

10. FINANCIAL INFORMATION

10.1 Historical consolidated financial information

The following selected historical financial information may not be reflective of our Group's actual financial position. Furthermore, such information does not purport to predict the future financial position of our Group.

Our Company was incorporated on 16 August 2013 as an investment holding company. Our first statutory audited financial statements are for the financial period ended 31 December 2013 and there are no comparative financial statements in view that we did not have any financial records prior to the date of our incorporation.

Prior to the Pre-IPO Reorganisation, our Company did not have any business operations. Pursuant to the Pre-IPO Reorganisation, our Company acquired the 7-Eleven Malaysia Group and accordingly, the business of the 7-Eleven Malaysia Group became the business of our Group. Accordingly, save for Section 10.1.2 of this Prospectus which has been derived from the Reporting Accountants' letter on our pro forma consolidated financial information as set out in Section 10.4 of this Prospectus, the selected historical financial information in Sections 10.1.1 and 10.1.3 of this Prospectus as well as "Management's discussion and analysis of financial condition and results of operations and prospects" as set out in Section 10.2 of this Prospectus has been derived from the Reissued Consolidated Financial Statements. We are of the view that our Group's financial statements for the past four years ended 31 December 2010 to 2013 would not have differed materially from our wholly-owned subsidiary, 7-Eleven Malaysia's financial statements for the years under review.

For all periods up to and including the year ended 31 December 2011, the audited consolidated financial statements of 7-Eleven Malaysia was prepared in accordance with FRS. On 1 January 2012, 7-Eleven Malaysia adopted MFRS and IFRS for the first time to its financial information as at and for the year ended 30 December 2012. However, for purposes of our IPO, the audited consolidated financial statements of 7-Eleven Malaysia for the past four years ended 31 December 2010 to 2013 have been reissued and prepared in accordance with MFRS and IFRS.

The following selected historical financial information should be read in conjunction with the "Management's discussion and analysis of financial condition and results of operations and prospects" as set out in Section 10.2 of this Prospectus together with the Reporting Accountants' letter on our pro forma consolidated financial information and the Accountants' Report together with its accompanying notes as set out in Sections 10.4 and 11 of this Prospectus respectively.

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10. FINANCIAL INFORMATION (Cont'd)**10.1.1 Historical consolidated statements of comprehensive income**

The following table sets out the consolidated statements of comprehensive income of 7 Eleven Malaysia for the years indicated:

	Audited			
	Year ended 31 December			
	2010	2011	2012	⁽⁷⁾ 2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	1,313,705	1,462,396	1,579,123	1,672,465
Cost of sales	(971,225)	(1,078,168)	(1,153,881)	(1,205,364)
Gross profit	342,480	384,228	425,242	467,101
Other operating income	100,098	95,518	99,105	116,608
Selling and distribution expenses	(340,981)	(366,537)	(394,945)	(435,443)
Administrative and other operating expenses	(53,657)	(63,742)	(63,275)	(66,679)
Profit from operations	47,940	49,467	66,127	81,587
Finance costs	(7,510)	(8,993)	(9,554)	(8,646)
Profit before tax	40,430	40,474	56,573	72,941
Income tax expense	(13,142)	(10,329)	(16,091)	(21,163)
Profit after tax	27,288	30,145	40,482	51,778
Other comprehensive (expense)/income:				
Items that are or may be reclassified subsequent to profit or loss				
Net (loss)/gain on available-for-sale financial assets				
- Loss on fair value changes	-	(1,574)	(1,198)	-
- Transfer to profit or loss upon disposal	-	-	1,674	-
- Cumulative loss reclassified to profit or loss	-	1,098	-	-
Other comprehensive (expense)/income for the year, net of tax	-	(476)	476	-
Total comprehensive income for the year	27,288	29,669	40,958	51,778
EBITDA ⁽¹⁾	80,384	81,606	99,922	113,433
Gross profit margin (%) ⁽²⁾	26.07	26.27	26.93	27.93
EBITDA margin (%) ⁽³⁾	6.12	5.58	6.33	6.78
Profit before tax margin (%) ⁽⁴⁾	3.08	2.77	3.58	4.36
Profit after tax margin (%) ⁽⁵⁾	2.08	2.06	2.56	3.10
Basic EPS (RM) ⁽⁶⁾	0.78	0.86	1.16	1.48

10. FINANCIAL INFORMATION (Cont'd)**Notes:**

(1) The table below sets out a reconciliation of the 7-Eleven Malaysia Group's profit after tax to EBITDA:

	Audited			
	Year ended 31 December			
	2010	2011	2012	2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Profit after tax	27,288	30,145	40,482	51,778
Income tax expense	13,142	10,329	16,091	21,163
Profit before tax	40,430	40,474	56,573	72,941
Finance costs	7,510	8,993	9,554	8,646
Depreciation and amortisation	32,444	32,139	33,795	31,847
	80,384	81,606	99,922	113,433

EBITDA, as well as the related ratios presented in this Prospectus are supplemental measures of the 7-Eleven Malaysia Group's performance and liquidity that are not required by or presented in accordance with MFRS and IFRS. Furthermore, EBITDA is not a measure of 7-Eleven Malaysia Group's financial performance or liquidity under MFRS and IFRS, and should not be considered as an alternative to net income, operating profit or any other performance measures derived in accordance with MFRS and IFRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, hence a direct comparison of EBITDA between companies may not be possible. Other companies may calculate EBITDA differently from the 7-Eleven Malaysia Group, limiting its usefulness as a comparative measure.

(2) Computed based on gross profit over revenue.

(3) Computed based on EBITDA over revenue.

(4) Computed based on profit before tax over revenue.

(5) Computed based on profit after tax over revenue.

(6) Computed based on profit after tax over 35,000,000 ordinary shares of RM1.00 each in 7-Eleven Malaysia.

(7) Excludes expenses of RM7.7 million which was incurred by 7-Eleven Malaysia Holdings (which includes expenses incurred in conjunction with our IPO and Listing of RM7.6 million) as the expenses were recognised in the Statement of Comprehensive Income of 7-Eleven Malaysia Holdings.

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10. FINANCIAL INFORMATION (Cont'd)**10.1.2 Pro forma consolidated statement of financial position**

Our pro forma consolidated statement of financial position as at 31 December 2013 has been derived from the audited consolidated statement of financial position of 7-Eleven Malaysia Holdings as at 31 December 2013, after adjustments to reflect the following transactions and on the assumption that such transactions were completed on 31 December 2013:

- (i) the Pre-IPO Reorganisation; and
- (ii) our IPO, Listing and the receipt and utilisation by our Group of the estimated proceeds from our IPO as set out in Section 4.10 of this Prospectus.

The following pro forma consolidated statement of financial position of 7-Eleven Malaysia Holdings as at 31 December 2013 includes the results of 7-Eleven Malaysia Holdings from our incorporation on 16 August 2013 to 31 December 2013, which comprise of expenses amounting to RM7.7 million incurred by 7-Eleven Malaysia Holdings (which includes expenses incurred in conjunction with our IPO and Listing, amounting to RM7.6 million).

		Pro forma I	Pro forma II
	As at 31 December 2013 (RM'000)	After the Pre-IPO Reorganisation (RM'000)	After Pro forma I, our IPO, Listing and utilisation of proceeds (RM'000)
Non-current assets			
Property, plant and equipment	-	194,787	194,787
Investment property	-	229	229
Other investment	-	1	1
Goodwill on consolidation	-	596	596
	-	195,613	195,613
Current assets			
Inventories	-	133,025	133,025
Sundry receivables	606	109,312	109,312
Deferred expenditure	1,195	1,195	-
Tax recoverable	-	1,364	1,364
Cash and bank balances	*	47,840	279,955
	1,801	292,736	523,656
Total assets	1,801	488,349	719,269
Equity and liabilities			
Equity attributable to equity holder of the Company			
Share capital	*	105,200	123,338
Share premium	-	1,136,160	1,359,551
(Accumulated loss)/Retained profits	(7,677)	31,245	24,762
Reorganisation deficit	-	⁽¹⁾ (1,343,248)	(1,343,248)
Total shareholders' (deficit)/equity	(7,677)	(70,643)	164,403
Non-current liabilities			
Provisions	-	4,936	4,936
Borrowings	-	6,005	6,005
Deferred tax liabilities	-	8,423	8,423
	-	19,364	19,364

10. FINANCIAL INFORMATION (Cont'd)

		Pro forma I	Pro forma II
	As at	After the	After Pro
	31 December	Pre-IPO	forma I, our
	2013	Reorganisation	IPO, Listing
	(RM'000)	(RM'000)	and utilisation
			of proceeds
			(RM'000)
Current liabilities			
Provisions	-	311	311
Borrowings	-	119,592	119,592
Trade payables	-	321,949	321,949
Other payables	4,134	97,757	93,631
Amount due to a related corporation	5,344	-	-
Taxation	-	19	19
	9,478	539,628	535,502
Total liabilities	9,478	558,992	554,866
Total equity and liabilities	1,801	488,349	719,269
No. of Shares in issue ('000)	[^]	1,052,000	1,233,385
Net assets/(liabilities)	(7,677)	(70,643)	164,403
Net assets/(liabilities) per Share (sen)	(38,385,000.00)	(6.72)	13.33

Notes:

* Represents RM2.00.

[^] Represents 20 Shares.

⁽¹⁾ Represents the difference between the carrying value of the investment, being the consideration paid of RM1,378.2 million, pursuant to the Pre-IPO Reorganisation, and the nominal value of the ordinary shares of RM1.00 each in 7-Eleven Malaysia acquired of RM35.0 million.

Our pro forma consolidated statement of financial position as at 31 December 2013 should be read in conjunction with the Reporting Accountants' letter on our pro forma consolidated financial information as set out in Section 10.4 of this Prospectus.

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10. FINANCIAL INFORMATION (Cont'd)**10.1.3 Historical consolidated statements of cash flows**

The following table sets out the consolidated statements of cash flows of 7-Eleven Malaysia for the years indicated:

	Audited			
	Year ended 31 December			
	2010	2011	2012	2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Cash flows from operating activities				
Cash receipts from customers and other receivables	1,338,201	1,568,858	1,649,122	1,775,043
Cash paid to suppliers and employees	(1,256,729)	(1,447,529)	(1,555,858)	(1,554,993)
Cash generated from operations	81,472	121,329	93,264	220,050
Interest paid	(7,510)	(5,318)	(9,554)	(8,646)
Tax paid	(10,420)	(8,683)	(17,030)	(24,517)
Net cash generated from operating activities	63,542	107,328	66,680	186,887
Cash flows from investing activities				
Purchase of property, plant and equipment	(19,132)	(20,445)	(15,317)	(41,722)
Purchase of quoted shares	-	(6,618)	(2,000)	-
Purchase of short term investment	-	-	(400)	-
Proceeds from disposal of property, plant and equipment	10	29	94	282
Proceeds from disposal of quoted shares	-	-	5,846	-
Movement in intercompany balances	(8,652)	9,856	(86,309)	⁽¹⁾ (24,664)
Dividend income received	-	-	-	36
Interest received	821	719	513	569
Net cash used in investing activities	(26,953)	(16,459)	(97,573)	(65,499)
Cash flow from financing activities				
Dividend paid on ordinary shares	(15,000)	(12,000)	-	(117,500)
Proceeds from term loan	8,000	-	-	-
Proceeds from banker's acceptance	263,633	430,966	427,672	576,725
Proceeds from revolving credit	185,800	27,900	-	-
Repayment of banker's acceptance	(244,628)	(431,597)	(401,438)	(554,725)
Repayment of revolving credit	(205,800)	(82,900)	-	-
Repayment of term loans	(1,871)	(3,116)	(3,143)	(2,708)
Repayment of hire purchase and finance lease liabilities	(7,844)	(9,081)	(7,926)	(7,583)
Net cash (used in)/generated from financing activities	(17,710)	(79,828)	15,165	(105,791)
Net increase/(decrease) in cash and cash equivalents	18,879	11,041	(15,728)	15,597
Cash and cash equivalents at beginning of year	18,051	36,930	47,971	32,243
Cash and cash equivalents at end of year	36,930	47,971	32,243	47,840

Note:

⁽¹⁾ Includes an advance of RM5.3 million from 7-Eleven Malaysia to 7-Eleven Malaysia Holdings to settle part of the expenses that 7-Eleven Malaysia Holdings had incurred pursuant to our IPO and Listing.

10. FINANCIAL INFORMATION (Cont'd)**10.2 Management's discussion and analysis of financial condition and results of operations and prospects**

The following discussion and analysis relates to the audited consolidated financial information of 7-Eleven Malaysia with respect to the four years ended 31 December 2010 to 2013 which have been derived from the Accountants' Report as set out in Section 11 of this Prospectus. You should read such audited consolidated financial information in conjunction with the Accountants' Report as set out in Section 11 of this Prospectus. Unless the context otherwise requires, all references to "our Group", "our", "ourselves", "us" or "we" in relation to the financial information under discussion refers to the financial information for the 7-Eleven Malaysia Group.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth under Risk Factors and Forward-Looking Statements as set out in Sections 5 and 7.2 of this Prospectus respectively. All references to "our Board" in Section 10 of this Prospectus are to the Board of 7-Eleven Malaysia Holdings.

10.2.1 Overview

We are the largest convenience store operator in Malaysia in terms number of stores, with a market share of 82% of the standalone convenience store segment, as of March 2014 according to the IMR Report. We opened our first convenience store 30 years ago under the "7-Eleven" brand name, and as at the LPD, we and our franchisees operate a nationwide chain of 1,583 "7-Eleven" convenience stores throughout Peninsular and East Malaysia serving over 900,000 customers per day based on the number of transactions recorded. We are the sole operator of "7-Eleven" convenience stores in Malaysia. We believe that the "7-Eleven" brand name is one of the most well-established and global brand names which has high brand awareness and generates trust among consumers. Our relationship with our licensor, 7-Eleven USA, provides us with strong benefits both in terms of brand equity, as well as operational and merchandising support.

According to the IMR Report, standalone convenience stores in Malaysia grew at a CAGR of 13% from 2009 through 2013 both in terms of sales and number of stores. We believe that we are best positioned to capitalise on the continued growth we expect in the segment.

As at the LPD, we self-operate 1,417 of our stores and our franchisees operate the remaining 166 stores. We have a well-established presence across all states in Malaysia. Our stores are commonly located at high pedestrian and vehicle traffic areas and easily accessible sites such as alongside busy roads, petrol stations, transportation hubs and shopping centres, with the intention of making it easy and convenient for customers to visit the stores. Our stores operate 24 hours a day, seven days a week to maximise convenience for customers, with the exception of 19 stores which are located in shopping malls or light rail transit stations. We plan to accelerate our store rollout programme going forward and are targeting a total of 600 net new store openings from 2014 to 2016. We opened 150 net new stores in 2013, and 26 net new stores from 1 January 2014 up to the LPD.

10. FINANCIAL INFORMATION (Cont'd)

Our merchandising strategy is to offer our customers a wide range of products and services that cater to their "on-the-go" daily needs. Our stores typically offer a broad range of food and non-food items, including beverages, confectionaries and snack foods, household products and publications, perishables and other foods and tobacco, as well as certain products that are exclusive to our stores, such as our own fresh foods, proprietary products such as "Slurpee" and "Big Gulp", and to improve customer loyalty and increase margins we are developing fast-moving items under private labels. In addition, many of our stores also offer services that are usually only available in more specialised retail outlets, such as mobile phone and online gaming reloads, and we plan to extend our offering of such services to further improve our offerings to our customers. We also aim to tailor the product mix of our stores to meet the needs of the types of customers we serve. We believe that our broad range of products and services provides us with a competitive advantage over other convenience store operators, and helps to drive customer traffic to our stores.

For the past four years ended 31 December 2010, 2011, 2012 and 2013 we recorded revenue of RM1,313.7 million, RM1,462.4 million, RM1,579.1 million and RM1,672.5 million respectively, representing a CAGR of 8.4%, and we recorded gross profit of RM342.5 million, RM384.2 million, RM425.2 million and RM467.1 million respectively, representing a CAGR of 10.9%.

10.2.2 Significant factors affecting our financial condition and results of operations

Our financial condition and results of operations have been, or we expect will be, affected by a number of factors, including those set out below:

(i) Expansion of our chain of convenience stores

The number of "7-Eleven" stores that we and our franchisees own and operate directly affects our sales, costs and profitability. Since the opening of the first "7-Eleven" store in Malaysia in 1984, the "7-Eleven" chain in Malaysia has expanded to 1,583 convenience stores as at the LPD. According to the IMR Report, the penetration rate in terms of number of convenience stores per million persons in Malaysia trailed behind certain countries in Asia whereas the retail sales value per person spent at convenience stores in Malaysia was significantly lower compared to more developed countries in Asia, which we believe underscores our significant long-term growth potential in the convenience store segment.

The following table sets out the number of stores that we opened (net of stores closed) during, and the number of stores we had at the beginning and end of each of the years indicated, including those operated by our franchisees.

	<u>Year ended 31 December</u>				<u>From 1 January 2013 up to 10 April 2013</u>	<u>From 1 January 2014 up to the LPD</u>
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>		
Stores at beginning of the year / period	1,103	1,212	1,328	1,407	1,407	1,557
Stores opened during the year / period	118	129	84	167	19	29
Less: Stores closed during the year / period ⁽¹⁾	9	13	5	17	5	3
Stores at end of the year / period	<u>1,212</u>	<u>1,328</u>	<u>1,407</u>	<u>1,557</u>	<u>1,421</u>	<u>1,583</u>

10. FINANCIAL INFORMATION (Cont'd)**Note:**

⁽¹⁾ *A majority of the stores closed because they were either loss-making with no potential for turnaround or had an expiring tenancy.*

The number of our stores increased from 2010 through 2013 as part of our general strategy of expanding our store network across Malaysia. Our continued ability to open new stores depends on many factors, with the key factors being the evolution of our business strategy, our ability to secure attractive locations, the availability of working capital, our management's resources, our ability to find and train suitable staff, our competitors' presence and plans and general economic conditions. We typically open fewer stores during the first quarter than at other times during the year due to the festive periods such as Chinese New Year where many involved in the store opening process including landlords, contractors, management and relevant staffs will either be closed for business or away on leave.

As we open and/or franchise "7-Eleven" stores, our revenue, income from display incentives, which are fees charged to suppliers for reserving dedicated shelves to display products for sale, income from the rental of space for ATMs and advertising materials within our stores, and other income sources, grow due to the increased turnover from more stores and/or increased rentable area. Similarly, many of our costs and expenses, such as our cost of goods, staff costs, rental costs, store utilities, insurance, royalties payable to 7-Eleven USA and CDC expenses increase as we operate a larger number of stores and due to higher turnover of merchandise and additional requirements on our distribution network.

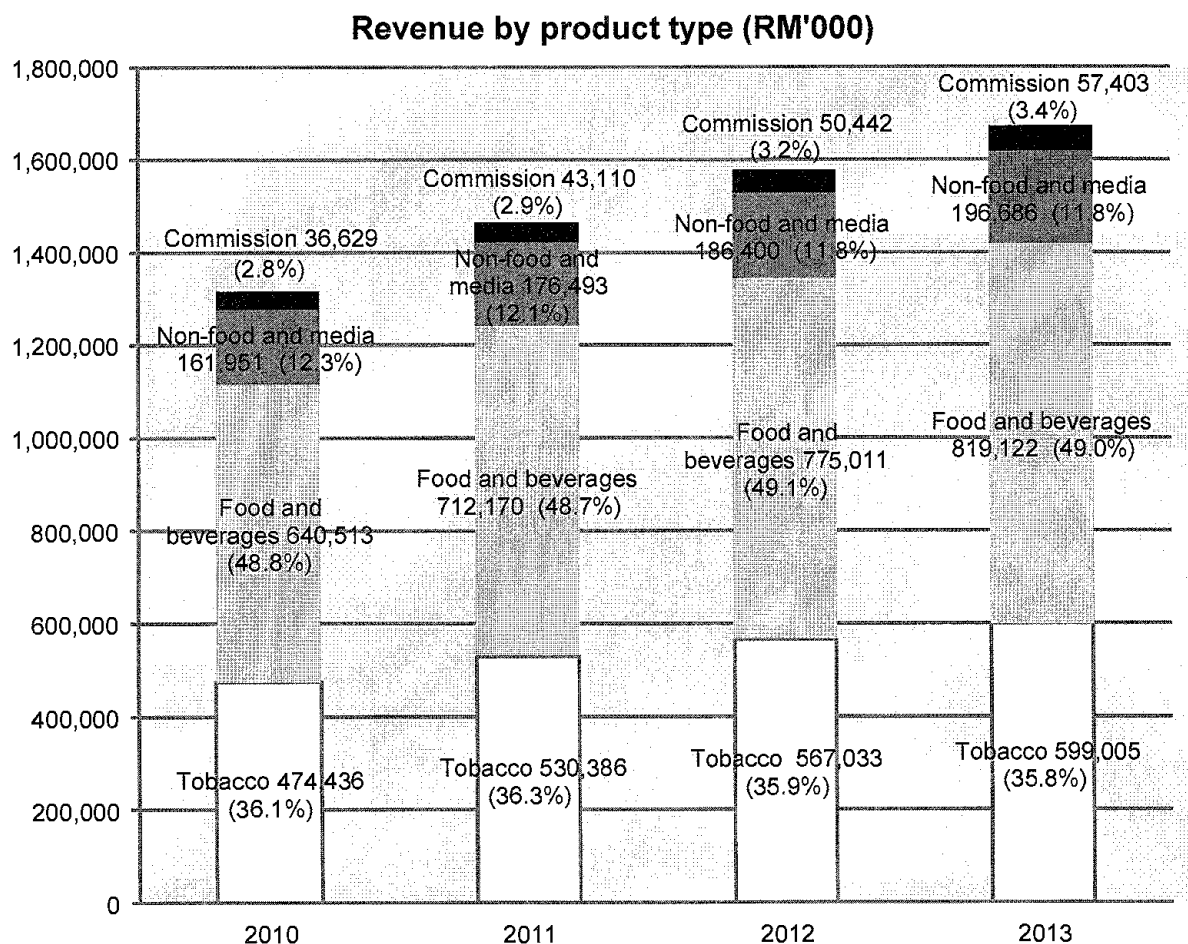
The increased scale of our operations allows us to improve our margins, in part through increased economies of scale, for example, through our ability to secure more favourable terms from our suppliers as we have more relative bargaining power and through the increased efficiency of our distribution network.

(ii) Product and services mix

We offer an extensive range of products and services at our stores, including fresh foods such as donuts, croissants and pies, proprietary products such as "Slurpee" and "Big Gulp", and in-store services, such as mobile phone and online gaming reloads, fax, photocopying and ATM machines. We strive to respond to the needs and tastes of our customers by optimising the range of products and services we offer in order to attract and maintain a large pool of customers. Changes in our product and services mix we offer can impact our revenue and gross profit margin as the gross profit margins may vary significantly across different categories and variety of products. Our highest-margin products are typically proprietary products such as "Slurpee" and "Big Gulp" as well as fresh foods and in-store services, particularly mobile phone and online gaming reloads, which form the substantial majority of our in-store services. We effectively earn 100% gross profit margin on commission income on mobile phone and online gaming reloads as we have negligible cost of sales associated with them. Conversely, our lowest-margin products are tobacco products. We have strived in the last four years to increase our sales of high-margin products and services in order to drive growth in our sales and, ultimately, our profit margins.

10. FINANCIAL INFORMATION (Cont'd)

The following chart sets out our revenue by product type, as well as revenue by product type as a percentage of total revenue, net of rental income, for the years indicated:

**Note:**

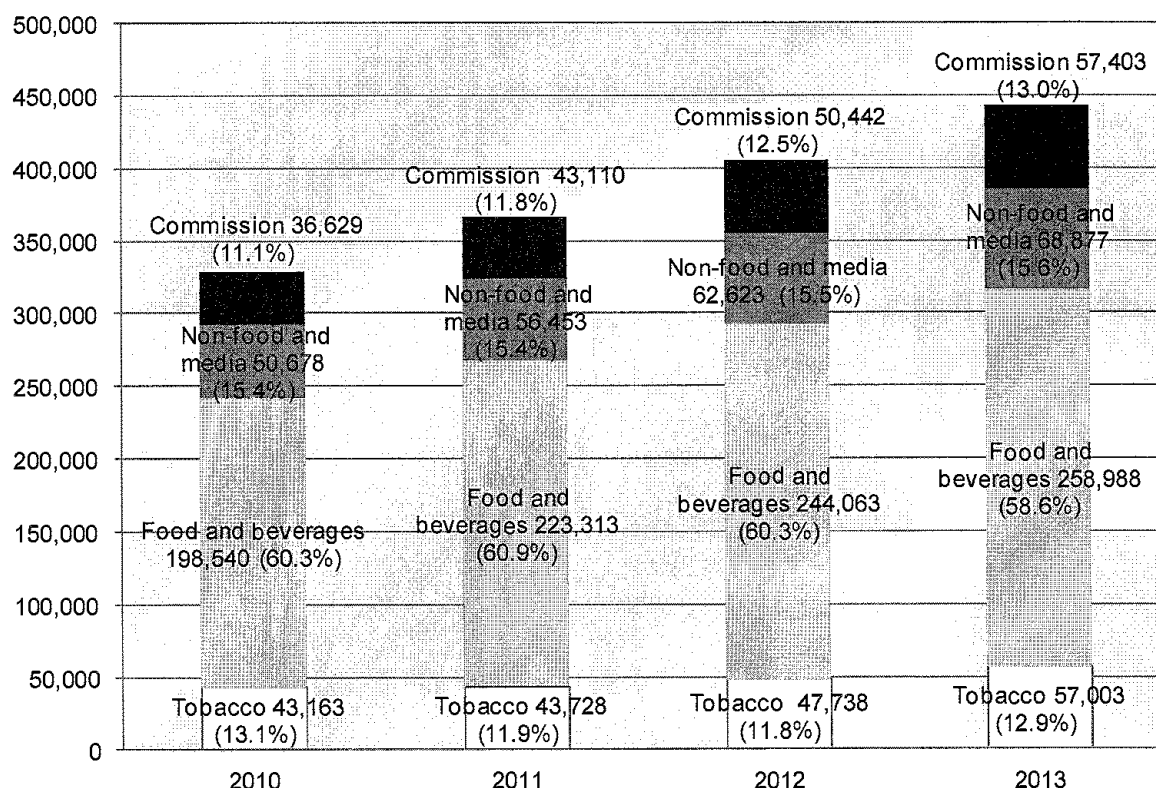
* Food and beverages consist of items such as confectionaries and snack foods, perishables, food services including sandwiches, fresh brew coffee and bakery items, and alcoholic and non-alcoholic beverages. Non-food and media consist of items such as household products, newspapers, magazines and personal care products.

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10. FINANCIAL INFORMATION (Cont'd)

The following chart sets out our gross profit net of rental income, adjustments and trade rebates and incentives, by product type as well as our gross profit net of rental income, adjustments and trade rebates and incentives by product type as a percentage of gross profit, for the years indicated:

Gross profit (net of rental, adjustments, trade rebates and incentives) by product type (RM'000)⁽¹⁾



Notes:

⁽¹⁾ Rental income from our subsidiary, 7 Properties, was RM0.2 million for each of the years ended 31 December 2010, 2011, 2012 and 2013. During the years ended 31 December 2010, 2011, 2012 and 2013, trade rebates and incentives and adjustments accounted for 4.3%, 4.7%, 4.8% and 4.6% of our gross profit, respectively.

* Food and beverages consist of items such as confectionaries and snack foods, perishables, food services including sandwiches, fresh brew coffee and bakery items, and alcoholic and non-alcoholic beverages. Non-food and media consist of items such as household products, newspapers, magazines and personal care products.

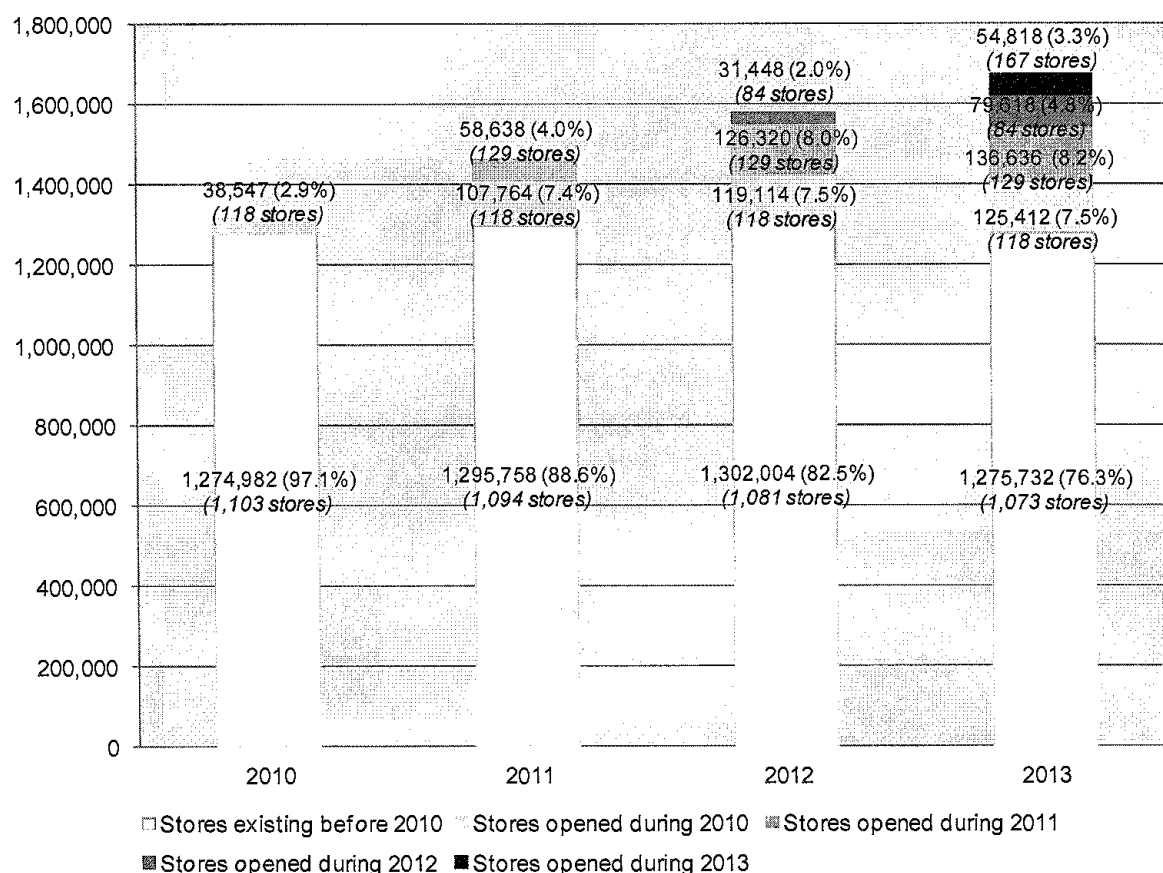
10. FINANCIAL INFORMATION (Cont'd)

Historically, tobacco products have been our highest-revenue products, but they are our lowest-margin products. As part of our continual efforts to review our product mix and provide expanded value and choice to our customers, a key part of our strategy is to increasingly focus on offerings of non-tobacco products which comprise of non-food, media, and food and beverages. Correspondingly, while tobacco products are still our highest-revenue products, our revenue from tobacco as a percentage of our total revenue began decreasing in 2012 as compared to 2011, a trend that continued into 2013. Similarly, given our increasing focus on providing in-store services, particularly mobile phone and online gaming reloads, our sales of in-store services as a percentage of our total sales increased every year since 2010. By adjusting our product mix towards commissions and non-tobacco products which comprise of non-food, media, and food and beverages, we have achieved increased gross profit margins every year since 2010.

(iii) Store sales

The following chart sets out our revenue, net of rental income for the years indicated for the stores existing before 2010 and stores opened during 2010, 2011, 2012 and 2013:

Revenue (net of rental income) by year stores opened (RM'000)



Note:

The number of stores in the chart above includes stores which were closed but had contributed to the revenue (net of rental income) of our Group during the respective year, the details of which are set out in Section 10.2.2(i) of this Prospectus.

10. FINANCIAL INFORMATION (Cont'd)

Our revenue increased by RM358.8 million, or 27.3%, from 2010 to 2013. Revenue from 498 stores that opened during or after 2010 increased by RM356.8 million as compared to an increase of RM1.9 million from stores that existed before the start of 2010. This indicates that the majority of our revenue growth since 2010 is attributable to the growth in our network of stores. Similarly, the relatively low growth in revenue from our stores existing prior to 2010 indicates that the maturation of our new stores had largely driven our same-store sales growth since 2010.

Generally, our new stores experience increasing turnover during their first three years in operation as they gain customer awareness and capture an increasing share of the retail traffic in the area. We generally consider a store "mature" after an initial three-year growth phase. The following table sets out the average sales per store per day for the past four years ended 31 December 2010 to 2013 for stores opened during the relevant financial year ("**Year 1 Stores**"), stores which have been in operation over two financial years ("**Year 2 Stores**") and stores which have been in operation over at least three financial years ("**Year 3 and Above Stores**"):

		Year ended 31 December							
		2010		2011		2012		2013	
		(RM)	(%)	(RM)	(%)	(RM)	(%)	(RM)	(%)
Year 3 and Above Stores		3,236	100.0	3,275	100.0	3,246	100.0	3,232	100.0
Year 2 Stores	2	2,668	⁽¹⁾ 82.4	2,495	⁽¹⁾ 76.2	2,675	⁽¹⁾ 82.4	2,643	⁽¹⁾ 81.8
Year 1 Stores	1	2,156	⁽¹⁾ 66.6	2,369	⁽¹⁾ 72.3	2,297	⁽¹⁾ 70.8	2,078	⁽¹⁾ 64.3

Note:

⁽¹⁾ Computed based on average sales per store per day of Year 1 Stores and Year 2 Stores respectively to average sales per store per day of Year 3 and Above Stores.

The above table has been shown for better understanding of our average sales per store per day for the same set of stores as they mature. The relevant comparison to make would be to compare average sales per store per day for Year 1 Stores with average sales per store per day for Year 2 Stores in the following year and also how that compares with more established Year 3 and Above Stores. For example, average sales per store per day of RM2,156 for Year 1 Stores in 2010 increased to RM2,495, or 15.7% in 2011 (where the Year 2 Stores in 2011 comprise of the Year 1 Stores in 2010) and further increased to RM3,246, or 30.1% in 2012 (where the Year 3 and Above Stores in 2012 comprise of the Year 2 Stores in 2011).

Comparisons of average sales per store per day between each year for Year 1 Stores, Year 2 Stores or Year 3 and Above Stores are not meaningful given that the underlying stores differ for each of the respective year. In other words, the average sales per store per day for Year 1 Stores, Year 2 Stores and Year 3 and Above Stores are not comparable year-on-year. The set of Year 1 Stores in a given year is different than the set of Year 1 Stores in the following year. Similarly, the set of Year 2 Stores in a given year is different than the set of Year 2 Stores in the following year and the set of Year 3 and Above Stores in a given year is different than the set of Year 3 and Above Stores in the following year.

10. FINANCIAL INFORMATION (Cont'd)

Average sales per store per day for a particular store is determined by a variety of underlying factors such as store location, clusters (such as colleges, commercial, hospitals, residential, industrial and tourist areas), customer demographics, the degree of local competition, among others. As a result, given that the set of stores are different year-on-year, there would be fluctuations in average sales per store per day between Year 1 Stores or Year 2 Stores year-on-year and therefore, it would not be meaningful to attempt to draw comparisons or trends between the years.

Our sales per store per day from Year 1 Stores decreased from RM2,297 in 2012 to RM2,078 in 2013 primarily because in 2013, we opened relatively more stores outside of the Klang Valley, and in particular in the east coast of Peninsular Malaysia, where our sales, as well as our cost, being rental rates, tend to be lower than our stores located in the Klang Valley. Given the lower rental rates, these stores can be more profitable than our stores in the Klang Valley despite lower sales.

Our same-store sales growth directly affects our revenue and gross profit. Same-store sales growth for a particular period, which allows us to measure revenue growth in our existing stores as opposed to new stores, is the revenue from stores opened before the start of the prior year divided by the revenue from those same stores in the corresponding period in the prior year. Same-store sales growth allows us to increase our revenue while maintaining a relatively steady fixed-cost base, such as staff costs, rental costs, store utilities expenses and CDC expenses, thereby increasing our operating margins.

The following table sets out our same-store sales growth for the years indicated:

	Year ended 31 December			
	2010	2011	2012	2013
Same-store sales growth (%) ⁽¹⁾	3.4	2.2	1.6	(0.1)

Note:

⁽¹⁾ Computed based on the revenue of stores in operation for the current year divided by the revenue of those same stores for the preceding year.

Our same-store sales growth in 2010 of 3.4% was attributable to the large number of store openings in 2008, many of which were still in their initial three-year growth phase in 2010, together with the recovery of the retail industry in 2010 from the global financial crisis in 2009, which provided our stores with strong growth.

Our same-store sales growth decreased to 2.2% in 2011 largely due to strong growth in 2010, which set a relatively high bar for our 2011 sales, and fewer store openings in 2009 as compared to 2008, which translated into fewer stores in their initial three-year growth phase in 2011 as compared to 2010.

Our same-store sales growth decreased from 2.2% in 2011 to 1.6% in 2012 primarily due to relatively poor performance in the fourth quarter of 2012. The lower same-store sales growth in the fourth quarter of 2012 was partially due to the decrease in customers per day at our stores. We believe that the decrease in our same-store sales growth and customers per day in the fourth quarter of 2012 was due to economic factors that had slowed the growth of the Malaysian consumer spending in the fourth quarter of 2012 and continued into the first quarter of 2013.

10. FINANCIAL INFORMATION (Cont'd)

Our same-store sales growth decreased from 1.6% in 2012 to -0.1% in 2013 primarily due to stores that we closed as part of our refurbishment programme (as explained in Section 7.2.2(v) of this Prospectus) which we commenced in September 2013 and a relatively poor first quarter of 2013 which we believe was due to economic factors that had slowed the growth of the Malaysian consumer spending in the fourth quarter of 2012 and continued into the first quarter of 2013. We undertook refurbishments of 71 stores in 2013, of which 57 were part of the refurbishment programme that commenced in September 2013 (with 17 stores refurbished in September 2013 and 40 stores refurbished in the fourth quarter of 2013) and 14 stores refurbished in the first eight months of 2013 (which were not part of the refurbishment programme), primarily to repair and/or replace old equipment. We focused our refurbishment programme on many of our top performing stores in our effort to increase sales further at these stores. Prior to September 2013, we did not engage in any refurbishment programme but undertook only ad-hoc repairs and/or replacement of old equipment. Given the ad-hoc nature of these repairs prior to September 2013, which on average required stores to be closed for a shorter period than the stores closed as part of our refurbishment programme the impact of such repairs on our same-store sales was negligible.

Excluding the 71 stores that we had refurbished in 2013, our same-store sales growth in 2013 would have been 1.1%. Going forward, in order to minimise loss of sales due to store closures, as a consequence of our store refurbishment programme we intend to keep our stores open during the refurbishment process, to the extent possible.

Once matured, stores can experience same-store sales growth due to the increase in the number of transactions at the store and/or increases in the average size of each transaction. The number of transactions at a store depends primarily upon its traffic, location and surrounding demographics, product mix, maturity, quality of management and extent of renovation and redecoration. The average value of each transaction varies significantly across different categories and variety of products due to supply and demand factors, inflation, competition and purchase price. We make continual adjustments to our product and services mix to adapt to changing consumer preferences and trends.

The following table sets out our sales per store per day, customers per store per day and average transaction size for the years indicated:

	Year ended 31 December			
	2010	2011	2012	2013
Sales per store per day (RM) ⁽¹⁾	3,140	3,151	3,161	3,132
Customers per store per day ⁽²⁾	610	598	600	589
Average transaction size (RM) ⁽³⁾	5.15	5.27	5.27	5.32

Notes:

⁽¹⁾ Computed based on total revenue less rental revenue divided by the cumulative number of days stores are opened.

⁽²⁾ Computed based on total number of customers (based on the number of transactions recorded) divided by the cumulative number of days stores are opened.

⁽³⁾ Computed based on sales per store per day divided by customers per store per day.

10. FINANCIAL INFORMATION (Cont'd)

Our sales per store per day experienced slight increases of 0.3% and 0.3% from 2010 to 2011 and from 2011 to 2012, respectively, and a decrease of 0.9% from 2012 to 2013. Our customers per store per day fluctuated between 589 and 610 during the period under review, averaging 599 over the said period. Our average transaction size increased from RM5.15 in 2010 to RM5.32 in 2013, representing an increase of 3.3% over the said period. The decrease in sales per store per day and customers per store per day in 2013 as compared to 2012 was primarily due to an acceleration in the opening of new stores from 79 net new stores in 2012 to 150 net new stores in 2013. Generally, our new stores are relatively immature when they initially open and they experience increase in turnover during their first three years in operation as they gain customer awareness and capture an increasing share of the retail traffic in the area.

(iv) Employee expenses

We operate a labour-intensive business and consequently, our employee expenses directly affect our results of operations. Our employee expenses, which relate both to our store staff costs as well as our office and administrative staff costs, include, among others, wages, salaries and other allowances, employees provident fund contributions and employee social security contributions.

We determine employee salaries depending on the experience, position and grade of our employees. We pay new employees in accordance with the Malaysian statutory minimum wage, which increased in December 2012 from RM750 per month to RM900 per month in Peninsular Malaysia and from RM700 per month to RM800 per month in East Malaysia. In addition to salaries and incentive-based pay, we also incur ancillary expenses relating to the recruitment and training of employees.

For the past four years ended 31 December 2010, 2011, 2012 and 2013, our employee expenses were RM160.0 million, RM167.5 million, RM182.1 million and RM207.4 million, respectively, which represent 12.2%, 11.5%, 11.5% and 12.4% of revenue respectively.

(v) Store utilities expenses

As a convenience store operator, all of our stores operate 24 hours a day, seven days a week, with the exception of 19 stores in malls and other locations that are not open 24 hours a day. As we have a substantial number of stores and almost all of these are open 24 hours a day, we incur substantial store utilities expenses. After cost of goods sold and employee expenses, store utilities expenses are our biggest expenses, and changes in utility rates directly affect our profit from operations.

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10. FINANCIAL INFORMATION (Cont'd)

The rates we pay for our store utilities are highly regulated and depend on a variety of factors, including natural gas, oil and coal prices and prevailing government policies. In June 2011, the Malaysian government increased the price of natural gas to the power sector and in response to which power companies increased electricity rates, resulting in an 8.3% increase in our electricity tariffs. Moreover, the Malaysian Government's stated intention is to reform subsidies across a number of products and services, including electricity. Pursuant to an announcement by the Malaysian Government on 2 December 2013, the average electricity tariff in Peninsular Malaysia increased on 1 January 2014. Accordingly, the effects of the tariff increase are not reflected in our audited consolidated financial information included in this Prospectus. The tariff increase for commercial usage ranges from 10.6% to 18.4%, depending on the voltage, timing and amount of electricity used. For our usage, the tariff increase was approximately 17%. Assuming our consumption of electricity remains the same, our total electricity cost should increase accordingly (in addition to increases due to other factors, such as the opening of new stores).

We attempt to mitigate the effects of cost increases either through increased efficiency to offset the increases or, when that is not possible, by passing costs onto customers and/or suppliers. For instance, we are undertaking efforts to improve energy efficiency at our stores in an effort to mitigate the impact of the electricity tariff increase. Although we attempt to contain our cost increases or pass such cost increases to our customers and/or suppliers, there is no guarantee that we will be able to do so in the future.

For the past four years ended 31 December 2010, 2011, 2012 and 2013, our store utilities expenses at stores were RM59.4 million, RM63.9 million, RM71.2 million and RM75.7 million, respectively, which represent 4.5%, 4.4%, 4.5% and 4.5% of revenue respectively.

(vi) Rental rates

Our business is real-estate intensive and requires us to own or tenant the property where our stores are located. As at the LPD, we and our franchisees operate 1,562 of the stores on tenanted properties and we own the remaining 21 properties. Because of the number of stores that we tenant, rental rates significantly affect our expenses. We typically have tenancies that carry three-year terms and are renewable at our option for up to four additional three-year terms, with rental rates generally fixed over each three-year term and subject to adjustment at the end of each three-year term upon renewal. These rental rates may be adjusted depending on prevailing conditions in the Malaysian property market at the time of renewal, subject to applicable maximum increases agreed to under the tenancy. With its increasing affluence and urbanisation, Malaysia has experienced a steady increase in rental rates in recent years.

For the past four years ended 31 December 2010, 2011, 2012 and 2013, our store rental expenses were RM48.8 million, RM54.4 million, RM60.7 million and RM66.8 million, respectively which represent 3.7%, 3.7%, 3.8% and 4.0% of revenue respectively.

10. FINANCIAL INFORMATION (Cont'd)**(vii) General Malaysian economic and retail market conditions**

All of our stores are located in Malaysia, and consequently our business depends, and we believe will continue to depend on Malaysian consumer spending and the general state of the Malaysian economy. Demand for, and prevailing prices of, convenience store products relate directly to the strength of the Malaysian economy, including overall growth levels. According to the IMR Report, Malaysia's real gross domestic product grew at a CAGR of 5.7% between 2009 and 2013 with growth recorded every year during this period with the exception of 2009, when the economy contracted by 1.5% due to the global economic downturn. In 2012, resilient domestic demand drove growth of 5.6%, despite the weak external environment. In 2013, the Malaysian economy grew by 4.7% driven by domestic demand, underpinned by steady private sector spending in both consumption and investment activities. While domestic demand in Malaysia has remained strong during the first and second quarter of 2013, the prolonged weakness in the external sector has affected the overall growth performance of the economy, which resulted to an expansion by 4.1% and 4.4% respectively. In the second half of 2013, exports showed improvements and coupled with the stable domestic demand, the Malaysian economy was boosted with growth recorded at 5.0% and 5.1% in the third and fourth quarter of 2013 respectively. The economic conditions in Malaysia, as reflected by the level of disposable income of the Malaysian population in particular, has a significant impact on our results of operations.

In addition to dependence on the Malaysian economy generally, our business depends on the condition of the Malaysian retail sector specifically. According to the IMR Report, standalone convenience retailing in Malaysia grew at a CAGR of 13% from 2009 through 2013 both in terms of sales and number of stores. Driving this expansion is a growing Malaysian population that is relatively young and increasingly affluent and urban. These are all key demographics of convenience stores, which target the convenience, rather than price oriented shoppers. General demographic trends in Malaysia and the expansion of the retail sector significantly impacts our results of operations.

10.2.3 Critical accounting estimates and judgements

The preparation of our financial statements in accordance with MFRS and IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

10.2.3.1 Judgments made in applying accounting policies

In the process of applying our accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in our financial statements.

10. FINANCIAL INFORMATION (Cont'd)**(i) Classification between investment properties and property, plant and equipment**

We classify property between investment properties and property, plant and equipment. Investment property is property we hold to earn rental income or for capital appreciation or both. Some properties comprise a portion that is held to earn rental income or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased separately under a finance lease), we account for the portions separately. If the portions cannot be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Impairment of available-for-sale investments

We recognise financial assets in the statements of financial position when, and only when, we become a party to the contractual provisions of the financial instrument. When we initially recognise financial assets, we measure them at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. We determine the classification of our financial assets between loans and receivables and available-for-sale financial assets at initial recognition. Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. After initial recognition, we measure available-for-sale assets at fair value. We review our investments in equity instruments, which are classified as available-for-sale investments at each reporting date to assess whether they are impaired. We record impairment charges when there is a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, we evaluate, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

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10. FINANCIAL INFORMATION (Cont'd)**10.2.3.2 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 discussed below:

(i) Depreciation of property, plant and equipment

We initially record all items of property, plant and equipment at cost. Subsequent to recognition, we state all items of property plant and equipment, except for freehold land, at cost less accumulated depreciation and any accumulated impairment losses. We depreciate and amortise property, plant and equipment on a straight-line basis over their useful lives based on our estimates of the period over which the assets will generate revenue (not to exceed any lease terms plus options, for leased property). We estimate the useful lives of assets based on historical experience with similar assets, taking into account anticipated technological or other changes. The principal annual rates of depreciation we use are:

Buildings	:	50 years or the duration of the lease, whichever is shorter
Long-term leasehold land	:	Over the duration of the lease of 99 years
Equipment	:	15%
Computer equipment	:	15% to 20%
Motor vehicles	:	20%
Furniture, fitting and renovation	:	10% or the duration of the lease, whichever is shorter

We do not depreciate freehold land, as it has an unlimited useful life, nor do we depreciate capital work-in-progress, as these assets are not available for use.

We periodically review these useful lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of property, plant and equipment, or if technological changes occur more rapidly than anticipated, the useful lives we assign to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortisation expenses or write-offs in future periods.

10. FINANCIAL INFORMATION (Cont'd)**(ii) Impairment of goodwill**

We initially measure goodwill at cost. Following initial recognition, we measure goodwill at cost less accumulated impairment losses. We measure whether goodwill is impaired at least on an annual basis whenever there is an indication that a 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, we recognise an impairment loss in profit or loss. We do not reverse in subsequent periods impairment losses recognised for goodwill. For the purposes of impairment testing, we allocate goodwill acquired, from the acquisition date, to each of our cash-generating units that we expect to benefit from the synergies of the combination. This requires an estimation of the value-in-use of the cash-generating units to which we allocate goodwill. Estimating a "value-in-use" amount requires us to make an estimate of our expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Impairment of loans and receivables

We assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, we consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For example, objective evidence of impairment for a portfolio of receivables could include our past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables. Where there is objective evidence of impairment, we measure the amount of impairment loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate and recognise the impairment loss in profit or loss. We estimate the amount and timing of future cash flows of our loans and receivables based on past experience of cash flows received.

(iv) Provisions**(a) Provisions for restoration costs**

We lease convenience stores under operating leases. Where the operating leases require us to remove leasehold improvements at the end of the lease term, we provide for an estimation of restoration costs expense at the inception date of the lease. Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs, which could differ significantly from our initial estimate.

10. FINANCIAL INFORMATION (Cont'd)

(b) Provision for incentives and rebates

We receive incentives and rebates from suppliers for various programmes, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse allowances. We recognise certain provision for incentives and rebates in profit or loss based on terms and rates in trade agreements entered into with suppliers. Estimating incentives and rebates that we receive from suppliers involves subjective assumptions such as volumes of purchases, payment timing, the scope and length of vendors' and our own promotional campaigns, the amount of signage, banners and other space rented out to vendors and the amount of display incentives that vendors will pay for preferential or prominent displays.

(c) Provision for inventory losses

Food and certain health and beauty aid products that we carry are perishable and carry expiry dates. We write-off such products that remain unsold or expire in the event such products are not returnable. We estimate provisions for inventory losses based on the best available facts and circumstances. We re-evaluate and adjust the provision as we receive additional information that affects the estimated amounts.

(v) Litigation accruals

From time to time, we are subject to proceedings, lawsuits and other claims related to suppliers and others. We assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. We make a determination of the amount of accrual required, if any, for these contingencies after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in our approach, such as settlement strategy, in dealing with these matters. Please refer to Section 10.2.5(ix) of this Prospectus for further information on our contingent liabilities.

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10. FINANCIAL INFORMATION (Cont'd)

10.2.4 Results of operations

The following table sets out our consolidated income statements for the years indicated:

	Audited					
	Year ended 31 December			2013		
	2010	2011	2012	2012	2013	2013
	(RM'000) (% of revenue)	(RM'000) (% of revenue)	(RM'000) (% of revenue)	(RM'000) (% of revenue)	(RM'000) (% of revenue)	(RM'000) (% of revenue)
Revenue	1,313,705	1,462,396	100.0	1,579,123	100.0	1,672,465
Cost of sales	(971,225)	(1,078,168)	(73.9)	(1,153,881)	(73.1)	(1,205,364)
Gross profit	342,480	384,228	26.1	425,242	26.9	467,101
Other operating income	100,098	95,518	7.6	99,105	6.3	116,608
Selling and distribution expenses	(340,981)	(366,537)	(26.0)	(394,945)	(25.0)	(435,443)
Administrative and other operating expenses	(53,657)	(63,742)	(4.1)	(63,275)	(4.0)	(66,679)
Profit from operations	47,940	49,467	3.6	66,127	4.2	81,587
Finance costs	(7,510)	(8,993)	(0.6)	(9,554)	(0.6)	(8,646)
Profit before tax	40,430	40,474	3.1	56,573	3.6	72,941
Income tax expense	(13,142)	(10,329)	(1.0)	(16,091)	(1.0)	(21,163)
Profit after tax	27,288	30,145	2.1	40,482	2.6	51,778
						3.1

10. FINANCIAL INFORMATION (Cont'd)**(i) Overview**

Components of our consolidated income statements are as follows:

(a) Revenue

We generate the substantial majority of our revenue from the sale of merchandise at our convenience stores. Our revenue from the sale of merchandise which comprise of tobacco, non-food, media, and food and beverages includes revenue that we earn from our self-operated stores and franchised stores. In addition to merchandise sales, we also derive revenue from commissions on our in-store services, such as mobile phone and online gaming reloads, which form a substantial majority of our in-store services, and a token amount of revenue from rental income from our subsidiary, 7 Properties, whose business consists of renting out real estate. The rental income generated from the real estate owned by our Group other than those owned by 7 Properties is recognised under other operating income.

The following table sets out a breakdown of our revenue by activities for the years indicated:

	Year ended 31 December					
	2010		2011		2012	
	(RM'000)	(% of revenue)	(RM'000)	(% of revenue)	(RM'000)	(% of revenue)
Merchandise sales						
- self-operated stores	1,197,877	91.2	1,187,879	81.2	1,289,118	81.6
- franchised stores ⁽¹⁾	79,023	6.0	231,171	15.8	239,326	15.2
	1,276,900	97.2	1,419,050	97.0	1,528,444	96.8
Commissions	36,629	2.8	43,110	2.9	50,442	3.2
Rental income	176	0.0	236	0.0	237	0.0
Total	1,313,705	100.0	1,462,396	100.0	1,579,123	100.0
					1,672,465	100.0

Note:

⁽¹⁾ Revenue generated by franchised stores from merchandise sales are fully recognised by us whilst franchisees will only have a share of gross profit as stipulated in the respective franchise agreements.

10. FINANCIAL INFORMATION (Cont'd)

Our revenue from merchandise sales increased by 11.1% from 2010 to 2011 primarily due to the growth in our number of stores by 9.6% and a 2.2% increase in our same-store sales. Our revenue from merchandise sales increased by 7.7% from 2011 to 2012 primarily due to the growth in our number of stores by 5.9%, and a 1.6% increase in our same-store sales. Our revenue from merchandise sales increased by 5.7% from 2012 to 2013 primarily due to the growth in our number of stores by 10.7% but was partially offset by a -0.1% same-store sales growth.

Our same-store sales growth in 2011 and 2012 was largely due to the increasing maturity profile of our stores as, on average, more mature stores experience higher sales than less mature stores. Our same-store sales growth decreased from 1.6% in 2012 to -0.1% in 2013 primarily due to stores that we close as part of our store refurbishment programme (as explained in Section 7.2.2(v) of this Prospectus) which we commenced in September 2013 and a relatively poor first quarter of 2013 which we believe was due to economic factors that had slowed the growth of the Malaysian consumer spending in the fourth quarter of 2012 and continued into the first quarter of 2013. We undertook refurbishments of 71 stores in 2013, of which 57 were part of the refurbishment programme that commenced in September 2013 (with 17 stores refurbished in September 2013 and 40 stores refurbished in the fourth quarter of 2013) and 14 stores of which were refurbished in the first eight months of 2013 (which were not part of the refurbishment programme), primarily to repair and/or replace old equipment. We focused our refurbishment programme on many of our top performing stores, in our effort to increase sales further at these stores. Prior to September 2013, we did not engage in any refurbishment programme but undertook only ad-hoc repairs and/or replacement of old equipment. Given the ad-hoc nature of these repairs prior to September 2013, which on average required stores to be closed for a shorter period than the stores closed as part of our refurbishment programme the impact of such repairs on our same-store sales was negligible. Excluding the 71 stores that we had refurbished in 2013, our same-store sales growth in 2013 would have been 1.1%. Going forward, in order to minimise loss of sales due to store closures, as a consequence of our store refurbishment programme we intend to keep our stores open during the refurbishment process, to the extent possible.

Our revenue increased by RM358.8 million, or 27.3%, from 2010 to 2013. Revenue from 498 stores that opened during or after 2010 increased by RM356.8 million as compared to an increase of RM1.9 million from stores that existed before the start of 2010. This indicates that the majority of our revenue growth since 2010 is attributable to the growth in our network of stores. Similarly, the relatively low growth in revenue from our stores existing prior to 2010 indicates that the maturation of our new stores has largely driven our same store sales growth since 2010.

Our revenue from commissions on our in-store services increased for each period primarily due to the growth in our number of stores and growth in our sale of mobile phone and online gaming reloads, which form the substantial majority of our in-store services. Increased revenue from commissions accounted for 4.4%, 6.3% and 7.5% of our overall revenue growth from 2010 to 2011, 2011 to 2012 and 2012 to 2013 respectively.

10. FINANCIAL INFORMATION (Cont'd)

The following table sets out a breakdown of our revenue and the revenue of our subsidiaries on a standalone basis for the years indicated:

	Audited					
	Year ended 31 December					
	2010		2011		2012	
	(RM'000)	(% of revenue)	(RM'000)	(% of revenue)	(RM'000)	(% of revenue)
7-Eleven Malaysia	1,289,268	98.1	1,434,298	98.1	1,547,309	98.0
CSSSB	24,262	1.8	27,861	1.9	31,577	2.0
7 Properties ⁽¹⁾	176	0.0	236	0.0	237	0.0
Total	1,313,705	100.0	1,462,396	100.0	1,579,123	100.0
					1,672,465	100.0

Note:

⁽¹⁾ Net of elimination of rental income received or receivable from 7-Eleven Malaysia.

Our subsidiary, Teluk Juara, generated no revenue during the past four years ended 31 December 2010 to 2013.

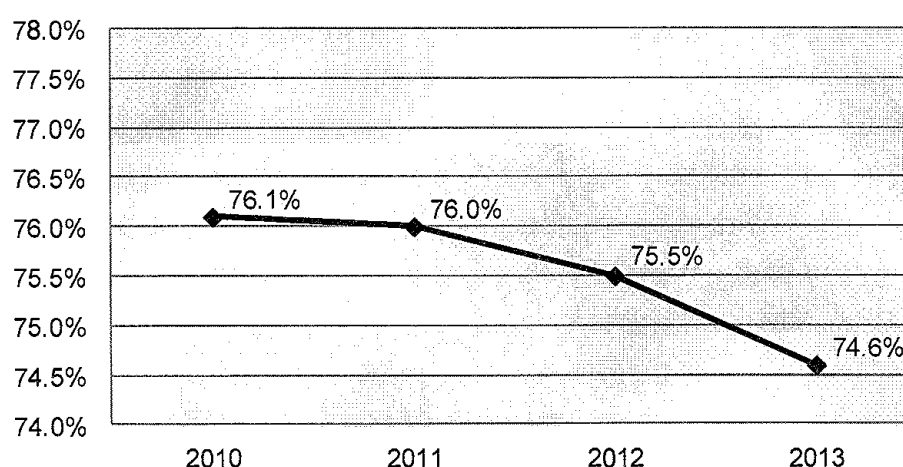
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10. FINANCIAL INFORMATION (Cont'd)**(b) Cost of sales**

Our cost of sales consists of the cost of merchandise that we purchase from our suppliers, net of applicable rebates that we receive from our suppliers, less the net increase in inventory for the year. We incur negligible cost of sales on our commission revenue and rental income. For the past four years ended 31 December 2010, 2011, 2012 and 2013, our cost of sales were RM971.2 million, RM1,078.2 million, RM1,153.9 million and RM1,205.4 million, respectively.

The following graph shows our merchandise cost of sales as a percentage of merchandise revenue for the years indicated:

Merchandise cost of sales as a percentage of merchandise revenue



Our merchandise cost of sales as a percentage of merchandise revenue remained relatively steady from 2010 to 2011. Our merchandise cost of sales as a percentage of merchandise revenue declined from 2011 to 2013 primarily due to the increase of our offerings of non-tobacco products since tobacco products are our lowest-margin products, and consequently, any relative shift in our product mix away from tobacco products would increase our margins on merchandise sales.

Our cost of sales increased by RM106.9 million, or 11.0%, from RM971.2 million in 2010 to RM1,078.2 million in 2011. The increase was primarily due to the growth in our number of stores by 116 net new stores, or 9.6%, from 1,212 stores in 2010 to 1,328 in 2011, and our corresponding inventory costs at these new stores, as well as continued same-store sales growth and corresponding inventory costs on the sales.

Our cost of sales increased by RM75.7 million, or 7.0%, from RM1,078.2 million in 2011 to RM1,153.9 million in 2012. The increase was primarily due to the growth in our number of stores by 79 net new stores, or 5.9%, from 1,328 in 2011 to 1,407 in 2012 and corresponding inventory costs at these stores, as well as continued same-store sales growth and corresponding inventory costs on the sales.

10. FINANCIAL INFORMATION (Cont'd)

Our cost of sales increased by RM51.5 million, or 4.5%, from RM1,153.9 million in 2012 to RM1,205.4 million in 2013. The increase was primarily due to the growth in our number of stores by 150 net new stores, or 10.7%, from 1,407 stores in 2012 to 1,557 stores in 2013, and corresponding inventory costs for these stores. The growth in our cost of sales was not in line with the growth in our number of stores primarily due to the acceleration as well as timing of the opening of the new stores during the financial year. As stores were opened throughout the financial year, the corresponding cost of sales for the said stores is only recorded for the period in which they operate during the financial year.

In addition, our stores typically take three years to mature and as such new stores in a given year have lower sales per store and hence, lower cost of sales per store than existing older stores. This combined with the timing impact of the store openings, resulted in lower growth in cost of sales as compared to growth in number of stores.

(c) Gross profit and gross profit margin

The following table sets out the breakdown of our gross profit and gross profit margin by activities for the years indicated:

	Year ended 31 December							
	2010		2011		2012		2013	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
Gross profit								
Merchandise sales	305,675	89.3	340,882	88.7	374,563	88.1	409,449	87.7
Commissions	36,629	10.7	43,110	11.2	50,442	11.9	57,403	12.3
Rental income	176	0.0	236	0.1	237	0.0	249	0.0
Total	342,480	100.0	384,228	100.0	425,242	100.0	467,101	100.0

Gross profit margin (net of rental income) (%)⁽¹⁾

Merchandise sales	-	23.9	-	24.0	-	24.5	-	25.4
Commissions ⁽²⁾	-	100.0	-	100.0	-	100.0	-	100.0
Overall (%) ⁽¹⁾	-	26.1	-	26.3	-	26.9	-	27.9

Notes:

⁽¹⁾ Computed based on gross profit (net of rental income) over revenue (net of rental income).

⁽²⁾ Negligible cost of sales.

10. FINANCIAL INFORMATION (Cont'd)

Our overall gross profit margin has increased in each year since 2010 largely due to our strategy to increasingly focus on commission revenue and offerings of non-tobacco products, as described in Section 10.2.2(ii) of this Prospectus. In particular, the increase in our revenue from commissions on our in-store services, particularly mobile phone and online gaming reloads, has helped drive the increase in our overall gross profit margins, as we incur negligible cost of sales on mobile phone and online gaming reloads and thus have 100% gross profit on commission income on mobile phone and online gaming reloads. Similarly, from 2011 onwards, the decrease in our revenue from the sale of tobacco products as a percentage of our overall revenue has helped increase our margins on merchandise sales, as tobacco products are our lowest margin products, and consequently, any relative shift in our product mix away from tobacco products would increase our margins on merchandise sales. An increase in profit margins within product categories also contributed to the increased profit margins from 2010 to 2013.

In particular, our gross profit from commissions as a percentage of overall gross profit has increased in each year, and was 10.7% in 2010, 11.2% in 2011, 11.9% in 2012 and 12.3% in 2013. The increase reflects our continued strategy of focusing on the provision of in-store services, particularly mobile phone and online gaming reloads, to drive commission revenue. We intend to continue with this strategy, an example of which is our enhanced strategic relationship with MOL, which we entered into in September 2013, the details of which are set out in Section 7.2.2(iii) of this Prospectus.

The following table sets out the breakdown of our gross profit and the gross profit of our subsidiaries on a standalone basis for the years indicated:

	Audited							
	Year ended 31 December							
	2010		2011		2012		2013	
	(RM'000)	%	(RM'000)	%	(RM'000)	%	(RM'000)	%
7-Eleven Malaysia	335,731	98.0	376,501	98.0	416,101	97.9	457,169	97.9
CSSSB	6,573	1.9	7,491	1.9	8,905	2.1	9,683	2.1
7 Properties	176	0.1	236	0.1	237	0.0	249	0.0
Total	342,480	100.0	384,228	100.0	425,243	100.0	467,101	100.0

10. FINANCIAL INFORMATION (Cont'd)

(d) Other operating income

The following table sets out the breakdown of our other operating income for the years indicated:

	Year ended 31 December					
	2010		2011		2012	
	(RM'000)	(% of total)	(RM'000)	(% of total)	(RM'000)	(% of total)
Display incentives	54,545	54.5	53,901	56.4	52,711	53.2
Interest income	12,342	12.3	12,310	12.9	15,308	15.4
CDC rebates received from suppliers	7,710	7.7	9,318	9.8	11,195	11.3
Space rental	4,245	4.2	6,896	7.2	9,838	9.9
Promotions	8,282	8.3	6,999	7.3	7,093	7.2
Other income	1,960	2.0	1,326	1.4	1,453	1.5
Rental income ⁽¹⁾	1,314	1.3	1,189	1.2	1,102	1.1
Franchise income	9,700	9.7	3,550	3.7	311	0.3
Gain on disposal of fixed assets	-	-	29	0.0	94	0.1
Total	100,098	100.0	95,518	100.0	99,105	100.0
					116,608	100.0

Note:

⁽¹⁾ Rental income from the renting out of properties by our Group other than those properties owned by 7 Properties is recognised under other operating income whereas rental income from properties owned by 7 Properties is recognised under revenue. The difference in treatment is because 7 Properties' main business consists of renting out real estate, whereas the main business of the rest of our Group does not consist of renting out real estate.

10. FINANCIAL INFORMATION (Cont'd)

Our other operating income consists primarily of display incentives, interest income, CDC rebates received from suppliers, promotions, space rental in our stores, non-refundable fees from our franchisees and income from the renting out of properties by our Group other than those owned by 7 Properties. Rental income from our subsidiary 7 Properties, whose business consists of renting out real estate, is recognised under revenue. We collect display incentives from suppliers for reserving dedicated shelves to display products for sale. We earn interest income primarily on our advances to our holding companies, which earn interest at a rate equivalent to the weighted average interest rate on our borrowings over the five years prior to the time we make the advance plus a small margin, and our interest rate on our advances to our holding companies was 5.8% for each of the past four years ended 31 December 2010 to 2013. We earn promotion income from suppliers that pay us for promoting their products. All amounts owing by BRetail has been fully settled in cash and also via the issuance of the Note pursuant to the Pre-IPO Reorganisation and accordingly, we will no longer earn interest income on advances to our holding company. Please refer to Section 6.1.4 of this Prospectus for further details on the Pre-IPO Reorganisation and the amounts owing by BRetail. CDC rebates received from suppliers comprise incentives given by suppliers to us for our initiatives to distribute the said suppliers' products/merchandise to all our stores in Peninsular Malaysia through our CDC, instead of the said suppliers distributing the products/merchandise on their own and incurring additional distribution cost. Space rental income consists of the rental of banner space for in-store advertising and the rental of space for ATMs within our stores. Other income consists of miscellaneous income sources that do not fall within any of the other categories of income.

For the past four years ended 31 December 2010, 2011, 2012 and 2013, our other operating income was RM100.1 million, RM95.5 million, RM99.1 million and RM116.6 million, respectively.

Our other operating income decreased by RM4.6 million, or 4.6%, from RM100.1 million in 2010 to RM95.5 million in 2011. This decrease was primarily due to a decrease in our income from the fees from our franchisees by RM6.2 million, or 63.4%, from RM9.7 million in 2010 to RM3.6 million in 2011 as we franchised 134 stores in 2010, compared to 44 in 2011. Please refer to Section 7.4.4 of this Prospectus for further details on our franchising strategy. Partially offsetting our decreased income from franchisee fees were increases in our income from space rental by RM2.7 million, or 62.5%, from RM4.2 million in 2011 to RM6.9 million in 2012 primarily due to an increase in banner space sales resulting from efforts we undertook to increase in-store advertising and an increase in the rates we charged for banner space and, to a lesser extent, an increase in our income from CDC rebates from our suppliers by RM1.6 million, or 20.9%, from RM7.7 million in 2010 to RM9.3 million in 2011, primarily due to an increase from 36% to 40% in the proportion of the products for our stores in Peninsular Malaysia that our vendors delivered to the CDC.

10. FINANCIAL INFORMATION (Cont'd)

Our other operating income increased by RM3.6 million, or 3.8%, from RM95.5 million in 2011 to RM99.1 million in 2012. The increase was primarily due to increases in our income from space rental at our stores and interest income on our advances to our holding company and, to a lesser extent, an increase in our CDC rebates from suppliers, which were partially offset by decreases in our income from the non-refundable fees from our franchisees. Our income from space rental increased by RM2.9 million, or 42.7%, from RM6.9 million in 2011 to RM9.8 million in 2012 primarily due to an increase in banner space sales resulting from efforts we undertook to increase in-store advertising and an increase in the rates we charged for banner space. Our interest income on our advances to our holding company increased by RM3.2 million, or 27.6%, from RM11.6 million in 2011 to RM14.8 million in 2012 as a result of an increased principal balance of our advances to our holding company due to additional advances of RM90.1 million in 2012 and the accrual of unpaid interest. Our income from CDC rebates received from our suppliers increased by RM1.9 million, or 20.1%, from RM9.3 million in 2011 to RM11.2 million in 2012 primarily due to an increase from 40% to 41% in the proportion of the products for our stores in Peninsular Malaysia that our vendors delivered to the CDC. Our income from the non-refundable fees from our franchisees decreased by RM3.2 million, or 91.3%, from RM3.6 million in 2011 to RM0.3 million in 2012 as we franchised only two stores in 2012, compared to 44 in 2011, upon our re-evaluation of our franchising strategy.

Our other operating income increased by RM17.5 million, or 17.7%, from RM99.1 million in 2012 to RM116.6 million in 2013 primarily due to an increase in our income from display incentives by RM9.2 million, or 17.5%, from RM52.7 million in 2012 to RM61.9 million in 2013 primarily due to the growth in our number of stores as well as an increase in the rates we charged. Contributing to the increased other operating income was also the increase in our CDC rebates received from suppliers from RM11.2 million in 2012 to RM14.1 million in 2013 primarily due to an increase in the proportion of products for our stores in Peninsular Malaysia that our vendors had delivered to the CDC from 41% to 53%, as well as an increase in space rental income from RM9.8 million in 2012 to RM12.3 million in 2013 primarily due to the growth in our network of stores and an increase in in-store advertising activities undertaken by BChannel and Kakao Talk, members of the Berjaya Family.

10. FINANCIAL INFORMATION (Cont'd)**(e) Selling and distribution expenses**

Our selling and distribution expenses include store staff costs, store utilities, rental that we pay for our store tenancies, depreciation of store equipment, our franchisees' share of gross profit, CDC expenses (such as rental, transportation, manpower, storage and handling), royalties we pay to 7-Eleven USA, store maintenance, merchandise shortages (including delivery variances), plastic bags and insurance. We experienced increased selling and distribution expenses from 2010 to 2013, primarily due to increases in our staff costs, utilities costs and store rental costs, which were primarily due to the growth in our network of stores as well as increased statutory minimum wages and increased electricity tariffs, though other factors, such as decreased maintenance costs, influenced our selling and distribution expenses to a lesser extent. In July 2010, we changed from outsourcing our store maintenance functions to performing them ourselves, which resulted in savings in our store maintenance expenses. However, in July 2013, we again outsourced our store maintenance functions in an effort to improve the consistency of maintenance at our stores. In particular, the new maintenance regime includes preventive maintenance with the objective of reducing equipment downtime and increasing equipment lifespan as well as enhancing reporting and monitoring of maintenance.

For the past four years ended 31 December 2010, 2011, 2012 and 2013, our selling and distribution expenses were RM341.0 million, RM366.5 million, RM394.9 million and RM435.4 million, respectively. Our selling and distribution expenses as a percentage of our revenue ranged from 25.0% to 26.0% from 2010 to 2013. Although our selling and distribution expenses as a percentage of our revenue improved from 2010 to 2012 due to increased economies of scale as we expanded our network of stores, an increase in the Malaysian statutory minimum wage in December 2012 from RM750 per month to RM900 per month in Peninsular Malaysia and from RM700 per month to RM800 per month in East Malaysia largely offset the increased economies of scale, resulting in our selling and distribution expenses as a percentage of revenue remaining relatively stable from 2010 to 2013.

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10. FINANCIAL INFORMATION (Cont'd)

Our selling and distribution expenses increased by RM25.6 million, or 7.5%, from RM341.0 million in 2010 to RM366.5 million in 2011. The increase was primarily due to increases in our franchisees' share of gross profit, store utilities expenses, store rental expenses and CDC expenses, which were partially offset by a decrease in our store maintenance expenses. Our franchisees' share of gross profit net of expenses increased by RM16.0 million, or 189.2%, from RM8.5 million in 2010 to RM24.5 million in 2011 primarily because we granted 134 franchisees, being the majority of our franchises in 2010, and as a result 2011 was the first year in which we had to pay the majority of our franchisees a full year of their share of gross profit. Our store utilities expenses increased by RM4.5 million or 7.6%, from RM59.4 million in 2010 to RM63.9 million in 2011 due primarily to the growth in our number of stores. Our store rental costs increased by RM5.7 million, or 11.6%, from RM48.8 million in 2010 to RM54.4 million in 2011 due both to the growth in our number of stores and a moderate increase in rental rates on renewed tenancies. Our CDC expenses increased by RM2.4 million, or 14.7%, from RM16.5 million in 2010 to RM18.9 million in 2011 mainly due to an increase in inventory volumes processed at the CDC to accommodate the growth in our number of stores. Our store maintenance expenses decreased by RM5.2 million, or 21.5%, from RM24.1 million in 2010 to RM18.9 million in 2011 primarily because we changed from outsourcing our store maintenance functions to performing them ourselves in July 2010.

Our selling and distribution expenses increased by RM28.4 million, or 7.8%, from RM366.5 million in 2011 to RM394.9 million in 2012. The increase was primarily due to increases in our staff costs, store utilities expenses, store rental expenses and CDC expenses, which were partially offset by a decrease in our store maintenance expenses. Our store staff costs increased by RM11.0 million, or 8.6%, from RM127.0 million in 2011 to RM137.9 million in 2012 primarily due to an increase in our number of employees from 6,185 to 6,689, an 8.1% increase, largely as a result of the growth in our number of stores. Our store utilities expenses increased by RM7.3 million, or 11.5%, from RM63.9 million in 2011 to RM71.2 million in 2012 due both to the growth in our number of stores as well as an 8.3% increase in electricity tariffs in June 2011. Our store rental costs increased by RM6.3 million, or 11.5%, from RM54.4 million in 2011 to RM60.7 million in 2012 due both to the growth in our number of stores and a moderate increase in rental rates on renewed tenancies. Our CDC expenses increased by RM3.7 million, or 19.7%, from RM18.9 million in 2011 to RM22.7 million in 2012 mainly due to an increase in inventory volumes processed at the CDC to accommodate the growth in our number of stores. Our store maintenance expenses decreased by RM3.6 million, or 19.1%, from RM18.9 million in 2011 to RM15.3 million in 2012 primarily due to the increase in our preventative store maintenance measures and an effort to raise staff awareness on store equipment usage.

10. FINANCIAL INFORMATION (Cont'd)

Our selling and distribution expenses increased by RM40.5 million, or 10.3%, from RM394.9 million in 2012 to RM435.4 million in 2013. The increase was primarily due to increases in our store staff costs. Our store staff costs increased by RM24.1 million, or 17.4%, from RM137.9 million in 2012 to RM162.0 million in 2013, which was primarily as a result of the increase in the Malaysian statutory minimum wage from RM750 per month to RM900 per month in Peninsular Malaysia and from RM700 per month to RM800 per month in East Malaysia. Contributing to the increased selling and distribution expenses were increases in our store rental expenses, store utilities expenses and store maintenance expenses. Our store rental expenses increased by RM6.1 million, or 10.1%, from RM60.7 million in 2012 to RM66.8 million in 2013 and our store utilities expenses increased by RM4.5 million, or 6.3%, from RM71.2 million in 2012 to RM75.7 million in 2013 each of which were primarily due to the growth in our number of stores. Our store maintenance expenses increased by RM6.8 million, or 44.4%, from RM15.3 million in 2012 to RM22.1 million in 2013 primarily due both to the growth in our number of stores and also to our outsourcing of our store maintenance functions starting in July 2013. Also contributing to the increased selling and distribution expenses was the increase in our CDC expenses by RM3.1 million, or 13.6%, from RM22.7 million in 2012 to RM25.8 million in 2013, which was mostly as a result of our move to a larger space within the CDC which increased the rental and management fees we pay, as well as an increase in the volume of products handled by the CDC. Partially offsetting the increased selling and distribution expenses was a decrease in our franchisees' share of gross profit net of their share of operating expenses by RM5.9 million, or 23.5%, from RM25.2 million in 2012 to RM19.3 million in 2013 primarily due to an increase in the franchisees' share of operating expenses because in 2012, we started processing franchisee payroll and charging the costs back to franchisees, whereas prior to that, franchisees had directly processed their payrolls, and 2013 reflected the first full year in which this change was effective.

(f) Administrative and other operating expenses

Our administrative and other operating expenses consist of office and administrative staff costs, depreciation of our property and equipment other than store equipment, advertising, bad debts written off, office rental, professional fees, office utilities, store closure expenses and miscellaneous other items. We experienced increased administrative and other operating expenses from 2010 to 2013 primarily due to increased office staff costs.

For the past four years ended 31 December 2010, 2011, 2012 and 2013, our administrative and other operating expenses were RM53.7 million, RM63.7 million, RM63.3 million and RM66.7 million, respectively.

10. FINANCIAL INFORMATION (Cont'd)

Our administrative and other operating expenses increased by RM10.1 million, or 18.8%, from RM53.7 million in 2010 to RM63.7 million in 2011. The increase was primarily due to increases in our office staff costs, store closure expenses, financing processing fees and donations extended to the Japan tsunami relief fund. Our office staff costs increased by RM4.9 million, or 13.6%, from RM35.7 million in 2010 to RM40.5 million in 2011 primarily due to increased salaries and headcount. Our store closure expenses increased by RM2.0 million, or 1,275.8%, from RM0.2 million in 2010 to RM2.1 million in 2011 primarily due to a one-off accounting adjustment in 2011 in respect of store closure expenses carried over from prior years. The financing processing fees increased from nil in 2010 to RM1.3 million in 2011 as we paid for the proportionate processing fees for the proceeds drawdown by BRetail which was subsequently advanced to us. We donated RM0.4 million in 2011 to the Japan tsunami relief fund.

Our administrative and other operating expenses remained largely steady, experiencing a slight decrease of RM0.5 million, or 0.7%, from RM63.7 million in 2011 to RM63.3 million in 2012. This slight decrease was primarily due to decreases in our store closure expenses and write-offs of bad debts that were largely offset by an increase in our office staff costs. Our store closure expenses decreased by RM2.0 million, or 94.5%, from RM2.1 million in 2011 to RM0.1 million in 2012 primarily due to a one-off accounting adjustment in 2011 in respect of store closure expenses carried over from prior years. Our bad debts written-off and mobile phone reloads variances decreased by RM0.7 million or 44.1% from RM1.6 million in 2011 to RM0.9 million in 2012 primarily due to our improved collection processes. Our office staff expenses increased by RM3.6 million, or 9.0%, from RM40.5 million in 2011 to RM44.2 million in 2012 largely due to increased salaries and a small increase in office staff headcount.

Our administrative and other operating expenses increased by RM3.4 million, or 5.4%, from RM63.3 million in 2012 to RM66.7 million in 2013. The increase was primarily due to increases in our advertising and promotional expenses, which was partially offset by decreases in depreciation and provisions for impairment losses. Our advertising and promotional expenses increased by RM3.8 million, from RM2.5 million in 2012 to RM6.3 million in 2013 primarily due to our "Hello Kitty" promotional campaign in August 2013. Our depreciation expenses decreased by RM2.5 million, or 63.5%, from RM3.9 million in 2012 to RM1.4 million in 2013 primarily due to a reversal of overprovision of depreciation that we made in previous years in respect of estimated future restoration cost for our stores. We recorded no provisions for impairment losses relating to decreases in the fair value of quoted shares in 2013, as compared to a provision of RM1.7 million in 2012, as we had sold the quoted shares in 2012.

10. FINANCIAL INFORMATION (Cont'd)**(g) Finance costs**

Our finance costs comprise interest on our borrowings, which are our bankers' acceptances, revolving credit facilities, hire purchase and lease facilities and term loans. We primarily incur finance costs on our bankers' acceptances, which we use to finance our short-term working capital and repay within 30 to 90 days.

For the past four years ended 31 December 2010, 2011, 2012 and 2013, our finance costs were RM7.5 million, RM9.0 million, RM9.6 million and RM8.6 million, respectively. Included in our finance costs are interest costs that we incur on our third-party utilisation of BRetail's multi-trade lines facility.

Our finance costs increased by RM1.5 million, or 19.7%, from RM7.5 million in 2010 to RM9.0 million in 2011. The increase was primarily because in 2011 we started utilising BRetail's multi-trade lines facility and accrued interest payable thereon.

Our finance costs increased by RM0.6 million, or 6.2%, from RM9.0 million in 2011 to RM9.6 million in 2012. The increase was primarily due to an increase in our interest expense on bankers' acceptances, which increased by RM1.4 million, or 51.4%, from RM2.7 million in 2011 to RM4.0 million in 2012 due to an increase in the average interest rates on our bankers' acceptance facilities resulting from an increase in the base rates charged by our lenders.

Our finance costs decreased by RM0.9 million, or 9.5%, from RM9.6 million in 2012 to RM8.6 million in 2013. The decrease was primarily due to our decreased third-party utilisation of BRetail's multi-trade lines.

(h) Income tax expense

Our income tax expenses comprise primarily of income on our profit before tax at the Malaysian statutory tax rate of 25.0%. Our effective income tax in a given year differs from the Malaysian statutory tax rate due to changes in our non-deductible expenses, which primarily arise from expenses that we incur for store renovations, and also due to over-provisions for income tax expenses from the prior year, which we recognise as a credit to our income tax expense in the subsequent year, as well as deferred income tax expense.

For the past four years ended 31 December 2010, 2011, 2012 and 2013, our income tax expenses were RM13.1 million, RM10.3 million, RM16.1 million and RM21.2 million, respectively.

Our income tax expense decreased by RM2.8 million, or 21.4%, from RM13.1 million in 2010 to RM10.3 million in 2011. This decrease was primarily due to the fact that in 2010 we overestimated our current and deferred income tax expenses for 2010, which we recognised as a RM3.8 million credit to our income tax expense in 2011. Comparatively, in 2009, our overestimation of our current and deferred income tax was not as significant, and hence in 2010, we only recognised a RM1.5 million credit to our income tax expense for our prior year over-provision.

10. FINANCIAL INFORMATION (Cont'd)

Our income tax expense increased by RM5.8 million, or 55.8%, from RM10.3 million in 2011 to RM16.1 million in 2012. The increase was primarily due to a RM16.1 million increase in our profit before tax in 2012 as compared to 2011, which is taxed at the Malaysian statutory tax rate of 25.0% and resulted in a RM4.0 million increase in tax expense. Contributing to the increased income tax expense in 2012 as compared to 2011 is the fact that in 2010, we had over-provided by RM3.8 million for our current and deferred income tax expenses for 2010, which we recognised as a credit to our income tax expense in 2011. Comparatively, in 2011 we over-provided only RM1.1 million of our current and deferred income tax in 2011, and hence in 2012, we only recognised a RM1.1 million credit to our income tax expense.

Our income tax expense increased by RM5.1 million, or 31.5%, from RM16.1 million in 2012 to RM21.2 million in 2013. The increase was primarily due to a RM16.4 million increase in our profit before tax, which is taxed at the Malaysian statutory tax rate of 25.0% and resulted in a RM4.1 million increase in our income tax expense. Contributing to our increased income tax expense in 2013 was a RM1.1 million over-provision of income tax in respect of 2011, which we had recognised as a credit to our income tax expense in 2012, as compared to a RM0.2 million over-provision in 2012, which we recognised as a credit to our income tax expense in 2013.

(ii) Year ended 31 December 2013 compared to year ended 31 December 2012

(a) Revenue

Our revenue increased by RM93.3 million, or 5.9%, from RM1,579.1 million in 2012 to RM1,672.5 million in 2013. Our revenue from merchandise sales increased by RM86.4 million, or 5.7%, from RM1,528.4 million in 2012 to RM1,614.8 million in 2013, whilst our revenue from commissions on our in-store services increased by RM7.0 million, or 13.8%, from RM50.4 million in 2012 to RM57.4 million in 2013. The increase in our revenue from merchandise sales was primarily due to the growth in our number of stores by 150 net new stores, or 10.7%, from 1,407 stores in 2012 to 1,557 stores in 2013. The growth in merchandise sales revenue was lower than the growth in our number of stores primarily due to an acceleration in the opening of new stores from 2012 to 2013. Generally, our new stores are relatively immature when they initially open and they experience increasing turnover during their first three years in operation as they gain customer awareness and capture an increasing share of the retail traffic in the area. The increase in our revenue from commissions was primarily due to the growth in our number of stores and growth in our sale of mobile phone and online gaming reloads, which form a substantial portion of our in-store services.

(b) Cost of sales

Our cost of sales increased by RM51.5 million, or 4.5%, from RM1,153.9 million in 2012 to RM1,205.4 million in 2013, which was in line with the growth in merchandise sales revenue. Our cost of merchandise sales as a percentage of merchandise revenue improved from 75.5% in 2012 to 74.6% in 2013.

10. FINANCIAL INFORMATION (Cont'd)**(c) Gross profit and gross profit margin**

Our gross profit increased by RM41.9 million, or 9.8%, from RM425.2 million in 2012 to RM467.1 million in 2013 for the reasons described above.

Our gross profit margin increased from 26.9% in 2012 to 27.9% in 2013 largely due to a 13.8% increase in our revenue from commissions on our mobile phone and online gaming reloads, on which we incur negligible cost of sales, and a decrease in our revenue from the sale of tobacco products as a percentage of our overall revenue. Tobacco products are our lowest-margin products, and consequently, any relative shift in our product mix away from tobacco products increases our margins.

(d) Other operating income

Our other operating income increased by RM17.5 million, or 17.7%, from RM99.1 million in 2012 to RM116.6 million in 2013 primarily due to an increase in our income from display incentives by RM9.2 million, or 17.5%, from RM52.7 million in 2012 to RM61.9 million in 2013 primarily due to the growth in our number of stores as well as an increase in the rates we charged. Contributing to the increased other operating income was an increase in our CDC rebates received from suppliers from RM11.2 million in 2012 to RM14.1 million in 2013 primarily due to an increase from 41% to 53% in the proportion of the products for our stores in Peninsular Malaysia that our vendors delivered to the CDC, as well as an increase in space rental income from RM9.8 million in 2012 to RM12.3 million in 2013 primarily due to the growth in our network of stores and an increase in in-store advertising activities undertaken by BChannel and Kakao Talk, members of the Berjaya Family.

(e) Selling and distribution expenses

Our selling and distribution expenses increased by RM40.5 million, or 10.3%, from RM394.9 million in 2012 to RM435.4 million in 2013. The increase was primarily due to increases in our store staff costs. Our store staff costs increased by RM24.1 million, or 17.4%, from RM137.9 million in 2012 to RM162.0 million in 2013, which resulted primarily from an increase in the Malaysian statutory minimum wage from RM750 per month to RM900 per month in Peninsular Malaysia and from RM700 per month to RM800 per month in East Malaysia. Contributing to the increased selling and distribution expenses were increases in our store rental expenses, store utilities expenses and store maintenance expenses.

10. FINANCIAL INFORMATION (Cont'd)

Our store rental expenses increased by RM6.1 million, or 10.1%, from RM60.7 million in 2012 to RM66.8 million in 2013 and our store utilities expenses increased by RM4.5 million, or 6.3%, from RM71.2 million in 2012 to RM75.7 million in 2013, each of which were primarily due to the growth in our number of stores. Our store maintenance expenses increased by RM6.8 million, or 44.4%, from RM15.3 million in 2012 to RM22.1 million in 2013 primarily due both to the growth in our number of stores and also to our outsourcing of our store maintenance functions starting in July 2013. Also contributing to the increased selling and distribution expenses was the increase in our CDC expenses by RM3.1 million, or 13.6%, from RM22.7 million in 2012 to RM25.8 million in 2013, which was mostly as a result of our move to a larger space within the CDC which increased the rental and management fees we pay, as well as an increase in the volume of products handled by the CDC. Partially offsetting the increased selling and distribution expenses was a decrease in our franchisees' share of gross profit net of their share of operating expenses by RM5.9 million, or 23.5%, from RM25.2 million in 2012 to RM19.3 million in 2013 primarily due to an increase in the franchisees' share of operating expenses because in 2012 we started processing franchisee payroll and charging the costs back to franchisees, whereas prior to that, franchisees had directly processed their payrolls, and 2013 reflected the first full year in which this change was effective.

(f) Administrative and other operating expenses

Our administrative and other operating expenses increased by RM3.4 million, or 5.4%, from RM63.3 million in 2012 to RM66.7 million in 2013. The increase was primarily due to increases in our advertising and promotional expenses which was partially offset by decreases in depreciation and provisions for impairment losses. Our advertising and promotional expenses increased by RM3.8 million, from RM2.5 million in 2012 to RM6.3 million in 2013 primarily due to our "Hello Kitty" promotional campaign in August 2013. Our depreciation expenses decreased by RM2.5 million, or 63.5%, from RM3.9 million in 2012 to RM1.4 million in 2013 primarily due to a reversal of overprovision of depreciation that we made in previous years in respect of estimated future restoration cost for our stores. We recorded no provisions for impairment losses relating to decrease in the fair value of quoted shares in 2013, as compared to a provision of RM1.7 million in 2012, as we had sold the quoted shares in 2012.

(g) Profit from operations

Our profit from operations increased by RM15.5 million, or 23.4%, from RM66.1 million in 2012 to RM81.6 million in 2013 for the reasons described above.

(h) Finance costs

Our finance costs decreased by RM0.9 million, or 9.5%, from RM9.6 million in 2012 to RM8.6 million in 2013. This decrease was primarily due to our decreased third-party utilisation of BRetail's multi-trade line.

10. FINANCIAL INFORMATION (Cont'd)**(i) Profit before tax**

Our profit before tax increased by RM16.4 million, or 28.9%, from RM56.6 million in 2012 to RM72.9 million in 2013 for the reasons described above.

(j) Income tax expense

Our income tax expense increased by RM5.1 million, or 31.5%, from RM16.1 million in 2012 to RM21.2 million in 2013. The increase was primarily due to a RM16.4 million increase in our profit before tax, which is taxed at the Malaysian statutory tax rate of 25.0% and resulted in a RM4.1 million increase in our income tax expense. Contributing to our increased income tax expense in 2013 was a RM1.1 million over-provision of income tax in respect of 2011, which we had recognised as a credit to our income tax expense in 2012 as compared to a RM0.2 million over-provision in 2012, which we recognised as a credit to our income tax expense in 2013.

(k) Profit after tax

Our profit after tax increased by RM11.3 million, or 27.9%, from RM40.5 million in 2012 to RM51.8 million in 2013 for the reasons described above.

(iii) Year ended 31 December 2012 compared to year ended 31 December 2011**(a) Revenue**

Our revenue increased by RM116.7 million, or 8.0%, from RM1,462.4 million in the year ended 31 December 2011 to RM1,579.1 million in the year ended 31 December 2012. Our revenue from merchandise sales increased by RM109.4 million, or 7.7%, from RM1,419.1 million in 2011 to RM1,528.4 million in 2012, whilst our revenue from commissions on our in-store services increased by RM7.3 million, or 17.0%, from RM43.1 million to RM50.4 million. The increase in our revenue from merchandise sales was primarily due to the net growth in our number of stores by 79 net new stores, or 5.9%, from 1,328 stores in 2011 to 1,407 stores in 2012 and a 1.6% increase in our same-store sales, due largely to the increasing maturity profile of our stores. The increase in our revenue from commissions was primarily due to the growth in our number of stores and growth in our sale of mobile phone and online gaming reloads, which form a substantial majority of our in-store services.

(b) Cost of sales

Our cost of sales increased by RM75.7 million, or 7.0%, from RM1,078.2 million in 2011 to RM1,153.9 million in 2012. The increase was primarily due to the growth in our number of stores by 79 net new stores, or 5.9%, from 1,328 in 2011 to 1,407 in 2012 and corresponding inventory costs at these stores, as well as continued same-store sales growth and corresponding inventory costs on the sales. Our cost of merchandise sales as a percentage of merchandise revenue improved from 76.0% in 2011 to 75.5% in 2012.

10. FINANCIAL INFORMATION (Cont'd)

(c) Gross profit and gross profit margin

Our gross profit increased by RM41.0 million, or 10.7% from RM384.2 million in 2011 to RM425.2 million in 2012 for the reasons described above.

Our gross profit margin increased from 26.3% to 26.9% largely due to our 17.0% increase in revenue from commissions on our in-store services in 2012, particularly mobile phone and online gaming reloads, on which we incur negligible cost of sales, and a decrease in our revenue from the sale of tobacco products as a percentage of our overall revenue. Tobacco products are our lowest-margin products, and consequently, any relative shift in our product mix away from tobacco products increases our margins.

(d) Other operating income

Our other operating income increased by RM3.6 million, or 3.8%, from RM95.5 million in 2011 to RM99.1 million in 2012. The increase was primarily due to increases in our income from space rental at our stores and interest income on our advances to our holding company and, to a lesser extent, an increase in our CDC rebates from suppliers, which were partially offset by decreases in our income from the non-refundable fees from our franchisees. Our income from space rental increased by RM2.9 million, or 42.7%, from RM6.9 million in 2011 to RM9.8 million in 2012 primarily due to an increase in banner space sales resulting from efforts we undertook to increase in-store advertising and an increase in the rates we charged for banner space. Our interest income on our advances to our holding company increased by RM3.2 million, or 27.6%, from RM11.6 million in 2011 to RM14.8 million in 2012 as a result of an increased principal balance of our advances to our holding company due to additional advances of RM90.1 million in 2012 and the accrual of unpaid interest. Our income from CDC rebates received from our suppliers increased by RM1.9 million, or 20.1%, from RM9.3 million in 2011 to RM11.2 million in 2012 primarily due to an increase from 40% to 41% in the proportion of the products for our stores in Peninsular Malaysia that our vendors delivered to the CDC. Our income from the non-refundable fees from our franchisees decreased by RM3.2 million, or 91.3%, from RM3.6 million in 2011 to RM0.3 million in 2012 as we franchised only two stores in 2012, compared to 44 in 2011, upon our re-evaluation of our franchising strategy.

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10. FINANCIAL INFORMATION (Cont'd)**(e) Selling and distribution expenses**

Our selling and distribution expenses increased by RM28.4 million, or 7.8%, from RM366.5 million in 2011 to RM394.9 million in 2012. The increase was primarily due to increases in our staff costs, store utilities expenses, store rental expenses and CDC expenses, which were partially offset by a decrease in our store maintenance expenses. Our store staff costs increased by RM11.0 million, or 8.6%, from RM127.0 million in 2011 to RM137.9 million in 2012 primarily due to an increase in our number of employees from 6,185 to 6,689, an 8.1% increase, largely as a result of the growth in our number of stores. Our store utilities expenses increased by RM7.3 million, or 11.5%, from RM63.9 million in 2011 to RM71.2 million in 2012 due both to the growth in our number of stores as well as an 8.3% increase in electricity tariffs in June 2011. Our store rental costs increased by RM6.3 million, or 11.5%, from RM54.4 million in 2011 to RM60.7 million in 2012 due both to the growth in our number of stores and a moderate increase in rental rates on renewed tenancies. Our CDC expenses increased by RM3.7 million, or 19.7%, from RM18.9 million in 2011 to RM22.7 million in 2012 mainly due to an increase in inventory volumes processed at the CDC to accommodate the growth in our number of stores. Our store maintenance expenses decreased by RM3.6 million, or 19.1%, from RM18.9 million in 2011 to RM15.3 million in 2012 primarily due to the increase in our preventative store maintenance measures and an effort to raise staff awareness on store equipment usage.

(f) Administrative and other operating expenses

Our administrative and other operating expenses remained largely steady, experiencing a slight decrease of RM0.5 million, or 0.7%, from RM63.7 million in 2011 to RM63.3 million in 2012. This slight decrease was primarily due to decreases in our store closure expenses and write-offs of bad debts that were largely offset by an increase in our office staff costs. Our store closure expenses decreased by RM2.0 million, or 94.5%, from RM2.1 million in 2011 to RM0.1 million in 2012 primarily due to a one-off accounting adjustment in 2011 in respect of store closure expenses carried over from prior years. Our bad debts written-off and mobile phone reloads variances decreased by RM0.7 million or 44.1% from RM1.6 million in 2011 to RM0.9 million in 2012 primarily due to our improved collection processes. Our office staff expenses increased by RM3.6 million, or 9.0%, from RM40.5 million in 2011 to RM44.2 million in 2012 largely due to increased salaries and a small increase in office staff headcount.

(g) Profit from operations

Our profit from operations increased by RM16.7 million, or 33.7%, from RM49.5 million in 2011 to RM66.1 million in 2012 for the reasons described above.

10. FINANCIAL INFORMATION (Cont'd)**(h) Finance costs**

Our finance costs increased by RM0.6 million, or 6.2%, from RM9.0 million in 2011 to RM9.6 million in 2012. The increase was primarily due to an increase in our interest expense on bankers' acceptances, which increased by RM1.4 million, or 51.4%, from RM2.7 million in 2011 to RM4.0 million in 2012 due to an increase in the average interest rates on our bankers' acceptance facilities resulting from an increase in the base rates charged by our lenders.

(i) Profit before tax

Our profit before tax increased by RM16.1 million, or 39.8%, from RM40.5 million in 2011 to RM56.6 million in 2012 for the reasons described above.

(j) Income tax expense

Our income tax expense increased by RM5.8 million, or 55.8%, from RM10.3 million in 2011 to RM16.1 million in 2012. The increase was primarily due to our RM16.1 million increase in profit before tax in 2012 as compared to 2011, which is taxed at the Malaysian statutory tax rate of 25.0% and resulted in a RM4.0 million increase in tax expense. Contributing to the increased income tax expense in 2012 as compared to 2011 is the fact that in respect of 2010, we had over-provided by RM3.8 million for our current and deferred income tax expenses for 2010, which we recognised as a credit to our income tax expense in 2011. Comparatively, in respect of 2011 we over-provided only RM1.1 million of our current and deferred income tax in respect of 2011, and hence in 2012, we only recognised a RM1.1 million credit to our income tax expense.

(k) Profit after tax

Our profit after tax increased by RM10.3 million, or 34.3%, from RM30.1 million in 2011 to RM40.5 million in 2012 for the reasons described above.

(iv) Year ended 31 December 2011 compared to year ended 31 December 2010**(a) Revenue**

Our revenue increased by RM148.7 million, or 11.3%, from RM1,313.7 million in the year ended 31 December 2010 to RM1,462.4 million in the year ended 31 December 2011. Our revenue from merchandise sales increased by RM142.2 million, or 11.1%, from RM1,276.9 million in 2010 to RM1,419.1 million in 2011, while our revenue from commissions on our in-store services increased by RM6.5 million, or 17.7%, from RM36.6 million in 2010 to RM43.1 million in 2011. The increase in our revenue from merchandise sales was primarily due to the growth in our number of stores by 116 net new stores or 9.6%, from 1,212 stores in 2010 to 1,328 stores in 2011 and a 2.2% increase in our same-store sales, due largely to the increasing maturity profile of our stores. The increase in our revenue from commissions was primarily due to the growth in our number of stores from 2010 to 2011 and growth in our sale of mobile phone and online gaming reloads, which form a substantial majority of our in-store services.

10. FINANCIAL INFORMATION (Cont'd)

(b) Cost of sales

Our cost of sales increased by RM106.9 million, or 11.0%, from RM971.2 million in 2010 to RM1,078.2 million in 2011. The increase was primarily due to the growth in our number of stores by 116 net new stores, or 9.6%, from 1,212 stores in 2010 to 1,328 stores in 2011, and our corresponding inventory costs at these new stores, as well as continued same-store sales growth and corresponding inventory costs on the sales. Our cost of merchandise sales as a percentage of merchandise revenue improved from 76.1% in 2010 to 76.0% in 2011.

(c) Gross profit and gross profit margin

Our gross profit increased by RM41.7 million, or 12.2%, from RM342.5 million in 2010 to RM384.2 million in 2011 for the reasons described above.

Our gross profit margin increased slightly from 26.1% to 26.3% largely due to our 17.7% increase in revenue from commissions on our in-store services, particularly mobile phone and online gaming reloads, on which we incur no cost of sales.

(d) Other operating income

Our other operating income decreased by RM4.6 million, or 4.6%, from RM100.1 million in 2010 to RM95.5 million in 2011. This decrease was primarily due to a decrease in our income from the fees from our franchisees by RM6.2 million, or 63.4%, from RM9.7 million in 2010 to RM3.6 million in 2011 as we franchised 134 stores in 2010, compared to 44 in 2011. Please refer to Section 7.4.4 of this Prospectus for further details on our franchising strategy. Partially offsetting our decreased income from franchisee fees were increases in our income from space rental by RM2.7 million, or 62.5%, from RM4.2 million in 2011 to RM6.9 million in 2012 primarily due to an increase in banner space sales resulting from efforts we undertook to increase in-store advertising and an increase in the rates we charged for banner space and, to a lesser extent, in our income from CDC rebates from our suppliers by RM1.6 million increase, or 20.9%, from RM7.7 million in 2010 to RM9.3 million in 2011, primarily due to an increase from 36% to 40% in the proportion of the products for our stores in Peninsular Malaysia that our vendors delivered to the CDC.

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10. FINANCIAL INFORMATION (Cont'd)**(e) Selling and distribution expenses**

Our selling and distribution expenses increased by RM25.6 million, or 7.5%, from RM341.0 million in 2010 to RM366.5 million in 2011. The increase was primarily due to increases in our franchisees' share of gross profit, store utilities expenses, store rental expenses and CDC expenses, which were partially offset by a decrease in our store maintenance expenses. Our franchisees' share of gross profit net of expenses increased by RM16.0 million, or 189.2%, from RM8.5 million in 2010 to RM24.5 million in 2011 primarily because we granted 134 franchisees, being the majority of our franchises in 2010, and as a result 2011 was the first year in which we had to pay the majority of our franchisees a full year of their share of gross profit. Our store utilities expenses increased by RM4.5 million or 7.6%, from RM59.4 million in 2010 to RM63.9 million in 2011 due primarily to the growth in our number of stores. Our store rental costs increased by RM5.7 million, or 11.6%, from RM48.8 million in 2010 to RM54.4 million in 2011 due both to the growth in our number of stores and a moderate increase in rental rates on renewed tenancies. Our CDC expenses increased by RM2.4 million, or 14.7%, from RM16.5 million in 2010 to RM18.9 million in 2011 mainly due to an increase in inventory volumes processed at the CDC to accommodate the growth in our number of stores. Our store maintenance expenses decreased by RM5.2 million, or 21.5%, from RM24.1 million in 2010 to RM18.9 million in 2011 primarily because we changed from outsourcing our store maintenance functions to performing them ourselves in July 2010.

(f) Administrative and other operating expenses

Our administrative and other operating expenses increased by RM10.1 million, or 18.8%, from RM53.7 million in 2010 to RM63.7 million in 2011. The increase was primarily due to increases in our office staff costs, store closure expenses, financing processing fees and donations extended to the Japan tsunami relief fund. Our office staff costs increased by RM4.9 million, or 13.6%, from RM35.7 million in 2010 to RM40.5 million in 2011 primarily due to increased salaries and headcount. Our store closure expenses increased by RM2.0 million, or 1,275.8%, from RM0.2 million in 2010 to RM2.1 million in 2011 primarily due to a one-off accounting adjustment in 2011 in respect of store closure expenses carried over from prior years. The financing processing fees increased from nil in 2010 to RM1.3 million in 2011 as we paid for the proportionate processing fees for the proceeds drawdown by BRetail which was subsequently advanced to us. We donated RM0.4 million in 2011 to the Japan tsunami relief fund.

(g) Profit from operations

Our profit from operations increased by RM1.5 million, or 3.2%, from RM47.9 million in 2010 to RM49.5 million in 2011 for the reasons described above.

(h) Finance costs

Our finance costs increased by RM1.5 million, or 19.7%, from RM7.5 million in 2010 to RM9.0 million in 2011. The increase was primarily because in 2011, we started utilising BRetail's multi-trade lines facility and accrued interest payable thereon.

10. FINANCIAL INFORMATION (Cont'd)**(i) Profit before tax**

Our profit before tax increased by RM0.05 million, or 0.1%, from RM40.4 million in 2010 to RM40.5 million in 2011 for the reasons described above.

(j) Income tax expense

Our income tax expense decreased by RM2.8 million, or 21.4%, from RM13.1 million in 2010 to RM10.3 million in 2011. This decrease was primarily due to the fact that in respect of 2010 we overestimated our current and deferred income tax expenses for 2010, which we recognised as a RM3.8 million credit to our income tax expense in 2011. Comparatively, in respect of 2009, our overestimation of our current and deferred income tax was not as significant, and hence in 2010, we only recognised a RM1.5 million credit to our income tax expense for our prior year over-provision.

(k) Profit after tax

Our profit after tax increased by RM2.9 million, or 10.5%, from RM27.3 million in 2010 to RM30.1 million in 2011 for the reasons described above.

10.2.5 Liquidity and capital resources**(i) Working capital**

Our principal sources of liquidity are our current cash and bank balances, cash generated from our operations, credit extended by our suppliers, borrowings from financial institutions, advances we received from BRetail and, historically, our third-party utilisation of BRetail's multi-trade lines facility. In November 2013, we ceased our third-party utilisation of BRetail's multi-trade lines facility and we have settled the amounts owing to BRetail. We have entered into a new multi-trade lines facility with a combined limit of RM50.0 million as a replacement for our third-party utilisation of BRetail's multi-trade lines. Following the Listing, we may, from time to time, also rely on additional equity and debt offerings to raise capital. Our ability to rely on these sources of funding could be affected by our results of operations and financial position and by the conditions in the Malaysian financial markets.

As at 31 December 2013, we had cash and bank balances of RM47.8 million and no unused bankers' acceptances and other sources of liquidity, as all of our borrowings and credit facilities were fully drawn. As at the LPD, we had cash and bank balances of RM45.1 million and RM20.0 million in unused bankers' acceptances and other sources of liquidity. Our working capital, calculated as current assets minus current liabilities, was a net current liability of RM102.3 million as at 31 December 2013.

Based on the above and taking into consideration our funding requirements for our committed capital expenditure, expected cash flows from operations, our existing level of cash and cash equivalents and credit sources together with the estimated gross proceeds of approximately RM250.3 million we expect to receive from our Public Issue, our Board believes that we will have sufficient working capital for at least 12 months from the date of this Prospectus.

10. FINANCIAL INFORMATION (Cont'd)**(ii) Cash flows**

The following table sets out a summary of the consolidated statements of cash flows of our Group for the years indicated:

	Audited			
	Year ended 31 December			
	2010	2011	2012	2013
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Net cash generated from operating activities	63,542	107,328	66,680	186,887
Net cash used in investing activities	(26,953)	(16,459)	(97,573)	(65,499)
Net cash (used in)/generated from financing activities	(17,710)	(79,828)	15,165	(105,791)
Net increase/(decrease) in cash and cash equivalents	18,879	11,041	(15,728)	15,597
Cash and cash equivalents at beginning of the year	18,051	36,930	47,971	32,243
Cash and cash equivalents at end of the year	36,930	47,971	32,243	47,840

(a) Net cash generated from operating activities

Our net cash generated from operating activities was RM186.9 million for the year ended 31 December 2013 compared to RM66.7 million for the year ended 31 December 2012. Our net cash generated from operating activities increased primarily because of the increase in our number of stores. Our primary working capital changes that influenced the increased cash generated from operating activities in 2013 was a net RM22.2 million increase, or 31.2%, in our other payables largely due to an increase in accruals as a result of our faster rate of expansion in 2013 than 2012 and corresponding purchase of inventory for our new stores, of which some had not yet been invoiced as at 31 December 2013. We paid RM0.9 million less in interest, or 9.5%, in 2013 than in 2012, primarily due to decreased third party utilisation of BRetail's multi-trade lines. We paid RM24.5 million in tax in 2013 and RM17.0 million in tax in 2012.

10. FINANCIAL INFORMATION (Cont'd)

Our net cash generated from operating activities was RM66.7 million for the year ended 31 December 2012 compared to RM107.3 million for the year ended 31 December 2011, a decrease of RM40.6 million, or 37.9%. Our net cash generated from operating activities decreased primarily because of the increase in our selling and distribution expenses from 2011 to 2012 primarily as a result of the increased number of staff, store utilities, store rental and CDC expenses, most of which comprises of cash items, and because our working capital changes outweighed the increased sales from the growth in our number of stores. Our primary working capital changes that influenced our decreased cash generated from operating activities in 2012 were: (i) a RM11.8 million increase, or 42.2%, in our other receivables resulting primarily from early payments received in relation to our display incentives in December 2011, whereas we did not receive an early payment in December 2012; (ii) a RM5.4 million increase, or 4.5%, in our inventories due primarily to the growth in our number of stores; and (iii) a net RM26.9 million increase, or 9.3%, in our payables to our merchandise suppliers and phone reload coupon suppliers resulting from the growth in our number of stores and as a result of us making bulk orders towards the end of 2012 in order to try to meet annual incentive discounts based on total annual purchases. We paid RM4.2 million more in interest, or 79.7%, in 2012 than in 2011, primarily due to late billing by our creditors in 2011. We paid RM17.0 million in tax in 2012 and RM8.7 million in tax in 2011.

Our net cash generated from operating activities was RM107.3 million for the year ended 31 December 2011 compared to RM63.5 million for the year ended 31 December 2010, an increase of RM43.8 million, or 68.9%. Our net cash generated from operating activities increased primarily because of the increase in our sales due to our store growth. Our primary working capital changes that influenced the increased cash generated from operating activities in 2011 were: (i) a net RM47.8 million, or 19.9%, increase in our payables to our merchandise and phone reload coupon suppliers resulting from the growth in our number of stores and an increase in our inventories, which we generally take on credit, in December 2011 in anticipation of the Chinese New Year festive celebration, which occurred in January 2012; (ii) a RM10.2 million, or 17.8%, increase in other payables mostly due to our contractors in connection with the store rollout programme we undertook in 2011; (iii) a decrease in prepayments of RM12.3 million, or 68.0%, from 2010 to 2011, primarily because we made a bulk payment in advance of RM14.2 million for phone reload soft pins in December 2010 in anticipation of the high demand in phone reloads for the New Year and Chinese New Year festive celebration in early February 2011; and (iv) a RM24.3 million, or 25.5%, increase in our inventories in 2011, in anticipation of high demand during the Chinese New Year festive celebration, which occurred in January 2012. Although our interest expense increased in 2011 from 2010, we paid RM2.2 million less in interest, or 29.2%, in 2011 due to late billing by our creditors in 2011. We paid RM8.7 million in tax in 2011 and RM10.4 million in tax in 2010.

10. FINANCIAL INFORMATION (Cont'd)**(b) Net cash flows used in investing activities**

Our net cash flow used in investing activities was RM65.5 million for the year ended 31 December 2013, mainly attributable to RM41.7 million in spending for new store openings and the refurbishments of our stores, purchase of beverage machines, safes, computers and other equipment for our stores and net cash outflows of RM24.7 million in advances to our holding company.

Our net cash flow used in investing activities was RM97.6 million for the year ended 31 December 2012, mainly attributable to net cash outflows of RM86.3 million in advances to our holding company, RM15.3 million for the refurbishments of our stores, purchase of beverage machines, safes, computers and other equipment for our new stores and RM5.8 million in proceeds from the sale of quoted shares.

Our net cash flow used in investing activities was RM16.5 million for the year ended 31 December 2011, mainly attributable to RM20.4 million in the purchase of property, plant and equipment in connection with our opening of new stores, RM6.6 million for the purchase of quoted shares and net proceeds of RM9.9 million from our holding company's repayments of our advances.

Our net cash flow used in investing activities was RM27.0 million for the year ended 31 December 2010, mainly attributable to RM19.1 million in the purchase of property, plant and equipment in connection with our opening of new stores and RM8.7 million from advances to our holding companies, net of repayment.

(c) Net cash flow (used in)/generated from financing activities

Our net cash used in financing activities was RM105.8 million for the year ended 31 December 2013, mainly attributable to our RM117.5 million dividends paid to BRetail and RM576.7 million in proceeds from bankers' acceptances, of which we repaid RM554.7 million. We repaid RM22.0 million less than we received from the bankers' acceptances mainly due to timing differences.

Our net cash flow generated from financing activities was RM15.2 million for the year ended 31 December 2012, mainly attributable to RM427.7 million in proceeds from bankers acceptances, which we use to finance our short-term working capital requirements, and of which we repaid RM401.4 million. We repaid RM26.2 million less than we received from bankers' acceptances in 2012 due to timing differences. Partially offsetting our proceeds from bankers' acceptances were repayments of RM3.1 million in term loans and RM7.9 million in hire purchase and finance lease liabilities.

Our net cash flow used in financing activities was RM79.8 million for the year ended 31 December 2011, mainly attributable to our declaration of RM12.0 million in dividends and repayments of loans, including net repayments of RM55.0 million on our revolving credit facility, RM9.1 million in hire purchase and finance lease liabilities and RM3.1 million in term loans. Our proceeds from bankers' acceptances largely offset our repayment of bankers' acceptances.

10. FINANCIAL INFORMATION (Cont'd)

Our net cash flow used in financing activities was RM17.7 million for the year ended 31 December 2010, mainly attributable to our declaration of RM15.0 million in dividends and repayments of loans, including net repayments of RM20.0 million on our revolving credit facility and RM7.8 million repayments on hire purchase and finance lease liabilities. Partially offsetting these payments were net proceeds from bankers' acceptances of RM19.0 million and net proceeds from term loans of RM6.1 million.

(iii) Borrowings

Our borrowings consist of bankers' acceptances, term loans, hire purchase and finance lease liabilities. Our primary facilities are our bankers' acceptance facilities, which we use in our day-to-day working capital management. While we generally purchase merchandise on credit terms of 30 to 60 days, we are required to pay for certain of our high-turnover merchandise, including mobile phone reloads, within a shorter timeframe. We use bankers' acceptance facilities for our working capital management in respect of such merchandise.

Our total outstanding borrowings as at 31 December 2013 were as follows:

	<u>(RM'000)</u>
Long-term borrowings	
Secured finance leases	5,186
Secured term loans	819
Total long-term borrowings	<u>6,005</u>
Short-term borrowings	
Secured finance leases	5,912
Secured term loans	2,180
Unsecured bankers' acceptances	111,500
Total short-term borrowings	<u>119,592</u>
Total borrowings	<u>125,597</u>
Gearing ratio (times) ⁽¹⁾	1.70
Net gearing ratio (times) ⁽²⁾	1.05

Notes:

⁽¹⁾ Computed based on total borrowings over total equity.

⁽²⁾ Computed based on total borrowings less cash and bank balances over total equity.

We have not been in default on payments of either interest or principal for any of our borrowings throughout the past financial year and up to the date of this Prospectus. We are not in breach of terms and conditions or covenants associated with our credit arrangements or bank loans which can materially affect our financial position and results or business operations, or the investments by holders of our Shares.

10. FINANCIAL INFORMATION (Cont'd)

The maturity profile of our borrowings as at 31 December 2013 is as follows:

	RM'000
Within one year	119,592
One to two years	4,723
Two to five years	1,282
Total	125,597

The table below sets forth our total fixed rate and floating rate borrowings as at 31 December 2013:

	RM'000
Fixed rate	11,098
Floating rate	114,499
Total	125,597

The effective interest rate of our fixed rate borrowings as at 31 December 2013 ranged from 5.0% to 6.9% per annum. The effective interest rate of our floating rate borrowings as at 31 December 2013 ranged from 4.9% to 5.4% per annum.

In 2011, we began utilising BRetail's bankers' acceptance facility as part of our working capital management strategy. In November 2013, we ceased our third-party utilisation of BRetail's multi-trade lines facility and we have settled all amounts outstanding under BRetail's bankers' acceptance facility.

As at the date of this Prospectus, we had the following material borrowing facilities:

(a) RM20.0 million bankers' acceptance

On 18 December 2012, we signed a RM20.0 million floating rate bankers' acceptance facility with a Malaysian bank which was guaranteed by BRetail. The bank has no objection to replace the BRetail guarantee with a corporate guarantee from 7-Eleven Malaysia Holdings upon the successful Listing. The purposes of this facility is to finance imports and local purchases of goods related to our business, restricted to our top 20 suppliers for general merchandise, and from U-Mobile Sdn. Bhd., as well as non-related parties, for prepaid reload coupons. Under the terms of the facility, we can draw in one or multiple drafts up to a total of RM20.0 million in the aggregate outstanding at any given time, each draft payable in 90 days or as otherwise provided in the invoice. The facility contains customary covenants limiting, among others, our ability to incur additional borrowings from other financial institutions, pledge or dispose of our assets and change our directors or ownership structure. The bank can terminate the facility at will.

10. FINANCIAL INFORMATION (Cont'd)**(b) RM70.0 million bankers' acceptance and bank guarantee**

On 1 August 2008, we signed a RM70.0 million floating rate bankers' acceptance facility with a Malaysian bank. The facility has been amended and supplemented from time to time, most recently on 19 July 2013, when we signed a combined RM70.0 million bankers' acceptance facility and bank guarantee, with a RM10.0 million sub-limit for the bank guarantee. The purpose of the facility is to finance our local purchase of goods and stock. Under the terms of the facility, we can draw in one or multiple drafts up to a total of RM60.0 million in the aggregate outstanding at any given time, each draft payable in 120 days or on the bank's demand. The facility contains customary covenants limiting, among others, the maximum total outstanding amount of bank borrowings we may have at any time, our ability to encumber our assets, and make advances or loans to related companies. The facility also requires that TSVT maintain at least 51.0% indirect ownership in us at all times. The bank can terminate the facility with 14 days' written notice.

The bank guarantee is generally subject to the same applicable terms as the bankers' acceptance. For any non-financial guarantee provided under this facility, we pay a 1.0% commission per year and for any financial guarantee provided under this facility, we pay a 1.1% commission per year.

(c) RM50.0 million multi-trade lines

In December 2013, we signed a multi-trade lines facility with a combined limit of RM50.0 million comprising of a floating rate short-term revolving credit facility, floating rate bankers' acceptance facility and floating rate financial and non-financial bank guarantees. 7-Eleven Malaysia Holdings will provide a RM50.0 million guarantee on this facility contingent on the successful Listing. The short-term revolving credit portion initially had a sub-limit of RM50.0 million which was reduced to RM20.0 million from 1 March 2014. The purpose of this multi-trade lines facility is to fund our working capital requirements, make purchase from residents and non-residents, act as security deposits, customs duties and utilities deposits related to our normal course of business and as performance bonds, advance payment bonds and warranty bonds related to our normal course of business.

The facility contains customary covenants limiting, among others, our ability to incur additional indebtedness above RM50.0 million per annum, our ability to allow changes to our ownership structure (other than as part of the Pre-IPO Reorganisation) and our ability to encumber our assets, in each case without consent. Under the terms of the facility, we can draw in one or multiple drafts up to a total of RM50.0 million in the aggregate outstanding at any given time, with each draft drawn under the short-term revolving credit facility payable in either 30, 60, 90 or 365 days. The bank may terminate the facility with 30 days' written notice.

For any non-financial guarantee provided under this facility, we pay a 1.2% commission per year and for any financial guarantee provided under this facility, we pay a 1.5% commission per year.

10. FINANCIAL INFORMATION (Cont'd)**(iv) Capital expenditures****(a) Historical capital expenditures**

The following table sets out our number of new stores and capital expenditures incurred during the years/period indicated:

	Year ended 31 December				From 1 January 2014 to the LPD
	2010	2011	2012	2013	
Number of new stores	118	129	84	167	29
Capital expenditures					
New stores (RM'000) ⁽¹⁾	23,474	26,973	20,882	40,975	8,132
Refurbishment (RM'000)	4,297	3,310	1,339	19,563	19,050
Head office (RM'000)	3,822	2,891	2,284	2,339	1,751
Spare equipment (RM'000)	7,298	3,127	-	916	951
Total capital expenditures (RM'000)	38,891	36,301	24,504	63,792	29,884
Average capital expenditure per new store (RM'000)⁽¹⁾	199	209	249	245	280

Note:

⁽¹⁾ Excludes initial inventory costs.

The majority of our capital expenditures relates to our opening of new stores, for which we incur expenses primarily relating to the design and fitting out of new stores. Our capital expenditures on refurbishment involve renovation of store tiling, walls and ceiling together with replacement of aged equipment, our capital expenditures at our head office relate primarily to the purchase of replacement equipment and upgrading of IT system and our spare equipment expenditures relates primarily to bulk orders of beverage machines for future stores.

(b) Planned capital expenditures

The following table sets out our planned capital expenditures for the period indicated:

	From LPD to 31 December 2014 (RM'000)
Opening of new stores	46,367
Upgrading of IT system	60,072
Construction and fitting of our new CDC	15,000
Refurbishment of stores	24,030
Total planned capital expenditures	145,469

10. FINANCIAL INFORMATION (Cont'd)

We expect to fund the above planned capital expenditures, which primarily relate to costs associated with our opening of new stores, upgrading of IT system, construction and fitting out our new CDC and carrying out our store refurbishment programme, through our internal cash flows and part of the proceeds from the IPO.

Our actual capital expenditures may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the local economy in Malaysia, matters relating to possible construction/development delays, defects or cost overrun and other factors that are beyond our control.

(v) Material commitments

The following table summarises our capital commitments and operating lease commitments as at the LPD:

	Payments due by period		
	Within one Year	After one year but within five years	Total
	(RM'000)	(RM'000)	(RM'000)
Capital commitments			
Approved and contracted for	14,000	-	14,000
Approved but not contracted for	165,542	32,018	197,560
Operating lease commitments			
As lessee	2,178	595	2,773
As lessor	192	17	209
Total	181,912	32,630	214,542

Our approved and contracted capital commitments are based on purchase orders issued to vendors, which comprise mainly of orders for renovation, equipment, furniture and fittings for new stores. Our approved but not contracted capital commitments relate to capital expenditures for the costs of our remaining stores that we intend to open in 2014, at an estimated cost of RM200,000 to RM300,000 per store, as well as capital expenditures for the upgrading of IT systems, construction and fitting of our new CDC and refurbishment of stores.

We plan to meet our material commitments through our cash and cash equivalents on hand, as well as cash generated from future operations, funding from other financing activities (if required) and part of the net proceeds from the IPO.

Save as disclosed above, as at the LPD, our Board is not aware of any material capital commitments incurred or known to be incurred by us that have not been provided for which, upon becoming enforceable, may have a material impact on our financial results.

10. FINANCIAL INFORMATION (Cont'd)**(vi) Material acquisitions and divestitures**

Other than our sale of quoted shares as discussed in Section 10.2.5(ii)(b) of this Prospectus, we have not made any material acquisitions or divestitures since the beginning of our last three financial years to the date of this Prospectus.

(vii) Key financial ratios

The following table sets out our key financial ratios for the years indicated:

	Year ended 31 December			
	2010	2011	2012	2013
Average trade payables turnover period (days):				
- Merchandise ⁽¹⁾	71	72	76	74
- Commission ⁽²⁾	18	20	22	23
Average inventory turnover period (days)				
- Merchandise ⁽³⁾	33	33	32	31
- Commission ⁽⁴⁾	1	4	7	7
Current ratio (times) ⁽⁵⁾	0.87	0.89	1.00	0.81
Gearing ratio (times) ⁽⁶⁾	1.84	0.91	0.78	1.70
Net gearing ratio (times) ⁽⁷⁾	1.38	0.42	0.55	1.05

Notes:

⁽¹⁾ Computed as one half of the sum of the opening and closing trade payables for the period (excluding those due to phone and online gaming reload Soft PINs suppliers) divided by the sum of the change in inventory and cost of sales during the period, multiplied by the number of days in the period.

⁽²⁾ Computed as one half of the sum of the opening and closing trade payables for the period relating to mobile phone and online gaming reload Soft PINs suppliers divided by the sum of the change in inventory and purchases during the period, multiplied by the number of days in the period.

⁽³⁾ Computed as one half of the sum of the opening and closing inventory for the period divided by the cost of goods sold (relating to merchandise sales only) during the period, multiplied by the number of days in the period.

⁽⁴⁾ Computed as one half of the sum of the opening and closing inventory for the period divided by purchases of mobile phone and online gaming reload Soft PINs during the period, multiplied by the number of days in the period.

⁽⁵⁾ Computed based on current assets over current liabilities.

⁽⁶⁾ Computed based on total borrowings over total equity.

⁽⁷⁾ Computed based on total borrowings less cash and bank balances over total equity.

Due to the nature of our convenience store business, all of our transactions with customers are settled on a cash basis. Therefore, we do not have any trade receivables.

10. FINANCIAL INFORMATION (Cont'd)**(a) Trade payables****(aa) Merchandise**

Our average merchandise trade payable turnover period increased slightly from 71 days for the year ended 31 December 2010 to 72 days for the year ended 31 December 2011. Our average merchandise trade payable turnover period increased from 72 days for the year ended 31 December 2011 to 76 days for the year ended 31 December 2012 due to timing differences in our payments. Our average merchandise trade payable turnover period decreased from 76 days for the year ended 31 December 2012 to 74 days for the year ended 31 December 2013.

(bb) Commission

Our average commission trade payable turnover period increased from 18 days for the year ended 31 December 2010 to 20 days for the year ended 31 December 2011. Our average commission trade payable turnover period increased from 20 days for the year ended 31 December 2011 to 22 days for the year ended 31 December 2012. Our average commission trade payable turnover period increased slightly from 22 days for the year ended 31 December 2012 to 23 days for the year ended 31 December 2013.

The credit period imposed by MOL and U Mobile to 7-Eleven Malaysia are seven days and 60 days respectively (Please refer to Section 13.1.2 of this Prospectus for further details on the nature of the transactions with MOL and U-Mobile respectively). MOL imposes a credit period of seven days on 7-Eleven Malaysia because MOL, being an intermediary between 7-Eleven Malaysia and a reseller of mobile phone reloads, also has to comply with similar credit period imposed by the said reseller on MOL.

We make a concerted effort to pay our suppliers on a timely basis. The official credit period for merchandise extended by our suppliers is generally between 30 and 60 days from the creditors' statement date. We pay our suppliers for merchandise within 70 to 74 days which is within their acceptable credit period. The official credit period for mobile phone and online gaming reload Soft PINs extended by our suppliers is generally between seven and 60 days from the creditors' statement date. We pay our suppliers for mobile phone and online gaming reload Soft PINs within 18 to 23 days which is within their official credit period.

(b) Inventory turnover

Our average inventory turnover period for merchandise remained unchanged throughout the year ended 31 December 2010 to the year ended 31 December 2011. Our average inventory turnover period for merchandise decreased from 33 days for the year ended 31 December 2011 to 31 days for the year ended 31 December 2013 due to an increase in the proportion of products for our stores in Peninsular Malaysia that our vendors had delivered to the CDC, which allows us to more efficiently manage inventory.

10. FINANCIAL INFORMATION (Cont'd)

For the year ended 31 December 2010, average inventory turnover period for commission was only one day due to substantial supply of mobile phone reloads which were on consignment. Our average inventory turnover period for commission increased to four days in the year ended 31 December 2011 because we increased mobile reload inventory as part of an effort to ensure better control over our inventory in view of increasing reload sales. Our average inventory turnover period for commission was relatively stable at seven days for the years ended 31 December 2012 and 2013.

(c) Current ratio

Our current ratio increased marginally from 0.87 times as at 31 December 2010 to 0.89 times as at 31 December 2011. Our current ratio increased from 0.89 times as at 31 December 2011 to 1.00 times as at 31 December 2012 primarily due to our net additional advances to our holding company and the accrual of interest on our advances to our holding company, in an aggregate amount of RM101.1 million, as well as the other working capital changes as discussed in Section 10.2.5(ii) of this Prospectus. Our current ratio decreased from 1.00 times as at 31 December 2012 to 0.81 times as at 31 December 2013 due primarily to the RM79.4 million decrease in sundry receivables primarily due to a decrease in the amounts due to us from BRetail as a result of BRetail's settlement of intercompany balances owed to us, as well as the other changes in working capital as discussed in Section 10.2.5(ii) of this Prospectus.

All of our sales are based on cash terms and therefore we have no trade receivables. The average inventory turnover period of our stores ranged from 29 to 33 days during the years ended 31 December 2010 to 2013. On the other hand, all of our purchases are based on merchandise suppliers' acceptable credit terms, ranging from 30 to 60 days and normally extends to about 70 to 74 days by the time suppliers present checks for clearing. We are able to leverage on this cash flow timing differences to optimise our cash management. For the past four years ended 31 December 2010, 2011, 2012 and 2013 we recorded net cash generated from operating activities of RM63.5 million, RM107.3 million, RM66.7 million and RM186.9 million respectively. Hence, there is no necessity for us to maintain a current ratio of more than 1.00 times.

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10. FINANCIAL INFORMATION (Cont'd)**(d) Gearing ratio**

Our gearing ratio decreased from 1.84 times as at 31 December 2010 to 0.91 times as at 31 December 2011 primarily due to our repayment of a RM82.9 million revolving credit facility in 2011 and a RM18.1 million increase, or 39.4%, in our retained profit. Our gearing ratio decreased from 0.91 times as at 31 December 2011 to 0.78 times as at 31 December 2012 largely due to a RM40.5 million increase, or 63.1%, in our retained profit, which was partially offset by our RM26.2 million, or 41.5%, additional outstanding bankers' acceptances at the end of 2012 as compared to 2011 due to payment timing differences. Our gearing ratio increased significantly from 0.78 times as at 31 December 2012 to 1.70 times as at 31 December 2013 primarily due to a RM65.7 million decrease, or 62.8%, in our retained earnings that was mostly due to the RM117.5 million dividend payment to BRetail, as well as a RM16.3 million increase, or 14.9%, in our borrowings mostly due to a RM22.0 million, or 24.6%, increase in bankers' acceptances at the end of the period due to payment timing differences.

(e) Net gearing ratio

Our net gearing ratio decreased from 1.38 times as at 31 December 2010 to 0.42 times as at 31 December 2011 primarily due to our repayment of a RM82.9 million revolving credit facility in 2011 and a RM18.1 million increase, or 39.4%, in our retained profit and a RM11.0 million increase, or 29.9%, in our cash and bank balances. Our net gearing ratio increased from 0.42 times as at 31 December 2011 to 0.55 times as at 31 December 2012 largely due to a RM40.5 million increase, or 63.1%, in our retained profit, which was partially offset by our RM26.2 million, or 41.5%, additional outstanding bankers' acceptances at the end of 2012 as compared to 2011 due to payment timing differences and our RM15.7 million decrease, or 32.8%, in cash and bank balances. Our net gearing ratio increased significantly from 0.55 times as at 31 December 2012 to 1.05 times as at 31 December 2013 primarily due to a RM65.7 million decrease, or 62.8%, in our retained earnings that was mostly due to the RM117.5 million dividend payment to BRetail, as well as a RM16.3 million increase, or 14.9%, in our borrowings mostly due to a RM22.0 million increase, or 24.6%, in bankers' acceptances at the end of the period due to payment timing differences, which were partially offset by a RM15.6 million increase, or 48.4%, in our cash and bank balances. The changes in our cash and bank balances in each period were due to the reasons described in Section 10.2.5(ii) of this Prospectus.

(viii) Off-balance sheet arrangements

We have a bank guarantee of RM6.0 million as at 31 December 2013 from a Malaysian bank as security for rental, telephone, medical and electricity deposits for various government, statutory bodies and private companies for the day-to-day operations of our "7-Eleven" business. The bank guarantee is secured by our land and buildings with total carrying amount of RM24.7 million as at 31 December 2013. We also have a RM10.0 million bank guarantee as part of our RM70.0 million bankers' acceptance facility and bank guarantee with a Malaysian bank.

10. FINANCIAL INFORMATION (Cont'd)

(ix) Contingent liabilities

Other than the material litigation disclosed in Section 15.5 of this Prospectus, as at the LPD, our Board is not aware of any contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial performance and position. In relation to the material litigation disclosed in Section 15.5 of this Prospectus, we have made provisions of RM6.6 million as at the LPD.

10.2.6 Financial risk management

We are exposed to certain financial risks arising from our operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. We do not undertake derivative transactions to manage any of our market risks.

Our Board has overall responsibility for the oversight of financial risk management, including the identification of operational and strategic risks, and subsequent action plans to manage these risks. Our management is responsible for identifying, monitoring and managing our risk exposures.

Our key financial risks are as follows:

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Our exposure to credit risk arises primarily from sundry receivables. For other financial assets (including cash and bank balances), we minimise credit risk by dealing with high credit rated counterparties. We measure receivable balances on an ongoing basis. At the end of the reporting date, our maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statement of financial position. As at 31 December 2013, approximately 70.0% of our sundry receivables were due from BRetail, our holding company. BRetail has fully settled the advances in cash and also via the issuance of the Note pursuant to the Pre-IPO Reorganisation. Pursuant to the indorsement of the Note from BRetail to us, there will be an amount owing to us amounting to RM136,887,521 which will be settled by 7-Eleven Malaysia Holdings after the IPO using the proceeds from the Public Issue and in turn, we will utilise the cash received pursuant to the settlement of the Note in accordance with the utilisation of proceeds as set out in Section 4.10 of this Prospectus. Consequently, we will no longer be exposed to any credit risk from BRetail.

(ii) Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting financial obligations due to shortage of funds. Our exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Our objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

10. FINANCIAL INFORMATION (Cont'd)

The following table shows the maturity profile of our financial liabilities as at 31 December 2013 based on contractual undiscounted repayment obligations.

Financial liabilities	One year or less (RM'000)	One to five years (RM'000)	Total (RM'000)
Trade and other payables	415,572	-	415,572
Borrowings	125,798	7,255	133,053
Total undiscounted financial liabilities	541,370	7,255	548,625

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market interest rates. Our interest bearing assets are made up of deposits with a licensed bank and advances to BRetail. We manage the interest rate risk on our deposits with a licensed bank by placing deposits at the most competitive rates obtainable. We charge interest income on advances to BRetail at rates comparable to market rates.

Our borrowings at floating rates expose us to cash flow interest rate risk. Our borrowings at fixed rates expose us to fair value interest rate risk. We manage our risk by maintaining a mix of fixed and floating rate borrowings. Taking into account our borrowings, deposits with licensed banks and advances to BRetail, as at 31 December 2013, if interest rates had been 50 basis points lower/higher, with all other variables held constant, our profit after tax would have been RM0.2 million higher/lower.

10.2.7 Treasury policy and objectives

Sales proceeds from each of our "7-Eleven" convenience stores are banked-in daily and monitored by our head office daily through internet banking services. We rely on daily sales proceeds, merchandise suppliers' credit terms, ranging from 30 to 60 days and normally extends to about 70 to 75 days, and trade lines from financial institutions to fund our operations. We use bankers' acceptances as part of our day-to-day treasury policy to help us assure timely payment to our creditors.

10.2.8 Inflation

We do not believe that inflation has had a material impact on our business, financial condition or results of operations for the years presented. However, inflation may affect our financial performance by increasing certain of our expenses, such as expenses relating to employee benefits. Any increase in the inflation rate beyond levels experienced in the past may affect our operations and financial performance if we are unable to fully offset higher costs through increased revenue.

10. FINANCIAL INFORMATION (Cont'd)**10.2.9 Government/economic/fiscal/monetary policies**

We pay new employees in accordance with the Malaysian statutory minimum wage, which increased in December 2012 from RM750 per month to RM900 per month in Peninsular Malaysia and from RM700 per month to RM800 per month in East Malaysia. Our store staff costs increased by RM24.1 million, or 17.4%, from RM137.9 million in 2012 to RM162.0 million in 2013. Any future changes in the Malaysian statutory minimum wage could materially affect our results of operations.

Moreover, the Malaysian Government's stated intention is to reform subsidies across a number of products and services, including electricity. Pursuant to an announcement by the Malaysian Government on 2 December 2013, the average electricity tariff in Peninsular Malaysia increased on 1 January 2014. Accordingly, the effects of the tariff increase are not reflected in our audited consolidated financial information included in this Prospectus. The tariff increase for commercial usage ranges from 10.6% to 18.4%, depending on the voltage, timing and amount of electricity used. For our usage, the tariff increase was approximately 17%. Assuming our consumption of electricity remains the same, our total electricity cost should increase accordingly (in addition to increases due to other factors, such as the opening of new stores).

We attempt to mitigate the effects of cost increases either through increased efficiency to offset the increases or, when that is not possible, by passing costs onto customers and/or suppliers. For instance, we are undertaking efforts to improve energy efficiency at our stores in an effort to mitigate the impact of the electricity tariff increase. Although we attempt to contain our cost increases or pass such cost increases to our customers and/or suppliers, there is no guarantee that we will be able to do so in the future.

10.2.10 Order book

Due to the nature of our business, we do not maintain an order book.

10.2.11 Prospects

We expect the following factors, in addition to the factors described in this section and those included in Section 5 of this Prospectus, to affect the results of our operations and financial condition for the year ending 31 December 2014:

- (i) our ability to maintain our market share and grow our revenue;
- (ii) the condition of the Malaysian and global economy and expectations of economic recovery; and
- (iii) our ability to manage our operating costs.

Save as disclosed above and in Section 5 of this Prospectus, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our financial condition and results of operations, and our Board expects our performance for the year ending 31 December 2014 to be satisfactory.

10.2.12 Recent accounting pronouncements

With the change from FRS to MFRS and IFRS, numerous new accounting policies apply to us, some of which are not yet effective. Please refer to Section 5.3.1 of the Accountants' Report as set out in Section 11 of this Prospectus for further information on a discussion of certain accounting changes that may have an impact on our financial statements.

10. FINANCIAL INFORMATION (Cont'd)**10.3 Capitalisation and indebtedness**

The information in this table should be read in conjunction with the Reporting Accountants' letter on our pro forma consolidated financial information and the Accountants' Report together with its accompanying notes as set out in Sections 10.4 and 11 of this Prospectus respectively.

The pro forma capitalisation and indebtedness information below does not represent our Group's actual capitalisation and indebtedness as at 31 December 2013 and is provided for illustrative purposes only. Save as disclosed in Section 10.2.5(iii)(a) of this Prospectus, the total indebtedness of our Group is not guaranteed by any third party.

		⁽¹⁾ Pro forma I	⁽¹⁾ Pro forma II
	As at 31 December 2013 (RM'000)	After the Pre- IPO Reorganisation (RM'000)	After Pro forma I, our IPO, Listing and utilisation of proceeds (RM'000)
Cash and bank balances⁽²⁾	#	47,840	279,955
Indebtedness			
Short term borrowings			
Secured			
- Term loans	-	2,180	2,180
- Hire purchase and finance lease liabilities	-	5,912	5,912
	-	8,092	8,092
Unsecured			
- Bankers' acceptances	-	111,500	111,500
	-	119,592	119,592
Long term borrowings			
Secured			
- Term Loans	-	819	819
- Hire purchase and finance lease liabilities	-	5,186	5,186
	-	6,005	6,005
Total indebtedness⁽³⁾	-	125,597	125,597
Net (debt) / cash⁽⁴⁾	-	(77,757)	154,358
Total (deficit)/equity	(7,677)	⁽⁷⁾ (70,643)	164,403
Total capitalisation and indebtedness	(7,677)	54,954	290,000
Gearing ratio (times)⁽⁵⁾	Not applicable ⁽⁶⁾	Not applicable ⁽⁸⁾	0.76
Net debt-to-equity ratio (times)⁽⁶⁾	Not applicable ⁽⁶⁾	Not applicable ⁽⁸⁾	Not applicable ⁽⁹⁾

10. FINANCIAL INFORMATION (Cont'd)

Notes:

Represents RM2.00.

- (1) Presented on pro forma basis as at 31 December 2013 as our first statutory audited financial statements are for the financial period ended 31 December 2013 and we did not have any financial records prior to the date of our incorporation on 16 August 2013.
- (2) Cash and bank balances include cash on hand and at banks and short term deposits with licensed banks.
- (3) Total indebtedness includes short-term borrowings and long-term borrowings.
- (4) Computed based on cash and bank balances less total indebtedness.
- (5) Computed based on total indebtedness over total equity.
- (6) Computed based on total indebtedness less cash and bank balances over total equity.
- (7) Attributable to the reorganisation deficit which arose as a result of the Pre-IPO Reorganisation of RM1,343.2 million.
- (8) Not applicable due to total deficit position.
- (9) Not applicable as the proforma cash and bank balances is more than total indebtedness.

Except as disclosed in this Prospectus, there have been no material variances in our total indebtedness and total equity as at the LPD as compared to the amounts as at 31 December 2013.

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10. FINANCIAL INFORMATION (Cont'd)**10.4 Reporting Accountants' letter on our pro forma consolidated financial information**

Ernst & Young AF: 0039
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus to be dated 8 May 2014)

22 April 2014

The Board of Directors
7-Eleven Malaysia Holdings Berhad
(formerly known as Seven Convenience Berhad)
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur.

Dear Sirs,

PRO FORMA FINANCIAL INFORMATION

INITIAL PUBLIC OFFERING ("IPO") OF UP TO 530,325,000 ORDINARY SHARES OF RM0.10 EACH IN 7-ELEVEN MALAYSIA HOLDINGS BERHAD (FORMERLY KNOWN AS SEVEN CONVENIENCE BERHAD) ("7-ELEVEN MALAYSIA HOLDINGS" OR "COMPANY") IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ENLARGED ISSUED AND PAID-UP SHARE CAPITAL OF 7-ELEVEN MALAYSIA HOLDINGS, COMPRISING 1,233,385,000 ORDINARY SHARES OF RM0.10 EACH ("SHARES"), ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("LISTING") INVOLVING AN OFFER FOR SALE OF UP TO 348,940,000 EXISTING SHARES AND A PUBLIC ISSUE OF 181,385,000 NEW SHARES

We have completed our assurance engagement to report on the compilation of pro forma financial information of 7-Eleven Malaysia Holdings and its subsidiaries ("7-Eleven Malaysia Holdings Group" or "Group") prepared by the Directors of 7-Eleven Malaysia Holdings. The pro forma financial information consists of the pro forma consolidated statement of financial position as at 31 December 2013, the pro forma consolidated income statements and pro forma consolidated statements of comprehensive income for the financial years ended 31 December 2010 to 31 December 2013, and the pro forma consolidated statement of cash flows for the financial year ended 31 December 2013 and the related notes as set out in Appendix 1. The applicable criteria on the basis of which the Directors of 7-Eleven Malaysia Holdings have compiled the pro forma financial information are specified in the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia ("SC") and the notes set out in Appendix 1.

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad

The pro forma consolidated statement of financial position has been compiled by the Directors of 7-Eleven Malaysia Holdings to illustrate the impact of the transactions set out in Note 6 of Appendix 1 on the Group's financial position as at 31 December 2013 as if the transactions had taken place on 31 December 2013. For the purposes of the pro forma consolidated income statements and pro forma consolidated statements of comprehensive income for the financial years ended 31 December 2010 to 31 December 2013, and the pro forma consolidated statement of cash flows for the financial year ended 31 December 2013, the 7-Eleven Malaysia Holdings Group structure is assumed to have been in existence throughout the financial years under review.

As part of this process, information about the financial position, financial performance and cash flows has been extracted by the Directors of 7-Eleven Malaysia Holdings from the Financial Statements of 7-Eleven Malaysia Holdings for the financial year ended 31 December 2013 and the Reissued Consolidated Financial Statements of 7-Eleven Malaysia Sdn Bhd and its subsidiaries ("7-Eleven Malaysia Group") for the financial years ended 31 December 2010 to 31 December 2013, on which audit reports have been published.

The Directors' responsibility for the pro forma financial information

The Directors of 7-Eleven Malaysia Holdings are responsible for compiling the pro forma financial information on the basis of the applicable criteria.

Our responsibilities

Our responsibility is to express an opinion as required by the SC, about whether the pro forma financial information has been compiled, in all material respects, by the Directors of 7-Eleven Malaysia Holdings on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad

Our responsibilities (cont'd.)

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information of the Group has been compiled, in all material respects, on the basis of Notes 4 to 7 as set out in Appendix 1.

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad

Other matters

This letter is issued for the sole purpose of complying with the Prospectus Guidelines - Equity issued by the SC in connection with the IPO and Listing. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the IPO and Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the IPO and Listing.

Yours faithfully



Ernst & Young
AF: 0039
Chartered Accountants



Teoh Soo Hock
No. 2477/10/15(J)
Chartered Accountant

10. FINANCIAL INFORMATION (Cont'd)**APPENDIX 1****PRO FORMA CONSOLIDATED FINANCIAL INFORMATION****1. Abbreviations**

Unless the context otherwise requires, the following words and abbreviations shall apply throughout this report:

7-Eleven Malaysia	7-Eleven Malaysia Sdn. Bhd.
7-Eleven Malaysia Group or 7-Eleven Malaysia Holdings Subsidiaries	Collectively, 7-Eleven Malaysia and its subsidiaries i.e. CSSSB, 7 Properties and Teluk Juara
7-Eleven Malaysia Holdings or Company	7-Eleven Malaysia Holdings Berhad (formerly known as Seven Convenience Berhad)
7-Eleven Malaysia Holdings Group or Group	Collectively, 7-Eleven Malaysia Holdings and the 7-Eleven Malaysia Group
7 Properties	7 Properties Sdn. Bhd.
Act	Companies Act, 1965 of Malaysia
BRetail	Berjaya Retail Berhad
Bursa Securities	Bursa Malaysia Securities Berhad
CSSSB	Convenience Shopping (Sabah) Sdn. Bhd.
IFRS	International Financial Reporting Standards issued by the International Accounting Standards Board
MFRS	Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board
IPO	Initial public offering of up to 530,325,000 Shares
Listing	Listing of and quotation for the entire enlarged issued and paid-up share capital, comprising 1,233,385,000 Shares, on the Main Market of Bursa Securities
RM and sen	Ringgit Malaysia and sen respectively

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**1. Abbreviations (cont'd.)**

Financial Statements of 7-Eleven Malaysia Holdings	Refers to the audited financial statements of 7-Eleven Malaysia Holdings for the financial period ended 31 December 2013, covering a period from its date of incorporation of 16 August 2013 to 31 December 2013, which were prepared in accordance with MFRS and IFRS
Reissued Consolidated Financial Statements of 7-Eleven Malaysia Group	Refers to the consolidated financial statements of 7-Eleven Malaysia Group for the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 dated 31 March 2014, which were reissued and prepared in accordance with MFRS and IFRS and presented in columnar form solely for the purpose of the preparation of Accountants' Report and Pro Forma Consolidated Financial Information for inclusion in the Prospectus to be dated 8 May 2014
Share(s)	Ordinary share(s) of RM0.10 each in 7-Eleven Malaysia Holdings
Teluk Juara	Teluk Juara Sdn. Bhd.

2. Pre-IPO Reorganisation

7-Eleven Malaysia Holdings was incorporated on 16 August 2013 as an investment holding company to facilitate the IPO and Listing. The Pre-IPO Reorganisation involved the acquisition of 35,000,000 ordinary shares of RM1.00 each in 7-Eleven Malaysia by 7-Eleven Malaysia Holdings, representing the entire issued and paid-up share capital of 7-Eleven Malaysia, for a purchase consideration of RM1,378,247,497, which was satisfied in the following manner:

- i. issuance of 1,051,999,980 new Shares at an issue price of RM1.18 per share; and
- ii. issuance of a promissory note amounting to RM136,887,521 in favour of BRetail ("Note"). Upon receipt of the Note, BRetail had indorsed without recourse such Note in favour of 7-Eleven Malaysia and delivered the Note duly indorsed to 7-Eleven Malaysia in full settlement of the amount owed by BRetail to 7-Eleven Malaysia, to the extent of the sum of RM136,887,521.

The acquisition was completed on 2 April 2014.

(collectively referred to as "Pre-IPO Reorganisation")

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**3. Listing Scheme**

The details of the Listing Scheme are as follows:

- (a) An offer for sale of up to 348,940,000 existing Shares ("Offer for Sale") and public issue of 181,385,000 new Shares ("Public Issue") at an IPO price of RM1.38 per Share involving:
 - i. institutional offering of up to 490,780,000 Shares to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by the Ministry of International Trade and Industry; and
 - ii. retail offering of 39,545,000 Shares to eligible directors and employees of 7 Eleven Malaysia Holdings Group and the Malaysian public.
- (b) Listing of and quotation for its enlarged paid up share capital, comprising 1,233,385,000 Shares, on the Main Market of Bursa Securities.

(collectively referred to as "Listing Scheme")

4. Basis of preparation

The pro forma consolidated financial information consists of the following:

- (a) The pro forma consolidated income statements and pro forma consolidated statements of comprehensive income of 7-Eleven Malaysia Holdings Group for the financial years ended 31 December 2010 to 31 December 2013;
- (b) The pro forma consolidated statement of financial position of 7-Eleven Malaysia Holdings Group as at 31 December 2013; and
- (c) The pro forma consolidated statement of cash flows of 7-Eleven Malaysia Holdings Group for the year ended 31 December 2013.

The pro forma consolidated financial information has been prepared on the basis stated below using the Financial Statements of 7-Eleven Malaysia Holdings for the financial period ended 31 December 2013 and the Reissued Consolidated Financial Statements of 7-Eleven Malaysia Group for the respective financial years and prepared in a manner consistent with both the format of the financial statements and the accounting policies to be adopted by 7-Eleven Malaysia Holdings Group.

The pro forma consolidated statement of financial position of 7-Eleven Malaysia Holdings Group as at 31 December 2013 was prepared for illustrative purposes only to show the effects of the transactions (as described in Note 6.1), with the assumptions that these transactions were completed on 31 December 2013.

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**4. Basis of preparation (cont'd.)**

The Financial Statements of 7-Eleven Malaysia Holdings for the financial period ended 31 December 2013 have been prepared in accordance with MFRS and IFRS. There are no comparatives as this is 7-Eleven Malaysia Holdings' first set of statutory audited financial statements since its incorporation on 16 August 2013.

The Reissued Consolidated Financial Statements of 7-Eleven Malaysia Group for the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 have been prepared in accordance with MFRS and IFRS.

The pro forma consolidated financial information is not necessarily indicative of the financial position, results and cash flows of the operations of 7-Eleven Malaysia Holdings Group that would have been attained had the Pre-IPO Reorganisation and Listing Scheme actually occurred at the respective dates. Accordingly, such information, because of its nature may not be reflective of the 7-Eleven Malaysia Holdings Group's actual financial position and does not purport to predict the future financial position of 7-Eleven Malaysia Holdings Group.

The pro forma consolidated financial information is presented in RM and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

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10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**5. Pro forma consolidated income statements and pro forma consolidated statements of comprehensive income****(i) Pro forma consolidated income statements**

	Proforma 2010 RM'000	Proforma 2011 RM'000	Proforma 2012 RM'000	Proforma 2013 RM'000
Revenue	1,313,705	1,462,396	1,579,123	1,672,465
Cost of sales	(971,225)	(1,078,168)	(1,153,881)	(1,205,364)
Gross profit	342,480	384,228	425,242	467,101
Other operating income	100,098	95,518	99,105	116,531
Selling and distribution expenses	(340,981)	(366,537)	(394,945)	(435,443)
Administrative and other operating expenses	(53,657)	(63,742)	(63,275)	(74,279)
Profit from operations	47,940	49,467	66,127	73,910
Finance costs	(7,510)	(8,993)	(9,554)	(8,646)
Profit before tax	40,430	40,474	56,573	65,264
Income tax expense	(13,142)	(10,329)	(16,091)	(21,163)
Net profit for the years	27,288	30,145	40,482	44,101

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10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**5. Pro forma consolidated income statements and pro forma consolidated statements of comprehensive income (cont'd.)****(ii) Pro forma consolidated statements of comprehensive income**

	Proforma 2010 RM'000	Proforma 2011 RM'000	Proforma 2012 RM'000	Proforma 2013 RM'000
Net profit for the years	27,288	30,145	40,482	44,101
Other comprehensive (expense)/income:				
Items that are or may be reclassified subsequently to profit or loss				
Net (loss)/gain on available-for-sale financial assets:				
- Loss on fair value changes	-	(1,574)	(1,198)	-
- Cumulative loss reclassified to profit or loss	-	1,098	-	-
- Transfer to profit or loss upon disposal	-	-	1,674	-
Other comprehensive (expense)/income for the years, net of tax	-	(476)	476	-
Total comprehensive income for the years	27,288	29,669	40,958	44,101

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10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PROFORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**5. Pro forma consolidated income statements and pro forma consolidated statements of comprehensive income (cont'd.)****5.1 Effects on the pro forma consolidated income statements and pro forma consolidated statements of comprehensive income**

In arriving at the pro forma consolidated income statements and pro forma consolidated statements of comprehensive income for the financial years ended 31 December 2010 to 31 December 2013, it is assumed that the Pre-IPO Reorganisation had been completed on 1 January 2010. Accordingly, 7-Eleven Malaysia is assumed to be a wholly-owned subsidiary of 7-Eleven Malaysia Holdings for the respective years from 1 January 2010 onwards.

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10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)

6. Pro forma consolidated statement of financial position

	At 31 December 2013 RM'000	Adjustments RM'000	Pro forma I RM'000	Adjustments RM'000	Pro forma II RM'000
Assets					
Non-current assets					
Property, plant and equipment	-	194,787	194,787		194,787
Investment property	-	229	229		229
Other investment	-	1	1		1
Goodwill on consolidation	-	596	596		596
	-		195,613		195,613
Current assets					
Inventories	-	133,025	133,025		133,025
Sundry receivables	606	108,706	109,312		109,312
Deferred expenditure	1,195		1,195	(1,195)	-
Tax recoverable	-	1,364	1,364		1,364
Cash and bank balances	#	47,840	47,840	232,115	279,955
	1,801		292,736		523,656
Total assets	1,801		488,349		719,269
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	#	105,200	105,200	18,138	123,338
Share premium	-	1,136,160	1,136,160	223,391	1,359,551
(Accumulated loss)/Retained profits	(7,677)	38,922	31,245	(6,483)	24,762
Reorganisation deficit	-	(1,343,248)	(1,343,248)		(1,343,248)
Total shareholders' (deficit)/equity	(7,677)		(70,643)		164,403

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)

6. Pro forma consolidated statement of financial position (cont'd.)

	At 31 December 2013	Adjustments RM'000	Pro forma I RM'000	Adjustments RM'000	Pro forma II RM'000
Non-current liabilities					
Provisions	-	4,936	4,936		4,936
Borrowings	-	6,005	6,005		6,005
Deferred tax liability	-	8,423	8,423		8,423
	-		19,364		19,364
Current liabilities					
Provisions	-	311	311		311
Borrowings	-	119,592	119,592		119,592
Trade payables	-	321,949	321,949		321,949
Other payables	4,134	93,623	97,757	(4,126)	93,631
Amount due to a related corporation	5,344	(5,344)	-		-
Taxation	-	19	19		19
	9,478		539,628		535,502
Total liabilities	9,478		558,992		554,866
Total equity and liabilities	1,801		488,349		719,269
Number of shares in issue ('000)	##		1,052,000		1,233,385
Net (liabilities)/assets (RM'000)	(7,677)		(70,643)		164,403
Net (liabilities)/assets per share (sen)	(38,385,000.00)		(6.72)		13.33

Representing RM12

Representing 20 Shares

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**6. Pro forma consolidated statement of financial position (cont'd.)****6.1 Effects on the pro forma consolidated statement of financial position**

The pro forma consolidated statement of financial position is prepared for illustrative purposes only to show the effects of the transactions, as described below, with the assumption that these transactions were completed on 31 December 2013.

Pro forma I

Pro forma I reflects the acquisition of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings for a purchase consideration of RM1,378,247,497, satisfied in the following manner:

- i. issuance of 1,051,999,980 new Shares at an issue price of RM1.18 per share; and
- ii. issuance of a promissory note amounting to RM136,887,521 in favour of BRetail. Upon the receipt of the Note, BRetail indorsed without recourse such Note in favour of 7-Eleven Malaysia and delivered the Note duly indorsed to 7-Eleven Malaysia in full settlement of the amount owed by BRetail to 7-Eleven Malaysia, to the extent of the sum of RM136,887,521.

The acquisition was completed on 2 April 2014.

The acquisition of the entire issued and paid-up capital of 7-Eleven Malaysia by 7-Eleven Malaysia Holdings is a reorganisation and does not result in any change of economic substance. Accordingly, the pro forma consolidated statement of financial position of 7-Eleven Malaysia Holdings is a continuation of 7-Eleven Malaysia Group and is accounted for as follows:

- The results of entities are presented as if the reorganisation had been effected throughout the current and previous years presented;
- 7-Eleven Malaysia Holdings incorporates the assets and liabilities of the 7-Eleven Malaysia Group at their pre-combination carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method; and
- No new goodwill is recognised as a result of the reorganisation. The only goodwill that is recognised is any existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity.

10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**6. Pro forma consolidated statement of financial position (cont'd.)****6.1 Effects on the pro forma consolidated statement of financial position (cont'd.)****Pro forma II**

Pro forma II incorporates the effects of Pro forma I, and the Public Issue of 181,385,000 Shares at an IPO price of RM1.38 per Share in conjunction with the listing of and quotation of the entire enlarged issued and paid-up share capital of 7-Eleven Malaysia Holdings, comprising 1,233,385,000 Shares, on the Main Market of Bursa Securities.

The reconciliation of cash and bank balances from Pro forma I to Pro forma II is as follows:

	RM'000
Cash and bank balances as at 31 December 2013 (Pro forma I)	47,840
Estimated proceeds from the IPO	250,311
Estimated expenses for the IPO and Listing ^	<u>(18,196)</u>
Cash and bank balances as at 31 December 2013 (Pro forma II)	<u>279,955</u>

^ As at 31 December 2013, RM4,661,000 has already been paid in relation to the total estimated expenses for the IPO and Listing of RM22,857,000.

Of the total estimated IPO and Listing expenses (including RM8,787,000 incurred as at 31 December 2013), RM8,782,000 will be written off against the share premium account pursuant to Section 60 of the Act and the remaining expenses of RM14,075,000 will be expensed to the income statement, of which RM7,592,000 has already been recognised in profit or loss as at 31 December 2013.

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10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**7. Pro forma consolidated statement of cash flows**

	Proforma 2013 RM'000
Cash flows from operating activities	
Cash receipts from customers and other receivables	1,775,043
Cash paid to suppliers and employees	<u>(1,554,993)</u>
Cash generated from operations	220,050
Interest paid	(8,646)
Tax paid	<u>(24,517)</u>
Net cash generated from operating activities	<u>186,887</u>
Cash flows from investing activities	
Purchase of property, plant and equipment	(41,722)
Proceeds from disposal of property, plant and equipment	282
Movement in intercompany balances	(19,396)
Dividend received	36
Interest received	569
Net cash used in investing activities	<u>(60,231)</u>

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10. FINANCIAL INFORMATION (Cont'd)

7-Eleven Malaysia Holdings Berhad
Appendix 1

PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)**7. Pro forma consolidated statement of cash flows (cont'd.)**

	Proforma 2013 RM'000
Cash flows from financing activities	
Dividend paid on ordinary shares	(117,500)
Proceeds from banker's acceptance	576,725
Repayment of banker's acceptance	(554,725)
Repayment of term loans	(2,708)
Repayment of hire purchase and finance lease liabilities	(7,583)
Estimated proceeds from the IPO	250,311
Cash paid for IPO expenses	(4,661)
Estimated expenses for the IPO and Listing	(18,196)
Cash paid for other expenses	(607)
Net cash generated from financing activities	<u>121,056</u>
Net increase in cash and cash equivalents	247,712
Cash and cash equivalents at 1 January 2013	32,243
Cash and cash equivalents at 31 December 2013	<u>279,955</u>

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

Cash and bank balances	279,620
Deposits	335
Cash and cash equivalents	<u>279,955</u>

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10. FINANCIAL INFORMATION (Cont'd)7-Eleven Malaysia Holdings Berhad
Appendix 1**PRO FORMA CONSOLIDATED FINANCIAL INFORMATION (CONT'D.)****7. Pro forma consolidated statement of cash flows (cont'd.)****7.1 Effects on the pro forma consolidated statement of cash flows**

In arriving at the pro forma consolidated statement of cash flows for the financial year ended 31 December 2013, the following key assumptions were made:

(a) Pre-IPO Reorganisation

It is assumed that the Pre-IPO Reorganisation had been completed on 1 January 2010. Accordingly, the 7-Eleven Malaysia Group is assumed to be a wholly-owned subsidiary of 7-Eleven Malaysia Holdings from 1 January 2010 onwards.

(b) Estimated proceeds from the IPO and its utilisation

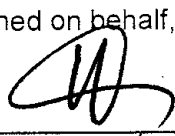
It is assumed that the estimated proceeds from the IPO are RM250,311,300 and its utilisation is as follows:

	RM'000
Capital expenditure	184,790
Working capital	42,664
Payment of estimated fees for the IPO and Listing (including RM4,661,000 paid by 7-Eleven Malaysia on behalf of 7-Eleven Malaysia Holdings)	<div style="border-top: 1px solid black; border-bottom: 3px double black;">22,857</div> <div style="border-bottom: 3px double black;">250,311</div>

Approved by the Board of Directors

Approved and adopted by the Board of Directors of 7-Eleven Malaysia Holdings in accordance with a resolution dated

Signed on behalf,



Ho Meng
Director

10. FINANCIAL INFORMATION (Cont'd)

10.5 Dividend policy

No inference should be made from any of the following statements as to our actual future profitability or our ability to pay dividends in the future.

As our Company is an investment holding company, our income and therefore our ability to pay dividends, is dependent upon the dividends that we receive from our subsidiaries. The payment of dividends by our subsidiaries will depend upon their operating results, distributable profits, capital requirements, financial condition and other relevant factors. The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, our Company will take into account various factors including:

- (i) the level of our cash, gearing and retained earnings;
- (ii) our expected financial performance;
- (iii) our projected levels of capital expenditure and other investment plans; and
- (iv) our working capital requirements.

We propose to pay dividends out of cash generated from our operations after setting aside the necessary funding for capital expenditure and working capital needs. As part of this policy, we target a payout ratio of between 30.0% to 50.0% of our Company's profit attributable to our equity holders for the year, subject to the approval of our Board and to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or to any plans approved by our Board.

Moreover, our debt facilities contain restrictive covenants that limit our ability to declare dividends of not more than our profit after tax for the relevant period. In addition, we may not declare dividends should there be events of default occurring under our debt facilities or with the payment or declaration of such dividend payment. Please refer to Sections 5.3.3 and 5.3.4 of this Prospectus for further information on the factors which may affect or restrict our ability to pay dividends.

Investors should note that this dividend policy merely describes our Company's present intention and shall not constitute legally binding statements in respect of our Company's future dividends which are subject to modification (including non-declaration thereof) at our Board's discretion.

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11. ACCOUNTANTS' REPORT

Ernst & Young AF: 0039
Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur Malaysia

Tel: +603 7495 8000
Fax: +603 2095 5332 (General line)
+603 2095 9076
+603 2095 9078
ey.com

Accountants' Report

(Prepared for inclusion in this Prospectus to be dated 8 May 2014)

The Board of Directors
7-Eleven Malaysia Holdings Berhad
(formerly known as Seven Convenience Berhad)
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur

Dear Sirs,

**7-ELEVEN MALAYSIA HOLDINGS BERHAD (FORMERLY KNOWN AS SEVEN CONVENIENCE BERHAD) ("7-ELEVEN MALAYSIA HOLDINGS" OR "THE COMPANY")
ACCOUNTANTS' REPORT**

1.0 Introduction

This report has been prepared by Messrs Ernst & Young, an approved company auditor, for inclusion in the Prospectus of 7-Eleven Malaysia Holdings in connection with the initial public offering ("IPO") and listing of and quotation for the entire enlarged issued and paid up share capital of 7-Eleven Malaysia Holdings, comprising 1,233,385,000 ordinary shares of RM0.10 each in 7-Eleven Malaysia Holdings, on the Main Market of Bursa Malaysia Securities Berhad ("Listing") (hereinafter referred to as the "Prospectus").

This report is issued for the sole purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia in connection with the IPO and Listing and should not be relied upon for any other purposes. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the IPO and Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the IPO and Listing.

11. ACCOUNTANTS' REPORT (Cont'd)**2.0 Content of this report**

This Report includes the following sections:

No.	Description	Section of this report
a.	Abbreviations	3.0
b.	General Information	4.0
-	Background information of 7-Eleven Malaysia Holdings	4.1
-	Pre-IPO Reorganisation and Listing Scheme	4.2
-	Group structure after the Pre-IPO Reorganisation	4.3
-	Details of the subsidiaries	4.4
-	Auditors and audited financial statements	4.5
-	Dividends	4.6
c.	Audited historical financial information	5.0
-	Historical financial information of 7-Eleven Malaysia Holdings	5.1
-	Historical financial information of 7-Eleven Malaysia Group	5.2

3.0 Abbreviations

7-Eleven Malaysia	7-Eleven Malaysia Sdn. Bhd.
7-Eleven Malaysia Group or 7-Eleven Malaysia Holdings Subsidiaries	Collectively 7-Eleven Malaysia Sdn. Bhd. and its subsidiaries i.e. CSSSB, 7 Properties, and Teluk Juara
7-Eleven Malaysia Holdings or the Company	7-Eleven Malaysia Holdings Berhad (formerly known as Seven Convenience Berhad)
7-Eleven Malaysia Holdings Group or Group	Collectively, 7-Eleven Malaysia Holdings and 7-Eleven Malaysia Group
7-Eleven Malaysia Holdings Shares or Shares	Ordinary shares of RM0.10 each in the Company
7 Properties	7 Properties Sdn. Bhd., formerly known as 7-Connect Sdn. Bhd. up to 1 April 2010

11. ACCOUNTANTS' REPORT (Cont'd)



3.0 Abbreviations (cont'd.)

BRetail or Selling Shareholder	Berjaya Retail Berhad
CSSSB	Convenience Shopping (Sabah) Sdn. Bhd.
EY	Messrs Ernst & Young
Financial Statements of 7-Eleven Malaysia Holdings	Refers to the audited financial statements of 7-Eleven Malaysia Holdings for the financial period ended 31 December 2013, covering a period from its date of incorporation of 16 August 2013 to 31 December 2013, which were prepared in accordance with MFRS and IFRS
FPE	Financial period ended
FRS	Financial Reporting Standards as issued by the Malaysian Accounting Standards Board
FYE	Financial year ended
IFRS	International Financial Reporting Standards as issued by the International Accounting Standards Board
Issue Shares	New Shares to be issued pursuant to the Public Issue
IPO Shares	Collectively, the Offer Shares and Issue Shares
MFRS	Malaysian Financial Reporting Standards as issued by the Malaysian Accounting Standards Board
Offer Shares	Existing 7-Eleven Malaysia Holdings Shares to be offered by the Selling Shareholder pursuant to the Offer for Sale
IPO	Initial public offering of up to 530,325,000 IPO shares comprising the Offer for Sale and Public Issue
Listing	Listing of and quotation for the entire enlarged issued and paid-up share capital, comprising 1,233,385,000 Shares, on the Main Market of Bursa Malaysia Securities Berhad
Offer for Sale	Offer for sale of up to 348,940,000 Offer Shares by the Selling Shareholder
Public Issue	Public Issue of 181,385,000 Issue Shares by 7-Eleven Malaysia Holdings

11. ACCOUNTANTS' REPORT (Cont'd)**3.0 Abbreviations (cont'd.)**

Reissued Consolidated Financial Statements	Refers to the audited consolidated financial statements of 7-Eleven Malaysia Group for FYE 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 dated 31 March 2014, which were reissued and prepared in accordance with MFRS and IFRS and presented in columnar form solely for the purpose of the preparation of Accountants' Report and Pro Forma Consolidated Financial Information for inclusion in the Prospectus to be issued by 7-Eleven Malaysia Holdings in relation to the IPO and Listing
Share(s)	Ordinary share(s) of RM0.10 each in 7-Eleven Malaysia Holdings
Teluk Juara	Teluk Juara Sdn. Bhd.

4.0 General Information**4.1 Background information of 7-Eleven Malaysia Holdings****4.1.1 Corporate information**

7-Eleven Malaysia Holdings was incorporated as a private limited liability company in Malaysia on 16 August 2013 in accordance with the Companies Act, 1965.

On 3 September 2013, the Company was converted to a public limited liability company.

On 3 October 2013, the Company changed its name from Seven Convenience Berhad to 7-Eleven Malaysia Holdings Berhad.

The principal activity of the Company is investment holding and the principal activities of 7-Eleven Malaysia Holdings Subsidiaries are as disclosed in Note 4.4.

The immediate and ultimate holding companies are BRetail and HQZ Credit Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

11. ACCOUNTANTS' REPORT (Cont'd)**4.0 General Information (cont'd.)****4.1 Background information of 7-Eleven Malaysia Holdings (cont'd.)****4.1.2 Share capital**

As at the date of this Report, the authorised and issued paid-up share capital of 7-Eleven Malaysia Holdings since its incorporation is as follows:

a) Authorised:

Date of creation	Par value (RM)	Number of ordinary shares	Authorised share capital (RM)
16 August 2013	0.10	4,000,000	400,000
2 April 2014	0.10	2,996,000,000	299,600,000

b) Issued and paid-up:

Date of creation	Par value (RM)	Number of ordinary shares	Consideration (RM)	Issued and paid- up share capital (RM)
16 August 2013	0.10	20	2	2
2 April 2014	0.10	1,051,999,980	1,241,359,976	105,199,998

4.2 Pre-IPO Reorganisation and Listing Scheme**(a) Pre-IPO Reorganisation**

7-Eleven Malaysia Holdings entered into a Conditional Share Sale Agreement, dated 5 September 2013, and a Supplemental Share Sale Agreement, dated 23 December 2013, with BRetail to acquire 35,000,000 ordinary shares of RM1.00 each in 7-Eleven Malaysia, representing the entire issued and paid-up share capital of 7-Eleven Malaysia. The purchase consideration of RM1,378,247,497 was satisfied in the following manner:

- i. issuance of 1,051,999,980 new Shares at an issue price of RM1.18 per share; and
- ii. issuance of a promissory note amounting to RM136,887,521 in favour of BRetail ("Note"). Upon receipt of the Note, BRetail had indorsed without recourse such Note in favour of 7-Eleven Malaysia and delivered the Note duly indorsed to 7-Eleven Malaysia in full settlement of the amount owed by BRetail to 7-Eleven Malaysia, to the extent of the sum of RM136,887,521.

(collectively referred to as "Pre-IPO Reorganisation")

11. ACCOUNTANTS' REPORT (Cont'd)



4.0 General Information (cont'd.)

4.2 Pre-IPO Reorganisation and Listing Scheme (cont'd.)

(b) Listing Scheme

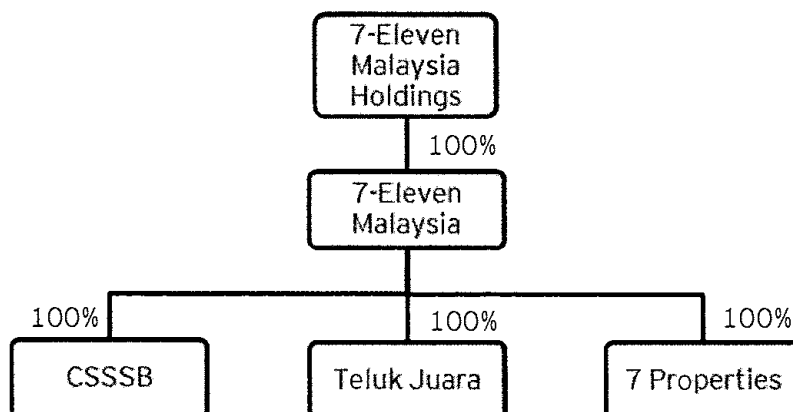
Upon the completion of the Pre-IPO Reorganisation exercise, the Company will seek the listing of its entire enlarged issued and paid-up capital, comprising 1,233,385,000 Shares on the Main Market of Bursa Malaysia Securities Berhad.

The details of the Listing Scheme are as follows:

- (a) An offer for sale of up to 348,940,000 existing Shares ("Offer for Sale) and a public issue of 181,385,000 new 7-Eleven Malaysia Holdings Shares ("Public Issue") at an IPO price of RM1.38 per Share involving:
 - i. institutional offering of up to 490,780,000 IPO Shares to Malaysian and foreign institutional and selected investors, including Bumiputera investors approved by the Ministry of International Trade and Industry; and
 - ii. retail offering of 39,545,000 Issue Shares to eligible directors and employees of 7-Eleven Malaysia Holdings Group, and the Malaysian public.
- (b) Listing of and quotation for its entire enlarged paid up share capital, comprising 1,233,385,000 Shares on the Main Market of Bursa Malaysia Securities Berhad.

(collectively referred to as "Listing Scheme")

4.3 Group structure after the Pre-IPO Reorganisation



11. ACCOUNTANTS' REPORT (Cont'd)**4.0 General Information (cont'd.)****4.4 Details of the subsidiaries**

7-Eleven Malaysia Holdings Subsidiaries	Date and place of incorporation	Issued and fully paid up share capital (RM'000)	Ownership (%)	Principal Activities
7-Eleven Malaysia	4 June 1984 Malaysia	35,000	100	Operating and franchising of convenience stores under the "7-Eleven" brand name and investment holdings.
Teluk Juara	17 August 1992 Malaysia	3,000	100	The principal activities of Teluk Juara are property investment, warehousing and distribution of merchandise. Teluk Juara has commenced its activity of property investment in 2009 but has yet to commence its activities of warehousing and distribution of merchandise as at the date of this Report.
7 Properties	12 May 1994 Malaysia	3,000	100	Real property investments.
CSSSB	27 March 1996 Malaysia	2,000	100	Operation of convenience stores under the "7-Eleven" brand name in Sabah.

4.5 Auditors and audited financial statements**7-Eleven Malaysia Holdings**

7-Eleven Malaysia Holdings was incorporated on 16 August 2013 and hence, there were no historical financial statements prior to this date.

The financial statements of 7-Eleven Malaysia Holdings for the financial period since the date of its incorporation to 31 December 2013 have been prepared in accordance with MFRS and IFRS. The financial statements were audited by EY. The basis of preparation of the financial statements is further explained in Note 5.1.1.

11. ACCOUNTANTS' REPORT (Cont'd)**4.0 General Information (cont'd.)****4.5 Auditors and audited financial statements (cont'd.)****7-Eleven Malaysia Holdings (cont'd.)**

The financial statements of 7-Eleven Malaysia Holdings for FPE 31 December 2013 have been drawn up by the directors of 7-Eleven Malaysia Holdings so as to give a true and fair view of the financial position of 7-Eleven Malaysia Holdings and of its financial performance and cash flows for the financial period then ended, and were reported by us to the directors without qualification.

7-Eleven Malaysia Group

The consolidated financial statements of 7-Eleven Malaysia Group for each of the four financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 have been prepared and reissued in accordance with MFRS and IFRS and presented in columnar form solely for the purpose of the preparation of the Accountants' Report and Pro Forma Consolidated Financial Information to be issued pursuant to the listing and quotation for the entire enlarged issued and paid-up share capital of 7-Eleven Malaysia Holdings on the Main Market of Bursa Malaysia Securities Berhad. The Reissued Consolidated Financial Statements were audited by EY. The basis of preparation of the Reissued Consolidated Financial Statements is further explained in Note 5.2.2.

The previously issued audited consolidated financial statements of 7-Eleven Malaysia Group for FYE 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 were dated 29 April 2011, 8 June 2012, 15 May 2013 and 26 March 2014 respectively. The previously issued audited consolidated financial statements for the financial years ended 31 December 2010 and 31 December 2011 were prepared in accordance with FRS whilst the previously issued audited consolidated financial statements for the financial years ended 31 December 2012 and 31 December 2013 were prepared in accordance with MFRS and IFRS. There were no material changes to the previously issued audited consolidated financial statements for the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013, other than as disclosed in Note 5.2.34.

The Reissued Consolidated Financial Statements of 7-Eleven Malaysia Group for FYE 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 have been drawn up by the directors of 7-Eleven Malaysia so as to give a true and fair view of the financial position of 7-Eleven Malaysia Group and of their financial performance and cash flows for the financial years then ended, and were reported on by us to the directors without qualification. However, the following matter was disclosed in the auditors' report:

11. ACCOUNTANTS' REPORT (Cont'd)**4.0 General Information (cont'd.)****4.5 Auditors and audited financial statements (cont'd.)****7-Eleven Malaysia Group (cont'd.)**

- An emphasis of matter as extracted below:

Without qualifying our opinion, we draw attention to Note 5.2.34 to the financial statements which states that other than those matters referred to in Note 5.2.34 to the consolidated financial statements, there were no material changes to these consolidated financial statements as compared to the previously issued consolidated financial statements for the financial years ended 31 December 2013, 31 December 2012, 31 December 2011 and 31 December 2010 dated 26 March 2014, 15 May 2013, 8 June 2012 and 29 April 2011 respectively.

4.6 Dividends

7-Eleven Malaysia Holdings did not pay or declare dividend since the date of its incorporation.

Dividends paid by 7-Eleven Malaysia in respect of FYE 31 December 2010, 31 December 2011 and 31 December 2013 are set out in Note 5.2.26. No dividend was paid by 7-Eleven Malaysia for FYE 31 December 2012.

5.0 Audited historical financial information**5.1 7-Eleven Malaysia Holdings****(a) Statement of comprehensive income for the period from 16 August 2013 (date of incorporation) to 31 December 2013**

	Notes	16.8.2013 to 31.12.2013 RM
Sundry expenses, representing loss from operations	5.1.3	(7,600,202)
Finance costs payable to a fellow subsidiary		(76,901)
Loss before tax		(7,677,103)
Income tax expense	5.1.4	-
Loss net of tax, representing total comprehensive loss for the period		(7,677,103)
Loss attributable to:		
Equity holder of the Company		(7,677,103)
Basic/diluted loss per share (RM)	5.1.13	(383,855)

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****(b) Statement of financial position as at 31 December 2013**

	Notes	As at 31.12.2013 RM
Assets		
Current assets		
Sundry receivable	5.1.5	606,000
Deferred expenditure	5.1.6	1,195,003
Cash on hand		2
Total assets		<u>1,801,005</u>
Equity and liabilities		
Equity attributable to equity holder of the Company		
Share capital	5.1.7	2
Accumulated loss		(7,677,103)
Shareholder's deficit		<u>(7,677,101)</u>
Current liabilities		
Sundry payables	5.1.8	4,133,682
Amount due to a fellow subsidiary	5.1.9	5,344,424
Total liabilities		<u>9,478,106</u>
Total equity and liabilities		<u>1,801,005</u>

(c) Statement of changes in equity for the period from 16 August 2013 (date of incorporation) to 31 December 2013

	Share capital RM	Accumulated loss RM	Total equity RM
Incorporated on 16 August 2013	2	-	2
Total comprehensive loss for the period	-	(7,677,103)	(7,677,103)
At 31 December 2013	<u>2</u>	<u>(7,677,103)</u>	<u>(7,677,101)</u>

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****(d) Statement of cash flows for the period from 16 August 2013 (date of incorporation) to 31 December 2013**

	16.8.2013 to 31.12.2013 RM
Cash flows from operating activity	
Payment for expenses, representing net cash used in operating activity	(5,267,523)
Cash flows from financing activity	
Advances from a fellow subsidiary, representing net cash generated from financing activity	5,267,523
Net increase/(decrease) in cash and cash equivalents	-
Cash and cash equivalents at date of incorporation	2
Cash and cash equivalents at 31 December 2013	2

5.1.1 Basis of preparation of historical financial information

The historical financial information presented in this report has been prepared based on the Financial Statements of 7-Eleven Malaysia Holdings, which comprise the audited statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for FPE 31 December 2013. There are no comparatives as this is 7-Eleven Malaysia Holdings' first set of statutory audited financial statements since its incorporation on 16 August 2013.

The financial statements have been prepared under the historical cost convention and comply with MFRS and IFRS.

The financial statements are presented in Ringgit Malaysia ("RM").

As at 31 December 2013, the Company has current liabilities in excess of current assets of RM7,677,101. The Company relies on the financial support from a substantial shareholder of its ultimate holding company to enable it to operate as a going concern.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****5.1.2 Summary of significant accounting policies****5.1.2.1 Standards and interpretation issued but not yet effective**

At the date of authorisation of these financial statements, there are new MFRSs, Amendments to MFRS and IC Interpretation issued but not yet effective and have not been applied by the Company.

The directors expect that the adoption of the new standards and Interpretation will have no material impact on the financial statements of the Company in the period of their initial application.

5.1.2.2 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale assets.

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

All financial assets of the Company are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.1 7-Eleven Malaysia Holdings (cont'd.)

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

5.1.2.3 Impairment of financial assets

The Company assesses at each reporting dates whether there is any objective evidence that a financial asset is impaired.

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

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

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

5.1.2.4 Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least twelve months after the reporting date.

A financial liability is derecognised when the obligation under the liability is extinguished and the resulting gains or losses are recognised in profit or loss.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****5.1.2 Summary of significant accounting policies (cont'd.)****5.1.2.5 Cash and cash equivalents**

Cash and cash equivalents represent cash on hand which is subject to an insignificant risk of change in value.

5.1.2.6 Borrowing costs

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

5.1.2.7 Income taxes**(a) Current tax**

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

(b) Deferred tax

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 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.

11. ACCOUNTANTS' REPORT (Cont'd)

**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****5.1.2 Summary of significant accounting policies (cont'd.)****5.1.2.8 Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of 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.

5.1.2.9 Provisions

Provisions for liabilities are recognised when the Company 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.

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11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****5.1.3 Sundry expenses**

The following amounts have been included in sundry expenses:

	16.8.2013 to 31.12.2013 RM
Auditors' remuneration	
- Statutory audit	8,000
Initial Public Offering ("IPO") expenses (Note 5.1.3.1)	<u>7,592,202</u>

5.1.3.1 IPO expenses

IPO expenses represent expenses incurred in conjunction with the listing and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad, as disclosed in Note 4.2.

5.1.4 Income tax expense

There is no tax charge for the financial period under review due to the absence of taxable income.

Domestic current income tax is calculated at the Malaysia statutory tax rate of 25% of the estimated assessable profit for the period.

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

	16.8.2013 to 31.12.2013 RM
Loss before tax	<u>(7,677,103)</u>
Tax at Malaysian statutory tax rate of 25%	(1,919,276)
Expenses not deductible under tax legislation	<u>1,919,276</u>
Income tax expense for the period	<u>-</u>

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****5.1.5 Sundry receivable**

	As at 31.12.2013 RM
Refundable IPO expenses, representing total sundry receivable	<u>606,000</u>
Sundry receivable	606,000
Add: Cash on hand	<u>2</u>
Total loans and receivables	<u>606,002</u>

5.1.6 Deferred expenditure

Deferred expenditure refers to expenses incurred for the issuance of new shares in conjunction with the Company's listing and quotation for the entire enlarged issued and paid-up share capital on the Main Market of Bursa Malaysia Securities Berhad. It will be written off against the share premium account of the Company under Section 60 of the Companies Act, 1965 in Malaysia.

5.1.7 Share capital

	Number of ordinary share of RM0.10 each 31.12.2013	Amount as at 31.12.2013 RM
Authorised:		
At date of incorporation/31 December 2013	<u>4,000,000</u>	<u>400,000</u>
Issued and fully paid		
At date of incorporation/31 December 2013	<u>20</u>	<u>2</u>

5.1.8 Sundry payables

	As at 31.12.2013 RM
Sundry payables	<u>4,133,682</u>
Sundry payables	4,133,682
Add: Amount due to a fellow subsidiary (Note 5.1.9)	<u>5,344,424</u>
Total financial liabilities, carried at amortised cost	<u>9,478,106</u>

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****5.1.9 Amount due to a fellow subsidiary**

Amount due to a fellow subsidiary, 7-Eleven Malaysia, is unsecured, repayable upon demand and bears interest at 5.8% per annum.

7-Eleven Malaysia is a subsidiary of BRetail. Certain directors of the Company, Tan Wai Foon, Chan Kien Sing, Ho Meng and Tan U-Ming, are also directors of 7-Eleven Malaysia.

Chan Kien Sing and Tan U-Ming are also directors of BRetail.

5.1.10 Significant related party transactions

		16.8.2013 to 31.12.2013 RM
7-Eleven Malaysia	Type of transaction	
	Advances received from	
	7-Eleven Malaysia	5,267,523
	Interest expense	<u>76,901</u>

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.

5.1.11 Fair value of financial instruments

The carrying amounts of the Company's financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

5.1.12 Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operation and the use of financial instruments. The key financial risks include interest rate and liquidity risks.

The Board of Directors reviews and agrees the policies and procedures for the management of these risks, which are executed by the management of the Company.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and objectives, policies and processes for the management of these risks.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.1 7-Eleven Malaysia Holdings (cont'd.)

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

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

Interest bearing liability is made up of advances from 7-Eleven Malaysia.

Borrowings at floating rates expose the Company to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value interest rate risk. The Company manages its interest rate exposure by having a policy to maintain its borrowings with a mix of fixed and floating rate borrowings.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortages of funds. The Company's exposure to liquidity risk arises primarily from its financial liabilities which mainly comprise amount due to a fellow subsidiary and sundry payables.

The Company relies on the financial support from a substantial shareholder of its ultimate holding company to enable it to meet its obligations and liabilities when they fall due.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's liabilities as at the reporting date based on contractual undiscounted repayment obligations.

	As at 31.12.2013
	On demand
	or within 1 year
	RM
Sundry payables	4,133,682
Amount due to a fellow subsidiary	5,654,401
Total undiscounted financial liabilities	<u>9,788,083</u>

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.1 7-Eleven Malaysia Holdings (cont'd.)****5.1.13 Loss per share**

Loss per share amount is calculated by dividing loss for the period (net of tax) attributable to equity holder of the Company, by the number of ordinary shares outstanding for the financial period.

The Company has no potential ordinary shares and therefore, diluted loss per share is the same as basic loss per share.

5.1.14 Comparatives

There are no comparatives as this is the Company's first set of statutory audited financial statements since its incorporation on 16 August 2013.

5.2 7-Eleven Malaysia Group**a) Consolidated income statements**

	Notes	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	5.2.5	1,313,705	1,462,396	1,579,123	1,672,465
Cost of sales		(971,225)	(1,078,168)	(1,153,881)	(1,205,364)
Gross profit		342,480	384,228	425,242	467,101
Other operating income		100,098	95,518	99,105	116,608
Selling and distribution expenses		(340,981)	(366,537)	(394,945)	(435,443)
Administrative and other operating expenses		(53,657)	(63,742)	(63,275)	(66,679)
Profit from operations	5.2.6	47,940	49,467	66,127	81,587
Finance costs	5.2.8	(7,510)	(8,993)	(9,554)	(8,646)
Profit before tax		40,430	40,474	56,573	72,941
Income tax expense	5.2.9	(13,142)	(10,329)	(16,091)	(21,163)
Net profit for the year		27,288	30,145	40,482	51,778
Profit attributable to: Equity holder of the Company		27,288	30,145	40,482	51,778
Basic/diluted earnings per share (sen)	5.2.10	78	86	116	148

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****b) Consolidated statements of comprehensive income**

	Notes	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Net profit for the year		27,288	30,145	40,482	51,778
Other comprehensive (expense)/ income					
Items that are or may be reclassified subsequently to profit or loss					
Net (loss)/gain on available-for-sale financial assets					
- Loss on fair value changes	5.2.19	-	(1,574)	(1,198)	-
- Cumulative loss reclassified to profit or loss	5.2.6, 5.2.19	-	1,098	-	-
- Transfer to profit or loss upon disposal	5.2.6, 5.2.19	-	-	1,674	-
Other comprehensive (expense)/ income for the year, net of tax		-	(476)	476	-
Total comprehensive income for the year		27,288	29,669	40,958	51,778

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11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****c) Consolidated statements of financial position**

	Notes	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	5.2.11	173,453	175,902	166,401	194,787
Investment property	5.2.12	250	243	236	229
Other investments	5.2.13	1	5,045	1	1
Goodwill on consolidation	5.2.14	596	596	596	596
		<u>174,300</u>	<u>181,786</u>	<u>167,234</u>	<u>195,613</u>
Current assets					
Inventories	5.2.15	95,190	119,495	124,923	133,025
Sundry receivables	5.2.16	239,617	215,633	330,380	250,938
Other investments	5.2.13	-	-	400	-
Tax recoverable		-	-	-	1,364
Cash and bank balances	5.2.17	36,930	47,971	32,243	47,840
		<u>371,737</u>	<u>383,099</u>	<u>487,946</u>	<u>433,167</u>
Total assets		<u>546,037</u>	<u>564,885</u>	<u>655,180</u>	<u>628,780</u>
Equity and liabilities					
Equity attributable to equity holder of the Company					
Share capital	5.2.18	35,000	35,000	35,000	35,000
Fair value adjustment reserve	5.2.19	-	(476)	-	-
Retained profits		46,017	64,162	104,644	38,922
Total equity		<u>81,017</u>	<u>98,686</u>	<u>139,644</u>	<u>73,922</u>
Non-current liabilities					
Provisions	5.2.20	8,092	8,453	8,505	4,936
Borrowings	5.2.21	19,229	16,367	10,193	6,005
Deferred tax liability	5.2.23	8,516	9,118	6,954	8,423
		<u>35,837</u>	<u>33,938</u>	<u>25,652</u>	<u>19,364</u>
Current liabilities					
Provisions	5.2.20	252	454	784	311
Borrowings	5.2.21	129,717	73,498	99,095	119,592
Trade payables	5.2.24	240,405	288,220	315,147	321,949
Other payables	5.2.25	57,600	67,836	71,380	93,623
Taxation		1,209	2,253	3,478	19
		<u>429,183</u>	<u>432,261</u>	<u>489,884</u>	<u>535,494</u>
Total liabilities		<u>465,020</u>	<u>466,199</u>	<u>515,536</u>	<u>554,858</u>
Total equity and liabilities		<u>546,037</u>	<u>564,885</u>	<u>655,180</u>	<u>628,780</u>

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

d) Consolidated statements of changes in equity

		Share capital RM'000	Non- distributable Fair value adjustment reserve RM'000	Distributable Retained profits RM'000	Total RM'000
	Notes				
As at 1 January 2010		35,000	-	33,729	68,729
Total comprehensive income		-	-	27,288	27,288
Dividend paid	5.2.26	-	-	(15,000)	(15,000)
As at 31 December 2010		35,000	-	46,017	81,017
As at 1 January 2011		35,000	-	46,017	81,017
Total comprehensive income		-	(476)	30,145	29,669
Dividend paid	5.2.26	-	-	(12,000)	(12,000)
As at 31 December 2011		35,000	(476)	64,162	98,686
As at 1 January 2012		35,000	(476)	64,162	98,686
Total comprehensive income		-	476	40,482	40,958
As at 31 December 2012		35,000	-	104,644	139,644
As at 1 January 2013		35,000	-	104,644	139,644
Total comprehensive income		-	-	51,778	51,778
Dividends paid	5.2.26	-	-	(117,500)	(117,500)
As at 31 December 2013		35,000	-	38,922	73,922

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****e) Consolidated statements of cash flows**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Cash flows from operating activities				
Cash receipts from customers and other receivables	1,338,201	1,568,858	1,649,122	1,775,043
Cash paid to suppliers and employees	(1,256,729)	(1,447,529)	(1,555,858)	(1,554,993)
Cash generated from operations	81,472	121,329	93,264	220,050
Interest paid	(7,510)	(5,318)	(9,554)	(8,646)
Tax paid	(10,420)	(8,683)	(17,030)	(24,517)
Net cash generated from operating activities	63,542	107,328	66,680	186,887
Cash flows from investing activities				
Purchase of property, plant and equipment	(19,132)	(20,445)	(15,317)	(41,722)
Purchase of quoted shares	-	(6,618)	(2,000)	-
Purchase of short term investment	-	-	(400)	-
Proceeds from disposal of property, plant and equipment	10	29	94	282
Proceeds from disposal of quoted shares	-	-	5,846	-
Movement in intercompany balances	(8,652)	9,856	(86,309)	(24,664)
Dividend income received	-	-	-	36
Interest received	821	719	513	569
Net cash used in investing activities	(26,953)	(16,459)	(97,573)	(65,499)
Cash flows from financing activities				
Dividends paid on ordinary shares	(15,000)	(12,000)	-	(117,500)
Proceeds from term loan	8,000	-	-	-
Proceeds from bankers' acceptance	263,633	430,966	427,672	576,725
Proceeds from revolving credit	185,800	27,900	-	-
Repayment of bankers' acceptance	(244,628)	(431,597)	(401,438)	(554,725)
Repayment of revolving credit	(205,800)	(82,900)	-	-
Repayment of term loans	(1,871)	(3,116)	(3,143)	(2,708)
Repayment of hire purchase and finance lease liabilities	(7,844)	(9,081)	(7,926)	(7,583)
Net cash (used in)/generated from financing activities	(17,710)	(79,828)	15,165	(105,791)
Net increase/(decrease) in cash and cash equivalents	18,879	11,041	(15,728)	15,597
Cash and cash equivalents at 1 January	18,051	36,930	47,971	32,243
Cash and cash equivalents at 31 December (Note 5.2.17)	36,930	47,971	32,243	47,840

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.1 Corporate information**

7-Eleven Malaysia is a private limited company, incorporated and domiciled in Malaysia.

In March 2012, Premier Merchandise Sdn. Bhd. ("PMSB") became the immediate holding company of Berjaya Retail Berhad ("BRetail") via an unconditional take-over offer. By virtue of the acquisition of shares in B-Retail, HQZ Credit Sdn. Bhd. and PMSB became the ultimate and intermediate holding companies of 7-Eleven Malaysia Group respectively. Prior to PMSB acquiring BRetail, the ultimate and immediate holding company of 7-Eleven Malaysia Group was BRetail, a company incorporated in Malaysia.

5.2.2 Basis of preparation of historical financial information

The historical financial information presented in this report has been prepared based on the Reissued Consolidated Financial Statements of 7-Eleven Malaysia Group, which comprise the audited consolidated statements of financial position as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013, and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for FYE 31 December 2010, FYE 31 December 2011, FYE 31 December 2012 and FYE 31 December 2013.

These financial statements have been prepared in accordance with MFRS and IFRS.

These financial statements have been prepared on the historical cost basis, except for those financial instruments which have been measured at their fair values.

These financial statements are presented in RM and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The consolidated financial statements of 7-Eleven Malaysia Group for the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 have been prepared and reissued in accordance with MFRS and IFRS in conjunction with the listing and quotation for the entire enlarged issued and paid-up share capital of 7-Eleven Malaysia Holdings on the Main Market of Bursa Malaysia Securities Berhad.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies

5.2.3.1 Changes in accounting policies

- (i) 7-Eleven Malaysia Group adopted MFRS for the first time in FYE 31 December 2012. The first MFRS financial statements for FYE 31 December 2012 were issued for statutory purposes. The date of transition for the statutory audited financial statements of 7-Eleven Malaysia Group is 1 January 2011.

For the purpose of the Reissued Consolidated Financial Statements, 7-Eleven Malaysia Group changed its date of transition to MFRS to 1 January 2010, being the beginning of the earliest period for which 7-Eleven Malaysia Group prepared consolidated financial statements in accordance with MFRS for this purpose. The adoption of MFRS did not have any effect on the consolidated financial statements for the financial years ended 31 December 2010 and 31 December 2011 included in the reissued consolidated financial statements, except as disclosed below:

- Business Combination:

MFRS 1 provides the option to apply MFRS 3: Business Combinations prospectively from the date of transition or from a specific date prior to the date of the transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition:

7-Eleven Malaysia Group has elected to apply MFRS 3 prospectively from the date of transition:

- the classification of former business combinations under FRS is maintained;
- there is no re-measurement of original fair values determined at the time of business combinations (date of acquisition); and
- the carrying amount of goodwill recognised under FRS is not adjusted.

Other than as mentioned above, the significant accounting policies adopted in preparing the reissued consolidated financial statements are consistent with the previously issued audited consolidated financial statements for the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

5.2.3.1 Changes in accounting policies (cont'd.)

- (ii) The new and revised MFRSs, Amendments to MFRS and IC Interpretation adopted by 7-Eleven Malaysia Group which are mandatory for financial periods beginning on or after 1 January 2012 and 1 January 2013 respectively do not give rise to any significant effects on the Reissued Consolidated Financial Statements except as discussed below:

MFRS 12: Disclosure of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on 7-Eleven Malaysia Group's financial position or performance.

MFRS 13: Fair Value Measurement

MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS. MFRS 13 defines fair value as an exit price. MFRS 13 also requires additional disclosures.

Application of MFRS 13 has not materially impacted the fair value measurement of 7-Eleven Malaysia Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The amendments to MFRS 101 introduce a grouping of items presented in other comprehensive income. Items that will be reclassified ("recycled") to profit or loss at a future point in time (eg. net loss or gain on available-for-sale financial assets) have to be presented separately from items that will not be reclassified. The amendments affect presentation only and have no impact on 7-Eleven Malaysia Group's financial position or performance.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

5.2.3.1 Changes in accounting policies (cont'd.)

(ii) MFRS 127: Separate Financial Statements

As a consequence of the new MFRS 10 and MFRS 12, MFRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

(iii) MFRSs, Amendments to MFRS and IC Interpretation issued but not yet effective

The following new MFRSs, Amendments to MFRS and IC Interpretation that have been issued by the Malaysian Accounting Standards Board will become effective in future financial reporting periods and have not been adopted by 7-Eleven Malaysia Group:

Description	Effective for annual financial periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21: Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9: Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

5.2.3.1 Changes in accounting policies (cont'd.)

- (iii) MFRSs, Amendments to MFRS and IC Interpretation issued but not yet effective (cont'd.)

Description	Effective for annual financial periods beginning on or after
MFRS 9: Financial Instruments: Hedge Accounting And Amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The directors expect that the adoption of the above standards and interpretation will have no material impact on the financial statements in the period of initial application, except as discussed below:

MFRS 9: Financial Instruments

MFRS 9 reflects the first phase of work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of 7-Eleven Malaysia Group's financial assets, but will not have an impact on classification and measurements of 7-Eleven Malaysia Group's financial liabilities. 7-Eleven Malaysia Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

5.2.3.2 Summary of significant accounting policies

a. Basis of consolidation

The consolidated financial statements comprise the financial statements of 7-Eleven Malaysia Group 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 7-Eleven Malaysia. Consistent accounting policies are applied for like transactions and events in similar circumstances.

7-Eleven Malaysia Group controls an investee if and only if 7-Eleven Malaysia 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.

Subsidiaries are consolidated when 7-Eleven Malaysia obtains control over the subsidiary and ceases when 7-Eleven Malaysia loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in 7-Eleven Malaysia Group's ownership interests in subsidiaries that do not result in 7-Eleven Malaysia Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of 7-Eleven Malaysia 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 7-Eleven Malaysia Group.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

a. Basis of consolidation (cont'd.)

When 7-Eleven Malaysia 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.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. 7-Eleven Malaysia Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

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

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

a. Basis of consolidation (cont'd.)

Business combinations (cont'd.)

When 7-Eleven Malaysia Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 5.2.3.2 (c).

b. Subsidiaries

A subsidiary is an entity over which 7-Eleven Malaysia 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.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.3 Significant accounting policies (cont'd.)****5.2.3.2 Summary of significant accounting policies (cont'd.)****b. Subsidiaries (cont'd.)**

In 7-Eleven Malaysia Group'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.

c. Intangible assetsGoodwill

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 7-Eleven Malaysia Group's cash-generating units that are expected to benefit from the synergies of the combination.

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

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

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

d. 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 7-Eleven Malaysia 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 year in which they are incurred.

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

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.

The principal annual rates of depreciation are:

Buildings	Over 50 years or the duration of the lease, whichever is shorter
Long-term leasehold land	Over the duration of the lease of 99 years
Equipment	15%
Computer equipment	15% to 20%
Motor vehicles	20%
Furniture, fittings and renovation	10% or the duration of the lease, whichever is shorter

The residual values, useful life and depreciation method are reviewed at each reporting dates 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.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

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

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.

e. Investment property

Investment property is land or building held by 7-Eleven Malaysia Group or held under a finance lease, to earn rental income or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of investment property is provided for on a straight line basis to write off the cost to its residual value over its estimated useful life at the following periods:

Buildings	Over 50 years or the duration of the lease, whichever is shorter
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Upon the disposal of an item of investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

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 5.2.3.2(f).

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

f. Impairment of non-financial assets

7-Eleven Malaysia Group assesses 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, 7-Eleven Malaysia Group makes an estimate of the asset's recoverable amount.

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

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

Impairment losses are recognised in profit or loss.

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

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

g. Financial assets

Financial assets are recognised in the consolidated statement of financial position when, and only when, 7-Eleven Malaysia Group becomes a party to the contractual provisions of the financial instrument.

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

7-Eleven Malaysia Group determines the classification of the financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

(i) Loans and receivables

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

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

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

(ii) Available-for-sale financial assets

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

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

g. Financial assets (cont'd.)

(ii) Available-for-sale financial assets (cont'd.)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when 7-Eleven Malaysia Group's rights to receive payment is established.

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

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

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

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.3 Significant accounting policies (cont'd.)****5.2.3.2 Summary of significant accounting policies (cont'd.)****h. Impairment of financial assets**

7-Eleven Malaysia Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, 7-Eleven Malaysia Group considers factors such as probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Objective evidence of impairment for a portfolio of receivables could include 7-Eleven Malaysia Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

i. Inventories

Inventories comprise trading goods and consumables and are stated at the lower of cost (determined on the first-in first-out 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.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

j. 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.

k. Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the consolidated statement of financial position when, and only when, 7-Eleven Malaysia Group becomes a party to the contractual provisions of the financial instrument.

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

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless 7-Eleven Malaysia Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

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

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.3 Significant accounting policies (cont'd.)****5.2.3.2 Summary of significant accounting policies (cont'd.)****l. Segment reporting**

For management purposes, 7-Eleven Malaysia 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 7-Eleven Malaysia 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 5.2.33, including the factors used to identify the reportable segments and the measurement basis of segment information.

m. Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of 7-Eleven Malaysia Group 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.

n. Leases**(i) As lessee**

Finance leases, which transfer to 7-Eleven Malaysia 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.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

n. Leases (cont'd.)

(i) As lessee (cont'd.)

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that 7-Eleven Malaysia 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.

(ii) As lessor

Leases where 7-Eleven Malaysia 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.

o. 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 7-Eleven Malaysia Group incurred in connection with the borrowing of funds.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.3 Significant accounting policies (cont'd.)****5.2.3.2 Summary of significant accounting policies (cont'd.)****p. Income tax**

Income tax on the profit or loss for the period 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.

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

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

q. Provisions

Provisions for liabilities are recognised when 7-Eleven Malaysia 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.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.3 Significant accounting policies (cont'd.)****5.2.3.2 Summary of significant accounting policies (cont'd.)****q. Provisions (cont'd.)**

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.

r. Employee benefits**(i) 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 7-Eleven Malaysia Group. 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.

(ii) Defined contribution plans

As required by law, 7-Eleven Malaysia 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.

s. Foreign currency**(i) Functional and presentation currency**

The individual financial statements of each entity in 7-Eleven Malaysia 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 7-Eleven Malaysia's functional currency.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.3 Significant accounting policies (cont'd.)****5.2.3.2 Summary of significant accounting policies (cont'd.)****s. Foreign currency (cont'd.)****(ii) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of 7-Eleven Malaysia Group 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.

t. 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:

- (i) In the principal market for the asset or liability, or
- (ii) 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 7-Eleven Malaysia 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.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.3 Significant accounting policies (cont'd.)

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

t. Fair value measurement (cont'd.)

7-Eleven Malaysia 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:

- (i) Level 1 - Quoted (Unadjusted) market prices in active markets for identical assets or liabilities;
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

u. Revenue recognition

Revenue is recognised to the extent that probable economic benefits will flow to 7-Eleven Malaysia Group and the amount of revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(i) 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.

(ii) Commission income

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

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.3 Significant accounting policies (cont'd.)****5.2.3.2 Summary of significant accounting policies (cont'd.)****u. Revenue recognition (cont'd.)****(iii) Rental income**

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

(iv) Interest income

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

(v) Franchise income

Revenue from franchised convenience stores under the "7-Eleven" brand name operated by franchisees include initial fees and a percentage of gross profit. Initial fees are recognised upon granting of a new franchise term, which is when 7-Eleven Malaysia has performed substantially all initial services required by the franchise arrangement. Revenue in the form of a percentage of gross profit is recognised in the period the gross profit is earned.

(vi) Dividend income

Dividend income is recognised when 7-Eleven Malaysia Group's right to receive payment is established.

5.2.4 Significant accounting estimates and judgements

The preparation of 7-Eleven Malaysia Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.4 Significant accounting estimates and judgements (cont'd.)****5.2.4.1 Judgements made in applying accounting policies**

In the process of applying 7-Eleven Malaysia Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

a. Classification between investment properties and property, plant and equipment

7-Eleven Malaysia Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rental income or for capital appreciation or both.

Some properties comprise a portion that is held to earn rental income or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), 7-Eleven Malaysia Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

The carrying amounts of the land and buildings of 7-Eleven Malaysia Group classified as property, plant and equipment and investment property are disclosed in Notes 5.2.11 and 5.2.12.

b. Impairment of available-for-sale investments

7-Eleven Malaysia Group reviews its investments in equity instruments, which are classified as available-for-sale investments at each reporting date to assess whether they are impaired. 7-Eleven Malaysia Group records impairment charges when there has been a significant or prolonged decline in the fair value below their cost.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.4 Significant accounting estimates and judgements (cont'd.)****5.2.4.1 Judgements made in applying accounting policies (cont'd.)****b. Impairment of available-for-sale investments (cont'd.)**

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, 7-Eleven Malaysia Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

For the financial year ended 31 December 2011, the amount of impairment loss recognised for available-for-sale investments is RM1,098,000.

For the financial year ended 31 December 2012, the amount of impairment loss recognised for available-for-sale investments is RM1,674,000.

5.2.4.2 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 discussed below:

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated or amortised on a straight-line basis over their useful lives based on management's estimates of the period over which the assets will generate revenue (not to exceed lease term plus options for leased property). The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. 7-Eleven Malaysia Group periodically reviews these useful lives relative to physical factors, economic factors and industry trends.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

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

(i) Depreciation of property, plant and equipment (cont'd.)

If there are changes in the planned use of property, plant and equipment, or if technological changes occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortisation expense or write-offs in future periods. The carrying amounts of 7-Eleven Malaysia Group's property, plant and equipment as at each of the reporting dates are disclosed in Note 5.2.11.

(ii) Impairment of goodwill

7-Eleven Malaysia Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill are allocated. Estimating a "value in use" amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill as at 31 December 2013 was RM596,000 (2012: RM596,000; 2011: RM596,000; 2010: RM596,000). Further details are as disclosed in Note 5.2.14.

(iii) Impairment of loans and receivables

7-Eleven Malaysia Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, 7-Eleven Malaysia Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. Management estimated the amount and timing of the future cash flows of its loans and receivables based on past experience of cash flows received. The carrying amounts of 7-Eleven Malaysia Group's loans and receivables at each of the reporting dates are disclosed in Note 5.2.16.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.4 Significant accounting estimates and judgements (cont'd.)****5.2.4.2 Key sources of estimation uncertainty (cont'd.)****(iv) Provision for restoration costs**

7-Eleven Malaysia Group leases convenience stores under operating leases. 7-Eleven Malaysia Group provides for an estimate of restoration costs expense at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term.

Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Actual future costs could differ significantly from amounts initially estimated. 7-Eleven Malaysia Group's provision for restoration costs at each of the reporting dates are disclosed in Note 5.2.20.

(v) Recognition of incentives and rebates

7-Eleven Malaysia Group receives incentives and rebates from suppliers for various programs, primarily volume incentives, display and promotional incentives, prompt payment discounts and warehouse allowances.

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. 7-Eleven Malaysia Group's recognition of incentives and rebates as at 31 December 2013 was RM37,575,317 (2012: RM30,538,048; 2011: RM25,512,725; 2010: RM25,362,264).

(vi) Provision for inventory losses

Provision for inventory losses is estimated based on the best available facts and circumstances. The provision is re-evaluated and adjusted when additional information received affects the amount estimated. The carrying amounts of 7-Eleven Malaysia Group's inventories as of 31 December 2013 was RM133,025,000 (2012: RM124,923,000; 2011: RM119,495,000; 2010: RM95,190,000).

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

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

(vii) Litigation accruals

From time to time, 7-Eleven Malaysia Group is subject to proceedings, lawsuits and other claims, related but not limited to, suppliers. 7-Eleven Malaysia Group is required to assess the likelihood of any adverse judgements or outcomes to these matters as well as potential ranges of probable losses, including those matters disclosed in Note 5.2.29.

A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as change in settlement strategy in dealing with these matters. 7-Eleven Malaysia Group does not believe that any such matter currently being reviewed will have a material adverse effect on its financial condition or results of operations. In respect of its legal suit, 7-Eleven Malaysia Group has provided for liability amounting to RM5,730,208 as at 31 December 2013 (2012: RM2,604,641; 2011: Not applicable; 2010: Not applicable).

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11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.5 Revenue

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Merchandise sales	1,276,900	1,419,050	1,528,444	1,614,813
Commissions	36,629	43,110	50,442	57,403
Rental income	176	236	237	249
	<u>1,313,705</u>	<u>1,462,396</u>	<u>1,579,123</u>	<u>1,672,465</u>

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11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.6 Profit from operations

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

		2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
	Note				
Auditors' remuneration					
- current		280	280	235	235
- overprovision in respect of prior year		-	(68)	(68)	-
Impairment loss on sundry receivables	5.2.16	407	1,077	77	1,316
Bad debts written off		1,231	-	-	305
Depreciation of property, plant and equipment	5.2.11	32,440	32,132	33,788	31,840
Impairment loss of property, plant and equipment	5.2.11	197	-	-	-
Property, plant and equipment written off	5.2.11	-	1,720	217	783
Amortisation charge for investment property	5.2.12	4	7	7	7
Provision for inventories written off		-	-	-	477
Rental of premises		52,127	58,095	65,636	72,106
Royalty		13,137	14,587	15,789	16,722
Employee benefits expense	5.2.7	160,032	167,517	182,119	207,419
Net loss/(gain) on disposal of property, plant and equipment		51	(29)	(94)	(262)
Impairment loss on available-for-sale quoted equity instruments	5.2.19				
- cumulative loss reclassified to profit or loss		-	1,098	-	-
- transfer to profit or loss upon disposal of investments		-	-	1,674	-
Interest income					
- overnight placements and fixed deposits		(821)	(719)	(513)	(569)
- advances to intermediate and immediate holding companies		(11,521)	(11,591)	(14,795)	(14,465)
- advances to a fellow subsidiary		-	-	-	(77)
Rental income		(1,314)	(1,189)	(1,102)	(878)
Dividend income from quoted investment		-	-	-	(36)
Franchise income					
- initial fees		(9,700)	(3,550)	(310)	(600)
Change in estimate of restoration costs	5.2.11	-	-	-	(1,560)

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.7 Employee benefits expense

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
(a) Employee benefits expense				
Wages, salaries and other allowances	137,650	143,581	153,864	175,313
Pension costs - defined contributions	13,813	13,524	15,974	18,775
Social security costs and employee insurance	2,853	2,924	2,887	3,157
Compensated absences	-	196	-	-
Other staff emoluments	5,716	7,292	9,394	10,174
	<u>160,032</u>	<u>167,517</u>	<u>182,119</u>	<u>207,419</u>

Included in the staff costs of the Group are executive directors' remuneration as further disclosed in Note 5.2.7(b)(i).

(b) Directors' remuneration

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
(i) Executive directors' remuneration:				
Salaries	1,080	1,113	1,241	1,200
Other emoluments	649	894	469	333
Benefits-in-kind	44	39	49	53
	<u>1,773</u>	<u>2,046</u>	<u>1,759</u>	<u>1,586</u>
(ii) Non-executive directors' remuneration:				
Allowances	<u>148</u>	<u>148</u>	<u>148</u>	<u>125</u>
Total directors' remuneration (Note 5.2.27(b))	<u>1,921</u>	<u>2,194</u>	<u>1,907</u>	<u>1,711</u>

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.8 Finance costs**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Interest expense on:				
Hire purchase and lease liabilities	1,369	1,598	1,301	891
Bankers' acceptances	2,294	2,670	4,042	5,466
Revolving credit	3,281	479	-	-
Term loans	566	571	382	237
Amount due to immediate holding company	-	3,675	3,837	2,052
Over recognition of interest expense on term loans in prior year	-	-	(8)	-
	<u>7,510</u>	<u>8,993</u>	<u>9,554</u>	<u>8,646</u>

5.2.9 Income tax expense

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Income tax				
Current year	12,077	11,832	19,337	19,853
Overprovision in prior year	(645)	(2,105)	(1,082)	(159)
	<u>11,432</u>	<u>9,727</u>	<u>18,255</u>	<u>19,694</u>
Deferred tax (Note 5.2.23)				
Relating to origination and reversal of temporary differences	2,533	2,257	(2,177)	1,361
(Over)/under provision in prior year	(823)	(1,655)	13	108
	<u>1,710</u>	<u>602</u>	<u>(2,164)</u>	<u>1,469</u>
	<u>13,142</u>	<u>10,329</u>	<u>16,091</u>	<u>21,163</u>

Domestic current income tax is calculated at the Malaysia statutory tax rate of 25% (2012: 25%; 2011: 25%; 2010: 25%) of the estimated assessable profit for the years.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.9 Income tax expense (cont'd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective tax rate of 7-Eleven Malaysia Group is as follows:

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Profit before tax	40,430	40,474	56,573	72,941
Taxation at Malaysian statutory tax rate of 25% (2012: 25%; 2011: 25%; 2010: 25%)	10,108	10,119	14,143	18,235
Expenses not deductible under tax legislation	4,502	3,970	3,053	2,979
Income not subject to tax	-	-	(36)	-
Overprovision of income tax in prior year	(645)	(2,105)	(1,082)	(159)
(Over)/under provision of deferred tax in prior year	(823)	(1,655)	13	108
Tax expense for the year	13,142	10,329	16,091	21,163

5.2.10 Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the years (net of tax) attributable to equity holder of 7-Eleven Malaysia, by the number of ordinary shares outstanding during the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013.

7-Eleven Malaysia Group has no potential ordinary shares and therefore, diluted earnings per share is the same as basic earnings per share.



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.11 Property, plant and equipment

At 31 December 2010

	Land and buildings* RM'000	Furniture, fittings, equipment and computer equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost						
At 1 January 2010	35,756	229,403	1,614	87,507	971	355,251
Additions	76	31,117	478	7,109	111	38,891
Unused amounts reversed (Note 5.2.20)	-	-	-	(373)	-	(373)
Disposal	-	(111)	-	-	-	(111)
Reclassification	960	-	-	-	(960)	-
At 31 December 2010	36,792	260,409	2,092	94,243	122	393,658

Accumulated depreciation and impairment losses

At 1 January 2010	1,418	139,878	858	45,464	-	187,618
Charge for the year	210	25,179	290	6,761	-	32,440
Disposal	-	(50)	-	-	-	(50)
Impairment loss	197	-	-	-	-	197
At 31 December 2010	1,825	165,007	1,148	52,225	-	220,205

Net carrying amount
At 31 December 2010

	34,967	95,402	944	42,018	122	173,453
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11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

At 31 December 2011	Land and buildings* RM'000	Furniture, fittings, equipment and computer equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost						
At 1 January 2011	36,792	260,409	2,092	94,243	122	393,658
Additions	-	27,199	305	8,445	352	36,301
Disposal	-	-	(44)	-	-	(44)
Write off	-	(1,519)	-	(3,021)	-	(4,540)
At 31 December 2011	36,792	286,089	2,353	99,667	474	425,375
Accumulated depreciation and impairment losses						
At 1 January 2011	1,825	165,007	1,148	52,225	-	220,205
Charge for the year	217	24,075	351	7,489	-	32,132
Disposal	-	-	(44)	-	-	(44)
Write off	-	(1,103)	-	(1,717)	-	(2,820)
At 31 December 2011	2,042	187,979	1,455	57,997	-	249,473
Net carrying amount						
At 31 December 2011	34,750	98,110	898	41,670	474	175,902

11. ACCOUNTANTS' REPORT (Cont'd)
5.0 Audited historical financial information (cont'd.)
5.2 7-Eleven Malaysia Group (cont'd.)
5.2.11 Property, plant and equipment (cont'd.)

At 31 December 2012

	Land and buildings* RM'000	Furniture, fittings, equipment and computer equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
Cost						
At 1 January 2012	36,792	286,089	2,353	99,667	474	425,375
Additions	-	18,326	134	5,468	576	24,504
Disposal	-	-	(260)	-	-	(260)
Write off	-	(2,382)	-	(308)	-	(2,690)
At 31 December 2012	36,792	302,033	2,227	104,827	1,050	446,929
Accumulated depreciation and impairment losses						
At 1 January 2012	2,042	187,979	1,455	57,997	-	249,473
Charge for the year	222	25,167	379	8,020	-	33,788
Disposal	-	-	(260)	-	-	(260)
Write off	-	(2,282)	-	(191)	-	(2,473)
At 31 December 2012	2,264	210,864	1,574	65,826	-	280,528
Net carrying amount						
At 31 December 2012	34,528	91,169	653	39,001	1,050	166,401



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

At 31 December 2013	Land and buildings* RM'000	Furniture, fittings, equipment and computer equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2013	36,792	302,033	2,227	104,827	1,050	446,929
Additions	-	46,649	265	16,507	371	63,792
Disposals	-	-	(182)	(68)	-	(250)
Write off	-	(1,061)	-	(877)	-	(1,938)
Change in estimate of restoration costs (Note 5.2.20)	-	-	-	(4,323)	-	(4,323)
At 31 December 2013	36,792	347,621	2,310	116,066	1,421	504,210
Accumulated depreciation and impairment losses						
At 1 January 2013	2,264	210,864	1,574	65,826	-	280,528
Charge for the year	201	23,396	271	7,972	-	31,840
Disposal	-	-	(182)	(48)	-	(230)
Write off	-	(831)	-	(324)	-	(1,155)
Change in estimate of restoration costs (Note 5.2.6)	-	-	-	(1,560)	-	(1,560)
At 31 December 2013	2,465	233,429	1,663	71,866	-	309,423
Net carrying amount						
At 31 December 2013	34,327	114,192	647	44,200	1,421	194,787

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

*Land and buildings

	Freehold land RM'000	Buildings RM'000	Long term leasehold land RM'000	Total RM'000
At 31 December 2010				
Cost				
At 1 January 2010	23,039	9,525	3,192	35,756
Additions	48	28	-	76
Reclassifications	624	336	-	960
At 31 December 2010	23,711	9,889	3,192	36,792
Accumulated depreciation and impairment losses				
At 1 January 2010	784	634	-	1,418
Charge for the year	-	180	30	210
Impairment loss	-	197	-	197
At 31 December 2010	784	1,011	30	1,825
Net carrying amount				
At 31 December 2010	22,927	8,878	3,162	34,967
At 31 December 2011				
Cost				
At 1 January/ 31 December 2011	23,711	9,889	3,192	36,792
Accumulated depreciation and impairment losses				
At 1 January 2011	784	1,011	30	1,825
Charge for the year	-	182	35	217
At 31 December 2011	784	1,193	65	2,042
Net carrying amount				
At 31 December 2011	22,927	8,696	3,127	34,750

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.11 Property, plant and equipment (cont'd.)*****Land and buildings (cont'd.)**

	Freehold land RM'000	Buildings RM'000	Long term leasehold land RM'000	Total RM'000
At 31 December 2012				
Cost				
At 1 January/ 31 December 2012	23,711	9,889	3,192	36,792
Accumulated depreciation and impairment losses				
At 1 January 2012	784	1,193	65	2,042
Charge for the year	-	178	44	222
At 31 December 2012	784	1,371	109	2,264
Net carrying amount				
At 31 December 2012	22,927	8,518	3,083	34,528
At 31 December 2013				
Cost				
At 1 January/ 31 December 2013	23,711	9,889	3,192	36,792
Accumulated depreciation and impairment losses				
At 1 January 2013	784	1,371	109	2,264
Charge for the year	-	166	35	201
At 31 December 2013	784	1,537	144	2,465
Net carrying amount				
At 31 December 2013	22,927	8,352	3,048	34,327

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.11 Property, plant and equipment (cont'd.)**

- a. Included in 7-Eleven Malaysia Group's land and buildings are land and buildings with net carrying amount totaling RM913,200 as at 31 December 2013 (2012: RM927,600; 2011: RM960,000; 2010: RM1,699,541) of which the land title has yet to be issued by the relevant authorities.
- b. Included in property, plant and equipment of 7-Eleven Malaysia Group are fully depreciated property, plant and equipment which are still in use costing RM169,328,269 as at 31 December 2013 (2012: RM140,877,032; 2011: RM106,969,993; 2010: RM80,137,628).
- c. During the relevant financial years, 7-Eleven Malaysia Group acquired property, plant and equipment by the following means:

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Cash	19,132	20,445	15,317	41,722
Hire purchase and finance leases	9,135	8,747	4,258	4,600
Other payables	10,009	6,464	4,509	17,143
Capitalisation of restoration costs	615	645	420	327
	<u>38,891</u>	<u>36,301</u>	<u>24,504</u>	<u>63,792</u>

- d. Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Computer equipment	31,644	34,104	25,902	25,676
Motor vehicles	820	893	653	647
	<u>32,464</u>	<u>34,997</u>	<u>26,555</u>	<u>26,323</u>

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

- e. The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 5.2.21) and bank guarantee (Note 5.2.29(b)) are as follows:

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Freehold land	18,869	18,869	18,869	18,869
Leasehold land	3,162	3,127	3,083	3,048
Buildings	2,937	2,852	2,823	2,774

5.2.12 Investment property

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Cost				
At beginning/end of year	292	292	292	292
Accumulated amortisation				
At beginning of year	38	42	49	56
Charge for the year	4	7	7	7
At end of year	42	49	56	63
Net carrying amount				
At end of year	250	243	236	229

Valuation of investment property

As at 31 December 2013, the fair value of the investment property of 7-Eleven Malaysia Group was estimated by the directors based on professional valuation report using the comparison method of valuation, to be approximately RM320,000 (2012: RM320,000; 2011: RM310,000; 2010: RM300,000).

The fair value of investment property is determined using the market approach based on the transacted price for identical or comparable property on the date of valuation between a willing buyer and willing seller in an arm's length transaction.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.13 Other investments**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Available-for-sale financial assets				
Non-current				
At fair value:				
Quoted shares in Malaysia*	-	5,044	-	-
At cost:				
Unquoted shares in Malaysia	1	1	1	1
	1	5,045	1	1
Current				
At fair value:				
Unit trust fund*	-	-	400	-

* Fair value of quoted shares and unit trust fund are determined by reference to prices quoted in active market at the reporting date.

Impairment losses

7-Eleven Malaysia Group recognised impairment losses of RM1,674,000 and RM1,098,000 for quoted investments classified as available-for-sale financial assets as there were "significant" or "prolonged" decline in the fair value of these investments for the financial years ended 31 December 2012 and 31 December 2011 respectively. 7-Eleven Malaysia Group considers "significant" as decline in fair value greater than 20% below their costs and "prolonged" period as greater than 9 months or more.

As at the reporting dates, none of 7-Eleven Malaysia Group's investments are pledged as security for bank borrowings.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.14 Goodwill on consolidation**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
At cost	596	596	596	596

Impairment testing of goodwill**Allocation of goodwill**

Goodwill has been allocated to 7-Eleven Malaysia Group's cash-generating units ("CGUs") identified according to business segments as follows:

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Operation of convenience stores under the "7-Eleven" brand name	286	286	286	286
Property investments	289	289	289	289
Others	21	21	21	21
	596	596	596	596

a. Key assumptions used in value in use calculations

The recoverable amounts of the CGUs have been determined based on a value in use calculations using cash flow projections based on financial budgets approved by management covering a three-year period.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill.

(i) Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margin is the average gross margin achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.14 Goodwill on consolidation (cont'd.)****Impairment testing of goodwill (cont'd.)****Allocation of goodwill (cont'd.)****a. Key assumptions used in value-in-use calculations (cont'd.)****(ii) Discount rate**

The discount rate of 10.0% (2012: 9.0%; 2011: 9.0%; 2010: 9.0%) per annum used are pre-tax and reflect specific risks relating to the retail industry.

(iii) Growth rate

The growth rate of 5.0% (2012: 3.5%; 2011: 2.0%; 2010: 2.0%) per annum used is based on management's research on the retail industry and does not exceed the long term average growth rate of the industry.

b. Sensitivity to changes in assumptions

With regard to the assessment of value in use of the CGUs, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to materially differ from their recoverable amounts.

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11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.15 Inventories**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
At cost:				
General merchandise held for resale	92,682	117,552	121,456	129,635
Consumables	2,508	1,943	3,467	3,390
	<u>95,190</u>	<u>119,495</u>	<u>124,923</u>	<u>133,025</u>
 Cost of inventories recognised as an expense during the financial years	 971,225	 1,078,168	 1,153,881	 1,205,364

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11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.16 Sundry receivables**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Current				
Other receivables	27,843	28,000	39,802	39,450
Deposits	18,364	20,678	21,465	24,240
Prepayments	18,029	5,774	5,880	5,677
Due from immediate holding company	175,134	161,603	262,707	176,735
Due from a fellow subsidiary	-	-	-	5,344
Due from other related parties	654	692	701	983
	<u>240,024</u>	<u>216,747</u>	<u>330,555</u>	<u>252,429</u>
Less:				
Allowance for impairment on other receivables	(407)	(1,114)	(175)	(1,491)
Total sundry receivables	<u>239,617</u>	<u>215,633</u>	<u>330,380</u>	<u>250,938</u>
Total sundry receivables	239,617	215,633	330,380	250,938
Add: Cash and bank (Note 5.2.17)	36,930	47,971	32,243	47,840
Less: Prepayments	(18,029)	(5,774)	(5,880)	(5,677)
Total loans and receivables	<u>258,518</u>	<u>257,830</u>	<u>356,743</u>	<u>293,101</u>

a. Receivables

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

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.16 Sundry receivables (cont'd.)****a. Receivables (cont'd.)**Receivables that are impaired

The receivables of 7-Eleven Malaysia Group that are impaired at the reporting dates and the movement of the allowance accounts used to record the impairment are as follows:

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Individually impaired				
Other receivables - nominal amounts	407	1,114	175	1,491
Less:				
Allowance for impairment	(407)	(1,114)	(175)	(1,491)
	-	-	-	-
Movement in allowance accounts:				
At beginning of year	-	407	1,114	175
Charge for the year (Note 5.2.6)	407	1,077	77	1,316
Written off	-	(370)	(1,016)	-
At end of year	407	1,114	175	1,491

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

b. Due from immediate holding company

As at 31 December 2013, the amount due from immediate holding company is unsecured, repayable on demand and bears interest at 5.8% (2012: 5.8%; 2011: 5.8%; 2010: 5.8%) per annum.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.16 Sundry receivables (cont'd.)****c. Due from a fellow subsidiary**

As at 31 December 2013, the amount due from 7-Eleven Malaysia Holdings is unsecured, repayable upon demand and bears interest at 5.8% (2012: Not applicable; 2011: Not applicable; 2010: Not applicable) per annum.

7-Eleven Malaysia Holdings is a fellow subsidiary in which the immediate holding company, BRetail, is also the immediate holding company of 7-Eleven Malaysia Holdings.

d. Due from other related parties

Amounts due from other related companies are unsecured, non-interest bearing and are repayable upon demand.

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Nural Enterprise Sdn. Bhd. ("NESB")				
Refundable deposits	337	372	406	429
Berjaya Times Square Sd. Bhd. ("BTSB")				
Refundable deposits	317	320	295	304
Berjaya Channel Sdn. Bhd. ("BCSB")				
Advertising income - Revenue sharing	-	-	-	250

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

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

Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT"), Chan Kien Sing and Dato' Azlan Meah Bin Hj. Ahmed Meah are directors of BCorp.

TSVT is a director of BTSB.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.16 Sundry receivables (cont'd.)****d. Due from other related parties (cont'd.)**

Chan Kien Sing is a director of BASSETS.

TSVT is also a substantial shareholder of BCorp and BASSETS.

TSVT resigned as a director of 7-Eleven Malaysia on 1 July 2013 but remained as a substantial shareholder of the ultimate holding company of 7-Eleven Malaysia.

Further details on related party transactions are disclosed in Note 5.2.27.

5.2.17 Cash and bank balances

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Cash on hand and at banks	36,603	47,641	31,912	47,505
Short term deposits with a licensed bank	327	330	331	335
	<u>36,930</u>	<u>47,971</u>	<u>32,243</u>	<u>47,840</u>

Included in cash on hand and at banks of 7-Eleven Malaysia Group as at 31 December 2013 are overnight placements with licensed banks amounted to RM19,659,551 (2012: RM3,088,192; 2011: RM22,942,923; 2010: RM14,820,330). As at 31 December 2013, overnight placements earned interest ranging from 2.0% to 2.5% (2012: 1.5% to 2.5%; 2011: 2.0% to 2.5%; 2010: 1.8% to 2.3%) per annum.

As at the 31 December 2013, the interest rate of short term deposits for 7-Eleven Malaysia Group was 3.0% (2012: 3.0%; 2011: 3.0%; 2010: 2.8%) per annum.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.17 Cash and bank balances (cont'd.)

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

	2010 Days	2011 Days	2012 Days	2013 Days
Deposits with a licensed bank	6 - 22	6 - 22	6 - 22	6 - 22

5.2.18 Share capital

	Number of ordinary shares of RM1.00 each			
	2010 '000	2011 '000	2012 '000	2013 '000
Authorised At beginning/ end of year	50,000	50,000	50,000	50,000
	Amount			
	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Issued and fully paid up At beginning/ end of year	35,000	35,000	35,000	35,000

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.19 Fair value adjustment reserves

Fair value adjustment reserve represents the cumulative fair value changes of available-for-sale financial assets until they are disposed or impaired.

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
At beginning of year	-	-	(476)	-
Available-for-sale quoted equity investments:				
- Loss on fair value changes	-	(1,574)	(1,198)	-
- Impairment loss on investments reclassified to profit or loss (Note 5.2(b))	-	1,098	-	-
- Transfer to profit or loss upon disposal (Note 5.2(b))	-	-	1,674	-
At end of year	-	(476)	-	-

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11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.20 Provisions

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
At beginning of year	8,127	8,344	8,907	9,289
Provisions during the year	615	645	420	327
Utilised during the year	(25)	(82)	(38)	(46)
Unused amounts reversed (Note 5.2.11)	(373)	-	-	-
Change in estimate of restoration costs (Note 5.2.11)	-	-	-	(4,323)
At end of year	8,344	8,907	9,289	5,247
At end of year				
Current	252	454	784	311
Non-current:				
Later than 1 year but not later than 2 years	270	158	200	144
Later than 2 years but not later than 5 years	675	1,092	1,330	889
Later than 5 years	7,147	7,203	6,975	3,903
	8,092	8,453	8,505	4,936
	8,344	8,907	9,289	5,247

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.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.21 Borrowings

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Short term borrowings				
Secured:				
Term loans	3,117	3,143	2,708	2,180
Bankers' acceptance	63,897	-	-	-
Revolving credit	55,000	-	-	-
Hire purchase and finance lease liabilities (Note 5.2.22)	7,703	7,089	6,887	5,912
	<u>129,717</u>	<u>10,232</u>	<u>9,595</u>	<u>8,092</u>
Unsecured:				
Bankers' acceptance	-	63,266	89,500	111,500
	<u>129,717</u>	<u>73,498</u>	<u>99,095</u>	<u>119,592</u>
Long term borrowings				
Secured:				
Term loans	8,849	5,707	2,999	819
Hire purchase and finance lease liabilities (Note 5.2.22)	10,380	10,660	7,194	5,186
	<u>19,229</u>	<u>16,367</u>	<u>10,193</u>	<u>6,005</u>
Total borrowings				
Term loans	11,966	8,850	5,707	2,999
Bankers' acceptance	63,897	63,266	89,500	111,500
Revolving credit	55,000	-	-	-
Hire purchase and finance lease liabilities (Note 5.2.22)	18,083	17,749	14,081	11,098
	<u>148,946</u>	<u>89,865</u>	<u>109,288</u>	<u>125,597</u>

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.21 Borrowings (cont'd.)**

The remaining maturities of the borrowings as at the relevant financial years, other than hire purchase and finance lease liabilities as disclosed in Note 5.2.22, are as follows:

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
At end of year				
Current	122,014	66,409	92,208	113,680
Non-current				
Later than 1 year but not later than 2 years	3,143	2,708	2,180	819
Later than 2 years but not later than 5 years	5,706	2,999	819	-
	8,849	5,707	2,999	819
	130,863	72,116	95,207	114,499

The borrowings are secured by the following:

- (i) First legal charge over the land and buildings of 7-Eleven Malaysia Group with total carrying amounts of RM13,933,439 as at 31 December 2013 (2012: RM14,017,632; 2011: RM14,090,830; 2010: RM14,210,547), as disclosed in Note 5.2.11(e).
- (ii) First legal charge over 7-Eleven Malaysia Group's computer equipment and motor vehicles of RM26,323,210 as at 31 December 2013 (2012: RM26,555,296; 2011: RM34,997,401; 2010: RM32,463,322) acquired by means of hire purchase and finance lease liabilities, as disclosed in Note 5.2.11(d).
- (iii) First legal charge over the freehold land of a subsidiary company with a total carrying amount of RM10,757,500 as at 31 December 2013 (2012: RM10,757,500; 2011: RM10,757,500; 2010: RM10,757,500) as disclosed in Note 5.2.11(e) and a corporate guarantee amounting to RM2,823,000 as at 31 December 2013 (2012: RM4,827,000; 2011: RM6,831,000; 2010: RM8,000,000) to a financial institution in respect of a term loan granted to the subsidiary.

11. ACCOUNTANTS' REPORT (Cont'd)

**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.21 Borrowings (cont'd.)**

- (iv) Quoted shares held by the intermediate holding company and a former director, TSVT. The market value of the quoted shares as at 31 December 2010 amounted to RM258,512,439. The securities were discharged on 12 May 2011.

As at 31 December 2013, bankers' acceptance amounting to RM20,000,000 (2012: Not applicable; 2011: Not applicable; 2010: Not applicable) and RM31,500,000 (2012: Not applicable; 2011: Not applicable; 2010: Not applicable) are guaranteed by BRetail and 7-Eleven Malaysia Holdings respectively.

Other information on financial risks of borrowings are disclosed in Notes 5.2.31(b) and (c).

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11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.22 Hire purchase and finance lease liabilities

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Future minimum lease payments:				
Not later than 1 year	8,885	8,221	7,680	6,558
Later than 1 year and not later than 2 years	5,625	6,133	4,870	4,139
Later than 2 years and not later than 5 years	5,928	5,636	2,847	1,324
	<u>20,438</u>	<u>19,990</u>	<u>15,397</u>	<u>12,021</u>
Less:				
Future finance charges	(2,355)	(2,241)	(1,316)	(923)
	<u>18,083</u>	<u>17,749</u>	<u>14,081</u>	<u>11,098</u>
Analysis of present value of finance lease payables:				
Current	<u>7,703</u>	<u>7,089</u>	<u>6,887</u>	<u>5,912</u>
Non-current:				
Later than 1 year and not later than 2 years	4,952	5,525	4,464	3,904
Later than 2 years and not later than 5 years	5,428	5,135	2,730	1,282
	<u>10,380</u>	<u>10,660</u>	<u>7,194</u>	<u>5,186</u>
	<u>18,083</u>	<u>17,749</u>	<u>14,081</u>	<u>11,098</u>

Other information on financial risks of hire purchase and finance lease liabilities are disclosed in Notes 5.2.31(b) and (c).

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.23 Deferred tax liability**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
At beginning of year	6,806	8,516	9,118	6,954
Recognised in profit or loss (Note 5.2.9)	1,710	602	(2,164)	1,469
At end of year	<u>8,516</u>	<u>9,118</u>	<u>6,954</u>	<u>8,423</u>

Presented after appropriate offsetting as follows:

Deferred tax assets	(3,620)	(4,388)	(3,200)	(3,025)
Deferred tax liability	<u>12,136</u>	<u>13,506</u>	<u>10,154</u>	<u>11,448</u>
	<u>8,516</u>	<u>9,118</u>	<u>6,954</u>	<u>8,423</u>

The components and movements of deferred tax assets and liability during the financial years prior to offsetting are as follows:

	Receivables RM'000	Provisions RM'000	Total RM'000
Deferred tax assets			
At 1 January 2010	-	(1,870)	(1,870)
Recognised in profit or loss	(17)	(1,733)	(1,750)
At 31 December 2010	<u>(17)</u>	<u>(3,603)</u>	<u>(3,620)</u>
At 1 January 2011	(17)	(3,603)	(3,620)
Recognised in profit or loss	(234)	(534)	(768)
At 31 December 2011	<u>(251)</u>	<u>(4,137)</u>	<u>(4,388)</u>
At 1 January 2012	(251)	(4,137)	(4,388)
Recognised in profit or loss	256	932	1,188
At 31 December 2012	<u>5</u>	<u>(3,205)</u>	<u>(3,200)</u>
At 1 January 2013	5	(3,205)	(3,200)
Recognised in profit or loss	-	175	175
At 31 December 2013	<u>5</u>	<u>(3,030)</u>	<u>(3,025)</u>

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.23 Deferred tax liability (cont'd.)

Deferred tax liability	Property, plant and equipment RM'000
At 1 January 2010	8,676
Recognised in profit or loss	3,460
At 31 December 2010	<u>12,136</u>
At 1 January 2011	12,136
Recognised in profit or loss	1,370
At 31 December 2011	<u>13,506</u>
At 1 January 2012	13,506
Recognised in profit or loss	(3,352)
At 31 December 2012	<u>10,154</u>
At 1 January 2013	10,154
Recognised in profit or loss	1,294
At 31 December 2013	<u>11,448</u>

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11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.24 Trade payables**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Current				
Third parties				
Merchandise suppliers	198,309	230,219	245,453	243,529
Phone reload coupon suppliers	33,221	50,369	47,941	52,771
Related parties				
Phone reload coupon suppliers	8,875	7,632	21,753	25,649
Total trade payables	240,405	288,220	315,147	321,949
Total trade payables	240,405	288,220	315,147	321,949
Add: Other payables (Note 5.2.25)	57,600	67,836	71,380	93,623
Add: Borrowings (Note 5.2.21)	148,946	89,865	109,288	125,597
Total financial liabilities, carried at amortised cost	446,951	445,921	495,815	541,169

a. Third parties

The normal trade credit terms granted to 7-Eleven Malaysia Group are as follows:

	2010 Days	2011 Days	2012 Days	2013 Days
Current				
Merchandise suppliers	30 - 60	30 - 60	30 - 60	30 - 60
Phone reload coupon suppliers	7 - 60	7 - 60	7 - 60	7 - 60

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.24 Trade payables (cont'd.)****a. Third parties (cont'd.)**

As at 31 December 2013, the normal trade credit terms granted to 7-Eleven Malaysia Group by merchandise suppliers ranged from 30 to 60 days (2012: 30 to 60 days; 2011: 30 to 60 days; 2010: 30 to 60 days).

However, suppliers will generally extend their credit terms to 90 days upon request by 7-Eleven Malaysia Group.

b. Related parties

The 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.

As at 31 December 2013, the trade credit terms granted by MOL and U Mobile to 7-Eleven Malaysia Group are 7 and 60 days (2012: 7 and 60 days; 2011: 7 and 60 days; 2010: 7 and 60 days) respectively.

5.2.25 Other payables

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Current				
Sundry payables	19,312	27,903	27,308	24,931
Accruals	20,247	16,950	21,652	47,226
Royalties payable	1,144	1,310	1,212	1,313
Refundable deposits	16,897	21,673	21,208	20,153
	<u>57,600</u>	<u>67,836</u>	<u>71,380</u>	<u>93,623</u>

(a) Payables

Payables are unsecured, non-interest bearing and are normally settled on 30 to 60 days (2012: 30 to 60 days; 2011: 30 to 60 days; 2010: 30 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.25 Other payables (cont'd.)****(a) Payables (cont'd.)**

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

	Type of transaction	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Securexpress Services Sdn. Bhd.	Transportation costs	1,064	1,065	886	706

(b) Refundable deposits

Refundable deposits comprise 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.

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11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.26 Dividends

	RM'000	RM'000	RM'000	Sen	Sen	Sen
Interim dividend for 2010:						
First interim dividend of 57.14%	15,000	-	-	43	-	-
less tax of 25% per share						
Interim dividend for 2011:						
First interim dividend of 45.71%	-	12,000	-	-	34	-
less tax of 25% per share						
Interim dividend for 2013:						
First interim franked dividend of 44.10%	-	-	11,576	-	-	33
less tax of 25% per share						
First interim single-tier dividend of 302.64% per share	-	-	105,924	-	-	303
	-	-	117,500	-	-	336

No dividend was declared or paid by 7-Eleven Malaysia Group for FYE 31 December 2012.



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.27 Significant related party transactions

a. Significant related party transactions

Type of transaction	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Intercompany repayment from HQZ, net	48,835	-	-	-
Interest income	1,730	-	-	-

With ultimate holding company which TSVT is a substantial shareholder.

HQZ Credit Sdn. Bhd. ("HQZ")

With intermediate holding company*

Premier Merchandise Sdn. Bhd. ("PMSB")

Intercompany repayment from PMSB, net	122,537	-	-	-
Interest income	4,339	990	-	-

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11. ACCOUNTANTS' REPORT (Cont'd)

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5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.27 Significant related party transactions (cont'd.)

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

	Type of transaction	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
With intermediate holding company* (cont'd.)					
Intan Utilities Berhad ("IUB")	Intercompany repayment from IUB, net	1,222	-	-	-
	Interest income	43	-	-	-
With immediate holding company*					
Berjaya Retail Berhad ("BRetail")	Intercompany advances to BRetail, net	18,161	-	90,146	19,115
	Intercompany repayment from BRetail, net	-	8,457	-	-
	Assumption of debts by BRetail	165,379	-	-	-

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11. ACCOUNTANTS' REPORT (Cont'd)

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**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.27 Significant related party transactions (cont'd.)****a. Significant related party transactions (cont'd.)**

Type of transaction	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
With immediate holding company* (cont'd.)				
Berjaya Retail Berhad ("Bretail") (cont'd.)	15,000	12,000	-	117,500
Dividend paid				
Interest income	5,409	10,601	14,795	14,465
Interest expense	-	3,675	3,837	2,052

With a fellow subsidiary*

7-Eleven Malaysia Holdings				
Advances to 7-Eleven Malaysia Holdings	-	-	-	5,267
Interest income	-	-	-	77

7-Eleven Malaysia Holdings is a fellow subsidiary in which the immediate holding company, BRetail, is also the immediate holding company of 7-Eleven Malaysia Holdings.

* TSVT, a substantial shareholder of HQZ Credit Sdn. Bhd. ("HQZ"), is also deemed interested in all the subsidiary companies of HQZ.

11. ACCOUNTANTS' REPORT (Cont'd)

5.0	Audited historical financial information (cont'd.)					
5.2	7-Eleven Malaysia Group (cont'd.)					
5.2.27	Significant related party transactions (cont'd.)					
a.	Significant related party transactions (cont'd.)					
		Type of transaction	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
	With companies in which TSVT is deemed interested					
	MOL AccessPortal Sdn. Bhd.	Commission income for sale of phone reload coupon	16,271	17,999	19,223	20,278
		Managing the distribution of phone reload sales	357,295	385,342	415,395	437,072



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.27 Significant related party transactions (cont'd.)

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

Type of transaction	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
With companies in which TSVT is deemed interested (cont'd.)				
U Mobile Sdn. Bhd.				
Commission income for sale of phone reload coupon	188	650	2,664	5,943
Managing the distribution of phone reload sales	2,727	10,183	41,741	93,113
Display fees from banner and standee placements	3	1,705	6,212	4,301



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.27 Significant related party transactions (cont'd.)

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

Type of transaction	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
With companies in which TSVT is deemed interested (cont'd.)				
Berjaya Channel Sdn. Bhd.				
Advertising income	-	-	-	1,250
- upfront fee	-	-	-	250
- revenue sharing	-	-	-	-
Kakao Malaysia Sdn. Bhd.				
Advertising income	-	-	-	600
- upfront fee	-	-	-	-
Prime Credit Leasing Sdn. Bhd.				
Leasing facility for				
point-of-sales				
computer system:				
- Drawdown	4,054	4,495	1,607	4,429
- Lease interest	874	934	768	638



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.27 Significant related party transactions (cont'd.)

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

	Type of transaction	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
With companies in which TSVT is deemed interested (cont'd.)	Securexpress Services Sdn. Bhd.	10,832	12,618	12,128	12,525
	Berjaya Sompo Insurance Berhad	2,101	2,188	1,447	963
	Nural Enterprise Sdn. Bhd.	1,334	1,492	1,618	1,806

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.27 Significant related party transactions (cont'd.)****a. Significant related party transactions (cont'd.)**

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

Information regarding outstanding balances arising from related party transactions as at 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013 are disclosed in Notes 5.2.16, 5.2.24 and 5.2.25.

b. Compensation of key management personnel

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

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Short-term employee benefits	2,348	3,050	2,829	3,481
Post-employment benefits:				
Defined contribution plan	400	350	308	413
	<u>2,748</u>	<u>3,400</u>	<u>3,137</u>	<u>3,894</u>

Included in the total remuneration of key management personnel are:

Directors' remuneration (Note 5.2.7(b))	<u>1,921</u>	<u>2,194</u>	<u>1,907</u>	<u>1,711</u>
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11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.28 Commitments****a. Capital commitments**

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Approved and contracted for:				
- property, plant and equipment	5,257	3,048	3,397	3,864
Approved but not contracted for:				
- property, plant and equipment	41,983	35,430	51,212	184,790
	<u>47,240</u>	<u>38,478</u>	<u>54,609</u>	<u>188,654</u>

b. Operating lease commitments - as lessee

7-Eleven Malaysia 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 expiration of the lease term, based on prevailing market conditions. 7-Eleven Malaysia Group is restricted from subleasing the excess space to third parties.

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

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Not later than 1 year	2,952	3,516	4,020	2,779
Later than 1 year but not later than 5 years	1,578	2,965	3,236	1,174
	<u>4,530</u>	<u>6,481</u>	<u>7,256</u>	<u>3,953</u>

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.28 Commitments (cont'd.)****c. Operating lease commitments - as lessor**

7-Eleven Malaysia Group has entered into commercial property leases on its 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 expiration of the lease term, based on prevailing market conditions.

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

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Not later than 1 year	201	256	75	190
Later than 1 year but not later than 5 years	122	124	20	68
	<u>323</u>	<u>380</u>	<u>95</u>	<u>258</u>

5.2.29 Contingent liabilities**a. Wrongful termination of tenancy agreement**

On 6 March 2012, 7-Eleven Malaysia brought an action against a landlord for wrongful termination of the tenancy agreement entered into by the relevant parties.

The landlord has counterclaimed against 7-Eleven Malaysia for mesne profits, double rental, damages and interests thereon arising from 7-Eleven Malaysia's refusal to vacate.

The counterclaim for mesne profits is at the rate of RM14,330 per day from 6 March 2012 until the date of the delivery of vacant possessions.

7-Eleven Malaysia has obtained an interim injunction against the landlord until the final disposal of this matter. As at the date of this report, the dates for the full trial of this legal suit at the High Court have been set on 15 and 16 October 2014.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.29 Contingent liabilities (cont'd.)

a. Wrongful termination of tenancy agreement (cont'd.)

The directors are of the view that 7-Eleven Malaysia has a good defense against the claims made by the landlord. Therefore, no liability has been provided for mesne profits, damages and interests thereon in the consolidated financial statements.

As at 31 December 2013, 7-Eleven Malaysia Group has provided for liability in respect of the double rental amounting to RM5,730,208 (2012: RM2,604,641; 2011: Not applicable; 2010: Not applicable).

b. 7-Eleven Malaysia Group has a bank guarantee of RM7,307,985 as at 31 December 2013 (2012: RM5,972,785; 2011: RM5,895,561; 2010: RM5,998,161) as security deposits in favour of various government, statutory bodies, and private companies.

The bank guarantee is secured by a first legal charge over the land and buildings of 7-Eleven Malaysia Group with total carrying amount of RM13,933,439 as at 31 December 2013 (2012: RM14,017,632; 2011: RM14,090,830; 2010: RM14,210,547), as disclosed in Note 5.2.11(e).



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.30 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

	2010		2011		2012		2013	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets:	1	*	1	*	1	*	1	*
Other investment (non-current)								
- Unquoted equity instrument, at cost (Note 5.2.13)								
Financial liability:								
Borrowings (non-current)								
- Hire purchase and finance lease liabilities (Note 5.2.22)	10,380	10,185	10,660	10,619	7,194	7,660	5,186	5,298

* Investment in equity instrument carried at cost (Note 5.2.13)

Fair value information has not been disclosed for 7-Eleven Malaysia Group's investment in equity instrument that is carried at cost because fair value cannot be measured reliably.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

b. Determination of fair value

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

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

	<u>Note</u>
Sundry receivables (current)	5.2.16
Trade and other payables (current)	5.2.24 , 5.2.25
Borrowings (current and non-current)	5.2.21

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

The carrying amounts of the current portion of borrowings are reasonable approximations 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.



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

c. Fair value hierarchy

The following table provides the fair value measurement hierarchy of 7-Eleven Malaysia Group's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets and liabilities:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
31 December 2010				
Asset for which fair value is disclosed Investment properties (Note 5.2.12)	300	300	-	
Liability for which fair value is disclosed Borrowings (non-current) - Hire purchase and finance lease liabilities (Note 5.2.22)	10,185	10,185	-	

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11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

c. Fair value hierarchy (cont'd.)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
Total RM'000				
	310	310	-	
Asset for which fair value is disclosed Investment properties (Note 5.2.12)	-			
Liability for which fair value is disclosed Borrowings (non-current) - Hire purchase and finance lease liabilities (Note 5.2.22)	-	10,619	-	

31 December 2011

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11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

c. Fair value hierarchy (cont'd.)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
Total RM'000				
31 December 2012				
Assets for which fair values are disclosed				
Investment properties (Note 5.2.12)	-	320	-	-
Available-for-sale financial investments				
- unit trust fund (Note 5.2.13)	400	-	-	-
Liability for which fair value is disclosed				
Borrowings (non-current)				
- Hire purchase and finance lease liabilities (Note 5.2.22)	-	7,660	-	-



11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

c. Fair value hierarchy (cont'd.)

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RM'000	Significant observable inputs (Level 2) RM'000	Significant unobservable inputs (Level 3) RM'000	
Total RM'000				
	320	320	-	
Asset for which fair value is disclosed Investment properties (Note 5.2.12)	-	320	-	
Liability for which fair value is disclosed Borrowings (non-current) - Hire purchase and finance lease liabilities (Note 5.2.22)	-	5,298	-	

During the financial years ended 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013, there were no transfers between Level 1 and Level 2.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.31 Financial risk management objectives and policies

7-Eleven Malaysia Group is 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, which are executed by the senior management of 7-Eleven Malaysia Group.

It is, and has been throughout the financial years under review, 7-Eleven Malaysia Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. 7-Eleven Malaysia Group does not apply hedge accounting.

The following sections provide details regarding 7-Eleven Malaysia Group'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. 7-Eleven Malaysia Group's exposure to credit risk arises primarily from sundry receivables. For other financial assets (including cash and bank balances), 7-Eleven Malaysia Group minimise credit risk by dealing exclusively with high credit rating counterparties.

7-Eleven Malaysia 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 with the result that 7-Eleven Malaysia Group's exposure to bad debts is not significant.

Exposure to credit risk

As at the reporting date, 7-Eleven Malaysia Group's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the consolidated statements of financial position.
- As at 31 December 2013, approximately 70% (2012: 80%; 2011: 75%; 2010: 73%) of 7-Eleven Malaysia Group's sundry receivables was due from the immediate holding company.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

a. Credit risk (cont'd.)

Amount due from the immediate holding company

There is minimal risk of default as the management is of the opinion that 7-Eleven Malaysia can generate sufficient profits to distribute dividends to its immediate holding company progressively. The distribution of dividends by 7-Eleven Malaysia would settle the amount due from the immediate holding company.

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of 7-Eleven Malaysia Group's financial instruments will fluctuate because of changes in market interest rates.

The interest bearing assets are made up of deposits with a licensed bank and advances to the immediate holding, subsidiary and fellow subsidiary companies. 7-Eleven Malaysia Group manages the interest rate risk of its deposits with a licensed bank by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank. Interest are charged on advances to the immediate holding, subsidiary and fellow subsidiary companies at rates comparable to market borrowing rates.

Borrowings at floating rates expose 7-Eleven Malaysia Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose 7-Eleven Malaysia Group to fair value interest rate risk. 7-Eleven Malaysia Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

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11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

b. Interest rate risk (cont'd.)

The carrying amounts, the range of applicable interest rates as at the reporting dates and the remaining maturities of the 7-Eleven Malaysia Group's financial instruments that are exposed to interest rate risk are disclosed in Notes 5.2.16, 5.2.17, 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 2010						
Fixed rate						
Hire purchase and finance lease liabilities	5.2.22	5.0 - 7.5	7,703	4,952	5,428	18,083
Floating rate						
Term loans	5.2.21	3.9 - 6.4	3,117	3,143	5,706	11,966
Bankers' acceptance	5.2.21	4.2 - 5.3	63,897	-	-	63,897
Revolving credit	5.2.21	4.4 - 5.0	55,000	-	-	55,000
At 31 December 2011						
Fixed rate						
Hire purchase and finance lease liabilities	5.2.22	5.0 - 7.5	7,089	5,525	5,135	17,749

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11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

b. Interest rate risk (cont'd.)

	Note	Range of interest rate %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Total RM'000
At 31 December 2011 (cont'd.)						
Floating rate						
Term loans	5.2.21	4.6 - 5.5	3,143	2,708	2,999	8,850
Bankers' acceptance	5.2.21	4.9 - 5.7	63,266	-	-	63,266
At 31 December 2012						
Fixed rate						
Hire purchase and finance lease liabilities	5.2.22	5.0 - 6.9	6,887	4,464	2,730	14,081
Floating rate						
Term loans	5.2.21	4.9 - 5.4	2,708	2,999	-	5,707
Bankers' acceptance	5.2.21	5.1 - 5.6	89,500	-	-	89,500

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11. ACCOUNTANTS' REPORT (Cont'd)

5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

b. Interest rate risk (cont'd.)

	Note	Range of interest rate %	Within 1 year RM'000	1-2 years RM'000	2-5 years RM'000	Total RM'000
At 31 December 2013						
Fixed rate						
Hire purchase and finance lease liabilities	5.2.22	5.0 - 6.9	5,912	3,904	1,282	11,098
Floating rate						
Term loans	5.2.21	4.9 - 5.4	2,180	819	-	2,999
Bankers' acceptance	5.2.21	5.0 - 5.3	111,500	-	-	111,500

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.31 Financial risk management objectives and policies (cont'd.)****b. Interest rate risk (cont'd.)**Sensitivity analysis for interest rate risk

As at 31 December 2013, if interest rates had been 50 basis points lower/higher, with all other variables held constant, 7-Eleven Malaysia Group's profit net of tax would have been RM213,000 (2012: RM577,000; 2011: RM270,000; 2010: RM99,000) higher/lower, arising mainly as a result of higher/lower interest income on deposits with a licensed bank and advances to the immediate holding company and a fellow subsidiary, and lower/higher interest expense on floating rate loans and borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

c. Liquidity risk

Liquidity risk is the risk that 7-Eleven Malaysia Group will encounter difficulty in meeting financial obligations due to shortage of funds. 7-Eleven Malaysia Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. 7-Eleven Malaysia Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

7-Eleven Malaysia 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, 7-Eleven Malaysia 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 7-Eleven Malaysia Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.31 Financial risk management objectives and policies (cont'd.)****c. Liquidity risk (cont'd.)****Analysis of financial instruments by remaining contractual maturities (cont'd.)**

	On demand or within 1 year RM'000	1 to 5 years RM'000	Total RM'000
At 31 December 2010			
Financial liabilities:			
Trade and other payables	298,005	-	298,005
Borrowings	137,618	22,337	159,955
Total undiscounted financial liabilities	435,623	22,337	457,960
At 31 December 2011			
Financial liabilities:			
Trade and other payables	356,056	-	356,056
Borrowings	74,633	19,693	94,326
Total undiscounted financial liabilities	430,689	19,693	450,382
At 31 December 2012			
Financial liabilities:			
Trade and other payables	386,527	-	386,527
Borrowings	104,432	11,845	116,277
Total undiscounted financial liabilities	490,959	11,845	502,804
At 31 December 2013			
Financial liabilities:			
Trade and other payables	415,572	-	415,572
Borrowings	125,798	7,255	133,053
Total undiscounted financial liabilities	541,370	7,255	548,625

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

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

d. Foreign currency risk

7-Eleven Malaysia Group is exposed to foreign currency risk as a result of its normal operating activities, where the currency denomination differs from the local currency, Ringgit Malaysia. The currency giving rise to this risk is primarily United States Dollar ("USD"). Foreign exchange exposures are kept to an acceptable level.

The net unhedged financial liabilities of 7-Eleven Malaysia Group that are not denominated in their functional currency are as follows:

Payables	RM'000
At 31 December 2010	
USD	<u>1,348</u>
At 31 December 2011	
USD	<u>1,363</u>
At 31 December 2012	
USD	<u>1,654</u>
At 31 December 2013	
USD	<u>1,359</u>

Sensitivity analysis for foreign currency risk

At the reporting date, the impact to 7-Eleven Malaysia Group's profit net of tax would be minimal, if USD exchange rate had strengthened/weakened by 10%, with all other variables held constant.

5.2.32 Capital management

The primary objective of 7-Eleven Malaysia 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.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.32 Capital management (cont'd.)

7-Eleven Malaysia Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, 7-Eleven Malaysia Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes during FYE 31 December 2010, 31 December 2011, 31 December 2012 and 31 December 2013.

7-Eleven Malaysia Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. 7-Eleven Malaysia Group's policy is to keep the gearing ratio of less than 1.0 time. 7-Eleven Malaysia Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the shareholder of 7-Eleven Malaysia.

	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Borrowings (Note 5.2.21)	148,946	89,865	109,288	125,597
Trade and other payables (Notes 5.2.24 & 5.2.25)	298,005	356,056	386,527	415,572
Less: Cash and bank balances (Note 5.2.17)	(36,930)	(47,971)	(32,243)	(47,840)
Net debts	<u>410,021</u>	<u>397,950</u>	<u>463,572</u>	<u>493,329</u>
Equity attributable to the shareholder of 7-Eleven Malaysia, representing total capital	<u>81,017</u>	<u>98,686</u>	<u>139,644</u>	<u>73,922</u>
Capital and net debts	<u>491,038</u>	<u>496,636</u>	<u>603,216</u>	<u>567,251</u>
Gearing ratio	<u>0.84</u>	<u>0.80</u>	<u>0.77</u>	<u>0.87</u>

11. ACCOUNTANTS' REPORT (Cont'd)

**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.33 Segment information**

7-Eleven Malaysia Group has presented one reportable segment which is Convenience Stores. The Convenience Stores segment is the operating and franchising of convenience stores under the "7-Eleven" brand name. It commonly offers a range of grocery and food items including hot food and beverages. In addition, this segment also offers services such as pre-paid mobile phone reloads, fax and photocopying services, and offer access to ATM at selected stores.

There are no other operating segments which meet the threshold to be separately disclosed.

All inter-segment transactions were carried out in the normal course of business and established under negotiated terms.

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11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.33 Segment information (cont'd.)**

Revenue	External RM'000	Inter- segment RM'000	Total RM'000
FYE 31 December 2010			
Convenience stores	1,313,529	-	1,313,529
Others	176	646	822
Inter-segment elimination	-	(646)	(646)
	<u>1,313,705</u>	<u>-</u>	<u>1,313,705</u>
FYE 31 December 2011			
Convenience stores	1,462,160	-	1,462,160
Others	236	655	891
Inter-segment elimination	-	(655)	(655)
	<u>1,462,396</u>	<u>-</u>	<u>1,462,396</u>
FYE 31 December 2012			
Convenience stores	1,578,886	-	1,578,886
Others	237	655	892
Inter-segment elimination	-	(655)	(655)
	<u>1,579,123</u>	<u>-</u>	<u>1,579,123</u>
FYE 31 December 2013			
Convenience stores	1,672,216	-	1,672,216
Others	249	704	953
Inter-segment elimination	-	(704)	(704)
	<u>1,672,465</u>	<u>-</u>	<u>1,672,465</u>

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.33 Segment information (cont'd.)

Results	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Profit from operations:				
Convenience stores	36,032	37,240	50,874	66,512
Others	(434)	(83)	(55)	(36)
	35,598	37,157	50,819	66,476
Interest income	12,342	12,310	15,308	15,111
Finance costs	(7,510)	(8,993)	(9,554)	(8,646)
Profit before tax	40,430	40,474	56,573	72,941
Income tax expense	(13,142)	(10,329)	(16,091)	(21,163)
Net profit for the year	27,288	30,145	40,482	51,778
Assets	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Convenience stores	522,424	539,853	629,705	603,085
Others	23,613	25,032	25,475	25,695
	546,037	564,885	655,180	628,780
Liabilities				
Convenience stores	456,767	459,068	510,420	551,687
Others	8,253	7,131	5,116	3,171
	465,020	466,199	515,536	554,858
Other Information	Capital expenditure RM'000	Depreciation and amortisation RM'000	Impairment loss/ written-off RM'000	Other non-cash (income)/ expenses RM'000
FYE 31 December 2010				
Convenience stores	38,720	32,334	1,610	-
Others	171	110	225	-
	38,891	32,444	1,835	-

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.33 Segment information (cont'd.)**

Other Information (cont'd.)	Capital expenditure RM'000	Depreciation and amortisation RM'000	Impairment loss/ written-off RM'000	Other non-cash (income)/ expenses RM'000
FYE 31 December 2011				
Convenience stores	35,949	32,032	2,735	1,098
Others	352	107	62	-
	<u>36,301</u>	<u>32,139</u>	<u>2,797</u>	<u>1,098</u>
FYE 31 December 2012				
Convenience stores	23,928	33,683	1,891	-
Others	576	112	77	-
	<u>24,504</u>	<u>33,795</u>	<u>1,968</u>	<u>-</u>
FYE 31 December 2013				
Convenience stores	63,597	31,753	2,881	(1,822)
Others	195	94	-	-
	<u>63,792</u>	<u>31,847</u>	<u>2,881</u>	<u>(1,822)</u>

Geographical information

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

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.34 Significant restatements**

Amounts are reclassified/restated according to the nature of transactions. Other than those matters referred below, there were no material changes compared to the previously issued audited consolidated financial statements for the financial years ended 31 December 2010 to 31 December 2013.

(i) Consolidated income statements

	As previously stated RM'000	Adjustments RM'000	As restated in consolidated income statements RM'000
FYE 31 December 2010			
Cost of sales	(972,641)	1,416	(971,225)
Other operating income	101,514	(1,416)	100,098
FYE 31 December 2011			
Cost of sales	(1,080,484)	2,316	(1,078,168)
Other operating income	97,834	(2,316)	95,518

Cost of sales and other operating income for the financial years ended 31 December 2010 and 31 December 2011 have been reclassified to ensure consistency with the presentation of the cost of sales and other operating income for the financial years ended 31 December 2012 and 31 December 2013.

(ii) Cash and bank balances - Disclosure for overnight placements

	RM'000	RM'000	RM'000
As at 31 December 2011			
Overnight placements	25,391,782	(2,448,859)	22,942,923
As at 31 December 2012			
Overnight placements	16,216,796	(13,128,604)	3,088,192

Overnight placements with licensed banks as at 31 December 2011 and 31 December 2012 have been restated to reflect the balances in the overnight placement accounts.

11. ACCOUNTANTS' REPORT (Cont'd)**5.0 Audited historical financial information (cont'd.)****5.2 7-Eleven Malaysia Group (cont'd.)****5.2.34 Significant restatements (cont'd.)****(iii) Borrowings**

	As previously stated RM'000	Adjustments RM'000	As restated in Note 5.2.21 RM'000
As at 31 December 2011			
Secured:			
Bankers' acceptance	63,266	(63,266)	-
Unsecured:			
Bankers' acceptance	-	63,266	63,266
As at 31 December 2012			
Secured:			
Bankers' acceptance	29,500	(29,500)	-
Unsecured:			
Bankers' acceptance	60,000	29,500	89,500

As at 31 December 2011 and 31 December 2012, bankers' acceptance which were previously stated as secured have now been restated as unsecured as disclosed in Note 5.2.21.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.34 Significant restatements (cont'd.)

(iv) Sundry payables - Disclosure for related party balance

	As previously stated RM'000	Adjustments RM'000	As restated in Note 5.2.25 RM'000
As at 31 December 2010			
Sun Media Corporation Sdn. Bhd.			
Advertising fees payable	3,166	(3,166)	-
As at 31 December 2011			
Sun Media Corporation Sdn. Bhd.			
Advertising fees payable	3,967	(3,967)	-
As at 31 December 2012			
Sun Media Corporation Sdn. Bhd.			
Advertising fees payable	4,590	(4,590)	-

The disclosures for related party balances in respect of the amounts due to Sun Media Corporation Sdn. Bhd. ("Sun Media") as at 31 December 2010, 31 December 2011 and 31 December 2012 had been restated to RMNil as these balances had been offset with amounts due from Sun Media in respective years.

11. ACCOUNTANTS' REPORT (Cont'd)



5.0 Audited historical financial information (cont'd.)

5.2 7-Eleven Malaysia Group (cont'd.)

5.2.34 Significant restatements (cont'd.)

(v) Significant related party transactions

	As previously stated RM'000	Adjustments RM'000	As restated in Note 5.2.27 RM'000
FYE 31 December 2010			
U Mobile Sdn. Bhd.			
Managing the distribution of phone reload sales	-	2,727	2,727
FYE 31 December 2011			
U Mobile Sdn. Bhd.			
Managing the distribution of phone reload sales	-	10,183	10,183
FYE 31 December 2012			
U Mobile Sdn. Bhd.			
Display fees from banner and standee placement	-	6,212	6,212

Transactions with U Mobile Sdn. Bhd. for the financial years ended 31 December 2010, 31 December 2011 and 31 December 2012, which were previously not disclosed, are now included under the note for related party transactions in the financial statements for the relevant years.

Ernst & Young
AF: 0039
Chartered Accountants

Teoh Soo Hock
No. 2477/10/15(J)
Chartered Accountant

Kuala Lumpur, Malaysia

22 APR 2014

12. APPROVALS AND CONDITIONS

12.1 Approvals and conditions

The SC has, via its letter dated 7 February 2014, approved our IPO and Listing under Section 214 of the CMSA and the equity requirement for public companies, subject to compliance with the following conditions:

No.	Details of condition imposed	Status of compliance
(i)	Joint Principal Advisers or 7-Eleven Malaysia Holdings to ensure that effective from the date of Listing, the restrictive covenants imposed under the guaranteed medium term notes of RM600.0 million issued by PMSB do not apply to 7-Eleven Malaysia Holdings Group;	Met
(ii)	Joint Principal Advisers or 7-Eleven Malaysia Holdings to ensure that all third-party charges against 7-Eleven Malaysia Holdings or 7-Eleven Malaysia relating to loans and/or facilities of BRetail be uplifted prior to the submission of confirmation for registration of 7-Eleven Malaysia Holdings' Prospectus;	Met
(iii)	7-Eleven Malaysia Holdings to allocate IPO Shares representing at least 12.5% of its enlarged issued and paid-up share capital to Bumiputera investors at the point of Listing. This includes the IPO Shares offered under the balloted public offer portion, of which 50.0% are to be offered to Bumiputera investors. In the event that 7-Eleven Malaysia Holdings or MITI is unable to allocate the IPO Shares to Bumiputera investors, the unsubscribed IPO Shares can be reallocated under the proposed clawback and reallocation arrangement;	To be met
(iv)	7-Eleven Malaysia Holdings to comply with the following conditions with regards to its owned and tenanted properties:	
	(a) Properties without CF/CCC:	
	<ul style="list-style-type: none"> 7-Eleven Malaysia Holdings to rectify such non-compliances within 12 months from the date of the SC's approval letter; 	Noted and to be complied
	<ul style="list-style-type: none"> 7-Eleven Malaysia Holdings or Joint Principal Advisers to make half-yearly announcements to Bursa Securities on the remedial actions taken to rectify such non-compliances; and 	Noted and to be complied
	<ul style="list-style-type: none"> 7-Eleven Malaysia Holdings or Joint Principal Advisers to update the SC when such announcements are made. 	Noted and to be complied
	(b) Properties where Trading Licence applications have not been made:	
	<ul style="list-style-type: none"> 7-Eleven Malaysia Holdings to submit Trading Licence applications to the relevant authorities prior to the registration of Prospectus; and 	Met
(v)	The Joint Principal Advisers/7-Eleven Malaysia Holdings to fully comply with the requirements of the Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing.	Noted

12. APPROVALS AND CONDITIONS (Cont'd)

The SC has, via its letters dated 7 February 2014 and 28 April 2014, approved the reliefs sought by us from having to comply with certain requirements under the Equity Guidelines and Prospectus Guidelines. The details of the reliefs sought and the corresponding conditions imposed by the SC are as follows:

Reference	Details of relief sought	Condition imposed (if any)	Status of compliance (if applicable)
Equity Guidelines			
Paragraph 5.30 of Part I	Relief from having the shareholders of HQZ other than TSVT, namely Dato' Robin Tan Yeong Ching and the Estate of Dato' Wan Adli bin Datuk Paduka Wan Ibrahim (deceased) to provide their respective undertaking that they will not sell, transfer or assign any of their shares in HQZ for a period of six months from the date of our Listing.	None	Not Applicable
Paragraph 6 of Practice Note 4	Relief from having to submit the complete list of placees and their relevant details to the SC prior to our Listing and to only submit as soon as practicable after our Listing.	None	Not Applicable
Prospectus Guidelines			
Paragraphs 8.02(m) and 18.01(b) of Part I	Relief from disclosing the identified clauses and/or salient terms of the ALA in the Prospectus and to make available only the redacted copy of the ALA for public inspection.	None	Not Applicable
Paragraph 13.10 of Part I	Relief from having to include the audit report in respect of the audited financial statements of 7-Eleven Malaysia Holdings and the 7-Eleven Malaysia Group in the Accountants' Report.	None	Not Applicable

12. APPROVALS AND CONDITIONS (Cont'd)

The SC has, via its letter dated 7 February 2014, noted that the effective equity structure relating to Bumiputera, non-Bumiputera and foreign shareholdings in our Company would change arising from our IPO as follows:

Shareholders	Before our IPO (%)	After our IPO (assuming full exercise of Over- allotment Option) ⁽¹⁾ (%)
Malaysian		
<i>Bumiputera</i>		
- Retail investors	-	1.4 ⁽²⁾
- Institutional and selected investors	-	11.5 ⁽²⁾
<i>Non-Bumiputera</i>		
- BRetail	100.0	51.0
- Other Investors	-	36.1 ⁽³⁾⁽⁴⁾
Foreigner	-	
Total	100.0	100.0

Notes:

⁽¹⁾ Assumes the 74,034,000 Shares under the Over-allotment Option are fully subscribed by non-Bumiputera Malaysians and/or foreign institutional and selected investors.

⁽²⁾ Assumes all the IPO Shares allocated to Bumiputera investors under the Retail Offering and Bumiputera institutional and selected investors approved by the MITI under the Institutional Offering are fully subscribed.

⁽³⁾ Assumes all the Eligible Persons who are allocated the Issue Shares under the Retail Offering are non-Bumiputera and includes the Over-allotment Option (as the case may be).

⁽⁴⁾ The breakdown between the other non-Bumiputera investors and other foreign investors can only be determined after the closing of applications for the IPO Shares.

Bursa Securities has, via its letter dated 7 March 2014, approved the Admission and Listing.

MDTCC has, via its letter dated 13 September 2013, advised that it has no objection to 7-Eleven Malaysia's application for the allocation of 12.5% of our enlarged issued and paid-up share capital to be listed on the Main Market of Bursa Securities to Bumiputera investors.

The MITI has, via its letters dated 27 September 2013, 21 October 2013 and 27 February 2014, stated that it has no objection to our IPO.

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12. APPROVALS AND CONDITIONS (Cont'd)**12.2 Moratorium on the sale of our Shares**

In accordance with the Equity Guidelines, BRetail, in its capacity as our Promoter will not be permitted to sell, transfer or assign its entire shareholding in our Company involving 703,060,000 Shares, representing 57.0% of our enlarged issued and paid-up share capital upon Listing (assuming the Over-allotment Option is not exercised) for a six month period beginning from the date of our Listing.

The above restriction does not apply:

- (i) in respect of the Shares that may be sold pursuant to the Over-allotment Option to be granted by BRetail to the Stabilising Manager (on behalf of the Placement Managers); and
- (ii) to the transfer of Shares by BRetail as contemplated under the Share Lending Agreement, provided that the restriction will apply to the Shares returned to BRetail pursuant to the Share Lending Agreement.

In accordance with the Equity Guidelines, Tan U-Ming, in his capacity as our Promoter will not be permitted to sell, transfer or assign his entire shareholding in our Company as at the date of Listing for a six month period beginning from the date of our Listing.

The above moratorium restrictions are specifically endorsed on the share certificate representing the Shares held by BRetail and Tan U-Ming which are under moratorium to ensure that our share registrar does not register any transfer that contravenes such restrictions.

In accordance with the Equity Guidelines, the direct shareholder of BRetail, namely PMSB, has undertaken not to sell, transfer or assign its entire shareholding in BRetail for a six month period beginning from the date of our Listing.

In accordance with the Equity Guidelines, the direct shareholder of PMSB, namely IUB, has undertaken not to sell, transfer or assign its entire shareholding in PMSB for a six month period beginning from the date of our Listing.

In accordance with the Equity Guidelines, the direct shareholder of IUB, namely Vista Meranti, has undertaken not to sell, transfer or assign its entire shareholding in IUB for a six month period beginning from the date of our Listing.

In accordance with the Equity Guidelines, the direct shareholder of Vista Meranti, namely HQZ, has undertaken not to sell, transfer or assign its entire shareholding in Vista Meranti for a six month period beginning from the date of our Listing.

In accordance with the Equity Guidelines, the direct shareholder of HQZ, namely TSVT, has undertaken not to sell, transfer or assign his entire shareholding in HQZ for a six month period beginning from the date of our Listing.

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST

13.1 Related party transactions

Under the Listing Requirements, a "related party transaction" is a transaction entered into by a listed issuer or its subsidiaries that involves the interests, direct or indirect, of a related party. A "related party" of a listed issuer (not being a special purpose acquisition company) is:

- (i) a director having the meaning given in Section 2(1) of the CMA and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer, its subsidiary or holding company or a chief executive of the listed issuer, its subsidiary or holding company; or
- (ii) a major shareholder means a person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share or the aggregate of the nominal amounts of those shares is:
 - (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or
 - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation;

and includes any person who is or was within the preceding six months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or its subsidiaries or holding company; or

- (iii) a person connected with such director or major shareholder.

Certain transactions, despite falling within the definition above, are not normally regarded as related party transactions. These are detailed in Paragraph 10.08(11) of the Listing Requirements.

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13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**13.1.1 Non-recurrent related party transactions**

Save as disclosed below, there are no material related party transactions which are non-recurrent in nature and that have been entered into or proposed to be entered into by our Group with related parties for the years ended 31 December 2010 to 2013 and up to 14 April 2014:

No.	Date of transaction	Transacting parties	Related parties and nature of relationship	Nature and amount of transaction
1.	1 January 2010 to 14 April 2014	7-Eleven Malaysia and BRetail	<p>Interested shareholder</p> <p>TSVT, the relationship as explained in note (1).</p> <p>Interested Director</p> <p>Tan U-Ming, the relationship as explained in note (2).</p>	<p>Net advances from 7-Eleven Malaysia to BRetail of RM18,161,000, RM90,146,000 and RM19,115,000 for the years ended 31 December 2010, 2012 and 2013 respectively and net repayment from 7-Eleven Malaysia to BRetail of RM8,457,000 for the year ended 31 December 2011.</p> <p>BRetail had repaid RM117,500,000 on 30 June 2013 via a dividend set-off and an additional RM4,000,000 to 7-Eleven Malaysia on 29 August 2013.</p> <p>Pursuant to the Pre-IPO Reorganisation which was completed on 2 April 2014, we issued and delivered the Note as part payment of the purchase consideration for the acquisition of the entire issued and paid-up share capital of 7-Eleven Malaysia where we are obliged to pay BRetail or to its order the amount of RM136,887,521 on demand. Immediately upon receipt of the Note, BRetail indorsed without recourse the Note in favour of 7-Eleven Malaysia and delivered the Note duly indorsed to 7-Eleven Malaysia in full settlement of the net amount owed by BRetail to 7-Eleven Malaysia, to the extent of the sum RM136,887,521. On 14 April 2014, BRetail paid a sum of RM43,150,582 being the balance of the net amount owing by BRetail to 7-Eleven Malaysia in cash. Upon such indorsement and payment to BRetail, all amounts owed by BRetail to 7-Eleven Malaysia, including all interest accrued, have been repaid.</p>

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Date of transaction	Transacting parties	Related parties and nature of relationship	Nature of transaction	Transaction amount (RM'000)
2.	21 February 2011	7-Eleven Malaysia and BRetail	<p>Interested shareholder</p> <p>TSVT, the relationship as explained in note (1).</p> <p>Interested Director</p> <p>Tan U-Ming, the relationship as explained in note (2).</p>	7-Eleven Malaysia created a third party charge over the credit balance in the designated revenue account in respect of revenues collected by 7-Eleven Malaysia from its retail outlets and deposited into such designated revenue account in favour of Maybank in relation to a term loan facility of RM200 million and multi-trade lines facility of RM100 million to BRetail. The term loan facility of RM200 million had been fully repaid on 11 January 2013. 7-Eleven Malaysia has also ceased utilising BRetail's multi-trade lines facility and has repaid all amounts outstanding as at the LPD.	Up to 300,000
3.	23 September 2013	7-Eleven Malaysia and Kakao Malaysia Sdn. Bhd. ("Kakao Malaysia")	<p>Interested shareholder</p> <p>TSVT, the relationship as explained in note (3).</p> <p>Interested Director</p> <p>Tan U-Ming, the relationship as explained in note (2).</p>	<p>Kakao Malaysia and 7-Eleven Malaysia entered into an exclusive partnership agreement for 7-Eleven Malaysia to advertise Kakao Malaysia's platform, which operates and delivers mobile photo-sharing social network services and mobile instant messaging which include, but is not limited to, the online game channelling service, digital item store, gifting platform and PlusFriend service. Pursuant to this agreement, Kakao Malaysia is required to pay 7-Eleven Malaysia an upfront fee of RM600,000 and a further sum of RM1,400,000 within 24 months from the date of the said agreement.</p>	2,000

Notes:

- (1) BRetail is a wholly-owned subsidiary of PMSB, which in turn is a wholly-owned subsidiary of IUB, which in turn is a wholly-owned subsidiary of Vista Meranti, which in turn is a wholly-owned subsidiary of HQZ as at the LPD. TSVT is a major shareholder of HQZ by virtue of his direct interest in HQZ. By virtue of his interests in HQZ, TSVT is deemed interest in the shares of HQZ's subsidiary companies to the extent HQZ has an interest.
- (2) Tan U-Ming is our Executive Director and is the son of TSVT. Hence, Tan U-Ming and TSVT are persons connected with each other.
- (3) Kakao Malaysia is a wholly-owned subsidiary of Friendster Sdn. Bhd. which in turn is a wholly-owned subsidiary of MOL Global Pte. Ltd. as at the LPD. TSVT is deemed a major shareholder of Kakao Malaysia by virtue of his 0.22% direct and 88.15% indirect interest in MOL Global Pte. Ltd.

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**13.1.2 Recurrent related party transactions**

Related party transactions can be deemed as recurrent if they are entered into at least once every three years, in the ordinary course of business and are of a revenue nature necessary for the day-to-day operations of our Group.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate.

Under the Listing Requirements, related party transactions may be aggregated to determine their materiality if the terms of such transactions were agreed upon within a 12 month period, are entered into with the same party or with parties connected to one another or if the transactions involve the acquisition or disposal of securities or interests in one corporation/asset or of various parcels of land contiguous with each other.

Save as disclosed below, there are no existing or proposed recurrent related party transactions which have been entered into or are to be entered into by our Group with related parties for the past four years ended 31 December 2010 to 2013 and up to our AGM in June 2015:

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
1.	7-Eleven Malaysia and MOL	Interested shareholder	major	16,061	17,760	18,910	19,930	31,659
			Receipt of payment from MOL for commission for sale of mobile phone reloads as explained in note (16).					

Interested Director

Tan U-Ming, the relationship as explained in note (3).

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
2.	7-Eleven Malaysia and MOL	Interested shareholder	Payment to MOL for transaction fees for in-store services as explained in note (16).	352,897	380,323	408,929	429,810	688,234
		Interested Director						
		Tan U-Ming, the relationship as explained in note (3).						
3.	7-Eleven Malaysia and Prime Credit Leasing Sdn. Bhd.	Interested shareholder	Drawdown amount and interest payable to Prime Credit Leasing Sdn. Bhd. for the leasing of store equipment and POS equipment.	4,928	5,429	2,375	5,067	-
		Interested Director						
		Tan U-Ming, the relationship as explained in note (3).						

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
4.	7-Eleven Malaysia and Prime Credit Leasing Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (2) and (5).	Instalment payments to Prime Credit Leasing Sdn. Bhd. for leasing of store equipment and POS equipment.	1,887	3,414	4,087	4,502	7,320
		Interested Director Tan U-Ming, the relationship as explained in note (3).						
5.	7-Eleven Malaysia and Securexpress Services Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (2) and (6).	Payment to Securexpress Services Sdn. Bhd. for fees relating to the delivery of merchandise from the CDC to "7-Eleven" convenience stores.	10,832	12,618	12,128	12,525	19,800
		Interested Directors Tan U-Ming, the relationship as explained in note (3). Dato' Azlan Meah bin Hj Ahmed Meah is a common director of 7-Eleven Malaysia and Securexpress Services Sdn. Bhd.						

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
6.	7-Eleven Malaysia and Nural Enterprise Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (1), (2) and (7).	Payment to Nural Enterprise Sdn. Bhd. for rental of property.	1,334	1,492	1,618	1,806	2,700
		Interested Director Tan U-Ming, the relationship as explained in note (3).						
7.	7-Eleven Malaysia and Cosway (M) Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (2) and (8).	Receipt of payment from Cosway (M) Sdn. Bhd. for sub-rental of properties.	551	432	472	264	496
		Interested Director Tan U-Ming, the relationship as explained in note (3).						

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010	Year ended 31 December 2011	Year ended 31 December 2012	Year ended 31 December 2013	1 January 2014 to 30 June 2015
				(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
8.	7-Eleven Malaysia and Klasik Mewah Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (1), (2) and (9).	Payment to Klasik Mewah Sdn. Bhd. for rental of property.	145	175	180	180	270
		Interested Director Tan U-Ming, the relationship as explained in note (3).						
9.	7-Eleven Malaysia and Berjaya Times Square Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in note (10).	Payment to Berjaya Times Square Sdn. Bhd. for rental of property.	924	962	962	862	1,293
		Interested Directors Chen Kien Sing is our Non-Independent Executive Director, Chief Executive Officer of 7-Eleven Malaysia and a director of Berjaya Times Square Sdn. Bhd. Tan U-Ming, the relationship as explained in note (3).						

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
10.	7-Eleven Malaysia and Cempaka Properties Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (1), (2) and (11).	Payment to Cempaka Properties Sdn. Bhd. for rental of property.	307	307	307	331	494
		Interested Director Tan U-Ming, the relationship as explained in note (3).						
11.	7-Eleven Malaysia and Angsana Gemilang Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (1), (2) and (12).	Payment to Angsana Gemilang Sdn. Bhd. for rental of property.	310	308	337	322	510
		Interested Director Tan U-Ming, the relationship as explained in note (3).						

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
12.	7-Eleven Malaysia and Direct Vision Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in the note (13).	Receipt of payment from Direct Vision Sdn. Bhd. for sub-rental of property.	113	113	67	44	66
		Interested Director Tan U-Ming, the relationship as explained in note (3).						
13.	7-Eleven Malaysia and Sun Media Corporation Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (1), (2) and (14).	Payment to Sun Media Corporation Sdn. Bhd. for placement of advertisement in The Sun newspaper.	826	801	623	1,013	1,080
		Interested Directors Chen Kien Sing is our Non-Independent Executive Director, Chief Executive Officer of 7-Eleven Malaysia and the Managing Director of Sun Media Corporation Sdn. Bhd. Tan U-Ming, the relationship as explained in note (3).						

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
14.	7-Eleven Malaysia and Sun Media Corporation Sdn. Bhd.	Interested shareholder TSVT, the relationship as explained in notes (1), (2) and (14).	Receipt of payment from Sun Media Corporation Sdn. Bhd. for display incentive.	916	819	592	720	1,080
		Interested Directors Chan Kien Sing is our Non-Independent Executive Director, Chief Executive Officer of 7-Eleven Malaysia and the Managing Director of Sun Media Corporation Sdn. Bhd.						
		Interested Director Tan U-Ming, the relationship as explained in note (3).						
15.	CSSSB and MOL	Interested shareholder TSVT, the relationship as explained in notes (2) and (4).	Receipt of payment from MOL for commission for sale of mobile phone reloads.	210	239	313	348	535
		Interested Director Tan U-Ming, the relationship as explained in note (3).						

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
16.	CSSSB and MOL	Interested shareholder	major	4,398	5,019	6,466	7,262	11,628
		TSVT, the relationship as explained in notes (2) and (4).	Payment to MOL for transaction fees for in-store services for sale of mobile phone reloads.					
		Interested Director						
		Tan U-Ming, the relationship as explained in note (3).						

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13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
17.	CSSSB and U Mobile	Interested shareholder	Receipt of payment from U Mobile for commission for sale of mobile phone reloads.	2	5	14	35	53
		TSVT, the relationship as explained in notes (1), (2) and (15).						
		Interested Directors						
		Chan Kien Sing and Ho Meng are our Non-Independent Executive Directors and alternate directors in U Mobile. Chan Kien Sing and Ho Meng are also the Chief Executive Officer and Managing Director of 7-Eleven Malaysia respectively.						
		Tan U-Ming, the relationship as explained in note (3).						

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
18.	CSSSB and U Mobile	Interested shareholder	Payment to U Mobile for transaction fees for in-store services for sale of mobile phone reloads.	31	71	223	551	883
<p>Interested Directors</p> <p>Chan Kien Sing and Ho Meng are our Non-Independent Executive Directors and alternate directors in U Mobile. Chan Kien Sing and Ho Meng are also the Chief Executive Officer and Managing Director of 7-Eleven Malaysia respectively.</p> <p>Tan U-Ming, the relationship as explained in note (3).</p>								

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
19.	7-Eleven Malaysia and U Mobile	Interested shareholder TSVT, the relationship as explained in notes (1), (2) and (15).	Payment to U Mobile for transaction fees for in-store services as explained in note (17).	2,696	10,121	41,517	92,562	148,215
Interested Directors								
Chen Kien Sing and Ho Meng are our Non-Independent Executive Directors and alternate directors in U Mobile. Chen Kien Sing and Ho Meng are also the Chief Executive Officer and Managing Director of 7-Eleven Malaysia respectively.								
Tan U-Ming, the relationship as explained in note (3).								

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual				Estimate
				Year ended 31 December 2010 (RM'000)	Year ended 31 December 2011 (RM'000)	Year ended 31 December 2012 (RM'000)	Year ended 31 December 2013 (RM'000)	1 January 2014 to 30 June 2015 (RM'000)
20.	7-Eleven Malaysia and U Mobile	Interested shareholder TSVT, the relationship as explained in notes (1), (2) and (15).	Receipt of payment from U Mobile of commission for sale of mobile phone reloads as explained in note (17).	186	646	2,650	5,908	8,893
Interested Directors								
<p>Chan Kien Sing and Ho Meng are our Non-Independent Executive Directors and alternate directors in U Mobile. Chan Kien Sing and Ho Meng are also the Chief Executive Officer and Managing Director of 7-Eleven Malaysia respectively.</p> <p>Tan U-Ming, the relationship as explained in note (3).</p>								

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

No.	Transacting parties	Related parties and nature of relationship	Nature of transaction	Actual			Estimate
				Year ended 31 December 2010	Year ended 31 December 2011	Year ended 31 December 2012	Year ended 31 December 2013
				(RM'000)	(RM'000)	(RM'000)	(RM'000)
21.	7-Eleven Malaysia and Berjaya Channel Sdn. Bhd. ("BChannel")	Interested shareholder	Receipt of payment from BChannel for advertisement placing fees.	-	-	-	1,500
		TSVT, the relationship as explained in notes (1), (2) and (18).					
		Interested Director					
		Tan U-Ming, the relationship as explained in note (3).					
Notes:							
(1)	BCorporation is a major shareholder of BLand and BMedia and its direct and indirect interests in these companies as at the LPD are as follows:						
	BLand BMedia	Direct 2.19% -	Indirect (a) 56.54% (b) 19.15%				
Notes:							
(a)	Deemed interest by virtue of its indirect interest in BGroup pursuant to Section 6A of the Act.						
(b)	Deemed interest by virtue of its indirect interest in BGroup and Berjaya Hills Berhad ("BHills") pursuant to Section 6A of the Act.						
(2)	TSVT is a major shareholder of BCorporation by virtue of his direct and indirect interest in BCorporation. By virtue of his interests in BCorporation, TSVT is deemed interest in the shares of BCorporation's subsidiary companies to the extent BCorporation has an interest.						
	TSVT's direct and indirect interests in BLand and BMedia as at the LPD are as follows:						
	BLand BMedia	Direct 7.83% 38.92%	Indirect (a) 61.22% (b) 33.17%				

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

^(a) Deemed interest by virtue of his interests in BCorporation, Hotel Resort Enterprise Sdn. Bhd. ("HRESB"), B&B Enterprise Sdn. Bhd. ("B&B"), BAssets (the holding company of Berjaya Times Square Sdn. Bhd. and Sublime Cartel Sdn. Bhd.) and his interest in HQZ (the ultimate holding company of Desiran Unggul Sdn. Bhd. and PMSB) pursuant to Section 6A of the Act.

^(b) Deemed interest by virtue of his interests in BCorporation, HRESB, Nostalgia Kiara Sdn. Bhd., Superior Structure Sdn. Bhd., B&B (the holding company of Lengkap Bahagia Sdn. Bhd. and Nautilus Corporation Sdn. Bhd.), BAssets (the holding company of Berjaya Times Square Sdn. Bhd. and Sublime Cartel Sdn. Bhd.) and HQZ (the ultimate holding company of Desiran Unggul Sdn. Bhd. and PMSB) pursuant to Section 6A of the Act.

⁽³⁾ Tan U-Ming is our Executive Director and is the son of TSVT. Hence, Tan U-Ming and TSVT are persons connected with each other.

⁽⁴⁾ TSVT and BCorporation are major shareholders of MOL.com Sdn. Bhd. ("MOL.com"). Their direct and indirect interests in MOL.com as at the LPD are as follows:

	Direct	Indirect
TSVT	81.17%	^(a) 18.48%
BCorporation	-	^(b) 18.48%

Notes:

^(a) Deemed interest by virtue of his interests in BCorporation pursuant to Section 6A of the Act.

^(b) Deemed interest by virtue of its interests in BHills and its deemed interest in Berjaya Sompoo Insurance Berhad and Prime Credit Leasing Sdn. Bhd. pursuant to Section 6A of the Act.

MOL is an 85.00% owned subsidiary of MOL Global Pte. Ltd., which in turn is 28.72% owned by MOL.com.

TSVT is deemed a major shareholder of MOL by virtue of his 0.22% direct and 88.15% indirect interest in MOL Global Pte. Ltd., the holding company of MOL.

⁽⁵⁾ Prime Credit Leasing Sdn. Bhd. is a wholly-owned subsidiary of Berjaya Capital Berhad ("BCapital"), a wholly-owned subsidiary of BGroup which in turn is a wholly-owned subsidiary of BCorporation as at the LPD.

⁽⁶⁾ Securexpress Services Sdn. Bhd. is a wholly-owned subsidiary of Successline (M) Sdn. Bhd., a wholly-owned subsidiary of BGroup which in turn is a wholly-owned subsidiary of BCorporation as at the LPD.

⁽⁷⁾ Nural Enterprise Sdn. Bhd. is a wholly-owned subsidiary of BLand, a subsidiary of BGroup which in turn is a wholly-owned subsidiary of BCorporation as at the LPD.

⁽⁸⁾ Cosway (M) Sdn. Bhd. is a wholly-owned subsidiary of Cosway Corporation Limited, a subsidiary of Cosway Corporation Berhad, a wholly-owned subsidiary of BGroup which in turn is a wholly-owned subsidiary of BCorporation as at the LPD.

⁽⁹⁾ Klasik Mewah Sdn. Bhd. is a wholly-owned subsidiary of BLand, a subsidiary of BGroup which in turn is a wholly-owned subsidiary of BCorporation as at the LPD.

⁽¹⁰⁾ Berjaya Times Square Sdn. Bhd. is a 80.00% owned subsidiary of BAssets, a company in which TSVT holds a direct and indirect interest of 49.88% and 29.43% respectively as at the LPD.

⁽¹¹⁾ Campaka Properties Sdn. Bhd. is a wholly-owned subsidiary of BLand, a subsidiary of BGroup which in turn is a wholly-owned subsidiary of BCorporation as at the LPD.

⁽¹²⁾ Angsana Gemilang Sdn. Bhd. is a wholly-owned subsidiary of BLand, a subsidiary of BGroup which in turn is a wholly-owned subsidiary of BCorporation as at the LPD.

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

⁽¹³⁾ Direct Vision Sdn. Bhd. is a subsidiary of Speedy Video Distributors Sdn. Bhd., a company in which TSVT is deemed interest by virtue of his indirect interest of 19.00% in Speedy video Distributors Sdn. Bhd. as at the LPD, pursuant to Section 6A of the Act.

⁽¹⁴⁾ Sun Media Corporation Sdn. Bhd. is a wholly-owned subsidiary of BMedia, a company in which TSVT holds a direct and indirect interests of 38.92% and 33.17% respectively as at the LPD. BCorporation is a major shareholder of BMedia.

⁽¹⁵⁾ (i) As at the LPD, U Mobile is 36.46% owned by U Telemedia. As at the LPD, TSVT has a direct interest of 6.20% in U Mobile and 34.79% in U Telemedia. As at the LPD, TSVT is also a major shareholder of Vecc-Men Holdings Sdn. Bhd., HQZ and B&B which holds 0.82%, 6.00% and 4.38% equity interests in U Telemedia respectively.

(ii) As at the LPD, U Mobile is 2.01% owned by Berjaya Infrastructure Sdn. Bhd.. As at the LPD, TSVT has an indirect interest of 80.16% in Berjaya Infrastructure Sdn. Bhd. through his deemed interest in Vista Meranti, the holding company of IUB and Nostalgia Klara Sdn. Bhd.

⁽¹⁶⁾ 7-Eleven Malaysia was appointed by MOL as its distributor and concurrently, MOL was appointed by 7-Eleven Malaysia as its exclusive partner for the distribution of in-store services such as reloads for prepaid mobile phone and online games. Over the years, there has been no major dispute between 7-Eleven Malaysia and MOL in respect of the distribution arrangement and it is the intention of 7-Eleven Malaysia to continue the distribution arrangement with MOL. Since 3 September 2013, 7-Eleven Malaysia had appointed MOL as its exclusive service provider for additional in-store services, further details of which are set out in Section 7.2.2(iii) of this Prospectus.

⁽¹⁷⁾ 7-Eleven Malaysia was appointed by U Mobile as its non-exclusive distributor for the distribution of U Mobile's mobile services such as prepaid starter pack and prepaid reloads. To-date, there has been no major dispute between 7-Eleven Malaysia and U Mobile in respect of the distribution arrangement and it is the intention of 7-Eleven Malaysia to continue the distribution arrangement with U Mobile.

⁽¹⁸⁾ BChannel is a wholly-owned subsidiary of BGroup, which in turn is a wholly-owned subsidiary of BCorporation as at the LPD.

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13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

13.1.3 Transactions entered into that are unusual in their nature or conditions

There are no unusual transactions in their nature or conditions, involving goods, services, tangible or intangible assets to which we or BRetail or any of our subsidiaries were a party in respect of the four years ended 31 December 2010 to 2013.

13.1.4 Outstanding loans and guarantees

There are no outstanding loans (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the years ended 31 December 2010 to 2013.

Our Directors are of the view that all the above non-recurrent and recurrent related party transactions were carried out on arm's length basis and on normal commercial terms which are not detrimental to our minority shareholders.

13.2 Monitoring and oversight of related party transactions and conflicts of interest**13.2.1 Audit Committee review**

Our Audit Committee reviews any related party transaction and conflicts of interest that may arise within our Group. Our Audit Committee periodically reviews the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms which are not more favourable to the related party than those generally available to third parties dealing at arm's length and are not to the detriment of our Company's minority shareholders. All reviews by our Audit Committee are reported to our Board for its further action.

13.2.2 Related party transactions and conflicts of interest

Related party transactions, by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and Directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed herein and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related party than those generally available to third parties dealing at arm's length and are not to the detriment of our Company's minority shareholders.

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST *(Cont'd)*

13.3 Declaration by advisers on conflicts of interest

13.3.1 Declaration by Maybank IB

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group which is engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management, and credit transaction services businesses. The Maybank Group has engaged in, and may in the future, engage in transactions with and perform services for our Company and/or our subsidiaries, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group or any other entity or transactions for its own account or the account of its customers in debt or equity securities or senior loans. This is a result of the business of the Maybank Group generally acting independent of each other and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require amongst others, segregation between dealing and advisory activities, and Chinese wall between different business divisions.

Maybank, being the holding company of Maybank IB, has, in its ordinary course of business, granted a multi-trade lines facility with a combined limit of RM50.0 million to 7-Eleven Malaysia. In addition, as at the LPD, Maybank is a guarantor for up to RM300.0 million medium term notes under the MTN and is also one of the holders of the MTN. The provision of the guarantee and the holding of the MTN are in the ordinary course of business of Maybank. It is expected that part or all of the MTN will be redeemed with the proceeds to be received by the Selling Shareholder pursuant to our IPO.

Notwithstanding this, Maybank IB confirms that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as the Joint Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Managing Underwriter and Joint Underwriter for our IPO as:

- (i) the extension of the multi-trade lines facility and provision of the guarantee arose in the ordinary course of business of the Maybank Group;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act, 2013 and the Maybank Group's own internal controls and checks; and
- (iii) the total outstanding amount owed by our Group to the Maybank Group is not material when compared to the audited total assets of the Maybank Group as at 31 December 2013 of RM560.4 billion.

Maybank IB also confirms that it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Joint Principal Adviser, Joint Global Coordinator and Joint Bookrunner for the Institutional Offering in and outside of Malaysia, and Joint Managing Underwriter and Joint Underwriter for the Retail Offering in Malaysia for our IPO.

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**13.3.2 Declaration by KIBB**

KIBB and its related and associated companies ("**KIBB Group**") form a diversified financial group which is engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management, and credit transaction services businesses. The KIBB Group has engaged in, and may in the future engage in, transactions with and perform services for our Company and/or our subsidiaries, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the KIBB Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group or any other entity or transactions for its own account or the account of its customers in debt or equity securities or senior loans. This is a result of the business of the KIBB Group generally acting independent of each other and accordingly, there may be situations where parts of the KIBB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the said interest. Nonetheless, the KIBB Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require amongst others, segregation between dealing and advisory activities, and confidentiality barriers between different business divisions.

KIBB Group has in the ordinary course of their banking business, granted credit facilities to certain parties related to our Group. The credit facility granted as at LPD is not material when compared to the audited total assets of KIBB Group as at 31 December 2013 and therefore would not give rise to a conflict of interest situation.

KIBB has also confirmed that it is not aware of any circumstances that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Joint Principal Adviser, Joint Bookrunner and Joint Underwriter for our IPO.

13.3.3 Declaration by UBS AG and UBS Securities Malaysia Sdn. Bhd.

UBS AG and/or its subsidiaries, branches, affiliates and associates (the "**UBS Group**"), in its capacity as principal or agent, is and may in the future, be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, wealth management, research, securities issuance, trading (customer and proprietary) and brokerage) from which conflicting interests or duties may arise. The UBS Group has engaged, and may in the future engage, in transactions with, and has performed, and may in the future perform, services for members of our Group, in addition to the role set out in this Prospectus.

In addition, in the ordinary course of its global investment banking and commercial banking activities, UBS and other members of the UBS Group may at any time offer or provide services to or engage in any transaction (on its own account or otherwise) with members of our Group and/or any other persons, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of its customers, in debt or equity securities (or related derivative instruments) or senior loans of members of our Group.

UBS AG has confirmed that, notwithstanding the above, it does not have a conflict of interest which prevents it from acting in its capacity as a Joint Global Coordinator for our IPO and Listing and Joint Bookrunner in respect of the Institutional Offering outside of Malaysia for our IPO and Listing.

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

UBS Securities Malaysia Sdn. Bhd. has confirmed that, notwithstanding the above, it does not have a conflict of interest which prevents it from acting in its capacity as a Joint Bookrunner in respect of the Institutional Offering in Malaysia for our IPO and Listing.

13.3.4 Declaration by CIMB

CIMB and its related and associated companies ("**CIMB Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The CIMB Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the role set out in this Prospectus. In addition, in the ordinary course of business, any member of the CIMB Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates and/or any other persons, hold long or short positions in securities issued by our Company and/or our affiliates, make investment recommendations and/or publish or express independent research views on such securities, and may trade or otherwise effect transactions for its own account or for the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates. This is a result of the businesses of the CIMB Group generally acting independent of each other, and accordingly there may be situations where parts of the CIMB Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interests of our Group.

As at the LPD, the CIMB Group has in the ordinary course of its banking business, extended credit facilities to 7-Eleven Malaysia, a subsidiary of 7-Eleven Malaysia Holdings.

CIMB is of the view that the aforementioned extension of credit facilities does not result in conflict of interest situations in respect of its capacity as the Joint Bookrunner in relation to our IPO as:

- (i) the total credit facilities are not material when compared to the audited total assets of the CIMB Group as at 31 December 2013; and
- (ii) the extension of the credit facilities arose in the ordinary course of business of the CIMB Group in view of the CIMB Group's extensive participation in the Malaysian banking industry.

13.3.5 Declaration by CLSA

In the ordinary course of business, CLSA and/or its affiliated companies (collectively, the "**CLSA Group**") do or may engage in transactions with and perform services for our Company and/or our affiliates. Members of the CLSA Group may extend credit facilities or may engage in private banking, commercial banking and investment banking transactions including, *inter-alia*, brokerage, securities trading, asset and funds management and credit transaction services in their ordinary course of business with our Company and/or our affiliates. Further, any member of the CLSA Group may at any time offer or provide its services to, or engage in any transactions (on its own account or otherwise), with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates.

CLSA confirms that it is not aware of any conflict of interests which prevents it from acting in its capacity as Joint Bookrunner in relation with our IPO.

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)**13.3.6 Declaration by IPS**

IPS is an indirect subsidiary of BCorporation. TSVT is the controlling shareholder for both our Company and BCorporation. Nevertheless, BCorporation and TSVT are not involved in the day-to-day operations of IPS and the provision of the underwriting and share placement services are in the ordinary course of business of IPS. Furthermore, IPS' engagement as the Joint Bookrunner for the MITI tranche, Joint Managing Underwriter and Joint Underwriter are based on mutually agreed terms and on an arm's length basis.

Accordingly, IPS confirms that it is not aware of any circumstances that exists or are likely to exist to give rise to a possible conflict of interest situation in its capacity as the Joint Bookrunner for the MITI Tranche, Joint Managing Underwriter and Joint Underwriter in relation to our IPO.

13.3.7 Declaration by AmInvestment Bank

AmInvestment Bank, its related and associated companies, as well as its holding company, AMMB Holdings Berhad, and the subsidiaries and associated companies of its holding company ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and funds management and credit transaction service businesses. The AmBank Group has granted credit facilities to our Group and may in the future, engage in transactions with and perform services for our Group. In addition, in the ordinary course of business, any member of the AmBank Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Group. This is a result of the businesses of AmBank Group generally acting independently of each other and accordingly there may be situations where parts of the AmBank Group now have or in the future, may have interest or take actions that may conflict with the interests of our Group.

AmInvestment Bank is of the view that the aforementioned does not result in a conflict of interest situation as these are part of the ordinary course of business of the AmBank Group.

Save as disclosed above, AmInvestment Bank confirms that it is not aware of any other possible conflict of interests which exist or is likely to exist in its capacity as the Joint Underwriter in relation to our IPO.

13.3.8 Declaration by RHB IB

RHB IB confirms that there is no existing or potential conflict of interest in its capacity as the Joint Underwriter in relation to our IPO.

13.3.9 Declaration by Wong Beh & Toh

Wong Beh & Toh confirms that there is no existing or potential conflict of interest in its capacity as the legal adviser to our Company as to Malaysian laws in relation to our IPO.

13.3.10 Declaration by Clifford Chance Pte. Ltd.

Clifford Chance Pte. Ltd. confirms that there is no existing or potential conflict of interest in its capacity as the legal adviser to our Company as to United States federal securities and English laws in relation to our IPO.

13. RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST (Cont'd)

13.3.11 Declaration by Zul Rafique & Partners

Zul Rafique & Partners has previously acted as, and may from time to time in the future act as, legal adviser to 7-Eleven Malaysia, the Joint Global Coordinators, Joint Bookrunners, Joint Bookrunner for the MITI Tranche, Joint Managing Underwriters and Joint Underwriters and other companies controlled by or associated with any of them in other transactions. Zul Rafique & Partners confirms that, notwithstanding the above, there is no existing or potential conflict of interest in its capacity as the Legal Adviser to the Joint Global Coordinators, Joint Bookrunners, Joint Bookrunner for the MITI Tranche, Joint Managing Underwriters and Joint Underwriters as to Malaysian laws in relation to our IPO.

13.3.12 Declaration by Latham & Watkins LLP

Latham & Watkins LLP confirms that there is no existing or potential conflict of interest in its capacity as the legal adviser to the Joint Global Coordinators, Joint Bookrunners and Joint Bookrunner for the MITI Tranche as to United States federal securities and English laws in relation to our IPO.

13.3.13 Declaration by Ernst & Young

Ernst & Young confirms that there is no existing or potential conflict of interest in its capacity as the Auditors and Reporting Accountants in relation to our IPO.

13.3.14 Declaration by Vital Factor Consulting Sdn. Bhd.

Vital Factor confirms that there is no existing or potential conflict of interest in its capacity as the Independent Market Researcher in relation to our IPO.

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14. DIRECTORS' REPORT

7-ELEVEN MALAYSIA HOLDINGS BERHAD
(formerly known as Seven Convenience Berhad)
 (Company No. 1058531-W)
 (Incorporated in Malaysia)

Level 3 Podium Block, Plaza Berjaya, 12 Jalan Imbi, 55100 Kuala Lumpur
 Tel: +603-21421136 Fax: +603-21420318

Registered Office:

Level 7, Menara Milenium
 Jalan Damanlela
 Pusat Bandar Damansara
 Damansara Heights
 50490 Kuala Lumpur

Date: **30 APR 2014**

The Shareholders of
7-Eleven Malaysia Holdings Berhad *(formerly known as Seven Convenience Berhad)*

Dear Sir/Madam,

On behalf of the Board of Directors ("**Board**") of 7-Eleven Malaysia Holdings Berhad *(formerly known as Seven Convenience Berhad)* ("**7-Eleven Malaysia Holdings**"), we wish to report after due enquiries in relation to the following:

- (a) 7-Eleven Malaysia Holdings during the period from 31 December 2013 (being the date to which the last audited financial statements of 7-Eleven Malaysia Holdings have been made up); and
- (b) 7-Eleven Malaysia Sdn Bhd ("**7-Eleven Malaysia**") and its subsidiaries (collectively referred to as "**7-Eleven Malaysia Group**") during the period from 31 December 2013 (being the date to which the last audited consolidated financial statements of 7-Eleven Malaysia ("**Consolidated Financial Statements**") have been made up),

(7-Eleven Malaysia Holdings and the 7-Eleven Malaysia Group are collectively referred to as "**7-Eleven Malaysia Holdings Group**" and the last audited financial statements of 7-Eleven Malaysia Holdings Group as well as the Consolidated Financial Statements are collectively referred to as "**last audited financial statements of the 7-Eleven Malaysia Holdings Group**")

to the date herein (being a date not earlier than 14 days before the issue of this Prospectus):

- (i) the business of the 7-Eleven Malaysia Holdings Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited financial statements of the 7-Eleven Malaysia Holdings Group which have adversely affected the trading or the value of the assets of the 7-Eleven Malaysia Holdings Group;
- (iii) the current assets of the 7-Eleven Malaysia Holdings Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Prospectus, there are no other contingent liabilities by reason of any guarantee or indemnity given by the 7-Eleven Malaysia Holdings Group;

14. DIRECTORS' REPORT (Cont'd)

The Shareholders of
7-Eleven Malaysia Holdings Berhad (formerly known as Seven Convenience Berhad)

- (v) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings, since the last audited financial statements of the 7-Eleven Malaysia Holdings Group; and
- (vi) there has been no material change in the published reserves or unusual factor affecting the profits of the 7-Eleven Malaysia Holdings Group, since the last audited financial statements of the 7-Eleven Malaysia Holdings Group.

Yours faithfully
For and on behalf of the Board of
7-ELEVEN MALAYSIA HOLDINGS BERHAD
(FORMERLY KNOWN AS SEVEN CONVENIENCE BERHAD)



TAN U-MING
Non-Independent Executive Director

15. ADDITIONAL INFORMATION

15.1 Share capital

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than 12 months after the date of the issue of this Prospectus.
- (ii) As at the date of this Prospectus, we have only one class of shares, namely ordinary shares of RM0.10 each, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in Section 6.1.6 of this Prospectus, our Company has not issued or proposed to issue any shares, stocks or debentures as fully or partly paid-up in cash or otherwise, within the two years preceding the date of this Prospectus.
- (iv) As at the date of this Prospectus, we have not agreed, conditionally or unconditionally, to put the share capital of our Company or any of our subsidiaries under option.
- (v) Save for the 5,500,000 Issue Shares reserved for application by the Eligible Persons as disclosed in Section 4.3.2(ii) of this Prospectus, and subject to our Listing, there is currently no other scheme involving our directors and employees in the share capital of our Company or any of our subsidiaries.
- (vi) Except as disclosed in this Prospectus, and save as provided under our Articles and the Act, there are no other restrictions upon the holding or voting or transfer of our Shares or the interests in any of our Company or our subsidiaries or upon the declaration or payment of any dividend or distribution thereon.
- (vii) As at the date of this Prospectus, neither we nor our subsidiaries have any outstanding convertible debt securities.

15.2 Extracts of our Articles

The following provisions are reproduced from our Articles and are qualified in its entirety by the remainder of the provisions of our Articles and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Articles unless they are otherwise defined herein or the context otherwise requires.

15.2.1 Transfer of securities

Article 33(i)

The transfer of any listed security or class of listed security of our Company which have been deposited with the Bursa Depository shall be by way of book entry by the Depository in accordance with the rules of Bursa Depository ("**Rules**") and, notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, our Company shall be precluded from registering and effecting any transfer of the listed securities.

Article 33(ii)

Subject to any written law, the instrument of transfer of any security that is not a Deposited Security shall be in writing and in the prescribed form executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members to be kept pursuant to the Act in respect thereof.

15. ADDITIONAL INFORMATION (Cont'd)

Article 33(iii)

A depositor shall not withdraw the securities which have been deposited with the Depository except in such manner as may be specified in the Rules and Central Depositories Act.

Article 34

The instrument of transfer of any security shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the security until the name of the transferee is entered in the record provided by the Bursa Depository to the Company under chapter 24.0 of the Rules ("**Record of Depositors**") in respect thereof.

Article 35

The Depository may refuse to register any transfer of deposited security that does not comply with the Central Depositories Act and the Rules.

Article 36

The registration of transfers may be suspended at such times and for such period as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than 30 days in any year. Subject always to the Listing Requirements, at least 10 Market Days notice of intention or such other period of notice as may be permitted by Bursa Securities to close the said register shall be given to Bursa Securities. The said notice shall state the purpose or purposes for which the register is being closed. At least three Market Days prior notice shall be given to the Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions, prior notice shall be given to the Depository.

Article 37

Subject to the provisions of these Articles, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person.

Article 38

Neither the Company nor its Directors nor any of its officers shall incur any liability for the act of the Depository in registering or acting upon a transfer of shares apparently made by a member or any persons entitled to the shares by reason of the death, bankruptcy or insanity of the members although the same may by reason of any fraud or other cause not known to the Company or its Directors or the Depository or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument or transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee, of the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.

15. ADDITIONAL INFORMATION (Cont'd)

Article 40

Subject to the provisions of the Central Depositories Act and the Rules, every instrument of transfer shall be in writing and in the form approved in the Rules and shall be presented to the Depository with such evidence (if any) as the Depository may require to prove the title of the intending transferor and that the intended transferee is a qualified person.

15.2.2 Remuneration of DirectorsArticle 88

Fees of Directors shall from time to time be determined by the Company in general meeting, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determined PROVIDED ALWAYS that:

- (i) fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;
- (ii) salaries payable to executive Director(s) may not include(s) a commission on or percentage of turnover;
- (iii) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting;
- (iv) any fee paid to an alternate Director shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (v) executive Director(s) shall, subject to the terms of any agreement entered into in any particular case, receive(s) such remuneration as the Directors may from time to time determine.

Article 89(i)

The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of Directors, general meetings or other meetings of the Company.

Article 89(ii)

If any Director whether he holds an executive or non executive position in the Company, being willing shall be called upon to perform extra services or to make any special arrangements in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing if he holds an executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) and if he holds a non-executive position in the Company, either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of profits or turnover) and such remuneration may be either in addition to or in substitution for his or their share in the remuneration from time to time provided for the Directors.

15. ADDITIONAL INFORMATION (Cont'd)

Article 92

The remuneration of the Managing Director or Managing Directors and the Executive Director or Executive Directors may be payable by way of salary or commission or participation in profits of the Company or of any other company in which the Company is interested, or by any or all of those modes, or otherwise as may be thought expedient but shall not include a commission on or percentage of profits or turnover, and it may be made a term of such appointment or appointments that the appointee shall receive a pension, gratuity or other benefits on their retirement.

15.2.3 Voting and borrowing powers of DirectorsArticle 94(iii)

An alternate Director shall be entitled (subject to his giving to the Company an address at which notices may be served on him) to receive notices of meetings of the Directors and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally in the absence of his appointor to perform all the functions of his appointor as a Director.

Article 114(i)

The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of money as they think proper and may also raise or secure the payment of such money in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures or debenture stock of the Company, charged upon all or any part of the property of the Company (both present and future) including uncalled capital, or by means of charges, mortgages, bonds and dispositions in security or bonds or cash deposit, with or without power of sale, and upon such other terms and conditions as the Directors shall think fit.

Article 114(ii)

Without derogating from the generality of the foregoing provisions, the Directors may in particular mortgage or charge any of the Company or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of any third party.

Article 114(iii)

The Directors shall cause a proper register to be kept in accordance with the Act, in respect of all mortgages and charges specifically affecting the property of the Company. The register shall be open to the inspection of any member without charge and of any other person. The fee for inspection of instruments requiring registration under the Act shall be fifty cents for each inspection but the Directors may waive the payment of such fee either in any particular case or generally.

15. ADDITIONAL INFORMATION (Cont'd)Article 116

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Subject to these Articles, questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the Chairman shall have a second or casting vote. Directors or any committee thereof may participate in a meeting of the Directors or that committee by means of a conference telephone or similar electronic tele-communicating equipment by means of which all persons participating in the meeting can hear each other and participates throughout the duration of the communication between the Directors and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The venue of meeting held by means of a conference telephone or similar electronic tele-communicating equipment shall be decided by the Directors. Any person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly subject to and in accordance with the provisions of the Act and these Articles. Unless otherwise decided by the Directors, such a meeting shall be deemed to take place at the venue of the meeting stated in the notice of meeting.

Article 122(i)

A Director who is in any way, whether directly or indirectly interested in a contract or proposed contract with the Company shall declare the nature of his interest in accordance with the provisions of the Act. Unless permitted by the Act and the Listing Requirements, a Director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly, a personal interest and if he should do so his vote should not be counted.

Article 122(iii)

A Director notwithstanding his interest may be counted in the quorum present at any meeting whereat he or any other Director to be appointed to hold any office or place of profit in the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a Director to hold any office or place of profit in any other company or whereat the terms of any such appointment or arrangements as hereinbefore mentioned are considered, as he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof.

15.2.4 Alteration of capitalArticle 7

Subject to Section 65 of the Act, if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the Company is being wound up, be modified, affected, varied, extended or surrendered in any manner with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meetings, the provisions of these Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-quarter of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution, Section 152 of the Act shall apply with such adaptations as may be necessary.

15. ADDITIONAL INFORMATION (Cont'd)

Article 50

Subject to the provisions of the Act, the Listing Requirements and other applicable laws for the time being in force, the Company may from time to time, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued shall have been fully called up or not, by ordinary resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase directs.

Article 51

Subject to any direction to the contrary that may be given by the Company by way of special resolution in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this article.

Article 52

Except in so far as otherwise provided by the conditions of issue, any capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

Article 53

The Company may from time to time by ordinary resolution:

- (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (ii) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, so however that in subdivision the proportion between the amount paid and the amount (if any) unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; or
- (iii) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.

15. ADDITIONAL INFORMATION (Cont'd)Article 54

The Company may by special resolution reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and subject to, any authorisation, and conditions prescribed by the Act.

15.3 Limitation on the right to hold securities and/or exercise voting rights

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of the Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository ("**Depositor**") by means of entries in the securities account of that Depositor.

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of the Shares shall be deemed to be a shareholder of our Company and shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

There is no limitation on the right to own securities in our Company, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on such securities, which is imposed by Malaysian laws or by the constituent documents of our Company.

15.4 General information

- (i) The nature of our business is disclosed in Section 7 of this Prospectus.
- (ii) Our Company has not established any other place of business outside Malaysia.
- (iii) Apart from the listing sought on the Main Market of Bursa Securities, our Company is not listed on any other stock exchange.
- (iv) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 16 of this Prospectus.
- (v) The date and time of the opening and closing of the application for the Issue Shares under the Retail Offering are set out in the Indicative Timetable and Sections 4.1, 4.2 and 16.1 of this Prospectus respectively.
- (vi) The Issue Shares under the Retail Offering are payable in full at the Retail Price upon application. The Institutional Offering investors shall pay the Institutional Price for the IPO Shares under the Institutional Offering.
- (vii) Except as disclosed in Section 4.5 of this Prospectus, no commissions, discounts, brokerages or other special terms have been paid or is payable by our Company within the two years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any Shares in or debentures of our Company and in connection with the issue or sale of any capital of our Company and no Director or Promoter or expert is or are entitled to receive any such payment or any other benefits.

15. ADDITIONAL INFORMATION (Cont'd)

- (viii) During the last financial year and the current financial period up to the date of this Prospectus, there were no:
 - (a) public take-over offers by third parties in respect of our Shares; and
 - (b) public take-over offers by our Company in respect of other companies' securities.
- (ix) Except as disclosed in Section 9.3 of this Prospectus, there is no person, so far as known to us, who directly or indirectly, jointly or severally, exercise control over us.
- (x) There are no governmental laws, decree, regulations or other legislations which may affect the repatriation of capital and the remittance of profits by or to our Company.

15.5 Material litigation

Save as disclosed below, our Group is not engaged in any material litigation, claims or arbitration, whether as plaintiff or defendant, and our Directors are not aware of any legal proceedings, pending or threatened, or of any fact likely to give rise to any legal proceedings which might materially affect our financial or business position as at the LPD:

On 5 March 2012, 7-Eleven Malaysia ("**Plaintiff**") commenced a suit *vide* Kuala Lumpur High Court Suit No.: 22NCVC-279-03/2012 against Shell Malaysia ("**Defendant**") in relation to a dispute concerning whether there was a valid and binding master tenancy agreement between the parties for the tenancy of 34 "7-Eleven" convenience stores operated at various Shell petrol stations in Malaysia ("**34 sites**") ("**Master Tenancy Agreement**").

In the suit, the Plaintiff sought for an injunction restraining the Defendant from entering into and/or taking vacant possession of the 34 sites, specific performance of the Master Tenancy Agreement by the Defendant, damages arising from wrongful termination of the Master Tenancy Agreement and the non-execution of the Master Tenancy Agreement with the Plaintiff, interest and costs. The Defendant, relying on the defence that there was no concluded agreement between the parties, filed a counterclaim against the Plaintiff seeking mesne profits at the rate of RM14,330 per day from 6 March 2012 until the date of delivery of vacant possession of the 34 sites and another "7-Eleven" convenience store operating from the Jet Melati site which does not form part of the 34 sites under the Master Tenancy Agreement (the 34 sites and the Jet Melati site shall hereinafter be collectively referred to as "**35 sites**"), double rental for the 35 sites from 6 March 2012 until the date of delivery of vacant possession of the 35 sites which amounts to RM260,464 per month, outstanding rental for the Jet Melati site from July 2011 until 5 March 2012 for eight months and five days which amounts to RM30,388, interest, general damages and costs.

On 11 June 2012, the Plaintiff obtained an interim injunction against the Defendant pending the final disposal of the matter. On 25 January 2013, the Defendant filed an application under Order 14A of the Rules of Court 2012 seeking a disposal of the present suit without a full trial ("**Enclosure 46**"). On 12 November 2013, the High Court allowed Enclosure 46 by ordering that the core issue of "whether as at 7 July 2011 there was a valid, binding, enforceable and concluded contract between the Plaintiff and the Defendant for the tenancy of the 34 sites at the Defendant's petrol stations" ("**Core Issue**") be determined and that the Core Issue be determined without adducing any oral or further evidence other than the pleadings and the documents contained in the bundle of documents marked as "C1". Other issues, including the Defendant's counterclaim for double rental, mesne profits and damages, will only be considered after the determination of the Core Issue.

15. ADDITIONAL INFORMATION (Cont'd)

On 14 November 2013, the Plaintiff filed an appeal to the Court of Appeal against the High Court's decision of 12 November 2013 ("**Appeal**"). On 24 February 2014, the High Court fixed the matter for further case management on 7 April 2014, pending the final disposal of the Appeal. On 20 March 2014, the Court of Appeal allowed the Appeal with costs in the cause of the High Court. Following thereof, the matter was remitted back to the High Court for full trial. On 7 April 2014, the Registrar of the High Court fixed the matter for full trial on 15 and 16 October 2014.

Notwithstanding the High Court's decision in Enclosure 46, the solicitors acting for the Plaintiff in the above suit continue to take the view that there is a reasonably good prospect of success for the Plaintiff in its claim against the Defendant. However, in the event the Plaintiff is unsuccessful in its claim or resisting the counterclaim, it would be liable to compensate the Defendant for any reasonable loss the Defendant may have suffered as a result of the Plaintiff's continued occupation of the 35 sites. The solicitors acting for the Plaintiff have also stated that as things stand, in the event of such success by the Defendant in its counterclaim, subject to evidence that the Defendant may furnish during the assessment of damages, the likeliest monetary award to compensate the Defendant for such reasonable loss would be limited to double rental. Accordingly, for the year ended 31 December 2012 and 31 December 2013, we have made provisions in the financial statements of 7-Eleven Malaysia for the potential payment of double rental to the Defendant.

15.6 Material contracts

Save as disclosed below, we have not entered into any material contracts that are not in the ordinary course of our Group's business during the two years immediately preceding the LPD:

- (i) Second Restructure and IPO Consent Agreement dated 11 September 2013, as varied by the first amendment to the Second Restructure and IPO Consent Agreement dated 23 December 2013, between our Company, 7-Eleven Malaysia, BRetail, PMSB, IUB, Vista Meranti, HQZ, TSVT and 7-Eleven USA in relation to, among others, the consent granted by 7-Eleven USA to our Company to undertake the Pre-IPO Reorganisation, our IPO and Listing as well as waiving its right of first refusal to acquire our IPO Shares and the ordinary shares of RM1.00 each in 7-Eleven Malaysia pursuant to the Pre-IPO Reorganisation, and consenting to 7-Eleven Malaysia granting of an area sub-licence to CSSSB to operate "7-Eleven" convenience stores in Sabah;
- (ii) Corporate Name Agreement dated 11 September 2013 between our Company, 7-Eleven Malaysia, BRetail, PMSB, IUB, Vista Meranti, HQZ, TSVT and 7-Eleven USA where 7-Eleven USA authorises and licenses our Company to use "7-Eleven Malaysia Holdings Berhad" as our corporate name, subject to the provisions of the said agreement and the ALA;
- (iii) Additional Controlling Principals Agreement dated 11 September 2013 between our Company and 7-Eleven USA where we agree to be included as a controlling principal pursuant to the ALA and to be bound by all terms and conditions as set out in the ALA which are applicable to a controlling principal. Also, pursuant to the said agreement, we issued a guaranty to 7-Eleven USA guaranteeing the performance of 7-Eleven Malaysia's covenants, agreements and obligations to 7-Eleven USA under the ALA;
- (iv) Area Sublicense Agreement dated 11 September 2013 between 7-Eleven Malaysia and CSSSB where 7-Eleven Malaysia grants CSSSB the right and CSSSB agrees to receive the right and undertake the obligation to develop and operate "7-Eleven" convenience stores in Sabah based on certain identified terms and conditions of the ALA;

15. ADDITIONAL INFORMATION (Cont'd)

- (v) Conditional Share Sale Agreement dated 5 September 2013, as varied by the Supplemental Agreement and a letter dated 20 January 2014 to vary the definition of Agreed Debt Amount as set out in the Supplemental Agreement, between our Company and BRetail for the acquisition by our Company of the entire issued and paid-up share capital of 7-Eleven Malaysia, comprising 35,000,000 ordinary shares of RM1.00 each, from BRetail for a purchase consideration of RM1,378,247,497 which was satisfied by the issuance of 1,051,999,980 new Shares at the issue price of RM1.18 per Share and the Note;
- (vi) Lock-up agreement dated 22 April 2014 entered into between our Company, the Joint Global Coordinators, Joint Bookrunners and Joint Bookrunner for MITI Tranche. Please refer to Section 4.6.3 of this Prospectus for further information on the terms of the lock-up agreement;
- (vii) Retail Underwriting Agreement dated 24 April 2014 entered into between our Company, the Joint Managing Underwriters and the Joint Underwriters to underwrite 39,545,000 Issue Shares under the Retail Offering, subject to the clawback and reallocation provisions and on terms and conditions contained therein. Please refer to Section 4.6.1 of this Prospectus for further details on the Retail Underwriting Agreement; and
- (viii) Master Cornerstone Placement Agreement dated 22 April 2014 entered into between our Company, the Selling Shareholder, the Joint Global Coordinators and the Cornerstone Investors, under which the Cornerstone Investors agree to purchase an aggregate of 305,265,000 Offer Shares, representing approximately 24.8% of our enlarged issued and paid-up share capital, pursuant to the Institutional Offering at RM1.38 per Offer Share or the Institutional Price, whichever is lower.

15.7 Consents

- (i) The written consents of the Joint Principal Advisers, Joint Global Coordinators, Joint Bookrunners, Joint Bookrunner for the MITI Tranche, Joint Managing Underwriters, Joint Underwriters, Legal Advisers, Company Secretaries, Principal Bankers, Share Registrar and Issuing House as set out in the Corporate Directory of this Prospectus to the inclusion in this Prospectus of their names in the form and context in which their names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn.
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of its name, the Accountants' Report, and Reporting Accountants' letter on our pro forma consolidated financial information and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iii) The written consent of Vital Factor to the inclusion in this Prospectus of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus, has been given before the issue of this Prospectus and has not subsequently been withdrawn.
- (iv) The written consent of Bloomberg to the inclusion in this Prospectus of its name and all references thereto in the form and context in which they are contained in this Prospectus, has been given before the issue of this Prospectus and has not subsequently been withdrawn.

15. ADDITIONAL INFORMATION (Cont'd)**15.8 Documents available for inspection**

Copies of the following documents may be inspected at our registered office during normal business hours from Mondays to Fridays (except public holidays) for a period of 12 months from the date of this Prospectus:

- (i) our Memorandum and Articles;
- (ii) contract which our Group is dependent on and our material contracts as referred to in Sections 7.26 and 15.6 of this Prospectus respectively;
- (iii) each of the audited financial statements of 7-Eleven Malaysia and its subsidiaries for the past four years ended 31 December 2010 to 2013;
- (iv) the Reissued Consolidated Financial Statements;
- (v) the Reporting Accountants' letter on our pro forma consolidated financial information included in Section 10.4 of this Prospectus;
- (vi) the Accountants' Report included in Section 11 of this Prospectus;
- (vii) the Directors' Report included in Section 14 of this Prospectus;
- (viii) the IMR Report included in Section 8 of this Prospectus;
- (ix) the letters of consent referred to in Section 15.7 of this Prospectus;
- (x) Memorandum of Agreement dated 13 June 2013 between 7-Eleven Malaysia and Chevron Malaysia referred to in Section 7.4.3 of this Prospectus;
- (xi) Exclusive partnership agreement between 7-Eleven Malaysia and Kakao Malaysia dated 23 September 2013 referred to in Section 13.1.1 of this Prospectus; and
- (xii) cause papers in relation to the material litigation referred to in Section 15.5 of this Prospectus.

15.9 Responsibility statements

Our Directors, Promoters and the Selling Shareholder have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. They confirm after making all reasonable enquiries that, to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, as the Joint Principal Adviser for our IPO, Joint Global Coordinator and Joint Bookrunner for the Institutional Offering in and outside of Malaysia, and Joint Managing Underwriter and Joint Underwriter for the Retail Offering in Malaysia, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

KIBB, as the Joint Principal Adviser for our IPO, Joint Bookrunner and Joint Underwriter for the Retail Offering in Malaysia, acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

16. PROCEDURES FOR APPLICATION

16.1 Opening and closing of applications

OPENING OF THE RETAIL OFFERING: 10.00 A.M., 8 May 2014

CLOSING OF THE RETAIL OFFERING: 5.00 P.M., 16 May 2014

Our Directors and the Joint Managing Underwriters may decide in their absolute discretion to extend the closing time and date for applications under the Retail Offering to such other date or dates. If they decide to extend the closing date and time for the applications, the Price Determination Date and dates for the balloting of applications for the Issue Shares under the Retail Offering, allotment/transfer of the IPO Shares to successful applicants and our Listing may be extended accordingly. Any extension will be announced in widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

Late applications will not be accepted.

16.2 Methods of application and category of investors

16.2.1 Application for the Issue Shares under the Retail Offering

Applications for the Issue Shares under the Retail Offering may be made using either of the following:

Type of Application Form	Category of investors
WHITE Application Form or Electronic Share Application ⁽¹⁾ or Internet Share Application ⁽²⁾	Malaysian public (for individuals)
WHITE Application Form only	Malaysian public (for non individuals, e.g. corporations, institutions, etc.)
PINK Application Form only	Eligible Persons

Notes:

⁽¹⁾ The following surcharge per Electronic Share Application will be charged by the respective Participating Financial Institutions:

- (i) Malayan Banking Berhad – RM1.00;
- (ii) Affin Bank Berhad – No fee will be charged for application by their account holders;
- (iii) AmBank (M) Berhad – RM1.00;
- (iv) CIMB Bank Berhad – RM2.50;
- (v) HSBC Bank Malaysia Berhad – RM2.50;
- (vi) Public Bank Berhad – RM2.00;
- (vii) RHB Bank Berhad – RM2.50; and
- (viii) Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

16. PROCEDURES FOR APPLICATION (Cont'd)

⁽²⁾ *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:*

- (i) Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;*
- (ii) Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;*
- (iii) Affin Investment Bank Berhad (www.affintrade.com) – No fee will be charged for application by their account holders;*
- (iv) CIMB Bank Berhad (www.cimbclicks.com.my) – RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;*
- (v) CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;*
- (vi) Public Bank Berhad (www.pbebank.com) – RM2.00; and*
- (vii) RHB Bank Berhad (www.rhb.com.my) – RM2.50.*

You must have a CDS account before you can submit your application either by way of the Application Form, Electronic Share Application or Internet Share Application.

Eligible Persons who have made applications using the PINK Application Forms may still apply for the Issue Shares allocated to the Malaysian public under the Retail Offering using the WHITE Application Form, Electronic Share Application or Internet Share Application.

However, applicants using the WHITE and PINK Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and Internet Share Applications, and vice versa.

16.2.2 Application for the IPO Shares under the Institutional Offering

Malaysian and foreign institutional and selected investors being allocated the Offer Shares under the Institutional Offering (other than the Bumiputera investors approved by the MITI) will be contacted directly by the respective Joint Global Coordinators and Joint Bookrunners and shall follow the instructions as communicated by the respective Joint Global Coordinators and Joint Bookrunners.

Bumiputera investors approved by the MITI who have been allocated the Issue Shares under the Institutional Offering will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

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16. PROCEDURES FOR APPLICATION (Cont'd)

16.3 Procedures for application and acceptance

Application must be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.

16.3.1 Application by the Malaysian public under the Retail Offering (WHITE Application Form, Electronic Share Application or Internet Share Application)

Eligibility

You can only apply for the Issue Shares allocated to the Malaysian public under the Retail Offering if you meet the following requirements:

- (i) you must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs as set out in Section 17 of this Prospectus;
- (ii) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the closing date of the Retail Offering with a Malaysian address;
 - (b) a corporation/institution incorporated in Malaysia where there is a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in item (ii)(b) or (c) above or the trustees thereof; and
- (iii) you are not a director or an employee of the Issuing House or their immediate family members.

Applications by the Malaysian public must be made on the WHITE Application Form provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for shares by way of the Electronic Share Application or Internet Share Application.

Applicants using the WHITE Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and Internet Share Applications, and vice versa.

16.3.2 Application by the Eligible Persons (PINK Application Form)

Eligible Persons will be provided separately with the PINK Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus.

The Prospectus will be distributed to the Eligible Persons in CD-ROM format (contents of which will be in printable format).

16. PROCEDURES FOR APPLICATION (Cont'd)

However, the Eligible Persons may request for a copy of the printed Prospectus at no cost and are given an option to have the printed Prospectus delivered to them, or to obtain the printed Prospectus from the following:

- (i) our Company at our registered office;
- (ii) Issuing House;
- (iii) Berjaya Registration Services Sdn. Bhd.; or
- (iv) ADAs,

the addresses of which are set out in Sections 1 and 17 of this Prospectus and the Prospectus requisition form accompanying the CD-ROM respectively. Any delivery charges, if applicable, will be borne by us.

Eligible Persons are not precluded from making additional applications under the Malaysia public portion using the WHITE Application Forms.

16.4 Procedures for application by way of an Application Form

Each application for the Issue Shares under the Retail Offering must be made by the relevant category of investors on the correct Application Form issued together with this Prospectus and must be completed in accordance with the notes and instructions contained therein. The Application Form together with the notes and instructions contained therein shall constitute an integral part of this Prospectus. Applications which do not conform **STRICTLY** to the terms of this Prospectus or the respective category of Application Form or notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Directors.

Full instructions for the application for the Issue Shares under the Retail Offering and the procedures to be followed are set out in the Application Forms. All applicants are advised to read the Application Forms and the notes and instructions contained therein carefully.

Malaysian public should follow the following procedures in making their applications under the Retail Offering:

Step 1: Obtain application documents

Obtain the relevant Application Form together with the Official "A" and "B" envelopes and a copy of this Prospectus.

The WHITE Application Forms can be obtained subject to availability from the following parties:

- (i) Maybank IB;
- (ii) KIBB;
- (iii) Participating organisations of Bursa Securities;
- (iv) Members of the Association of Banks in Malaysia;
- (v) Members of the Malaysian Investment Banking Association;
- (vi) Issuing House; and
- (vii) Our Company.

16. PROCEDURES FOR APPLICATION (Cont'd)**Step 2: Read this Prospectus**

In accordance with Section 232(2) of the CMSA, the Application Forms are accompanied by this Prospectus. You are advised to read and understand this Prospectus before making your application.

Step 3: Complete the relevant Application Form

You must complete the relevant Application Form legibly and **STRICTLY** in accordance with the notes and instructions contained therein and in this Prospectus.

(i) Personal particulars

You must ensure that your personal particulars submitted in your application are identical with the records maintained by Bursa Depository. Please inform Bursa Depository promptly of any changes to your personal particulars.

If you are an individual and you are not a member of the armed forces or police, the name and national registration identity card ("**NRIC**") number must be the same as:

- (a) your NRIC;
- (b) any valid temporary identity document issued by the National Registration Department from time to time; or
- (c) your "Resit Pengenalan Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly as that stated in your authority card.

For corporations/institutions, the name and certificate of incorporation number must be the same as that stated in the certificate of incorporation or the certificate of change of name, where applicable.

If you are a non-Malaysian (in the case of the PINK Application Form), your name and passport number must be exactly as that stated in your passport.

Our Company together with the Issuing House will not issue any acknowledgement of receipt of your Application Form or application monies.

(ii) CDS account number

You must state your CDS account number in the space provided in the Application Form. Invalid or nominee or third party CDS accounts will **not** be accepted.

(iii) Details of payment

You must state the details of your payment in the appropriate boxes provided in the Application Form.

(iv) Number of Issue Shares applied

Applications must be for at least 100 Issue Shares or multiples of 100 Issue Shares for applicants using the WHITE and PINK Application Forms.

16. PROCEDURES FOR APPLICATION (Cont'd)**Step 4: Prepare appropriate form of payment**

You must prepare the correct form of payment in RM for the FULL amount payable for the Issue Shares issued under the Retail Offering based on the Retail Price, which is RM1.38 per Issue Share.

Payment must be made out in favour of **"MIH SHARE ISSUE ACCOUNT NO. 553"** and crossed **"A/C PAYEE ONLY"** (excluding ATM statements) and endorsed on the reverse side with your name and address. Only the following forms of payment will be accepted:

- (i) banker's draft or cashier's order purchased within Malaysia only and drawn on a bank in Kuala Lumpur (differentiated by a special red band for Bumiputera applicants); or
- (ii) money order or postal order (for applicants from Sabah and Sarawak only); or
- (iii) Guaranteed Giro Order ("**GGO**") from Bank Simpanan Nasional Malaysia Berhad (differentiated by a special red band for Bumiputera applicants); or
- (iv) ATM statement obtained only from any of the following:
 - (a) Malayan Banking Berhad;
 - (b) Alliance Bank Malaysia Berhad;
 - (c) CIMB Bank Berhad;
 - (d) Hong Leong Bank Berhad; or
 - (e) RHB Bank Berhad.

We will not accept applications with excess or insufficient remittances or inappropriate forms of payment.

Step 5: Finalise application

Insert the relevant Application Form together with payment and a legible photocopy of your identification document NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)"/authority card for armed forces or police personnel/certificate of incorporation or certificate of change of name for corporate or institutional applicant or passport (where applicable) into the Official "A" envelope and seal it.

You must write your name and address on the outside of the Official "A" and "B" envelopes. The name and address written must be identical to your name and address as per your NRIC/valid temporary identity document issued by the National Registration Department/"Resit Pengenalan Sementara (KPPK 09)"/authority card for armed forces or police personnel/certificate of incorporation or the certificate of change of name for corporate or institutional applicant or passport (where applicable).

Affix an 80 sen stamp on the Official "A" envelope and insert the Official "A" envelope into the Official "B" envelope.

16. PROCEDURES FOR APPLICATION (Cont'd)**Step 6: Submit application**

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents can be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

Malaysian Issuing House Sdn. Bhd. (258345-X)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

OR

P.O. Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the Drop-In Boxes provided at the front portion of Symphony House, Pusat Perdagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

so as to arrive not later than 5.00 p.m. on 16 May 2014 or such later date or dates as our Directors and the Joint Managing Underwriters may decide in their absolute discretion.

16.5 Procedures for application by way of an Electronic Share Application

Only Malaysian individuals may apply for the Issue Shares made available to the Malaysian public under the Retail Offering by way of the Electronic Share Application.

16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the Issue Shares made available to the Malaysian public under the Retail Offering at an ATM belonging to other Participating Financial Institutions;
- (ii) You **must have a CDS account**;
- (iii) You are advised to read and understand this Prospectus before making the application; and
- (iv) You may apply for the Issue Shares made available to the Malaysian public under the Retail Offering via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. The mandatory statements required in the application are set out on Section 16.5.3 of this Prospectus. You are to submit at least the following information through the ATM, where the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so:
 - (a) Personal Identification Number (PIN);
 - (b) MIH Share Issue Account No. 553;

16. PROCEDURES FOR APPLICATION (Cont'd)

- (c) CDS account number;
- (d) Number of Issue Shares made available to the Malaysian public under the Retail Offering applied for and/or the RM amount to be debited from the account; and
- (e) Confirmation of several mandatory statements as set out in Section 16.5.3 of this Prospectus.

16.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- (i) Malayan Banking Berhad;
- (ii) Affin Bank Berhad;
- (iii) AmBank (M) Berhad;
- (iv) CIMB Bank Berhad;
- (v) HSBC Bank Malaysia Berhad;
- (vi) Public Bank Berhad;
- (vii) RHB Bank Berhad; or
- (viii) Standard Chartered Bank Malaysia Berhad (at selected branches only).

16.5.3 Terms and conditions of the Electronic Share Applications

The procedures for the Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustrative purposes only, the procedures for Electronic Share Applications at ATMs are set out in "**Steps for Electronic Share Application through a Participating Financial Institution's ATM**" in Section 16.5.1 of this Prospectus. The Steps set out the actions that the applicant must take at the ATM to complete an Electronic Share Application. Please read carefully the terms of this Prospectus, the Steps and terms and conditions for the Electronic Share Applications set out below before making an Electronic Share Application.

You must have a CDS account to be eligible to use the Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will **not** be accepted.

Upon the completion of your Electronic Share Application transaction at the ATM, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by our Company or the Issuing House. The Transaction Record is for your records and should not be submitted with any Application Form.

16. PROCEDURES FOR APPLICATION (Cont'd)

Upon the closing of the Retail Offering on 16 May 2014 at 5.00 p.m. or such other date or dates as our Directors and the Managing Underwriter may decide in their absolute discretion ("**Closing Date and Time**"), the Participating Financial Institutions shall submit a magnetic tape containing its respective customers' applications for the Issue Shares allocated to the Malaysian public under the Retail Offering to the Issuing House as soon as practicable but not later than 12.00 p.m. of the second business day after the Closing Date and Time.

You will be allowed to make only one application and shall not make any other application for the Issue Shares allocated to the Malaysian public under the Retail Offering, whether at the ATMs of any Participating Financial Institution or using Internet Share Application or using the WHITE Application Form.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your name. Your application will be rejected if you fail to comply with the foregoing.

The Electronic Share Application shall be made on, and subject to, the above terms and conditions as well as the terms and conditions appearing below and in Section 16.7 of this Prospectus:

- (i) The Electronic Share Application shall be made in relation with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (ii) You are required to confirm the following statements (by pressing predesignated keys (or buttons) on the ATM keyboard) and undertake that the following information given are true and correct:
 - (a) you have attained 18 years of age as at the Closing Date and Time;
 - (b) you are a Malaysian citizen residing in Malaysia;
 - (c) you have read this Prospectus and understood and agreed with the terms and conditions of the application;
 - (d) the Electronic Share Application is the only application that you are submitting for the Issue Shares allocated to the Malaysian public under the Retail Offering; and
 - (e) you hereby give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the Issuing House and other relevant authorities.

The application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institutions. By doing so, you shall be deemed to have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act, 2013 and Section 45 of the SICDA to the disclosure by the relevant Participating Financial Institutions or Bursa Depository, as the case may be, of any of your particulars to the Issuing House, or any relevant regulatory bodies.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (iii) **You confirm that you are not applying for the Issue Shares allocated to the Malaysian public under the Retail Offering as a nominee of any other person and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the Issue Shares allocated to the Malaysian public under the Retail Offering, whether at the ATMs of any Participating Financial Institution or using Internet Share Application or using the WHITE Application Form.**
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. Any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is being made, will be rejected.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Transaction Record or any lesser number of Issue Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot or allocate any lesser number of such Issue Shares or not to allot or allocate any Issue Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the predesignated keys (or buttons) on the ATM keyboard) of the number of Issue Shares applied for shall signify, and shall be treated as, your acceptance of the number of Issue Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (vi) We reserve the right not to accept any Electronic Share Application or accept any Electronic Share Application in part only without assigning any reason therefor. Due consideration will be given to the desirability of allotting or allocating the Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Issue Shares.
- (vii) Where an Electronic Share Application is not successful or successful in part only, the relevant Participating Financial Institution will be informed of the non-successful or partially successful applications. If your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies without interest into your account with that Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House. The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful applications within two Market Days after the balloting date. You may check your account on the fifth Market Day from the balloting date.

If your Electronic Share Application is accepted in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.

16. PROCEDURES FOR APPLICATION (Cont'd)

A number of applications will, however, be held in reserve to replace any successfully balloted applications, which are subsequently rejected. For such applications, which are subsequently rejected, the application monies will be refunded (without interest or any share revenue or benefit arising therefrom) to applicants by the Issuing House by crediting into your account with the Participating Financial Institution within 10 Market Days from the date of the final ballot, at your own risk.

Should you encounter any problems in your application, you may refer to the Participating Financial Institutions.

- (viii) You request and authorise us:
- (a) to credit the Issue Shares allocated to you into your CDS account; and
 - (b) to issue share certificate(s) representing such shares allocated in the name of Bursa Malaysia Depository Nominees Sdn. Bhd. and send the same to Bursa Depository.
- (ix) You acknowledge that your Electronic Share Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond our control, the Issuing House or the Participating Financial Institution and irrevocably agree that if:
- (a) our Company or the Issuing House does not receive your Electronic Share Application; and
 - (b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or the Issuing House,
- you shall be deemed not to have made an Electronic Share Application and you shall not make any claim whatsoever against our Company, the Issuing House or Participating Financial Institution for the Issue Shares applied for or for any compensation, loss or damage.
- (x) All of your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be true and correct, and we, the Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.
- (xi) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application will be rejected. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allotment will be sent to your registered address last maintained with Bursa Depository.
- (xii) By making and completing an Electronic Share Application, you agree that:
- (a) in consideration of us agreeing to allow and accept the application for Issue Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;

16. PROCEDURES FOR APPLICATION (Cont'd)

- (b) we, the Participating Financial Institutions, Bursa Depository and the Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to our Company due to a breakdown or failure of transmission or communication facilities or to any cause beyond their control;
 - (c) notwithstanding the receipt of any payment by or on our behalf, the notice of successful allocation for prescribed securities issued in respect of the Issue Shares for which your Electronic Share Application has been successfully completed is the only confirmation for the acceptance of your offer to subscribe for and purchase the said Issue Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue of the Issue Shares allocated to you; and
 - (e) you agree that in relation to any legal action, proceedings or disputes arising out of or in relation with the contract between the parties and/or the Electronic Share Application Scheme and/or any terms contained herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (xiii) If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xiv) The Issuing House, on the authority of our Directors reserves the right to reject applications which do not conform to these instructions.

16.6 Procedures for application by way of Internet Share Applications

Only Malaysian individuals may apply for the Issue Shares allocated to the Malaysian public under the Retail Offering by way of an Internet Share Application.

Please read carefully and follow the terms of this Prospectus, the procedures, terms and conditions for Internet Share Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Share Application.

Step 1: Set up of account

Before making an application by way of Internet Share Application, you **must have all** of the following:

- (i) an existing account with access to internet financial services with:
 - (a) Malayan Banking Berhad at www.maybank2u.com.my;
 - (b) Affin Bank Berhad at www.affinOnline.com;

16. PROCEDURES FOR APPLICATION (Cont'd)

- (c) Affin Investment Bank Berhad at www.affintrade.com;
- (d) CIMB Bank Berhad at www.cimbclicks.com.my;
- (e) CIMB Investment Bank Berhad at www.eipocimb.com;
- (f) Public Bank Berhad at www.pbebank.com; and
- (g) RHB Bank Berhad at www.rhb.com.my.

You need to have your user identification and PIN/password for the internet financial services facility; and

- (ii) an individual CDS account registered in your name (and not in a nominee's name) and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the joint account holder's name.

Step 2: Read this Prospectus

You are advised to read and understand this Prospectus before making your application.

Step 3: Apply through the internet

For illustrative purposes only, we have set out possible steps for an application of the Issue Shares via Internet Share Application.

Please note that the actual steps for Internet Share Applications through the internet financial services website or a particular Internet Participating Financial Institution may differ from the steps outlined below.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have an account;
- (ii) Log in to the Internet financial services facility by entering your user identification and PIN/password;
- (iii) Navigate to the section of the website on applications in respect of our IPO;
- (iv) Select the counter in respect of the Issue Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application;
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (vi) At the next screen, complete the online application form;
- (vii) Check that the information contained in the online application form, such as the share counter, NRIC number, CDS account number, number of the Issue Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form;
- (viii) After selecting the designated hyperlink on the screen, you will have to confirm and undertake that the following mandatory statements are true and correct:
 - (a) you are at least 18 years of age as at the Closing Date and Time;
 - (b) you are a Malaysian citizen residing in Malaysia;

16. PROCEDURES FOR APPLICATION *(Cont'd)*

- (c) you have, prior to making the Internet Share Application, received and/or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
- (d) you agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus, before making the Internet Share Application;
- (e) the Internet Share Application is the only application that you are submitting for the Issue Shares allocated to the Malaysian public under the Retail Offering;
- (f) you authorise the Internet Participating Financial Institution with which you have an account to deduct the full amount payable for the Issue Shares from your account with the said Internet Participating Financial Institution ("**Authorised Financial Institution**");
- (g) you give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of SICDA) for the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to the Issuing House and the Authorised Financial Institution, the SC or any other relevant authority;
- (h) you are not applying for the Issue Shares as a nominee of any other person and the Internet Share Application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
- (i) you authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services;
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment for the Retail Offering;
- (x) You must pay for the Issue Shares through the website of the Authorised Financial Institution, failing which the Internet Share Application is **not completed**, despite the display of the Confirmation Screen. "**Confirmation Screen**" refers to the screen which appears or is displayed on the internet financial services website, which confirms that the Internet Share Application has been completed and states the details of your Internet Share Application, including the number of Issue Shares applied for, which can be printed out by you for your records;

16. PROCEDURES FOR APPLICATION (Cont'd)

- (xi) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the Issue Shares is being made. Subsequently, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website; and
- (xii) You are advised to print out the Confirmation Screen for your reference and records.

THE TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITE OF INTERNET PARTICIPATING FINANCIAL INSTITUTION. PLEASE REFER TO THE INTERNET FINANCIAL SERVICES WEBSITE OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTION FOR THE EXACT TERMS AND CONDITIONS AND INSTRUCTIONS.

16.7 Terms and conditions

An application under the Retail Offering is subject to the following additional terms and conditions:

- (i) You are required to pay the Retail Price of RM1.38 for each Issue Share you have applied for.
- (ii) You can submit only one application for the Issue Shares allocated to the Malaysian public under the Retail Offering. For example, if you submit an application using a WHITE Application Form, you cannot submit an Electronic Share Application or Internet Share Application.

However, if you have made an application under the PINK Application Form, you can still apply for the Issue Shares allocated to the Malaysian public under the Retail Offering using the WHITE Application Form or by way of the Electronic Share Application or Internet Share Application.

The Issuing House, acting under the authority of our Directors, has the discretion to reject applications that appear to be multiple applications under each category of applicants.

We wish to caution you that if you submit more than one application for the Issue Shares in your own name or using the name of others, with or without their consent, you will be committing an offence under Section 179 of the CMSA and may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten years under Section 182 of the CMSA.

- (iii) Each application under the WHITE and PINK Application Forms, Electronic Share Application and Internet Share Application must be for at least 100 Issue Shares or multiples of 100 Issue Shares.
- (iv) Your application must be made in connection with and subject to this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association should you be allotted any of our Shares.
- (v) Your submission of an application does not necessarily mean that your application will be successful. Any submission of application is irrevocable.
- (vi) We or the Issuing House will not issue any acknowledgement of the receipt of your application or application monies.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (vii) You must ensure that your personal particulars submitted in your application and/or your personal particulars as recorded by the Participating Financial Institution and/or Internet Participating Financial Institution are correct, accurate and identical with the records maintained by Bursa Depository. Otherwise, your application will be rejected. You will have to promptly notify Bursa Depository of any change in your address, failing which the notification letter of successful allocation will be sent to your registered/correspondence address last maintained with Bursa Depository.
- (viii) Your remittances having presented for payment shall not signify that your application has been accepted.
Our acceptance of your application to subscribe for or purchase the Issue Shares shall be constituted by the issue of notices of allotment for the Issue Shares to you.
- (ix) Submission of your CDS account number in your application includes your authority/consent in accordance with Malaysian laws of the right of Bursa Depository, the Participating Financial Institution and Internet Participating Financial Institution (as the case may be) to disclose information pertaining to your CDS account and other relevant information to us, the Issuing House and any relevant regulatory bodies (as the case may be).
- (x) **You agree to accept our decision as final should we decide not to allot any Issue Shares to you.**
- (xi) Additional terms and conditions for Electronic Share Application are as follows:
 - (a) You agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated in the Transaction Record or any lesser amount that may be allotted or allocated to you.
 - (b) Your confirmation by pressing the key or button on the ATM shall be treated as your acceptance of the number of Issue Shares allotted to you.
 - (c) Should you be allotted any Issue Shares, you shall be bound by our Memorandum and Articles of Association.
 - (d) You confirm that you are not applying for the Issue Shares as a nominee of other persons and that your Electronic Share Application is made on your own account as a beneficial owner.
 - (e) You request and authorise us to credit the Issue Shares allotted to you into your CDS account and to issue share certificate(s) representing those Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn. Bhd. and send them to Bursa Depository.
 - (f) You acknowledge that your application is subject to electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events which are not in our control, or the control of the Issuing House, the Participating Financial Institution or Bursa Depository. You irrevocably agree that you are deemed not to have made an application if we or the Issuing House do not receive your application or your application data is wholly or partially lost, corrupted or inaccessible to us or the Issuing House. You shall not make any claim whatsoever against us, the Issuing House, the Participating Financial Institution or Bursa Depository.
 - (g) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue of the Issue Shares allocated to you.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (h) You agree that in the event of legal disputes arising from the use of Electronic Share Applications, the mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (xii) Additional terms and conditions for Internet Share Application are as follows:
- (a) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application, which would result in the internet financial services website displaying the Confirmation Screen. You are required to complete your Internet Share Application by the close of the Retail Offering mentioned in Section 16.1 of this Prospectus.
 - (b) You irrevocably agree and undertake to subscribe for or purchase and to accept the number of Issue Shares applied for as stated on the Confirmation Screen or any lesser amount that may be allotted to you. Your confirmation by clicking the designated hyperlink on the relevant screen of the website shall be treated as your acceptance of the number of Issue Shares allotted to you.
 - (c) You request and authorise us to credit the Issue Shares allotted to you into your CDS account and to issue share certificate(s) representing those Issue Shares allotted in the name of Bursa Malaysia Depository Nominees Sdn. Bhd. and send them to Bursa Depository.
 - (d) You irrevocably agree and acknowledge that the Internet Share Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, faults with computer software, problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, fires, acts of God and other events beyond our control and the control of the Issuing House, the Internet Participating Financial Institution and/or the Authorised Financial Institution. If, in any such event, we, the Issuing House and/or the Internet Participating Financial Institution and/or the Authorised Financial Institution do not receive your Internet Share Application and/or payment, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is wholly or partially lost, corrupted, destroyed or otherwise not accessible for any reason, you shall be deemed not to have made an Internet Share Application and you shall have no claim whatsoever against us, the Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution.
 - (e) You irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue of the Issue Shares allocated to you.
 - (f) You agree that in the event of legal disputes arising from the use of Internet Share Application, the mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
 - (g) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by us, the Issuing House and/or the Internet Participating Financial Institution for reasons of multiple applications, suspected multiple applications, inaccurate and/or incomplete details provided by the applicant, or any other cause beyond the control of the Internet Participating Financial Institution.

16. PROCEDURES FOR APPLICATION (Cont'd)

- (h) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application.
- (i) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, the Promoters, the Joint Principal Advisers, the Joint Managing Underwriters and the Joint Underwriters and any other person involved in the Retail Offering shall not be liable for any information not contained in this Prospectus which may have been relied by you in making the Internet Share Application.

16.8 Authority of our Directors and the Issuing House

Applicants will be selected in a manner to be determined by our Directors. Due consideration will be given to the desirability of allotting the Issue Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

The Issuing House, on the authority of our Directors, reserves the right to:

- (i) reject applications which do not conform to the instructions in this Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable) or are illegible, incomplete or inaccurate;
- (ii) reject or accept any application, in whole or in part, on a non-discriminatory basis without giving any reason therefor; and
- (iii) bank in all application monies including those from unsuccessful/partially successful applicants which would subsequently be refunded (where applicable) without interest by registered post.

If you are successful in your application, our Directors reserve the right to require you to appear in person at the registered office of the Issuing House within 14 days of the date of the notice issued to you to ascertain your application is genuine and valid. Our Directors shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16.9 Over/Under-subscription

In the event of over-subscription in the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating the Issue Shares to a reasonable number of applicants for the purpose of broadening our shareholding base and establishing an adequate market for our Shares.

Pursuant to the Listing Requirements, we need to have a minimum number of 1,000 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event that the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all applications will be refunded without interest.

In the event of an under-subscription in the Retail Offering, subject to the clawback and reallocation provisions as set out in Section 4.3.3 of this Prospectus, all the Issue Shares not applied for under the Retail Offering will be subscribed by the Joint Underwriters pursuant to the Retail Underwriting Agreement.

16. PROCEDURES FOR APPLICATION (Cont'd)

Where your successfully balloted application under the WHITE Application Form is subsequently rejected, the full amount of your application monies will be refunded without interest to you within 10 Market Days from the date of the final ballot to your address maintained with Bursa Depository.

Where your successfully balloted application under the Electronic Share Application or Internet Share Application is subsequently rejected, the full amount of your application monies will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution, respectively.

16.10 Unsuccessful/Partially successful applicants

If you are unsuccessful/partially successful in your application, we will refund your application monies without interest in the following manner.

16.10.1 For applications by way of WHITE Application Form

- (i) The application monies or the balance of it, as the case may be, will be refunded to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot.
- (ii) If your application was rejected because you did not provide a CDS account number, your application monies will be sent to the address stated in the NRIC or any valid temporary identity document issued by the National Registration Department or "Resit Pengenalan Sementara (KPPK 09)" from time to time at your own risk.
- (iii) The Issuing House reserves the right to bank in all application monies from unsuccessful applicants. These monies will be refunded by registered post to your last address maintained with Bursa Depository or as per item (ii) above (as the case may be) within 10 Market Days from the date of the final ballot.

16.10.2 For applications by way of Electronic Share Application

- (i) The Issuing House shall inform the Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The application monies or the balance of it will be credited without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by crediting into your account with the Participating Financial Institution not later than 10 Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Participating Financial Institution will credit the application monies (or any part thereof) without interest within two Market Days after the receipt of confirmation from the Issuing House.

16. PROCEDURES FOR APPLICATION (Cont'd)**16.10.3 For applications by way of Internet Share Application**

- (i) The Issuing House shall inform the Internet Participating Financial Institutions of the non-successful or partially successful application within two Market Days after the balloting date. The Internet Participating Financial Institution will arrange with the Authorised Financial Institution to refund the application monies or the balance of it into your account without interest or other benefit arising therefrom with the Authorised Financial Institution within two Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.
- (iii) A number of applications will be reserved to replace any balloted applications which are rejected. The application monies relating to these applications which are subsequently rejected will be refunded without interest by the Issuing House by crediting into your account with the participating Financial Institution not later than 10 Market Days from the date of the final ballot. For applications that are held in reserve and are subsequently unsuccessful (or only partly successful), the Internet Participating Financial Institution will credit the application monies (or any part thereof) without interest within two Market Days after the receipt of confirmation from the Issuing House.

16.11 Successful applicants

If you are successful in your application:

- (i) The Issue Shares allotted to you will be credited into your CDS account. We will not be issuing any physical share certificates to you. You shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.
- (ii) A notice of allotment will be despatched to you at the address last maintained with Bursa Depository where you have an existing CDS account at your own risk prior to our Listing. This is your only acknowledgement of acceptance of the application.
- (iii) In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to you without any interest thereon. The refund in the form of cheques will be despatched by ordinary post to the address maintained with Bursa Depository for applications made via WHITE Application Form or by crediting into your account with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into your account with the Internet Participating Financial Institution for applications made via the Internet Share Application, within 10 Market Days from the date of final ballot at your own risk.

16. PROCEDURES FOR APPLICATION (Cont'd)**16.12 Enquiries**

Enquiries in respect of the applications may be directed as follows:

Mode of application	Parties to direct the queries
Application Form	Issuing House at telephone no. +603 7841 8000 or +603 7841 8289
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

If you are applying for the Issue Shares as a member of the Malaysian public, you may check the status of your application by logging onto the Issuing House's website at www.mih.com.my, or by calling the Issuing House at +603 7841 8000 or +603 7841 8289 or your ADA at the telephone number as stated in Section 17 of this Prospectus between five to 10 Market Days (during office hours only) after the balloting date.

[The rest of this page has been intentionally left blank]

17. LIST OF ADAS

The list of ADAs and their respective addresses, telephone numbers and broker codes are as follows:

Name	Address and telephone number	Broker code
KUALA LUMPUR		
AFFIN INVESTMENT BANK BERHAD	Ground Mezzanine & 3 rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No.: +603 2143 8668	028-001
AFFIN INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel. No.: +603 9130 8803	028-005
ALLIANCE INVESTMENT BANK BERHAD	17 th Floor, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2604 3333	076-001
AMINVESTMENT BANK BERHAD	15 th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2036 2633	086-001
BIMB SECURITIES SDN. BHD.	32 nd Floor, Menara Multi Purpose Capital Square No. 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel. No.: +603 2691 8887	024-001
CIMB INVESTMENT BANK BERHAD	Level 17, Menara CIMB, Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel. No.: +603 2261 8888	065-001
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel. No.: +603 2168 1168	066-001
HONG LEONG INVESTMENT BANK BERHAD (<i>formerly known as MIMB Investment Bank Berhad</i>)	Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel. No.: +603 2692 8899	066-006
HWANGDBS INVESTMENT BANK BERHAD	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel. No.: +603 7710 6688	068-009

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (Cont'd)		
HWANGDBS INVESTMENT BANK BERHAD	7 th , 22 nd , 23 rd & 23A Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: +603 2711 6888	068-014
HWANGDBS INVESTMENT BANK BERHAD	No. 57-10 Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel. No.: +603 2287 2273	068-017
INTER-PACIFIC SECURITIES SDN. BHD.	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel. No.: +603 2117 1888	054-001
INTER-PACIFIC SECURITIES SDN. BHD.	Ground Floor, 7-0-8 Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel. No.: +603 7984 7796	054-003
INTER-PACIFIC SECURITIES SDN. BHD.	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: +603 9056 2921	054-005
JUPITER SECURITIES SDN. BHD.	Level 8 th & 9 th , Menara Olympia 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2034 1888	055-001
KAF-SEAGROATT & CAMPBELL SECURITIES SDN. BHD.	11 th -14 th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel. No.: +603 2168 8800	053-001
KENANGA INVESTMENT BANK BERHAD	8 th Floor, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2164 9080	073-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel. No.: +603 4297 8806	073-020

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	Ground, Mezzanine 1 st and 2 nd Floor (West & Center Wing) & 1 st Floor (East Wing) Bangunan ECM Libra 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel. No.: +603 2089 2888	073-021
KENANGA INVESTMENT BANK BERHAD	1 st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel. No.: +603 2178 1133	073-029
M & A SECURITIES SDN. BHD.	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur Tel. No.: +603 2282 1820	057-002
MAYBANK INVESTMENT BANK BERHAD	5-13 Floor, Maybanlife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel. No.: +603 2297 8888	098-001
MERCURY SECURITIES SDN. BHD.	L-7-2, No. 2 Jalan Solaris Solaris Mont Kiara 50480 Kuala Lumpur Tel. No.: +603 6203 7227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel. No.: +603 2173 8888	026-001
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel. No.: +603 2031 3011	051-001
PM SECURITIES SDN. BHD.	Ground, Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel. No.: +603 2146 3000	064-001
RHB INVESTMENT BANK BERHAD	Level 3A, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel. No.: +603 9287 3888	087-001

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KUALA LUMPUR (Cont'd)		
RHB INVESTMENT BANK BERHAD	12 th , 15 th & 21 st Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel. No.: +603 2333 8333	087-018
RHB INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel. No.: +603 6257 5869	087-028
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel. No.: +603 4280 4798	087-054
RHB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel. No.: +603 9058 7222	087-058
TA SECURITIES HOLDINGS BERHAD	Floor 13-16, 23, 28-30, 34 & 35 Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel. No.: +603 2072 1277	058-003
UOB KAY HIAN SECURITIES (M) SDN. BHD.	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel. No.: +603 6205 6000	078-004
SELANGOR DARUL EHSAN		
AFFIN INVESTMENT BANK BERHAD	3 rd & 4 th Floor Wisma Meru No. 1, Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: +603 3343 9999	028-002
AFFIN INVESTMENT BANK BERHAD	Lot 229, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7729 8016	028-003

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (Cont'd)		
AFFIN INVESTMENT BANK BERHAD	1 st Floor, 20-22 SEA Park, Jalan 21/22, 46300 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7877 6229	028-006
AFFIN INVESTMENT BANK BERHAD	No. 79-1 & 79-C Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel. No.: +603 3322 1999	028-007
AMINVESTMENT BANK BERHAD	4 th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7710 6613	086-003
CIMB INVESTMENT BANK BERHAD	Level G & Level 1 Tropicana City Office Tower No. 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7717 3388	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7724 6888	066-002
HWANGDBS INVESTMENT BANK BERHAD	16 th , 18 th -20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel. No.: +603 5513 3288	068-002
HWANGDBS INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5635 6688	068-010
JF APEX SECURITIES BERHAD	3 rd , 5 th , 6 th & 10 th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel. No.: +603 8736 1118	079-001

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (Cont'd)		
JF APEX SECURITIES BERHAD	15 th & 16 th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7620 1118	079-002
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7862 6200	073-005
KENANGA INVESTMENT BANK BERHAD	55C (Level 2) Jalan USJ 10/1F 47610 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8024 1773	073-006
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7725 9095	073-016
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5621 2118	073-030
KENANGA INVESTMENT BANK BERHAD	35 (Ground, 1 st Floor & 2 nd Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: +603 3348 8080	073-035
MALACCA SECURITIES SDN. BHD.	No. 16, Jalan SS15/4B 47650 Subang Jaya Selangor Darul Ehsan Tel. No.: +603 5636 1533	012-002
MALACCA SECURITIES SDN. BHD.	No. 58A & 60A Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel. No.: 1300 22 1233	012-003

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (Cont'd)		
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millenium Square No. 68 Jalan Batai Laut 4, Taman Intan 41300 Klang Selangor Darul Ehsan Tel. No.: +603 3050 8888	098-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7718 8888	098-004
PM SECURITIES SDN. BHD.	No. 157 & 159, Jalan Kenari 23/A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: +603 8070 0773	064-003
PM SECURITIES SDN. BHD.	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel. No.: +603 3341 5300	064-007
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7873 6366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel. No.: +603 8736 3378	087-045
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel. No.: +603 6092 8916	087-047
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel. No.: +603 3343 9180	087-048

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (Cont'd)		
RHB INVESTMENT BANK BERHAD	Ground & First Floor No. 13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel. No.: +603 8070 6899	087-049
RHB INVESTMENT BANK BERHAD	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 6148 3361	087-051
RHB INVESTMENT BANK BERHAD	Unit 1B, 2B & 3B USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8022 1888	087-059
SJ SECURITIES SDN. BHD.	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40200 Shah Alam Selangor Darul Ehsan Tel. No.: +603 5192 0202	096-001
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel. No.: +603 8025 1880	058-005

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17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SELANGOR DARUL EHSAN (Cont'd)	2 nd Floor, Wisma TA	058-007
TA SECURITIES HOLDINGS BERHAD	No. 1A, Jalan SS 20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: +603 7729 5713	
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel. No.: +606 2898 800	065-006
KENANGA INVESTMENT BANK BERHAD	71 (Ground, A&B) & 73 (Ground, A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2881 720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A-1 and 26 & 26-1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel. No.: +606 3372 550	073-034
MALACCA SECURITIES SDN. BHD.	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang, 75250 Melaka Tel. No.: +606 3371 533	012-001
MERCURY SECURITIES SDN. BHD.	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2921 898	093-003
PM SECURITIES SDN. BHD.	No. 11 & 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel. No.: +606 2866 008	064-006
RHB INVESTMENT BANK BERHAD	No. 19, 21 & 23 Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2818 823	087-002

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
MELAKA (Cont'd)		
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel. No.: +606 2825 211	087-026
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel. No.: +606 2862 618	058-008
PERAK DARUL RIDZUAN		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd and 3 rd Floor No. 8, 8A-8C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2088 688	065-010
HWANGDBS INVESTMENT BANK BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel. No.: +605 8066 688	068-003
HWANGDBS INVESTMENT BANK BERHAD	2 nd & 3 rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2559 988	068-015
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2530 888	066-003
KENANGA INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 4 th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2422 828	073-022
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6222 828	073-026

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PERAK DARUL RIDZUAN (Cont'd)	Ground Floor No. 25 & 25A	073-031
KENANGA INVESTMENT BANK BERHAD	Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel. No.: +605 6939 828	
M & A SECURITIES SDN. BHD.	M & A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel. No.: +605 2419 800	057-001
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 No.42 Persiaran Greentown 1 Pusat Perdagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2453 400	098-002
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 17, Jalan Intan 2, Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6236 498	087-014
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel. No.: +605 6921 228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel. No.: +605 2415 100	087-023
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel. No.: +605 8088 229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel. No.: +605 4651 261	087-044

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PERAK DARUL RIDZUAN (Cont'd)	Ground Floor	087-052
RHB INVESTMENT BANK BERHAD	No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel. No.: +605 7170 888	
TA SECURITIES HOLDINGS BERHAD	Ground, 1 st & 2 nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel. No.: +605 2531 313	058-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel. No.: +605 6216 010	078-009
PULAU PINANG		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebuhr Pantai 10300 Georgetown Pulau Pinang Tel. No.: +604 2611 688	076-015
AMINVESTMENT BANK BERHAD	3 rd Floor, Menara Liang Court No. 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2261 818	086-004
AMINVESTMENT BANK BERHAD	Level 3 No. 15, Lebuhr Pantai 10300 Pulau Pinang Tel. No.: +604 2619 288	086-007
CIMB INVESTMENT BANK BERHAD	Ground Floor Suite 1.01, Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2385 900	065-003
HWANGDBS INVESTMENT BANK BERHAD	Level 2, 3, 4, 7 & 8, Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel. No.: +604 2636 996	068-001

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PULAU PINANG (Cont'd)	No. 2 & 4 Jalan Perda Barat	068-006
HWANGDBS INVESTMENT BANK BERHAD	Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel. No.: +604 5372 882	
INTER-PACIFIC SECURITIES SDN. BHD.	Ground, Mezzanine & 8th Floor Sentral Tower No. 3, Penang Street 10200 Pulau Pinang Tel. No.: +604 2690 888	054-002
KENANGA INVESTMENT BANK BERHAD	7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2283 355	073-023
M & A SECURITIES SDN. BHD.	332H-1 & 332G-2 Harmony Square, Jalan Perak 11600 Georgetown, Pulau Pinang Tel. No.: +604 2817 611	057-005
MALACCA SECURITIES SDN. BHD.	Prima Tanjung, Suite 98-3-13A Jalan Fettes, 11200 Tanjung Tokong Pulau Pinang Tel. No.: +604 8981 525	012-004
MERCURY SECURITIES SDN. BHD.	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth Pulau Pinang Tel. No.: +604 3322 123	093-001
MERCURY SECURITIES SDN. BHD.	2 nd Floor, Standard Chartered Bank Chambers 2 Lebuhr Pantai 10300 Pulau Pinang Tel. No.: +604 2639 118	093-004
PM SECURITIES SDN. BHD.	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel. No.: +604 2273 000	064-004
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel. No.: +604 3900 022	087-005

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
PULAU PINANG (Cont'd)		
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel. No.: +604 5402 888	087-015
RHB INVESTMENT BANK BERHAD	834, Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel. No.: +604 5831 888	087-032
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground-3 rd & 5 th -8 th Floor Lebuh Bishop 10200 Pulau Pinang Tel. No.: +604 2634 222	087-033
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel. No.: +604 6404 888	087-042
RHB INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel. No.: +604 8352 988	087-056
UOB KAY HIAN SECURITIES (M) SDN. BHD.	1 st Floor Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel. No.: +604 2299 318	078-002
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel. No.: +604 5541 388	078-003
PERLIS INDRA KAYANGAN		
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel. No.: +604 9793 888	087-060

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KEDAH DARUL AMAN		
ALLIANCE INVESTMENT BANK BERHAD	2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel. No.: +604 7317 088	076-004
HWANGDBS INVESTMENT BANK BERHAD	No. 70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: +604 4256 666	068-011
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel. No.: +604 4204 888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel. No.: +604 4964 888	087-019
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: +604 7209 888	087-021
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Lot 4, 5 & 5A 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel. No.: +604 7322 111	078-007
NEGERI SEMBILAN DARUL KHUSUS		
HWANGDBS INVESTMENT BANK BERHAD	Ground & 1 st Floor 105, 107 & 109, Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7612 288	068-007
HWANGDBS INVESTMENT BANK BERHAD	No. 6, Upper Level Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel. No.: +606 4553 188	068-013

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
NEGERI SEMBILAN DARUL KHUSUS (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	1C-1 & 1D-1, Ground & First Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7655 998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7669 555	098-005
PM SECURITIES SDN. BHD.	1 st , & 3 rd Floor 19-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7623 131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel. No.: +606 7641 641	087-024
RHB INVESTMENT BANK BERHAD	1 st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel. No.: +606 4421 000	087-037
RHB INVESTMENT BANK BERHAD	1 st & 2 nd Floor No. 168, Jalan Mewah (Pusat Perniagaan UMNO Bahagian Jempol) 72100 Bahau Negeri Sembilan Darul Khusus Tel. No.: +606 4553 014	087-040
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel. No.: +606 6461 234	087-046
JOHOR DARUL TAKZIM		
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1 st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel. No.: +607 7717 922	076-006

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
AMINVESTMENT BANK BERHAD	3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4342 282	086-002
AMINVESTMENT BANK BERHAD	18 th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 3343 855	086-006
HONG LEONG INVESTMENT BANK BERHAD (formerly known as MIMB Investment Bank Berhad)	Suite 25.02, Level 25 Johor Bahru City Square (Office Tower) No. 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2227 388	066-005
HWANGDBS INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108, Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2222 692	068-004
INTER-PACIFIC SECURITIES SDN. BHD.	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel. No.: +607 2231 211	054-004
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3333 600	073-004
KENANGA INVESTMENT BANK BERHAD	No. 31, Lorong Dato' Ahmad Jalan Khalidi 84000 Muar Johor Darul Takzim Tel. No.: +606 9542 711	073-008

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel. No.: +607 9333 515	073-009
KENANGA INVESTMENT BANK BERHAD	No. 33 & 35 (A & B) Ground Floor) Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel. No.: +607 7771 161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel. No.: +606 9782 292	073-011
KENANGA INVESTMENT BANK BERHAD	No. 24, 24A & 24B Jalan Penjaja 3 Kim Park Centre Batu Pahat, 83000 Johor Darul Takzim Tel. No.: +607 4326 963	073-017
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03, 16-03A Level 16 Menara MSC Cyberport No. 5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 2237 423	073-019
KENANGA INVESTMENT BANK BERHAD	No. 57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: +606 9531 222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel. No.: +607 4678 885	073-025
M & A SECURITIES SDN. BHD.	Suite 5.3A, Level 5 Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3381 233	057-003

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
M & A SECURITIES SDN. BHD.	26, Jalan Indah 16/5 Taman Bukit Indah 81200 Johor Bahru Johor Darul Takzim Tel. No.: +607 2366 288	057-006
MERCURY SECURITIES SDN. BHD.	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel. No.: +607 3316 992	093-005
PM SECURITIES SDN. BHD.	No. 41, Jalan Molek 2/4 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3513 232	064-005
PM SECURITIES SDN. BHD.	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4333 608	064-008
RHB INVESTMENT BANK BERHAD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel. No.: +607 2788 821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel. No.: +607 4380 288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel. No.: +606 9538 262	087-025
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel. No.: +607 5577 628	087-029

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel. No.: +607 9321 543	087-030
RHB INVESTMENT BANK BERHAD	Ground and 1 st Floor No. 40, Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel. No.: +607 7769 655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel. No.: +607 6626 288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel. No.: +606 9787 180	087-038
RHB INVESTMENT BANK BERHAD	1 st Floor, No. 2 & 4 Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel. No.: +607 9256 881	087-039
RHB INVESTMENT BANK BERHAD	Ground 1 st & 2 nd Floor Nos. 21 and 23 Jalan Molek 1/30 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3522 293	087-043
UOB KAY HIAN SECURITIES (M) SDN. BHD.	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel. No.: +607 3332 000	078-001
UOB KAY HIAN SECURITIES (M) SDN. BHD.	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel. No.: +607 6637 398	078-005

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
JOHOR DARUL TAKZIM (Cont'd)		
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 70, 70-01, 70-02 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel. No.: +607 3513 218	078-006
UOB KAY HIAN SECURITIES (M) SDN. BHD.	No. 171 (Ground Floor) Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel. No.: +607 5121 633	078-008
PAHANG DARUL MAKMUR		
ALLIANCE INVESTMENT BANK BERHAD	B400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel. No.: +609 5660 800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel. No.: +609 5057 800	065-007
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Jalan Tun Ismail 2, Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel. No.: +609 5171 698	073-027
RHB INVESTMENT BANK BERHAD	B32& B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel. No.: +609 5173 811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel. No.: +609 2234 943	087-022
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel. No.: +605 4914 913	087-041

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
KELANTAN DARUL NAIM		
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel. No.: +609 7430 077	087-020
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel. No.: +609 7432 288	058-004
TERENGGANU DARUL IMAN		
ALLIANCE INVESTMENT BANK BERHAD	Ground Floor & Mezzanine Wisma Kam Choon, 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6317 922	076-009
FA SECURITIES SDN. BHD.	No. 51 & 51A Ground, Mezzanine & 1 st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6238 128	021-001
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel. No.: +609 8583 109	087-027
RHB INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1 st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel. No.: +609 6261 816	087-055
SARAWAK		
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1 st Floor Jalan Abell 93100 Kuching Sarawak Tel. No.: +6082 244 791	086-005

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SARAWAK (Cont'd)		
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26, Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel. No.: +6082 358 606	065-004
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibu Sarawak Tel. No.: +6084 367 700	065-008
HWANGDBS INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No.1, Jalan Pending 93450 Kuching Sarawak Tel. No.: +6082 341 999	068-005
HWANGDBS INVESTMENT BANK BERHAD	No. 282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: +6086 330 008	068-016
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel. No.: +6085 435 577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93100 Kuching Sarawak Tel. No.: +6082 338 000	073-003
KENANGA INVESTMENT BANK BERHAD	No. 11-12 (Ground & 1 st Floor) Lorong Kampung Datu 3 96000 Sibu Sarawak Tel. No.: +6084 313 855	073-012
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2 nd Floor Lot 365, Section 50, Jalan Abell 93100 Kuching Sarawak Tel. No.: +6082 250 888	087-003

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SARAWAK (Cont'd)		
RHB INVESTMENT BANK BERHAD	Lot 170 & 171 Section 49, K.T.L.D. Jalan Chan Chin Ann 93100 Kuching Sarawak Tel. No.: +6082 422 252	087-008
RHB INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel. No.: +6085 422 788	087-012
RHB INVESTMENT BANK BERHAD	102, Pusat Pedada Jalan Pedada 96000 Sibu Sarawak Tel. No.: +6084 329 100	087-013
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel. No.: +6084 654 100	087-050
RHB INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No. 221, Parkcity Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel. No.: +6086 311 770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel. No.: +6084 319 998	058-002
TA SECURITIES HOLDINGS BERHAD	2 nd Floor Bangunan Binamas, Lot 138 Section 54, Jalan Pandung 93100 Kuching Sarawak Tel. No.: +6082 236 333	058-006

17. LIST OF ADAS (Cont'd)

Name	Address and telephone number	Broker code
SABAH		
CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel. No.: +6088 328 878	065-005
HWANGDBS INVESTMENT BANK BERHAD	Suite 1-9-E1, 9 th Floor, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu Sabah Tel. No.: +6088 311 688	068-008
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel. No.: +6088 236 188	073-032
RHB INVESTMENT BANK BERHAD	5 th Floor, Wisma BSN Sabah Jalan Kemajuan, Karamunsing 88000 Kota Kinabalu Sabah Tel. No.: +6088 269 788	087-010
RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel. No.: +6089 229 286	087-057
RHB INVESTMENT BANK BERHAD	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel. No.: +6088 258 618	087-036
UOB KAY HIAN SECURITIES (M) SDN. BHD.	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel. No.: +6088 234 090	078-011

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