



CREATING THE FUTURE, TODAY



MAGNUM BERHAD
197501002449 (24217-M)

INTEGRATED ANNUAL REPORT 2020

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This integrated annual report is available on the website at <http://www.magnum.my>



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CORPORATE PROFILE

Magnum Berhad, (197501002449) (24217-M) ("Magnum" or "Company") is the holding company for the Magnum Berhad Group of Companies. The Company was incorporated on 18 August 1975 as Multi-Purpose Holdings Berhad and has been listed on the Main Market of Bursa Malaysia Securities Berhad (previously known as Main Board of the Kuala Lumpur Stock Exchange) since 11 January 1982. The Company assumed its current name on 28 June 2013.

The Company is an investment holding company and, through its 100%-owned subsidiary, Magnum Corporation Sdn. Bhd. (196801000676) (8272-D) which was founded in 1968, is focused primarily on its licensed lottery business or 4-Digit ("4D") numbers forecast betting and its variation games.

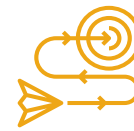
The principal activities of its other subsidiaries consist of management services and investment holdings.

For more information on the Magnum 4D business, kindly visit www.magnum4d.my.



OUR VISION

**INSPIRING HOPE TO OUR
COMMUNITY WITH PASSION
AND INNOVATION**



OUR MISSION

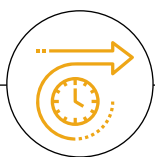
We make gaming an enjoyable, responsible and meaningful lifestyle experience, through innovative solutions that engage and uplift the quality of life across the wider communities we serve.



OUR CORE VALUES



**Start with
the Customer
and Do What
is right for
them**



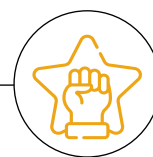
**Strive for
Long-Term
Sustainability**



**Always
find Green
Solutions**



**Renew and
Improve**







**Demand
Excellence**



**Earn Trust
and Preserve
Integrity**

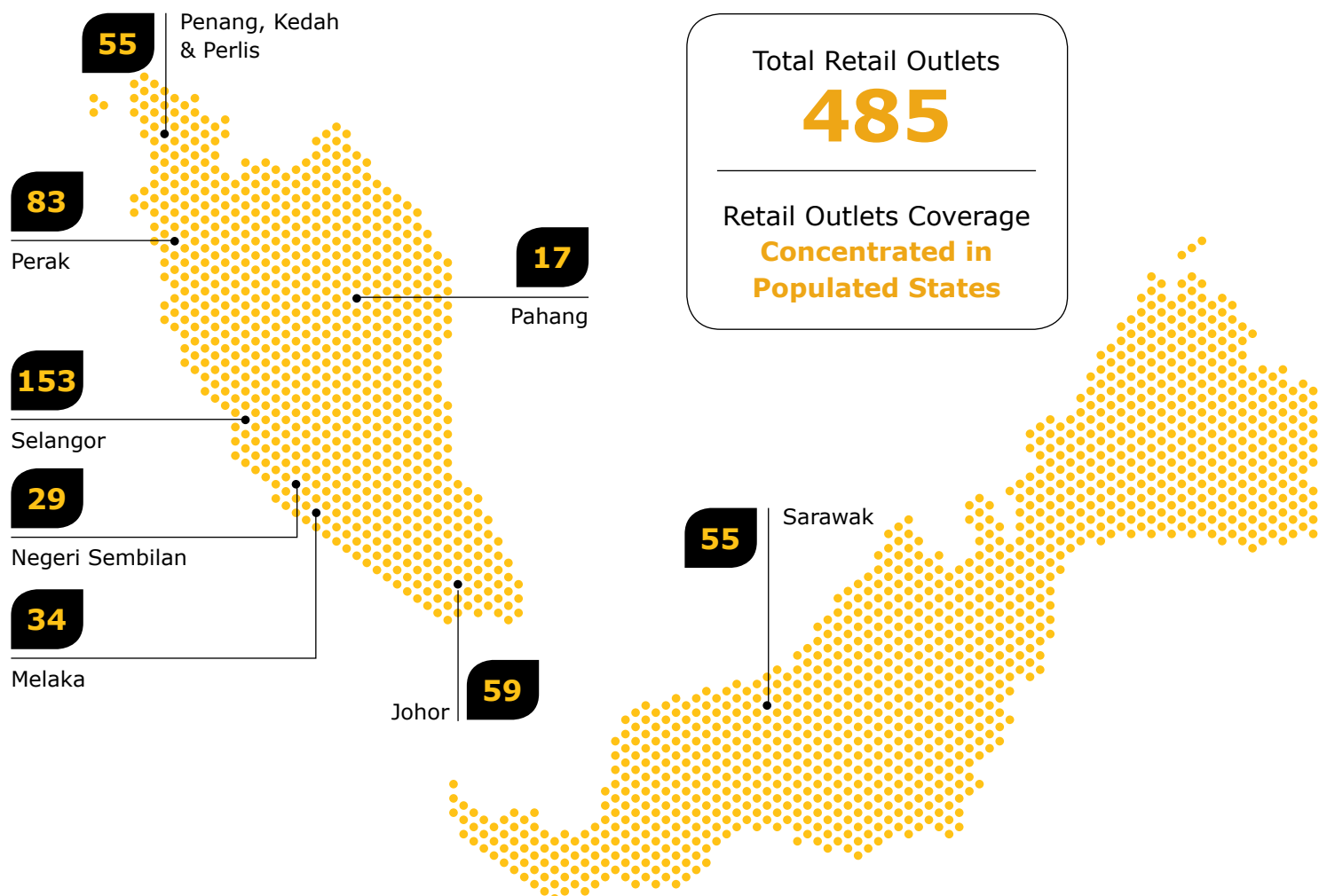


WHAT WE OFFER

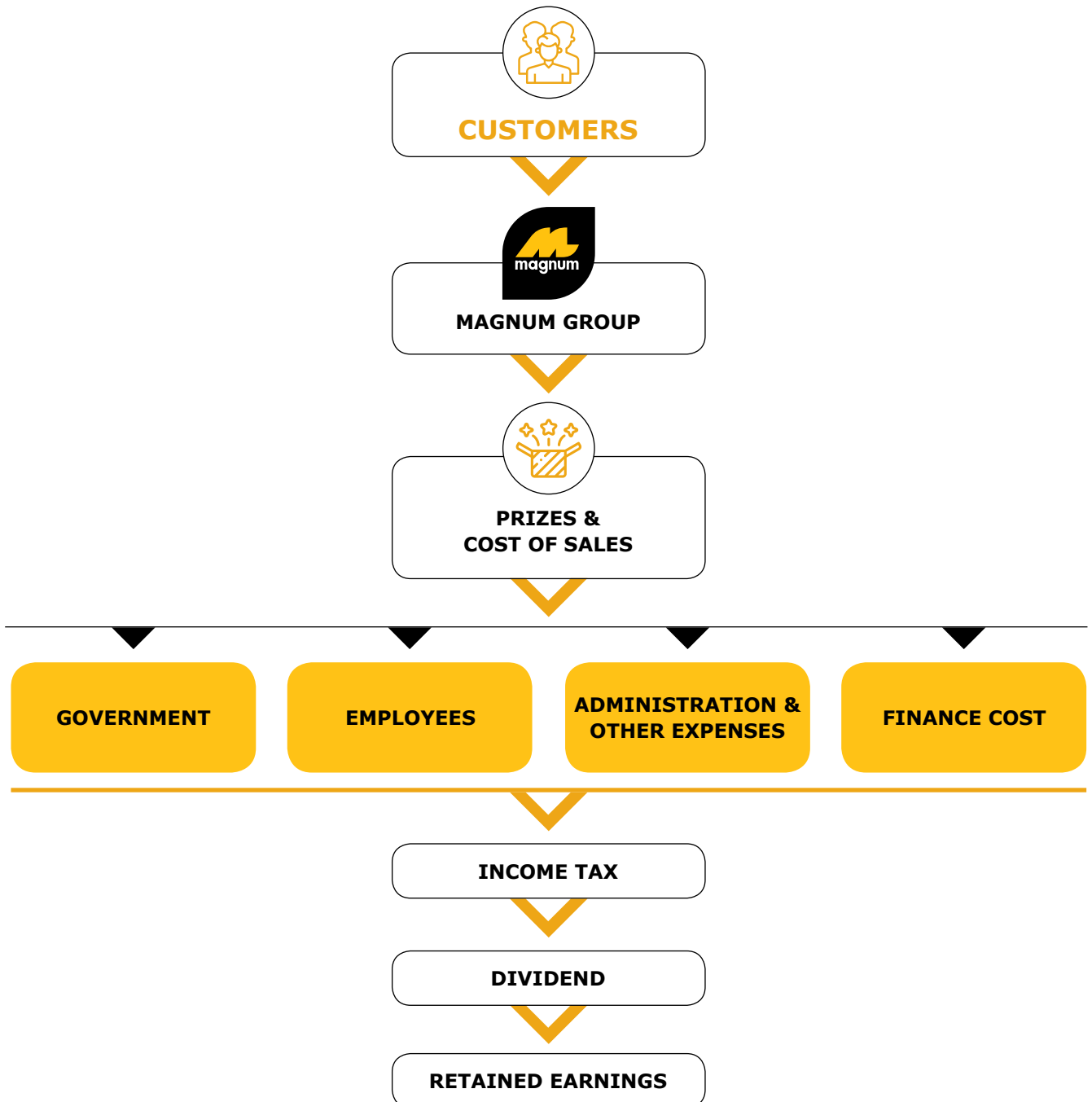
 <p>classic</p>	 <p>jackpot</p>	 <p>jackpot gold</p>	 <p>magnum life</p>
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WHERE WE OPERATE

RETAIL NETWORK



OUR BUSINESS MODEL



CORPORATE STRUCTURE

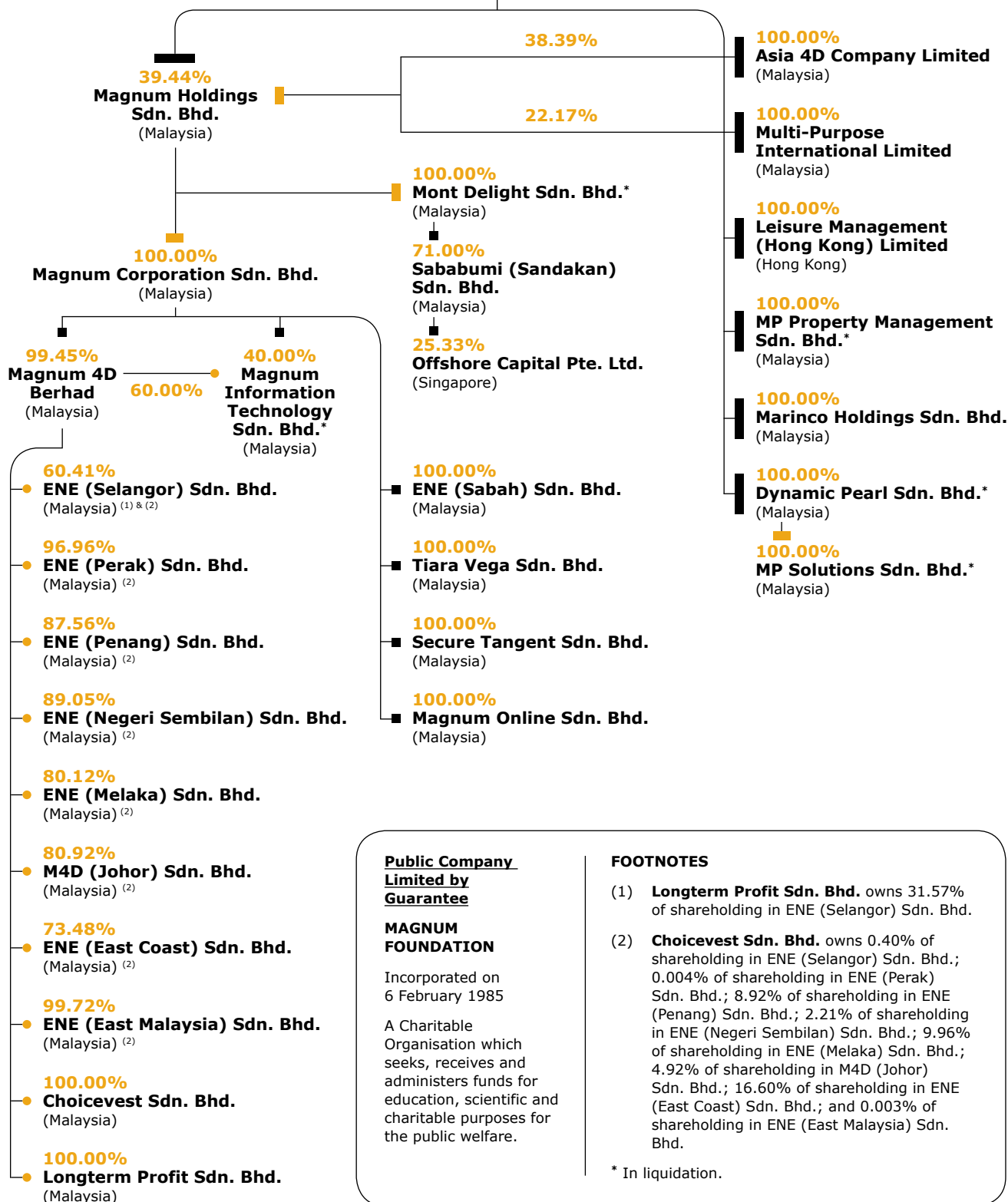
as at 1 April 2021



MAGNUM BERHAD

(Malaysia)

[Listed on Bursa Malaysia Securities Berhad]



CORPORATE INFORMATION

BOARD OF DIRECTORS

**TAN SRI DATO'
SURIN UPATKOON**

Non-Independent
Non-Executive Chairman

**DATO' LAWRENCE
LIM SWEE LIN**

Non-Independent
Executive Director

KRIAN UPATKOON

Non-Independent
Executive Director

**DATUK VIJAYARATNAM A/L
V. THAMOTHARAM PILLAY**

Non-Independent
Non-Executive Director

DATO' LIM TIONG CHIN

Independent
Non-Executive Director

JEAN FRANCINE GOONTING

Independent
Non-Executive Director

BOARD COMMITTEES

GROUP AUDIT COMMITTEE

Chairman

- **Dato' Lim Tiong Chin**

Members

- **Datuk Vijayaratnam a/l V. Thamotharam Pillay**
- **Jean Francine Goonting**

REMUNERATION COMMITTEE

Chairman

- **Tan Sri Dato' Surin Upatkoon**

Members

- **Dato' Lim Tiong Chin**
- **Jean Francine Goonting**

NOMINATION COMMITTEE

Chairman

- **Datuk Vijayaratnam a/l V. Thamotharam Pillay**

Members

- **Dato' Lim Tiong Chin**
- **Jean Francine Goonting**

GROUP RISK MANAGEMENT COMMITTEE

Chairman

- **Dato' Lim Tiong Chin**

Members

- **Dato' Lawrence Lim Swee Lin**
- **Jean Francine Goonting**

SECRETARIES

Leong Kuan Ying

SSM PC No. : 201908000848
(MAICSA 7041318)

Ng Sook Yee

SSM PC No. : 201908002432
(MAICSA 7020643)

REGISTERED OFFICE

35th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia

Tel No. : 603-2698 8033

Fax No. : 603-2698 9885

E-Mail : corporate@magnum.my

WEBSITE

www.magnum.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

Stock Name : MAGNUM

Stock Code : 3859

Sector : Consumer Products
& Services

SHARE REGISTRAR

Metra Management Sdn. Bhd.

35th Floor, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Malaysia

Tel No. : 603-2698 3232

Fax No. : 603-2698 0313

E-Mail : metrasrd@mweh.com.my

AUDITORS

Ernst & Young PLT,
Chartered Accountants

PRINCIPAL BANKER

Alliance Bank Malaysia Berhad

FIVE YEARS FINANCIAL HIGHLIGHTS

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	65,743	62,612	65,093	63,993	60,354
Right-of-use assets	17,731	15,703	-	-	-
Investment properties	533	540	546	553	580
Investment securities	398,985	398,730	370,454	256,062	249,052
Intangible assets	2,738,317	2,738,332	2,738,347	2,738,362	2,738,377
Deferred tax assets	5,536	8,691	11,529	7,637	11,140
	3,226,845	3,224,608	3,185,969	3,066,607	3,059,503
Current assets	349,096	378,797	569,995	465,793	573,355
TOTAL ASSETS	3,575,941	3,603,405	3,755,964	3,532,400	3,632,858
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	2,154,357	2,154,357	2,154,357	2,154,357	1,437,749
Reserves	238,549	353,112	327,796	355,796	1,008,510
Treasury shares	(1,163)	(30,205)	(30,205)	(30,205)	(30,188)
Shareholders' fund	2,391,743	2,477,264	2,451,948	2,479,948	2,416,071
Non-controlling interests	22,862	22,645	40,722	40,416	40,093
Total equity	2,414,605	2,499,909	2,492,670	2,520,364	2,456,164
Non-current liabilities	765,570	679,707	714,737	598,873	774,695
Current liabilities	395,766	423,789	548,557	413,163	401,999
Total liabilities	1,161,336	1,103,496	1,263,294	1,012,036	1,176,694
TOTAL EQUITY AND LIABILITIES	3,575,941	3,603,405	3,755,964	3,532,400	3,632,858
GROUP RESULTS					
Revenue	1,673,153	2,705,685	2,704,254	2,649,207	2,659,344
Profit before tax	143,976	343,207	313,333	306,626	284,490
Income tax expense	(122,530)	(102,064)	(205,287)	(97,319)	(91,568)
Profit for the financial year	21,446	241,143	108,046	209,307	192,922
Non-controlling interests	(219)	(1,918)	(2,657)	(2,837)	(3,266)
Profit attributable to owners of the Company	21,227	239,225	105,389	206,470	189,656
SELECTED RATIOS					
Basic earnings per share (sen)	1.5	16.8	7.4	14.5	13.3
Net assets per share (RM)	1.66	1.74	1.72	1.74	1.70
Dividend per share (sen)	8.5*	16.0	15.0	11.0	13.0
Return on equity (%)	0.89	9.66	4.30	8.33	7.85

* The Company's second interim dividend declared in August 2020 was in the form of share dividend via distribution of treasury shares on the basis of 1 treasury share for every 100 ordinary shares held. This share dividend was equivalent to approximately 2.04 sen per ordinary share.

CHAIRMAN'S STATEMENT

**DEAR VALUED
SHAREHOLDERS,**

**ON BEHALF OF THE BOARD OF
DIRECTORS OF MAGNUM BERHAD
("MAGNUM" OR "COMPANY"),
I AM PLEASED TO PRESENT OUR
FIRST INTEGRATED ANNUAL
REPORT FOR THE FINANCIAL
YEAR ENDED 31 DECEMBER 2020
("FY 2020").**



The year 2020 was characterised with turmoil and unprecedented challenges as the Covid-19 pandemic swept across the world. In Malaysia, the direct effects of the pandemic were felt most strongly in the imposition of various forms of the Movement Control Order ("MCO"). The restrictions on movement mobility starting with limited travel radius, inter-district and inter-state travel had tremendous impacts on many retail-based economic activities. Overall, the Malaysian economy recorded a negative growth of 3.4% in the year 2020.

The Number Forecast Industry was not spared the effects of the pandemic, most notably affected by the cancellation of 39 normal draws and 1 special draw during the lockdown. Amidst these difficult conditions, it is heartening to report that the Company remained profitable during the year, registering a revenue of RM1.67 billion in FY 2020, representing a decrease of 38.2% from RM2.70 billion recorded in FY 2019

and an operating profit of RM191.9 million for FY 2020 as compared to RM393.83 million for FY 2019. The Company's Profit After Taxation for FY 2020 was RM21.45 million as compared to RM241.14 million for FY 2019.

With the MCO taking effect in March 2020, the Company suspended gaming operations for 40 consecutive draws until mid-June 2020, when regulators permitted the reopening of gaming retail outlets under a strict Standard Operating Procedures ("SOPs") to curb the risk of spreading Covid-19. As of the end of December 2020, with the exception of shops in tourist areas, sales at most of our 485 retail outlets have recovered to at least 80% to 85% of pre-pandemic levels.

TRANSFORMATION DURING COVID-19

At the start of the year, the Company had launched a comprehensive internal review in preparation of our Transformation Programme. The MCO presented a timely opportunity for us to accelerate the first phase of digital transformation, resulting in wide adoption of online collaboration tools that facilitated the team's quick adaptation to working under the new normal. Coordinating and upskilling our 2,100-strong sales force across 8 regional offices can be conducted virtually, thus enabling constant learning even under lockdown. Our innovation teams have taken their Design Thinking practice into the digital realm, springboarding new initiatives rapidly throughout the year. It was through initiatives like this that we were able to deploy the technology and training needed to smoothly implement new SOPs and issue timely refunds for the hundreds of thousands of tickets affected by cancelled draws.

The positive reaction from customers and sales partners alike was a welcome validation that our customer-centric approach is having sustainable positive impacts on the Company's business. Moving beyond the pandemic, the Transformation Programme plan will leverage greater digitalisation to deliver rapid business intelligence, necessary to building a holistic customer-centric experience across all touchpoints.

As the Company is now embracing the concept of customer centricity by forgoing traditional business-driven strategies and adopting more customer-driven strategies, in order to have a sustainable sales growth and success going forward, we must understand the current customers' needs, as well as to ensure that we have the right internal and customer-facing

CHAIRMAN'S STATEMENT (cont'd.)

strategies, processes and marketing initiatives to satisfy them. The Company will be focusing on training and motivating our sales force and sales partners towards achieving the desired Magnum's objectives and values.

ACHIEVEMENTS

The Company's Re-imaging and Re-branding exercise to enhance Magnum's brand is nearing an important milestone. The Company has completed renovations of 90% of retail outlets nationwide and will complete the remainder in 2021, on-track and on-schedule despite the challenges of navigating the MCO's work and travel restrictions. Newly facelifted outlets were well received by the players, seeing marked improvements in footfall by a previously-difficult demographic to engage – younger casual players, particularly female office workers.

The Company has completed the final phase in our exercise to replace our Point-of-Sales terminals in all outlets nationwide, ending with the completion in

the States of Perak and Penang. With the completion of the old terminals' replacement, our customers will experience less downtime and quicker service. The resulting reduction in operational costs will see returns in the years to come.

The Company continued to invest in upskilling and training throughout FY 2020. To ensure that Magnum is fully equipped with innovators, ongoing courses in Design Thinking were pivoted to be conducted in virtual space. To succeed at our transformation initiatives, the Company will also recruit new talents to bridge skills gaps and expand every team's creativities at work, their personal lives and within their communities.

SUSTAINABILITY AND RECOGNITION

The Company continues to build a culture of team-wide participation in Environmental, Social and Governance ("ESG") initiatives. During the MCO lockdown, the ESG team recognised the urgent need to address fear, stress and uncertainty, supplanting community support with new activities towards improving mental well-being. Through social media platforms and our mobile app, marketing engagement was switched for social uplifting with the help and participation of our followers. We formed partnerships with radio stations to send Public Service Announcements to encourage the community to stay positive and strong.

Through our MagnumCares programme, volunteer staff carried out numerous CSR projects throughout the most challenging months, providing food to vulnerable communities, as well as sourcing and donating PPE gowns, masks and equipment to clinics.

I am pleased to report that Magnum Berhad maintains its listing on the FTSE4Good Bursa Malaysia Index since 2019, meeting globally-recognised standards for strong corporate responsibility practices. It is our responsibility to ensure that sustainability continues to be embedded in our Company's business and culture.

Magnum Corporation Sdn. Bhd. ("MCSB") also maintains the WLA Responsible Gaming Level 2 certification and we have plans to pursue the next level to demonstrate our commitment towards responsible and sustainable gaming.

Since 2013, MCSB has successfully attained the World Lottery Association's Security Control Standards certification (WLA SCS:2016). The WLA SCS:2016



CHAIRMAN'S STATEMENT (cont'd.)



certification requires the organisation to also achieve the ISO/IEC 27001:2013 certification, which means apart from maintaining a qualified Information Security Management System, we have fulfilled the requirements to uphold stringent controls for the integrity of the lottery business. We are proud of this achievement which benchmarks us internationally with global lottery players. The gaming business is subject to annual external audits by the WLA Certified auditors in order to maintain this certification.

SIGNIFICANT EVENT

On 31 December 2020, Multi-Purpose International Limited ("MPIL"), a Labuan Offshore subsidiary which is wholly owned by Magnum, had filed a Consent Order with the Labuan High Court to enter into a Consent Judgment with Inland Revenue Board ("IRB") for an amicable settlement amounted to RM80,620,684.56 for the years of assessment 2016, 2017 and 2018 and IRB shall not issue any form of assessment against MPIL on the same audit issues for future years of assessment including the year of assessment 2019 until the winding up of MPIL. As part of the settlement, IRB shall not raise any form of assessment on the same audit issues against the MPIL's related company known as Asia 4D Company Limited ("A4D"), another wholly owned Labuan Offshore subsidiary of Magnum, for the years of assessment from 2008 till the winding up of A4D.

The above amicable settlement represents a one-off and non-recurring adverse financial impact of 5.66 sen to the Group's Basic Earnings Per Share and Net Assets Per Share. I am pleased to inform that the Company will settle the above Consent Judgment sum through internally generated funds without much impact on the ability of the Company to pay future dividends going forward.

DIVIDENDS

The Company's dividend policy is to distribute at least 80% of its gaming profits after tax annually.

The Board had declared four interim dividends of an aggregate of 8.54 sen per share for FY 2020 which consist of 6.50 sen of cash dividends and 2.04 sen of share dividend, as compared to 16.00 sen per share for FY 2019, with the total payout equivalent to 569% of Group's Profit After Taxation. However, after discounting the additional tax and penalty settlement, the total payout amounted to 120% of the normal operational Group's Profit After Taxation. Furthermore, if based solely on cash dividends, the total payout will further reduced to 91% of the normal operational Group's Profit After Taxation.

APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank all our valued customers, sales partners, bankers and business associates, for your unwavering support and confidence in us. To all our supportive shareholders who have placed your belief in us, do accept our sincere thank you to all of you.

And to our Magnum Team, your indefatigable spirit and resourcefulness have carried us through a turbulent year filled with unpredictable challenges. As such, I wish to express my sincere thanks to you for standing together with us throughout. Together, we will continue to push forward with passion and innovation, inspiring hope in all the hearts that we touch.

Hence, I am looking forward to meeting you all at the forthcoming AGM.

TAN SRI DATO' SURIN UPATKOON
Chairman

29 March 2021

主席献词

各位股东，

各位股东，本人谨此代表万能有限公司("万能"或"本公司")董事局呈报2020年度(截至2020年12月31日)万能及其子公司的首份综合常年财务报告。



随着新冠疫情蔓延全球，2020年跌宕起伏并充满了前所未有的挑战。在马来西亚，多项行管令("MCO")的实施，对人们的生活带来了冲击。从一开始的行动限制，到跨县和跨州禁令的行动管制令，都对众多零售业的贸易活动带来了巨大影响。总体而言，马来西亚的经济在2020年录得3.4%的负增长。博彩业也无可避免，因疫情的影响，在封城期间取消了39次正规开彩和1次特别开彩。纵使面对逆境，本公司依然在本年度实现盈利，在2020财年取得16亿7千万令吉的总营业额，比2019财年的27亿令吉减少了38.2%。相较于2019财年的3亿9383万令吉，2020财年的营运利润为1亿9190万令吉。本公司在2020财年的税后盈利为2千145万令吉，而2019财年则为2亿4114万令吉。

随着行管令于2020年3月生效，本公司已暂停营业并连续中断了40次开彩，直至2020年6月中旬才得到监管机

构的允许可重新开放博彩投注站，唯须按照严格的标准作业程序("SOP")以遏制新冠病毒的传播风险。截至2020年12月，除了旅游区的投注站外，在我们的485家投注站中，大部分的营业额已恢复到疫情前至少80%至85%的水平。

新冠疫情期间的转型计划

今年初，本公司为筹备转型计划启动了全方位的内部审核。行管令适时为我们提供了机会以加速数字化转型的第一阶段，透过网上协作工具的广泛应用，有助团队快速适应新常态的工作程序。我们透过互联网协调并提高8个区域办事处的2,100位销售人员的技能，使员工在封城状态下也可以持续学习。我们的创新团队将“设计思维”实践于数字领域，并在年内迅速启动了新计划。通过这些举措，我们得以部署所需的技术和培训以顺利实施新的标准作业程序，并及时为因取消开彩而受影响的数十万张万字票进行退款。

顾客和销售伙伴的积极反应令人鼓舞，证明我们以顾客为中心的导向，为公司业务带来了可持续的积极影响。转型计划跨越疫情持续推进，将采用更广泛的数字化操作以提供迅捷的商业智能方案，这对于在所有销售点建立以顾客为中心的整体体验必不可少。

鉴于本公司现已摒弃传统的商业导向经营策略，转而采用以顾客为导向的经营策略，为了实现可持续的销售增长和成功，我们必须了解当前顾客的需求，同时确保我们拥有正确的内部和面向顾客的策略、流程和营销计划以满足我们的顾客。本公司将专注于培训和激励我们的销售人员和销售伙伴，以进一步迈向万能理想的目标和价值。

卓越成就

本公司为加强万能品牌所进行的形象和品牌重塑工作已接近一个重要的里程碑。本公司已经完成了全国90%投注站的翻新工程，尽管因行管令致使工作和行动受到局限，本公司依然会在2021年按计划和进度完成剩余的翻新工程。焕然一新的投注站受到了玩家们的喜爱，客流量可见显著增长，成功吸引了以往很难触及的顾客群，即年轻的休闲玩家，尤其是女性上班族。

主席献词 (延续)

随着霹雳州和槟州完成了销售终端机替换工作，本公司在全国投注站的销售终端机替换工程也因此进入了最后的阶段。换了新的销售终端机后，停机次数将得到改善，我们的顾客也将体验到更快的服务。随之而来的营运成本的降低将可在未来几年内取得回报。本公司在整个2020财年持续投资于技能提升和培训。为了确保万能拥有更多会创新的员工，现有“设计思维”课程将于网上持续进行。为了成功实现我们的转型计划，本公司还将招募新人才以衔接技能差距，并拓展每个团队对工作、个人生活和社会的创造力。

可持续发展与认证

本公司持续致力于在团队间建立参与环境、社会和治理(ESG)倡议的企业文化。在行管令封城期间，ESG团队意识到有缓解不安、压力和不确定的迫切需求，故此以改善心理健康的新活动来取代社区支援活动。在追随者的帮助和参与下，我们透过社交平台和手机应用程序，把营销互动转换为社会关怀。我们与广播电台建立了合作伙伴关系，以发送公共服务公告来鼓励社群保持积极和坚强的心态。

透过我们的万能爱心(“MagnumCares”)计划，员工志愿者们在最艰难的几个月里开展了许多企业社会责任项目，为弱势社群提供食物，并采购和捐赠PPE隔离衣、口罩和设备给众多诊所。

我很高兴地向大家报告，自2019年以来，万能有限公司持续入榜富时马交所社会责任指数(FTSE4Good Bursa Malaysia Index)，符合全球公认的强大企业责任实践标准。我们的责任是确保可持续性一直植根于公司的业务和文化中。

万能私人有限公司依然保持世界彩票协会负责任博彩框架的二级认证(WLA Responsible Gaming Level 2 Certification)，我们计划追求更高水平以证明我们对负责任和可持续博彩的承诺。

自2013年以来，万能私人有限公司已成功获得世界彩票协会的安全控制标准认证(WLA SCS: 2016)。WLA SCS: 2016认证要求企业还必须获得ISO/IEC 27001: 2013认证，这意味着除了保持合格的信息安全管理系统之外，我们也符合了对彩票业务的诚信进行严格管控的要求。我们为此感到自豪，这项成就使我们在国际上能与全球彩票业者并肩而立。博彩业务必须接受世界彩票协会认证审核员的年度外部审核方可保持此认证。



主席献词

(延续)



重要事件

万能全资拥有的纳闽离岸子公司Multi-Purpose International Limited(“MPIL”)于2020年12月31日向纳闽高等法院提交了同意书以与税务局(IRB)达成协议，在2016、2017和2018课税年度的和解金额为80,620,684.56令吉，税务局不会在未来课税年度(包括2019课税年度)的相同审计问题对MPIL发出任何形式的课税评估直至MPIL清盘。作为和解的一部分，税务局不得对MPIL的关联公司Asia 4D Company Limited(“A4D”)，即万能另一家全资拥有的纳闽离岸子公司，从2008课税年度直至A4D清盘，对同一审计问题进行任何形式的评估。

上述和解协议对集团的每股基本收益和每股净资产造成了5.66仙的一次性且非经常性的不利财务影响。然而，我很高兴地通知大家，本公司将通过内部筹集的资金来结算上述同意书判决的金额，因而不会对本公司支付未来股息的能力产生太大影响。

股息

公司的派息政策是每年派发不少于博彩年度税后盈利之80%的股息。董事会已在2020财年宣布了四次中期股息，合计为每股8.54仙，其中包括6.50仙现金股息和

2.04仙股票股息，而在2019财年则为每股16.00仙，总派息相等于集团税后盈利的569%。然而，在扣除额外税务和罚款后，总支出达到了正常营运的集团税后盈利的120%。另外，如果仅计算现金股息，总支出将进一步减少至正常营运的集团税后盈利的91%。

至诚感谢

我谨代表董事会借此机会感谢我们所有尊贵的顾客、销售伙伴、银行及商业伙伴，感谢你们一直以来给予的坚定支持和信心。对于所有信任并支持我们的各位股东，请接受我们由衷的感谢。感谢我们的万能团队，你们不屈不挠的精神和卓越才智推动我们跨过充满艰巨挑战的动荡一年。在此，我衷心感谢你们一直以来与我们风雨同行。未来，让我们继续携手合作，怀揣激情和创新跨步前进，为人们点燃希望。期待在来届的股东会员大会，我们再见！

TAN SRI DATO' SURIN UPATKOON

主席

2021年3月29日

STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Magnum Berhad ("Magnum or Company") is principally engaged in investment holding activities while its main subsidiaries are primarily involved in the operations, management and sales of four digit ("4D") numbers forecast betting and its variation games.

Magnum, through its wholly owned indirect subsidiary, Magnum Corporation Sdn. Bhd. ("MCSB"), holds a license to operate the 4D numbers forecast betting and its variation games. MCSB currently has 4 games in its games portfolio, namely the 4D Classic, 4D Jackpot, 4D Jackpot Gold and Magnum Life game. The 4D Classic game remains the best selling game in Malaysia, whilst the 4D Jackpot game remains as the most popular Jackpot game surpassing even any of the local Lotto Jackpot games. MCSB through its 8 gaming subsidiaries, which acts as area agents, has an agency network of 485 sales outlets.

FY 2020 has proven to be a challenging year for the Number Forecast Operator ("NFO") industry. The Covid-19 pandemic led to an economy lockdown and months-long closure of many businesses which has caused a cancellation of 39 normal draws and 1 special draw during the lockdown and the strict ongoing Standard Operating Procedures ("SOPs") would limit the serving capacity of NFO retail outlets.

On 31 December 2020, the Company's wholly owned Labuan Offshore subsidiary, Multi-Purpose International Limited, secured an amicable settlement with Director General of Inland Revenue ("DGIR") that has finally resolved a tax dispute that escalated into a legal case before the High Court of Labuan.

BUSINESS PERFORMANCE

A) REVENUE

The Group recorded a revenue of RM1.67 billion for the financial year ended 31 December 2020 ("FY 2020"), significantly lower as compared to RM2.70 billion recorded in the previous financial year, representing a 38.2% decrease or RM1.03 billion.

The lower revenue is attributable to the cancellation of 40 draws in the first and second quarters during the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") period in FY 2020. However, the Government of Malaysia has on 10 June 2020 reduced

the degree of movement control to Recovery Movement Control Order ("RMCO") where almost all the economic and social activities were allowed subject to conditions such as the implementation of standard operating procedures ("SOP") which includes contact tracing, social distancing, hand sanitiser, masks as well as measurement of body temperature at all our outlets. Accordingly, the Group resumed its gaming business on 17 June 2020.

Comparing on absolute amount, without SST impact, and on a sales per draw basis, the overall sales per draw for FY 2020 has decreased by 18.0% as compared to FY 2019. The 4D Jackpot game suffered the highest reduction in percentage term as 4D Jackpot sales in FY 2019 has benefitted from a prolonged Jackpot runs in January and June 2019 and as a result, the average accumulated Jackpot size in FY 2019 were also much higher compared to FY 2020. The Magnum Life game recorded the second highest reduction in percentage term as the new game's sales settled after the earlier years' of intense awareness and marketing campaigns for Magnum Life game. The 4D Classic game also suffered a double-digits reduction in percentage term as a result of massive proliferation of illegal operators, especially during the period where all legal NFOs were not allowed to operate for 40 consecutive draws in FY 2020. Lastly, the 4D Jackpot Gold game recorded only a marginal reduction as the mGold variant received good players' acceptance.

In the absence of legal NFOs operating in the whole of Malaysia for the abovementioned period, illegal operators took advantage of the pandemic by expanding and solidifying their market share via mobile channels, relying on 4D results from other regional countries such as Cambodia. A challenge that the legal NFO industry faces now is



STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS (cont'd.)



Heritage Building Sales Outlet in Pulau Tikus, Penang

in winning back customers who have been enticed into these illegal platforms.

Nevertheless, the legal NFOs will continue to lobby the various Government agencies to further enforce tighter controls on these illegal operations as these illegal activities posed a huge leakage to the finances of the country. The legal NFOs would also urge the Government to quicken the process to introduce legal amendments that impose stiffer mandatory penalties for participation in illegal gambling activities, as well as to consider allowing legal NFOs to use modern channels to conduct retail activity.

On the Custom Appeal Tribunal case for the dispute in relation to the determination of the value of Gaming Supply in computation of GST, it has now been escalated to the High Court for hearing on 1 July 2021. If the High Court rules in our favour, it will have a positive financial impact on our future earnings.

The revenue of Investment Holdings and Others segment was marginally lower at RM0.34 million in FY 2020 as compared to RM0.65 million for FY 2019 mainly due to lower dividend income from investment.

B) COSTS AND EXPENSES

In tandem with reduction in gaming revenue, the total costs and expenses before finance costs of the Group had decreased from RM2.33 billion in FY 2019 to RM1.49 billion in FY 2020. The reduction of RM840 million was mainly due to:

- (i) Reduction of Cost of Sales amounting to RM839.20 million as a result of cancellation of 40 draws in FY 2020. The above reduction

was mitigated by lower prizes payout which has decreased by 0.4% or RM6.8 million in FY 2020.

- (ii) Other expenses in FY 2020 has increased by RM3.34 million predominantly due to tax penalty amounting to RM16.72 million payable to DGIR in accordance to the Consent Judgment provided for FY 2020, and
- (iii) The overall administrative expenses reduced by RM2.54 million which is consistent with lower gaming revenue generated in FY 2020.

C) PROFIT BEFORE TAX ("PBT")

The Group's PBT for FY 2020 at RM143.98 million was significantly lower by RM199.23 million when compared to the PBT for FY 2019 of RM343.21 million. This decrease was mainly attributed to the cancellation of 40 draws in FY 2020 as well as the tax penalty amounting to RM16.72 million payable to DGIR in accordance to the Consent Judgment provided for FY 2020.

D) PROFIT AFTER TAX ("PAT")

PAT of the Group for FY 2020 at RM21.45 million has decreased significantly when compared to the previous year's PAT of RM241.14 million. This decrease was mainly attributed to the cancellation of 40 draws in FY 2020 as well as the additional tax and penalty amounting to RM80.62 million payable to DGIR in accordance to the Consent Judgment provided for FY 2020.

E) LIQUIDITY AND CAPITAL RESOURCES

The Group has financed its capital expenditure and working capital requirements principally through cash generated from its operations.

The Group's Cash and Bank Balances stands at RM272.52 million for FY 2020 as compared to RM306.86 million for FY 2019. Among the factors that had contributed to the lower Cash and Bank Balances are instalment payments to DGIR for the above tax dispute settlement with DGIR, the replacement of the Point-of-Sales terminals at some of our selling outlets and implementation of our Re-branding and Re-imaging Exercise.

As the Group enjoys continuous strong cash flows generated from operations, this had enabled the Group to invest into the business with the primary objective of sustaining the Group's growth in future.

STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS (cont'd.)

F) GEARING

MCSB had issued Medium Term Notes ("MTN") totaling RM1 billion under its 20 years MTN programme in September 2012 and utilised to pay off its term loan obtained to finance its selective capital repayment exercise in 2008.

In September 2020, one of the MTN's series which amounted to RM225 million had matured and MCSB had refinanced RM175 million via the issuance of two new MTN series in 2020 while redeeming RM50 million MTN for cash from its internally generated funds. To take advantage of the low interest rate in the market, MCSB had issued another new MTN Series amounting to RM100 million on 16 November 2020, thus bringing the total MTN to RM950 million.

With the above refinances, the gearing ratio of the Group as at end of FY 2020 stands at 36.9% as compared to 32.0% as at end of FY 2019. This ratio is calculated as net debt divided by equity attributable to owners of Magnum. Included within net debt are borrowings, payables less cash and bank balances and short-term deposits.

whole of Malaysia, except Sarawak until 18 February 2021.

During this period, gaming revenue were significantly affected as we were not allowed to conduct sales for 18 draws in total in the above states. Nevertheless, our gaming business has resumed on 16 February 2021 as approved by Ministry of Finance. The financial impact from MCO 2.0 is expected to be less severe than last year's MCO.

With the implementation of nationwide Covid-19 vaccination programme which started on 24 February 2021, it is expected that the business environment will gradually return to normalcy.

Notwithstanding the industry recovery in the near term, the NFO industry continues to operate in a very challenging environment amidst intense competition from illegal operators. Whilst illegal operators had relied heavily on digital sales platforms to avoid easy detection by authorities, they have inadvertently chipped away revenue from all the legal NFO industry's market share resulting in a reduction on the tax revenues for the Government. The NFO industry players are hopeful that the Government's proposal to introduce stiffer mandatory penalties for illegal gaming activities will be approved soon in order to reduce these leakages.

To tackle these challenges and with an eye on the future, the Company has embarked on a Transformation Programme in which the Company has set ambitious deliverables and goals following this Transformation journey.

This Statement was approved by the Board on 29 March 2021.

PROSPECT & MARKET OUTLOOK

The Covid-19 pandemic is forecasted to continue to evolve globally into FY 2021. As a result, the Government of Malaysia had reimposed a second Movement Control Order ("MCO 2.0") from 13 to 26 January 2021 covering various states namely, Selangor, Penang, Melaka, Johor, Sabah and Wilayah Persekutuan, and later extended to the



SUSTAINABILITY STATEMENT

OVERVIEW

As Magnum Berhad ("Magnum" or "Company") presents the fifth consecutive edition of our annual Sustainability Report, the year 2020 has been a year of turmoil. Pursuing sustainability in business and community has now taken on a broader meaning for Magnum during the pandemic. Our commitment to our employees' well-being, high standards of integrity and ethical conduct, diversity and inclusiveness, and professional development are constantly improving our company from within.

This sustainability report provides an overview of our approach, strategies, initiatives, performance and achievements to create long-term environmental, social and governance values for our stakeholders. We progressively review to evaluate and make necessary improvements in our approach in order to reach for even higher targets.

Our Company's commitment and efforts to incorporate sustainability in our business has received recognition by our inclusion into the FTSE4Good Bursa Malaysia Index for the second successive year.

RESPONDING TO COVID-19

Reinforcing our priorities in making a difference to our people and the larger communities

Under the pandemic, the Company's business was adversely affected by the unprecedented nationwide closure of all of our retail outlets for more than 3 months resulting in the cancellation of 40 draws. Despite this setback, our focus on sustainability remained intact. As we reopened, our priorities shifted towards the health and safety of employees, sales partners, customers and the communities.

The Company was an early donor to support the communities by reallocating RM1 million of operating budget to The Edge Covid-19 Epidemic Funds, with RM500,000 going to the Covid-19 Equipment Fund for the purchase of medical equipment such as protective suits (PPE), face masks and ventilators, and another RM500,000 going to the Covid-19 Health Care Workers Support Fund for providing financial assistance to healthcare workers who are infected while caring for Covid-19 patients.

The Company also collaborated with NGOs and welfare homes to sponsor the sewing of PPEs for the nation's frontliners as well as provide food necessities to vulnerable communities. At the start of the Movement Control Order ("MCO") in mid-March, many employees were caught in a situation where they entered lockdown without face masks on hand, and they would face risks leaving their residences to search during the period of scarce availability. The Company immediately coordinated a nationwide effort to deliver face masks, hand sanitisers and gloves to all the employees directly to their homes. We quickly followed with a second round of PPE delivery to our sales agents and frontliners across all states.

Working together with our NFO industry peers, we developed specialised outlet SOPs above and beyond the requirements of retail stores, facilitating a smooth flow of traffic and ensuring safe social distancing of staff and customers alike. In recovery, we continued to implement strategies to grow trust in our brand by focusing communications to reinforce responsible social distancing habits. This resulted in a safe environment for our customers and sales force, not just in stores but in their daily lives too. Against the backdrop of a challenging economy and the uncertainties in the operating environment, we remain steadfast in our commitment to provide consistent and reliable services to our customers, building confidence in the road to recovery.

With the MCO restricting progress of most of our planned projects, the completion of the final phase of our nationwide Rebranding & Reimaging exercise to renovate ageing outlets has been postponed from our original target of the 3rd Quarter of 2020. Despite the restrictions, we have achieved 90% completion of all retail outlets renovations. As the situation improves, we target to complete this exercise before the end of 2021.

Central to realising our Company Vision and Mission, we have embarked on our "Magnum Beyond 2025" Transformation journey. We have planned diverse initiatives spanning all business units, all of which anchor to our core values of trust, people and excellence, customer-centricity, continuous improvement, long-term sustainability and green solutions. We are targeting for measurable improvements in process and culture, improving the way we work by reviewing and optimising work processes to sustainably increase efficiency and effectiveness.

SUSTAINABILITY STATEMENT (cont'd.)



As we progress, digital transformation will play an important role in not just driving efficiency, but also to reduce the environmental impact of our business. We have started progressively migrating manual, paper-based tasks to take advantage of readily-available mobile technology, hence helping us to achieve our environmental sustainability goal in reducing dependencies on paper.

We are mindful of the perceived stigma associated with gaming and hence we take Responsible Gaming seriously to communicate and ensure that our players continue to play our game for fun and enjoyment. The attainment of the World Lottery Association's Responsible Gaming Level 2 Certification attests to our commitment towards making Responsible Gaming a core pillar of our business model. To this end, we are now working towards Responsible Gaming Level 3 Certification.

Our Business Continuity Plan ("BCP") stood the test of the pandemic outbreak. Prior to the Covid-19 outbreak, key operational teams had already nearly completed a planned migration of all essential staff from fixed workstations to mobile laptops, with the appropriate software and training to work remotely. As such, during the MCO there was very little disruption to the day-to-day operations of the business. During this period, virtual meetings and virtual conferences have become the normal engagement tools that allowed us to accelerate the progress and cultural acceptance of digital transformation.

The initial 3 month MCO lockdown quickly raised the need to develop young leaders throughout the

Company to step up and provide decisive guidance, emotional support and ingenuity. A special committee comprising Senior Management staff that was formed to assess and mitigate risks to business continuity, was also tasked to mentor young staff with the potential to lead under adverse conditions. Under the stewardship of these young leaders, new remote-working cultures developed quickly, showing up in the form of video townhalls, remote teaching, and even video fitness classes to encourage physical well-being.

Looking ahead, the year 2021 remains challenging but hopeful. With the progressive rollout of the Covid-19 vaccines through the country's National Covid-19 Immunisation Programme, we must continue to push the message of hope while taking careful steps towards recovery.

SCOPE

This report encompasses the sustainability management and performance of Magnum, its principal subsidiaries and our entire business operations, and this report cover its principal operations in driving a sustainable business by providing a complete overview of our operations within this scope and the data presented is a fair representation of our performance. This report discloses our environmental, social and governance ("ESG") opportunities and risks and highlights our approach to managing them.

Magnum conducts its business primarily in the domestic market. The business is managed by

SUSTAINABILITY STATEMENT (cont'd.)

the sole agent Magnum 4D Berhad and the 8 Area Agents in Selangor (including Federal Territory of Kuala Lumpur), Perak, Penang, Negeri Sembilan, Melaka, Johor, Pahang and Sarawak (including Federal Territory of Labuan). The 8 Area Agents are responsible to manage the retail outlets in their respective jurisdiction. Magnum operates via 485 lottery retail outlets strategically located nationwide, other than in the States of Kelantan, Terengganu and Sabah. The retail side of the lottery business is solely conducted in dedicated in-store retail shop, while the lottery draw is conducted at Wisma Magnum in Kuala Lumpur.

REPORTING PERIOD

The information in this report covers the reporting period from 1 January 2020 to 31 December 2020. This report has been prepared with reference to the Sustainability Reporting Guide and Toolkits, issued by Bursa Malaysia Securities Berhad.

SOURCES AND DATA GATHERING SYSTEMS

The contents of this report are based on the results of extensive stakeholders' engagement, which involves both internal and external stakeholders and other interested parties. Data sources include interviews, market surveys, target focus group studies, brainstorming sessions, research, stakeholders'

dialogue, review of peers' sustainability related articles and other studies to identify the most significant trends in the gaming sector covering international and domestic market and the wider domestic industry. With regards to the contents of activities, wherever possible, we have included the most recent up-to-date trends.

This report has not been audited by an external organisation or agency, and to the best of our knowledge and in accordance with agreed procedures, we have strong data collection controls and verification processes that ensure the information presented are accurate and complete; external assurance will be considered for future editions once our reporting system matures.

FEEDBACK

We are fully committed to listening to our stakeholders and we welcome feedbacks, suggestions, comments, thoughts and remarks pertaining to this report as well as to any aspect of our sustainability performance, which should be directed to our registered office at:

Magnum Berhad

35th Floor, Menara Multi-Purpose,
Capital Square,
No.8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia

Tel: +603 26988033 or Fax: +603 26989885
Email to: corporate@magnum.my

OUR SUSTAINABILITY APPROACH



SUSTAINABILITY STATEMENT (cont'd.)

PRINCIPAL RISKS AND OPPORTUNITIES

PRINCIPAL RISKS

- Increase in gaming taxation to boost government revenue
- Overzealously strict regulatory bodies and authorities
- Changing political landscape may trigger unexpected business disruptions
- Persistent political pressure to curb or close down gaming operator
- Negative perception of gaming associating with social ills instead of playing for fun
- Misconception that gaming is a source for money laundering
- Potential further loss in revenue due to tightening of MCO to curb the spread of Covid-19
- Persistent unregulated competition from illegal lottery operators and various form of online gaming
- A soft economic domestic market that affects the disposable income of the people
- Increasing cost of living resulting in decline in disposable income and consumer demand
- Relaxation by enforcement agencies cracking down on illegal gaming operators
- Reduce footfalls due to fear of contracting Covid-19 at retail outlets
- Ageing customer base
- Regulatory hurdles in introducing strategic transformative changes to the business post Covid-19

PRINCIPAL OPPORTUNITIES

- Strict compliance to all regulators and authorities conditions so as to safeguard public interest, health compliance, consumer protectionism, tax compliances and be a responsible corporate citizen
- Improving up-selling skills of our sales force to promote and sell wider range of products and uplift service level
- Promoting "Responsible Gaming" to customers on the need to play for fun
- To promote and encourage customers to buy from licensed lottery and not from illegal operators
- Evolving customer experience by way of embracing new digital technologies
- Encouraging young advocates of disruption to challenge conventional practices
- Increased market receptiveness towards customer-centric strategies
- Expansion of more customer support initiatives to enhance customer experience
- Developing effective marketing programmes & strategies to offer more rewards and benefits to our customers
- Pursue innovation to revitalise the brand value and best-in-class product
- Expansion of latest social media engagement platform, like Tik Tok to widen engagement touchpoint with customers
- Reimaging of retail outlet to give it a fresh brand new look to attract more footfalls
- Increasing customer interactions through Mobile app to provide suite of convenience and better brand affinity
- Potential acceptance of allowing e-commerce for gaming sales by regulators post Covid-19 for business continuity and maintaining tax revenue
- Leveraging on technology (such as AI, big data) to understand and gain deeper insight into customers' behaviour
- Designing fresh ways to play games to appeal to and to capture new market segment of players
- Integrate digital along traditional channels to a wider gaming experience
- Accelerate digital transformation to support the business
- Adapting rapidly to a whole new way of working enabling uninterrupted business activities while working from remote site - working from home/anywhere

SUSTAINABILITY STATEMENT (cont'd.)

ENGAGEMENT WITH STAKEHOLDERS



To identify material issues, we engage with our stakeholders regularly to understand their concerns, priorities and consider their feedback in determining our sustainability practices. Through our close engagement relationship with the different groups of stakeholders, we are able to collectively identify potential sustainability challenges, risks and opportunities and address issues gathered from diverse groups of expertise in achieving a greater positive impact on our business activities. The stakeholder engagement process elicits feedback to provide deeper insight into identification and prioritisation of material issues that influence our decision-making that mutually beneficial after assessing the positive ESG impact on stakeholders.

We place great importance on the views of key stakeholders and define our stakeholder as interested parties whom our business has a significant impact on with vested interest in our operations. We believe that active engagements together with close working partnership with our stakeholders are paramount in addressing sustainability concerns and these engagements are useful in developing and refining corporate policies and commitments, especially in the wake on the outbreak of the Covid-19 pandemic. Consequently, we stand steadfast with our commitment to create a sustainable and long-term business growth, while leading and shaping positive changes for our marketplace and customers, the communities we operate in and the environment.

SUSTAINABILITY STATEMENT (cont'd.)

We have conducted an extensive review and found that majority of this year's materiality matrix still remained relevant to our businesses and stakeholders.

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
 CUSTOMERS	<ul style="list-style-type: none"> • Customer Support Centre • Face-to-face engagement • Social media platforms • At point of sale • Focus group • Webmaster • Customer survey • Press releases • Roadshow • Walk-about programme & campaign • Market survey • Prototyping project engagement • On ground engagement 	<ul style="list-style-type: none"> • Enhancing customer service levels and satisfaction • Integrate customer feedback into products and services that provide effective assistance to customer • Adhering to Responsible Gaming policy • Enable continuous improvement to drive efficiencies • Increase customer satisfaction to advance brand loyalty • Improving process efficiency • Ensuring protection against ticket fraud and scams • Protecting customer personal data privacy • Earn and maintain trust of customers • Creating awareness on responsible gaming • Meeting customers' trust and satisfaction • Product responsibility • To provide fair and safe gaming environment • Guaranteed payment
 SHAREHOLDERS/ INVESTORS	<ul style="list-style-type: none"> • Annual General Meeting (AGM) • Annual and sustainability report • Meetings • Corporate presentation • Investors meeting • Quarterly financial reports • Media write up • Company's website • Company's social media channels • Analysts briefings • Press release • Dialogue • Correspondence • Reporting 	<ul style="list-style-type: none"> • Return on investment • Commitment to responsible business practices • CSR and environmental issue • Advocating strong corporate governance and compliance • Performance of market share price • Maintain transparency and active engagement • Delivering consistent growth • Effective risk management policy • Adequate Cyber risk management • Ensuring good business conduct • Uphold high level of ethical values and principles • Timely public disclosure of information • Staying ahead of emerging competition

SUSTAINABILITY STATEMENT (cont'd.)

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
 <p>REGULATORS</p>	<ul style="list-style-type: none"> • Regular meetings and consultations • Reporting • Agency inspection • Engagement forum • Dialogue sessions • Working group presentation • Formal and informal meeting • Ad hoc meeting 	<ul style="list-style-type: none"> • Cultivate an ethical culture that complies with regulations • Ensuring accountability and integrity • Complying with all health related SOP, especially on Covid-19 • Regulatory disclosure • Counteracting against illegal and problem gaming • Enforcement of responsible gaming policy • Strengthened relationships by demonstrating transparency in the Company and industry as a whole • Full compliance with legislative framework and regulatory requirements • Timely payment of tax • Manage data governance, data privacy and cyber security • Strict monitoring and enforcement of anti-money laundering policy
 <p>SALES PARTNER</p>	<ul style="list-style-type: none"> • Performance Enhancement Team Programme (PET) • Social gathering • Periodic engagement • Phone calls and social networking messaging • Chat communication platform • Agency visit • Mystery shopper • Get-together events • Training programmes • Small gathering • Agency Performance Management programmes 	<ul style="list-style-type: none"> • Increase efficiency and productivity • Working together to increase market share • Established partnership marked with respect, integrity and excellence • Implementing and enforcing health related SOP on Covid-19 • Market intelligence • Provision of technologically advanced, innovative and safe products • Compliance to Company's rules and regulations • Offer multiple range of integrated services • Exchanging of ideas and latest market update • Problem solving • To provide support and assistance in times of crisis during Covid-19 pandemic • Provision of hardware, software and helpdesk services

SUSTAINABILITY STATEMENT (cont'd.)

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
 <p>EMPLOYEES</p>	<ul style="list-style-type: none"> • Employee engagement programmes • Town hall sessions • Virtual meetings and social engagement • Interviews • Project Management • Change agent programme • Training & Development programmes • Email and digital signage communication • Recreation and team-building sessions • Newsletter • Workshop • Brainstorming session • Bulletin board • Get together • Sports club recreational activities and gathering • Mentoring • Dialogue and engagement • Focus group discussion • Employee on-boarding training 	<ul style="list-style-type: none"> • Career development • Rebrand and support development and expansion of employee networks • Enrich career and development opportunities through Initiative Leadership role in Transformation Programme • Enhance talent management processes via acquisition, development and performance to improve employee capability and growth • Employment equality • Remuneration and benefits • Business strategy • Company goal and direction • Workplace, health and safety • Gender equality • Fostering team bonding • Conducive working environment • Fair and just reward compensation • Career advancement planning • Professional and personal development • Succession planning • Balance career and personal life • Ensuring employees are empowered to deliver to the best of their ability • Enhance talent management processes • Enriching career and development opportunities
 <p>COMMUNITY</p>	<ul style="list-style-type: none"> • Sponsorship • Meetings • Donation drive • Road-show • Education programmes • Dialogue • Employee volunteerism • Community development and outreach programmes • Website and social media • Community engagement activities • Partnership 	<ul style="list-style-type: none"> • Fostering community initiatives • Increase awareness and participation in employee driven programmes • Combining effort to protect the environment • Giving back to the community and society • Inculcate caring and sharing attitude • Widen community engagement footprint • Serving the underserved and vulnerable • Good corporate governance • Continuous expansion on scope of programmes

SUSTAINABILITY STATEMENT (cont'd.)

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
 <p>ENVIRONMENT</p>	<ul style="list-style-type: none"> • Discussions • Social media • Forum • Meetings • Media 	<ul style="list-style-type: none"> • Managing our environment footprint • Always find GREEN solution • Pursue more efficient energy solutions • Promote environmental conservation • Raise awareness through specific training and communication campaigns • Compliance with legal environmental requirements • Promote environment consciousness • Reducing carbon footprint • Optimising resource efficiency • Promote recycling of resources • Playing a major role in combating climate change • Responsible waste disposal
 <p>SUPPLIER & VENDORS</p>	<ul style="list-style-type: none"> • Supplier & Vendor assessment • Quotation requests • RFP (Request for Proposal) • Tender and bidding • Regular meeting and site visits • Discussion and consultation • Relationship building 	<ul style="list-style-type: none"> • Ethical supplier management system • Uphold business integrity • Improving supplier selection to ensure a sustainable and ethical supply chain • Upholding of Anti-Bribery and Anti-Corruption policy • Fair treatment to business partners • Assessment on delivery of high-quality goods and services • Meeting high economic, ethical, and socio-environmental standards • Assessment of service level • Quality control • Professional and transparent procurement
 <p>MEDIA</p>	<ul style="list-style-type: none"> • Website and social media • Press interviews • Media coverage • Formal function • Press releases 	<ul style="list-style-type: none"> • Dissemination of draw results • Update of Company's events • Current projects • Timely publication of latest news in e-paper • Company news update in a timely manner • Corporate update • Economic performance • Future projects and directions • Industry update

SUSTAINABILITY STATEMENT (cont'd.)

SUSTAINABILITY GOVERNANCE



Our sustainability strategy is overseen by Magnum's Board of Directors ("Board"), and supported by the Management of business units and working groups and designated Officers. The Board determines the strategic direction and ensures our compliance to laws, regulations, ethics, risk management, control and has overall responsibility for sustainability for Magnum and provides oversight with the support of the various committees. Material ESG framework topics are reviewed periodically, updates on various sustainability programmes are actively reviewed and any material changes in market condition that have an impact on our sustainability strategy acted upon expeditiously.

The Group Risk Management Committee ("GRMC") is responsible for the managing and formulation of sustainability policies, defining framework of rules and procedures on how business operations are governed. The GRMC is supported by the Management Risk Committee who works in collaboration with other working groups including the Sustainability Committee, Information Security Committee and all Heads of Department to develop action plans and implement the Group's sustainability related matters, material issues and strategies align with the framework guided by our key corporate values.

In addition, the GRMC monitors the implementation of sustainability initiatives in Magnum and reporting on our strategy and performance to the Board. The Board and the Management are committed to continually review, refine and improve all these processes over time.

SUSTAINABILITY STATEMENT (cont'd.)

Reflecting the Board's commitment to zero tolerance for bribery and corruption, the Company has embraced the adoption of an Anti-Bribery and Anti-Corruption ("ABAC") policy. This policy was created in conjunction with guidance related to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). The Board takes an active stance in engaging stakeholders in Management, ensuring that the ABAC policy is well-communicated and all Directors, Employees and Business Associates/ Third Parties uphold the Company's strong position against bribery and corruption, and understand their respective responsibilities. The Act further requires regular enforcement and monitoring of this policy that warrants the Board to appoint a designated ABAC Officer who report to the Audit Committee and Management Risk Committee.

Demonstrating our Board's commitment to reduce our environmental footprint, we aligned with the United Nation Sustainable Development Goals (UNSDGs) goal no. 13 on Climate Action as we embark to combat climate change and its impacts on the environment to support and contribute towards sustainable practices. The environment awareness policy, was cascaded throughout the organisation for incorporation by various committees into sustainable development strategies. Spearheaded by the Head of Management Risk Committee, the CSR department is the driving force behind this initiative towards further reducing our carbon footprint and has embarked on widening the scope to reduce paper usage.

Player safety is one of our core values. We understand that a sustainable business requires a long-term relationship with customers built on trust, fairness and keeping players safe by minimising gambling-related harm. The protection of players has always been our priority ensuring adequate safeguards are in place with focus on player protection. We constantly communicate to our player to play for fun, enjoyment and within their means, and most important of all, to play responsibly.

We are committed towards attaining the World Lottery Association Responsible Gaming Level 3 certification as we are taking proactive measures to develop and put in place the necessary additional programmes for our Retailers, Employees and Players to meet the stringent conditions set by the governing body.

Our ESG performance is integral to our success as we strive to build a sustainable future and through these principles, we endeavor to identify and manage material risks and opportunities by formulating strategic sustainability policies and initiatives.

To embed sustainability across the organisation, it is an integral part of our rewarding system to reward our Management and staff on the managing of various ESG issues. The reward is determined during the annual assessment review basing on awarding of variable bonus system and other incentives that are tied to their performance and KPIs. This incentive demonstrates our commitment in ensuring clear lines of overall ownership and accountability of ESG issues not only among members of Top Management but also expanded into the remuneration package to all other levels of staff.

MATERIALITY

As part of the development of this report, Magnum conducted a thorough materiality assessment to identify with our internal and external stakeholders on areas of concern to ensure that our products and services continue to be meaningful and make a difference, and that our sustainability strategy reflects our stakeholders' evolving interests. Through strategic discussions that align with stakeholder interests would provide a framework for our annual disclosures, the assessment serves to embed the voice of stakeholders into our business activities and our journey towards comprehensive reporting.

Our sustainability materiality assessment focuses on sustainability issues that have the greatest impact that could significantly affect the ability of our Company to execute our established business, community and environmental strategies.

Our assessment and feedback conducted with our stakeholder groups revealed that our materiality matrix sufficiently reflected stakeholder interests. For 2020, however, being an extraordinary year, the highest materiality concern from the feedback was the impact on the outbreak of the Covid-19 pandemic affecting the industry and the Company.

SUSTAINABILITY STATEMENT (cont'd.)

The main concerns expressed were:

- Future performance of the Company
- Likelihood of reduction in dividend declared
- Fear of further imposition of full lockdown impacting business
- Total losses of cancelled draws
- Loss of income by agent
- Impact on revenue
- Reduction in footfall due to observation of health and safety SOPs, at retail outlets
- Concern about the risk of being exposed to the virus at work
- Uncertainty about the future job market

We recognise the views expressed by the various stakeholders and have taken active measures to address the concerns raised.

Moving forward, we aim to improve our sustainability milestones by seeking feedback from our stakeholders, refining our internal controls and better extracting meaningful data from our data collection systems.

The assessment ranking of the 12 material sustainability matters identified in 2020 were mapped onto a materiality matrix, where the 'x' axis represents each matter's significance to business operations and the 'y' axis, its significance to stakeholders.

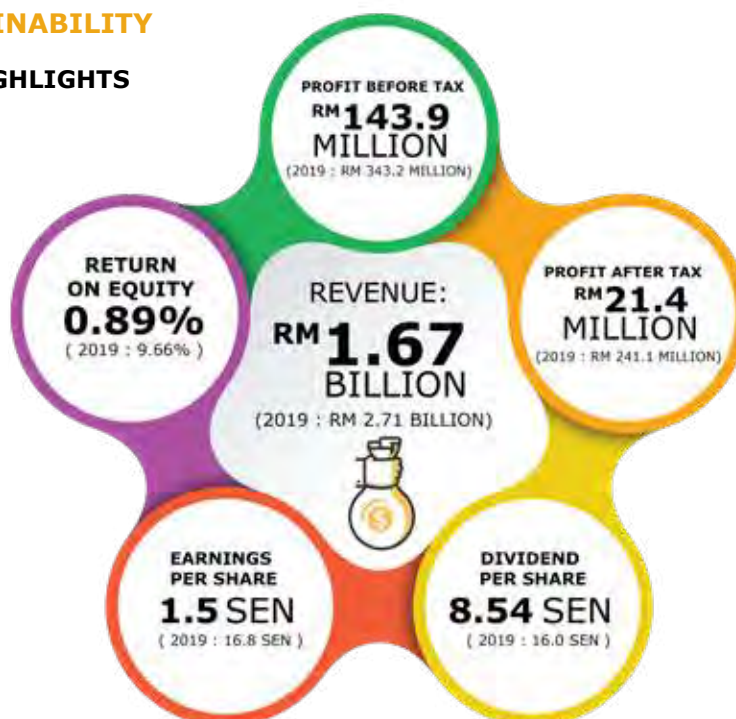
MATERIALITY MATRIX



SUSTAINABILITY STATEMENT (cont'd.)

ECONOMIC SUSTAINABILITY

2020 FINANCIAL HIGHLIGHTS



CORPORATE GOVERNANCE & COMPLIANCE

Sound corporate governance is the cornerstone of our operations. Magnum's corporate governance adheres to the following requirement and guidelines:

- Malaysian Code on Corporate Governance 2017
- Ministry of Finance (MOF) – Pool Betting Act 1967, Common Gaming House Act 1953, Gaming Tax Act 1972
- Companies Commission of Malaysia (CCM) – Companies Act 2016 and Companies (Amendment) Act 2019
- Securities Commission - Capital Markets & Services Act 2007 and Capital Markets and Services (Amendment) Act 2010, 2011, 2012 and 2015
- Bursa Malaysia – Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- United Kingdom Accreditation Service (UKAS) – ISO 27001:2013 Information Security Management System (ISMS) Framework
- World Lottery Association (WLA) – WLA Security Control Standard (WLA-SCS) 2016 and WLA Responsible Gaming Framework
- Malaysian Accounting Standards Board – Malaysian Financial Reporting Standards (MFRSs)
- International Accounting Standards Board (IAFB) – International Financial Reporting Standards (IFRSs)
- Section 17A, Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018)

DRAW INTEGRITY

Draw integrity is of paramount importance to Magnum, and Magnum has developed in place a very stringent Draw Standard Operating Procedures ("Draw SOP") on our Lottery Draw Policy and Control to safeguard the integrity of the draw proceedings. The draws are conducted under strict security guidelines and procedures in accordance to established SOP security standards. The adherence to the Lottery Draw Management guidelines and controls as advocated by the World Lottery Association ("WLA") is a strong testimony of our fullest commitment in ensuring strictest control is adopted in our draw management operation and conduct of the draw.

Annual audit is conducted by the WLA panel of certified auditors on the Lottery Draw Policy to ensure the full compliance and tight security control are in place to uphold the integrity of the draw.

The Management constantly review the Draw SOP to improve upon the draw processes and controls together with the internal auditor and Head of draw operations to review the critical operational procedures are adequate and fully complied with.

The draw is open to members of public to witness and to register to participate as a draw starter.

Economic
Sustainability-
ty-01.png

SUSTAINABILITY STATEMENT (cont'd.)

BUSINESS CONTINUITY PLAN

The purpose of Business Continuity Plan ("BCP") is to provide detailed guidance of a formal recovery plan that allows all business units to achieve timely recovery of services arising from a disaster. The planning in the prevention and recovery covering various scenarios provides a road map on how to react when disaster may occur unexpectedly and the speed to deploy and execute recovery plan to recover the key critical business units are key to ensure operational disruption is minimised for the sustainability of the business.

Magnum has developed a comprehensive BCP to ensure that in the event of any major disaster disruption, our operations can be effectively resumed at the shortest time possible, especially if the disaster have a direct impact affecting our online gaming system that would effectively cause major sales disruption nationwide. A disaster may also affect the draw auditorium which may then ultimately disrupt the conduct of draw.

Owing to the various form of MCO in 2020, we have only conducted one major critical system disaster exercise to ensure that all major business units and personnel are well prepared and familiar with their responsibility to recover the operations within the stipulated time and also to ensure all the equipment at the Secondary recovery site is in working condition.

The Management constantly review the BCP to ensure the plan is up-to-date taking into consideration the changes in the business environment.

MONITORING OF ANTI-MONEY LAUNDERING ACTIVITIES

The scale of money laundering activities has been proliferating globally and with the mushrooming of the black economy operating under the disguise of various legitimate businesses. The legitimising of illicit money is of great concern of all governments that can potentially have a devastating effect on the economy, security and society. If the illicit money is unchecked, it provides fuel for drug dealers, terrorists, corrupt public officials and others to operate and expand their criminal activities.

The gaming industry is often exposed to negative publicity and misconception to be associated with money laundering. Magnum take a serious view of this and establish appropriate and comprehensive internal control system to enable the identification, monitoring and early detection of such activities via

the flagging of unusual and suspicious behaviour and pattern of the frequency of winnings and the size of the winning amounts.

Bank Negara Malaysia has taken a tough stance on the elimination and control of such illegal activities and have enacted a provision for gaming operators to conduct an additional due diligence check on prize winners with winning above a certain stipulated amount per winning ticket. The due diligence covers the gathering of additional personal information on such winners.

SECURITY STANDARDS AND CERTIFICATIONS

In the world of lottery business, the security of the lottery operations is critical to the success and business sustainability of every lottery operator. Being the pioneer of the lottery industry in the country, Magnum is committed to ensuring players' information are well protected and our games integrity are maintained at all times. In Magnum, every aspect of the entire lottery operations life cycle is well-secured with security protections and controls that are compliant with the regulations and industry's best practices. The security controls and procedures are constantly reviewed and enhanced where necessary, in line with the change in the technology and cybersecurity threat landscape.



On 4 November 2013, MCSB became the first lottery company in Asia to have achieved the World Lottery Association-Security Control Standard ("WLA-SCS") certification. This accomplishment further demonstrated Magnum's commitment in ensuring the security and integrity of its lottery operations. The WLA-SCS is the only internationally accredited certification and security standard in the lottery industry. It is a standard specially developed by WLA for its lottery members and it comprises a set of security control requirements and management baseline for the management and safeguard of the lottery operations. In addition to the lottery-specific control requirements, the WLA-SCS also encompasses all the established methodologies and security best practices from ISO/IEC 27001:2013, the most widely recognised international standard for the management of information security. The

SUSTAINABILITY STATEMENT (cont'd.)

combined security requirements in both standards provide an effective security framework to identify, manage, and reduce security risks in the lottery operations and processes. Both the WLA-SCS and ISO/IEC 27001:2013 standards are renewed on a three-year cycle basis. To achieve the certifications, a comprehensive assessment by third-party certified auditors is conducted once every year to validate the security compliance in Magnum. In year 2020, MCSB again reaffirmed its continual commitment to the security and integrity of its lottery operations with the achievement in both standards for the third certification cycle.

SOCIAL SUSTAINABILITY

Responsible Gaming (RG)



As a customer, we are more likely to engage with brands that we trust. How did these brands gain our trust? They convinced us that they care about us, that they strive to ensure their products won't harm us. They have certifications from trusted public bodies to prove it. We, the customers, enjoy peace of mind engaging with brands that look out for us.

Responsible Gaming is important to sustaining our business. Understanding and addressing how addiction starts is how we aim to create a healthy and safe environment for all our customers to enjoy, so we can achieve sustainable customer growth.

Well-crafted customer education is recognised by the WLA to be effective at preventing addiction without discouraging sales. And as a customer, we want brands to care about us and take steps to keep their platform safe and secure. This safety will attract more valuable players from different backgrounds to play with us and shape our branding better for younger generations.

Enhancing our Responsible Gaming Programme



In light of the new Transformation journey, Magnum has appointed additional members onto the Responsible Gaming committee to ensure the Company is regulating the business with the highest quality of responsibilities to the players and community. Powered with WLA's guidelines, Magnum is taking major steps to enhance our Responsible Gaming frameworks to measure the effectiveness and awareness of our future programmes.



Our Responsible Gaming mascot

MCSB is currently certified at Level 2 under WLA Responsible Gaming certification which establishes responsible and sustainable gaming principles for the day-to-day operations to safeguard the players, community, regulators and other stakeholders.

Employees Programme

Magnum has conducted a Responsible Gaming training for all employees in December 2020 and invited a representative from Gambling Rehab Centre (GRC) as a guest speaker to share about their Centre's services, treatments and recovery programmes to help their patients. Magnum will continue to have the training annually to provide our employees with Responsible Gaming information and to continue championing Responsible Gaming practices in the workplace.

Players Education

We aim to provide a safe and healthy environment to all our players to enjoy their gaming experience whenever they play with us. We will craft meaningful and accurate information about Responsible Gaming for our players to enjoy our games responsibly. We will provide information in our websites and outlets for players to refer and understand on how they can play our games moderately with peace of mind.

As a responsible lottery, we provide Responsible Gaming guidelines via our 'Winner Handbook' to prize winners. We aim to educate our players to live life in a responsible and healthy manner after winning our prizes.

SUSTAINABILITY STATEMENT (cont'd.)

EMPLOYEES



The health, well-being and safety of our employees is always our top priority. As well as supporting them through the challenges of the Covid-19 pandemic, we have stepped up our efforts to embed safe behaviour to ensure the safety of our people and the community at large.

Magnum fosters a culture and working environment where both people and performance matter. This includes taking a strong stance regarding gender equality, inclusivity and diversity, training and development, employee engagement and caring for the health and safety of employees.

While our core values determine how we interact, it is the everyday behaviours that are the tangible demonstrations of our commitment to live up to these values. Our people have shared how important it is for them to

experience respect, working together and leading by example in the workplace. To this end, we make extra effort to ensure that even small actions communicate these values. Through these actions, we build a culture of trust which enables us to attract the right people, develop and engage them to bring out their best.



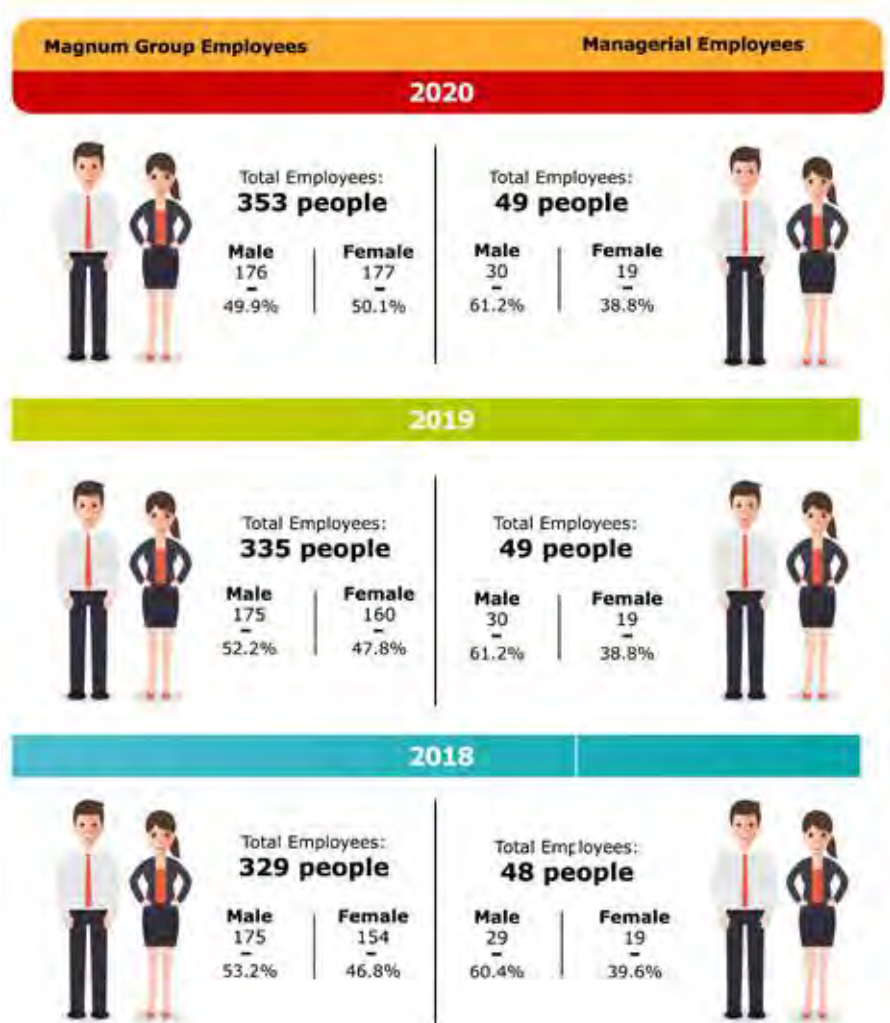
Embedding safe behaviour to ensure the safety of our people



Every employee is given opportunity to thrive

The success of our business depends on our people, and the Magnum team comprises of individuals with a diverse range of ethnicity, cultural backgrounds and professional experience as we highly value a non-discriminating, diverse and inclusive workforce. Magnum is an inclusive organisation where everyone has an equal opportunity to reach his/her full potential.

GENDER BREAKDOWN



SUSTAINABILITY STATEMENT (cont'd.)

TRAINING AND DEVELOPMENT

Our training and development strategy is about how we invest in our people, to prepare them to be the future-ready, digitally and mentally. This is to create a productive environment for our people while meeting the expectations of the market to deliver a unique and memorable experience to our customers at every touchpoint.

We aim to build a culture to develop talent diversity through providing our employees with opportunities to progress and to equip the people with the right tools and training on understanding their strengths and weaknesses. The values that underpin our organisation have allowed us to become a company that strives towards service excellence and encourage employees to thrive.

From a training and development perspective, every employee is given the chance to undergo a varied training plan providing the opportunity to reskill, relearn and refresh to complement their existing skill sets. Training typically consists of in-depth workshops, webinars and team-specific internal and external events which seek to nurture them on empowering responsibility and encourage opportunities to lead. All training and development programme is designed to equip the next generation of leaders with the knowledge, mindset and skills to lead in an inclusive environment.

Following the successful progress of the pioneer group of employees who graduated from the highly acclaimed "Design Thinking" ("DT") workshop, a further group of 20 employees have now been trained under this same programme. The commitment by the Company in continuing with this Training programme shows our determination to groom a large pool of change agents creating a future-ready ecosystem with a pipeline of capable leader to ready to champion and drive our Transformation journey.

A good example of an innovative idea that came out of the DT workshop was that of a "wishing well" initiative. The concept is for a dustbin in every retail outlet to be designed as a wishing well to influence customer's behavior in disposing of used bet slips and non-winning lottery tickets into the dustbin instead of littering onto the outlets' floor. It succeeded in creating a psychological impact in the belief that disposing betting waste paper into the wishing well brings good luck and fortune. This initiative, which has now been adopted for nationwide implementation, supports and aligns with our core values to "always find green solutions" on environmental cleanliness and conservation with the collected used paper sent for recycling. By placing sustainability at the centre of our strategy, we can continue to innovate to improve our service, while focusing on our customers' well-being.



SUSTAINABILITY STATEMENT (cont'd.)

As we scale up our operations, we provide opportunities to get the best talent in many diverse fields to come onboard to provide the necessary skills and experience to drive into new horizons. Digital transformation will play a pivotal role as we leverage on the latest technology to drive the business with deeper insights into AI, big data, automation and digitalisation to provide meaningful data for decision making.



In order to execute a sustainable Company strategy, it is imperative that the organisation is equipped with the highest levels of talent at every level, armed with the necessary tools to develop and grow performance.

To provide an opportunity for young persons a chance to gain work experience and job knowledge, Magnum's internship programme continues to take in intern and they are placed in various department relevant to their course of study to offer them work training opportunities.

SAFETY, HEALTH AND WELL-BEING AT THE WORKPLACE

At Magnum, we take pride in maintaining a safe and productive workplace, with the ultimate goal to achieve zero accidents and in ensuring everyone goes home safely at the end of every day. We aim to provide a productive and healthy workplace that minimises work-related stress. This benefits the business through reduced absenteeism and higher productivity as well as improving the employee experience.



**ZERO ACCIDENTS
OCCURRED AT THE
WORK PLACE**

Advancing our workplace safety and efficiency requires building a safety culture mindset, in which responsibility is championed by each and every employee. In line with this, we are committed to developing a high level of safety awareness by strengthening the ownership and responsibility across all departments.

The policies and procedures we have in place to ensure the safety of our operations are currently governed by our Human Resources Department & Administration Department in overseeing the Occupational Health and Safety (OHS) of the entire Group.

Ensuring the health and workplace safety of our employees is always the highest priority of Magnum and we constantly ensure each and every employee

SUSTAINABILITY STATEMENT (cont'd.)

knows what to do and how to react in the event of an emergency. We take a serious view to ensure that building fixtures, fittings and equipment are maintained in tip-top condition and are safe for use by all our employees.

To build upon our 2019 progress, where “act of terrorism” was identified as a major safety risk, Health has been identified as a major risk in 2020, with the spreading of Covid-19 pandemic following a major outbreak in the beginning of 2020. This deadly disease has caused global disruption to lives, livelihoods and economic turbulence that has yet to be brought under effective control.

PRIORITY TO OUR PEOPLE'S HEALTH AND SAFETY DURING COVID-19 PANDEMIC

Obviously, the threat to health by Covid-19 has rattled everyone and the Company has reviewed our business operations and implemented protective measures to ensure staff and customer safety and well-being with the roll-out of the Company's health SOP guidelines for the strict observance by employees and members of public.

The SOP covers the following:

- Staff to stay and work from home on any confirmed cases of close neighbours being infected
- Split teams – working at office and working from home
- Only essential staff required to work in office
- Regular sanitisation at commonly used area and surfaces
- Providing hand sanitiser
- Temperature screening
- Registration at MySejahtera
- Compulsory mask wearing
- Practice social distancing – Reduce face-to-face meetings wherever possible and observe 1 metre rule
- Encourage staff to opt for video conferencing/ meeting

- Encourage meal delivery instead of patronising eatery shops
- Limited to 2 pax while taking lift
- Staff to seek immediate medical help if they are not feeling well
- Encourage to maintain health hygiene
- Implemented stringent measures to protect our field technicians

While we address the physical safety and health aspect of the employees, we take cognizance that during the prolonged lockdown period of MCO, we also need to take care of their mental health as the enforced work from home regime may cause work-related stress which has become one of the key health-related challenges facing today's workforce.



We want to ensure our employees are always in tip-top physical and mental conditions and have some space to relax, unwind and remain to stay connected with their fellow colleagues. The collaboration between the CSR department and Sports Club has played an instrumental role in coming up with various weekly social programmes over meeting platform with activities on quiz, games, fitness classes, sharing enriching hobbies and etc. This is one of the most anticipated time of day the employees look forward to and through this interaction, it creates a strong bonding among themselves as everybody is able to forget about work for the moment and let loose to destress. With this programme, we hope to combat against work-related stress and very importantly to achieve the desired objective for everyone to stay alert and healthy while staying at home.

SUSTAINABILITY STATEMENT (cont'd.)

Customers



Customer relationships are the foundation of our business and our values of being responsible, authentic, collaborative, pioneering and passionate, have led to the Company's good standing in the gaming industry, and ensures the Company is aligned around customers' aspirations and help drive responsible growth.

Our transformation places the customer at the pinnacle right from the vision and mission statement cascading down to objective pillars, core values and to the initiatives that are driving our ambition towards our mantra of being "Customer First". We constantly remind ourselves "to start with customer and do what's right for them". Much good work continues to be done on customer profiling, identification of agency pain-points and data analytics. As a result of this, we now know a lot more about our customers, where we are failing them and how we may strengthen our relationship with them at all touchpoints. This of course would mean that we may have to do things a little bit differently from how we have always done before.

As the lottery industry continues to evolve, so do the needs and expectations of our customers. Magnum's strong reputation and brand is built on the customers' trust in our integrity. This trust depends on the quality of our products, the way we inform and advises customers, and the personal conduct and capability of our sales employees and representatives. CUSTOMER CENTRICITY is transforming our behavior to match our customers' expectation. Customer centricity

involves practicing relentless execution for customers while outperforming the competition in the industry, especially the challenge from the illegal operators. This means understanding customers' emerging needs and adapting the business accordingly – radically simplifying processes, ensuring what we provide is relevant, and delivering superior value through excellent and caring customer service. Customer feedback shapes our products, services and processes and enables us to offer easy and adaptable solutions.

Magnum is committed to have an in-depth understanding for our customers by consistently seeking feedback from customers to improve our products and services and through our ongoing survey, we aim to provide best-in-class service to all customers by understanding how well the Company is meeting their needs in specific areas and identifying products and services requiring improvements.

Not forgetting the customer, in the wake of the implementation of MCO while the whole country was placed under full lockdown, we realise the urgent need to provide a channel for customer to get in touch to continue our engagement and support them in this time of need to address their concerns regarding the status of their betting ticket. We quickly deployed a "work from home" customer support service call centre with our call agents able to provide round the clock help to address the main concern of the customers regarding the refund of cancelled draw tickets, payment for unclaimed winning tickets and expired winning tickets. Customer services support were available throughout the full 3 months under MCO.

The safety and health of our customers is always of high concern and top of our priority. With the ongoing Covid-19 pandemic, we maintained a safe environment by ensuring all the health safety standard operating procedures ("SOP") are implemented to safeguard the health of our customers giving them peace of mind to patronise our retail outlets. Health and safety measures adopted are as follow:

- Using alternate terminal to sell so as to create wider space for social distancing
- Floor marking to ensure social distancing at 1 meter apart
- Providing hand sanitiser

SUSTAINABILITY STATEMENT (cont'd.)

- MySejahtera registration QR code for online registration and manual recording for non-online recording
- Temperature screening
- Regular sanitising on most commonly used surface
- A full time person manning at entrance to ensure all customers comply with SOPs before allowing to enter the outlets
- Advising customers to buy advance draws
- Advising customers to prepare their lucky numbers before entering the outlets
- Advising customers to place their bets during off-peak hours to avoid potential crowd congestion

Post MCO, we are stepping up our effort to accelerate and invest in customer service assets to provide a more comprehensive approach in managing our engagement with all our customers from various touchpoints with an aim to provide an enriching customer experience.

OUR 2020 CSR INITIATIVES AT A GLANCE

2020 was a challenging year for everyone in Malaysia as we first experienced the MCO imposed by our Government and started practicing social distancing to mitigate the spread of the Covid-19 disease. MagnumCares continued to engage with the communities by providing different forms of assistance to ensure the communities continued to receive the help that they needed to endure throughout this pandemic. MagnumCares believe that help given when it is needed most will indeed help the community go a long way. In 2020, we managed to innovate and vary our CSR programmes and assisted many different segments of the Communities.

From B40s to Orang Asli and Persons with Disabilities ("PwDs"), Magnum steadfastly discharged our corporate responsibilities towards our nation.

This pandemic indeed has impacted many lives especially the underprivileged communities as their incomes, food necessities and medical well-being became great challenges for them to sustain.



SUSTAINABILITY STATEMENT (cont'd.)

The below is a summary of the assistance rendered under the various programmes implemented by MagnumCares:

Sharing on our Signature Programmes

This pandemic has changed our usual way of providing various assistance to different segments of the communities. Despite the many challenges in this new normal, we have explored new and effective solutions to make a difference to the community.

1

WELFARE AND COMMUNITY



Provided **teaching and learning facilities and equipment** for students, teachers and NGO centres



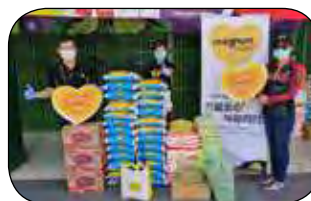
Provided food necessities to more than **19,000 beneficiaries** from B40 communities, Orang Asli, Refugees and Charitable Homes



Chinese New Year Outreach Programme – January 2020



Provided **income opportunities** for B40 groups of women sewers who have lost their daily income during the Covid-19 Pandemic



Provided **occupational training and transportation** for physically challenged individuals



Supported **Global Peace's All Lights Village Project** to supply electricity to **50 villages** in Pahang



SUSTAINABILITY STATEMENT (cont'd.)

1. WELFARE AND COMMUNITY (cont'd.)



Supported **Great Heart Charity Organisation's Orang Asli Empowerment Project** with installing a **water system** for self-sustaining farming



Sponsored **National Cancer Society of Malaysia (NCSM)**'s 4 months of accommodation cost for children with cancer in Malaysia who are receiving treatment in Hospital Kuala Lumpur



Responded speedily to emergency circumstances encountered by the Community (floods, fire, accident, haze, etc.)



2

HEALTH AND WELL-BEING



Donated **RM1,000,000** towards The Edge's Covid-19 initiatives for **Equipment Fund and Health Care Workers Support Fund**



Donated **4,000 PPE gowns** for frontliners via Young Women's Christian Association of Kuala Lumpur (YWCA)'s Covid-19 initiative



Distributed face masks and sanitisers to **all** Magnum Group Employees and **2,000** sales operators



SUSTAINABILITY STATEMENT (cont'd.)

2. HEALTH AND WELL-BEING (cont'd.)

Sponsored hygiene kits to **509 students** in **16 centres** for **The National Autism Society Malaysia**



Assisted more than 120 Magnum Sales Operators undergoing various medical treatments



Supported **National Cancer Society of Malaysia (NCSM)**'s community health education programme



Supported **Alzheimer's Disease Foundation Malaysia's** health awareness campaign



Introduced an online **Employees Engagement Programme**, a replacement of our annual "MyMagnum programme" to improve teamwork, work-life balance culture and maintaining connectivity with the office community during the lockdown period

3 EDUCATION



Supported the **National Mandarin Debate Tournament** that was held online with the participation of **600 debaters** nationwide



Donated to **800 sets of school necessities** to the underprivileged students from **30 primary and secondary schools**



Supported **Education Grants** for some of our **Sales Operators** for their children's tertiary studies



SUSTAINABILITY STATEMENT (cont'd.)

4 ENVIRONMENT



Providing our 300+ Magnum Group employees' work station with **indoor potted plants** which is also **part of our Green initiative**



Employees sharing and practicing **water and electricity tips** while working from office or working from home



Employees supporting **plastic free week**



More than 2,300

Magnum Group Employees and Sales Operators



More than 25,000

Individuals from B40 communities, physically challenged, Orang Asli, single mothers, refugees



More than 270 Schools



More than 5,000 students

SUSTAINABILITY STATEMENT (cont'd.)

4. ENVIRONMENT(cont'd.)



More than 240

Non-Government Organisations
(NGOs) and Non-Profit Organisations



**More than
RM2.5
million**
contributed to
the nation

ENVIRONMENTAL SUSTAINABILITY

For Magnum, protecting the environment is part of our core goals and we are committed to minimising our environmental impact and building operational resilience to the effects of climate change on our business and the communities we serve and strives to raise environmental standards and drive decarbonisation through various initiatives in an effort to reduce our impact as we strive towards our objective of being a carbon neutral company.

We adopt an active and holistic approach in addressing the threat of climate change through mitigation and adaptation efforts, focusing on improving our energy performance and efficiency measures, as well as building resilience across our operations. Both climate action and environmental sustainability are our continuous journey towards our goals.

Driving efficiency through policies and individual action

As a company that drives environmental stewardship, we seek to help our people understand the fragility of our environment and how they can contribute to its protection by running awareness campaign, making operational changes to support them in their journey and by working with partner to extend the impact beyond the workplace. In the long term, we hope to achieve and drive sustainable habits with a higher degree of consciousness.

We remain steadfast with our commitment to combat climate change and aligned with the United Nation Sustainable Development Goals (UNSDGs) Goal 13 on Climate Action to support and contribute towards environmental sustainability.



While the nature of our business requires the consumption of paper, it has a low impact on the environment in relation to the scale of our operations. Our business consumed mainly paper based materials used for bet slips and thermal betting tickets, and other than this there is no other utilising of any other harmful materials that may cause destructive effect on the environment.

SUSTAINABILITY STATEMENT (cont'd.)

We take cognizance that reducing paper usage and paper recycling have an indirect impact in both environmental conservation and combating climate change. Paper is a by-product of trees and with usage reduction and recycling of paper, we are contributing to lesser trees being chopped down reducing the twin effect of deforestation causing soil erosion and mitigate in the contribution to rising temperature causing global warming.

Efforts to reduce paper consumption are underpinned by the increasing shift towards digital communication with customers and embedding paperless ways of working in the offices. Showing our commitment in reducing paper usage, we conducted an exercise to an expanded Group and assessed in year 2019

consumption of A4 paper to be at 2,370 reams equivalent to 120 trees. In our effort to prevent more trees from being chopped down, we are adopting various strategies in migrating over to automation, digitalising of forms and deploying through electronic channels for communication within office and at retail outlets. We are setting a target to cut down the paper usage of reams of A4 paper by 50% for the year 2021.

In our paper conservation effort, the measurement on targeted group usage of reams of paper for the current year has shown a further reduction of 147 reams or 22.3% against the previous year's usage of 658 reams, partly aided by office closure during MCO due to the Covid-19 outbreak.

MAGNUM GROUP PAPERS CONSUMED IN 2019



>1,600
Form 3



>720
Purchase Orders



2,370
Reams of Paper



120
Trees 

We are continuing our efforts to reduce, recycle and avoid plastics and our efforts has bear fruits as there have been a strong awareness level by the employees in avoiding the usage of harmful plastic items. There has been a noticeable drop in the usage of plastic bags as majority of employees carry their own woven recycle bag and bringing their own food container for the purchase of their meals instead of using plastic bags or non-recyclable styrofoam boxes. The usage

of single-used plastic bottles has drastically reduced as the awareness of using own environmental friendly water tumbler is preferred.

Our continuous effort on the recycling of thermal ticket plastic roll cores resulted in a recycling of 15,150 cores that significantly reduces plastic pollution by recycling instead of discarding the used roll cores after usage.

SUSTAINABILITY STATEMENT (cont'd.)



REDUCING CARBON FOOTPRINT

While our nature of business does not fall into high energy consumption industry, nevertheless, energy management is one area that we pay much attention to as we aim to reduce greenhouse gas emissions through energy efficiency and renewable energy towards a low carbon economy. We strive to reduce our carbon footprint as an on-going initiative overseeing to reduce the usage and consumption of electricity in our workplace and beyond.

We continue to take proactive actions to identify, evaluate and to monitor in improving efficiency in the optimising the usage of electricity in a more efficient manner to cut down carbon emission.

Each one of us have a role to play in reducing our environmental footprint. Since cumulative efforts from our individual actions can have an impressive impact on the environment, Magnum strives to promote sustainable and actionable behaviours within our workspace by encouraging the embracement of environment-friendly lifestyle.

In our effort to reduce energy consumption, we have implemented the following efficiency targeted measures to manage our carbon footprint:

- Replacement with energy efficient LED lights with the ongoing rebranding exercise at all remaining retail outlets, resulting in an average savings of 40% in energy consumption.

- Efficient management of electricity consumption in office resulting in cost saving of 13.7%, partly aided by office closed for a couple of months due to Covid-19.
- Replacement of new fuel efficient generator set generating same voltage output while utilising lesser energy.
- Conducting more virtual meeting within the organisation thus cutting down unnecessary travelling.
- Encouraging energy saving practices such as the switching off lights during lunch breaks and more usage of fan instead of turning on air conditioner.
- Automatic alternating lighting to reduce the need to power on full lighting.

Magnum is committed to the 3R concept of Reduce, Reuse and Recycle and constantly remind our workforce to practice good 3R habits both at work and at home and make available recycling bins placed at strategically area at each floor of the building for ease of disposal. We are glad to note that the awareness of our workforce on the 3R is high and they have disposed their trash in a very proper and responsible manner.

Moving forward, we are planning to roll out more green initiative projects that would bring about positive impact to the environment.

This Sustainability Statement was approved by the Board on 29 March 2021.

BOARD OF DIRECTORS' PROFILE

TAN SRI DATO' SURIN UPATKOON

Non-Independent Non-Executive Chairman

Tan Sri Dato' Surin Upatkoon, a Thai national, male, aged 72, was appointed Executive Director of Magnum Berhad ("Magnum") on 4 August 2000. Subsequently, on 28 August 2002, he was appointed Managing Director of Magnum where he played a major role in formulating the business strategies and direction of Magnum Group and was actively involved in the policy making aspects of the operations of Magnum Group. On 26 June 2013, he relinquished his executive position and was re-designated to Non-Executive Chairman of Magnum. He is also the Chairman of the Remuneration Committee of Magnum.

Tan Sri Surin completed his secondary education in Han Chiang High School, Penang in 1970. He began his career with MWE Weaving Mills Sdn. Bhd. in 1971 as a manager and he was appointed as the Managing Director of MWE Spinning Mills Sdn. Bhd. in 1974 where he was in charge of its daily operations. Subsequently, he was appointed the Managing Director of MWE Weaving Mills Sdn. Bhd. and a Director of MWE Holdings Berhad (now known as MWE Holdings Sdn. Bhd.). Tan Sri Surin has vast working experience and has played a key role in the expansion and development of the MWE Group of Companies.

Currently, he also sits on the Board of MPH Capital Berhad (a public listed company), Magnum 4D Berhad and several private limited companies in Malaysia and overseas. He is also a Trustee of Chang Ming Thien Foundation and Magnum Foundation.

Tan Sri Surin is the father of Krian Upatkoon, the Executive Director of Magnum.

As at 1 April 2021, Tan Sri Surin is deemed to have an indirect interest in 527,651,223 ordinary shares in Magnum. By virtue of this deemed interest in the voting shares of Magnum, Tan Sri Surin is also deemed to have an interest in the shares of all the subsidiaries of Magnum to the extent of Magnum's interest in these subsidiaries.

He attended all five board meetings held during the financial year ended 31 December 2020.

BOARD OF DIRECTORS' PROFILE (cont'd.)

DATO' LAWRENCE LIM SWEE LIN

Non-Independent Executive Director

Dato' Lawrence Lim Swee Lin, a Malaysian, male, aged 64, was appointed to the Board of Magnum on 28 June 2013 as a Non-Executive Director and was re-designated to Executive Director on 25 February 2014. He is a member of the Group Risk Management Committee of Magnum.

Dato' Lim started his career with a leading merchant bank in Malaysia where he was principally involved in syndications, debt securitisation and project financing. He was appointed to the Board of MWE Holdings Berhad in August 1989 as Executive Director and was involved in the management and operation of MWE Holdings Berhad Group of Companies until he relinquished the executive position in MWE Holdings Berhad in August 2002. Following the conclusion of a privatisation exercise of MWE Holdings Berhad in October 2018, Dato' Lim had resigned as a director of MWE Holdings Berhad on 31 October 2018.

In August 2000 and October 2002, Dato' Lim was appointed to the Boards of Magnum 4D Berhad and Magnum Corporation Sdn. Bhd. respectively. He is currently the Chief Executive Officer of Magnum Corporation Sdn. Bhd. and Executive Director of Magnum 4D Berhad. He also holds directorships in various subsidiary companies in the Magnum Group and a number of other private and public limited companies, both in Malaysia and overseas. He is also a Trustee of Magnum Foundation.

Since 21 November 2018, Dato' Lim was appointed as the Chairman of World Lottery Association – Security and Risk Management Committee. Dato' Lim was appointed as a member of the Executive Committee of the Asia Pacific Lottery Association ("APLA") on 15 November 2006. He was then elected to be the Chairman of APLA in November 2014 till October 2018. He also sits on the Board of Directors of Malaysian South-South Corporation Berhad.

Dato' Lim holds a Bachelor of Arts Degree in Economics (Honours) from the University of Sheffield, United Kingdom and a Master Degree in Business Administration from the Victoria University of Manchester, United Kingdom.

As at 1 April 2021, Dato' Lim has a direct shareholding of 8,265,664 ordinary shares in Magnum. He is also deemed to have an indirect interest in 3,030,000 ordinary shares in Magnum held through Zenbell Holdings Sdn. Bhd. and its subsidiary, Zenbell (Selangor) Sdn. Bhd. Dato' Lim does not hold any shares in the subsidiaries of Magnum.

He attended all five board meetings held during the financial year ended 31 December 2020.

**BOARD OF
DIRECTORS' PROFILE**
(cont'd.)**KRIAN UPATKOON**

Non-Independent Executive Director

Krian Upatkoorn, a Thai national, male, aged 41, was appointed as Executive Director of Magnum on 18 February 2019. He is also an Executive Director of Magnum 4D Berhad since 17 May 2018. He joined the Group on 6 April 2014 as Senior Manager of Business Development & E-Marketing. He was later appointed as Head of Business Development & E-Marketing on 1 February 2016 and subsequently promoted as Deputy General Manager of Magnum 4D Group on 1 March 2017. Krian does not sit on any Board Committee of Magnum.

Krian holds a Master of Science and Engineering in Computer Engineering and Bachelor of Science and Engineering in Computer Engineering, both from University of Michigan, Ann Arbor, USA.

He has more than 10 years of working experiences in web and application development, and has previously managed large deployments of IT infrastructure. Prior to this, he was employed in companies providing online video content delivery services, network architecture, electronic games development and mobile technologies research.

Krian is also the Executive Director of MWE Holdings Berhad (now known as MWE Holdings Sdn. Bhd.) which was a public company listed on the Main Market of Bursa Malaysia Securities Berhad until October 2018. He also holds directorships in various subsidiaries and associated companies in the Magnum Group and a number of other private companies.

Krian is the son of Tan Sri Dato' Surin Upatkoorn, the Non-Independent Non-Executive Chairman and a major shareholder of Magnum.

As at 1 April 2021, Krian has an indirect interest in 3,030,000 ordinary shares in Magnum held through Zenbell Holdings Sdn. Bhd. and its subsidiary, Zenbell (Selangor) Sdn. Bhd. Krian does not hold any shares in the subsidiaries of Magnum.

He attended all five board meetings held during the financial year ended 31 December 2020.

DATUK VIJAYARATNAM A/L V. THAMOTHARAM PILLAY

Non-Independent Non-Executive Director

Datuk Vijeyaratnam a/l V. Thamotharam Pillay, a Malaysian, male, aged 69, was appointed to the Board of Magnum on 16 November 1999. He is the Chairman of the Nomination Committee. He is also a member of the Group Audit Committee of Magnum.

He is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants. Datuk Vijeyaratnam has considerable experience in the fields of auditing, financial planning, general management and corporate advisory in various business environments. He is currently the Managing Director of his own corporate advisory and consultancy company.

Presently, Datuk Vijeyaratnam also sits on the Board of Eastern & Oriental Berhad (a public listed company) and several other private limited companies in Malaysia. He is also a Trustee of Magnum Foundation.

As at 1 April 2021, Datuk Vijeyaratnam has a direct shareholding of 1,487,800 ordinary shares in Magnum and an indirect shareholding of 60,600 ordinary shares in Magnum held through his spouse. Datuk Vijeyaratnam does not hold any shares in the subsidiaries of Magnum.

He attended all five board meetings held during the financial year ended 31 December 2020.

BOARD OF DIRECTORS' PROFILE

(cont'd.)

DATO' LIM TIONG CHIN

Independent Non-Executive Director

Dato' Lim Tiong Chin, a Malaysian, male, aged 68, was appointed to the Board of Magnum on 22 August 2017. He is the Chairman of the Group Risk Management Committee and the Group Audit Committee. He is also a member of the Nomination Committee and the Remuneration Committee of Magnum.

Dato' Lim is a Public Accountant by profession, and is a Fellow of the Institute of Chartered Accountants in England and Wales. He is also an Associate Member of the Institute of Certified Public Accountants and Malaysian Institute of Accountants.

Dato' Lim was the Managing Director of A.A. Anthony Securities Sdn. Bhd. from 2001 to February 2013. Prior to joining A.A. Anthony Securities Sdn. Bhd., he was a Partner of Kiat & Associates from 1977 to 1983; the General Manager of A.A. Anthony & Co.

Sdn. Bhd. from 1983 to 1985, and the Chairman and Managing Director of A.A. Anthony & Co. Sdn. Bhd. from 1985 to 3 September 2001.

Currently, he also sits on the Board of MPH Capital Berhad (a public listed company) and several private limited companies in Malaysia.

As at 1 April 2021, Dato' Lim has a direct shareholding of 4,984,350 ordinary shares in Magnum. He is also deemed to have an indirect interest in 10,617,120 ordinary shares in Magnum held through Keetinsons Sendirian Berhad and T.C. Holdings Sendirian Berhad. Dato' Lim does not hold any shares in the subsidiaries of Magnum.

He attended all five board meetings held during the financial year ended 31 December 2020.

JEAN FRANCINE GOONTING

Independent Non-Executive Director

Jean Francine Goonting, a Malaysian, female, aged 53, was appointed to the Board of Magnum on 20 August 2019. She is a member of the Group Audit Committee, Group Risk Management Committee, Nomination Committee and Remuneration Committee of Magnum.

Francine holds degrees in Economics (majoring in accounting) and Law from Monash University, Melbourne, Australia. She is also an Advocate and Solicitor of the High Court of Malaya and has held a Capital Markets and Services Representative Licence for Corporate Finance under the Capital Markets and Services Act 2007.

Having commenced her career in merchant banking, Francine has over 28 years of experience in debt and capital markets, corporate finance and advisory, cross border transactions and mezzanine finance. She was also the Group Treasurer of a public listed company. She is currently a corporate consultant.

As at 1 April 2021, Francine does not hold any shares in Magnum or its subsidiaries.

She attended all five board meetings held during the financial year ended 31 December 2020.

ADDITIONAL INFORMATION:

1. Save for Tan Sri Dato' Surin Upatkoorn and Krian Upatkoorn, none of the Directors has any family relationship with any other director and/or major shareholder of Magnum;
2. None of the Directors has any conflict of interest with Magnum; and
3. None of the Directors has:
 - (i) been convicted of any offence within the past five years; and
 - (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

KEY SENIOR MANAGEMENT'S PROFILE

DATO' LAWRENCE LIM SWEE LIN

Executive Director of Magnum Berhad;
Chief Executive Officer of Magnum Corporation
Sdn. Bhd. and Executive Director of
Magnum 4D Berhad.

Dato' Lawrence Lim Swee Lin, a Malaysian, male, aged 64, was appointed to the Board of Magnum Berhad ("Magnum") on 28 June 2013 as a Non-Executive Director and was re-designated to Executive Director on 25 February 2014.

On 28 August 2000 and 4 October 2002, Dato' Lim was appointed to the Boards of Magnum 4D Berhad and Magnum Corporation Sdn. Bhd. respectively. He was re-designated as Chief Executive Officer of Magnum Corporation Sdn. Bhd. from Executive Director with effect from 1 August 2008. His scope of work involves strategic planning & development, managing the overall operations and resources of the company.

Dato' Lim also holds directorships in various subsidiary companies in the Magnum Group and a number of other private and public limited companies, both in Malaysia and overseas. He is also a Trustee of Magnum Foundation.

Since 21 November 2018, Dato' Lim is the Chairman of World Lottery Association – Security and Risk Management Committee. Dato' Lim was appointed as a member of the Executive Committee of the Asia Pacific Lottery Association ("APLA") on 15 November 2006. He was then elected to be the Chairman of APLA in November 2014 till October 2018. He also sits on the Board of Directors of Malaysian South-South Corporation Berhad.

Dato' Lim started his career with a leading merchant bank in Malaysia where he was principally involved in syndications, debt securitisation and project financing. He was appointed to the Board of MWE Holdings Berhad on 1 August 1989 as Executive Director and was involved in the management and operations of MWE Holdings Berhad Group of Companies until he relinquished his executive position in MWE Holdings Berhad in August 2002. Following the conclusion of a privatisation exercise of MWE Holdings Berhad in October 2018, Dato' Lim had resigned as a director of MWE Holdings Berhad on 31 October 2018.

Dato' Lim holds a Bachelor of Arts Degree in Economics (Honours) from the University of Sheffield, United Kingdom and a Master Degree in Business Administration from the Victoria University of Manchester, United Kingdom.

As at 1 April 2021, Dato' Lim has a direct shareholding of 8,265,664 ordinary shares in Magnum. He is also deemed to have an indirect interest in 3,030,000 ordinary shares in Magnum held through Zenbell Holdings Sdn. Bhd. and its subsidiary, Zenbell (Selangor) Sdn. Bhd. Dato' Lim does not hold any shares in the subsidiaries of Magnum.

KEY SENIOR MANAGEMENT'S PROFILE (cont'd.)

KRIAN UPATKOON

Executive Director of Magnum Berhad;
and Executive Director of
Magnum 4D Berhad

Krian Upatkoorn, a Thai national, male, aged 41, was appointed as Executive Director of Magnum Berhad on 18 February 2019. He is also an Executive Director of Magnum 4D Berhad since 17 May 2018. He joined the Group on 6 April 2014 as Senior Manager of Business Development & E-Marketing. He was later appointed as Head of Business Development & E-Marketing on 1 February 2016 and subsequently promoted as Deputy General Manager of Magnum 4D Group on 1 March 2017.

Krian holds a Master of Science and Engineering in Computer Engineering and Bachelor of Science and Engineering in Computer Engineering, both from University of Michigan, Ann Arbor, USA.

He has more than 10 years of working experiences in web and application development, and has previously managed large deployments of IT infrastructure. Prior to this, he was employed in companies providing online video content delivery services, network architecture, electronic games development and mobile technologies research.

Krian is also the Executive Director of MWE Holdings Berhad (now known as MWE Holdings Sdn. Bhd.) which was a public company listed on the Main Market of Bursa Malaysia Securities Berhad until October 2018. He also holds directorships in various subsidiaries and associated companies in the Magnum Group and a number of other private companies.

Krian is the son of Tan Sri Dato' Surin Upatkoorn, the Non-Independent Non-Executive Chairman and a major shareholder of Magnum Berhad.

As at 1 April 2021, Krian has an indirect interest in 3,030,000 ordinary shares in Magnum held through Zenbell Holdings Sdn. Bhd. and its subsidiary, Zenbell (Selangor) Sdn. Bhd. Krian does not hold any shares in the subsidiaries of Magnum.

LUM FOOK SENG

Chief Financial Officer of Magnum Berhad;
and Chief Financial Officer of
Magnum Corporation Sdn. Bhd.

Lum Fook Seng, a Malaysian, male, aged 56, was appointed as Chief Financial Officer of Magnum Berhad and Magnum Corporation Sdn. Bhd. on 1 June 2018. He joined Magnum 4D Berhad (formerly known as Leisure Management Berhad) on 12 February 1992 and was promoted to Acting Finance Manager on 10 May 1993 before assuming the Finance Manager role on 1 January 1994. He was promoted as the Head, Finance and Administration of Magnum 4D Berhad on 1 January 2013.

Fook Seng also sits on the Board of various gaming and non-gaming subsidiaries of Magnum Berhad Group.

He is a Registered Accountant and a Fellow member of The Chartered Association of Certified Accountants (ACCA) and a graduate of The Institute of Chartered Secretaries Association (ICSA). He also holds a Diploma in Business Management.

Fook Seng started his accountancy career in Property sector for 3 years before joining Magnum 4D Berhad on 12 February 1992 and to-date, he has more than 29 years of experience in Gaming industry, in particular the back-room operations.

Currently, his key responsibilities include financial and management reporting, regulatory compliance, tax planning and compliance, treasury and financing, human resource and administration matters of Magnum Group.

As at 1 April 2021, Fook Seng has a direct shareholding of 81,038 ordinary shares in Magnum. He does not hold any shares in the subsidiaries of Magnum.

KEY SENIOR MANAGEMENT'S PROFILE (cont'd.)

BEH SWAN SWAN

Chief Information Officer, Magnum Group;
Group Risk Management Officer and Head,
Magnum Group CSR

Beh Swan Swan, a Malaysian, female, aged 62, graduated with a Bachelor of Science (Computer Science) from Monash University, Melbourne, Australia in 1980.

Swan Swan joined Magnum Corporation Sdn. Bhd. ("MCSB") as the Software Services Manager on 1 April 1988 when MCSB Group first embarked onto their Computerisation exercise connecting Point-of-Sales terminals from all the Retail Outlets. She is instrumental to set up the IT Division to provide overall IT support for the MCSB Group.

Swan Swan was promoted to General Manager of Magnum Information Technology Sdn. Bhd. in January 1997 and in January 2013, she was redesignated to be the Group Chief Information Officer ("CIO") in MCSB Group.

Swan Swan was appointed to be the Company's Group Risk Management Officer in 2017.

She is also the Head of the Magnum Group CSR division since 2014 and is actively involved in implementing numerous CSR initiatives for the Organisation under the MagnumCares umbrella.

Since 2018, Swan Swan was appointed to be a member of the Technical Working Group of the World Lottery Association's Security and Risk Management Committee.

Swan Swan was awarded the "2017 CIO Excellence Award" from PIKOM for her leadership role in the IT industry in Malaysia. Swan Swan was also awarded with the ASEAN CIO Award 2013 by IDG (International Data Group) ASEAN to be one of the most outstanding CIOs in the ASEAN region at the 2013 CIO/CSO Summit held on 25 September 2013 in Ho Chi Minh, Vietnam.

Swan Swan participated in a CXO Leadership Exchange Programme held at INSEAD Singapore in November 2019 whereby 30 out of 300 Technology leaders in the Asia Pacific region were shortlisted to attend. Swan Swan was awarded the Digital Transformation Award in a CXO Leadership Challenge assignment.

As at 1 April 2021, Swan Swan has a direct shareholding of 404,539 ordinary shares in Magnum. She does not hold any shares in the subsidiaries of Magnum.

DATUK CHAN CHEE FAI

Chief Commercial Officer of
Magnum 4D Berhad

Datuk Chan Chee Fai, a Malaysian, male, aged 57, is the Chief Commercial Officer of Magnum 4D Berhad. He joined the company in June 1991 as an Operations Officer and was appointed to the current position since April 2015.

Datuk Chan holds an Executive Master Degree in Business Administration from University of Lincoln, United Kingdom and is a Fellow of Malaysian Institute of Management.

One of his main areas of responsibility is to oversee the management of the 8 gaming subsidiary companies, which in turn manage the 485 Magnum retail outlets spread out in Peninsular Malaysia and the State of Sarawak. Datuk Chan is responsible to ensure compliance of the retail outlets and also on the overall Sales Performance.

Datuk Chan also liaise closely with various Government agencies in ensuring that the Company complies with all regulations required for the gaming business.

As at 1 April 2021, Datuk Chan has a direct shareholding of 25,250 ordinary shares in Magnum. He does not hold any shares in the subsidiaries of Magnum.

ADDITIONAL INFORMATION:

1. Save as disclosed in the profiles of Dato' Lawrence Lim Swee Lin and Krian Upatkoorn, none of the other Key Senior Management has any directorship in public companies and listed issuers;
2. Save for Krian Upatkoorn, none of the other Key Senior Management has any family relationship with any director and/or major shareholder of Magnum;
3. None of the Key Senior Management has any conflict of interest with Magnum; and
4. None of the Key Senior Management has:
 - a. been convicted of any offence within the past five years; and
 - b. been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Magnum Berhad ("Company" or "Magnum") is pleased to present the Corporate Governance Overview Statement which provides shareholders and investors of Magnum with an overview of the manner in which Magnum and its subsidiaries (collectively "Group") have, during the financial year ended 31 December 2020, applied the key principles and practices prescribed in the Malaysian Code on Corporate Governance published in April 2017 ("MCCG 2017") by the Securities Commission Malaysia and the corporate governance requirements prescribed in the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad.

The detailed application by the Group for each Practice prescribed in the MCCG 2017 is disclosed in the Corporate Governance Report ("CG Report") which is available on the Company's website at www.magnum.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1 BOARD RESPONSIBILITIES

1.1 Clear Duties and Responsibilities of the Board

The Board as a whole is explicitly responsible for the stewardship of the Company, and in discharging its obligations diligently with integrity and in an objective manner. Each director has a legal duty to act in the best interest of the Company at all times. The Board assumes, among others, the following principal duties and responsibilities:-

- (a) Establishing the corporate vision and mission, as well as the philosophy of the Group;
- (b) Reviewing, adopting and monitoring the overall strategies and direction of the Group including setting performance objectives and approving the annual operating budgets for the Group as well as ensuring that the strategies promote good corporate governance culture and sustainability;
- (c) Overseeing the conduct and performance of the Group's businesses to evaluate whether the businesses are properly managed. This includes ensuring that the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
- (d) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- (e) Succession planning for the Board and Senior Management, including appointing, training, fixing the compensation of, and where appropriate, replacing Key Senior Management;
- (f) Developing and implementing an investor relations programme or stakeholders' communications policy for the Group to ensure an effective, transparent and regular communication with its stakeholders;
- (g) Reviewing the adequacy and the integrity of the Group's internal control systems and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- (h) Overseeing the operations of the Group's Enterprise Risk Management Framework, assessing its effectiveness and reviewing any major/significant financial and non-financial risks facing the Group;
- (i) Review and support the World Lottery Association's Responsible Gaming Framework established to ensure compliance to a comprehensive set of standards related to social responsibility;
- (j) Review and ensure Management compliance to the World Lottery Association's Security Control Standards:2016 which includes the Information Security Management System Standard ISO/IEC 27001:2013; and
- (k) Review the overall corporate governance performance of the Company to ensure that the Company is attuned with the evolving expectations of stakeholders, regulatory changes and market dynamics whilst remaining relevant to the needs of the Company's businesses and core values.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd.)

1.2 Division of roles and responsibilities of the Board members

The roles and responsibilities of the Chairman, the Executive Directors and the Non-Executive Directors are clearly segregated, each having separate responsibilities and authority.

The Chairman of the Board provides overall leadership to the Board in decision making, instil good governance practices and is primarily responsible for the orderly conduct and working of the Board.

The Executive Directors are responsible for the day-to-day running of the Group's business and implementation of Board's policies and decisions.

The Non-Executive Directors play the key supporting role in contributing their knowledge and experience in the decision making process and towards the formulation of the Company's goals and policies.

The distinct and separate roles with clear division of responsibilities in the Board ensure a balance of power and authority at all times, such that no one individual has unfettered decision making powers.

1.3 Clear functions for the Board and Management

The Board has a formal schedule of matters reserved specifically for its decision set out in the Authority Chart, which includes the approval of corporate and business continuity plans, annual budgets, acquisitions and disposal of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

The Authority Chart also guides the Management, headed by the Executive Directors, in the day-to-day running of the Group's business. The Authority Chart spells out the approving limits and the types of authority delegated by the Board to Senior Management who is responsible for the implementation of Board's policies and decisions. The Authority Chart is periodically reviewed and updated to reflect the changes in the business, operational and organisational environment.

The Management establishes targets and milestones which are presented to and approved by the Board. These targets and milestones are monitored and reviewed regularly and responsibilities re-aligned when necessary to ensure the Group's needs are consistently met.

The Board also maintains specific Board committees with clear responsibilities and terms of reference to assist the Board in carrying out its stewardship role and function, and fulfilling its fiduciary duties and responsibilities.

1.4 Board Charter

Since February 2013, the Board has established a Board Charter which sets out the composition, principal roles and responsibilities of the Board, its various Board Committees, individual directors and Management.

The Board Charter also outlines the processes and procedures for the Board and its Committees to be effective and efficient.

The Board through the Nomination Committee had reviewed the Board Charter in November 2020 to ensure it remains relevant and consistent with the Board's objectives and responsibilities, and all relevant standards of corporate governance.

The Board Charter is available on the Company's website at www.magnum.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

1.5 Code of Business Conduct and Ethics

The Board has adopted the Directors' Code of Business Conduct and Ethics which serves as a guide for the Board in discharging its oversight role effectively. This Code of Business Conduct and Ethics requires all Directors to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders at all times. The Nomination Committee had last reviewed this Code in November 2019.

The Directors' Code of Business Conduct and Ethics is available on the Company's website at www.magnum.my.

In addition to the Directors' Code of Business Conduct and Ethics which is accessible by the public on the Company's website, the Company, since May 2013, has in place a Code of Conduct which sets out the standards on ethical conduct and responsibility for all employees of the Group. The scope of this employees' Code of Conduct includes confidentiality, conflict of interest, gifts and entertainment and, the use of the company's assets. All employees including Management must comply with this employees' Code and a non-disclosure agreement therein. This Code of Conduct is accessible only by employees of the Group on its intranet created for the Group's Information Security Policies and Procedures.

1.6 Support from Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries. Every Director has ready and unhindered access to the advice and services of the Company Secretaries. Both Company Secretaries are qualified to act as company secretary and meet the requirement under Section 235 of the Companies Act 2016. They also hold valid practising certificates issued by the Registrar of Companies under Section 241 of the Companies Act 2016.

The Company Secretaries play an advisory role to the Board particularly with regard to the Company's constitution, Board policies and procedures, corporate governance issues and Directors' responsibilities in complying with regulatory requirements, codes, guidance and legislation.

The Company Secretaries also regularly update the Board on changes to statutory and regulatory requirements and advise the Board on the impact, if any, to the Company and the Board. The Company Secretaries attend all Board and Board Committees meetings as well as general meetings and ensure that deliberations and decisions are well documented and kept, and subsequently communicated to the relevant Management for appropriate actions.

The Company Secretaries also serve notices to the Directors and principal officers to notify and periodically remind them of the closed periods for dealings in the Company's shares pursuant to the provisions under the MMLR. In addition, they work closely with Management to facilitate the flow of timely and accurate information to the Board.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments through attendance at relevant conferences and continuous training programmes.

The Board is satisfied with the support and performance provided by the Company Secretaries in assisting the Board to discharge its duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

1.7 Board Meetings and Supply of Information to the Board

The Board meets not less than five times a year principally to review and approve the quarterly results for announcements. The Board meetings' dates of the Company are planned ahead of schedule and a commitment is obtained from the Directors on their availability to attend the Board meetings. All Directors of the Company in office have complied with the minimum requirement to attend 50% of the Board meetings held.

The attendance of each Director at Board meetings, where a total of five meetings were held during the financial year ended 31 December 2020, are as set out below:-

Director	Number of Board Meetings		%
	Attended	Held	
Tan Sri Dato' Surin Upatkoorn	5	5	100
Dato' Lawrence Lim Swee Lin	5	5	100
Krian Upatkoorn	5	5	100
Datuk Vijeyaratnam a/l. V. Thamothearam Pillay	5	5	100
Dato' Lim Tiong Chin	5	5	100
Jean Francine Goonting	5	5	100

All members of the Board have complied with the provision in the MMLR, which stipulates that each member shall not hold more than five directorships in public listed companies to ensure that their commitment, resources and time are more focused to enable them to discharge their duties effectively.

The Board recognises that decision making process is highly dependent on the quality of information furnished. As such, the Board expects and receives adequate, timely and quality information on an ongoing basis to enable the effective discharge of its duties.

The Board receives updates from the Management on the Group's operations and performance as well as the status of implementation of the Board's policies and decisions during the Board meetings.

Prior to a meeting, a formal agenda and the relevant proposal papers together with supporting documents are provided to the Board members not less than five business days or a shorter period, where deliberations involve price-sensitive information in accordance with the listing requirements, before the relevant Board and Board Committee meetings to ensure that they have sufficient time to peruse, deliberate, obtain additional information and/or seek further clarification on the matters to be tabled at the meetings.

The Board has direct access to Senior Management staff and has full and unrestricted access to all information pertaining to the Group's businesses and affairs, whether as a full Board or in their individual capacity. The Directors may, if necessary, obtain independent professional advice in the furtherance of their duties from external consultants at the Company's expense.

1.8 Anti-Bribery and Anti-Corruption Policy and Procedure including Whistle Blowing Policy

Since May 2020, the Group has adopted a new Anti-Bribery and Anti-Corruption Policy and Procedure (collectively "ABAC Policy"). The ABAC Policy has incorporated the revised Whistle Blowing Policy. The latter establishes a clear, transparent and secured communication channel for all stakeholders to raise their legitimate concerns on any unethical, questionable or improper conduct within the Group and thus, enable swift, fair and effective corrective actions to be taken.

Both the ABAC Policy and the Whistle Blowing Policy will be reviewed periodically and are available on the Company's website at www.magnum.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

1.9 Strategies Promoting Sustainability

The Board is aware of the importance of business sustainability and ethical practices. The Board continuously instils the need to cultivate and promote good corporate values throughout the Group by upholding the value of 'Tone at the top'.

The Board also ensures that there is a plan for promoting sustainability embedded in the development of the Group's strategies, taking into account the economic, environmental, social and governance aspects of its business operations. These strategies seek to meet the expectations of stakeholders such as customers, shareholders, regulators, bankers and the communities in which the Group operates.

A summary of the Group's management of material economic, environmental and social risks and opportunities is provided in the Sustainability Statement of this Integrated Annual Report.

1.10 Directors' Training

The Board places the responsibility for training of directors on the Nomination Committee which on a yearly basis, evaluates and determines the training needs of Directors.

During the year, all the Directors in office were periodically updated on new regulations and statutory requirements, particularly on changes or amendments made to the MMLR. Besides these periodical updates, the Directors have attended the following training programmes during the financial year ended 31 December 2020:-

Director	Seminar/Workshop/Training Courses attended
Tan Sri Dato' Surin Upatkoorn	<ul style="list-style-type: none"> 12 August 2020 – Directors' and Management's Virtual In-house Training on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018)
Dato' Lawrence Lim Swee Lin	<ul style="list-style-type: none"> 12 August 2020 – Directors' and Management's Virtual In-house Training on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018)
Krian Upatkoorn	<ul style="list-style-type: none"> 12 May 2020 – In-house programme for Board & Management of MPI Generali Insurans Berhad & MPH Capital Berhad on MACC Section 17A – Corporate Liability : Role of Board and Management 12 August 2020 – Directors' and Management's Virtual In-house Training on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018)
Datuk Vijeyaratnam a/l V. Thamothearam Pillay	<ul style="list-style-type: none"> 12 August 2020 – Directors' and Management's Virtual In-house Training on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018)
Dato' Lim Tiong Chin	<ul style="list-style-type: none"> 12 August 2020 – Directors' and Management's Virtual In-house Training on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018)
Jean Francine Goonting	<ul style="list-style-type: none"> 12 August 2020 - Directors' and Management's Virtual In-house Training on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) 18 November 2020 – Fraud Risk Management

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

All the Directors have successfully completed the Mandatory Accreditation Programme (MAP) in compliance with the MMLR.

The Board is mindful of the need to keep abreast with changes in both regulatory and business environments as well as with new developments within the industry in which the Group operates. The Directors will continue to undergo other relevant training programmes to upgrade themselves to effectively discharge their duties as Directors.

2 BOARD COMPOSITION

2.1 Board Size and Balance

The Board currently has six members, comprising a Non-Executive Chairman, two Executive Directors and three Non-Executive Directors, of whom two are Independent Directors. The composition of two Independent Non-Executive Directors meets the one-third requirement for Independent Non-Executive Directors under the MMLR.

The Board comprises individuals of high calibre and integrity, and they possess a diverse range of backgrounds, skills and expertise, all of which complement each other. The composition of the Board remains adequate to provide for a diversity of views, facilitate effective decision making, and appropriate balance of Executive, Independent and Non-Independent Directors. A brief profile of each Director is set out in this Integrated Annual Report.

The Board is mindful of Practice 4.1 of the MCGG 2017 which stated that at least half of the board comprises Independent Directors and for Large Companies, the Board comprises a majority of independent directors.

Notwithstanding this, the Board is of the opinion that there is no issue with regard to the balance of power and authority on the Board as the roles of the Non-Executive Chairman, Executive Directors and Non-Executive Directors are clearly set out, separated and established. The decision-making process of the Board is based on collective decisions without any individual exercising any considerable concentration of power or influence and well balanced by the presence of strong elements of independence with a large majority of Non-Executive Directors in the Board.

The Board had in August 2019 appointed one Independent female Director. However, due to the Covid-19 pandemic and with subsequent economy lockdown and movement controls in March 2020, the Nomination Committee has put on hold the recruitment process of other suitable Independent candidates until after the pandemic. Accordingly, the Board had in March 2021 approved the extension of the timeframe for application of Practice 4.1 of the MCGG 2017, which is expiring in year 2021, for another 3 years i.e. by year 2024.

2.2 Board Independence

The Board comprises two Executive Directors and four Non-Executive Directors whereby one-third are Independent Non-Executive Directors. The Non-Executive Directors are not employees of the Company and they do not participate in the day-to-day management of the Company. Thus, they remain objective and independent minded when they participated in the deliberations and decision making of the Board. This ensures effective check and balance in the functioning of the Board.

Should a Director be interested in any transaction to be entered into by the Company, the interested Director will abstain from deliberations and decisions of the Board on the transaction. Hence, the Directors have the ability to exercise their duties and make decisions which are in the best interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

2.3 Tenure of Independent Directors

The Board is mindful of the Step Up Practice 4.3 of the MCCG 2017 on a policy of limiting the tenure of Independent Directors to nine years of service.

All the Independent Directors namely, Dato' Lim Tiong Chin and Jean Francine Goonting, have served the Board in such capacity for less than nine years. Each of the two Independent Directors of the Company has provided an annual confirmation of his/her independence to the Nomination Committee.

2.4 Board Diversity Policy

Since November 2014, the Board has adopted a Board Diversity Policy which sets out the approach to achieve boardroom diversity. This policy aspires to ensure the mix and profiles of the Board members from a number of aspects including but not limited to gender, age, ethnicity, background, skills, knowledge and length of service.

The Board recognises diversity, including the facet of gender, as an important criterion to determine board composition as it provides the necessary range of perspectives, experiences and expertise required to achieve effective stewardship and management of the Company and the Group.

The Board is mindful of Practice 4.5 of the MCCG 2017 which stated that for Large Companies, the Board must have at least 30% women Directors.

Since August 2019, there is one female Director on the Board. This composition of women Directors represents 16.7% to the total number of Board members. Due to the Covid-19 pandemic and with subsequent economy lockdown and movement controls in March 2020, the Nomination Committee has put on hold the recruitment process of other suitable Independent female candidates until after the pandemic. The Board has in March 2021 approved the extension of the timeframe for application of Practice 4.5 of the MCCG 2017 for another 2 years i.e. by year 2022.

At present, the avenues for inducting women Directors into the Board are rather limited due to the nature of the industry and the highly regulated environment in which the Group operates. Notwithstanding the inherent constraints, the Group will recalibrate its approach in regard to drive a more holistic sourcing approach. It should also be noted that the Group always practises equal opportunity, and all appointment and employment opportunities are based on objective criteria and merit.

On the Management front, the Board's commitment to promote the Group's 'Diversity, Inclusive and Gender Policy' for the workplace is reflected in the Group's healthy employee gender profile as at 31 December 2020 of 50.1% female to 49.9% male employees, and 38.8% female employees holding supervisory and managerial positions.

2.5 Board Committees

The Board has delegated certain functions to the Committees it established to assist and complement the Board in the execution of its responsibilities. Each Board Committee operates within its terms of reference, which clearly define its functions and authority. The terms of reference of all the Board Committees are available on the Company's website at www.magnum.my.

Although specific authority is delegated to the Board Committees, the Board keeps itself abreast of the key issues and decisions made by each Board Committee through the reports by the Chairman of the Board Committee and the tabling of minutes of the Board Committee meetings at Board meetings. The various Board Committees, their compositions, and the number of meetings held and attended by each Committee member during the year 2020 are summarised as follows:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

(a) Nomination Committee

The Nomination Committee currently consists exclusively of the following Non-Executive Directors, the majority of whom are Independent:-

	No. of meetings attended/held	%
Chairman Datuk Vijeyaratnam a/l V. Thamothearam Pillay <i>(Non-Independent Non-Executive Director)</i>	2/2	100
Members Dato' Lim Tiong Chin <i>(Independent Non-Executive Director)</i>	2/2	100
Jean Francine Goonting <i>(Independent Non-Executive Director)</i>	2/2	100

The key responsibilities of the Nomination Committee are as follows:-

- Identify and recommend new nominees to the Board and Committees of the Board of the Company and its subsidiary companies;
- Assist the Board to systematically assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each Individual Director on an annual basis; and
- Assist the Board in reviewing its required mix of skills and experience and other qualities which Non-Executive Directors should bring to the Board.

The main activities of the Nomination Committee during the financial year 2020 are summarised as follows:-

- assessed the performance of individual Directors and the Board as a whole as part of the annual assessment which covered the effectiveness of the Board, its Committees and the contributions of each Individual Director for assessment year 2020. These assessments were benchmarked against its recognised frameworks namely, the Board Charter and each Board Committee's Terms of Reference as well as the requirements and best practices recommended by the regulators;
- reviewed the overall composition of the Board and Board Committees in terms of its appropriate size and diversity in knowledge, skills, experience, core competencies, gender, age, ethnicity and background, and the balance between the numbers of Executive, Non-Executive and Independent Directors;
- assessed the independence of each Independent Director;
- determined those Directors who would retire by rotation at the Annual General Meeting based on the Company's Constitution including reviewing the retiring directors' eligibility and made the necessary recommendations for their re-elections; and
- reviewed the Board Charter.

Although the Chairman of the Nomination Committee is not an Independent Director nor a Senior Independent Non-Executive Director, the Board is of the view that the Nomination Committee is able to perform its duties transparently and independently. The Board, nonetheless, will by year end 2021 apply Practice 4.7 of the MCCG 2017 which prescribed that the Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

(b) Remuneration Committee

The Remuneration Committee currently consists exclusively of Non-Executive Directors, the majority of whom are Independent:-

	No. of meetings attended/held	%
<ul style="list-style-type: none"> Chairman Tan Sri Dato' Surin Upatkoon (Non-Independent Non-Executive Director) 	1/1	100
<ul style="list-style-type: none"> Members Dato' Lim Tiong Chin (Independent Non-Executive Director) 	1/1	100
<ul style="list-style-type: none"> Jean Francine Goonting (Independent Non-Executive Director) 	1/1	100

The principal responsibilities of the Remuneration Committee include the formulation of a fair remuneration policy such as rewards and benefits and other terms of employment of the Executive Directors as well as for the Key Senior Management. The Remuneration Committee reviews and ensures that the remuneration fairly reflects the responsibilities, the expertise required by the Group and the complexity of its operations. The said remuneration should also be in line with the business strategy and long term objectives of the Group.

(c) Group Audit Committee

The Group Audit Committee currently consists exclusively of the following Non-Executive Directors, the majority of whom are Independent:-

	No. of meetings attended/held	%
<ul style="list-style-type: none"> Chairman Dato' Lim Tiong Chin (Independent Non-Executive Director) 	4/4	100
<ul style="list-style-type: none"> Members Datuk Vijeyaratnam a/l V. Thamothearam Pillay (Non-Independent Non-Executive Director) 	4/4	100
<ul style="list-style-type: none"> Jean Francine Goonting (Independent Non-Executive Director) 	4/4	100

The Group Audit Committee reviews the Group's financial reporting process, the system of internal control, the audit process and the Group's process for monitoring compliance with laws and regulations, and such other matters which may be delegated by the Board from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

(d) Group Risk Management Committee

The Group Risk Management Committee currently consists of the following Directors, the majority of whom are Independent Non-Executive Directors:-

	No. of meetings attended/held	%
<ul style="list-style-type: none"> Chairman Dato' Lim Tiong Chin (Independent Non-Executive Director) 	2/2	100
<ul style="list-style-type: none"> Members Dato' Lawrence Lim Swee Lin (Non-Independent Executive Director) 	2/2	100
Jean Francine Goonting (Independent Non-Executive Director)	2/2	100

The principal responsibilities of the Group Risk Management Committee include the review of the adequacy of the Group's risk management policies and framework and ensuring that adequate infrastructure, resources and systems are in place for risk management in the Group.

2.6 Nomination and Appointment to the Board

The Nomination Committee oversees the overall composition of the Board in terms of the appropriate size, balance between the numbers of Executive, Non-Executive and Independent Directors, and a wide mix of various elements required to be appointed as Directors of the Company in accordance with the MMLR.

The Nomination Committee will undertake several concerted steps to ensure that suitable candidates are sought from various sources including professional bodies as part of its recruitment exercise. The Nomination Committee will also consider candidates recommended by the existing Board members, Management or major shareholders, former Directors or Senior Management.

In respect of the appointment of Directors, the Nomination Committee practices a clear and transparent nomination process which involves the following:-

Stage 1 : Identification of candidates

Stage 2 : Meeting up the candidates

Stage 3 : Evaluation of suitability of candidates

Stage 4 : Final deliberation by the Nomination Committee

Stage 5 : Recommendation to the Board

The Nomination Committee considers, among others, the following aspects in making the selection of candidates to be appointed as Director:-

- (a) the person must have the key qualities such as honesty and integrity;
- (b) the person must have the appropriate qualification, training, skills, practical experience and commitment to effectively fulfill the role and responsibilities of the position; and
- (c) the person must manage his debts and financial affairs prudently.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

All Board appointments will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board and the overall effectiveness of the Board, taking into account the nature of the industry and the highly regulated environment in which the Group operates. The proposed appointment of a new Director to the Board will be approved by the full Board based on the recommendation of the Nomination Committee.

During the financial year 2020, no new Directors were appointed to the Board.

2.7 Annual Assessment of Board, its Committees and Individual Directors

The Nomination Committee has a formal assessment in place to assess the effectiveness of the Board as a whole, the performance of its Committees and the contribution of each Individual Director on an annual basis by way of a set of customised self-assessment questionnaires. The evaluation process is led by the Chairman of the Nomination Committee and supported by the Company Secretaries. All assessments and evaluations carried out by the Nomination Committee are properly documented.

In line with Practice 5.1 of the MCCG 2017, the Company had last engaged an independent expert to facilitate its Board Effectiveness Evaluation ("BEE") exercise in February 2018 for assessment year 2017.

Although a 3-year interval had been fixed to engage an independent expert to facilitate its BEE exercise, the Board had in March 2021 agreed with the Nomination Committee's decision to defer this engagement until the end of the Covid-19 pandemic or year 2022, whichever is earlier. This decision was made after having considered the following situations:-

- the ongoing Covid-19 pandemic situation, the various movement control orders and the Standard Operating Procedure ("SOP") restrictions imposed by the Government have significantly disrupted the Group's operations and have negatively impacted the Group's financial performance during the year 2020, Management should focus its resources to address the above impacts;
- the Company currently do have in place a formal assessment internally to assess the effectiveness of the Board as a whole, the performance of its Committees and the contribution of each Individual Director; and
- the current Board structure or composition and size were relatively the same in the last 3 years with one new female director appointed to the Board since August 2019.

For the assessment year under review, the BEE was carried out internally through directors' self-assessment questionnaires, which are tailored-made and premised on qualitative and quantitative criteria. The assessment criteria are benchmarked against good governance practices prescribed by the regulators and best practices as well as the Board's and its Committees' duties and responsibilities set out the Board Charter, the Terms of Reference of each Committee and other internal policy documents.

The assessment of the Board is based on specific criteria, covering areas such as board conduct, board processes, board accountability, board governance, succession planning and interaction with Management and Stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd.)

Each Board Committee is assessed based on the extent to which it had discharged its roles and functions set out in its terms of reference and each Committee Member's contribution to interaction, discussion and participation in the Committee's activities.

For individual self-assessment, the assessment criteria include integrity, commitment, leadership, knowledge and communication ability.

The criteria for assessing the Independent Directors include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

Based on the assessments conducted for the financial year 2020, the Nomination Committee is satisfied with the contribution and performance of each individual director, the Board as a whole and the Board Committees as well as the independence and objective judgements that the Independent Directors have brought to the Board.

2.8 Re-election of Directors

The Constitution of the Company provides that all Directors shall retire from office at least once every three years and that at every Annual General Meeting, at least one-third of the Board for the time being shall retire from office and shall be eligible for re-election. The Constitution further provides that those Directors appointed during the financial year shall retire from office at the next Annual General Meeting and they may offer themselves for re-election.

The process of re-election of Directors ensures that shareholders have a regular opportunity to reassess the composition of the Board. The election of each Director is voted on separately by the shareholders at the Annual General Meeting.

Retiring Directors who are seeking re-elections are subject to Directors' assessment overseen by the Nomination Committee.

Upon the recommendation of the Nomination Committee, the Directors namely, Tan Sri Dato' Surin Upatkoon and Dato' Lim Tiong Chin, will be retiring by rotation at the forthcoming Annual General Meeting and being eligible, they had offered themselves for re-elections.

3 REMUNERATION

3.1 Remuneration Policy

The Board has in place a Remuneration Policy which guides the Group in formulating a fair and competitive remuneration needed to attract, retain, motivate and reward its Directors and Senior Management of high quality to manage the businesses of the Magnum Group successfully.

This remuneration policy is subject to regular review by the Board through its Remuneration Committee and will be amended as appropriate to reflect the current best practices. The Remuneration Policy is available on the Company's website at www.magnum.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

3.2 Disclosure of Director's Remuneration

The details on the remuneration received or to be received by each Director of the Company, including the remuneration for services rendered as a group, during the financial year ended 31 December 2020 are as follows:-

	Company			Subsidiaries			Group	
	Directors' Fees (RM)	Meeting Allowance (RM)	Benefits-in-kind based on estimated money value (RM)	Directors' Fees (RM)	Salaries (RM)	Bonuses and Other Emoluments (RM)	Benefits-in-kind based on estimated money value (RM)	Total (RM)
Non-Executive Director								
TSU	–	–	–	50,000	–	–	–	50,000
DVJ	95,000	–	32,567	–	–	–	–	127,567
DLTC	95,000	7,000	–	–	–	–	–	102,000
JFG	95,000	7,000	–	–	–	–	–	102,000
Executive Director								
DLSL	–	–	–	55,000	1,212,000	455,800	25,436	1,748,236
KU	–	–	–	5,000	840,000	278,450	–	1,123,450

Notes:

TSU – Tan Sri Dato' Surin Upatkoorn

DVJ – Datuk Vijeyaratnam a/l V. Thamothearam Pillay

DLTC – Dato' Lim Tiong Chin

JFG – Jean Francine Goonting

DLSL – Dato' Lawrence Lim Swee Lin

KU – Krian Upatkoorn

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

4. GROUP AUDIT COMMITTEE

4.1 Effective and Independent Group Audit Committee

The Group's financial reporting and internal control system are reviewed by the Group Audit Committee which comprises three Non-Executive Directors with a majority of two Independent Directors.

The Chairman of the Group Audit Committee is an Independent Non-Executive Director and is not the Chairman of the Board. All Group Audit Committee members are financially literate and have sufficient understanding of the Group's businesses.

The Group Audit Committee operates within its Terms of Reference which clearly define its functions and authority. The Terms of Reference of the Group Audit Committee are available on the Company's website at www.magnum.my.

The Group Audit Committee meets not less than four times a year and often before the Board Meeting to ensure that all critical issues highlighted by the internal and external auditors can be brought to the attention of the Board on a timely basis. The minutes of the Group Audit Committee meetings are tabled at the Board Meeting for notation and action where appropriate.

A summary of the activities of the Group Audit Committee in the discharge of its functions and duties including how it has met its responsibilities for the financial year 2020 are set out in the Group Audit Committee Report in this Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

4.2 Relationship with the Auditors

The Board maintains a transparent and professional relationship with the Company's auditors, both internal and external, through the Group Audit Committee.

The Group Audit Committee has been explicitly accorded the power to communicate directly with both the internal and external auditors. The external auditors, Ernst & Young PLT ("EY"), are invited to attend the Group Audit Committee meetings at least twice a year to review the audit process and to discuss the Company's annual financial statements, the audit findings, the audit plan as well as problems and reservations arising from the final audit. The Group Audit Committee also meets with the external auditors whenever it deems necessary.

In addition, the external auditors are invited to attend the Annual General Meeting of the Company and are available to answer shareholders' questions relating to the conduct of the statutory audit and the preparation and contents of their audit report. The external auditors will report to the Group Audit Committee and the Management on any weaknesses in the internal control systems and any non-compliance of accounting standards that come to their attention in the course of their audit.

The Group Audit Committee is tasked with the authority from the Board to review any matters concerning the appointment and re-appointment, audit fee, resignation or dismissal of external auditors.

Though the declaration of independence, integrity and objectivity made by the external auditors in their status audit report for each financial year end would suffice to serve as a written assurance from the external auditors on their independence and integrity, the Group Audit Committee ensures that the independence and objectivity of the external auditors are not compromised by conducting annual assessment to review and monitor the suitability and independence of the external auditors. This assessment task forms part of the Group Audit Committee's functions as set out in its Terms of Reference.

The Group Audit Committee is satisfied with EY's performance, technical competency and audit independence including the reasonableness of fees for the financial year 2020. Accordingly, the Group Audit Committee has recommended EY's re-appointment as the Company's external auditors for the financial year ending 31 December 2021.

5. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control System

The Board acknowledges their responsibilities for the Group's system of internal control and its effectiveness, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal control in safeguarding the shareholders' investment and Group's assets.

The Group Risk Management Committee ("GRMC") drives the risk management framework of the Group and reports to the Board on its recommendations and/or decisions. The Management Risk Committee ("MRC") is established at the management level and serve as a platform for two-way communications between the Management and the GRMC on matters relating to risk strategy and management. The GRMC summarises and communicates the key business risks to the Board for consideration and resolution.

The overview of the state of internal control and risk management within the Group is set out in the Statement on Risk Management and Internal Control in this Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)a

5.2 Internal Audit Function

The Group's internal audit function is outsourced to MPH Capital Berhad's Group Internal Audit ("GIA") Department, which reports directly to the Group Audit Committee ("GAC"). The GIA's primary role is to assist the GAC to discharge its duties and responsibilities by independently reviewing and reporting on the adequacy and effectiveness of the system of internal control and the overall control environment. The GIA provides reasonable assurance that the system of internal control continues to operate satisfactory and effectively. The audits cover the review of the adequacy of risk management, operational control, compliance with established procedures, guidelines and statutory requirements, quality of assets, information security and management efficiency. The internal auditors are guided by the standards of best professional practice, such as those published by the Institute of Internal Auditors and the relevant guidelines and recommendations from the relevant authorities.

During the financial year ended 31 December 2020, the GIA carried out its duties in accordance with its Internal Audit Charter and 2020 Annual Audit Plan. The Annual Audit Plan was developed based on annual risk assessment and approved by the GAC. All internal audit reports which incorporated the Management's responses and action plans were tabled for discussion at GAC meetings. The GIA also conducted follow-up audit reviews to monitor and ensure that all action plans have been effectively implemented by the Management. The status updates on the actions taken were tabled at the GAC meetings on a quarterly basis for GAC's review.

The summaries of activities of the internal audit function during the financial year are set out in the Group Audit Committee Report.

5.3 Financial Reporting

The Board is responsible for the quality and completeness of publicly disclosed financial reports. In presenting the annual financial statements and quarterly results announcement of the Group, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Board is assisted by the Group Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting to ensure that information to be disclosed are accurate, adequate and in compliance with relevant disclosure requirements.

The Directors' Responsibility Statement in respect of the preparation of the annual audited financial statements of the Company and the Group is set out below.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare financial statements for each financial year which have been drawn up in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that the financial statements for each financial year present a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the year ended 31 December 2020, the Directors have:

- *adopted and applied appropriate and relevant accounting policies consistently;*
- *made judgements and estimates that are reasonable and prudent; and*
- *prepared financial statements on a going concern basis.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd.)

The Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

5.4 Corporate Disclosure Policy

The Board acknowledges the importance of ensuring that it has in place, appropriate corporate disclosure policies and procedures which leverages on information technology.

The Board has established an internal Corporate Disclosure Policy to facilitate the handling and disclosure of material information in compliance with the provisions of the MMLR. It also serves as a guide to enhance the awareness among employees of the Company's disclosure requirements and practices. Clear roles and responsibilities of Directors, Management and Employees are provided together with levels of authority to be accorded to designated persons in the handling and disclosure of material information. It also sets out the measures to be taken by the Company to ensure proper handling of confidential information by Directors, employees and relevant parties to avoid leakage and improper use of such information.

5.5 Procedural Manual For Related Party Transactions

Since May 2011, the Group has in place a Procedural Manual For Related Party Transactions to ensure related party transactions within the Group are being carried out fairly and are not detrimental to the interest of minority holders of the Company.

The Board through the Group Audit Committee also reviews any related party transactions and every half-yearly, reviews the recurrent related party transactions at its quarterly meeting to ensure that these transactions were made at arm's length and on normal commercial terms which are generally available to the public or on terms and conditions negotiated between the Group and the related parties, in either case, these transactions are not detrimental to any shareholders.

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

6. COMMUNICATION WITH STAKEHOLDERS

6.1 Communication with Shareholders and Investors

The Board recognises the importance of timely and equal dissemination of clear, relevant and comprehensive information on major developments of the Group to shareholders and investors, which is carried out by means of various disclosures, press releases and announcements to the stock exchange, taking into consideration the legal and regulatory framework governing the release of material and price-sensitive information.

The Group's performance is reported quarterly to the stock exchange and on a yearly basis, the Integrated Annual Report is an important channel used by the Company to provide its shareholders and investors with information on its business, financial performance and other key activities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

The Company has, from time to time, held meetings and dialogues with investors and research or investment analysts to convey information regarding the Group's progress, performance and business strategies. Press interviews were also conducted on significant corporate developments to keep the investing community and shareholders updated on any major developments of the business of the Group.

In addition, the Group maintains a website at www.magnum.my which is updated from time to time to provide shareholders and members of the public the current information and events relating to the Group.

7. CONDUCT OF GENERAL MEETINGS

7.1 Annual General Meeting

The Annual General Meeting is the principal forum for dialogue with the shareholders and serves as a platform for shareholders to obtain full understanding on the Company and its operations. At every Annual General Meeting, either Executive Director or the Chief Financial Officer presents a brief review of the Group's operational and financial performance to the shareholders.

Shareholders are given both the opportunity and time to raise questions pertaining to issues in the Integrated Annual Report, resolutions being proposed and the Group's operations, performance and direction. Board members, Senior Management, the external auditors and the relevant advisors are available to answer questions raised and give clarifications as required.

During the year 2020, the Company sent out the Notice of its Annual General Meeting and related papers to shareholders on 21 May 2020, at least twenty eight days before the meeting on 25 June 2020. Each item of special business included in the Notice of the Annual General Meeting is accompanied by a full explanation of the effects of the proposed resolution to facilitate full understanding and evaluation of the issues involved.

The Annual General Meeting of the Company has always been held in the close vicinity of the city centre of Kuala Lumpur to facilitate maximum participation of shareholders.

In compliance with the MMLR, all motions put forth for shareholders' approval at the Annual General Meeting are to be voted by poll. Since May 2017, the Company had successfully conducted a secured electronic poll voting at all the Company's Annual General Meetings.

The Company will monitor closely the Covid-19 pandemic situation and will adhere to the SOP and the directives by the relevant authorities with regard to the conduct of the Company's general meeting during the movement control orders in its various forms.

Nonetheless, the Company will continue to explore and take leverage of new technology to enhance the quality of engagement with its shareholders and to facilitate further participation by shareholders at the Company's general meetings.

The detailed results of the voting in terms of the number of votes and percentages for and against each resolution transacted at a general meeting will be announced to the stock exchange and made available on the Company's website, www.magnum.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

CONCLUSION

The Board is mindful of the need to regularly review the Group's corporate governance practices against the principles in the MCCG 2017 with the view of ensuring that they remain relevant in meeting with the challenges of its business environment.

The Board is satisfied that, save for the following five practices, the Company has substantially applied the principles and best practices prescribed in the MCCG 2017 during the year 2020 and to date:-

	Application Timeframe
• 4.1 (Majority board members as independent directors)	3 years
• 4.5 (At least 30% women directors)	2 years
• 4.7 (Independent director as Nomination Committee Chairman)	9 months
• 7.2 (Disclosure of top 5 senior management's remuneration on named basis in bands of RM50,000)	Not disclosing
• 12.3 (Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate- • including voting in absentia; and • remote shareholders' participation at General Meetings.)	3 years

The explanations for the above departure are further disclosed in the CG Report that has been announced to Bursa Malaysia Securities Berhad together with this Integrated Annual Report. The CG Report is available at the Company's corporate website, www.magnum.my.

This Corporate Governance Overview Statement was approved by the Board on 29 March 2021.

GROUP AUDIT COMMITTEE REPORT

COMPOSITION

The Group Audit Committee ("GAC") was established by the Board from amongst its non-executive members for Magnum Berhad ("Magnum" or "Company") and its subsidiaries (collectively "Magnum Group" or "Group"). The GAC comprises three members, all of whom are Non-Executive Directors with a majority of two Independent Directors. The members of the GAC during the financial year ended 31 December 2020 were as follows:

1. Dato' Lim Tiong Chin
(Chairman / Independent Non-Executive Director)
2. Datuk Vijeyaratnam a/l V. Thamothearam Pillay
(Member / Non-Independent Non-Executive Director)
3. Jean Francine Goonting
(Member / Independent Non-Executive Director)

The GAC Chairman is an Independent Non-Executive Director and is not the Chairman of the Board. All GAC members are financially literate and have sufficient understanding of the Group's businesses. Two of the members namely, Datuk Vijeyaratnam a/l V. Thamothearam Pillay and Dato' Lim Tiong Chin are fellow members of the Institute of Chartered Accountants in England and Wales and members of the Malaysian Institute of Accountants.

The GAC operates within its Terms of Reference which clearly define its functions and authority. The Terms of Reference of the GAC are available on the Company's website at www.magnum.my.

EVALUATION OF THE GROUP AUDIT COMMITTEE

In March 2021, the Board through its Nomination Committee had reviewed the composition and term of office of the GAC members. All of the Independent Directors satisfy the test of independence under Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The Nomination Committee also assessed the performance of the GAC and its members during the year 2020 through an annual Board Committee effectiveness evaluation with the assistance from the Company Secretaries.

Having considered the outcome of the evaluation, the Board is satisfied that the GAC and its members have discharged their functions, duties and responsibilities in accordance with the GAC's Terms of Reference and has supported the Board in ensuring the Group upholds the appropriate corporate governance standards during the year 2020.

The GAC is mindful of the need to continuously undertake professional development training to keep themselves abreast with the developments of the relevant accounting and auditing standards, practices and rules. Details of the training programmes attended by the GAC members during the year 2020 are disclosed in the Corporate Governance Overview Statement in this Integrated Annual Report.

GROUP AUDIT COMMITTEE REPORT (cont'd.)

MEETINGS AND ATTENDANCE

The GAC meets quarterly, and as and when required. The meetings' dates are planned ahead at the end of every financial year with each date coinciding with the key dates in the Company's financial reporting cycle. The GAC meetings were appropriately structured through the use of agenda, which were distributed to members together with the papers and reports relevant to the items on the agenda not less than five business days or a shorter period, where deliberations involve price-sensitive information pursuant to the listing requirements, before the meeting to enable the members to prepare for the meeting.

Meetings of the GAC were held with the presence of the Executive Directors, Chief Financial Officer or Head of Finance, Head of Group Internal Auditors and the representatives of the external auditors as and when required. Other directors and employees shall attend any particular GAC meeting only at the GAC's invitation, specific to the relevant meeting.

The Executive Directors and the Chief Financial Officer or Head of Finance were invited to all GAC meetings to facilitate direct communications as well as to provide clarifications on audit issues and the Group's performance and operations. The Head of the Group Internal Auditors attended all GAC meetings to table the internal audit reports.

The external auditors were also invited to attend relevant GAC meetings to present their audit plan and audit findings, and to assist the GAC in its review of year-end financial statements.

The GAC also meets at least twice a year with the external auditors without the presence of any Executive Board members and Senior Management to provide the external auditors an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference.

Minutes of each GAC meeting were recorded and tabled for confirmation at the following GAC meeting and subsequently presented to the Board for notation. The GAC Chairman will convey to the Board matters of significant concern as and when raised by the external auditors or internal auditors.

During the financial year ended 31 December 2020, the GAC held a total of four meetings to conduct and discharge its functions in accordance with its Terms of Reference. The details of attendance of the GAC members are as follows:-

GAC Members	Number of GAC meetings		%
	Attended	Held	
Dato' Lim Tiong Chin	4	4	100
Datuk Vijeyaratnam a/l V. Thamotheeram Pillay	4	4	100
Jean Francine Goonting	4	4	100

SUMMARY OF WORK DURING THE FINANCIAL YEAR 2020

During the financial year ended 31 December 2020, the GAC had worked closely with Management, internal and external auditors to carry out its duties and responsibilities as set out in its Terms of Reference. The GAC had discharged its oversight role by carrying out the following activities during the financial year 2020:-

1. Financial Reporting

- Reviewed with Management the quarterly unaudited financial results of the Magnum Group against preceding and corresponding quarters as well as cumulative periods, and recommended the same for Board's consideration and approval before releasing to the stock exchange. The review covers, among others, assessment of the Group's businesses and investments, the adequacy of disclosures and the appropriateness of the accounting policies applied.

The GAC had sought explanations from Senior Management including the Chief Financial Officer or Head of Finance on the reasons for the following:-

- any significant variances in the financial performance of the Group;
- any significant changes in accounting policies and adoption of new or updated accounting standards, and its impact to the Group's financial results; and
- the assumptions, significant judgement and estimates made by Management.
- Reviewed and discussed the annual audited financial statements of the Group with the external auditors, Ernst & Young PLT and the Management focusing on the following:-
 - significant matters highlighted in the financial statements including any significant financial reporting issues;
 - any change in accounting policies and practices;
 - significant judgements and estimates made by the Management,
 - audit differences and how these matters were addressed or significant adjustments arising from the audit;
 - going concern assumption; and
 - compliance with applicable accounting standards and other legal requirements.

The GAC had discussed the key audit matters raised by the external auditors with the Management and the disclosure thereof in the Auditors' Report for the financial year ended 31 December 2020 for the Magnum Group.

Having satisfied that the financial statements and reports complied with the relevant accounting standards and other applicable laws and regulations, the GAC recommended the same for the Board's consideration and approval at the subsequent Board meeting.

2. Matters relating to external audit

- Reviewed the Audit Planning Memorandum of the external auditors, which outlines the audit scope, methodology and timeline for completion of the audit, areas of audit emphasis and focus on key audit matters, fraud considerations and the risk of management override and impact of new and revised auditors' reporting standards including recurring and non-recurring non-audit services that may be provided by the external auditors for the financial year ended 31 December 2020. The audit plan also encompasses the affirmation of the external auditors' independence.

GROUP AUDIT COMMITTEE REPORT

(cont'd.)

- Discussed and considered the audit results in terms of the significant accounting adjustments, auditing issues and representation letters arising from the audit.
- Had two private meetings with the external auditors during the financial year, once in September 2020 and another in November 2020, without the presence of any Executive Board members and Management, to discuss issues arising from the final audits, or any other matters the auditors may wish to discuss, including the level of assistance provided by the Group's employees to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information. There were no areas of concern raised by the external auditors that needed to be escalated to the Board.
- Reviewed the performance of the external auditors including assessment of their independence, objectivity and effectiveness, having regard to several factors including the qualification, experience and technical knowledge of the engagement partner and audit staff, the resources of the audit firm, their quality control processes, communication and interactions with clients, and the level of non-audit services.

Based on the results of the evaluation, the GAC is of the view that the provision of non-audit services by the external auditors did not impair the objectivity, judgement and independence of the external auditors. The GAC is satisfied with the external auditors' technical competency, audit independence and performance including the reasonableness of fees for the financial year 2020. Accordingly, the GAC had recommended the re-appointment of the external auditors for the ensuing financial year.

3. Matters relating to internal audit

- Reviewed the Group Internal Auditors' progress of audit activities and the internal audit reports of the Group, which highlighted issues, recommendations and Management's responses to ensure appropriate actions were taken to improve the system of internal controls based on improvement opportunities identified in the internal audit reports.
- Reviewed and approved the Group Internal Audit's Annual Audit Plan in ensuring scope adequacy and comprehensive coverage on the audit activities and principal risk areas are adequately identified and covered during the year 2020.
- Reviewed the adequacy of resources and the competencies of the Group Internal Auditors to ensure satisfactory performance by Group Internal Auditors.

The GAC is satisfied with the objectivity, independence and performance of the Group Internal Auditors. The Group Internal Auditors had sufficient resources to carry out and complete all audit assignments planned for the year 2020 in a timely manner and in accordance with its Internal Audit Charter. The Group Internal Auditors had also promptly responded to all issues raised by the GAC, provided constructive observations and recommendations in areas which required improvements in the internal control system to the Management, and has shown to be objective and independent in carrying out the internal audit functions for the Group.

4. Matters relating to risk management and internal control

- Reviewed with the Group's AMLATFA Compliance Officer, the records and documents relating to compliance with the internal policy and compliance procedures in relation to the Group's reporting obligations to Bank Negara Malaysia under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 (AMLATFA) and any subsequent amendments.
- Reviewed with the Group's ABAC Officer, the records and documents relating to compliance with the Group's Anti-Bribery and Anti-Corruption (ABAC) Framework, Policy and Procedure under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment Act 2018) and any subsequent amendments.

GROUP AUDIT COMMITTEE REPORT (cont'd.)

- Monitored and reviewed with the internal auditors the progress of agreed corrective actions on audit findings to ensure all audit issues are resolved within the agreed stipulated period.
- Reviewed with the external auditors the Statement on Risk Management and Internal Control and recommended the same to the Board for approval prior to its inclusion in the Company's Integrated Annual Report.

5. Matters relating to related party transactions

- Reviewed every half-yearly the terms and procedures of recurrent related party transactions entered into by the Group and any conflict of interest situations arising from those transactions to ensure that these transactions, which are necessary for the day-to-day operations of the Magnum Group, were made:-
 - (a) in the ordinary course of business;
 - (b) at arm's length; or
 - (c) on normal commercial terms (which are generally available to the public) or on terms and conditions negotiated between the Magnum Group and the related parties, in either case, these transactions are not detrimental to any shareholders.

The GAC took note that there were no conflicts of interest situations for operational matters as reported in the recurrent related party transaction of the Magnum Group by the Management at the quarterly GAC meetings.

6. Other Matter

- Reviewed the Group Audit Committee Report, the Corporate Governance Overview Statement and the Corporate Governance Report, and recommended the said Reports and Statements to the Board for approval prior to their inclusion in the Company's Integrated Annual Report.

SUMMARY OF INTERNAL AUDIT FUNCTION OR ACTIVITIES

The internal audit function was established with primary objective of providing the necessary assistance to the GAC in the course of discharging its duties and responsibilities. The GAC is supported by an independent and adequately resourced internal audit function which has been outsourced to MPH Capital Berhad's Group Internal Audit ("GIA") Department. The GIA reports directly to the GAC who are provided with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

The internal audit activities are guided by the Internal Audit Charter and GIA adopts a risk-based approach focusing on high risk areas. The GIA covers the review of the adequacy and effectiveness of the internal control and risk management process which includes appropriateness and effectiveness of governance practices, reliability and integrity of the financial, operational and management information system, safeguarding of assets and compliance with laws, regulations, policies and procedures.

GROUP AUDIT COMMITTEE REPORT (cont'd.)

The activities undertaken by the GIA Department during the financial year ended 31 December 2020 included the following:-

- (1) Prepared the annual audit plan for the review and approval of the GAC. The plan adopted a risk-based methodology by focusing on key risk areas. The audit plan took into consideration the previous audit findings, risk registers of the operating companies under the Group, including the input from the Senior Management, and the Chairman and members of GAC on their concerns and expected scope of audit. Risk-based audits and governance reviews that were planned to be performed included the information security management system, related party transactions, anti-money laundering and counter financing of terrorism and selected regional offices, among others.
- (2) Updated the GAC on the status of internal audit plan and highlighted changes in the plan for GAC's approval, taking into account changes in the business and operating environment.
- (3) Conducted audit reviews relating to the Group's governance process and system of internal control on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.
- (4) Carried out special assignments requested by the Management and/or the GAC.
- (5) Performed regular observations and verifications of the normal and special draws.
- (6) Performed verification of the submissions to the Ministry of Finance for pool betting and gaming tax and unclaimed prize money.
- (7) Issued audit reports to the GAC and Management incorporating findings and corrective actions to rectify weaknesses or enhance controls as noted in the course of audit. Such corrective actions were developed based on a root-cause analysis performed and were acted upon by Management within agreed timeline.
- (8) Conducted follow-up reviews to monitor and ensure that all corrective and preventive actions had been effectively taken by the Management on the agreed audit issues and recommendations disclosed in the audit reports and subsequently, provided updates on their status to the GAC at GAC's quarterly meetings.

During the year, despite no changes in the resources, i.e. a total of 5 internal auditors to conduct the audit assignments planned for year 2020, the GIA only managed to complete 8 assignments out of 9 planned assignments for the year. (For the financial year ended 31 December 2019, there was 9 audit assignments completed). This is because the audit review of ENE (East Malaysia) Sdn. Bhd. has been deferred to year 2021 due to movement restriction during the period of Movement Control Order (MCO) and Conditional Movement Control Order (CMCO) in year 2020.

The costs incurred for the internal audit function of the Group for financial year ended 31 December 2020 was RM0.43 million (For the financial year ended 31 December 2019, the cost was RM0.58 million).

This Report was approved by the Board on 29 March 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Securities Berhad specified that the Board of Directors ("Board") is to provide a Statement on Risk Management and Internal Control for the Group. The Board is pleased to include a statement on the state of the Group's risk management and internal control for the financial year ended 31 December 2020. The statement is prepared in accordance with the MMLR and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board recognises its responsibilities for maintaining a sound risk management and system of internal control to ensure the achievement of the organisation's strategic objectives, reliability and integrity of the financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and shareholders' investment and compliance with laws, regulations, policies and procedures.

In view of the limitation inherent in any system of internal control and risk management, it should be appreciated that an effective system of internal control and risk management framework is designed to manage principal risks that may impede the Group from achieving its business objectives rather than to eliminate the risks altogether. In this regard, the risk management framework and internal control system can only provide reasonable assurance, and not absolute assurance against material misstatement of financial information and records or against financial losses or fraud.

The Group Audit Committee ("GAC") through the Internal Audit function assists the Board to assess the adequacy and effectiveness of internal control and governance systems of the Group and ensures that appropriate methods and procedures are in place to obtain the level of assurance required by the Board. The GAC deliberates on key internal audit findings tabled during the GAC meeting.

The Group Risk Management Committee ("GRMC") provides oversight on risk management strategies, methodologies, policies and guidelines and risk related matters of the Group. In addition, the GRMC also oversees the functions of management committee, i.e. Management Risk Committee ("MRC") which assumes the responsibility of monitoring specific areas of risks pertaining to the Group's business activities and implement various risk management policies and procedures.

The Board is also informed of the decision and significant issues deliberated and recommended by the GAC and GRMC via the reporting of the respective Chairman of GAC and GRMC and the minutes of the GAC and GRMC tabled at the Board Meeting.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

1. Risk Management

The Board recognises the importance of having in place a risk management system to identify key risks and implement appropriate controls to manage such risks as an integral part of the Group's operations. The Group has in place an enterprise risk management framework ("ERM Framework") which outlines the guiding principles of the risk management approach, risks governance structure, roles, responsibilities as well as the risk identification, evaluation and monitoring process of the Group. It is designed to formalise the risk management functions and practices across the Group and to increase awareness of the Group's employees to risk identification, measurement, control, on-going monitoring and reporting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

The Group's principal subsidiary, Magnum Corporation Sdn. Bhd. ("MCSB") has attained both the World Lottery Association Security Control Standard ("WLA-SCS") & International Standards Organisation ("ISO27001") certifications in November 2013. Subsequently, the re-certifications were consistently attained every 3 years, i.e. November 2016 and November 2019. This reaffirms MCSB's commitment to establish a comprehensive Information Security Management System to ensure its information security risks are managed according to global standards and industry best practices.

The Board regards risk management as an integral part of the operations and processes of the Group and is assisted by the GRMC to:

- Provide oversight of the Group's significant risks;
- Ensure that Management maintains a sound system of risk management and internal control to safeguard shareholders' interests and the Group's assets; and
- Determine the nature and extent of significant risks which the Group is willing to take in achieving its strategic objectives.

The responsibility of risk management and control is delegated to the appropriate levels of management within the Group. The Management Risk Committee ("MRC"), consisting of Senior Management and key personnel of the companies in the Group, was established to assist the GRMC to perform risk assessment annually or on an ad-hoc basis whenever required for a project. The MRC is supported by a Risk Management Officer who coordinates the risk management activities and compiling risk information of the Group into the risk register. During the year, the Group has reviewed and updated the risk register. The likelihood and impact of the risks have been assessed and appropriate mitigation actions have been implemented for the risks identified. The MRC has also identified and put in place the appropriate mitigation plan in response to the Covid-19 pandemic, which include the following:

- All staff were segregated into 2 teams to work in office and work from home/alternate site respectively to minimise cross infection amongst staff.
- Implemented relevant work from home options for those who are equipped with company's notebooks.
- Adhering to Standard Operation Procedures (SOP) issued by the Ministry of International Trade and Industry and Ministry of Health.
- Implemented Contact Tracing and temperature of all staff and visitors are taken before they are allowed into the premise. Those who have high temperature are not allowed into the premise.
- Adopting safety precaution, such as wearing of face masks, regular hand washing or use of hand sanitisers, regular cleaning of table tops/doors, etc., maintaining safe physical distancing of at least 1 meter and avoiding crowded places during lunch time, encouraging staff to eat in office, etc.
- In the event of an office or building lockdown, the disaster recovery site is fully set up with computers and necessary facilities to accommodate essential employees for continuous business operations.

The responsibility for day to day risk management resides with the Management of each company/department under the Group where they are the risk owners to provide the leadership to drive the risk management culture across their own company/department. They are also responsible to monitor, assess and manage the risks associated with the business and operations of the company/department to ensure the business operations are consistent with the corporate objectives, strategies and budgets approved by the Board including addressing issues emanating from external business environment and internal operating conditions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

The established Information Security Committee ("ISC"), comprises Executive Director ("ED"), Chief Executive Officer ("CEO"), Chief Information Officer ("CIO"), Chief Financial Officer ("CFO"), Chief Commercial Officer ("CCO"), General Manager ("GM") cum Chief Marketing Officer ("CMO"), Heads of Departments ("HOD") from the Group, Group Internal Audit ("GIA"), and Information Security Manager, is responsible for the implementation, maintenance and continuous improvement of the Information Security Management System ("ISMS") under the WLA-SCS and ISO27001 certifications.

2. Risk Management Process

The ERM Framework encompasses the risk management methodology and approach to facilitate risk identification, assessment, evaluation, treatment, monitoring, reporting and communication. The key aspects of the risk management process are as follows:

- The Heads of every department/company under the Group are required to identify the risks that could prevent the Group from achieving its objectives.
- The identified risks are analysed based on its likelihood of occurrence and its impact to the respective company, in order to determine the overall risk level. An appropriate risk treatment was implemented based on the overall risk exposure and the company's risk tolerance.
- Internal control policies and procedures were established to ensure the risk responses and treatments decided are effectively carried out. This includes establishing clear defined roles and responsibilities, approving authority limits and key performance indicators and having control measures/compliance check to ensure adherence of policies and procedures established.
- Information and communication channels are in place to ensure all levels of the company are aware of their roles and responsibility under the company's ERM Framework to ensure appropriate mitigation actions are executed against events that may affect the achievement of the company's goals and objectives.
- Regular monitoring and reporting mechanism is defined and implemented by each company to ensure the internal control policies and procedures are adhered accordingly.

During the financial year, GRMC meeting had been conducted twice to review and evaluate the adequacy of risk management activities, to monitor the progress of any risk factors and internal control matters relating to the operations raised by the MRC, as well as recommend measures to be adopted to mitigate their business risk exposures.

3. Internal Control System

The key elements of the Group's system of internal control that the Board has established in reviewing the adequacy and effectiveness of the risk management and internal control system are as follows:

- Board Committees, i.e. GAC, GRMC, Nomination Committee and Remuneration Committee are established with formal terms of references clearly outlining their functions and duties delegated by the Board. The Board Committees assist the Board to review the effectiveness of the on-going monitoring processes on risk and control matter for areas within their scope of work.
- Clearly defined organisational structure with proper delegation of responsibilities to the management and operating units, including authorisation levels for all aspects of business operations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

- The Authority Chart provides guidance on the division of responsibilities between the Board and Management. It also governs decision making process in the Group as well as ensures that a system of internal control and checks and balances are incorporated therein. The Authority Chart is periodically reviewed and updated to reflect changes in the business, operational and organisational environment.
- An annual budget is reviewed and approved by the Board. The actual performance is assessed against the approved budget where explanations, clarifications and corrective actions taken for significant variances are regularly reported by the Management to the Board. Regular reports on key operating statistics, including legal and regulatory matters are also submitted to the Board for review. The Board also approves any changes or amendments to the Group's policies.
- The key policies and procedures are in place to guide employees in their day-to-day work and also as part of systems of governance, risk management and internal control, i.e.:
 - The lottery-specific security and IT security of the Group adopts the international standard, WLA-SCS:2016 and ISO/IEC 27001:2013 for an effective information security management structure. The ISMS policies and procedures are in place to guide and improve its information security corporate governance;
 - The Group has in place internal policies and procedures relating to Anti-Money Laundering and Counter Financing of Terrorism ("AML/CFT") to detect money laundering and terrorism financing activities. The Compliance Officer is appointed to review and monitor any suspicious transactions and reports to Bank Negara Malaysia ("BNM") accordingly; and
 - Various internal policies and procedures, which are set out in standard operating manuals, covering core operational areas of the Group, have been formalised and documented to ensure the uniformity and consistency of practices and controls within the Group.

The policies and procedures are subject to review and improvement to reflect changing risks and process enhancement, as and when required. This is to ensure that they remain effective and relevant to support the Group's business activities at all times as it continues to grow.

- The Group aims to equip employees with the relevant knowledge, skills and competencies required for their roles and responsibilities through structured learning and development programmes. These include a combination of classroom training, on-the-job attachment, project assignments and mentorship programme. Employees are encouraged to embrace the culture of continuous learning for personal competency and career development.
- Various Management Committees at senior level have been established by Management to assist and support the Board to oversee areas such as business operations, risk management, system implementation and support, staff disciplinary issues etc.
- In 2020, owing to the Covid-19 pandemic, the Management team have regular virtual meetings with the operating units and communicates with various levels of staff to gauge the effectiveness of the strategies discussed and implemented as well as understand their problems and concerns with regard to daily operations. This is to ensure transparent and open channel of communication is maintained and enable prompt corrective actions taken for any deficiencies noted.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

- The Board is cognisant of the importance of Business Continuity Management ("BCM") in strengthening the Group's resilience in response to the evolving business environment and to protect shareholders' value. The Business Continuity and Disaster Recovery Plan ("BCP/DRP") is created to ensure the Company's critical business functions can be maintained, or restored in a timely fashion, in the event of material disruptions arising from internal or external events. It is reviewed on an annual basis to ensure that it is up-to-date and remains relevant to the business environment.

The testing for BCP is conducted at least once a year whilst the DRP test for main application systems is conducted at least twice a year.

- A formal Whistleblowing Policy has been established to assist in ensuring that the Group's business and operations are conducted in an ethical, moral and legal manner. The Whistleblowing Policy is designed to encourage employees and stakeholders of the Company/Group to disclose any malpractice or misconduct which they become aware of and to provide protection to employees and stakeholders who report allegations of such malpractice or misconduct. Allegations of improprieties which are reported via the whistleblowing channels are appropriately followed up and the outcomes will be reported to the Board. All the disclosures made under the Policy will be handled with strict confidence.
- An Anti-Bribery and Anti-Corruption ("ABAC") Policy and Procedure has been duly approved by the Board and adopted across the Group. ABAC Policy and Procedure adopted is in line with the enforcement of the new provision of the Malaysian Government on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA") on 1 June 2020, which imposes liability on a commercial organisation for corruption committed by persons associated with the commercial organisation. This policy seeks to provide guidance to the Parties on the procedures in line with the applicable laws and regulations in Malaysia, to prevent bribery and corruption from occurring in all activities that may arise during the course of doing business.
- Regular assessment on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are carried out through internal audits. The internal audit function provides a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's risk Management, internal control and governance processes. Management's corrective actions to mitigate associated risks, which are developed based on root-cause analysis performed, would be provided for each internal control issue highlighted and follow-up review by internal audits would be carried out to ensure that the auditee has implemented the corrective actions within the agreed timeline.
- In addition to the above internal controls, the GAC also reviews the detailed audit reports and management letter from its external auditors.

CONCLUSION

In respect of the year ended 31 December 2020, the Board through the GRMC and GAC has assessed the adequacy and effectiveness of the risk management and internal control system. Based on the results of these reviews as well as the assurance it has received from the Executive Directors and Chief Financial Officer, the Board is of the view that the Group risk management and internal control system is operating adequately and effectively, in all material aspects.

For the financial year under review and up to the date of this statement, there were no significant deficiencies in the design or operations of risk management and internal control of the Group that could adversely affect the Group's ability in meeting its business objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd.)

Nevertheless, the Board remains committed towards operating a sound system of internal control and therefore recognises that the system must continuously evolve to support the type of business and operations of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate measures to further enhance and strengthen the Group's system of risk management and internal control.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. This review was performed in accordance with Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA"). Based on the review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the risk management and internal control system within the Group.

AAPG 3 does not required the external auditors to consider whether the Statement on Risk Management and Internal Control covers all the risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon.

This Statement was approved by the Board on 29 March 2021.

DIRECTORS' REPORT AND 2020 AUDITED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of:

- investment holding and management services; and
- operation and management of a licensed four digit numbers forecast betting and its variation games.

The principal activity of the Company is investment holding.

Other information relating to the subsidiaries are disclosed in Note 35 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	21,446	66,364
Profit attributable to:		
Owners of the Company	21,227	66,364
Non-controlling interests	219	-
	21,446	66,364

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

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

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2019:	
Fourth interim single-tier dividend of 3% on 1,422,955,323 ordinary shares declared on 20 February 2020 and paid on 27 March 2020	42,689
In respect of the financial year ended 31 December 2020:	
First interim single-tier dividend of 2.5% on 1,422,955,323 ordinary shares declared on 22 May 2020 and paid on 26 June 2020	35,574
Second interim dividend via distribution of 14,223,622 treasury shares on the basis of 1 treasury share for every 100 ordinary shares held declared on 26 August 2020 and credited on 25 September 2020	29,042
Third interim single-tier dividend of 2% on 1,437,178,945 ordinary shares declared on 26 November 2020 and paid on 24 December 2020	28,743
	136,048

Subsequent to the financial year end, the Directors had on 25 February 2021 declared a fourth interim single-tier dividend of 2% on 1,437,178,945 ordinary shares amounted to RM28,743,000 in respect of financial year ended 31 December 2020. The dividend was paid on 26 March 2021.

This dividend payment will be accounted for in equity as an appropriation of retained profits during the financial year ending 31 December 2021.

The Directors do not recommend any payment of final dividend in respect of financial year ended 31 December 2020.

DIRECTORS

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

Tan Sri Dato' Surin Upatkoorn *
 Dato' Lawrence Lim Swee Lin *
 Krian Upatkoorn *
 Datuk Vijeyaratnam a/l V. Thamotharam Pillay
 Dato' Lim Tiong Chin
 Jean Francine Goonting

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

**DIRECTORS'
REPORT**
(cont'd.)**DIRECTORS (cont'd.)**

The Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report, excluding those Directors listed above are:

Beh Swan Swan	
Lum Fook Seng	
Kheoh And Yeng	(resigned on 19 November 2020)
Ivevei Upatkoon	(resigned on 19 November 2020)

In accordance to Clause 90 of the Company's Constitution, Tan Sri Dato' Surin Upatkoon and Dato' Lim Tiong Chin retire from the Board. Tan Sri Dato' Surin Upatkoon and Dato' Lim Tiong Chin being eligible offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Group as shown in Note 8(a) to the financial statements) by reason of a contract made by the Group or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

The Directors' remuneration of the Group and of the Company for the current financial year are RM3,185,000 and RM299,000 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the Company, maintained a Directors' and Officers' Liability Insurance Policy ("the Policy") for the purpose of Section 289 of the Companies Act 2016 in Malaysia. This insurance covers any legal liability incurred by the Directors and Officers of the Company and its subsidiaries in the discharge of their duties while holding office for the Company and its subsidiaries. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. The premium paid for the Policy for the current financial year amounted to RM129,200.

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1.1.2020	Acquired	Disposed	31.12.2020
Tan Sri Dato' Surin Upatkoorn				
Deemed interest #	518,099,461	9,551,762	–	527,651,223
Dato' Lawrence Lim Swee Lin				
Direct interest	8,183,826	81,838	–	8,265,664
Deemed interest *	3,000,000	30,000	–	3,030,000
Datuk Vijeyaratnam a/I V. Thamotharam Pillay				
Direct interest	1,456,070	31,730	–	1,487,800
Indirect interest ^	60,000	600	–	60,600
Krian Upatkoorn				
Deemed interest *	3,000,000	30,000	–	3,030,000
Dato' Lim Tiong Chin				
Direct interest	4,935,000	49,350	–	4,984,350
Deemed interest **	10,512,000	105,120	–	10,617,120

Deemed interest held through his shareholdings in Casi Management Sdn. Bhd., Pinjaya Sdn. Bhd. and indirect interest held through his children.

* Deemed interest held through Zenbell Holdings Sdn. Bhd. and its subsidiary, Zenbell (Selangor) Sdn. Bhd.

^ Indirect interest held through his spouse.

** Deemed interest held through Keetinsons Sendirian Berhad and T.C. Holdings Sendirian Berhad.

Tan Sri Dato' Surin Upatkoorn, by virtue of his interest of more than 20% in the voting shares in the Company, is also deemed interested in the shares or securities of the subsidiaries of the Company to the extent of the Company's interest in these subsidiaries.

Save as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares or securities in the Company or its related corporations during the financial year.

SIGNIFICANT EVENT

Details of the subsequent event are disclosed in Note 29 to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

**DIRECTORS'
REPORT**
(cont'd.)**OTHER STATUTORY INFORMATION (cont'd.)**

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extend, and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

AUDITORS

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

Auditors' remunerations of the Group and of the Company for the current financial year are RM660,000 and RM97,000 respectively.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit, to the extent such claims result from or arise out of any misrepresentation or fraudulent act or omission by the Company, its staff or agents on the Company's behalf. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2020.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2021.

Dato' Lawrence Lim Swee Lin

Krian Upatkoon

STATEMENT BY DIRECTORS

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

We, **Dato' Lawrence Lim Swee Lin** and **Krian Upatkoon**, being two of the Directors of Magnum Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 92 to 161 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2021.

Dato' Lawrence Lim Swee Lin

Krian Upatkoon

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Lum Fook Seng**, being the officer primarily responsible for the financial management of Magnum Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 92 to 161 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Lum Fook Seng**
at Kuala Lumpur in the Federal Territory
on 29 March 2021.

Lum Fook Seng

Before me,
Ajaib Singh (Licence No. W704)
Commissioner for Oaths

INDEPENDENT

AUDITORS' REPORT

TO THE MEMBERS OF MAGNUM BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Magnum Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 92 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Revenue and cost of sales

(Refer to Note 4 and 5 to the financial statements.)

A significant proportion of the Group's revenues and cost of sales are derived from gaming activities with large volume of data, which consist of individually low value transactions.

The Group relies on information technology systems for the processing and recording of the voluminous transactions. We focused on this area because many of the key financial controls which we seek to rely on in our audit are related to information technology and automated controls.

We involved our information technology specialists to test the operating effectiveness of automated controls over the revenue and cost of sales processes, including accuracy of calculations of prize payments. We also tested the non-automated controls in place to ensure completeness and accuracy of revenue recognised. In addition, using data analytics, we performed correlation analysis between revenue, trade receivables and cash and bank balances.

INDEPENDENT
AUDITORS' REPORT
to the members of Magnum Berhad
(cont'd.)**Key Audit Matters (cont'd.)****Impairment of intangible assets**

(Refer to summary of significant accounting policies in Note 2.4 and 2.8, significant accounting estimates and judgement in Note 3(a), and the disclosure of gaming rights and goodwill in Note 17 to the financial statements.)

The gaming rights and goodwill amounting to RM1,836 million and RM902 million, represent approximately 51% and 25% respectively, of total assets of the Group.

The gaming rights and goodwill are subject to an annual impairment test. The Group estimated the recoverable amount of the gaming rights and goodwill based on value in use ("VIU"). We focused on this area because estimating the VIU of the cash-generating units ("CGU") involves significant judgements and estimates about future cash inflows and outflows. Specifically, we focused on the assumptions relating to revenue growth rate, payout ratio, discount rate and terminal growth rate.

We obtained an understanding of the methodology adopted by the management in estimating the recoverable amount of the gaming rights and goodwill and assessed whether such methodology is consistent with those used in the industry. We evaluated the management's key assumptions on revenue growth rate and payout ratio by comparing to the historical trend and future economic outlook. We also involved our internal valuation specialists in the evaluation of the discount rate and terminal growth rate to assess whether the rates used reflect the current market assessments. In addition, we also evaluated the adequacy of the disclosures of key assumptions on which the Group based its projections on.

Valuation of unquoted investments

(Refer to summary of significant accounting policies in Note 2.10, significant accounting estimates and judgement in Note 3(b), and Note 16 to the financial statements.)

The Group and the Company estimated the fair value of its unquoted investments based on the income approach. Such valuation is based on assumptions that are highly judgemental. Due to the significance of the unquoted investment and the subjective nature of the valuation, we consider this to be an area of audit focus.

In addressing this area of audit focus, we obtained an understanding of the methodology adopted by the management in estimating the fair value of the unquoted investments. We involved our internal valuation specialists to assess whether such methodology is consistent with those used in the industry and to evaluate the management's key assumptions relating to revenue growth, direct expenses and long term growth rate by comparing to the historical performance of the investee and the future market outlook. We also assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive. In addition, we also evaluated the adequacy of the disclosures of key assumptions on which the Group and the Company based their projections on.

INDEPENDENT AUDITORS' REPORT

to the members of Magnum Berhad
(cont'd.)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to use after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate action.

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

INDEPENDENT AUDITORS' REPORT

to the members of Magnum Berhad
(cont'd.)

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguard applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 35 to the financial statements.

OTHER MATTERS

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

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

Ng Wai San
No. 03514/08/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
29 March 2021

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	4	1,673,153	2,705,685	73,341	186,210
Cost of sales	5	(1,372,844)	(2,212,000)	–	–
Gross profit		300,309	493,685	73,341	186,210
Other income	6	12,445	20,204	5,532	5,945
Administrative expenses		(35,612)	(38,151)	(2,539)	(3,059)
Other expenses		(85,246)	(81,906)	(5,080)	(7,253)
Operating profit		191,896	393,832	71,254	181,843
Finance costs	7	(47,920)	(50,625)	(3,577)	(991)
Profit before tax	8	143,976	343,207	67,677	180,852
Income tax expense	9	(122,530)	(102,064)	(1,313)	(1,300)
Profit for the financial year		21,446	241,143	66,364	179,552
Profit attributable to:					
Owners of the Company		21,227	239,225	66,364	179,552
Non-controlling interests		219	1,918	–	–
		21,446	241,143	66,364	179,552

		Group 2020	Group 2019
Earnings per share attributable to owners of the Company (sen per share)			
Basic	10	1.5	16.8

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit for the financial year	21,446	241,143	66,364	179,552
Other comprehensive income				
Item to be reclassified to profit or loss in subsequent periods:				
Foreign currency translation, representing net other comprehensive income that may be reclassified to profit or loss in subsequent periods	3	16	–	–
Items that will not be reclassified to profit or loss in subsequent periods:				
Change in fair value of financial assets, representing net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	255	28,276	–	28,000
Other comprehensive income for the year, net of tax	258	28,292	–	28,000
Total comprehensive income for the financial year	21,704	269,435	66,364	207,552
Attributable to:				
Owners of the Company	21,485	267,517	66,364	207,552
Non-controlling interests	219	1,918	–	–
Total comprehensive income for the financial year	21,704	269,435	66,364	207,552

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	65,743	62,612	202	278
Right-of-use assets	13(a)	17,731	15,703	–	–
Investment properties	14	533	540	642	649
Investment in subsidiaries	15	–	–	2,675,242	2,675,244
Investment securities	16	398,985	398,730	385,429	385,429
Intangible assets	17	2,738,317	2,738,332	–	–
Deferred tax assets	25	5,536	8,691	–	–
		3,226,845	3,224,608	3,061,515	3,061,600
Current assets					
Inventories	18	2,071	1,367	–	–
Investment securities	16	23,094	27,599	23,094	27,599
Receivables	19	44,289	36,380	79,734	13,778
Tax recoverable		7,125	6,590	4,824	4,809
Deposits, cash and bank balances	20	272,517	306,861	760	1,280
		349,096	378,797	108,412	47,466
Total assets		3,575,941	3,603,405	3,169,927	3,109,066
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	21	2,154,357	2,154,357	2,154,357	2,154,357
Treasury shares	21	(1,163)	(30,205)	(1,163)	(30,205)
Other reserves	22	(566,861)	(567,119)	201,501	201,501
Retained profits	23	805,410	920,231	639,675	709,359
		2,391,743	2,477,264	2,994,370	3,035,012
Non-controlling interests		22,862	22,645	–	–
Total equity		2,414,605	2,499,909	2,994,370	3,035,012
Non-current liabilities					
Borrowings	24	758,517	674,530	–	–
Lease liabilities	13(b)	6,022	3,599	–	–
Deferred tax liabilities	25	1,031	1,578	–	–
		765,570	679,707	–	–
Current liabilities					
Amounts due to subsidiaries	26	–	–	175,094	73,446
Borrowings	24	189,996	224,471	–	–
Lease liabilities	13(b)	1,334	1,322	–	–
Payables	27	198,245	194,612	463	608
Tax payable		6,191	3,384	–	–
		395,766	423,789	175,557	74,054
Total liabilities		1,161,336	1,103,496	175,557	74,054
Total equity and liabilities		3,575,941	3,603,405	3,169,927	3,109,066

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Attributable to owners of the Company					Non-controlling interests RM'000	Total equity RM'000
	Share capital (Note 21) RM'000	Other reserves (Note 22) RM'000	Treasury shares (Note 21) RM'000	Retained profits (Note 23) RM'000	Total RM'000		
At 1 January 2020	2,154,357	(567,119)	(30,205)	920,231	2,477,264	22,645	2,499,909
Total comprehensive income for the financial year	-	258	-	21,227	21,485	219	21,704
Transactions with owners							
Dividends (Note 11)	-	-	29,042	(136,048)	(107,006)	-	(107,006)
Acquisition of additional shares in a subsidiary from non-controlling interests	-	-	-	-	-	(2)	(2)
Total transactions with owners	-	-	29,042	(136,048)	(107,006)	(2)	(107,008)
At 31 December 2020	2,154,357	(566,861)	(1,163)	805,410	2,391,743	22,862	2,414,605
At 1 January 2019	2,154,357	(595,411)	(30,205)	922,908	2,451,649	40,722	2,492,371
Total comprehensive income for the financial year	-	28,292	-	239,225	267,517	1,918	269,435
Transactions with owners							
Dividends (Note 11)	-	-	-	(241,902)	(241,902)	-	(241,902)
Dividends paid to non-controlling interests	-	-	-	-	-	(19,995)	(19,995)
Total transactions with owners	-	-	-	(241,902)	(241,902)	(19,995)	(261,897)
At 31 December 2019	2,154,357	(567,119)	(30,205)	920,231	2,477,264	22,645	2,499,909

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

OUR FINANCIALS

Company	Share capital (Note 21) RM'000	Non-distributable reserves (Note 22) RM'000	Treasury shares (Note 21) RM'000	Retained profits (Note 23) RM'000	Total equity RM'000
At 1 January 2020	2,154,357	201,501	(30,205)	709,359	3,035,012
Total comprehensive income for the financial year	-	-	-	66,364	66,364
Transactions with owners					
Dividends (Note 11)	-	-	29,042	(136,048)	(107,006)
At 31 December 2020	2,154,357	201,501	(1,163)	639,675	2,994,370
At 1 January 2019	2,154,357	173,501	(30,205)	771,709	3,069,362
Total comprehensive income for the financial year	-	28,000	-	179,552	207,552
Transactions with owners					
Dividends (Note 11)	-	-	-	(241,902)	(241,902)
At 31 December 2019	2,154,357	201,501	(30,205)	709,359	3,035,012

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	2020 RM'000	2019 RM'000
Operating activities		
Profit before tax	143,976	343,207
Adjustments for:		
Depreciation of property, plant and equipment	11,455	9,791
Depreciation of investment properties	7	6
Depreciation of right-of-use assets	1,654	1,653
Finance costs	47,920	50,625
Amortisation of intangible assets	15	15
Gain on disposal of property, plant and equipment	(5)	(168)
Interest income	(11,776)	(19,316)
Dividend income	(245)	(547)
Property, plant and equipment written off	42	207
Rental rebates	(93)	-
Net reversal allowance for ECL:		
- trade receivables	-	(4)
Unrealised gain on foreign exchange	(230)	(131)
Net loss arising from fair value change in investment securities	4,505	6,583
Operating cash flows before changes in working capital	197,225	391,921
Changes in working capital:		
Increase in inventories	(704)	(291)
Increase in receivables	(2,524)	(4,676)
Increase/(decrease) in payables	4,962	(69,683)
Cash flows generated from operations	198,959	317,271
Net income tax paid	(117,650)	(156,790)
Finance costs paid	(370)	(345)
Net cash flows generated from operating activities	80,939	160,136

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

Group	2020 RM'000	2019 RM'000
Investing activities		
Proceeds from disposals of property, plant and equipment	5	172
Purchase of:		
- additional shares in a subsidiary from non-controlling interests	(2)	-
- property, plant and equipment	(14,628)	(19,006)
Dividend received from quoted shares	245	466
Interest received	6,391	14,092
Movement in fixed deposits with financial institutions	-	260
Movement in cash deposits pledged	(395)	68
Net cash flows used in investing activities	(8,384)	(3,948)
Financing activities		
Net drawdown/(repayment) of medium term notes	50,000	(40,000)
Transaction cost of medium term notes	(1,248)	-
Repayment of lease liabilities	(1,490)	(1,552)
Interest paid	(47,550)	(49,445)
Dividends paid to:		
- shareholders	(107,006)	(241,902)
- non-controlling interests	-	(19,995)
Net cash flows used in financing activities	(107,294)	(352,894)
Net decrease in cash and cash equivalents	(34,739)	(196,706)
Cash and cash equivalents at 1 January	279,484	476,190
Cash and cash equivalents at 31 December (Note 20)	244,745	279,484

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	2020 RM'000	2019 RM'000
Cash flows from operating activities		
Profit before tax	67,677	180,852
Adjustments for:		
Depreciation of property, plant and equipment	76	76
Depreciation of investment properties	7	6
Net loss arising from fair value change in investment securities	4,505	6,583
Unrealised gain on foreign exchange	(1)	-
Net allowance for ECL:		
- subsidiaries	22	68
Dividend income	(73,341)	(186,210)
Impairment loss on investment in a subsidiary	2	-
Gain on disposal of property, plant and equipment	-	(62)
Finance costs	3,577	991
Interest income	(5,529)	(5,748)
Operating cash flows before changes in working capital	(3,005)	(3,444)
Changes in working capital :		
Decrease in receivables	28	19
Decrease in payables	(145)	(1,766)
Inter-company balances	38,342	58,019
Cash flows generated from operations	35,220	52,828
Interest paid	(795)	(744)
Net tax paid	(1,328)	(3,464)
Net cash flows generated from operating activities	33,097	48,620
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	63
Dividends received	73,341	186,129
Interest received	48	291
Net cash flows generated from investing activities	73,389	186,483
Cash flows from financing activity		
Dividends paid, representing net cash flows used in financing activity	(107,006)	(241,902)
Net decrease in cash and cash equivalents	(520)	(6,799)
Cash and cash equivalents at 1 January	1,280	8,079
Cash and cash equivalents at 31 December (Note 20)	760	1,280

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and the principal place of business of the Company are both located at 35th Floor, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 35. There have been no significant changes in the nature of these principal activities during the financial year.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs which are mandatory for financial periods beginning on or after 1 January 2020 as fully described in Note 2.2.

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except on 1 January 2020, the Group and the Company adopted the following amended MFRSs which are mandatory for financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Asset	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.2 Changes in accounting policies (cont'd.)

Description	Effective for annual periods beginning on or after
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets-Website Costs	1 January 2020
Amendments to MFRS 16 COVID-19 Related Rent Concessions	1 June 2020

The Group has early adopted Amendments to MFRS 16 Covid-19 Related Rent Concessions for the year ended 31 December 2020. The adoption of the above amendments did not result in material impact to the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
Annual Improvements to MFRSs 2018-2020	1 January 2022
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Directors expect that the adoption of the above standards will have no material impact on the financial statements in the period of initial application.

2.4 Subsidiaries and basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Subsidiaries and basis of consolidation (cont'd.)

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The Group controls an investee if, and only if, the Group has:

- (i) power over the investee (such as 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement(s) with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies to be in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

Business combinations 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 interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.4 Subsidiaries and basis of consolidation (cont'd.)

(b) Basis of consolidation (cont'd.)

Business combinations and goodwill (cont'd.)

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

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

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.5 Transactions with non-controlling interest ("NCI")

NCI represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and is presented separately in the consolidated profit or loss and within equity in the statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.6 Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group and the Company depreciate them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

Buildings on freehold land	2% - 5%
Plant and equipment	5% - 33.3%
Computer equipment	12.5% - 30%

Freehold land has an unlimited useful life and therefore is not depreciated.

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.7 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold land is depreciated over the shorter of the residual lease period and estimated useful life. Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its use or disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

(a) Gaming rights

The costs of gaming rights ("Rights") acquired in a business combination are their fair values at the date of acquisition. Following the initial recognition, the Rights are carried at cost less any accumulated impairment losses. The Rights comprise:

- a license for four digit number forecast betting operations in Malaysia under Section 5 of the Pool Betting Act, 1967 ("License") which is renewable annually; and
- trademarks, trade dress, gaming design and processes and agency network.

The License has been renewed annually since 1969.

(b) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

2.9 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or CGU fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

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

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base their impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's and of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally cover a period of five years. A long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statements of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at reporting date either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for intangible assets by assessing the recoverable amount of each CGU to which the intangible assets relate. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

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

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

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

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

(ii) Subsequent measurement

Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group's and the Company's financial assets at amortised cost include deposits, cash and bank balances, trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes Malaysian Government Securities included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

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

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

Unquoted shares in Malaysia are classified and measured as fair value through OCI. The Group and the Company elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior years.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition. If doing so, it eliminates or significantly reduces an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

Financial assets at fair value through profit or loss (cont'd.)

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

This category includes quoted shares in Malaysia and outside Malaysia, which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as revenue in the statement of profit or loss when the right of payment has been established.

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (such as removed from the statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(b) Financial liabilities

(i) Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.10 Financial instruments (cont'd.)

(b) Financial liabilities (cont'd.)

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

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

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

(ii) Subsequent measurement

Trade and other payables, lease liabilities, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

(iii) Derecognition

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.11 Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.11 Impairment of financial assets (cont'd.)

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

For trade receivables, the Group applies a simplified approach in calculating ECL. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit experience. The Group considers forward-looking factors do not have significant impact to credit risk given the nature of its industry and the amount of ECL is insensitive to changes to forecast economic conditions.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Other financial assets including investment securities, short-term deposits and cash and cash equivalents are placed with reputable financial institutions. The Group and the Company consider these counterparties have a low risk of default and a strong capacity to meet contractual cash flows, and are of low credit risk. The impairment provision is determined based on the 12-month ECL.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Taxes

(a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statements of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.12 Taxes (cont'd.)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investment in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.12 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

The Group and the Company offset deferred tax assets and deferred tax liabilities if and only if they have legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.13 Inventories

Inventories are stated at lower of cost and net realisable value.

Ticket stocks are stated at the lower of cost and net realisable value, with cost being determined on the first in, first out basis. Cost includes actual cost of materials and incidentals in bringing stocks into store. In arriving at net realisable value, due allowance is made for obsolete and slow moving items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits which have a maturity of three months or less which are subject to an insignificant risk of changes in value. These may also include bank overdrafts that form an integral part of the Group's and of the Company's cash management.

2.15 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.16 Treasury shares

Own equity shares repurchased are recognised at amount of consideration paid, including directly attributable costs, in equity. Repurchased shares are held as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the purchase, sale, reissuance or cancellation of the treasury shares. Any difference between the carrying amount and the consideration, if reissued, is recognised in equity, as appropriate.

2.17 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020****(cont'd.)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)****2.17 Provisions (cont'd.)**

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as other expenses.

2.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.19 Current versus non-current classification

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

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.20 Revenue and other income recognition

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Company recognise revenue when or as it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (i) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- (ii) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (iii) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, an entity satisfies the performance obligation at a point in time.

The specific recognition criteria described below must also be met before revenue and other income is recognised:

(a) Dividend income

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

(b) Revenue from gaming activities

Revenue from gaming activities is recognised based on ticket sales at a point in time net of gaming tax and Services Tax ("ST") in respect of draw days within the financial year.

(c) Revenue from services

Revenue from services rendered is recognised over a period of time net of discounts as and when the services are rendered.

(d) Interest income

Interest income is recognised on a time proportion basis that reflects the effective yield of the asset.

2.21 Employee benefits

(a) Short term benefits

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.21 Employee benefits (cont'd.)

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.22 Foreign currencies

(a) Functional and presentation currency

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

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries 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 reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates used in the translation of foreign monetary assets of the Group and of the Company and financial statements of a foreign subsidiary are as follows:

	2020 RM	2019 RM
1 Pound Sterling	5.48	5.38
100 Philippine Peso	8.40	8.08
100 Hong Kong Dollar	51.99	52.67

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.22 Foreign currencies (cont'd.)

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and income and expenses are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.23 Leases

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

The Group as lessee

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

(i) Right-of-use assets

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

Leasehold land and buildings

2 - 50 years

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

The right-of-use assets are also subject to impairment. Refer to Note 2.9 for the Impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.23 Leases (cont'd.)

The Group as lessee (cont'd.)

(ii) Lease liabilities

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

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

(iii) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of buildings such as those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

The Group as lessor

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

2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.24 Contingencies (cont'd.)

Contingent liabilities are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.25 Segment reporting

Segment reporting in the financial statements are presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to operating segments. Operating segments are distinguishable components of the Group that engage in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance, and for which discrete financial information is available.

All transactions between operating segments are conducted based on mutually agreed allocation bases, with intra-segment revenue and costs being eliminated. Income and expenses directly associated with each segment are included in determining business segment performance.

2.26 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 the Group and the Company.

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 market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use 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; or
- (iii) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd.)

2.26 Fair value measurement (cont'd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The preparation of the Group's and of the Company's 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.

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

(a) Impairment of goodwill and gaming rights

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

In assessing value in use, the management is required to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate to their present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and gaming rights and sensitivity analysis to changes in the assumptions are as disclosed in Note 17.

The Group will continue the annual renewal of the license for the four digit numbers forecast betting operation in Malaysia ("License") indefinitely and considers the License to contribute to the Group's net cash inflows indefinitely. Historically, there has been no compelling challenge to the License renewal. The technology used in the gaming activities is provided by an overseas software supplier and is further supported by a subsidiary of the Group and is not expected to be replaced by another technology at any time in the foreseeable future.

(b) Valuation of unquoted financial assets

The Group and the Company carry its unquoted financial assets at fair value of which is determined using valuation techniques based on market conditions existing at the reporting date. The valuation was based on income approach and comparative valuation to test the key assumptions. Valuation techniques are subjective in nature and significant judgement is involved in establishing the fair value of the unquoted financial assets as the valuations are dependent on market conditions and the management is required to make certain key assumptions about the model inputs, including revenue growth, direct expenses and long term growth rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

Key sources of estimation uncertainty (cont'd.)

(c) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax, tax recoverable and deferred tax provisions in the period in which such determination is made. Details of income tax expense and deferred tax are disclosed in Note 9 and Note 25, respectively.

The Directors of the Group and of the Company are of the opinion that total tax recoverable of RM7,125,000 and RM4,824,000 (2019: RM6,590,000 and RM4,809,000) are recoverable, subject to the agreement of the Inland Revenue Board of Malaysia.

4. REVENUE

The Group's and the Company's revenue are recognised at a point in time and all are transacted in Malaysia, except for gross dividend from investment security quoted outside Malaysia.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Investment income in respect of gross dividends from:				
- subsidiaries	–	–	73,096	185,663
- investment securities:				
- quoted in Malaysia	113	340	113	340
- quoted outside Malaysia	132	207	132	207
	245	547	73,341	186,210
Sale of four digit forecast tickets	1,672,816	2,705,039	–	–
Sale of computer software and consultancy services	92	99	–	–
	1,673,153	2,705,685	73,341	186,210

5. COST OF SALES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost of gaming activities	1,372,844	2,212,000	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

6. OTHER INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Gain on disposal of property, plant and equipment	5	168	–	62
Interest income (Note 6(a))	11,776	19,316	5,529	5,748
Unrealised gain on foreign exchange	230	131	1	–
Reversal of allowance for ECL:				
- trade receivables (Note 19(a))	–	4	–	–
- subsidiary (Note 19(d))	–	–	2	–
Rental rebates	93	–	–	–
Others	341	585	–	135
	12,445	20,204	5,532	5,945
(a) Interest income				
Interest income on:				
- short term deposits	5,797	13,337	48	270
- subsidiary	–	–	3	–
- Malaysian Government Securities	501	501	–	–
- Investment securities	5,478	5,478	5,478	5,478
	11,776	19,316	5,529	5,748

7. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on:				
- bank overdrafts	–	1	–	–
- medium term notes	46,454	48,882	–	–
- loan from subsidiaries	–	–	3,577	991
- lease liabilities (Note 13(b))	336	303	–	–
Transaction costs (Note 24)	760	1,095	–	–
Others	370	344	–	–
	47,920	50,625	3,577	991

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

8. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation of investment properties (Note 14)	7	6	7	6
Depreciation of property, plant and equipment (Note 12)	11,455	9,791	76	76
Depreciation of right-of-use assets (Note 13(a))	1,654	1,653	–	–
Directors' remuneration (Note 8(a))	3,242	3,498	331	312
Auditors' remuneration (Note 8(b))	700	699	97	132
Amortisation of intangible assets (Note 17)	15	15	–	–
Employee benefits expense (Note 8(c))	32,497	33,724	235	283
Allowance for ECL:				
- subsidiaries (Note 19(d))	–	–	24	68
Net loss arising from fair value change in investment securities	4,505	6,583	4,505	6,583
Property, plant and equipment written off	42	207	–	–
Impairment loss on investment in a subsidiary	–	–	2	–

(a) Directors' remuneration

The details of remuneration receivable by Directors of the Company during the financial years are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors' remuneration:				
- fees	50	50	–	–
- salaries and other emoluments	2,786	3,061	–	–
- benefits-in-kind	25	25	–	–
	2,861	3,136	–	–
Non-executive Directors' remuneration:				
- fees	335	314	285	264
- allowances and other emoluments	14	16	14	16
- benefits-in-kind	32	32	32	32
	381	362	331	312
Total Directors' remuneration	3,242	3,498	331	312
Less: Estimated money value of benefits-in-kind	(57)	(57)	(32)	(32)
Total Directors' remuneration excluding benefits-in-kind	3,185	3,441	299	280

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

8. PROFIT BEFORE TAX (cont'd.)

(a) Directors' remuneration (cont'd.)

The number of Directors of the Company whose total remuneration excluding benefits-in-kind for the Group during the financial year fell within the following bands is analysed below:

	Number of Directors 2020	2019
Executive Directors:		
RM1,100,001 - RM1,150,000	1	–
RM1,150,001 - RM1,200,000	–	1
RM1,700,001 - RM1,750,000	1	–
RM1,900,001 - RM1,950,000	–	1
Non-executive Directors:		
RM0 - RM50,000	1	3
RM50,001 - RM100,000	1	–
RM100,001 - RM150,000	2	2

(b) Auditors' remuneration

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors of the Company:				
- statutory audit	660	629	97	103
- under/(over) provision in prior years	31	61	(6)	23
- other services	9	9	6	6
	700	699	97	132

(c) Employee benefits expense

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonuses	27,485	29,040	199	242
Defined contribution plan	3,336	3,409	22	23
Other staff related expenses	1,676	1,275	14	18
	32,497	33,724	235	283

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM2,836,000 (2019: RM3,111,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2020 and 31 December 2019 are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Statements of profit or loss:				
Current income tax:				
Malaysian income tax	57,589	96,576	1,313	1,376
Under/(over) provision in prior years*	62,333	2,329	–	(76)
	119,922	98,905	1,313	1,300
Deferred tax (Note 25):				
Origination and reversal of temporary differences	(1,604)	5,648	–	–
Under/(over) provision in prior years	4,212	(2,489)	–	–
	2,608	3,159	–	–
Income tax expense	122,530	102,064	1,313	1,300

* Included in under provision in prior years is additional tax liability of RM63,895,000 as disclosed in Note 29.

Reconciliations between tax expense and accounting profit

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020 and 31 December 2019 are as follows:

Group	2020 RM'000	2019 RM'000
Profit before tax	143,976	343,207
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	34,554	82,370
Income not subject to tax	(90)	(169)
Non-deductible expenses	21,831	20,823
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	–	(805)
Deferred tax assets recognised in respect of unused tax losses, unabsorbed capital allowances and other deductible temporary differences	(310)	–
Deferred tax assets not recognised in respect of other deductible temporary differences	–	5
Under provision of income tax in prior years	62,333	2,329
Under/(over) provision of deferred tax in prior years	4,212	(2,489)
Income tax expense	122,530	102,064

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

9. INCOME TAX EXPENSE (cont'd.)

Reconciliations between tax expense and accounting profit (cont'd.)

Company	2020 RM'000	2019 RM'000
Profit before tax	67,677	180,852
Taxation at Malaysian statutory tax rate of 24% (2019: 24%)	16,243	43,404
Income not subject to tax	(17,602)	(44,705)
Non-deductible expenses	2,672	2,677
Over provision of income tax in prior year	–	(76)
Income tax expense	1,313	1,300

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2019: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdictions.

The Group has the following tax losses, capital allowances and other temporary deductible differences for which deferred tax have not been recognised as the Group could not anticipate when they would realise:

	Group 2020 RM'000	2019 RM'000
Unused tax losses, unabsorbed capital allowances and other temporary deductible differences	–	1,290

The unutilised capital allowances of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to no substantial changes in shareholdings of those entities under the Income Tax Act 1967 and guidelines issued by the tax authority. On the other hand, effective from year of assessment 2019 as announced in the Annual Budget 2019, the unused tax losses of the Group as at 31 December 2018 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed losses will be disregarded.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

10. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year.

	Group	
	2020 RM'000	2019 RM'000
Profit for the financial year attributable to owners of the Company	21,227	239,225
	2020 '000	2019 '000
Weighted average number of ordinary shares in issue	1,426,725	1,422,955
	2020 Sen	2019 Sen
Basic earnings per share	1.5	16.8

The Group has no potential ordinary shares in issue as at reporting date and therefore, diluted earnings per share has not been presented.

There have been no other transactions involving ordinary shares or potential shares since the reporting date and before the completion of these financial statements.

11. DIVIDENDS

	Group/Company				
	Dividends in respect of year			Dividends recognised in year	
	2020 RM'000	2019 RM'000	2018 RM'000	2020 RM'000	2019 RM'000
Fourth interim single-tier dividend of 4% on 1,422,955,323 ordinary shares	–	–	56,918	–	56,918
First interim single-tier dividend of 4% on 1,422,955,323 ordinary shares	–	56,918	–	–	56,918
Second interim single-tier dividend of 5% on 1,422,955,323 ordinary shares	–	71,148	–	–	71,148
Third interim single-tier dividend of 4% on 1,422,955,323 ordinary shares	–	56,918	–	–	56,918
Fourth interim single-tier dividend of 3% on 1,422,955,323 ordinary shares	–	42,689	–	42,689	–
First interim single-tier dividend of 2.5% on 1,422,955,323 ordinary shares	35,574	–	–	35,574	–
Second interim dividend via distribution of 14,223,622 treasury shares on the basis 1 treasury share for every 100 ordinary shares held	29,042	–	–	29,042	–
Third interim single-tier dividend of 2% on 1,437,178,945 ordinary shares	28,743	–	–	28,743	–
	93,359	227,673	56,918	136,048	241,902

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

11. DIVIDENDS (cont'd.)

Subsequent to the financial year end, the Directors had on 25 February 2021 declared a fourth interim single-tier dividend of 2% on 1,437,178,945 ordinary shares amounted to RM28,743,000 in respect of financial year ended 31 December 2020. The dividend was paid on 26 March 2021.

This dividend payment will be accounted for in equity as an appropriation of retained profits during the financial year ending 31 December 2021.

The Directors do not recommend any payment of final dividend in respect of financial year ended 31 December 2020.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings on freehold land RM'000	Plant and equipment RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2020						
Cost						
At 1 January 2020	9,580	22,334	35,851	70,850	10,765	149,380
Additions	–	–	2,927	8,773	2,928	14,628
Disposals	–	–	–	(15)	–	(15)
Write-off	–	(142)	(1,034)	(23,151)	(25)	(24,352)
Reclassification	–	(41)	5,660	1,664	(7,283)	–
At 31 December 2020	9,580	22,151	43,404	58,121	6,385	139,641
Accumulated depreciation						
At 1 January 2020	–	10,205	24,677	51,583	–	86,465
Depreciation charge for the year (Note 8)	–	498	4,361	6,596	–	11,455
Disposals	–	–	–	(15)	–	(15)
Write-off	–	(142)	(1,030)	(23,138)	–	(24,310)
Reclassification	–	(276)	276	–	–	–
At 31 December 2020	–	10,285	28,284	35,026	–	73,595
Accumulated impairment losses						
At 1 January 2020/ 31 December 2020	–	303	–	–	–	303
Net carrying amount						
At 31 December 2020	9,580	11,563	15,120	23,095	6,385	65,743

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

12. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Group	Freehold land RM'000	Buildings on freehold land RM'000	Plant and equipment RM'000	Computer equipment RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2019						
Cost						
At 1 January 2019	9,580	22,259	29,843	67,797	7,016	136,495
Additions	–	75	5,677	7,919	5,335	19,006
Disposals	–	–	(879)	(3,812)	–	(4,691)
Write-off	–	–	(195)	(1,054)	(181)	(1,430)
Reclassification	–	–	1,405	–	(1,405)	–
At 31 December 2019	9,580	22,334	35,851	70,850	10,765	149,380
Accumulated depreciation						
At 1 January 2019	–	9,716	22,311	50,557	–	82,584
Depreciation charge for the year (Note 8)	–	489	3,420	5,882	–	9,791
Disposals	–	–	(876)	(3,811)	–	(4,687)
Write-off	–	–	(178)	(1,045)	–	(1,223)
At 31 December 2019	–	10,205	24,677	51,583	–	86,465
Accumulated impairment losses						
At 1 January 2019/ 31 December 2019	–	303	–	–	–	303
Net carrying amount						
At 31 December 2019	9,580	11,826	11,174	19,267	10,765	62,612

Included in property, plant and equipment of the Group are fully depreciated assets which are still fully in use costing RM51,043,000 (2019: RM70,118,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

12. PROPERTY, PLANT AND EQUIPMENT (cont'd.)

Company	Plant and equipment RM'000	Computer equipment RM'000	Total RM'000
At 31 December 2020			
Cost			
At 1 January 2020/31 December 2020	384	20	404
Accumulated depreciation			
At 1 January 2020	108	18	126
Depreciation charge for the year (Note 8)	76	*	76
At 31 December 2020	184	18	202
Net carrying amount			
At 31 December 2020	200	2	202
At 31 December 2019			
Cost			
At 1 January 2019	821	20	841
Disposal	(437)	–	(437)
At 31 December 2019	384	20	404
Accumulated depreciation			
At 1 January 2019	468	18	486
Depreciation charge for the year (Note 8)	76	*	76
Disposal	(436)	–	(436)
At 31 December 2019	108	18	126
Net carrying amount			
At 31 December 2019	276	2	278

* Depreciation charge for the year amounted to RM370 for both the financial year ended 31 December 2020 and 31 December 2019.

Included in property, plant and equipment of the Company are fully depreciated assets which are still fully in use costing RM23,000 (2019: RM23,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

13. LEASES

Group as lessee

The Group has lease contracts for land and buildings used in its operations with lease terms between 2 to 50 years (2019: 2 to 50 years).

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

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use asset can only be used by the Group.

(a) Right-of-use assets

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

	Leasehold land and buildings RM'000
As at 1 January 2019	17,216
Additions	140
Depreciation charge for the year (Note 8)	(1,653)
As at 31 December 2019/as at 1 January 2020	15,703
Additions	3,693
Early termination of lease contract	(11)
Depreciation charge for the year (Note 8)	(1,654)
As at 31 December 2020	17,731

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2020 RM'000	2019 RM'000
As at 1 January	4,921	6,030
Addition	3,693	140
Early termination of lease contract	(11)	–
Accretion of interest (Note 7)	336	303
Payments	(1,490)	(1,552)
Rental rebates	(93)	–
As at 31 December	7,356	4,921
Current	1,334	1,322
Non-current	6,022	3,599
	7,356	4,921

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

13. LEASES (cont'd.)

Group as lessee (cont'd.)

The following are the amounts recognised in profit or loss:

	2020 RM'000	2019 RM'000
Depreciation of right-of-use assets (Note 8)	1,654	1,653
Interest expenses on lease liabilities (Note 7)	336	303
Expenses related to short-term leases (included in other expenses)	81	124
	2,071	2,080

14. INVESTMENT PROPERTIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost				
At 1 January/at 31 December	580	580	658	658
Accumulated depreciation				
At 1 January	40	34	9	3
Depreciation charge for the year (Note 8)	7	6	7	6
At 31 December	47	40	16	9
Net carrying amount	533	540	642	649
Estimated fair value	658	658	658	658

Investment properties comprise freehold land and leasehold land. Freehold land has an unlimited useful life and therefore is not depreciated while leasehold land is depreciated over the shorter of their estimated useful life and lease term of 99 years (2019: 99 years).

Investment properties are stated at cost. The estimated fair values are based on Directors' estimation, on direct comparison method. The fair values are categorised as Level 3 under the fair value hierarchy.

Valuation technique	Significant unobservable inputs
Direct comparison method	Selling price per square foot of comparable properties adjusted for location, accessibility, size, title conditions and restrictions, land tenure, zoning or designated use, building, improvements and amenities and time element.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

14. INVESTMENT PROPERTIES (cont'd.)

Direct comparison method

Under the direct comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	3,939,428	3,939,428
Less: Accumulated impairment losses brought forward	(1,264,184)	(1,264,184)
Impairment losses for the year	(2)	–
Total accumulated impairment losses	(1,264,186)	(1,264,184)
	2,675,242	2,675,244

The Company recognised an impairment loss of RM1,700 on the cost of investment in MP Property Management Sdn. Bhd., a wholly owned subsidiary under member's voluntary liquidation.

Details of the subsidiaries are disclosed in Note 35.

16. INVESTMENT SECURITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Fair value through other comprehensive income				
Unquoted shares in Malaysia	385,429	385,429	385,429	385,429
Malaysian Government Securities	13,556	13,301	–	–
Total non-current investment securities	398,985	398,730	385,429	385,429
Current				
Fair value through profit or loss				
Quoted shares in Malaysia	5,264	7,076	5,264	7,076
Quoted shares outside Malaysia	17,830	20,523	17,830	20,523
Total current investment securities	23,094	27,599	23,094	27,599
Total investment securities	422,079	426,329	408,523	413,028

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

16. INVESTMENT SECURITIES (cont'd.)

The following table provides information on the interest rate of Malaysian Government Securities at the reporting date.

	2020 %	Group 2019 %
Interest rate per annum	3.80 - 4.06	3.80 - 4.06

17. INTANGIBLE ASSETS

Group	Goodwill RM'000	Four digit gaming rights RM'000	Development cost for Jackpot games RM'000	Total RM'000
Cost				
At 1 January 2020/31 December 2020/and at 1 January 2019/31 December 2019	901,531	1,836,199	748	2,738,478
Accumulated amortisation				
At 1 January 2020	–	–	146	146
Amortisation for the year (Note 8)	–	–	15	15
At 31 December 2020	–	–	161	161
At 1 January 2019	–	–	131	131
Amortisation for the year (Note 8)	–	–	15	15
At 31 December 2019	–	–	146	146
Net carrying amount				
At 31 December 2020	901,531	1,836,199	587	2,738,317
At 31 December 2019	901,531	1,836,199	602	2,738,332

The development cost for Jackpot games represents internal development cost capitalised and have remaining amortisation period of 39 to 43 years (2019: 40 to 44 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

17. INTANGIBLE ASSETS (cont'd.)

Key assumptions used in value in use calculations

The gaming rights and goodwill have been allocated to the Group's Cash-Generating Unit ("CGU") identified from the gaming segment.

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections based on financial budget approved by the Board of Directors covering a five-year period (2019: five-year period). As at 31 December 2020 and 2019, the recoverable amount of CGU to which gaming rights and goodwill was allocated exceeded its carrying amount. The directors did not identify any impairment for gaming rights and goodwill.

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

(i) Revenue

The bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.

(ii) Payout ratio

Payout ratio is based on the average payout ratio offered in the previous year after taking into account the theoretical payout ratio.

(iii) Discount rate

The pre-tax discount rate used is 10.30% (2019: 10.30%) and reflects specific risks relating to the gaming segment.

(iv) Terminal growth rate

The terminal growth rate of 1.10% (2019: 1.10%) represents the growth rate applied to extrapolate cash flow beyond the five year financial budget period. This growth rate is based on management's assessment of future trends in the gaming industry and based on both external and internal sources.

Sensitivity to changes in assumptions

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

18. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
At cost:		
Ticket stocks	2,071	1,367

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM4,524,000 (2019: RM8,618,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

19. RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade receivables (a)	7,511	3,324	–	–
Less: Allowance for expected credit losses ("ECL")	(2)	(2)	–	–
Trade receivables, net	7,509	3,322	–	–
Other receivables (b)	24,972	17,500	18,308	12,856
Prepayments	12,335	16,085	1,006	1,007
Amounts due from subsidiaries (c)	–	–	60,863	509
Less: Allowance for ECL (d)	37,307 (527)	33,585 (527)	80,177 (443)	14,372 (594)
Other receivables, net	36,780	33,058	79,734	13,778
Total receivables	44,289	36,380	79,734	13,778
Total receivables	44,289	36,380	79,734	13,778
Add: Deposits, cash and bank balances (Note 20)	272,517	306,861	760	1,280
Less: Prepayments	(12,335)	(16,085)	(1,006)	(1,007)
Total financial assets carried at amortised cost	304,471	327,156	79,488	14,051

(a) Trade receivables

The Group has no significant concentration of credit risk, disclosed in Note 31(c), that may arise from exposures to a single debtor or to group of debtors.

Gaming

Trade receivables amounting to RM7,474,000 (2019: RM3,291,000) are due and payable on the same day and shall be banked in within the banking hours on the same day. The amount received after the banking hours shall be paid on the following banking day. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date.

Information technology services

Normal credit term for information technology services is 60 days (2019: 60 days). The Group applies the simplified approach whereby allowance for impairment are measured at lifetime ECL.

Ageing analysis of trade receivables for information technology services

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2020 RM'000	2019 RM'000
Neither past due nor impaired	35	31
Impaired	2	2
	37	33

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

19. RECEIVABLES (cont'd.)

(a) Trade receivables (cont'd.)

Information technology services (cont'd.)

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are impaired

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

	Group Individually Impaired	
	2020 RM'000	2019 RM'000
Trade receivables - nominal amounts	2	2
Less: Allowance for ECL	(2)	(2)
	-	-

Movement in allowance for ECL:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	2	6
Written back (Note 6)	-	(4)
At 31 December	2	2

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

Breakdown of other receivables of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits	1,709	1,633	649	656
Others	23,263	15,867	17,659	12,200
	24,972	17,500	18,308	12,856

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

19. RECEIVABLES (cont'd.)

(c) Amounts due from subsidiaries

The amounts due from subsidiaries consist of amount which are unsecured, repayable on demand and non-interest bearing except for amount of RM60,000,000 (2019: nil) which bears interest of 1.95% per annum (2019: nil).

(d) Other receivables and amount due from subsidiaries that are impaired

The Group and the Company apply the simplified approach whereby allowance for impairment are measured at lifetime ECL. Movement in allowance for ECL are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables				
At 1 January/ 31 December	527	527	166	166
Amount due from subsidiaries				
At 1 January	–	–	428	376
Allowance for expected credit loss during the year	–	–	24	68
Reversal of allowance for ECL during the year	–	–	(2)	–
Written off	–	–	(169)	–
Unrealised gain on foreign exchange	–	–	(4)	(16)
At 31 December	–	–	277	428
Total allowance for ECL	527	527	443	594

20. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at banks and on hand	15,006	16,432	760	664
Short term deposits with financial institutions	257,511	290,429	–	616
Deposits, cash and bank balances	272,517	306,861	760	1,280
Less: Cash deposits pledged (Note 24)	(27,772)	(27,377)	–	–
Cash and cash equivalents	244,745	279,484	760	1,280

Included in deposits placed with financial institutions of the Group is an amount of RM27,772,000 (2019: RM27,377,000) which is pledged to financial institutions as security for banking facilities granted to subsidiaries and borrowings as disclosed in Note 24.

The range of interest rate (per annum) and maturity tenure of deposits are as follows:

	Group		Company	
	2020	2019	2020	2019
Interest rate (%)	0.63 - 3.60	0.87 - 3.80	1.75 - 3.35	2.95 - 3.65
Maturities (days)	1 - 366	1 - 365	3 - 31	7 - 39

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

21. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Share capital (Issued and fully paid) '000	Treasury shares '000	Share capital (Issued and fully paid) RM'000	Treasury shares RM'000
At 1 January 2019/31 December 2019/ and at 1 January 2020	1,437,749	(14,793)	2,154,357	(30,205)
Distribution of treasury share as share dividend	–	14,224	–	29,042
At 31 December 2020	1,437,749	(569)	2,154,357	(1,163)

The Company has not issued any new shares or debentures during the financial year.

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

Treasury Shares

The share buy-back mandate expired and was renewed at the 44th Annual General Meeting held on 25 June 2020.

The Company has not repurchased any shares from the open market during the current financial year.

On 25 September 2020, 14,223,622 treasury shares were distributed as share dividends to the shareholders on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company.

Accordingly of the total 1,437,748,654 (2019: 1,437,748,654) issued and fully paid ordinary shares as at 31 December 2020, 569,709 (2019: 14,793,331) are held as treasury shares by the Company. The total cost of acquisition of the treasury shares as at 31 December 2020 amounted to RM1,163,000 (2019: RM30,205,000).

22. OTHER RESERVES

	Capital reserve RM'000 Note 22(a)	Revaluation reserve RM'000 Note 22(b)	Other reserve RM'000 Note 22(c)	Total RM'000
Group				
At 1 January 2020	20,832	108,427	(696,378)	(567,119)
Total other comprehensive income	–	255	3	258
At 31 December 2020	20,832	108,682	(696,375)	(566,861)
At 1 January 2019	20,832	80,151	(696,394)	(595,411)
Total other comprehensive income	–	28,276	16	28,292
At 31 December 2019	20,832	108,427	(696,378)	(567,119)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

22. OTHER RESERVES (cont'd.)

	Capital reserve RM'000 Note 22(a)	Revaluation reserve RM'000 Note 22(b)	Other reserve RM'000 Note 22(c)	Total RM'000
Company				
At 1 January 2020	93,398	108,103	–	201,501
Total other comprehensive income	–	–	–	–
At 31 December 2020	93,398	108,103	–	201,501
At 1 January 2019	93,398	80,103	–	173,501
Total other comprehensive income	–	28,000	–	28,000
At 31 December 2019	93,398	108,103	–	201,501

(a) Capital reserve

In accordance with Article 138 of the Company's Constitution of a subsidiary, the capital reserve arose from the gain on disposal of investments transferred from retained profits in prior years.

(b) Revaluation reserve

Revaluation reserve represents the cumulative fair value changes, net of tax, of financial assets at fair value through other comprehensive income.

(c) Other reserve

Mainly represents the difference of non-controlling interest acquired and the fair value of consideration paid arising from acquisition of additional shares in subsidiaries and exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency is different from the Group's presentation currency.

23. RETAINED PROFITS

The Company's retained profits are available for distribution as single-tier dividends.

24. BORROWINGS

	2020 RM'000	Group 2019 RM'000
Current		
Secured:		
Medium term notes	189,996	224,471
Non-current		
Secured:		
Medium term notes	758,517	674,530
Total loans and borrowings	948,513	899,001

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd.)

24. BORROWINGS (cont'd.)

The remaining maturities of the borrowings are as follows:

	2020 RM'000	Group 2019 RM'000
On demand within one year	189,996	224,471
Later than 1 year and not later than 2 years	174,887	89,983
Later than 2 years and not later than 3 years	174,804	174,812
Later than 3 years and not later than 4 years	174,997	174,733
Later than 4 years	233,829	235,002
	948,513	899,001
At 1 January	899,001	937,906
Net drawdown/(repayment)	50,000	(40,000)
Transaction cost capitalised	(1,248)	–
Amortisation of transaction costs (Note 7)	760	1,095
At 31 December	948,513	899,001
Due within a year	189,996	224,471
Due within two to five years	648,894	614,528
Due more than five years	109,623	60,002
	948,513	899,001

In 2012, a subsidiary, Magnum Corporation Sdn. Bhd. ("MCSB"), took up a 20 years Medium Term Notes ("MTN") programme of up to RM1,000,000,000 at nominal value. As at 31 December 2020, total medium term notes amounting to RM950,000,000 (2019: RM900,000,000) in nominal value remain outstanding.

The MTN shall mature and be redeemed in the following years:

Series	Maturity	Tenure	2020 RM'000	Group 2019 RM'000
5.07% p.a. fixed rate MTN	September 2020	8 years	–	225,000
5.43% p.a. fixed rate MTN	September 2021	3 years	90,000	90,000
3.05% p.a. fixed rate MTN	November 2021	1 year	100,000	–
5.40% p.a. fixed rate MTN	September 2022	5 years	50,000	50,000
5.45% p.a. fixed rate MTN	September 2022	4 years	125,000	125,000
5.45% p.a. fixed rate MTN	January 2023	5 years	125,000	125,000
5.55% p.a. fixed rate MTN	September 2023	8 years	50,000	50,000
5.15% p.a. fixed rate MTN	September 2024	8 years	50,000	50,000
5.16% p.a. fixed rate MTN	September 2024	5 years	125,000	125,000
3.45% p.a. fixed rate MTN	September 2025	5 years	125,000	–
5.35% p.a. fixed rate MTN	September 2026	7 years	60,000	60,000
3.70% p.a. fixed rate MTN	September 2026	6 Years	50,000	–
			950,000	900,000

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd.)

24. BORROWINGS (cont'd.)

The MTN is secured by the following:

- (i) first and third party charges over all the shares directly or indirectly, legally and beneficially owned by MCSB in Magnum 4D Berhad ("M4DB");
- (ii) first and third party charges over all the shares held directly or indirectly, legally and beneficially owned by M4DB in certain gaming subsidiaries; and
- (iii) all monies deposited or held in Cash Deposit Account (Note 20).

Reconciliation of movement in liabilities to cash flows arising from financing activities:

	Lease liabilities RM'000 (Note 13(b))	Borrowing RM'000	Accrual of MTN interest RM'000	Total RM'000
At 1 January 2020	4,921	899,001	15,326	919,248
Changes from financing cash flows				
Repayment of lease liabilities	(1,490)	–	–	(1,490)
Interest paid	–	–	(47,550)	(47,550)
Drawdown of borrowings	–	50,000	–	50,000
Transaction costs paid	–	(1,248)	–	(1,248)
Total changes from financing cash flows	(1,490)	48,752	(47,550)	(288)
Other changes				
Accretion of interest	336	–	46,454	46,790
Additional lease liabilities	3,693	–	–	3,693
Early termination of lease contract	(11)	–	–	(11)
Rental rebates	(93)	–	–	(93)
Transaction costs (Note 7)	–	760	–	760
At 31 December 2020	7,356	948,513	14,230	970,099
At 1 January 2019	6,030	937,906	15,889	959,825
Changes from financing cash flows				
Repayment of lease liabilities	(1,552)	–	–	(1,552)
Interest paid	–	–	(49,445)	(49,445)
Repayment of borrowings	–	(40,000)	–	(40,000)
Total changes from financing cash flows	(1,552)	(40,000)	(49,445)	(90,997)
Other changes				
Accretion of interest	303	–	48,882	49,185
Additional lease liabilities	140	–	–	140
Transaction costs (Note 7)	–	1,095	–	1,095
At 31 December 2019	4,921	899,001	15,326	919,248

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

25. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2020 RM'000	2019 RM'000
At 1 January	7,113	10,272
Recognised in profit or loss (Note 9)	(2,608)	(3,159)
At 31 December	4,505	7,113
Presented after appropriate offsetting as follows:		
Deferred tax assets (a)	5,536	8,691
Deferred tax liabilities (b)	(1,031)	(1,578)
	4,505	7,113

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

(a) Deferred tax assets of the Group

	Unabsorbed business losses and capital allowances RM'000	Lease liabilities and payables RM'000	Total RM'000
At 1 January 2020	435	13,867	14,302
Recognised in profit or loss	1,688	(3,871)	(2,183)
At 31 December 2020	2,123	9,996	12,119
At 1 January 2019	–	12,945	12,945
Recognised in profit or loss	435	922	1,357
At 31 December 2019	435	13,867	14,302

(b) Deferred tax liabilities of the Group

	Right-of-use assets RM'000	Property, plant and equipment RM'000	Total RM'000
At 1 January 2020	(2,816)	(4,373)	(7,189)
Recognised in profit or loss	(757)	332	(425)
At 31 December 2020	(3,573)	(4,041)	(7,614)
At 1 January 2019	–	(2,673)	(2,673)
Recognised in profit or loss	(2,816)	(1,700)	(4,516)
At 31 December 2019	(2,816)	(4,373)	(7,189)

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd.)

26. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand except for an amount owing to a subsidiary of RM172,000,000 (2019: RM73,096,000) which bears interest ranging 1.95% - 5.50% (2019: 5.50%) per annum.

27. PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade payables (a)	116,804	126,170	-	-
Other payables and accruals (b)	78,139	65,496	459	607
Provisions (c)	3,302	2,946	4	1
Total payables	198,245	194,612	463	608
Add:				
- Loans and borrowings (Note 24)	948,513	899,001	-	-
- Amounts due to subsidiaries (Note 26)	-	-	175,094	73,446
- Lease liabilities (Note 13(b))	7,356	4,921	-	-
Less: Provisions	(3,302)	(2,946)	(4)	(1)
Total financial liabilities carried at amortised cost	1,150,812	1,095,588	175,553	74,053

(a) Trade payables

The normal trade credit terms granted to the Group is 30 days (2019: 30 days).

(b) Other payables and accruals

Other payables are non-interest bearing, unsecured and repayable on demand.

Included in other payables is tax penalty of RM16,726,000 as disclosed in Note 29.

(c) Provisions

Provisions include provision for employee benefits with the movement as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	2,946	2,987	1	2
Charged to profit or loss	462	258	3	(1)
Utilisation of provisions	(106)	(299)	-	-
As at 31 December	3,302	2,946	4	1

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd.)

28. CAPITAL COMMITMENTS

	2020 RM'000	Group 2019 RM'000
Capital expenditure approved and contracted for:		
Computer hardware and software	–	3,587
Renovation	4,491	7,669
	4,491	11,256

29. SIGNIFICANT EVENT

Multi-Purpose International Limited tax dispute

On 29 November 2019 and 2 December 2019, Multi-Purpose International Limited ("MPIL"), a Labuan company which is wholly owned by Magnum Berhad (and which was set up pursuant to the Selective Capital Reduction ("SCR") exercise by Magnum Corporation Berhad), were served with notices of assessment for income tax for the years of assessment 2014 to 2018, for a total amount of RM182,804,674.06.

The Inland Revenue Board ("IRB") claimed that MPIL should be taxed under the Income Tax Act 1967 instead of the Labuan Business Activity Tax Act 1990. Since its establishment, MPIL's income including its interest income had been duly assessed under the Labuan Business Activity Tax Act 1990, a position which the IRB had never questioned in the past. Upon consulting its tax solicitors, the Board of Directors was of the view that there were reasonable grounds to challenge the validity of the said notices and the penalty imposed. This was especially given that the interest income which the IRB was seeking to subject to income tax had been disallowed as interest expense which were incurred for the same SCR exercise at the hand of the payer namely, Magnum Holdings Sdn. Bhd. and reflected as part of the settlement of previous tax audit conducted by the IRB on the Group in 2017.

On 3 January 2020, the High Court at Labuan had granted leave to MPIL to commence judicial review proceedings against the Director General of Inland Revenue to set aside the notices of assessment for the years of assessment 2014 to 2018.

On 31 December 2020, MPIL through its legal counsel with the agreement of the IRB filed a Consent Order with the Labuan High Court to enter into a Consent Judgment for the following:-

- (i) IRB will set aside the notices of assessment for the years of assessment 2014 and 2015;
- (ii) IRB will not subject the single tier dividend received by MPIL in the year of assessment 2018 to tax and IRB will issue the notification of reduced assessment for the said year to reflect the same;
- (iii) IRB will waive in full the penalty imposed pursuant to Section 113(2) of the Income Tax Act 1967 in relation to the notice of assessment for the year of assessment 2016;
- (iv) MPIL will make full and final settlement of tax and penalty of RM80,620,684.56 for the remaining taxes for the years of assessment 2016 to 2018, which RM60,000,000 had paid on 31 December 2020 and the remaining balance of RM20,620,684.56 will be paid in four equal installments from January to April 2021;
- (v) In view of items (i) to (iv) above, both parties agree that MPIL's tax affairs for the years of assessment 2008 to 2018 are in order and have been settled accordingly; and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

29. SIGNIFICANT EVENT (cont'd.)

Multi-Purpose International Limited tax dispute (cont'd.)

(vi) IRB will:

- (a) not raise any form of assessment against the MPIL's related company known as Asia 4D Company Limited, another 100%-owned Labuan Offshore subsidiary of Magnum Berhad, for the years of assessment 2008 up to 2018;
- (b) not issue any form of assessment against Asia 4D Company Limited on the same audit issues for future years of assessment including the year of assessment 2019 until the winding up of Asia 4D Company Limited;
- (c) not issue any form of assessment against MPIL on the same audit issues as the matter of these proceedings for future years of assessment including the year of assessment 2019 until the winding up of MPIL; and
- (d) upon submission of the relevant documents to IRB in the future, IRB will issue the letter of clearance for MPIL and Asia 4D Company Limited to facilitate their winding up process. This is on the basis that there are no other issues other than the same audit issues in the present proceedings.

Following the filing of the Consent Order, MPIL will not pursue its judicial review application before the Labuan High Court and the IRB will withdraw its corresponding appeal before the Court of Appeal.

With the above Consent Judgment, the dispute between MPIL and IRB had been settled amicably.

30. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>With subsidiaries:</u>				
Dividend income	–	–	(73,096)	(185,663)
Interest expense payable on loans	–	–	3,577	991
<u>With other related parties:</u>				
Insurance premium payable	872	910	145	170
Management fees payable	424	636	55	54
Professional fees payable	838	899	818	866
Computer software service income	(78)	(78)	–	–

- (i) The Directors of the Group and the Company are of the opinion that the above transactions are entered into in the normal course of business and based on negotiated and mutually agreed terms. Outstanding balances in respect of the above transactions with subsidiaries are disclosed in Note 26. There are no outstanding balances in respect of transactions with related parties.

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(cont'd.)

30. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd.)

(a) Related party transactions (cont'd.)

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (cont'd.)

(ii) Related parties refer to the following:

- Metra Management Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial interest.
- Wejay Consult Sdn. Bhd., incorporated in Malaysia, which is a company in which a Director has a substantial interest.
- MPI Generali Insurans Berhad, incorporated in Malaysia, which is a company in which a Director has a substantial interest.
- MPH B Capital Berhad, incorporated in Malaysia, which is a company in which a Director has a substantial interest.

(b) Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel includes all the Directors of the Group and certain members of senior management of the Group and the Company.

The remuneration and compensation of the Directors of the Company and other members of key management during the financial year were as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	6,503	6,866	331	312
Post-employment benefits:				
- Defined contribution plan	816	796	-	-
- Other long-term benefits	200	128	-	-
	7,519	7,790	331	312

Included in the total compensation of key management personnel are Directors' remuneration as detailed in Note 8(a).

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign exchange risk, liquidity risk, credit risk and market price risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its foreign exchange, liquidity, credit risks and market price risk. The Group operates within clearly defined guidelines that are approved by the Board.

It is, and has been throughout the current and previous financial year, the Group's policy not to engage in speculative transactions. The Group and the Company do not apply hedge accounting.

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

(a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to transactional currency risk that is denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Philippine Peso and Pound Sterling.

The net unhedged financial assets of the Group that are not denominated in their functional currencies are as follows:

Group	Deposit, cash and bank balances RM'000
At 31 December 2020	
Pound Sterling	49
Philippine Peso	6,190
At 31 December 2019	
Pound Sterling	110
Philippine Peso	5,921

The Group does not have any significant exposure to the fluctuations in foreign exchange rates.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's operations. The Group maintains sufficient levels of cash to fund the Group's operations.

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(cont'd.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(b) Liquidity risk (cont'd.)

At the reporting date, approximately 22% (2019: 26%) of the Group's borrowings (Note 24) will mature in less than one year at the reporting date.

Analysis of financial instruments by remaining contractual maturities

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

Financial liabilities	On demand or within one year RM'000	One to two years RM'000	Two to three years RM'000	Three to four years RM'000	More than four years RM'000	Total RM'000
2020						
Group						
Trade and other payables	194,943	–	–	–	–	194,943
Lease liabilities	1,684	1,537	1,472	1,451	2,350	8,494
Loans and borrowings	235,398	212,498	199,607	193,491	249,341	1,090,335
Total undiscounted financial liabilities	432,025	214,035	201,079	194,942	251,691	1,293,772
Company						
Payables, representing total undiscounted financial liabilities	175,553	–	–	–	–	175,553
2019						
Group						
Trade and other payables	191,666	–	–	–	–	191,666
Lease liabilities	1,556	1,528	1,402	689	269	5,444
Loans and borrowings	272,580	126,177	206,335	193,444	253,664	1,052,200
Total undiscounted financial liabilities	465,802	127,705	207,737	194,133	253,933	1,249,310
Company						
Payables, representing total undiscounted financial liabilities	74,053	–	–	–	–	74,053

NOTES TO THE FINANCIAL STATEMENTS

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(cont'd.)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd.)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument, leading to a financial loss. The Group's and the Company's exposure to credit risk arises primarily from receivables. For other financial assets including investment securities and deposits, cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The impairment provision is determined based on the 12-month ECL.

Credit risks are mainly associated with the risk of selling agents defaulting and the cash deposits placed with financial institutions. The risks relating to the selling agents are minimised by obtaining security deposits from agents as well as applying strict credit approval, monitoring and enforcement policies. The management minimises the risk by placing the cash deposits with financial institutions with good credit rating.

The Group and the Company do not have any significant exposure to any individual agent nor does it have any major concentration of credit risk related to any financial instruments.

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted equity instruments. The quoted equity instruments in Malaysia are listed on the Bursa Malaysia, whereas the quoted equity instruments outside Malaysia are listed on Philippine Stock Exchange in Philippines and the quoted debt instruments relate to Malaysian Government Securities. These instruments are classified as held for trading or fair value through other comprehensive income financial assets. The Group does not have exposure to commodity price risk.

At the reporting date, the exposure to listed equity securities at fair value was RM36,650,000 (2019: RM40,903,000). A decrease of 10% on the market price could have an impact of approximately RM2,309,000 (2019: RM2,760,000) and RM1,356,000 (2019: RM1,330,000) on the income and equity attributable to the Group respectively.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

	Note
Lease liabilities	13(b)
Receivables	19
Deposits, cash and bank balances	20
Borrowings	24
Amounts due to subsidiaries	26
Payables	27

NOTES TO THE FINANCIAL STATEMENTS

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32. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(b) Fair value measurements

The fair values of all the financial assets for which fair values are disclosed are categorised as below under the fair value hierarchy as described in Note 2.26.

The following table provides the fair value measurement hierarchy of the Group's assets:

Quantitative disclosure for fair value measurement hierarchy for assets as at 31 December 2020

Group					
At 31 December 2020	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Non-current asset					
Financial assets at fair value through other comprehensive income:					
Unquoted shares in Malaysia	31 December 2020	385,429	–	–	385,429
Malaysian Government Securities	31 December 2020	13,556	13,556	–	–
Current assets					
Financial assets at fair value through profit or loss:					
Quoted securities	31 December 2020	23,094	23,094	–	–

Quantitative disclosure for fair value measurement hierarchy for assets as at 31 December 2019

Group					
At 31 December 2019	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Non-current asset					
Financial assets at fair value through other comprehensive income:					
Unquoted shares in Malaysia	31 December 2019	385,429	–	–	385,429
Malaysian Government Securities	31 December 2019	13,301	13,301	–	–
Current assets					
Financial assets at fair value through profit or loss:					
Quoted securities	31 December 2019	27,599	27,599	–	–

There has been no transfer between Level 1, Level 2 and Level 3 for the financial year under review.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(b) Fair value measurements (cont'd.)

The following table provides the fair value measurement hierarchy of the Company's assets:

Quantitative disclosure for fair value measurement hierarchy for assets as at 31 December 2020

Company

At 31 December 2020	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Non-current asset					
Financial assets at fair value through other comprehensive income: Unquoted shares in Malaysia	31 December 2020	385,429	–	–	385,429
Current asset					
Financial assets at fair value through profit or loss: Quoted securities	31 December 2020	23,094	23,094	–	–

Quantitative disclosure for fair value measurement hierarchy for assets as at 31 December 2019

Company

At 31 December 2019	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Non-current asset					
Financial assets at fair value through other comprehensive income: Unquoted shares in Malaysia	31 December 2019	385,429	–	–	385,429
Current asset					
Financial assets at fair value through profit or loss: Quoted securities	31 December 2019	27,599	27,599	–	–

There has been no transfer between Level 1, Level 2 and Level 3 for the financial year under review.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

32. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd.)

(b) Fair value measurements (cont'd.)

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(i) Deposits, cash and bank balances, lease liabilities, receivables, payables and borrowings

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 lease liabilities and loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

(ii) Quoted investments

The fair value of quoted investments is determined by reference to stock exchange quoted market bid prices at the close of the business at the reporting date.

(iii) Malaysian Government Securities

The Malaysian Government Securities Indicative Price is listed on Bank Negara Malaysia website.

(iv) Unquoted shares in Malaysia

The fair values of unquoted shares in Malaysia have been measured using valuation models which uses both observable and non-observable data. The non-observable inputs to the models include assumptions of revenue growth, direct expenses and long term growth rate.

(v) Amount due from/to subsidiaries

The Company does not anticipate the carrying amounts recorded at the reporting date that would eventually be received or settled to be significantly different from the fair values as the amounts are repayable on demand.

33. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholders' value. The Group and the Company manage its capital structure and make adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group and the Company monitor capital using a gearing ratio, which is the net debt divided by equity attributable to owners of the Company. The Group and the Company include within its net debt, borrowings, payables, amount due to subsidiaries, lease liabilities, less cash and bank balances and short term deposits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

33. CAPITAL MANAGEMENT (cont'd.)

The gearing ratios as at 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Payables	198,245	194,612	463	608
Amounts due to subsidiaries	–	–	175,094	73,446
Borrowings	948,513	899,001	–	–
Lease liabilities	7,356	4,921	–	–
Less: Deposits, cash and bank balances	(272,517)	(306,861)	(760)	(1,280)
Net debt	881,597	791,673	174,797	72,774
Equity attributable to owners of the Company	2,391,743	2,477,264	2,994,370	3,035,012
Gearing ratio	36.9%	32.0%	5.8%	2.4%

34. SEGMENT INFORMATION

The Group is organised into two major business segments:

- (i) Gaming
- (ii) Investment holdings and others

Other business segments include information technology services and dormant companies.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business based on negotiated and mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

34. SEGMENT INFORMATION (cont'd.)

31 December 2020	Gaming RM'000	Investment holdings and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External	1,672,816	337	–	1,673,153
Inter-segment	–	74,147	(74,147)	–
Total revenue	1,672,816	74,484	(74,147)	1,673,153
Results				
Segment results	214,830	98,154	(121,088)	191,896
Finance costs				(47,920)
Segment profit before tax				143,976
Income tax expense				(122,530)
Segment profit				21,446
Assets and liabilities				
Segment assets	3,125,131	6,296,273	(5,858,124)	3,563,280
Unallocated corporate assets				12,661
Total assets				3,575,941
Segment liabilities	1,133,962	253,230	(233,078)	1,154,114
Unallocated corporate liabilities				7,222
Total liabilities				1,161,336
Other information				
Capital expenditure	14,628	–	–	14,628
Depreciation on investment properties and property, plant and equipment	11,378	84	–	11,462
Depreciation on right-of-use assets	1,477	177	–	1,654
Amortisation of intangible assets	15	–	–	15
Fair value change in relation to financial instrument	–	4,505	–	4,505
Non-cash expenses other than depreciation, amortisation and impairment losses	42	–	–	42

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

34. SEGMENT INFORMATION (cont'd.)

31 December 2019	Gaming RM'000	Investment holdings and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External	2,705,039	646	–	2,705,685
Inter-segment	–	427,359	(427,359)	–
Total revenue	2,705,039	428,005	(427,359)	2,705,685
Results				
Segment results	406,601	181,204	(193,973)	393,832
Finance costs				(50,625)
Segment profit before tax				343,207
Income tax expense				(102,064)
Segment profit				241,143
Assets and liabilities				
Segment assets	3,149,815	6,134,259	(5,695,950)	3,588,124
Unallocated corporate assets				15,281
Total assets				3,603,405
Segment liabilities	1,094,950	74,637	(71,053)	1,098,534
Unallocated corporate liabilities				4,962
Total liabilities				1,103,496
Other information				
Capital expenditure	19,002	4	–	19,006
Depreciation on investment properties and property, plant and equipment	9,713	84	–	9,797
Depreciation on right-of-use assets	1,476	177	–	1,653
Amortisation of intangible assets	15	–	–	15
Fair value change in relation to financial instrument	–	6,583	–	6,583
Non-cash expenses other than depreciation, amortisation and impairment losses	207	–	–	207

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

34. SEGMENT INFORMATION (cont'd.)

Inter-segment revenue are eliminated upon consolidation and reflected in the 'eliminations' column. All other adjustments and eliminations are part of detail reconciliation presented below:

Notes: Nature of adjustments and eliminations to arrive at the amounts reported in the consolidated financial statements

- A. Inter-segment revenues are eliminated on consolidation
- B. Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements

	Group 2020 RM'000	2019 RM'000
Property, plant and equipment written off	42	207

- C. Capital expenditure consist of:

	Group 2020 RM'000	2019 RM'000
Property, plant and equipment	14,628	19,006

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(cont'd.)

35. SUBSIDIARIES

OUR FINANCIALS

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group [#]		% of ownership interest held by non-controlling interests [#]	
			2020	2019	2020	2019
Direct subsidiaries of the Company						
Magnum Holdings Sdn. Bhd.	Malaysia	Investment holding	39.44	39.44	--^	--^
Multi-Purpose International Limited	Malaysia	Investment holding	100.00	100.00	-	-
Leisure Management (Hong Kong) Limited ⁽¹⁾	Hong Kong	Investment holding	100.00	100.00	-	-
Dynamic Pearl Sdn. Bhd. ⁽²⁾	Malaysia	Investment holding	100.00	100.00	-	-
Marinco Holdings Sdn. Bhd.	Malaysia	Property investment	100.00	100.00	-	-
MP Property Management Sdn. Bhd. ⁽²⁾	Malaysia	Property management	100.00	100.00	-	-
Asia 4D Company Limited	Malaysia	Investment holding	100.00	100.00	-	-
Subsidiary of Magnum Holdings Sdn. Bhd.						
Magnum Corporation Sdn. Bhd.	Malaysia	Investment holding and operation of four digit numbers forecast betting game	100.00	100.00	-	-
Subsidiaries of Magnum Corporation Sdn. Bhd.						
Magnum 4D Berhad	Malaysia	Investment holding and management services	99.45	99.45	0.55	0.55
ENE (Sabah) Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Tiara Vega Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Secure Tangent Sdn. Bhd.	Malaysia	Providing information technology services	100.00	100.00	-	-
Magnum Online Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

35. SUBSIDIARIES (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group [#]		% of ownership interest held by non-controlling interests [#]	
			2020	2019	2020	2019
Subsidiaries of Magnum 4D Berhad						
ENE (Selangor) Sdn. Bhd.	Malaysia	Forecast betting	92.39	92.39	7.61	7.61
ENE (Perak) Sdn. Bhd.	Malaysia	Forecast betting	96.96	96.96	3.04	3.04
ENE (Penang) Sdn. Bhd.	Malaysia	Forecast betting	96.48	96.48	3.52	3.52
ENE (Negeri Sembilan) Sdn. Bhd.	Malaysia	Forecast betting	91.26	91.26	8.74	8.74
ENE (Melaka) Sdn. Bhd.	Malaysia	Forecast betting	90.08	90.08	9.92	9.92
M4D (Johor) Sdn. Bhd.	Malaysia	Forecast betting	85.84	85.84	14.16	14.16
ENE (East Coast) Sdn. Bhd.	Malaysia	Forecast betting	90.08	90.08	9.92	9.92
ENE (East Malaysia) Sdn. Bhd.	Malaysia	Forecast betting	99.72	99.72	0.28	0.28
Longterm Profit Sdn. Bhd.	Malaysia	Investment holding and four digit agency management	100.00	100.00	–	–
Magnum Information Technology Sdn. Bhd. ⁽²⁾	Malaysia	Providing information technology services	60.00	60.00	– *	– *
Choicevest Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	–	–
Subsidiary of Dynamic Pearl Sdn. Bhd.						
MP Solutions Sdn. Bhd. ⁽²⁾	Malaysia	Providing information technology services	100.00	100.00	–	–

⁽¹⁾ Audited by firms of auditors other than Ernst & Young PLT.

⁽²⁾ In liquidation.

[#] Equals to the proportion of voting rights held.

* The remaining 40% is interest held through Magnum Corporation Sdn. Bhd.

^ The remaining 38.39% and 22.17% are interests held through Asia 4D Company Limited and Multi-Purpose International Limited, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

35. SUBSIDIARIES (cont'd.)

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

(i) Summarised consolidated statement of financial position:

	Magnum 4D Berhad Group	
	2020 RM'000	2019 RM'000
Non current assets	83,174	77,636
Current assets	468,224	450,991
Total assets	551,398	528,627
Non current liabilities	9,497	9,224
Current liabilities	68,629	74,719
Total liabilities	78,126	83,943
Net assets	473,272	444,684
Total equity	473,272	444,684
Attributable to non-controlling interests	22,862	22,645

(i) Summarised consolidated statement of comprehensive income:

	Magnum 4D Berhad Group	
	2020 RM'000	2019 RM'000
Revenue	167,121	268,752
Profit for the year	28,588	81,520
Profit attributable to non-controlling interests	219	1,918
Dividend paid to non-controlling interests	–	19,995

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
(cont'd.)

35. SUBSIDIARIES (cont'd.)

(iii) Summarised consolidated statement of cash flows:

	Magnum 4D Berhad Group	
	2020 RM'000	2019 RM'000
Net cash generate from operating activities	15,701	22,059
Net cash used in investing activities	(5,240)	(1,229)
Net cash used in financing activities	(61,868)	(88,874)
Net decrease in cash and cash equivalents	(51,407)	(68,044)
Cash and cash equivalents at 1 January	229,609	297,653
Cash and cash equivalents at 31 December	178,202	229,609

TOP 10 LIST OF PROPERTIES OWNED BY MAGNUM GROUP

AS AT 31 DECEMBER 2020

LOCATION	TENURE	RESIDUAL LEASE (YEARS)	EXPIRY DATE	APPROX. AREA	DESCRIPTION	AGE OF BUILDING (YEARS)	NBV (RM'000)	LAST REVALUATION DATE/ ACQUISITION DATE
FEDERAL TERRITORY OF KUALA LUMPUR								
Wisma Magnum, 111, Jalan Pudu, 55100 Kuala Lumpur	Freehold	–	–	795.44 sq.m.	Commercial 5 1/2-Storey Office Building	78	1,727	10.12.1980
17 & 19, Jalan Maharajalela, 50150 Kuala Lumpur	Freehold	–	–	248.95 sq.m.	Commercial 4-Storey Shophouse	42	1,952	15.11.1972
SELANGOR								
Unit No. 038, P.T. No. 36922, Bandar Kinrara	Freehold	–	–	3,320 sq.ft.	Residential Double Storey Semi- Detached	18	1,269	16.5.2002
PERAK								
No. 1 & 1A, Hala Datuk 5, Jalan Datoh, 30000 Ipoh	Freehold	–	–	3,692 sq.ft.	Commercial Double Storey Corner Shopoffice	13	1,940	15.10.2014
PENANG								
Lot PT 18, HS(D) 6800, Bandar Bukit Bendera, Daerah Timor Laut, Mukim 12, District of Barat Daya	Leasehold	35	2055	3,921.40 sq.m.	Residential Double Storey Bungalow	–	2,914	31.12.2002
2, Jalan Bahaudin, Tanjung Bungah, 11200 Penang	Freehold	–	–	5,438 sq.ft.	Residential Single Storey Bungalow	33	2,199	26.9.1979
294 & 296, Vantage Point, Jalan Jelutong, 11600 Penang	Freehold	–	–	6,846 sq.ft.	Commercial 3-Storey Shoplot	17	4,977	20.11.2014
NEGERI SEMBILAN								
14, Jalan Era Square 2, Era Square, 70200 Seremban	Freehold	–	–	1,541 sq.ft.	Commercial 3-Storey Office Shophouse	17	1,259	31.03.2013
SARAWAK								
Lot 12227, Block 16 KCLD, P1B-6-1, Jalan Datuk Tawi Sli, (Trinity Hub), 93250 Kuching	Leasehold	56	–	6,716.73 sq.ft.	Commercial 3-Storey Office Building	5	4,871	01.03.2016
UNITED KINGDOM								
Flat No 3 Whaddon House, William Mews, London SW1X9HG	Leasehold	84	2104	1,144 sq.ft.	Residential Apartment	40	7,074	22.11.2010

ANALYSIS OF EQUITY SECURITIES

AS AT 1 APRIL 2021

Class of Security : Ordinary Shares
Total Issued Share Capital : 1,437,748,654
Voting rights : One (1) vote per ordinary share

	No. of Holders	% of Holders	No. of Shares	% of Shares
LARGEST SHAREHOLDERS	30	0.08	916,976,541	63.77
SIZE OF HOLDINGS				
Less than 100 shares	3,094	8.36	101,106	0.01
100 to 1,000 shares	4,982	13.45	2,369,899	0.16
1,001 to 10,000 shares	21,791	58.85	71,162,615	4.95
10,001 to 100,000 shares	6,478	17.49	150,271,957	10.45
100,001 to less than 5% of issued shares	683	1.84	776,348,403	54.00
5% and above of issued shares	2	0.01	437,494,674	30.43
TOTAL	37,030	100.00	1,437,748,654	100.00

THIRTY (30) MAJOR SHAREHOLDERS AS SHOWN IN THE RECORD OF DEPOSITORS AS AT 1 APRIL 2021

Name	Shareholdings	%
1. Alliancegroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for Casi Management Sdn. Bhd.	333,300,000	23.18
2. Casi Management Sdn. Bhd.	104,194,674	7.25
3. Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Exempt An for AIA Bhd	54,167,680	3.77
4. Shan Hijauan Sdn. Bhd.	50,254,761	3.50
5. Malaysia Nominees (Tempatan) Sendirian Berhad Qualifier: Pledged securities account for MWE Holdings Sdn. Bhd. (30-00098-000)	39,500,000	2.75
6. Cartaban Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for Union Bancaire Privee, UBP SA, Singapore Branch	37,198,569	2.59
7. Shamara Finance Limited	28,553,978	1.99
8. HLB Nominees (Tempatan) Sdn. Bhd. Qualifier: Pledged securities account for MWE Holdings Sdn. Bhd. (PJCAC)	27,189,098	1.89
9. HSBC Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for Credit Suisse (SG BR-TST-Asing)	24,538,073	1.71
10. Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	23,335,141	1.62
11. Allamanda Growth Limited	21,462,500	1.49
12. Multi-Purpose Capital Holdings Berhad	19,210,200	1.34

ANALYSIS OF EQUITY SECURITIES

AS AT 1 APRIL 2021

THIRTY (30) MAJOR SHAREHOLDERS AS SHOWN IN THE RECORD OF DEPOSITORS AS AT 1 APRIL 2021 (cont'd.)

	Name	Shareholdings	%
13.	Asmara Land Sdn. Bhd.	13,571,572	0.94
14.	MPI Generali Insurans Berhad	13,082,000	0.91
15.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. Qualifier: Sakarin Uppatthangkul	12,327,050	0.86
16.	HSBC Nominees (Asing) Sdn. Bhd. Qualifier: JPMCB NA for Vanguard Emerging Markets Stock Index Fund	10,469,155	0.73
17.	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for UBS AG Singapore (Foreign)	9,889,223	0.69
18.	Cartaban Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for State Street Bank & Trust Company (West CLT OD67)	9,691,236	0.67
19.	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: CBLDN For Union Bancaire Privee	8,534,500	0.59
20.	T C Holdings Sendirian Berhad	8,231,500	0.57
21.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. Qualifier: Suthera Uppaputthangkul	7,699,384	0.54
22.	HSBC Nominees (Asing) Sdn. Bhd. Qualifier: JPMCB NA for Vanguard Total International Stock Index Fund	7,691,103	0.53
23.	Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 3)	7,683,441	0.53
24.	Aitacom Holdings Sdn. Bhd.	7,070,000	0.49
25.	Panorama Alfa Sdn. Bhd.	7,070,000	0.49
26.	Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (LSF)	7,039,700	0.49
27.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	6,079,848	0.42
28.	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: CBNY For Dimensional Emerging Markets Value Fund	6,054,445	0.42
29.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier: Exempt An for CIMB Commerce Trustee Berhad for Pearson Trust (PB)	5,968,999	0.41
30.	Tanah Subor Sdn. Bhd.	5,918,711	0.41
	TOTAL	916,976,541	63.77

ANALYSIS OF EQUITY SECURITIES AS AT 1 APRIL 2021

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 1 APRIL 2021

Name	Direct Interest		Indirect/ Deemed Interest	
	No. of shares	%	No. of shares	%
Casi Management Sdn. Bhd.	437,494,674	30.441	20,138,491 ^(a)	1.401
Tan Sri Dato' Surin Upatkoorn	–	–	527,651,223 ^(b)	36.714

Notes:-

- (a) Deemed interest by virtue of its shareholdings in MPHB Capital Berhad and its subsidiary, Multi-Purpose Capital Holdings Berhad, pursuant to Section 8(4) of the Companies Act 2016 ("the Act").
- (b) Deemed interest by virtue of his shareholdings in Casi Management Sdn. Bhd. and Pinjaya Sdn. Bhd. pursuant to Section 8(4) of the Act; and indirect interest held through his children pursuant to Section 59(11) of the Act.

DIRECTORS' INTEREST AS SHOWN IN THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 1 APRIL 2021

(A) Interest In Securities In Magnum Berhad ("Magnum")

Name	Direct Interest		Indirect / Deemed Interest	
	No. of shares	%	No. of shares	%
Tan Sri Dato' Surin Upatkoorn	–	–	527,651,223 ^(a)	36.714
Dato' Lawrence Lim Swee Lin	8,265,664	0.575	3,030,000 ^(b)	0.211
Krian Upatkoorn	–	–	3,030,000 ^(b)	0.211
Datuk Vijeyaratnam a/l V. Thamotheeram Pillay	1,487,800	0.103	60,600 ^(c)	0.004
Dato' Lim Tiong Chin	4,984,350	0.347	10,617,120 ^(d)	0.739
Jean Francine Goonting	–	–	–	–

Notes:-

- (a) Deemed interest by virtue of Section 8(4) of the Act through his shareholdings in Casi Management Sdn. Bhd. and Pinjaya Sdn. Bhd.; and indirect interest held through his children pursuant to Section 59(11) of the Act.
- (b) Deemed interest by virtue of Section 8(4) of the Act through Zenbell Holdings Sdn. Bhd. and its subsidiary, Zenbell (Selangor) Sdn. Bhd.
- (c) Deemed interest by virtue of his indirect interest held through his spouse pursuant to Section 59(11) of the Act.
- (d) Deemed interest by virtue of Section 8(4) through Keetinsons Sendirian Berhad and T.C. Holdings Sendirian Berhad.

(B) Interest In Securities In Related Corporations

Tan Sri Dato' Surin Upatkoorn, by virtue of his interest of not less than 20% in the voting shares of Magnum, is also deemed to have interest in the securities of the subsidiaries of Magnum to the extent of Magnum's interest in these subsidiaries.

Save as disclosed above, none of the Directors of Magnum had any interest in the securities of the subsidiaries of Magnum as at 1 April 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. Status Of Utilisation Of Proceeds Raised From Corporate Proposals

There were no proceeds raised from any corporate proposals during the financial year 2020.

2. Audit And Non-Audit Fees

During the financial year ended 31 December 2020, the following audit and non-audit fees were paid to the Group's external auditors, Ernst & Young PLT ("EY"):-

Services rendered by EY	Subsidiaries RM	Company RM	Total (Group) RM
Audit	563,105	97,000	660,105
Non-Audit			
(a) Review of Statement on Risk Management and Internal Control	–	5,990	5,990
(b) Professional Service in connection with Magnum Corporation Sdn. Bhd.'s Medium Term Notes - Review of financial covenant ratios	3,500	–	3,500
Total	566,605	102,990	669,595

3. Material Contracts Involving Directors And/Or Major Shareholders

There were no material contracts entered into by the Company and/or subsidiaries involving the interests of Directors and/or Major Shareholders, either still subsisting at the end of the financial year 2020 or entered into since the end of the previous financial year.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fifth Annual General Meeting ("45th AGM") of Magnum Berhad ("Company" or "Magnum") will be held at the Grand Ballroom, First Floor, Flamingo hotel by the lake, No. 5 Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Wednesday, 19 May 2021 at 9:30 a.m. for the transaction of the following business:-

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|---|
| 1. To consider and receive the Report of the Directors and the Audited Financial Statements for the year ended 31 December 2020 together with the Report of the Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. (a) To approve the payment of Directors' fees totalling RM285,000 to the Non-Executive Directors in respect of the year ended 31 December 2020. | (Resolution 1) |
| (b) To approve the payment of the Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of up to an amount of RM100,000 for the period from 19 May 2021 until the next Annual General Meeting of the Company. | (Resolution 2) |
| 3. (a) To re-elect the Director, Tan Sri Dato' Surin Upatkoon, who is retiring by rotation in accordance with Clause 90 of the Constitution of the Company. | (Resolution 3) |
| (b) To re-elect the Director, Dato' Lim Tiong Chin, who is retiring by rotation in accordance with Clause 90 of the Constitution of the Company. | (Resolution 4) |
| 4. To re-appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration. | (Resolution 5) |

AS SPECIAL BUSINESS

- | | |
|---|-----------------------|
| 5. To consider and, if thought fit, to pass the following Ordinary Resolutions :- | |
| (A) PROPOSED RENEWAL OF THE AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | (Resolution 6) |

"THAT, subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and approvals of any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required by law to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

NOTICE OF ANNUAL GENERAL MEETING (cont'd.)

(B) PROPOSED RENEWAL OF THE AUTHORITY FOR MAGNUM TO PURCHASE ITS OWN SHARES

(Resolution 7)

"THAT, subject always to the Companies Act 2016, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, approval be and is hereby given for the renewal of the authority granted by the shareholders of the Company at the Forty-Fourth Annual General Meeting of the Company held on 25 June 2020, authorising the Company to purchase and/or hold as treasury shares from time to time and at any time such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company ("**Proposed Share Buy-Back Renewal**") provided that:-

- (1) The maximum number of shares which may be purchased and/or held as treasury shares by the Company at any point of time pursuant to the Proposed Share Buy-Back Renewal shall not exceed ten per centum (10%) of the total issued shares of the Company (including the shares previously purchased and held as treasury shares) provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the open market of the Bursa Securities or distribution of treasury shares to shareholders as dividend, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall, in aggregate with the shares then still held by the Company, not exceed ten per centum (10%) of the total issued shares of the Company for the time being quoted on the Bursa Securities;
- (2) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back Renewal shall not exceed the sum of retained profits of the Company. As at 31 December 2020, the audited retained profits of the Company amounted to approximately RM639.675 million;

AND THAT authority is hereby given to the Directors to decide in their absolute discretion to deal in any of the following manners the shares in the Company purchased by the Company pursuant to the Proposed Share Buy-Back Renewal:-

- (i) to cancel the shares purchased; or
- (ii) to retain the shares purchased as treasury shares, to be either distributed as share dividends to the shareholders and/or re-sold on the open market of the Bursa Securities and/or subsequently cancelled; or
- (iii) a combination of (i) and (ii) above; or in any other manners as allowed by the Companies Act 2016;

AND THAT such authority shall commence immediately upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

NOTICE OF ANNUAL GENERAL MEETING (cont'd.)

at the expiry of the period within which the next Annual General Meeting is required by law to be held, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting, whichever is earlier but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date, and in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back Renewal with full powers to assents to any conditions, modifications, variations and/or amendments (if any) as may be required or imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter in accordance with the Companies Act 2016, the provisions of the Company's Constitution and the requirements and/or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/or regulatory authorities."

6. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

BY ORDER OF THE BOARD

LEONG KUAN YING (SSM PC No. : 201908000848 (MAICSA 7041318))

NG SOOK YEE (SSM PC No. : 201908002432 (MAICSA 7020643))

Chartered Secretaries

Kuala Lumpur

20 April 2021

NOTES:-

PROXY

1. A member whose name appears in the Record of Depositors on **5 May 2021** shall be regarded as a member entitled to attend, speak and vote at the meeting or to appoint proxy to attend, speak and vote on its behalf at the meeting.
2. A proxy may but need not be a member of the Company.
3. A member, other than an authorised nominee or an exempt authorised nominee, shall be entitled to appoint one or more proxies (or in the case of a corporation, to appoint representative(s) in accordance with Section 333 of the Companies Act 2016) to attend and vote at the same meeting in his stead.
4. A member who is an authorised nominee may appoint one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which an exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
7. If the appointor is a corporation, the form of proxy must be executed either under its Common Seal or under the hand of its officer or attorney duly authorised.
8. To be valid, the form of proxy duly completed and signed before a witness must be deposited at the registered office of the Company at 35th Floor, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time for holding the meeting. Fax copy of the duly executed form of proxy is not acceptable.

NOTICE OF ANNUAL GENERAL MEETING

(cont'd.)

REGISTRATION AND OTHER MATTERS

9. Registration will start at 8:00 a.m. at Mewah Hall, Ground Floor, Flamingo hotel by the lake and will end at a time as directed by the Chairman of the meeting.
10. As a precautionary measure against the spread of Coronavirus (COVID-19), members are strongly encouraged to appoint either the Chairman of the Meeting or any of the Independent Directors as proxy to vote in his stead.
11. If you are attending this event, we seek your co-operation and patience to queue for your body temperature screening and the use of hand sanitisers which will be made available at the venue. The Company reserves the right to refuse entry to any person who is found unfit including but not limited to fever, cough, running nose and such other symptoms of COVID-19.
12. There will be no serving of refreshments nor distribution of pre-packed food or door gifts.

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. Directors' Report, Audited Financial Statements and Auditors' Report

Agenda item 1 is meant for discussion only. The provisions of Sections 248(2) and 340(1) of the Companies Act 2016 and the Constitution of the Company require that the Audited Financial Statements and Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. Hence, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

2. Resolutions 1 and 2 – Payment of Directors' Fees and Other Remuneration

The proposed ordinary Resolution 1, if passed, will authorise the payment of Directors' fees totalling RM285,000 to the Non-Executive Directors for the financial year 2020 (*Year 2019: RM263,658*) pursuant to Clause 99 of the Company's Constitution.

The proposed ordinary Resolution 2 is to seek shareholders' approval pursuant to Section 230 of the Companies Act 2016 for the payment of up to RM100,000 as Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors for the period from 19 May 2021 to the next Annual General Meeting.

The total estimated amount of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors is calculated based on the number of scheduled Board's and Board Committees' meetings, and other benefits such as club memberships and cars for the Non-Executive Chairman and Directors, including allocation of additional allowances to any new Non-Executive Directors to be appointed during the period from 19 May 2021 until the next Annual General Meeting in 2022.

The payment of Directors' remuneration (excluding Directors' fees) will be made on monthly basis and/or as and when incurred if the ordinary Resolution 2 has been passed at the 45th AGM. This authority under ordinary Resolution 2, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The breakdown and details of the Directors' remuneration including Directors' Fees are set out in the Integrated Annual Report under the Corporate Governance Overview Statement.

3. Resolutions 3 and 4 – Re-election of Retiring Directors

Clause 90 of the Constitution of the Company provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. All Directors shall retire from office at least once in three (3) years but, shall be eligible for re-election.

The proposed ordinary Resolutions 3 and 4 are to seek shareholders' approvals for the re-elections of Tan Sri Dato' Surin Upatkoon and Dato' Lim Tiong Chin respectively as Directors of the Company. Both Tan Sri Dato' Surin Upatkoon and Dato' Lim Tiong Chin, who are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

NOTICE OF ANNUAL GENERAL MEETING (cont'd.)

In determining the eligibility of the Directors standing for re-election at the 45th AGM, the Nomination Committee had considered the evaluations on the contributions and performance of the Individual Directors, including the effectiveness of the Board as a whole and the Board Committees; and for Independent Non-Executive Directors only, the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company. The Board has agreed with the Nomination Committee's recommendation for the selection and re-election of retiring Directors pursuant to Clause 90 of the Company's Constitution.

4. **Resolution 5 – Re-appointment of Ernst & Young PLT (Firm No. AF: 0039) as Auditors of the Company**

The proposed ordinary Resolution 5 is to re-appoint Ernst & Young PLT as Auditors of the Company. The Board had at a meeting held in March 2021 approved the recommendation by the Group Audit Committee ("**GAC**") on the re-appointment of Ernst & Young PLT as Auditors of the Company. The Board is satisfied that Ernst & Young PLT has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements, which was concluded through the assessment carried out by the GAC on the suitability and independence of the external auditors.

EXPLANATORY NOTES ON SPECIAL BUSINESS

5. **Resolution 6 – Renewal of the Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The proposed ordinary Resolution 6 is a renewal of the mandate obtained from the members at the last Annual General Meeting held on 25 June 2020, and if passed, will give the Directors of the Company, from the date of the 45th AGM, authority to allot shares from the unissued capital of the Company of up to 10% of the total issued shares of the Company for such purposes as the Directors deem fit and in the best interest of the Company. The authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required by law to be held after the approval was given, whichever is earlier.

This general mandate sought will provide flexibility to the Company of any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions. The Company did not issue any new ordinary shares pursuant to the shareholders' mandate obtained at the last Annual General Meeting held on 25 June 2020 and to-date, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect of the purpose and utilisation of proceeds arising from such issue.

6. **Resolution 7 – Renewal of the Authority for the Company to purchase its own shares**

The proposed ordinary Resolution 7 is a renewal of the mandate for the Company to repurchase its own shares and if passed, will empower the Company to purchase and/or hold from time to time up to ten per centum (10%) of the total issued shares of the Company.

The details of the Proposed Share Buy-Back Renewal are set out in the Share Buy-Back Statement dated 20 April 2021.

VOTING BY POLL

Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions set out in this notice are to be voted by poll.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. Details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is seeking for new election as a Director at the 45th Annual General Meeting of the Company.

2. General mandate for issue of securities in accordance with Paragraph 6.03(3) of Bursa Malaysia Securities Berhad's Main Market Listing Requirements

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Notes on Special Business of the Notice of 45th Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the 45th AGM and/or any adjournment thereof, a member of the Company:- (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the 45th AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the 45th AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**the Purposes**"); (ii) warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.



MAGNUM BERHAD (197501002449) (24217-M)
(Incorporated in Malaysia)

FORM OF PROXY

CDS ACCOUNT NUMBER

NO. OF SHARES

--	--

I/We _____ Tel No. _____
(FULL NAME IN BLOCK CAPITALS)

I.C No. _____ (old) _____ (new) / Co. No. _____

of _____
(ADDRESS)

being a member/members of **MAGNUM BERHAD**, hereby appoint :-

List of members, members of the board of directors, officers, employees			
Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us on my/our behalf at the Forty-Fifth Annual General Meeting ("45th AGM") of the Company to be held at the **Grand Ballroom, First Floor, Flamingo hotel by the lake, No. 5 Tasik Ampang, Jalan Hulu Kelang, 68000 Ampang, Selangor Darul Ehsan on Wednesday, 19 May 2021, at 9.30 a.m.** and any adjournment thereof.

My/Our proxy is to vote as indicated below:-

RESOLUTIONS		*FOR	*AGAINST
1.	To approve the payment of Directors' fees totalling RM285,000 to the Non-Executive Directors in respect of the year ended 31 December 2020		
2.	To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of up to RM100,000 for the period from 19 May 2021 until the next Annual General Meeting of the Company		
3.	To re-elect Tan Sri Dato' Surin Upatkoon as Director of the Company		
4.	To re-elect Dato' Lim Tiong Chin as Director of the Company		
5.	To re-appoint Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration		
6.	To renew the authority for the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
7.	To renew the authority for the Company to purchase its own shares		

* Please indicate with an "X" in the space provided on how you wish your votes to be cast. If you do not do so, your proxy shall vote or abstain from voting at his/her discretion.

As witness my/our hand(s) this _____ day of _____, 2021

Signature(s) of Shareholder/
Joint Shareholders

Signature of Witness

Name of Witness

Notes:

1. A member whose name appears in the Record of Depositors on **5 May 2021** shall be regarded as a member entitled to attend, speak and vote at the meeting or to appoint proxy to attend, speak and vote on its behalf at the meeting.
2. A proxy may but need not be a member of the Company.
3. A member, other than an authorised nominee or an exempt authorised nominee, shall be entitled to appoint one or more proxies (or in the case of a corporation, to appoint representative(s) in accordance with Section 333 of the Companies Act 2016) to attend and vote at the same meeting in his stead.
4. A member who is an authorised nominee may appoint one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which an exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
7. If the appointer is a corporation, the form of proxy must be executed either under its Common Seal or under the hand of its officer or attorney duly authorised.
8. To be valid, the form of proxy duly completed and signed before a witness, must be deposited at the registered office of the Company at 35th Floor, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur not less than 48 hours before the time for holding the meeting. Fax copy of the duly executed form of proxy is not acceptable.
9. Please type or write clearly using BLOCK LETTERS. The Company reserves the right to reject any form of proxy that is illegible or incorrectly filled. Any alteration to the instrument appointing a proxy must be initialised.
10. As a precautionary measure against the spread of Coronavirus (COVID-19), members are strongly encouraged to appoint either the Chairman of the Meeting or any of the Independent Directors as proxy to vote in his stead. The Company reserves the right to refuse entry to any person who is found unfit including but not limited to fever, cough, running nose and such other symptoms of COVID-19.

VOTING BY POLL

Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, all resolutions set out in the notice of the 45th AGM are to be voted by poll.

STAMP

**THE COMPANY SECRETARIES
MAGNUM BERHAD**

(197501002449) (24217-M)

35th Floor, Menara Multi-Purpose
Capital Square, No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the 45th AGM and/or any adjournment thereof, a member of the Company:- (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the 45th AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the 45th AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**the Purposes**"); (ii) warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative(s)' personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

Notice

There will be no distribution
of door gifts.



有万能，有惊喜，有快乐
www.magnum.my