



**42<sup>nd</sup> Annual General Meeting  
30 May 2018**



## ***REVIEW OF OPERATIONS***

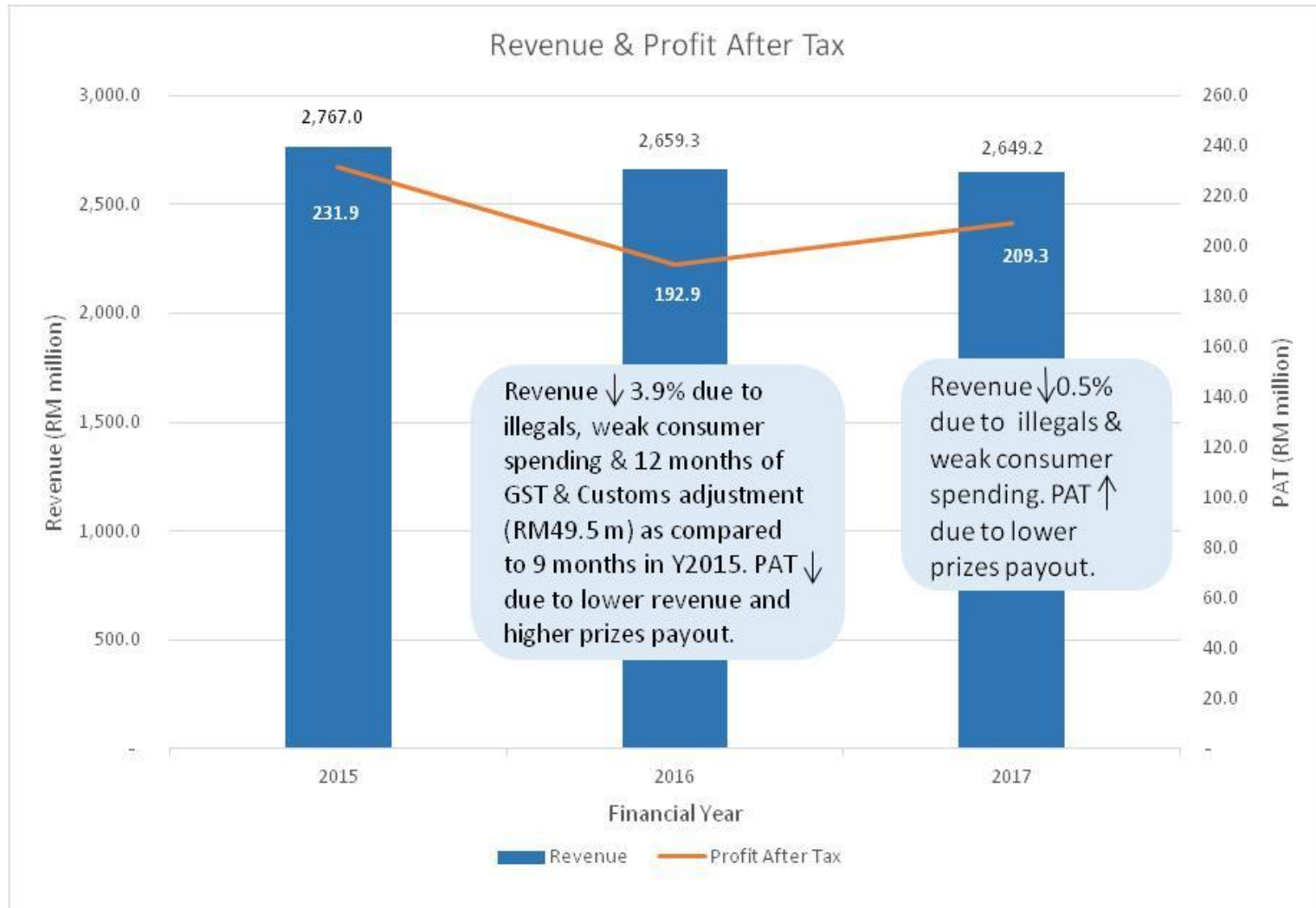
Though Malaysian economy continued to grow at 5.9% in 2017, our revenue has declined marginally by RM10.4 mil (0.5%) due to:

- **Lower consumer spending power, impacted by**
  - **Rising cost of living**
  - **Increased household debts**
  
- **Intense competition from rampant illegal bookies as well as online gambling especially in Sarawak**

# MAGNUM BERHAD – 42<sup>nd</sup> AGM on 30 MAY 2018



## REVIEW OF OPERATIONS (cont'd.)



# MAGNUM BERHAD – 42<sup>nd</sup> AGM on 30 MAY 2018



## REVIEW OF OPERATIONS (cont'd.)

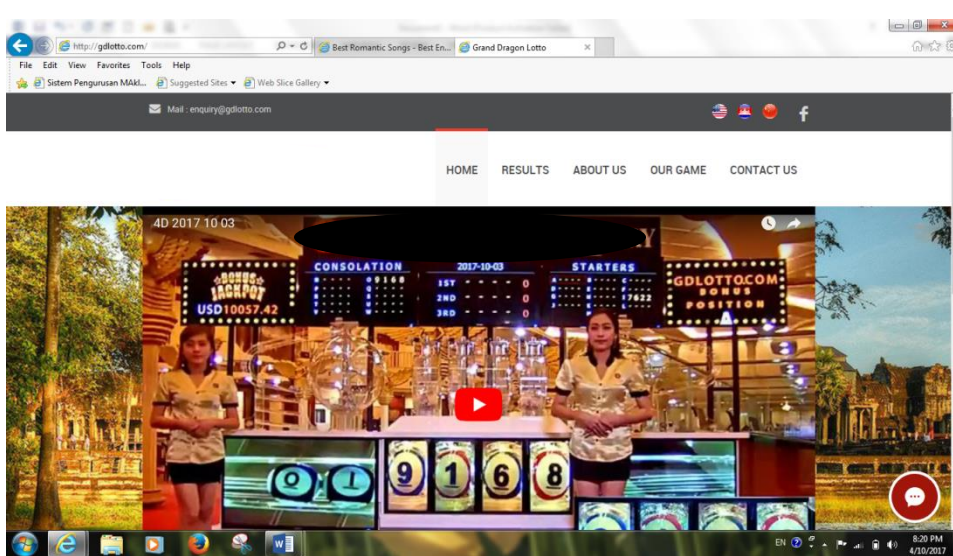
### Proliferation of illegal operators



# MAGNUM BERHAD – 42<sup>nd</sup> AGM on 30 MAY 2018



## REVIEW OF OPERATIONS (cont'd.)



Grand Dragon Lottery (GD Lotto) is a Daily Live 4 Digit numbers game provider in Cambodia. Gaining popularity and is affecting our sales in Melaka and Johor.

# MAGNUM BERHAD – 42<sup>nd</sup> AGM on 30 MAY 2018



## REVIEW OF OPERATIONS (cont'd.)

### Proliferation of illegal operators – Illegal Prize Structure in Penang

Kedai Plastik Ah Huat  
阿發塑料袋零售商  
BAYAR PENUH / 賠滿 / PAY FULL

M-K-T-S PRIZE	Big	Small	A	C	PA
1st Prize	RM2800	RM4350	RM900	RM300	RM98
2nd Prize	RM1300	RM2700		RM300	
3rd Prize	RM650	RM1350		RM300	
Special Prize	RM325				
Consolation Prize	RM100				

A1	RM8400	5D	RM21000
A2	RM8400	6D	RM140000
A3	RM8400		
D4	RM840		
E4	RM840		

高賠率 Highest Payout!!

SMJK (C) CHUNG HWA PUSAT  
Kedai Kasut Keong Huat  
BILLYON  
Jalan Telaga Air  
Kompleks Bagan  
Mei Ta Trading  
Kampung Benggali  
Crystal Music 水晶  
Weng Foon Optics  
Kenny Haus Coffee Professional Pharmacy  
Patched Bakery  
Kedai Ubat Lay Aun Thong  
印度神廟 Indian Temple  
To Ferry  
We are here 阿發塑料袋零售商 Kedai Plastik Ah Huat  
营业时间 Operating Hours 8.30am - 9.00pm  
Masa Operasi  
没字期 No Word Period 10.00am - 4.00pm  
Masa Tiada Perkataan

168 發神料行  
PAYFULL / 賠滿 / BAYAR PENUH

TUE/WED/SAT/SUN 10.00AM-9.00PM  
MON & THU 12.00PM-3.00PM  
CLOSED ON FRIDAY

聘请男女员工 19-30 岁  
有意者请联络

	大 B	小 S	单 A	ABC	4S ABCDE	4C	5D	6D
头奖 1st	2800	4350	900	300	8400	2800	21000	140000
二奖 2nd	1300	2700		300	8400	2800	7000	4200
三奖 3rd	650	1350		300	8400	2800	4200	420
入围 4Sta	325				840		700	42
安慰奖 5Con	100				840		28	5.6
2个字	98						7	

WE ARE HERE 168 發神料行

興發酒莊 GOLDEN ORIENTAL HOTEL  
出名豆水 羅門 BAYMOND  
MAH SEAFOOD  
KEWOOD  
北海龍牌球 聯邦 FEDERAL HOTEL  
CARPARK 空地 魚店  
SUPERART 超藝 普爾奴

Jalan Kampung Benggali

TELUK TAJING INDIAN TEMPLE  
TOTO  
da ma cai  
MAGNUM  
KEONG HUAT  
WONG JIN CHAI  
WONG JIN CHAI  
WONG JIN CHAI  
WONG JIN CHAI



## ***STRATEGIES GOING FORWARD***

### **Strategies implemented by Magnum**

- **Introduction of a new game called Magnum Life to replace 4D Powerball in April 2018**
- **Project Rebranding & Reimaging – launched on 8.1.18 in commemoration of our 50<sup>th</sup> Anniversary.**
  - **Refreshed logo which was incorporated into all our selling agents signboard**
  - **Refreshed our 4D website and mobile phone apps – more interactive and appealing to younger generation with emphasis on youth and fun**
  - **New outlet design with digital display and ticket checker**





## **STRATEGIES GOING FORWARD (cont'd)**

- **Continue to innovate & improve our products – newly launched Magnum Life, 1<sup>st</sup> of its kind in Malaysia!**
- **Continue to work with the Government to create a “win-win” position, especially against the illegal operators**
- **Hardware upgrades & Software enhancement to improve operational efficiencies**
- **Focus on enhancing customer satisfaction through provision of training and incentives to our selling agents**
- **Continue with our ongoing CSR activities**



# MAGNUM BERHAD – 42<sup>nd</sup> AGM on 30 MAY 2018



## **REBRANDING AND REIMAGING** - *new refreshed look of the store-front*



More appealing and inviting to the young

Modern look and feel

# MAGNUM BERHAD – 42<sup>nd</sup> AGM on 30 MAY 2018



## REBRANDING AND REIMAGING (cont'd)



Ticket checker for customer convenience

Digital TV with advertising content



# MAGNUM BERHAD – 42<sup>nd</sup> AGM on 30 MAY 2018



## REBRANDING AND REIMAGING (cont'd)



PHOTOGRID

# MAGNUM BERHAD – 42<sup>nd</sup> AGM on 30 MAY 2018



## REBRANDING AND REIMAGING (cont'd)

Same outlet



Signboard with Old logo



Signboard with New logo



## SHARE BUY-BACK SINCE LAST SHAREHOLDERS' MANDATE

Date of Purchase	Total No. of shares Purchased	Lowest Price Paid (RM)	Highest Price Paid (RM)	Average Price Paid (RM)	Total Purchase Consideration (RM)
20.6.17	10,000	1.71	1.71	1.71	<u>17,159.71</u>



**Queries from  
Minority Shareholder  
Watchdog Group**



## Strategic & Financial Matters

### Q1.

As stated under Management Discussion and Analysis (MD&A) on Page 20 of the Annual Report, the legal number forecast operators (“NFO”) industry has always been operating in a challenging environment, burdened by stiff competition from illegal operators, decreasing disposable income and the financial impact on consumers arising from GST implementation since April 2015.

- i. Please share whether the threat from illegal operators has worsened and whether the negative impact on Magnum’s revenue has increased further?
- ii. Has competition from illegal operators increased? In what manner and how will Magnum counter the competition?
- iii. With GST to be zero-rated, to what extent will it enhance revenue?



## A1.

- i) The threat from the illegal operators remains clear and present. However, the rate of decline has stabilised.
- ii) The competition from the illegal operators continues to be intense and the counter measures taken by Magnum are to innovatively design product offerings that the illegal operators are unable to emulate such as:
  - fractionalised jackpot betting for both 4D Jackpot and 4D Jackpot Gold; and
  - Newly launched “Magnum Life” where the top 2 prizes pay RM1,000 per day for 20 years and 100 days respectively
- iii) As stated in our Annual Report, our Gaming revenue is stated at net of GST. Hence, with GST at 0%, our revenue will increase to the extent of GST charged on Gaming Supply (ie  $6/106 * \text{Gaming Supply}$ ). However, the GST savings is dependent on the sales, prizes payout, interpretation of the value of Gaming Supply and the impact (if any) of the imposition of Sales and Service Tax.





## **Q2.**

As stated under the Chairman’s Statement on Page 14 of the Annual Report, “growing consumer interest in fractionalised jackpot betting was evident in the strong sales of m-System Bet for the Magnum 4D Jackpot game, a game variation that was first launched on 25 August 2016. Your Company reacted swiftly to this trend by launching a new fractionalised game variation on 15 May 2017 for the 4D Jackpot Gold game, which we named as m-Gold”.

To what extent have these respective launches improved the sales and will they be sustainable?

## **A2.**

The sales from the fractionalised jackpot betting for both 4D Jackpot and 4D Jackpot Gold in 2017 has contributed substantially to the sales growth of these 2 products especially m-Gold. M-Gold has proven to be very popular as it offers a more affordable option for players to cover a larger pool of numbers. The Company is optimistic that the growth from these game variations will continue to be positive and sustainable.



## Q3.

As stated under the Chairman’s Statement on Page 14 of the Annual Report, “while your Company is confident that the ongoing initiatives taken will meet existing customers’ expectations, yet, in today’s complex informational and digital age, new consumers are becoming ever more sophisticated and demanding. To meet this challenge, Magnum and its management team have invested in strategies to widen its customer base to capture new and non-traditional market segments”.

Please brief on how Magnum and its management team are able to widen its customer base to capture new and non-traditional market segments.



## A3.

Strategies adopted by Magnum to widen its customer base include the following:

- Create fresh gaming experience to attract new generation of players via:
  - renovation of outlets to provide a new and welcoming experience
  - Launch of new brand image that is young, fun and progressive
  - Introduction of new game Magnum Life designed specifically for the new market segment
- Attain the highest level of customer satisfaction and service with sales-force training and incentivisation programmes;
- Active engagement on social media platforms to:
  - connect and engage the younger market segment especially casual players who can potentially become loyal customers
  - create “top of mind” awareness and opportunity for product trials
- Carry out sales campaigns and ground events to target the next generation players and untapped non traditional market segment.



## Corporate Governance Matters

### Q1.

The Company did not disclose the senior management's remuneration component in bands of RM50,000 as recommended under Practice 7.2 of MCCG and there was no explanation of a suitable alternative practice to meet the intended outcome.

Under Paragraph 3.2A(b), Practice Note 9 of the Main Market Listing Requirements, the Company must disclose the alternative practice it has adopted and how such alternative practice achieves the intended outcome as set out in the MCCG.

There is also no disclosure of an alternative practice.

Please take note on this to comply with the Listing Requirements which requires disclosure of an alternative practice.



## Corporate Governance Matters

### A1.

As disclosed in our 2017 Corporate Governance Report, released together with our 2017 Annual Report which is also made available on the Company's website, our Explanatory for Departure from Practice 7.2 of the MCCG which includes our disclosure of an alternative practice is as follows:-

### Explanation for Departure from of Practice :

The Remuneration Committee and the Board are of the view that:-

- the disclosures of key management personnel's remuneration, which include the top five senior management's remuneration, in the Audited Financial Statement is adequate as it complies with the requirement of Paragraph 17 of the MFRS 124 – Related Party Disclosures; and



## Corporate Governance Matters

### A1. Explanation for Departure from of Practice (cont'd.)

- the disclosures of senior management's remuneration on a named basis is not to the Group's advantage and will be detrimental to its commercial interest due to the small niche industry where the gaming specific talent pool is very limited especially at the senior levels of management.

In addition, the detailed remuneration of a Senior Management who is an Executive Director has been disclosed in the 2017 Annual Report.



**END**