

MAGNUM BERHAD
(197501002449) (24217-M)
(Incorporated in Malaysia)

DEMAND FOR A POLL BY THE CHAIRMAN
PURSUANT TO CLAUSE 69(A) OF THE CONSTITUTION OF THE COMPANY

I, as Chairman of the 46th Annual General Meeting of the Company and pursuant to Clause 69(a) of the Company's Constitution, hereby exercise my right to direct the votes on all resolutions set out in the Notice of Meeting dated 21 April 2022 to be conducted by way of poll.

[signed]

TAN SRI DATO' SURIN UPATKOON
CHAIRMAN OF THE MEETING

Date : 20 May 2022 (Friday)

Time : 9:34 A.M.



Appendix 2

MAGNUM BERHAD

46th Annual General Meeting

20 May 2022



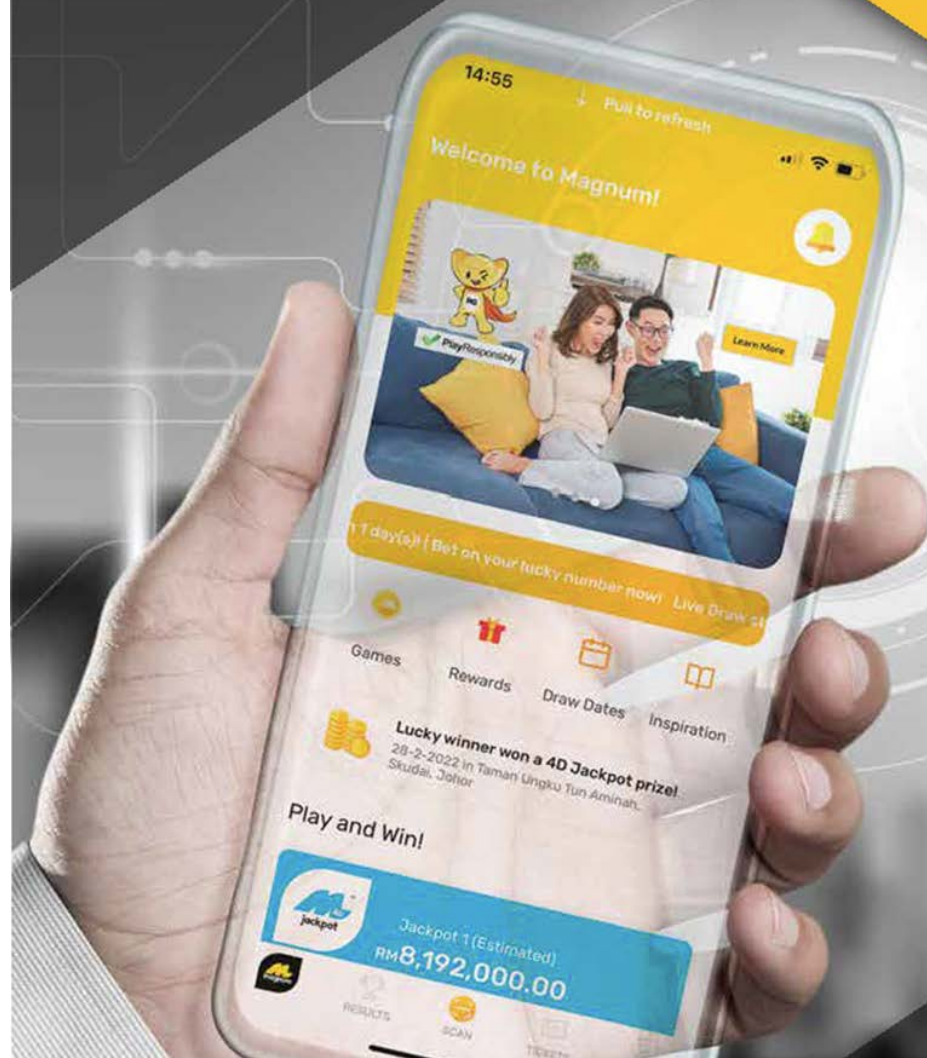
MAGNUM BERHAD

46th Annual General Meeting

20 May 2022

- 1) REVIEW OF OPERATIONS
- 2) QUARTERLY DIVIDEND PAYOUT
- 3) TRANSFORMATION PROGRAMME ACHIEVEMENTS
- 4) REBRANDING & RE-IMAGING PROJECT
- 5) STRATEGIES GOING FORWARD

FUTURE FORWARD DIGITALISING LIFESTYLE





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**

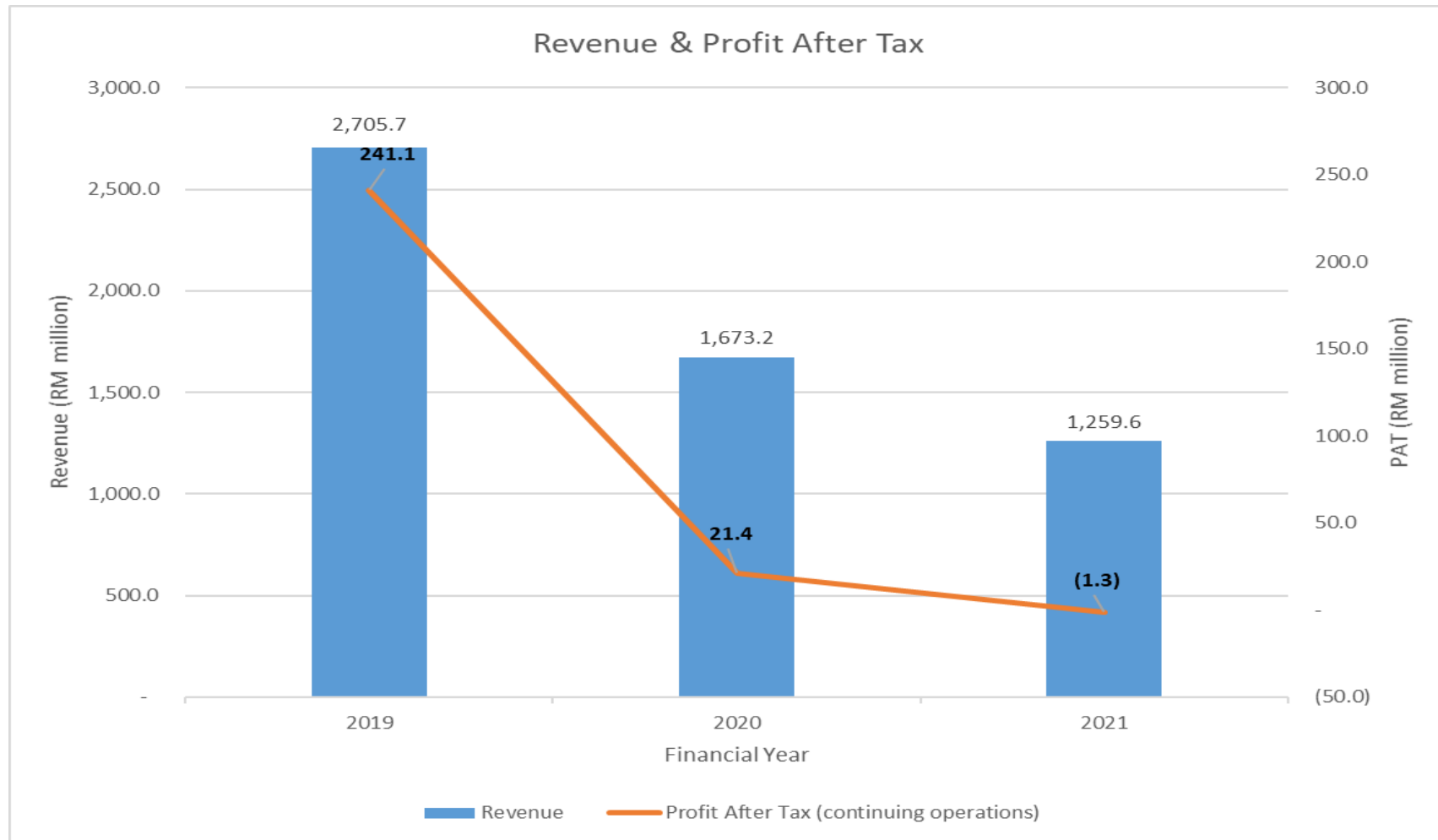


**Earn Trust
and Preserve
Integrity**

MAGNUM BERHAD – 46th AGM on 20 May 2022



1) REVIEW OF OPERATIONS





1) REVIEW OF OPERATIONS

Revenue has decreased by RM413.6 million (**24.7%**) mainly due to:

1. **18 draws** from 13 January 2021 to 14 February 2021 are affected by **MCO 2.0** where only outlets in **Sarawak** are allowed to operate.
2. **Cancellation of 52 draws** from 1 June 2021 to 13 September 2021 due to **FMCO 3.0**.
3. **Rampant illegal operators** operating during this pandemic period, especially during MCO 1.0, MCO 2.0 and FMCO 3.0.



1) REVIEW OF OPERATIONS

Profit Before Tax has decreased by RM118.74 mil to RM25.24 mil mainly due to:

1. lower gaming revenue arising from **18 draws** from 13 January 2021 to 14 February 2021 are affected by **MCO 2.0** where only outlets in **Sarawak** are allowed to operate, and **cancellation of 52 draws** from 1 June 2021 to 13 September 2021 due to **FMCO 3.0**.
2. **Higher prize payout** for FY 2021.



1) REVIEW OF OPERATIONS

The Group incurred a **Loss After Tax of RM1.35 million** from **RM21.45 mil Profit After Tax** mainly due to:

1. lower gaming revenue arising from **18 draws** from 13 January 2021 to 14 February 2021 are affected by **MCO 2.0** where only outlets in **Sarawak** are allowed to operate, and **cancellation of 52 draws** from 1 June 2021 to 13 September 2021 due to **FMCO 3.0**.
2. **Higher prize payout** for FY 2021.

MAGNUM BERHAD – 46th AGM on 20 May 2022

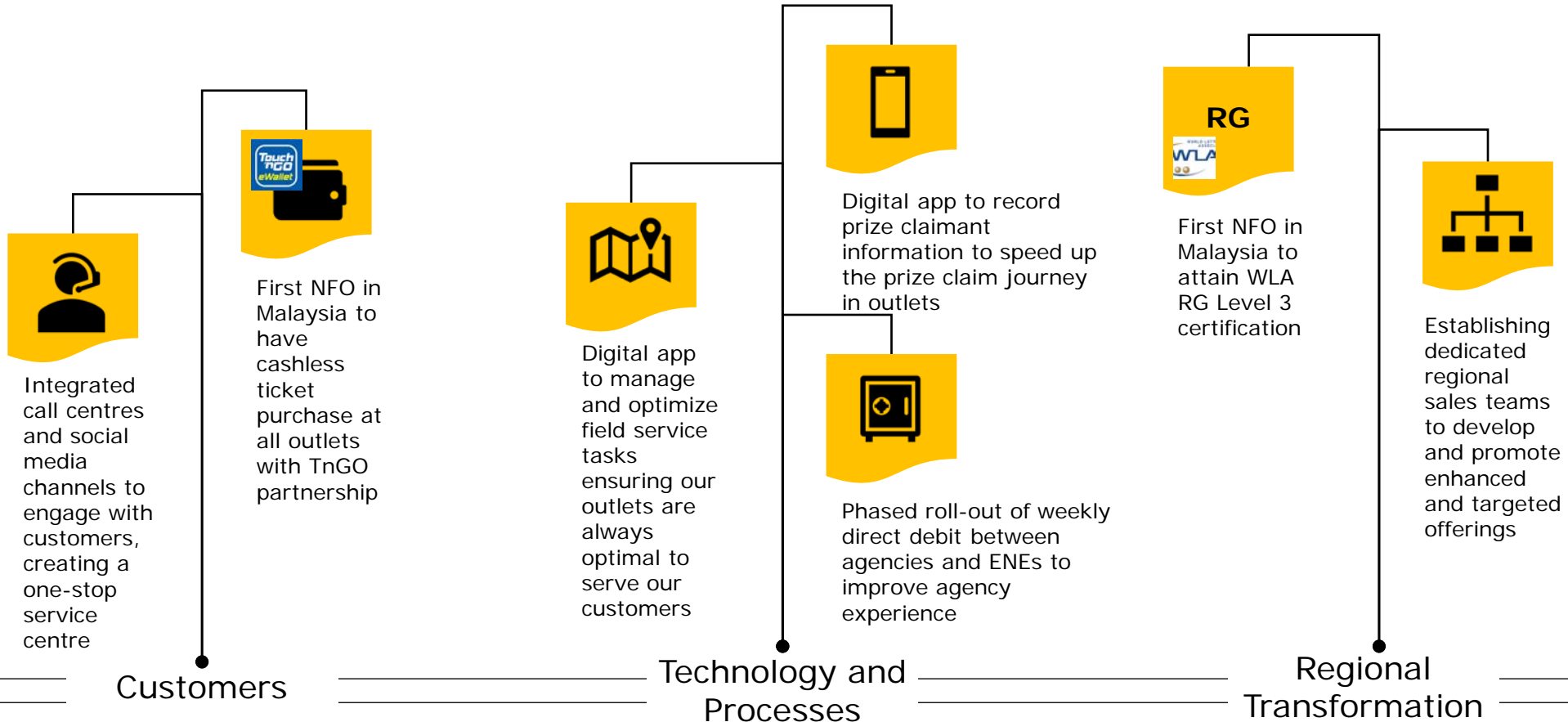


2) QUARTERLY DIVIDEND PAYOUT

		Dividends declared in year			
		2021		2020	
		%	RM'000	%	RM'000
Q1 2020	1 st interim for FYE 2020			2.5	35,574
Q2 2020	2 nd interim for FYE 2020			2.04#	29,042
Q3 2020	3 rd interim for FYE 2020			2.0	28,743
Q4 2020	4 th interim for FYE 2020			2.0	28,743
Q4 2021	1 st interim for FYE 2021	1.5	21,558		
		1.5	21,558	8.54	122,102

distribution of 1 treasury share for every 100 ordinary shares held

3) Transformation Programme Achievements





4) REBRANDING & REIMAGING EXERCISE

R&R project since 2018 to enhance service delivery and customer experience

Key Commentaries

- I. 451 agencies **(94%)** have completed the R&R project since 2018 till to date.
- II. **29** agencies renovated in year 2021 as it was impacted by the MCO 2.0 and FMCO 3.0.
- III. **30** Agencies pending renovation mainly due to relocation & low sales agencies.

94%**

Completed 451 agencies

29

Agencies Renovated in 2021

30

Agencies Pending Renovation



** The remaining 6% yet to renovate are poor sales agencies



STRATEGIES GOING FORWARD

- **Customer centricity** shall be our top priority
- Executing **Transformation Programme** for whole Group
- To review our game portfolio & **innovate to improve** our products
- **Digitalise** most processes to improve operational efficiencies
- Ongoing **CSR** activities would be further enhanced to sustain our ESG's efforts



END



Appendix 3

MAGNUM BERHAD

46th Annual General Meeting

20 May 2022





**Queries from
Minority Shareholder
Watchdog Group**



Q1

A total of 52 draws were cancelled nationwide and another 18 were affected where only outlets at Sarawak were allowed to operate. Painfully, a portion of these occurred during the traditional peak-sales period of Chinese New Year. (page 8 of IAR 2021)

What was supposed to be the total number of draws during FY 2021? What is the planned total number of draws for FY 2022? What are the planned and actual draws from January 2022 to date?



A1

The Group had conducted a total number of 126 draws during FY 2021 as compared to a planned 178 draws for FY 2021.

The Group had budgeted a total number of 165 draws for FY 2022. The budgeted and actual draws from 1 January 2022 to 1 May 2022 was 57 draws.



Q2

The proliferation of Illegal Number Forecast Operators had continued unabated. They operate beyond the law and are thus unaffected by lockdowns. Through lack of enforcement, they grew steadily, and captured market share from the legal operators of the industry, operating on-line without suffering any legal ramifications. (page 8 of IAR 2021)

- a) Was the proliferation of Illegal Number Forecast Operators (illegal NFOs) more severe in FY 2021 compared to FY 2020? Is the situation expected to worsen in FY 2022?
- b) Apart from active enforcement, will the Company be able to adopt other measures including implementing much more attractive and rewarding draws to mitigate the erosion of market share by illegal NFOs?



A2

- a) Yes, the proliferation of Illegal Number Forecast Operators (illegal NFOs) are more severe in FY 2021 as compared to FY 2020. With the imposition of MCO 1.0 in FY 2020 and MCO 2.0 and FMCO 3.0 in FY 2021, the legal operators are not allowed to operate and thus providing a window of opportunity to the illegal NFOs, who then have a monopolistic market all to themselves, to continue to flourish, expand and operate during the lockdowns. The numbers bought are matched against the winning numbers drawn by other legal NFOs in neighbouring countries. Some illegal NFOs even conduct their own draws. Some illegal NFOs even offer some simpler version of Jackpot game to the market. As the legal NFOs resumed their operations in September 2021, the situation are expected to improve in FY 2022 as the authorities are clamping down these illegal activities.



A2

- b) To mitigate the erosion of market share by illegal NFOs, the Company had embarked on a Transformation Programme that will future proof the Company's business operations. To future proof, the Company had embarked on a digitalization journey where most processes shall be digitalise wherever possible. The Company had also enhanced our pool of talents where we've recruited many talents that are required to future proof this business.



Q3

In search of a positive outcome, the Company, together with the gaming industry is committed to working with the regulators to bring about a pivot towards legalised mobile sales by legal operators. Its hope is that the issues behind this crucial point of competition will be resolved as soon as possible. (page 8 of IAR 2021)

- a) How soon are the legalised mobile sales by legal operators expected to be implemented?
- b) What specifically are the issues behind the crucial point of competition? To what extent will legalised mobile sales address competition?



A3

- a) The legalised mobile sales by legal operators are expected to be implemented as soon as the relevant gaming laws are approved and together with Ministry of Finance's clearance to go ahead.
- b) As we are aware, one of our competitor has already been able to offer a legalized mobile sales as they are governed under a separate gaming law. The illegal NFOs, not govern by any laws, are free to offer and have long penetrated the market at large via mobile phone sales or via online sales through illegal websites. These circumstances have created an unfair level of playing field for Magnum. Once legalised mobile sales are allowed for all other legal NFOs, at least Magnum would be able to compete on the same level playing field.



Q4

The Company's corporate transformation programme is in its first year of execution. Positive effects are beginning to reveal themselves in foundational milestones and pilot runs of various initiatives. (page 9 of IAR 2021)

Please elaborate on the positive effects and achievements made for the various initiatives.



A4

The followings are amongst the positive effects and achievements made for the various initiatives:

- a) Setting up an integrated customers service centre in line with customers' centricity
- b) Setting up dedicated regional sales teams to improve the sales
- c) Digitalising most processes to improve on efficiency and effectiveness, as well as moving towards sustainability programme(paperless initiative) under ESG policy
- d) Implemented cashless ticket purchase nationwide



Q5

Group revenue declined by 24.7% from RM1,673.153 million in FY 2020 to RM1,259.556 million in FY 2021. Cost of sales decreased by 20.3% from RM1,372.844 million in FY 2020 to RM1,093.190 million in FY 2021. (page 101 of IAR 2021)

The decrease in cost of sales is lower than the decline in revenue and thus may have contributed to a more than expected drop in gross profit margin from 17.9% in FY 2020 to 13.2% in FY 2021.

What are the major components in cost of sales that have not decreased or not decreased in tandem with the decline in revenue? How would the Management better manage the cost of sales more optimally moving forward?



A5

The major components in cost of sales are Prizes account and for FY 2021, as explained in the Statement on Management Discussion and Analysis on page 17 of the IAR 2021 item B(i), the Group recorded a significantly higher prizes payouts, mainly contributed by the 4D Classic game and Magnum Life game, where prizes payouts had increased by 4.4% or RM56 million. If the above adverse prizes payouts are isolated, the cost of sales would have been reduced by 24.4% which was in line with the 24.7% decrease in Group revenue.



Q6

Net loss arising from fair value change in FY 2021:

- unquoted shares (Note 16) - RM15.000 million (page 132 of IAR 2021)

What was the main cause and underlying factors for the net loss? Would the situation improve in the near term and how?



A6

During this pandemic period, the Group made an investment into a new start-up that focuses on digital health mobile apps. However, as per the current Accounting Standards, we need to fair value this investment and since it is a new start-up, the Board had taken a very conservative stance by providing fully on the fair value loss in this investment.

Obviously, if the new start-up make some progresses in near future, the Group will again fair value this investment and shall write back the provision accordingly.



END

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Question No. 1:

DOES THE COMPANY INTENDS TO RELIQUISH ITS INVESTMENT IN U-MOBILE?

Answer:

The investment in U Mobile is deemed to be a non-core asset and the Company shall monetise its investment upon the listing of U Mobile.

Question No. 2:

WHAT IS THE CURRENT DIVIDEND POLICY OF THE COMPANY?

Answer:

Currently, the Dividend Policy of the Company is to pay no less than 80% of net gaming profits. The Company had been paying more than 80% of its net gaming profits as dividends in the last few years.

Question No. 3:

CAN THE COMPANY COMMIT TO HYBRID AGM FORMAT MOVING FORWARD TO ALLOW MORE SHAREHOLDERS' PARTICIPATION?

Answer:

In addition to the double cost to organise, having the hybrid AGM will add further complexities as to the voting as well as the overall conduct of the hybrid AGM. This will result in the hybrid AGM taking longer time than normal to conduct. Therefore, we shall evaluate the situation and the trend that the market is adopting going forward. We shall decide nearer the time for coming AGMs.

Questions No. 4:

(a) WHAT IS YOUR TARGET DIVIDEND THIS YEAR?

(b) PROSPERITY TAX - ANY IMPACT ON YOUR FINANCIAL THIS YEAR?

Answers:

(a) As explained in one of the earlier questions, the Company is committed to pay at least 80% of its net gaming profits as dividend per financial year. The Board has agreed to this policy and to-date, has not change this policy.

(b) For financial year 2022, if the Company makes more than RM100 million chargeable income, then it will be subjected to this prosperity tax.

Questions No. 5:

WILL THE COMPANY ABLE TO RECOVER FULLY ITS REVENUE AND PROFIT OF 2019 BY THIS YEAR?

IF NOT POSSIBLE, WHEN IS THE EXPECTED TIMELINE FOR THIS RECOVERY?

Answers:

No, the Company will not recover the 2019 revenue and profit this year as it has been running at 80% of its 2019 figures. It is expected to achieve by year 2023.

Questions No. 6:

THE ILLEGAL 4D BETTING IS GETTING BIGGER AND BIGGER. WHAT'S THE COMPANY'S CURRENT MEASURE TO SAFEGUARD THE COMPANY'S INTEREST?

THE CURRENT MEASURES TAKEN BY THE COMPANY DO NOT SEEM EFFECTIVE AT ALL, WHAT ELSE ARE THE COMPANY'S STRATEGIES TO TACKLE THIS ISSUE?

Answers:

Management is of the view that the way to tackle the illegal operators must be done upfront, and the public and authorities' awareness are important. We will continue to identify and inform the relevant authorities of the illegals operators, both physical and online. We have greater awareness in the Company for all our offices around the country, to take cognisance of the proliferation of the illegals in their respective areas and to centralise the reporting so that more dedicated action can be taken in a more comprehensive manner.

Question No. 7:

WITH THE ECONOMY RECOVERING, WHAT PLANS ARE IN PLACE TO ENHANCE THE GROUP'S PERFORMANCE IN THE MEDIUM TERM?

Answer:

As we are all aware, the next battleground is really on the digital platform. This is where we will be focusing on in our strategies. Aside from digitalisation, in line with the expectation of modern consumers, we will also be continuing to invest in increasing the quality of the service and experience for our customers.

Question No. 8:

WHY IS THE QUARTERLY PAT FOR Q4 2021 (RM20.5M) AND Q1 2022 (RM16.66M) STILL WAY BELOW THE 2019 AVERAGE QUARTERLY PAT OF ABOUT RM60M?

Answer:

Basically, as you can see, the 2021 figures are badly affected by the pandemic. Although in 2022, we are somewhat out of pandemic and at the endemic phase, a lot of the SOPs are still in place whereby, the public at large is still afraid to come out and normalise their lifestyle. So, it boils down to lesser footfall at the sales outlets, affecting our sales and ultimately, our profit.

END

FORTY-SIXTH ANNUAL GENERAL MEETING

BROADCAST VENUE: 35TH FLOOR, MENARA MULTI-PURPOSE CAPITAL SQUARE, NO. 8 JALAN MUNSHI ABDULLAH 50100 KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR, MALAYSIA.

Friday, 20 May 2022 at 09:30 AM

RESULT ON VOTING BY POLL

RESOLUTION	VOTED	SHAREHOLDERS / UNITHOLDERS	NO. OF SHARES / UNITS	% OF SHARES / UNITS	NO. OF SHARES / UNITS	ABSTAIN *
ORDINARY RESOLUTION 1	FOR	118	620,672,959	99.960003	10,224,336	
	AGAINST	45	248,349	0.039997		
ORDINARY RESOLUTION 2	FOR	117	620,675,847	99.960288	10,223,214	
	AGAINST	47	246,583	0.039712		
ORDINARY RESOLUTION 3	FOR	139	599,986,453	95.063391	2,100	
	AGAINST	29	31,157,091	4.936609		
ORDINARY RESOLUTION 4	FOR	137	618,073,989	97.929226	2,100	
	AGAINST	31	13,069,555	2.070774		
ORDINARY RESOLUTION 5	FOR	148	631,042,499	99.983990	2,100	
	AGAINST	19	101,045	0.016010		
ORDINARY RESOLUTION 6	FOR	134	630,878,239	99.958140	3,211	
	AGAINST	32	264,194	0.041860		
ORDINARY RESOLUTION 7	FOR	141	630,987,187	99.978556	23,122	
	AGAINST	25	135,335	0.021444		





MAGNUM BERHAD (24217-M)

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SPECIAL RESOLUTION 8	FOR	136	630,969,310	99.978424	40,167	
	AGAINST	27	136,167	0.021576		



Note: * These votes refer to holders who have pre-determined abstain from voting in the Proxy Form or holders refrained from voting due to conflict of interest.