position**	**Increase/ (decrease)** **RM'000**
Liabilities and equity	
Contract liabilities (Note i)	3,420
Retained profits (Note i)	(3,420)
	-

Set out below are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2018 as a result of the adoption of MFRS 15. The adoption of MFRS 15 did not have a material impact on other comprehensive income or the Group's operating, investing and financing cash flows. The first column shows amounts prepared under MFRS 15 and the second column shows what the amounts would have been had MFRS 15 not been adopted:

Group **Statement of financial position**	**Under MFRS 15** **RM'000**	**Under previous MFRS** **RM'000**	**Increase/ (decrease)** **RM'000**
Other payables (Note iii)	107,114	110,333	(3,219)
Contract liabilities (Note iii)	3,219	-	3,219
Retained profits (i)	71,208	73,678	(2,470)
Total liabilities and equity	**749,367**	**184,011**	**(2,470)**

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

2.2 Changes in accounting policies (cont'd.)

(b) MFRS 15 Revenue from Contracts with Customers (cont'd.)

Group Statement of comprehensive income	**Under MFRS 15 RM'000**	**Under previous MFRS RM'000**	**Increase/ (decrease) RM'000**
Revenue (Note i)	2,217,049	2,216,099	950
Cost of sales (Note ii)	(1,400,333)	(1,533,177)	132,844
Other income (Note ii)	4,568	137,412	(132,844)
Profit before tax	**73,859**	**72,909**	**950**
Profit after tax	**51,330**	**50,380**	**950**
Basic/diluted earnings per share (sen)	**4.58**	**4.49**	**0.08**

The nature of the adjustments as at 1 January 2018 and the reasons for the changes in the statement of financial position as at 31 December 2018 and the statement of comprehensive income for the year ended 31 December 2018 are described below:

(i) Initial franchise fees

Prior to adoption of MFRS 15, the Group recognises revenue from initial franchise fees upon performance of initial services required in the franchise agreement.

Under MFRS 15, initial franchise fees are deferred (included as part of "non-current and current portion of contract liabilities") in the statement of financial position and recognised as revenue over the term of the franchise agreements.

As at 1 January 2018, the Group recognised contract liability amounting to RM3,420,000.

As at 31 December 2018, contract liability decreased from RM3,420,000 as at 1 January 2018 to RM2,470,000. For the financial year ended 31 December 2018, MFRS 15 increased revenue amounted to RM950,000.

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

2.2 Changes in accounting policies (cont'd.)

(b) MFRS 15 Revenue from Contracts with Customers (cont'd.)

(ii) Presentation of rebates and incentives income

Prior to adoption of MFRS 15, rebates and incentives income (comprised display and marketing fees) from vendors are presented under "Other income" in the statement of comprehensive income. Upon adoption of MFRS 15, these income are presented as a deduction to "Cost of sales" account in the statement of comprehensive income if the services prescribed do not meet the definition of a distinct performance obligation.

For the financial year ended 31 December 2018, MFRS 15 decreased "Other income" account and "Cost of sales" account by RM132,844,000 each.

(iii) Presentation of other deferred revenue items

The Group has deferred revenue arising from deferred initial franchise fees and loyalty points not yet redeemed. Upon adoption of MFRS 15, deferred revenue amounting to RM3,219,000 was presented as "Contract liabilities" account in the statement of financial position as at 31 December 2018. Previously, deferred revenue was classified as part of "Other payables" account.

2.3 Standards issued but not yet effective

The new and amendments to MFRSs and IC Interpretation 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 16: *Leases*	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures: *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 119: *Plan Amendment, Curtailment or Settlement*	1 January 2019

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

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

Description	**Effective for annual financial periods beginning on or after**
Amendments to MFRS 9 Financial Instruments: Prepayment *Features with Negative Compensation*	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
(i) Amendments to MFRS 3 Business Combinations	1 January 2019
(ii) Amendments to MFRS 11 Joint Arrangements	1 January 2019
(iii) Amendments to MFRS 112 Income Taxes	1 January 2019
(iv) Amendments to MFRS 123 Borrowing Costs	1 January 2019
IC Interpretation 23: *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 2: *Share-Based Payment*	1 January 2020
Amendments to MFRS 3: *Business Combinations*	1 January 2020
Amendments to MFRS 6: *Exploration for and Evaluation of Mineral Resources*	1 January 2020
Amendments to MFRS 14: *Regulatory Deferral Accounts*	1 January 2020
Amendments to MFRS 101: *Presentation of Financial Statements*	1 January 2020
Amendments to MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors*	1 January 2020
Amendments to MFRS 134: *Interim Financial Reporting*	1 January 2020
Amendments to MFRS 137: *Provisions, Contingent Liabilities and Contingent Assets*	1 January 2020
Amendments to MFRS 138: *Intangible Assets*	1 January 2020
Amendments to IC Interpretation 12: *Service Concession Arrangements*	1 January 2020
Amendments to IC Interpretation 19: *Extinguishing Financial Liabilities with Equity Instruments*	1 January 2020
Amendments to IC Interpretation 20: Stripping Costs in the *Production Phase of a Surface Mine*	1 January 2020
Amendments to IC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*	1 January 2020
Amendments to IC Interpretation 132: *Intangible Assets - Web Site Costs*	1 January 2020
MFRS 17: *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

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

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

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

MFRS 16: Leases

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

The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under MFRS 117.

A lessee can choose to apply the standard using either a full retrospective or a modified restrospective transition approach. MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted for entities that have applied MFRS 15.

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

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

MFRS 16: Leases (cont'd.)

The Group is currently assessing the potential impact on its financial statements on initial application of MFRS 16. Upon adoption of MFRS 16, the significant impact on financial statements will arise from operating lease commitment of properties used by the Group as 7-Eleven stores or offices. A preliminary assessment indicates that these arrangements will meet the definition of a lease under MFRS 16 and hence, the Group will recognise the right-of-use assets and a corresponding liability in respect of these leases. It is not practicable to provide reasonable estimate of the financial effect until the Group completes the review.

As allowed by the transitional provision of MFRS 16, the Group has elected the modified retrospective approach with no restatement of comparative and the cumulative adjustments resulting from the initial application of MFRS 16 to be recognised in retained profits and reserves as at 1 January 2019.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of MFRS 16 for the financial year ending 31 December 2019.

2.4 Basis of consolidation

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

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

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

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

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

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

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

2.4 Basis of consolidation (cont'd.)

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

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

Reorganisation

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

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

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

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

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

2.4 Basis of consolidation (cont'd.)

Business combination

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

2.4 Basis of consolidation (cont'd.)

Acquisition of non-controlling interests

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

2.5 Subsidiaries

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

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

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

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

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

2.6 Intangible assets

(a) Goodwill

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

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

2.6 Intangible assets

(a) Goodwill (cont'd.)

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

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

(b) Computer software

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

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

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

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

2.7 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

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

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

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

2.8 Investment property

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

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

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

2.9 Impairment of non-financial assets

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

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

2.9 Impairment of non-financial assets (cont'd.)

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.

2.10 Financial assets

(a) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15. Refer to the accounting policies in Note 2.24 for Revenue from contracts with customers.

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

2.10 Financial assets (cont'd.)

(a) Initial recognition and measurement (cont'd.)

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

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

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

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

(b) Subsequent measurement

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

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

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

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

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

2.10 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.

2.11 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.

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

2.11 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.

2.12 Inventories

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

2.13 Cash and cash equivalents

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

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

2.14 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 os 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.

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

2.15 Segment reporting

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

2.16 Share capital and share issuance expenses

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

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

2.17 Leases

(a) As lessee

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

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

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

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

2.17 Leases (cont'd.)

(b) As lessor

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

2.18 Borrowing costs

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

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

2.19 Income tax

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

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

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

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

2.19 Income tax (cont'd.)

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

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

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

2.20 Provisions

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

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

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

2.21 Employee benefits

(a) Short term benefits

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

(b) Defined contribution plans

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

2.22 Foreign currency

(a) Functional and presentation currency

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

(b) Foreign currency transactions

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

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

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

2.23 Fair value measurement

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

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

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

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

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

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

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

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

2.24 Revenue from contracts with customers (effective 1 January 2018)

Revenue from contracts with customers 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).

Loyalty points programme

The Group's loyalty points programme allows customers to accumulate points that can be redeemed for free products.

The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a regular basis and any adjustments to the contract liability balance are charged against revenue.

(b) Provision of in-store services income

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

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

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

2.24 Revenue from contracts with customers (effective 1 January 2018) (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, display and promotional incentives, prompt payment discounts and central distribution centre rebates ("CDC rebates"). Rebates are recognised to income statements 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 income statements when the goods are subsequently sold or delivered to respective stores.

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

2.25 Revenue recognition (effective prior to 1 January 2018)

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

(a) Sale of goods

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

(b) Commission income

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

(c) Rental income

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

(d) Interest income

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

(e) Dividend income

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

(f) Franchise income

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

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

2.25 Revenue recognition (effective prior to 1 January 2018) (cont'd.)

(g) Rebates and incentive income

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

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

(h) Customer loyalty programme

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

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

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

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

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

2.26 Contract balances

Contract assets

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

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

Contract liabilities

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

2.27 Treasury shares

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

3. Significant accounting estimates and judgements

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

3.1 Key sources of estimation uncertainty

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

(a) Recognition of incentives and rebates

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

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

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

(a) Recognition of incentives and rebates (cont'd.)

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 RM27,178,000 (2017: RM39,630,000).

(b) Revaluation of property, plant and equipment

The Group carries its land and buildings at fair value, with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess fair value as at 31 December 2018 and 31 December 2017.

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

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

4. Revenue from contracts with customers

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Type of goods or services				
Sale of merchandise goods	2,143,891	2,115,611	-	-
Provision of in-store services				
- Commission income	71,964	71,201	-	-
Dividend income from				
a subsidiary	-	-	61,000	58,000
Franchise income	950	-	-	-
Interest income	-	-	99	94
Rental income	244	290	-	-
	2,217,049	2,187,102	61,099	58,094
Timing of revenue recognition				
Goods or services				
- transferred at a point in time	2,215,855	2,186,812	61,000	58,000
- transferred over time	1,194	290	99	94
	2,217,049	2,187,102	61,099	58,094

5. Profit from operations

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration				
- Statutory audit				
- current	510	458	88	80
- Other services	28	62	13	37
Depreciation of property, plant and equipment	59,164	56,158	-	-
Amortisation of intangible assets	4,679	4,137	-	-
Property, plant and equipment written off	2,467	2,356	-	-
Impairment loss on sundry receivables (Note 15)	621	371	-	-
Bad debts written off for sundry receivables	-	5	-	-
Write off of inventories	4,482	5,545	-	-
Rental of premises	113,389	108,997	-	-
Royalty	22,195	21,888	-	-
Employee benefits expense (Note 6(a))	322,191	312,448	-	-
Directors' benefits (Note 6(b))	3,692	4,666	432	481
Loss/(gain) on disposal of property, plant and equipment	168	(101)	-	-
Interest income				
- fixed deposits and overnight placements	(1,008)	(888)	(99)	(94)
Rental income	(173)	(194)	-	-
Refund of initial franchise fees	-	200	-	-
Reversal of impairment loss of property, plant and equipment (Note 9)	-	(118)	-	-
Loss/(gain) on foreign exchange translation differences	6	(92)	-	-

6. Employee benefits expense and directors' remuneration

(a) Employee benefits expense

	Group	
	2018	2017
	RM'000	RM'000
Wages, salaries and other emoluments	276,750	270,356
Pension costs - defined contribution plans	28,957	29,049
Social security costs and employees insurance	5,438	4,970
Other staff benefits	11,046	8,073
	322,191	312,448

(b) Directors' benefits

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Salaries and other emoluments	1,308	2,620	-	-
Fees	367	388	367	388
Bonus	83	150	-	-
Defined contribution plan	306	335	-	-
Estimated money value of benefits-in-kind	45	68	-	-
Allowance	1,544	1,064	26	52
Insurance effected to indemnify directors	39	41	39	41
	3,692	4,666	432	481

7. Finance costs

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
Hire purchase and lease liabilities	7	61	-	-
Bankers' acceptances	3,198	3,639	-	-
Revolving credit	3,351	2,672	-	-
Term loans	3,333	2,860	-	-
Overdraft interest	19	-	-	-
Amount due to a subsidiary company	-	-	4,436	4,632
	9,908	9,232	4,436	4,632

8. Income tax expense

(a) Income statements

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income tax:				
Current year	26,031	23,780	24	22
(Over)/under provision in prior year	(771)	(2,751)	-	36
	25,260	21,029	24	58
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	(1,548)	(2,125)	-	-
(Over)/under provision in prior year	(1,183)	1,485	-	-
	(2,731)	(640)	-	-
	22,529	20,389	24	58

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	73,859	70,496	55,641	51,893
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	17,726	16,919	13,354	12,454
Expenses not deductible under tax legislation	6,757	7,494	1,310	1,488
Exemption of income tax	-	(2,758)	-	-
Income not subject to tax	-	-	(14,640)	(13,920)
(Over)/under provision of income tax in prior year	(771)	(2,751)	-	36
(Over)/under provision of deferred tax in prior year	(1,183)	1,485	-	-
Tax expense for the year	22,529	20,389	24	58

8. Income tax expense (cont'd.)

(b) Other comprehensive income

	Group 2018 RM'000	2017 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	2,145	4,212

9. Property, plant and equipment

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

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

	At valuation	At cost			
	Land and buildings* RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Group (cont'd.)					
Accumulated depreciation and impairment losses					
At 1 January 2018	-	325,422	1,747	110,725	437,894
Depreciation charge for the year	523	43,442	78	15,121	59,164
Disposals	-	(997)	(426)	-	(1,423)
Transfer^	(523)	-	-	-	(523)
Reclassified to intangible assets (Note 11)	-	(365)	-	-	(365)
Write-offs	-	(16,427)	-	(794)	(17,221)
At 31 December 2018	-	351,075	1,399	125,052	477,526
Net carrying amount					
At 31 December 2018	80,679	168,031	445	74,827	323,982

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

	At valuation	At cost				
	Land and buildings* RM'000	Furniture, fittings, computer equipment and other equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
At 31 December 2017						
At 1 January 2017	36,820	493,907	2,317	183,261	552	716,857
Additions	-	31,361	240	13,583	-	45,184
Disposals	-	(3,763)	(549)	(28)	-	(4,340)
Revaluation adjustment recognised in other comprehensive income (Note 9 (e))	44,996	-	-	-	-	44,996
Transfer^	(3,127)	-	-	-	-	(3,127)
Write-offs	-	(7,682)	-	(3,590)	-	(11,272)
Reclassification	-	552	-	-	(552)	-
At 31 December 2017	78,689	514,375	2,008	193,226	-	788,298

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

	At valuation	At cost				
Group	**Land and buildings* RM'000**	**Furniture, fittings, computer equipment and other equipment RM'000**	**Motor vehicles RM'000**	**Renovation RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
At 31 December 2017 (cont'd.)						
Accumulated depreciation and impairment losses						
At 1 January 2017	2,641	291,797	2,080	101,538	-	398,056
Depreciation charge for the year	604	43,313	136	12,105	-	56,158
Disposals	-	(3,687)	(469)	(3)	-	(4,159)
Reversal of impairment (Note 9 (d))	(118)	-	-	-	-	(118)
Transfer^	(3,127)	-	-	-	-	(3,127)
Write-offs	-	(6,001)	-	(2,915)	-	(8,916)
At 31 December 2017	-	325,422	1,747	110,725	-	437,894
Net carrying amount						
At 31 December 2017	78,689	188,953	261	82,501	-	350,404

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

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

***Land and buildings**

Group	Freehold land RM'000	Buildings RM'000	Long term leasehold land RM'000	Total RM'000
At 31 December 2018				
Valuation				
At 1 January 2018	58,160	11,429	9,100	78,689
Disposal	-	(250)	-	(250)
Revaluation adjustment recognised in other comprehensive income (Note 9 (e))	1,370	730	413	2,513
Transfer^	-	(360)	(163)	(523)
Acquisition of a subsidiary company (Note 12)	-	250	-	250
At 31 December 2018	59,530	11,799	9,350	80,679
Accumulated depreciation and impairment losses				
At 1 January 2018	-	-	-	-
Depreciation charge for the year	-	360	163	523
Transfer^	-	(360)	(163)	(523)
At 31 December 2018	-	-	-	-
Net carrying amount				
At 31 December 2018	59,530	11,799	9,350	80,679

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

***Land and buildings**

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

(a) Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use costing RM262,278,652 (2017: RM240,020,962).

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

	Group 2018 RM'000	Group 2017 RM'000
Cash	35,452	44,560
Capitalisation of restoration costs (Note 23)	339	624
	35,791	45,184

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

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Equipment	82	-
Motor vehicles	247	19
	329	19

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

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

Fair value of the land and buildings was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific land and buildings. As at the date of revaluations on 31 December 2018 and 31 December 2017, the land and buildings' fair values are based on valuations performed by Hartanah Consultants (Valuations) Sdn Bhd, an independent professional valuer specialising in valuing land and buildings of similar nature. A net gain of RM2,513,000 (2017: RM44,996,000) was recognised in other comprehensive income for the financial year ended 31 December 2018, as a result of these revaluations.

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

Significant unobservable valuation input:

	Group	**Group**
	2018	**2017**
	RM	**RM**
Price per square foot for freehold land and buildings	200 - 4,840	182 - 4,840
Price per square foot for leasehold land and buildings	336 - 2,489	285 - 2,429

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

(e) (cont'd.)

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

Reconciliation of carrying amount:

	Group 2018 RM'000	Group 2017 RM'000
Carrying amount and fair value as at 1 January*	78,689	34,179
Depreciation for the year	(523)	(604)
Reversal of impairment	-	118
Level 3 revaluation gain on revaluation as at 31 December	2,513	44,996
Carrying amount and fair value as at 31 December	80,679	78,689

* 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 2018 RM'000	Group 2017 RM'000
Cost	37,488	37,469
Accumulated depreciation	(3,955)	(3,633)
Net carrying amount	33,533	33,836

10. Investment property

	Group 2018 RM'000	Group 2017 RM'000
Leasehold land and building		
At fair value		
As at 1 January/31 December	400	400

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

10. Investment property (cont'd.)

As at 31 December 2018 and 31 December 2017, the fair value of the investment property is based on a valuation performed by Hartanah Consultants (Valuations) Sdn Bhd, an independent professional valuer specialising in valuing these type of investment properties.

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

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

	Group 2018 RM'000	Group 2017 RM'000
Rental income derived from investment property	7	7
Direct operating expenses generating rental income (included in other operating expenses)	(1)	(1)
Profit arising from investment property carried at fair value	6	6

Significant unobservable valuation input:

	Group 2018 RM'000	Group 2017 RM'000
Price per square foot	143	143

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

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.

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

11. Intangible assets

	Group		
	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
At 31 December 2018			
Cost			
At 1 January 2018	-	42,358	42,358
Reclassified from property, plant and equipment (Note 9)	-	3,654	3,654
Acquisition of a subsidiary company (Note 12)	381	-	381
At 31 December 2018	381	46,012	46,393
Accumulated amortisation			
At 1 January 2018	-	7,060	7,060
Reclassified from property, plant and equipment (Note 9)	-	365	365
Amortisation	-	4,679	4,679
At 31 December 2018	-	12,104	12,104
Net carrying amount			
At 31 December 2018	381	33,908	34,289
At 31 December 2017			
Cost			
At 1 January 2017	-	38,745	38,745
Additions	-	3,613	3,613
At 31 December 2017	-	42,358	42,358
Accumulated amortisation			
At 1 January 2017	-	2,923	2,923
Amortisation	-	4,137	4,137
At 31 December 2017	-	7,060	7,060
Net carrying amount			
At 31 December 2017	-	35,298	35,298

The Group acquired intangible assets wholly by cash as at 31 December 2018 and 31 December 2017.

11. Intangible assets (cont'd.)

Goodwill with infinite useful life - Impairment testing

(a) Allocation of goodwill

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

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

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

12. Investments in subsidiary companies

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost		
At 1 January	1,378,248	1,378,248
Acquisition of shares in Convenience Shopping (Sabah) Sdn. Bhd. ("CSSSB") (Note 12(a))	2,291	-
Acquisition of shares in Teluk Juara Sdn. Bhd. ("TJSB") (Note 12(b))	15,000	-
Acquisition of shares in 7 Properties Sdn. Bhd. ("7PSB") (Note 12(b))	7,000	-
	1,402,539	1,378,248

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

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

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

(b) the subscriptions by the Company of:

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

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

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

Business combination

Acquisition in 2018

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

Assets acquired and liabilities assumed

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

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

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Equity interest 2018	Equity interest 2017	Principal activity
Held by the Company:				
7-Eleven Malaysia Sdn. Bhd.	Malaysia	100%	100%	Operating and franchising of convenience stores under the "7-Eleven" brand name
Convenience Shopping (Sabah) Sdn. Bhd.	Malaysia	100%	-	Dormant
7 Properties Sdn. Bhd.	Malaysia	70%	-	Real property investments
Teluk Juara Sdn. Bhd.	Malaysia	83.3%	-	Real property investments
Held through 7-Eleven Malaysia Sdn. Bhd.:				
Convenience Shopping (Sabah) Sdn. Bhd.	Malaysia	-	100%	Dormant
7 Properties Sdn. Bhd.	Malaysia	30%	100%	Real property investments
Teluk Juara Sdn. Bhd.	Malaysia	16.7%	100%	Real property investments
Held through Convenience Shopping (Sabah) Sdn. Bhd. :				
Café Decoral Sdn. Bhd.^	Malaysia	60%	-	Supply food stuff

^ Audited by a firm other than Ernst & Young

13. Other investment

	Group 2018 RM'000	Group 2017 RM'000
Financial asset at fair value through profit or loss		
Non-current		
Unquoted shares in Malaysia	1	1

14. Inventories

	Group 2018 RM'000	Group 2017 RM'000
At cost:		
General merchandise held for resale	221,709	215,262
Consumables	2,973	6,695
	224,682	221,957
Cost of inventories recognised as an expense during the financial year	1,400,333	1,495,772

15. Sundry receivables

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current				
Other receivables	31,159	53,597	1	1
Deposits	42,750	41,903	5	4
Prepayments	14,774	13,451	54	85
Dividend receivable from a subsidiary company	-	-	61,000	58,000
Due from other related parties	7,426	6,598	-	-
	96,109	115,549	61,060	58,090
Less: Allowance for impairment on other receivables	(2,644)	(2,023)	-	-
Total sundry receivables	93,465	113,526	61,060	58,090

15. Sundry receivables (cont'd.)

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Total sundry receivables	93,465	113,526	61,060	58,090
Less: Prepayments	(14,774)	(13,451)	(54)	(85)
	78,691	100,075	61,006	58,005
Add: Cash and bank balances (Note 16)	72,548	69,634	1,284	1,503
Financial assets at amortised cost	**151,239**	**169,709**	**62,290**	**59,508**

Included in sundry receivables is an amount of RM27,178,000 (2017: RM39,630,000), comprising of rebates and incentives income receivable from vendors. These rebates and incentives have been estimated based on terms in trade agreements entered into with vendors.

(a) Receivables

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

Receivables that are impaired

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

	Group 2018 RM'000	Group 2017 RM'000
Individually impaired		
Other receivables - nominal amounts	2,644	2,023
Less: Allowance for impairment	(2,644)	(2,023)
	-	-
Movement in allowance accounts:		
At 1 January	2,023	1,652
Charge for the financial year	621	371
At 31 December	2,644	2,023

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

15. Sundry receivables (cont'd.)

(b) Due from other related parties

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

	Group	
	2018	**2017**
	RM'000	**RM'000**
Berjaya Channel Sdn. Bhd. ("BCSB") (Note (i))		
Advertising income - Revenue sharing (Trade in nature)	2,872	2,821
Nural Enterprise Sdn. Bhd. ("NESB") (Note (i))		
Refundable deposits (Non-trade in nature)	508	538
Berjaya Times Square Sdn. Bhd. ("BTSB") (Note (ii))		
Refundable deposits (Non-trade in nature)	352	352
Sun Media Corporation Sdn Bhd ("Sun Media")		
Display fees from placement of the Sun newspaper (Trade in nature)	3,488	2,750

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

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

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

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

TSVT is also a director of BTSB.

16. Cash and bank balances

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash on hand and at banks	71,430	63,904	166	842
Short term deposits with licensed banks	1,118	5,730	1,118	661
	72,548	69,634	1,284	1,503

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

Included in cash on hand and at banks of the Group is overnight placements with licensed banks amounted to RM3,231,292 (2017: RM9,155,242), with interest ranging from 1.50% to 3.00% (2017: 1.50% to 3.00%) per annum.

As at the reporting date, the interest rate of short term deposits of the Group and the Company was 3.00% (2017: 2.83% to 3.60%) per annum.

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

	Group		Company	
	2018 Days	2017 Days	2018 Days	2017 Days
Deposits with licensed banks	2	4 - 5	2	5

17. Share capital

	Group and Company			
	2018		2017	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Authorised				
At 1 January	-	-	3,000,000	300,000
Abolished under Companies Act 2016	-	-	(3,000,000)	(300,000)
At 31 December	-	-	-	-
Issued and fully paid up				
At 1 January	1,233,385	1,485,138	1,233,385	123,338
Transfer from share premium (Note 18)	-	-	-	1,361,800
At 31 December	1,233,385	1,485,138	1,233,385	1,485,138

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

17. Share capital (cont'd.)

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

18. Share premium

	Group and Company	
	2018 RM'000	2017 RM'000
At 1 January	-	1,361,800
Transfer of share premium to share capital (Note 17)	-	(1,361,800)
At 31 December	-	-

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

19. Treasury shares

	Group and Company			
	2018		2017	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
At 1 January	123,000	190,625	123,000	190,625
Distribution as dividend during the year	(18,506)	(28,684)	-	-
At 31 December	104,494	161,941	123,000	190,625

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

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

20. Capital reorganisation deficit

	Group 2018 RM'000	Group 2017 RM'000
Capital reorganisation deficit		
At 1 January/31 December	(1,343,248)	(1,343,248)

21. Assets revaluation reserve

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

	Group 2018 RM'000	Group 2017 RM'000
Revaluation of land and buildings classified as property, plant & equipment (Note 9)		
As 1 January	44,996	-
Increase in fair value	2,513	44,996
At 31 December	47,509	44,996
Deferred taxation (Note 26)		
As 1 January	(4,212)	-
Provision during the year	(2,145)	(4,212)
At 31 December	(6,357)	(4,212)
Total asset revaluation reserve, net of tax	41,152	40,784

22. Retained profits

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

23. Provisions

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	7,677	7,113
Provisions during the year (Note 9(b))	339	624
Utilised during the year	(25)	(60)
At 31 December	7,991	7,677
At 31 December		
Current	249	277
Non-current:		
Later than 1 year but not later than 2 years	448	308
Later than 2 years but not later than 5 years	2,030	2,090
Later than 5 years	5,264	5,002
	7,742	7,400
	7,991	7,677

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

24. Borrowings

	Group 2018 RM'000	Group 2017 RM'000
Short term borrowings		
Secured:		
Hire purchase and finance lease liabilities (Note 25)	87	19
Unsecured:		
Bankers' acceptances	51,145	71,800
Term loan	16,071	11,800
Revolving credit	60,000	60,000
	127,303	143,619
Long term borrowings		
Secured:		
Hire purchase and finance lease liabilities (Note 25)	211	-
Unsecured:		
Term loan	44,400	42,400
	44,611	42,400
Total borrowings		
Bankers' acceptances	51,145	71,800
Term loan	60,471	54,200
Revolving credit	60,000	60,000
Hire purchase and finance lease liabilities (Note 25)	298	19
	171,914	186,019

The remaining maturities of the borrowings as at 31 December 2018 and 31 December 2017, other than hire purchase and finance lease liabilities as disclosed in Note 25, are as follows:

	Group 2018 RM'000	Group 2017 RM'000
At 31 December		
Current:		
Not later than 1 year	127,216	143,600
Non-current:		
Later than 1 year but not later than 2 years	19,200	16,000
Later than 2 years but not later than 5 years	25,200	26,400
	44,400	42,400
	171,616	186,000

24. Borrowings (cont'd.)

Changes in liabilities arising from financing activities:

Group	At 1 January 2018 RM'000	Drawdown RM'000	Repayment RM'000	Acquisition of a subsidiary company RM'000 (Note 12)	At 31 December 2018 RM'000
Bankers' acceptances	71,800	280,200	(301,000)	145	51,145
Term loan	54,200	18,000	(11,800)	71	60,471
Revolving credit	60,000	-	-	-	60,000
Hire purchase and finance lease liabilities	19	-	(85)	364	298
	186,019	298,200	(312,885)	580	171,914

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

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

Borrowings are secured by the followings:

Hire purchase and finance lease liabilities

Charge over a subsidiary's equipment and motor vehicles of RM329,000 (2017: RM19,000) acquired by means of hire purchase and finance lease liabilities, as disclosed in Note 9(c).

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

25. Hire purchase and finance lease liabilities

	Group 2018 RM'000	Group 2017 RM'000
Future minimum lease payments:		
Not later than 1 year	105	19
Later than 1 year and not later than 2 years	96	-
Later than 2 years and not later than 5 years	112	-
Later than 5 years	23	
	336	19
Less: Future finance charges	(38)	-
	298	19
Analysis of present value of finance lease payables:		
Current	87	19
Non-current:		
Later than 1 year and not later than 2 years	211	-
	298	19

26. Deferred tax liabilities

	Group 2017 RM'000	Group 2017 RM'000
As at 1 January	19,436	15,864
Recognised in profit or loss (Note 8 (a))	(2,731)	(640)
Recognised in other comprehensive income (Note 8 (b))	2,145	4,212
As at 31 December	18,850	19,436
Presented after appropriate offsetting as follows:		
Deferred tax asset	(4,041)	(4,764)
Deferred tax liabilities	22,891	24,200
	18,850	19,436

26. Deferred tax liabilities (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

	Provisions RM'000
Group	
At 1 January 2018	(4,764)
Recognised in profit or loss	723
At 31 December 2018	(4,041)
At 1 January 2017	(3,444)
Recognised in profit or loss	(1,320)
At 31 December 2017	(4,764)

Deferred tax liabilities

	Property, plant and equipment RM'000	Revaluation of land and buildings to fair value RM'000	Fair value of investment property RM'000	Total RM'000
Group				
As at 1 January 2018	19,942	4,212	46	24,200
Recognised in profit or loss	(3,454)	-	-	(3,454)
Recognised in other comprehensive income (Note 8(b))	-	2,145	-	2,145
As at 31 December 2018	16,488	6,357	46	22,891
As at 1 January 2017	19,262	-	46	19,308
Recognised in profit or loss	680	-	-	680
Recognised in other comprehensive income (Note 8(b))	-	4,212	-	4,212
As at 31 December 2017	19,942	4,212	46	24,200

27. Trade payables

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Current				
Third parties				
Merchandise suppliers	248,005	287,688	-	-
Phone reload coupon and in-store services suppliers	45,484	28,389	-	-
Related parties				
Phone reload coupon and in-store services suppliers	52,246	76,540	-	-
Total trade payables	345,735	392,617	-	-
Total trade payables	345,735	392,617	-	-
Add: Other payables (Note 28)	107,114	115,184	85,003	83,565
Add: Borrowings (Note 24)	171,914	186,019	-	-
Total financial liabilities, carried at amortised cost	624,763	693,820	85,003	83,565

(a) Third parties

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

	Group 2018 Days	Group 2017 Days
Merchandise suppliers	30 - 60	30 - 60
Phone reload coupon and in-store services suppliers	7 - 60	7 - 60

The normal trade credit terms granted to the Group ranged from 7 to 60 (2017: 7 to 60) days. However, suppliers will generally extend their credit terms to 90 (2017: 90) days upon request by the Group.

(b) Related parties

As at 31 December 2018, related party refers to U Mobile Sdn. Bhd. ("U Mobile"), a company in which TSVT is deemed to have an interest. The trade credit term granted by U Mobile ranged from 7 to 60 (2017: 7 to 60) days.

As at 31 December 2017, related parties refer to MOL AccessPortal Sdn. Bhd. ("MOL") and U Mobile Sdn. Bhd. ("U Mobile"), companies in which TSVT is deemed to have an interest. The trade credit terms granted by MOL and U Mobile ranged from 7 to 60 (2017: 7 to 60) days.

28. Other payables and contract liabilities

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Other payables:				
Current				
Sundry payables	43,716	47,472	17	17
Accruals	45,554	49,080	132	110
Refundable deposits	17,844	18,632	-	-
Due to a subsidiary company	-	-	84,854	83,438
Total other payables	107,114	115,184	85,003	83,565
Contract liabilities:				
Current and non-current				
Initial franchise fees	2,470	-	-	-
Loyalty points programme	749	-	-	-
Total contract liabilities	3,219	-	-	-

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current	1,699	-	-	-
Non-current	1,520	-	-	-
	3,219	-	-	-

(a) Payables

Payables, other than amounts due to a subsidiary company, are unsecured, non-interest bearing and are normally settled on 30 to 60 (2017: 30 to 60) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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

		Group	
	Type of transaction	2018	2017
		RM'000	RM'000
Securexpress Services Sdn. Bhd.	Transportation costs	1,377	1,489

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

(b) Refundable deposits

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

(c) Due to a subsidiary company

As at 31 December 2018, the amount due to a subsidiary company, refers to amount due to 7-Eleven Malaysia Sdn. Bhd. This amount is unsecured, bore interest at 5.8% (2017: 5.8%) per annum and is repayable on demand.

(d) Contract liabilities

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

29. Dividends

	Group and Company			
	2018		2017	
	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 2017:				
Interim single-tier cash dividend of 2.7% on 1,110,385,000# ordinary shares, declared on 18 April 2017 and paid on 24 May 2018	29,980	2.7	-	-
Share dividend via distribution of 18,505,823 treasury shares on the basis of 1 treasury share for every 60 existing ordinary shares# held , declared on 18 April 2018 and credited on 24 May 2018	28,684	2.6	-	-
Dividend for the financial year ended 31 December 2016				
Interim single-tier cash dividend of 2.3% on 1,110,385,000^ ordinary shares, declared on 27 February 2017 and paid on 28 April 2017	-	-	25,539	2.3
Special single-tier dividend of 2.4% on 1,110,385,000^ ordinary shares, declared on 27 February 2017 and paid on 28 April 2017	-	-	26,649	2.4
	58,664	5.3	52,188	4.7

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

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

29. Dividends (cont'd.)

(a) The following dividends have been declared on 19 April 2019, for the financial year ended 31 December 2018:

	Group and Company	
	Amount, net of tax RM'000	Net dividend per ordinary share Sen
Interim single-tier dividend of 2.4% on ordinary shares^^	27,093	2.4
Share dividend distribution of 21,299,826 treasury shares on the basis of 1 share for every 53 existing ordinary shares^^ held	33,015	2.9
	60,108	5.3

^^ Number of shares is net of 104,494,000 treasury shares.

The entitlement date has been fixed on 10 May 2019. The cash dividend is payable on 23 May 2019 and the treasury shares to be distributed as share dividend will be credited into the entitled depositors' securities accounts maintained with Bursa Malaysia Depository Sdn Bhd within 10 market days from the entitlement date.

These dividends will be accounted for in the equity as an appropriation of retained profits in the financial year ending 31 December 2019.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2018.

30. Significant related party transactions

(a) Significant related party transactions

	Type of transaction	Company 2018 RM'000	Company 2017 RM'000
With a subsidiary company			
Held by the Company:			
7-Eleven Malaysia Sdn. Bhd. ("7EMSB")	Dividend receivable from 7EMSB	61,000	58,000
	Net advances to 7EMSB	3,021	5,916
	Interest expense payable to 7EMSB	4,436	4,632
With companies in which TSVT is deemed interested*			
MOL AccessPortal Sdn. Bhd. ("MOL")	Receipts of payment from MOL for commission on in-store services such as mobile phone, Touch 'n Go, and online game reloads and bill payments payments@	9,981	27,239
	Payments to MOL for transaction values for in-store services such as mobile phone, Touch 'n Go, and online game reloads and bill payments@	667,748	1,152,605

@ Disclosure for related party transactions from 1 January 2018 to 10 May 2018. MOL ceased being a related party after 10 May 2018.

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

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

	Type of transaction	Group 2018 RM'000	Group 2017 RM'000
With companies in which TSVT is deemed interested* (cont'd.)			
U Mobile Sdn. Bhd. ("U Mobile")	Receipts from U Mobile for commission on sale of mobile phone reloads	12,707	12,041
	Payments to U Mobile for transaction values reload for sale of mobile phone reloads	202,214	194,511
	Receipts from U Mobile for advertisement placement fees	7,512	6,833
Berjaya Channel Sdn. Bhd. ("BCSB")	Receipts from BCSB for advertisement placement fees	42	50
Sun Media Corporation Sdn. Bhd.	Advertising fees on placement of advertisement in The Sun newspaper	943	740
	Display fees from placement of The Sun newspaper in 7-Eleven's stores	720	720

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

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

	Type of transaction	Group 2018 RM'000	Group 2017 RM'000
With companies in which TSVT is deemed interested* (cont'd.)			
Securexpress Services Sdn. Bhd. ("Securexpress")	Payment to Securexpress for transportation fees on delivery of merchandise goods to stores	9,832	10,888
Berjaya Sompo Insurance Berhad ("Berjaya Sompo")	Payment to Berjaya Sompo for insurance premium	1,743	2,459
Nural Enterprise Sdn. Bhd. ("NESB")	Payment to NESB for rental of property	1,327	1,369
Berjaya Times Square Sdn. Bhd. ("BTSB")	Payment to BTSB for rental of property	670	558

* TSVT is a substantial shareholder of the Company.

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

Information regarding outstanding balances arising from related party transactions as at 31 December 2018 and 2017 are disclosed in Notes 15, 27 and 28.

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

(b) Compensation of key management personnel

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

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	6,187	4,604	432	481
Post-employment benefits:				
Defined contribution plan	636	373	-	-
	6,823	4,977	432	481
Included in the total key management personnel are:				
Directors' benefits (Note 6(b))	3,692	4,666	432	481

31. Commitments

(a) Capital commitments

	Group	
	2018	2017
	RM'000	RM'000
Property, plant and equipment		
- approved and contracted for	7,265	4,604
- approved but not contracted for	99,749	103,145
	107,014	107,749

31. Commitments (cont'd.)

(b) Operating lease commitments - as lessee

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

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

	Group	
	2018 RM'000	2017 RM'000
Not later than 1 year	7,676	5,612
Later than 1 year but not later than 5 years	10,067	4,296
	17,743	9,908

(c) Operating lease commitments - as lessor

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

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

	Group	
	2018 RM'000	2017 RM'000
Not later than 1 year	120	148
Later than 1 year but not later than 5 years	85	24
	205	172

32. Contingent liabilities

The Group has bank guarantees of RM7,344,318 as at 31 December 2018 (2017: RM9,154,878) as security deposits in favour of various government bodies and private companies.

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

33. Fair value of financial instruments

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

	Group			
	2018 RM'000		2017 RM'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liability:				
- Hire purchase and finance lease liabilities (Note 25)	298	336	19	19

B. Determination of fair value

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

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

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

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

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

B. Determination of fair value (cont'd.)

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

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

C. Fair value hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	Fair value measurement using			
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant un-observable inputs (Level 3) RM'000
Group				
31 December 2018				
Assets carried at fair value:				
Land and buildings classified as property, plant and equipment (Note 9)	80,679	-	-	80,679
Investment property (Note 10)	400	-	-	400
Other investment (Note 13)	1	-	-	1
Liabilities for which fair values are disclosed				
Borrowings				
- Hire purchase and finance lease liabilities (Note 33A)	336	-	-	336

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

C. Fair value hierarchy (cont'd.)

	Fair value measurement using			
	Total RM'000	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant un-observable inputs (Level 3) RM'000
Group				
31 December 2017				
Assets carried at fair value:				
Land and buildings classified as property, plant and equipment (Note 9)	78,689	-	-	78,689
Investment property (Note 10)	400	-	-	400
Other investment (Note 13)	1	-	-	1
Liabilities for which fair values are disclosed				
Borrowings				
- Hire purchase and finance lease liabilities (Note 33A)	19	-	-	19

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

34. Financial risk management objectives and policies

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

The Board of Directors reviews and agrees the policies and procedures for the management of these risks, in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group and of the Company, which are executed by the senior management of the Company.

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.

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

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from sundry receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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

Exposure to credit risk

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

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The interest bearing assets made up of deposits with licensed banks. The Group and the Company manage the interest rate risk of their deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Borrowings obtained at fixed rate expose the Group and the Company to fair value interest rate risk. The Group and the Company manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

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 RM652,000 (2017: RM650,000) lower/higher, arising mainly as a result of higher/lower interest income on deposits with licensed banks and interest expenses on borrowings.

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

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

Sensitivity analysis for interest rate risk (cont'd.)

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 RM323,000 (2017: RM315,000) lower/higher, arising mainly as a result of higher/lower interest income on deposit with licensed banks and amount due from a subsidiary company.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The carrying amounts, the range of applicable interest rates as at the reporting date and the remaining maturities of the Group's financial instruments that are exposed to interest rate risk are disclosed in Notes 15, 16, 24 and 28 and the table below:

	Note	Range of interest rate %	Within 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Total RM'000
At 31 December 2018						
Group						
Fixed rate						
Hire purchase and finance lease	25	3.5 - 6.3	87	188	23	298
Variable rate						
Bankers' acceptances	24	4.7 - 5.6	51,145	-	-	51,145
Term loans	24	5.7 - 6.3	16,071	19,200	25,200	60,471
Revolving credit	24	5.3 - 5.7	60,000	-	-	60,000
At 31 December 2017						
Group						
Fixed rate						
Hire purchase and finance lease	25	4.4	19	-	-	19
Variable rate						
Bankers' acceptances	24	4.6 - 5.3	71,800	-	-	71,800
Term loans	24	5.6 - 5.8	11,800	16,000	26,400	54,200
Revolving credit	24	5.1 - 5.3	60,000	-	-	60,000

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

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains the availability of funding through adequate amount of committed credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

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

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

(c) Liquidity risk (cont'd.)

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

	2017		
	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
Group			
Financial liabilities:			
Trade and other payables	507,801	-	507,801
Borrowings	153,089	45,549	198,638
Total undiscounted financial liabilities	660,890	45,549	706,439
Company			
Financial liabilities:			
Trade and other payables, representing total undiscounted financial liabilities	88,412	-	88,412

(d) Foreign currency risk

The Group is exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the functional currency, Ringgit Malaysia. The currency giving rise to this risk is primarily US Dollar. Foreign exchange exposures are kept to an acceptable level.

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

	Group RM'000
Payables	
At 31 December 2018	
US Dollar	702
At 31 December 2017	
US Dollar	930

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

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

Sensitivity analysis for foreign currency risk

At the reporting date, the impact to the Group's profit net of tax would be minimal, if US Dollar exchange rate had strengthened/weakened by 10%, with all other variables held constant.

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to keep the gearing ratio of less than 1.25 times. The Group includes within net debt, loans and borrowings, less cash and bank balances. Capital includes equity attributable to the shareholders of the Company, and excludes treasury shares.

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings	24	171,914	186,019	-	-
Balances with a subsidiary	15, 26	-	-	84,854	83,438
Less: Cash and bank balances	16	(72,548)	(69,634)	(1,284)	(1,503)
Net debt		99,366	116,385	83,570	81,935
Total capital as defined above		254,419	264,659	1,543,089	1,546,136
Gearing ratio		0.39	0.44	0.05	0.05

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

36. Segment information

The Group is essentially involved in operation of convenience stores, investment holding and real property investments. Operating segments of the Group are best segregated as follows:

(a) Convenience stores

The convenience stores segment is the operating and franchising of convenience stores under the "7-Eleven" brand name, which offers a range of grocery and food items including hot food and beverages and manages the distribution of reloads of mobile phone, Touch 'n Go and online game and bill payment services.

(b) Others

The other segments consist of investment holding and real property investments.

All inter-segment transactions were carried out in the normal course of business and established under negotiated terms.

Revenue	Group External RM'000	 Inter-segment RM'000	 Total RM'000
For the financial year ended 31 December 2018			
Convenience stores	2,216,101	-	2,216,101
Others	948	61,841	62,789
Inter-segment elimination	-	(61,841)	(61,841)
	2,217,049	-	2,217,049
For the financial year ended 31 December 2017			
Convenience stores	2,186,812	-	2,186,812
Others	290	58,697	58,987
Inter-segment elimination	-	(58,697)	(58,697)
	2,187,102	-	2,187,102

36. Segment information (cont'd.)

Results

	Group 2018 RM'000	Group 2017 RM'000
Profit from operations:		
Convenience stores	83,895	80,637
Others	(1,136)	(1,797)
	82,759	78,840
Interest income	1,008	888
Finance costs	(9,908)	(9,232)
Profit before tax	73,859	70,496
Income tax expense	(22,529)	(20,389)
Net profit for the year	51,330	50,107

Assets and liabilities

	Group			
	Assets		Liabilities	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Convenience stores	692,923	731,766	653,948	717,729
Others	58,388	63,202	4,885	3,205
	751,311	794,968	658,833	720,934

Other information

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

36. 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 (income)/ expenses RM'000
For the financial year ended 31 December 2017				
Convenience stores	48,173	60,295	8,272	(101)
Others	-	-	(113)	-
	48,173	60,295	8,159	(101)

* Included reversal of impairment loss

Geographical information

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

37. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the financial year (net of tax) attributable to equity holders of the Company, by the weighted average number of ordinary shares outstanding during the financial year.

The Company has no potential ordinary shares and therefore, diluted earnings per share is the same as basic earnings per share. The following reflect the profit and share data used in the computation of basic earnings per share for the years ended 31 December:

	Group	
	2018	2017
Net profit attributable toequity holders of the Company (RM'000)	51,307	50,107
Weighted average number of ordinary shares in issue ('000)	1,121,640	1,110,385
Basic/diluted earnings per ordinary share (sen)	4.57	4.51

LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Revaluation	Net Book Value (RM)
1	Lot 3, Persiaran Gerbang Utama, Bukit Jelutong Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.	A Parcel of Industrial Land	Vacant / Not Applicable	-	174,182 (4 acres)	Freehold	31 Dec 2018	34,800,000
2	No.49, Jalan Sultan Ismail, 50250 Kuala Lumpur.	Intermediate Unit $2^{1/2}$ Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	61	Land Area : 1,302 Build-up : 3,750	Freehold	31 Dec 2018	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	20	Land Area : 1,033 Build-up : 4,142	Freehold	31 Dec 2018	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	9	Land Area : 1,787 Build-up : 7,140	Freehold	31 Dec 2018	5,300,000
5	No. 58, Jalan PJS 11/28A, Sunway Metro, Bandar Sunway, 47500 Petaling Jaya, Selangor Darul Ehsan.	Intermediate Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	22	Land Area : 1,647 Build-up : 6,600	Leasehold (99-Year) Expiring Date : 28 Dec 2092 (H.S.(D) 85458) 11 Mar 2095 (H.S.(M) 9321)	31 Dec 2018	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	35	Land Area : 2,208 Build-up : 8,654	Leasehold (99-Year) Expiring Date : 24 May 2076	31 Dec 2018	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	35	Land Area : 1,760 Build-up : 6,864			
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	26	Land Area : 1,647 Build-up : 6,402	Leasehold (99-Year) Expiring Date : 8 May 2093	31 Dec 2018	1,650,000
9	Lot No.G-17 & G18, Ground Floor, Wisma Cosway, No 88, Jalan Raja Chulan, 50200 Kuala Lumpur.	Two (2) adjoining Ground Floor strata Shop Lot	As 7-Eleven Convenience Store	35	Land Area : - Build-up : 602.78	Freehold	31 Dec 2018	1,500,000
10	No. 46, Jalan Permas 10, Bandar Baru Permas Jaya, 81750 Masai, Johor Darul Takzim.	Corner Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	23	Land Area : 2,583 Build-up : 10,332	Freehold	31 Dec 2018	2,300,000

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Revaluation	Net Book Value (RM)
11	No. 2, Jalan Impian Mahkota 1, Taman Saujana Impian, 43000 Kajang, Selangor Darul Ehsan.	Intermediate Unit Three (3) Storey Shop Office	Ground floor as 7-Eleven Convenience Store with Lower Ground Floor used as Car Park	11	Land Area : 1,604 Build-up : 5,003	Freehold	31 Dec 2018	1,450,000
12	No. 20, Jalan Tun Abdul Razak, Susur 6, Taman Suria Muafakat, 80200 Johor Bahru, Johor Darul Takzim.	Intermediate Stratified Unit Three (3) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	8	Land Area : 1,701 Build-up : 4,620	Leasehold (99-Year) Expiring Date : 23 May 2105	31 Dec 2018	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	15	Land Area : 1,604 Build-up : 4,516	Freehold	31 Dec 2018	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	42	Land Area : 1,760 Build-up : 2,916	Freehold	31 Dec 2018	1,450,000
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	28	Land Area : 1,324 Build-up : 2,408	Freehold	31 Dec 2018	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	11	Land Area : - Build-up : 1,711	Freehold	31 Dec 2018	1,200,000
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	10	Land Area : 1,680 Build-up : 5,040	Freehold	31 Dec 2018	1,900,000
18	No. 1, Jalan Kesidang 3/11, Melaka Mall, Off Jalan Tun Perak, 75300 Melaka.	End Unit Four (4) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	26	Land Area : 2,271 Build-up : 7,928	Freehold	31 Dec 2018	800,000
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	69	Land Area : 1,740 Build-up : 3,040	Freehold	31 Dec 2018	700,000
20	No. D-0-5 & D-0-6,Block D, Ground Floor, Arena Green Apartment, No 3, Jalan 1/155A,Bukit Jalil, 57000 Kuala Lumpur.	Two (2) adjoining Ground Floor strata Shop Lot	As 7-Eleven Convenience Store	16	Land Area : - Build-up : 1,378	Freehold	31 Dec 2018	690,000

LIST OF PROPERTIES
AS AT 31 DECEMBER 2018

No.	Location	Description of Properties	Existing Use	Estimated Age of Building (Years)	Approximate Area / Size (sq ft)	Tenure	Date of Revaluation	Net Book Value (RM)
21	No.31, Jalan Utama 44, Mutiara Square, Mutiara Rini, 81300 Skudai, Johor Bahru, Johor Darul Takzim.	Intermediate Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	11	Land Area : 1,650 Build-up : 3,124	Leasehold (991-Year) Expiring Date : 4 Sep 2911	31 Dec 2018	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	13	Land Area : 1,647 Build-up : 1,640	Freehold	31 Dec 2018	460,000
23	No 47, Jalan TTJS/A, Taman Tuanku Jaafar, Sungai Gadut, 71450 Seremban, Negeri Sembilan Darul Khusus.	Corner Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	19	Land Area : 1,991 Build-up : 3,851	Freehold	31 Dec 2018	550,000
24	No 422, Jalan Cenderawasih 2, Taman Paroi Jaya, 70400 Seremban, Negeri Sembilan Darul Khusus.	Intermediate Unit Two (2) Storey Shop Office	Ground floor as 7-Eleven Convenience Store and other floors for rental purpose	35	Land Area : 1,755 Build-up : 3,515	Freehold	31 Dec 2018	360,000
25	No 155, Jalan Bandar Senawang 8, Pusat Bandar Senawang, 70450 Seremban, Negeri Sembilan Darul Khusus.	Intermediate Unit Two (2) Storey Shop Office	For rental purpose	16	Land Area : 1,399 Build-up : 2,800	Leasehold (99-Year) Expiring Date : 4 Dec 2088	31 Dec 2018	400,000

ADDITIONAL COMPLIANCE INFORMATION

1. Audit and Non-Audit Fees

The amounts of audit and non-audit fees paid to the External Auditors or a firm affiliated to the External Auditors by the Company and the Group for the financial year ended 31 December 2018 are as follows:-

	Group (RM)	Company (RM)
Audit	510,000	88,000
Non-Audit	28,000	13,000

2. Material Contracts

There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year ended 31 December 2017.

3. Recurrent Related Party Transactions

At the AGM to be held on 29 May 2019, the Company has obtained shareholder's mandate to allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature ("RRPT Mandate") which are necessary for the day-to-day operations of the Group and in the ordinary course of business, with related parties.

The RRPT Mandate is valid until the conclusion of the forthcoming Sixth Annual General Meeting of the Company to be held on 29 May 2019. The Company proposes to seek renewal of the existing and new RRPT Mandate at its forthcoming Sixth 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 30 April 2019 sent together with this Annual Report.

Pursuant to paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, details of the recurrent related party transactions of a revenue or trading nature entered into during the financial year ended 31 December 2018 by the Company and Group are as follows:-

Related Party	Nature of Transaction	Value of Transaction RM'000
MOL Accessportal Sdn Bhd	Transaction value paid	667,748
MOL Accessportal Sdn Bhd	Commission from in-store services	9,981
U Mobile Sdn Bhd	Transaction value paid	202,214
U Mobile Sdn Bhd	Commission from in-store services	12,707
U Mobile Sdn Bhd	Advertisement placement fees	7,512
Securexpress Services Sdn Bhd	Transportation services for delivery of merchandise to 7-Eleven stores	9,832
Nural Enterprise Sdn Bhd	Rental of properties	1,327
Sun Media Corporation Sdn Bhd	Advertisement placement fees	943
Sun Media Corporation Sdn Bhd	Display incentives received	720
Berjaya Times Square Sdn Bhd	Rental of properties	670
Angsana Gemilang Sdn Bhd	Rental of property	340
Cempaka Properties Sdn Bhd	Rental of property	313
Sparkling Hallmark Sdn Bhd	Rental of properties	310
BOXit Holdings Sdn Bhd	Rental income from parcel lockers	66
Berjaya Registration Services Sdn Bhd	Share Registration and related services	63
Berjaya Sompo Insurance Berhad	Rental of property	58

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 2018 by the Company and Group are as follows:- (cont'd)

Related Party	Nature of Transaction	Value of Transaction RM'000
Qinetics Services Sdn Bhd	Purchase of IT infrastructure and management services fees	58
Berjaya Channel Sdn Bhd	Rental of advertisement space at 7-Eleven	42
BLoyalty Sdn Bhd	Loyalty reward fees	34
Berjaya Waterfront Sdn Bhd	Rental of property	30
EVA Management Sdn Bhd	Human resources management services	6
BTS Carpark Sdn Bhd	Parking fees	4
Berjaya Education Sdn Bhd	Education and staff training services	2

These transactions are based on normal commercial terms that are not more favourable to its related parties than those generally available to the public.

4. Status of Utilization of Proceeds

As at 31 March 2018, the status of utilization of proceeds from the Public Issue of 181,385,000 new ordinary shares at RM1.38 per share are as follows:-

Purposes	Proposed utilization RM'000	Actual utilization as at the date of this report RM'000	Deviation between actual and proposed utilization (Note 1) RM'000	Change of proposed utilization (Note 2) RM'000	Revised Balance RM'000	Estimated time frame for utilization RM'000
i. Capital expenditure	184,790	144,000	-	(40,790)	-	Fully utilized
ii. Working capital	42,664	92,610	9,156	40,790	-	Fully utilized
iii. Estimated fees and expenses for the Initial Public Offering ("**IPO**") and listing exercise	22,857	13,701	(9,156)	-	-	Fully utilized
Total gross proceeds	**250,311**	**250,311**	**-**	**-**	**-**	Fully utilized

<u>*Note:*</u>

1. *Actual fees and expenses incurred for the IPO and listing exercise were less than the estimated fees and expenses by approximately RM9.2 million. The excess arising from actual listing expenses compared to the estimated expenses have been utilised for working capital purposes.*

2. *As announced to the Bursa Securities on 13 November 2015, the Board of Directors had approved for the unutilised balance of RM40.79 million included under capital expenditure that was allocated for the construction of the new combined distribution center on its existing land to be reallocated for working capital.*

STATISTICS OF SHAREHOLDINGS
as at 29 March 2019

Total Number of Issued Shares	:	1,128,890,823 (excluding treasury shares of 104,494,177)
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	160	10.57	4,658	0.00
100 – 1,000	213	14.07	61,150	0.00
1,001 – 10,000	760	50.20	2,551,938	0.21
10,001 – 100,000	274	18.10	6,207,397	0.50
100,001 – 61,669,249	103	6.80	578,507,964	46.90
61,669,250 and above	4	0.26	646,051,893	52.39
TOTAL	1,514	100.00	1,233,385,000	100.00

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of 7-Eleven Malaysia Holdings Berhad based on the Register of Substantial Shareholders of the Company and their respective shareholdings as at 29 March 2019 are as follows:-

	No. of Shares			
Substantial Shareholders	Direct	%	Indirect	%
Tan Sri Dato' Seri Vincent Tan Chee Yioun	271,500,000	24.05	219,366,207 (1)	19.43
Berjaya Retail Berhad ("**BRetail**")	62,997,458	5.58	1,525,000 (2)	0.14
Premier Merchandise Sdn. Bhd. ("**PMSB**")	-	-	64,522,458 (3)	5.72
Intan Utilities Berhad ("**IUB**")	-	-	64,522,458 (4)	5.72
Vista Meranti Sdn. Bhd. ("**VMSB**")	-	-	64,522,458 (5)	5.72
HQZ Credit Sdn. Bhd. ("**HQZ**")	-	-	64,522,458 (6)	5.72
DYMM Sultan Ibrahim Johor	57,242,833	5.07	-	-
Tan Sri Kong Hon Kong	60,316,666	5.34	-	-
Classic Union Group Ltd.	206,500,000	18.30	-	-
True Ascend Sdn. Bhd.	79,935,416	7.08	-	-
Tsai, Tzung-Han	-	-	206,500,000 (7)	18.30
Tsai, Hong-Tu	-	-	206,500,000 (7)	18.30

<u>Note:</u>

(1) Deemed interested by virtue of his interests in the following companies:-
- *HQZ, the ultimate holding company of BRetail and Berjaya Credit Sdn. Bhd. ("**BCredit**");*
- *Berjaya Corporation Berhad, the ultimate holding company of Berjaya Land Berhad, Berjaya Philippines Inc., Bukit Kiara Resort Berhad, KDE Recreation Berhad, and Country Farms Sdn Bhd;*
- *Berjaya Assets Berhad, the holding company of Berjaya Times Square Sdn. Bhd. and Berjaya Bright Sdn. Bhd. (formerly known as Sublime Cartel Sdn. Bhd.) ("BBSB");*
- *True Ascend Sdn. Bhd.; and*
- *U Telemedia Sdn. Bhd.*

(2) Deemed interested by virtue of its interest in BCredit.
(3) Deemed interested by virtue of its 100% interest in BRetail, the holding company of BCredit.
(4) Deemed interested by virtue of its 100% interest in PMSB, the immediate holding company of BRetail and BCredit.
(5) Deemed interested by virtue of its 100% interest in IUB, the intermediate holding company of BRetail and BCredit.
(6) Deemed interested by virtue of its 100% interest in VMSB, the penultimate holding company of BRetail and BCredit.
(7) Deemed interested by virtue of his interest in Classic Union Group Ltd.

STATISTICS OF SHAREHOLDINGS
AS AT 29 MARCH 2019

DIRECTORS' INTERESTS

The Directors' interests based on the Register of Directors' Shareholdings of the Company as at 29 March 2019 are as follows:-

Number of ordinary shares

	Direct Interest		Indirect Interest	
Directors	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Dato' Seri Abdull Hamid Bin Embong	-	-	-	-
Tan Wai Foon	101,666	0.01	-	-
Chan Kien Sing	101,666	0.01	-	-
Puan Sri Datuk Seri Rohani Parkash Binti Abdullah	-	-	-	-
Ho Meng	91,500	0.01	-	-
Shalet Marian	203,333	0.02	-	-
Tan U-Ming	610,000	0.05	-	-
Muhammad Lukman Bin Musa @ Hussain	122,000	0.01	-	-
Colin George Harvey	-	-	-	-
Tsai, Tzung-Han	-	-	206,500,000 (1)	18.30

Notes:-

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

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
AS AT 29 MARCH 2019
(Without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shares	%
1.	**AMSEC Nominees (Tempatan) Sdn Bhd** *Pledged Securities Account - AmBank (M) Berhad For Vincent Tan Chee Yioun*	254,676,000	22.56
2.	**HSBC Nominees (Asing) Sdn. Bhd.** *Exempt An For JPMorgan Chase Bank, National Association (SINGAPOREJPMPB)*	206,946,300	18.33
3.	**Amanahraya Trustees Berhad** *As Beneficial Owner (TASB-T1)*	79,935,416	7.08
4.	**Tan Sri Kong Hon Kong**	60,316,666	5.34
5.	**DYMM Sultan Ibrahim Johor**	57,242,833	5.07
6.	**CIMB Group Nominees (Asing) Sdn. Bhd.** *Exempt An For DBS Bank Ltd (SFS)*	44,846,666	3.97
7.	**CIMSEC Nominees (Tempatan) Sdn. Bhd.** *CIMB Bank For Lim Wee Chai (PBCL-0G0025)*	29,463,000	2.61
8.	**Malaysia Nominees (Tempatan) Sendirian Berhad** *Pledged Securities Account For Berjaya Retail Berhad (01-00854-000)*	26,372,028	2.34
9.	**Inter-Pacific Equity Nominees (Asing) Sdn. Bhd.** *Berjaya Philippines Inc*	23,000,000	2.04
10.	**Citigroup Nominees (Tempatan) Sdn. Bhd.** *Employees Provident Fund Board (Affin-HWG)*	22,976,965	2.04

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)
AS AT 29 MARCH 2019
(Without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shares	%
11.	**JF Apex Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Bright Sdn Bhd (Margin)*	21,568,433	1.91
12.	**HSBC Nominees (Asing) Sdn. Bhd.** *JPMBL SA For Franklin Templeton Investment Funds*	20,015,276	1.77
13.	**HSBC Nominees (Asing) Sdn. Bhd.** *TNTC For The Genesis Group Trust For Employee Benefit Plans*	19,112,522	1.69
14.	**HSBC Nominees (Asing) Sdn. Bhd.** *BBH (LUX) SCA For The Genesis Emerging Markets Investment Company*	17,217,270	1.53
15.	**HSBC Nominees (Asing) Sdn. Bhd.** *JPMCB NA For Templeton Global Investment Trust-Templeton Emerging Markets Small Cap Fund*	16,467,458	1.46
16.	**HSBC Nominees (Asing) Sdn. Bhd.** *JPMBL SA For Stichting Depositary APG Emerging Markets Equity Pool*	15,217,383	1.35
17.	**MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account for Berjaya Bright Sdn. Bhd. (MGN-SCS0007M)*	14,140,735	1.25
18.	**Casi Management Sdn. Bhd.**	13,521,666	1.20
19.	**HSBC Nominees (Asing) Sdn. Bhd.** *Banque De Luxembourg For BL-Emerging Markets*	11,436,178	1.01
20.	**Kenanga Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Retail Berhad (001) (Third Party)*	11,183,333	0.99
21.	**DB (Malaysia) Nominee (Asing) Sdn. Bhd.** *Deutsche Bank AG London For Doric Asia Pacific Small Cap Fund*	11,039,710	0.98
22.	**Maybank Securities Nominees (Tempatan) Sdn. Bhd.** *Malayan Banking Berhad For Berjaya Retail Berhad*	10,014,166	0.89
23.	**Scotia Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Retail Berhad*	8,591,666	0.76
24.	**CIMSEC Nominees (Tempatan) Sdn. Bhd.** *CIMB Bank for Vincent Tan Chee Yioun (PBCL-0G0361)*	8,133,333	0.72
25.	**DB (Malaysia) Nominee (Asing) Sdn. Bhd.** *SSBT Fund W4B0 For Wasatch International Opportunities Fund*	7,210,397	0.64
26.	**RHB Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Lim Wee Chai*	7,116,666	0.63
27.	**CIMB Group Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Retail Berhad (BRB-Singer CBM)*	6,836,265	0.61
28.	**CIMB Group Nominees (Tempatan) Sdn. Bhd.** *Pledged Securities Account For Berjaya Land Berhad (BLB-RC4-Conglo)*	6,608,333	0.59
29.	**Koon Poh Keong**	6,303,333	0.56
30.	**HSBC Nominees (Asing) Sdn. Bhd.** *Banque De Luxembourg For BL-Equities Asia*	5,807,098	0.51
		1,043,317,095	**92.43**

NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of 7-Eleven Malaysia Holdings Berhad ("the Company") will be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000, Kuala Lumpur on Wednesday, 29 May 2019 at 12.00 p.m. to transact the following business:-

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors' thereon.	[Please refer to Explanatory Note (i)]
2.	To approve the payment of Directors' fees for an amount up to RM573,000/- payable to the Non-Executive Directors of the Company on a monthly basis for the period from 30 May 2019 until the next Annual General Meeting of the Company to be held in year 2020.	**Resolution 1**
3.	To approve the benefits payable to the Non-Executive Directors for an amount of up to RM50,000/- for the period from 30 May 2019 until the next Annual General Meeting of the Company to be held in year 2020.	**Resolution 2**
4.	To re-elect the following Directors who retire in accordance with Article 95 of the Company's Constitution and being eligible, have offer themselves for re-election:-	
	(1) Chan Kien Sing	**Resolution 3**
	(2) Ho Meng	**Resolution 4**
	(3) Muhammad Lukman Bin Musa @ Hussain	**Resolution 5**
5.	To re-elect the following Directors who retire in accordance with Article 101 of the Company's Constitution and being eligible, have offer themselves for re-election:-	
	(1) Colin George Harvey	**Resolution 6**
	(2) Tsai, Tzung-Han	**Resolution 7**
6.	To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	**Resolution 8**

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

7. **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."

8. **ORDINARY RESOLUTION** — **Resolution 10**
   - PROPOSED RENEWAL OF EXISTING AND NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

   "**THAT**, subject to the provisions of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of the Circular to Shareholders dated 30 April 2019 ("**Proposed Mandate**") which are necessary for the day-to-day operations and/or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until":-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

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

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to such transactions as authorised by this Resolution."

9. **Special Resolution** **Resolution 11**
Proposed Adoption of New Constitution of the Company

"**THAT** approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, a new constitution as set out in Appendix II of the Circular/Statement to Shareholders dated 30 April 2019 be and is hereby adopted as the Constitution of the Company with immediate effect;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

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

By Order of the Board

SEE SIEW CHENG (MAICSA 7011225)
TIA HWEI PING (MAICSA 7057636)
Company Secretaries

Selangor Darul Ehsan
30 April 2019

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 17 May 2019 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf. A proxy may but need not be a member of the Company.

3. A member shall be entitled to appoint one (1) proxy only to attend and vote at the same meeting. Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under its common seal, or the hand of its officer or its duly authorised attorney. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand or join in demanding a poll on behalf of the appointor.

5. To be valid, this form, duly completed must be deposited at the registered office of the Company at c/o Boardroom Corporate Services Sdn. Bhd. (Formerly known as Boardroom Corporate Services (KL) Sdn. Bhd.), Level 8, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, 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).

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 30 May 2019 until the next Annual General Meeting of the Company to be held in year 2020

Save and except the additional new appointed Director, there has been no increase in Directors' fees payable to each Non-Executive Director since the previous shareholders' approval obtained at the Fifth Annual General Meeting of the Company held on 24 May 2018.

(iii) Item 3 of the Agenda – Benefits payable to the Non-Executive Directors

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

(iv) Item 7 of the Agenda – Authority to Issue Shares pursuant to the Companies Act 2016

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the Sixth 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 Fifth Annual General Meeting of the Company held on 24 May 2018 (hereinafter referred to as the "**Previous Mandate**").

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence, no proceeds were raised therefrom.

The proposed resolution, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares for the purpose of funding Company's future investment projects, working capital, acquisitions and/or such other purposes to such persons at any time as the Directors may deem fit, without having to convene a general meeting, provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(v) Item 8 of the Agenda – Proposed Renewal of Existing and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed resolution, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a revenue or trading nature pursuant to the provisions of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular to Shareholders dated 30 April 2019 for further information.

(vi) Item 9 of the Agenda - Proposed New Constitution is set out in Statement/Circular to Shareholders dated 30 April 2019 which is despatched together with the Company's Annual Report 2018.

7-ELEVEN MALAYSIA HOLDINGS BERHAD
(1058531-W) (Incorporated in Malaysia)

Form of Proxy

CDS Account No.

Number of ordinary shares

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

of ____________________

being a member/members of 7-Eleven Malaysia Holdings Berhad hereby appoint :-

Full Name (in Block)	Address
NRIC/Passport No. :	

or failing him/her, the Chairman of the Meeting as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Sixth Annual General Meeting of the Company to be held at Perdana Ballroom, Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 on Wednesday, 29 May 2019 at 12.00 p.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below on how you wish your vote to be casted. If no specific direction as to voting is given, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and the Auditors thereon.			
Ordinary Business		**Resolution**	**For**	**Against**
2.	To approve the payment of Directors' fees for an amount of up to RM573,000/- payable to the Non-Executive Directors of the Company on a monthly basis for the period from 30 May 2019 until the next Annual General Meeting of the Company to be held in year 2020.	1		
3.	To approve the benefits payable to the Non-Executive Directors for an amount of up to RM50,000/- for the period from 30 May 2019 until the next Annual General Meeting of the Company to be held in year 2020.	2		
4.	To re-elect Chan Kien Sing who retires by rotation in accordance with Article 95 of the Company's Constitution and who being eligible, offers himself for re-election.	3		
5.	To re-elect Ho Meng who retires by rotation in accordance with Article 95 of the Company's Constitution and who being eligible, offers himself for re-election.	4		
6.	To re-elect Muhammad Lukman Bin Musa @ Hussain who retires by rotation in accordance with Article 95 of the Company's Constitution and who being eligible, offers himself for re-election.	5		
7.	To re-elect Colin George Harvey who retires by rotation in accordance with Article 101 of the Company's Constitution and who being eligible, offers himself for re-election.	6		
8.	To re-elect Tsai, Tzung-Han who retires by rotation in accordance with Article 101 of the Company's Constitution and who being eligible, offers himself for re-election.	7		
9.	To re-appoint Messrs. Ernst & Young as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.	8		
Special Business				
10.	Authority to Issue Shares pursuant to the Companies Act 2016	9		
11.	Proposed Renewal of Existing and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	10		
12.	To approve the Proposed Adoption of the New Constitution of the Company.	11		

Dated this day __________ of ____________________ 2019

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

Notes:-

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Fold this flap for sealing

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

c/o Boardroom Corporate Services Sdn. Bhd.
(Formerly known as Boardroom Corporate Services (KL) Sdn. Bhd.)
Level 8, Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor.

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1st fold here

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