

FUTURE FORWARD DIGITALISING LIFESTYLE



**INTEGRATED
ANNUAL REPORT
2021**

MAGNUM BERHAD
197501002449 (24217-M)

What's Inside This Report

Who We Are

Corporate Profile	2
What We Offer	3
Where We Operate	3
Our Business Model	4
Corporate Structure	5
Corporate Information.....	6
Five Years Financial Highlights.....	7

Our Perspectives

Chairman's Statement.....	8
主席献词	12
Statement on Management Discussion and Analysis.....	16
• Overview	16
• Business Performance.....	16
• Prospect and Market Outlook	18

Our Sustainability

Sustainability Statement	19
• Overview	19
• Scope of Report	21
• Our Covid-19 Response....	22
• Sustainability Approach....	23
• Principal Risks and Opportunities.....	25
• Stakeholders Engagement.....	27
• Sustainable Governance...	33
• Materiality Review	34
• Materiality Matrix	35
• Economic Sustainability....	36
• Corporate Governance and Compliance	36
• Draw Integrity	37
• Business Continuity Plan ..	37
• Monitoring of Anti-Money Laundering Activities	38
• Security Standards and Certifications	38
• Social Sustainability	39
• Employees	41
• Training and Development	42
• Workplace Health, Safety and Well-being.....	43
• Customer Experience	43
• Our 2021 Corporate Social Responsibility Initiatives.....	45
• Environmental Sustainability.....	49

Our Governance

Board of Directors' Profile	50
Key Senior Management's Profile	55
Corporate Governance Overview Statement	61
• Principle A : Board Leadership and Effectiveness	61
- Board Responsibilities....	61
- Board Composition	68
- Remuneration.....	72
• Principle B : Effective Audit and Risk Management	73
- Group Audit Committee	73
- Risk Management and Internal Control Framework.....	74
• Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders	75
- Engagement with Stakeholders	75
- Conduct of General Meetings	76
• Conclusion	77

Group Audit Committee Report	78
• Composition	78
• Evaluation of the Group Audit Committee....	78
• Meetings and Attendance.....	78
• Summary of Work during the financial year 2021	79
• Summary of Internal Audit Function or Activities.....	82
Statement on Risk Management and Internal Control.....	84
• Introduction	84
• Board Responsibility	84
• Key Risk Management and Internal Control Processes.....	84
• Conclusion	88
• Review of this Statement by External Auditors	88

Our Financials

Directors' Responsibility Statement	89
Directors' Report and 2021 Audited Financial Statements.....	90
• Directors' Report	91
• Statement by Directors	95
• Statutory Declaration.....	95
• Independent Auditors' Report	96
• Statements of Profit or Loss	101
• Statements of Comprehensive Income..	102
• Statements of Financial Position	103
• Consolidated Statement of Changes in Equity.....	104
• Statement of Changes in Equity	105
• Consolidated Statement of Cash Flows	106
• Statement of Cash Flows.....	108
• Notes to the Financial Statements	109

Additional Information

Top 10 List of Properties Owned by Magnum Group...	172
Analysis of Equity Securities as at 1 April 2022.....	173
• Size of Shareholdings	173
• 30 Major Shareholders...	173
• Substantial Shareholders	175
• Directors' Interest	175
Additional Compliance Information	176

AGM Notice and Proxy Form

Notice of Annual General Meeting (AGM Notice)	177
Statement Accompanying the Notice of AGM.....	183
Appendix A – Proposed Amendments to the Constitution of Magnum Berhad	184
Form of Proxy	



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



Run the QR Code Reader app and point your camera at the QR Code.

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**

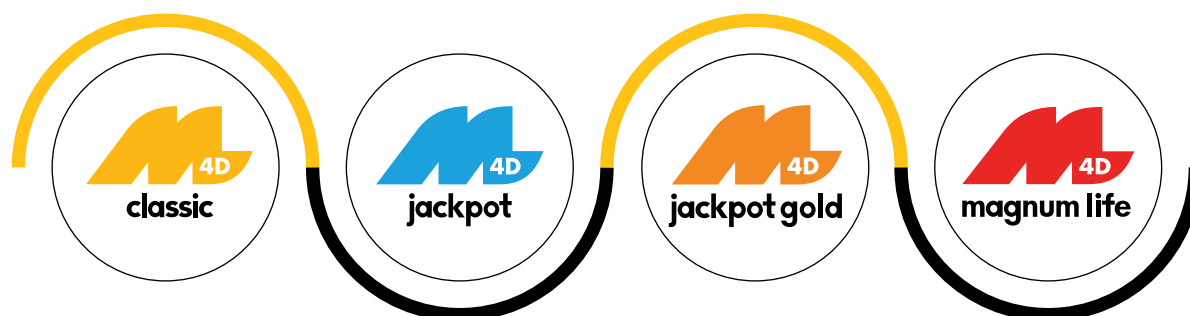


**Earn Trust
and Preserve
Integrity**

Who We Are

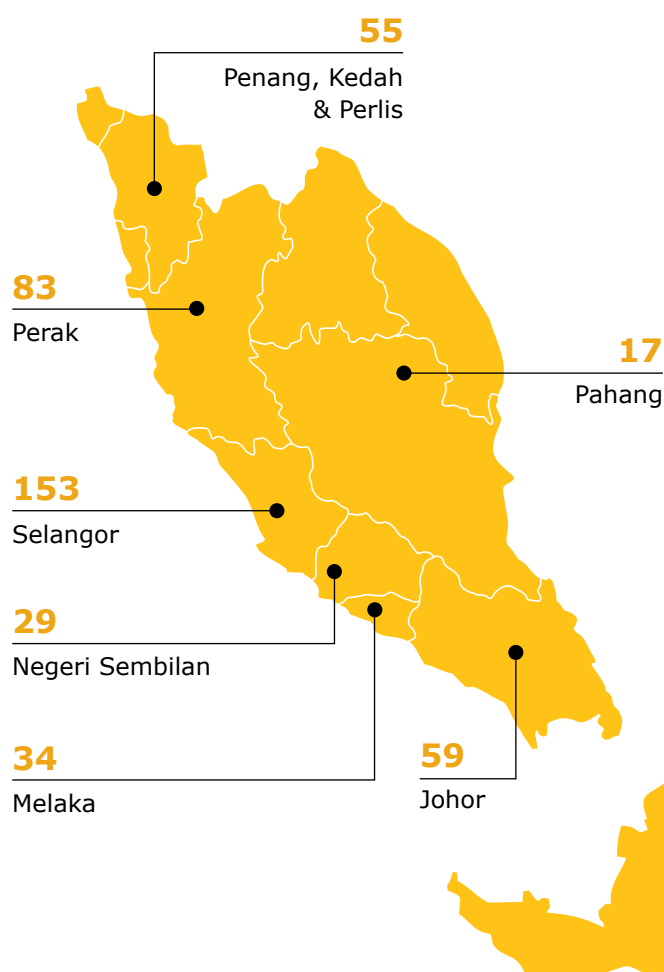


What We Offer



Where We Operate

Retail Network

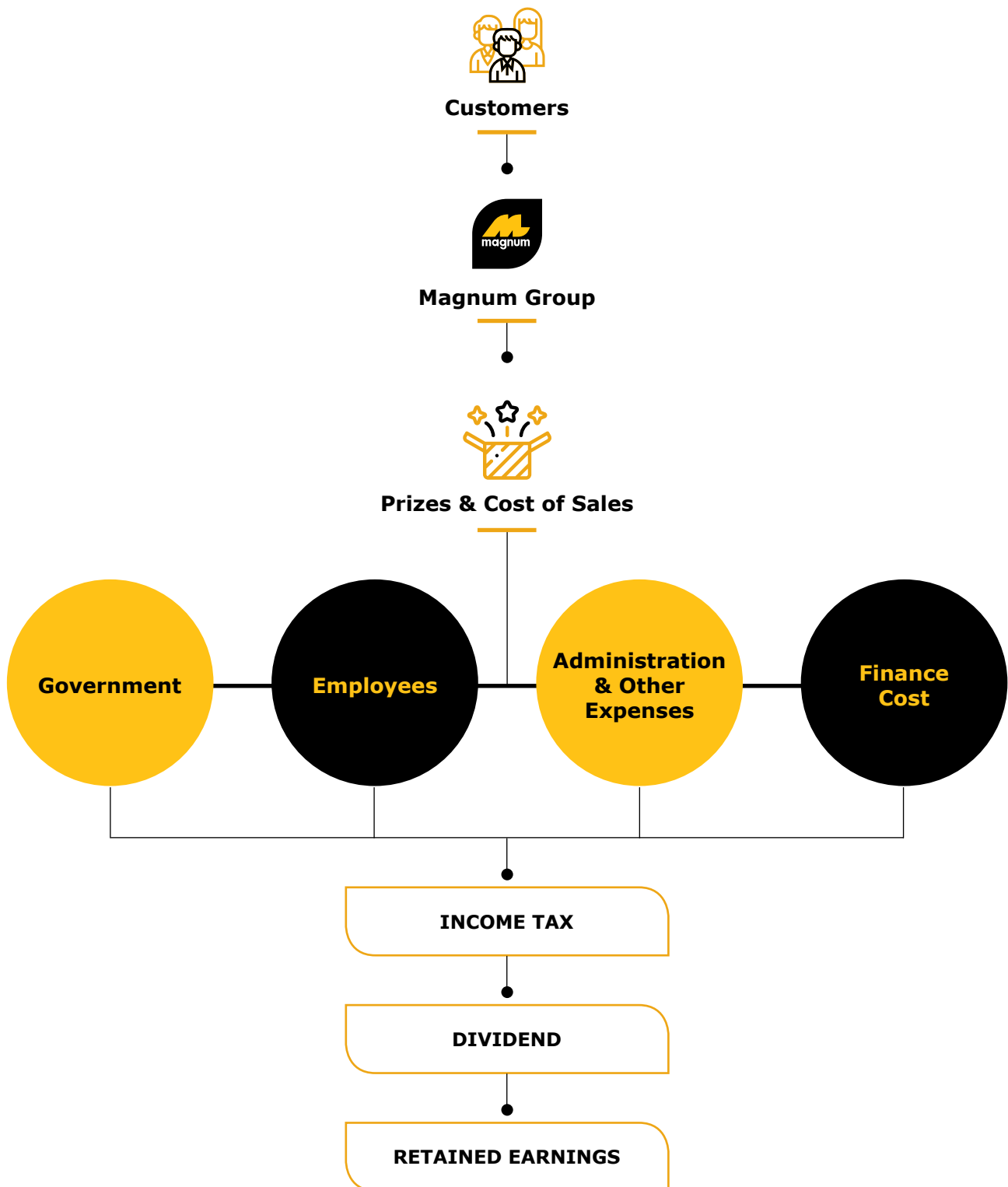


Total Retail Outlets

485

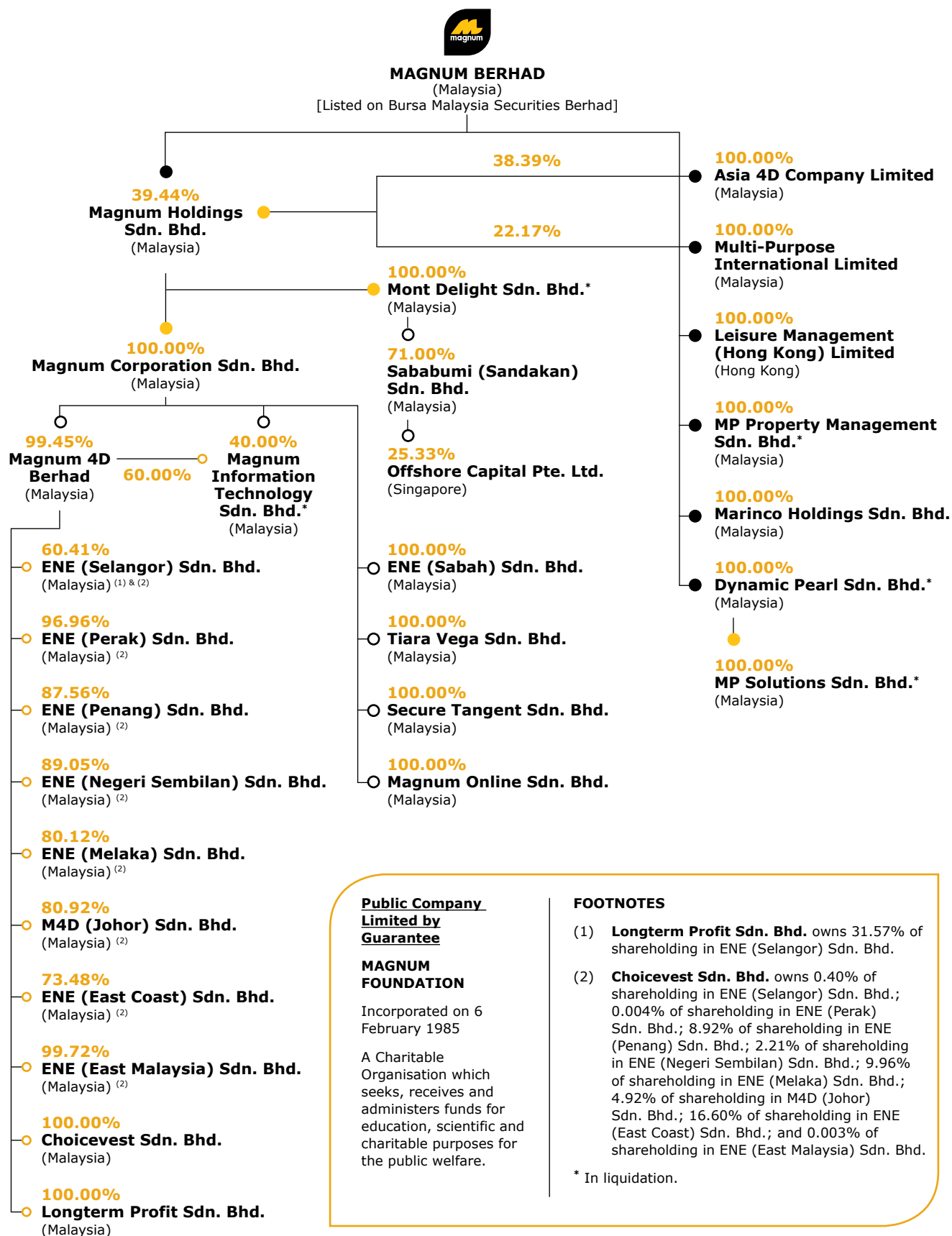
Retail Outlets Coverage
**Concentrated in
Populated States**

Our Business Model



Corporate Structure

as at 1 April 2022



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 Vijeyaratnam 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 Vijeyaratnam 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 Vijeyaratnam 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

	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	60,341	65,743	62,612	65,093	63,993
Right-of-use assets	16,501	17,731	15,703	–	–
Investment properties	526	533	540	546	553
Investment securities	388,523	398,985	398,730	370,454	256,062
Intangible assets	2,738,302	2,738,317	2,738,332	2,738,347	2,738,362
Deferred tax assets	5,337	5,536	8,691	11,529	7,637
	3,209,530	3,226,845	3,224,608	3,185,969	3,066,607
Current assets	300,793	349,096	378,797	569,995	465,793
Total Assets	3,510,323	3,575,941	3,603,405	3,755,964	3,532,400
Equity And Liabilities					
Equity attributable to owners of the Company					
Share capital	2,154,357	2,154,357	2,154,357	2,154,357	2,154,357
Reserves	209,670	238,549	353,112	327,796	355,796
Treasury shares	(1,163)	(1,163)	(30,205)	(30,205)	(30,205)
Shareholders' fund	2,362,864	2,391,743	2,477,264	2,451,948	2,479,948
Non-controlling interests	21,329	22,862	22,645	40,722	40,416
Total equity	2,384,193	2,414,605	2,499,909	2,492,670	2,520,364
Non-current liabilities	779,961	765,570	679,707	714,737	598,873
Current liabilities	346,169	395,766	423,789	548,557	413,163
Total liabilities	1,126,130	1,161,336	1,103,496	1,263,294	1,012,036
Total Equity And Liabilities	3,510,323	3,575,941	3,603,405	3,755,964	3,532,400
Group Results					
Revenue	1,259,556	1,673,153	2,705,685	2,704,254	2,649,207
Profit before tax	25,238	143,976	343,207	313,333	306,626
Income tax expense	(26,587)	(122,530)	(102,064)	(205,287)	(97,319)
(Loss)/profit for the financial year	(1,349)	21,446	241,143	108,046	209,307
Non-controlling interests	1,533	(219)	(1,918)	(2,657)	(2,837)
Profit attributable to owners of the Company	184	21,227	239,225	105,389	206,470
Selected Ratios					
Basic earnings per share (sen)	0.01	1.5	16.8	7.4	14.5
Net assets per share (RM)	1.64	1.66	1.74	1.72	1.74
Dividend per share (sen)	1.5	8.5*	16.0	15.0	11.0
Return on equity (%)	0.01	0.89	9.66	4.30	8.33

* 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 Integrated Annual Report for the financial year ended 31 December 2021 ("FY 2021").

Foreword

The year in review proved to be yet another difficult year on many fronts. Pandemic fears had risen while a state of emergency, movement control orders, travel restrictions, evolving S.O.P.s and a change of government exerted various impacts throughout the nation.

Our resilience was an asset during this time. Built over many years of financial prudence and adequate reserves, it allowed us to batten down the hatches, retain our staff and yet still have the financial muscle to make timely investments in developing our abilities.

During this time, our commitment and effort in bringing the Magnum Beyond 2025 transformation plan to life remained steadfast. It is a plan that is designed to re-structure and re-focus our priorities across the entire organisation. The process began in 2020 and we have now moved into its execution phase. To briefly explain - we sharpened our focus on improving customer centricity and future proofing our business through forward-leaning technologies in order to drive change. Additional details can be found within this statement in a section titled '*Magnum Beyond 2025: Transformation for a better tomorrow*'.

A large part of this process of transformation also came from the individual efforts and continuous development of our employees.

This perfectly matches with our deeply held belief that our people through their best efforts, thoughts and ideas are the productive assets which will position us favourably as we strive to build lasting, sustainable growth into our future.

Business Results

After two years of 'pandemic experience', there's no doubt that you would already be well read regarding the specifics of its impacts, as well as the economic, healthcare, political and social struggles to adopt to this 'new normal'.

Your Company was affected too, our revenue fell to RM1.26 billion in FY 2021, a decrease of 24.7% as compared to the year before. Profit before tax was RM25.24 million, and the group registered a Loss After Taxation of 1.35 million for FY 2021. After adjusting for the Minority Shareholders' share of loss, the profit attributable to the owners of the Company was RM184,000 or an EPS of 0.01 sen.

Allow me to provide a deeper understanding of the impacts that are particular to our industry. The gaming industry, fairly or unfairly, faced prolonged periods of operating restrictions. This was a heavy burden to bear. 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.

Our operational preparedness did allow us to run at maximum capacity in other times while meeting the regulatory S.O.P.s set for the gaming sector, but another threat grew strongly. During this time, the proliferation of Illegal Number Forecast Operators had continued unabated. They operate beyond the law, thus are unaffected by lockdowns. Through a 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. This represents the literal theft of legally derived shareholders earnings and the nation's tax revenue.

In search of a positive outcome, your Company, together with the gaming industry is committed to working with the regulators to bring about a pivot towards

“ During this time, our commitment and effort in bringing the Magnum Beyond 2025 transformation plan to life remained steadfast. ”

Chairman's Statement

(cont'd.)

legalised mobile sales by legal operators. Our hope is that the issues behind this crucial point of competition will be resolved as soon as possible.

Magnum Beyond 2025: Transformation for a better tomorrow

Our 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.

One observation was that the pandemic wasn't entirely negative for us, instead, it spurred us on. For example, outlet closures provided the added time for all employees to refocus on figuring out ways and means of improving internal processes and engaging in Design Thinking bootcamps. Skills development training sessions focused on leadership, enhancing customer service and even English language proficiency were conducted for our people, partners and frontliners.

Some of our talents even went beyond what was expected; they rose to the occasion, joined the transformation team and are now contributing diverse and highly valuable insights.

The effort to drive innovation and creativity is coming along nicely, creating a sum that is greater than its parts. Human capital development is a key part of our transformation, and we are constantly reaching deep within our own organisation to find, develop and unleash the skills found within.

During this time, we also used the opportunity to expand our pool of

talents. 2021 saw the onboarding of key strategic appointments. We welcomed our new Chief Operating Officer; Chief Experience Officer; and Head of Sales.

I believe their contributions will further propel the Company's transformation, sales and customer-centric initiatives for our continued sustainable growth.

Our transformation is rooted in driving customer-centricity — to recognise, empathise and connect with existing and new customers' needs. As such we have also made investments in the latest technologies that help us do this as well as the training to use these tools masterfully.

Together, this will allow for an efficient data-driven approach and sharper decision-making process to improve the customer experience across all touchpoints. This is the new 'energy' that will be driving our market research capabilities, software security and deployment as well as enterprise resource planning.

While these investments are far-reaching, they are only one part of the story. What is more exciting is how these technologies come to life in the eyes, minds and hearts of our customers through their experiences.

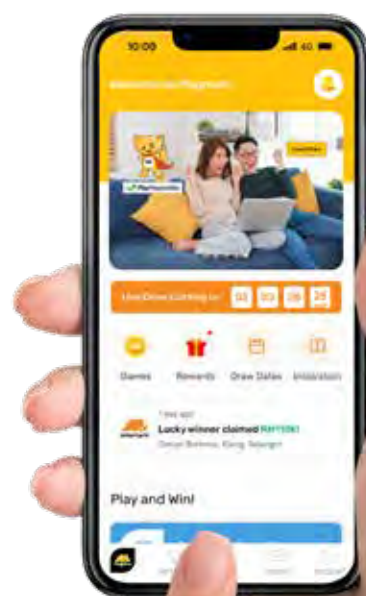
It comes to life via tangible experiences such as the following

Our transformation is rooted in driving customer-centricity — to recognise, empathise and connect with existing and new customers' needs.

— we were the first in our industry to offer digital payment solutions through a partnership with Touch 'n Go. This contactless payment

option is a key customer demand in today's landscape. Together with our newly re-launched app that provides additional features and benefits, the purchase experience is now increasingly enhanced.

The efforts to enhance customer engagement also saw us integrating our call centres and social media channels to become a one-stop service centre, allowing our customers to connect with us seamlessly and allows us to address their concerns or queries efficiently. Two significant survey methodologies were also adopted;



Our newly re-launched MyMagnum 4D app provides additional benefits to enhance purchase experience

Chairman's Statement

(cont'd.)

the Customer Satisfaction (CSAT), and Net Promoter Score (NPS) — these greatly improved our customer feedback management ability.

Our newly established regional sales teams and the marketing teams have been busy using the data captured by these tools to develop and promote enhanced and targeted offerings. This helps differentiate our brand not just from other industry players, but against the illegal operators as well.

Meanwhile, our nationwide outlet renovations are nearing completion, and this fresh new look complements our brand promise to provide an exceptional customer experience and matches up nicely with the new technologies that we are employing.

All these tools can be defined quite simply, and in non-technical terms, they are all about enhancing our strategy, speed-to-market, productivity and efficiency for one core purpose - to connect and engage with and thus, understand our customers better to provide them a superior experience.

Clearly, this transformation runs deep and wide across our entire organisation, many steps have been taken but a long journey ahead of us remains. However, we are confident that the cornerstones we have laid will continue to support our resilience and help future-proof the company.

All of this makes your Company, Malaysia's leading NFO, the one to watch in the years ahead.

Staying Ahead of the Game

I am pleased to announce that at the end of 2021, the World Lottery Association (WLA) recognised our wholly-owned subsidiary, Magnum Corporation Sdn. Bhd. ("MCSB") with the 'WLA Responsible Gaming Level 3 Certification'. The stringent requirements at this level of certification include the rigorous training of all employees, frontliners and agencies so they may in turn help educate and provide all players with accurate information regarding Responsible Gaming to avoid harms of excessive playing habits in the community.

We are the only lottery operator in Malaysia and one of a handful in the Asia Pacific region, to be certified at this level. Additionally, we also earned the WLA SCS 2016/ISO27001:2013 certification after an external audit in August 2021.

2021 also saw us launch Responsible Gaming Week (RG Week). An annual event, it will drive awareness and serves as an RG education platform for our staff, frontliners and partners. It is also a form of community outreach where

many initiatives and tools are shared, so that they may integrate these across all their outlets and effectively reach out to our customers and the communities around them. These efforts are all part of our push towards higher levels of responsible gaming, and in line with the social aspect of our sustainable goals.

In the area of environmental sustainability, we continue to make progress in reducing our overall energy usage as well as harnessing technology and digitalisation to overcome a traditionally heavy usage of paper that happens not just in our corporate offices, but also in our outlets across the country. Progress in this area added up to a significant improvement in our internal processes and our overall efficiency, as well as helping enhance the customer experience.

Aside from that, our inclusion in the FTSE4Good Bursa Malaysia index remains (the third year in succession), and as of 31 December 2021, Magnum is in the top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell.



We are proudly the only lottery operator in Malaysia to attain the WLA Responsible Gaming Level 3 Certification

Chairman's Statement

(cont'd.)

I would encourage you to take the time to read this year's Sustainability Report section within this Integrated Annual Report as you will find the details regarding our sustainability vision, approach, and the areas of impact where Magnum has been making sure that we truly deserve this ranking and are building our future driven by a strong sense of ESG factors.

Hope Through Uncertainty

Over the challenges of last year, our contributions geared towards creating positive social impact increased greatly. Our CSR arm MagnumCares continued to support Malaysians, providing welfare and community support.

We provided aid to our nationwide frontliners through education grants and awards, as well as medical and critical illness support for them as well as their immediate family members, parents and siblings. Magnum has also provided interest-free loans for its sales partners (the retail owners or agents) who were heavily affected by prolonged business closures. Other areas of support include for welfare and community, health and well-being, education and environmental issues. A complete and very long list of all the organisations, communities and the types of aid or support received can be found in the Sustainability Report section within this Integrated Annual Report.

I wish to emphasise that these were not acts of feel-good charity, these actions help create economic

sustainability for employees, partners and the communities where we work. We look forward to recovering and growing together in the years to come. "Doing good is good for business" has never been truer than over the course of the last year.

Dividends

The Company's dividend policy is to distribute at least 80% of its gaming profits after tax annually. The Board had declared first interim single tier dividend of 1.5 sen per share for FY 2021 as compared to cash and share dividend of 8.54 sen per share for FY 2020.

Our Way Forward

What lies ahead of us in the post-COVID world: The leadership of Magnum strongly believes that our future trajectory remains solid. While the pressures of the pandemic have caused some short-term pain, our priorities remain focused on our transformation that will see us making investments in the technologies and skills and structuring ourselves in a way that will future-proof our business.

Clearly, these investments will be in the areas of developing and caring for our people and giving them the power of digitalisation through new technologies that will help them achieve superiority in the quest for customer centricity. The pandemic has also given us valuable insights into how we conduct our business - what

worked and what can be further refined so that we can continue to move forward. As we transition to the endemic phase and the nation returns to a certain amount of normalcy, it does not necessary translate to the same buying behaviour. Our focus will continue on innovating our offerings so that we are able to adapt to current market behaviour and in engaging with our customers effectively. Your Company has solid plans, and just as crucially, it is in capable, forward-leaning hands.

Appreciation and Acknowledgements

On behalf of the Board, I would like to take this opportunity to recognise the real stars of 2021.

So, to all our sales partners, bankers, business associates, shareholders and especially the Magnum Team, whose indefatigable spirit and resourcefulness have carried us through a turbulent year filled with unpredictable challenges, you have my sincere gratitude.

Without your support, confidence, care and skills, all of the resilience shown would not have been possible.

I stand proud beside you and promise you that we will continue to push forward together, achieving great progress in everything that we set our minds to.

I look forward to meeting you all at the forthcoming AGM.

Tan Sri Dato' Surin Upatkoon
Chairman

24 March 2022

**The Board had
declared
first interim single
tier dividend of
1.5 sen
per share for
FY 2021**

主席献词

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2021年度（截至2021年12月31日）万能及其子公司的常年财务报告。

前言

事实证明，过往一年依然是困难重重，举步维艰。紧急状态、行动管制令、旅行限制、屡屡变更的标准作业程序和政权的更换，对全国各行业带来了冲击，更加剧了人们对疫情的担忧。

所幸凭借坚韧的毅力，让我们度过了这段艰难的时期。多年来审慎的财政政策和充足的资金储备，使我们面对困境依然安然无恙，在保住员工生计的同时，依然拥有稳健的财务实力，以做出适时的投资来拓展我们的技能。

在这段期间，我们专心致志地实践Magnum Beyond 2025转型计划。计划旨在实现业务重整并重新聚焦公司的优先事项。计划始于2020年，如今已进入执行阶段。简而言之，我们将着重“以顾客为导向”的经营理念，并通过前瞻性技术，让业务面向未来以推动改革创新。更多详细信息请参阅本献词中题为“Magnum Beyond 2025：推动企业转型，共创美好未来”一节。

这一转变过程很大部分源自于我们员工的个人努力和技能发展。员工的不懈努力、思维和想法是公司的重要资产，这是我们始终坚定不移的信念。在未来的发展路上，有利于建立长久、可持续性的增长。

业绩

经过两年的“疫情经验”，毫无疑问，疫情所带来的影响，以及为了应对“新常态”所付出的经济、医疗、政治和社会努力已众所周知。

本公司的业务亦受到了影响，我们在2021财年的盈利跌至12.6亿令吉，比往年减少了24.7%。集团在2021财年的税前盈利为2,524万令吉，税后亏损为135万。在调整少数股东的亏损份额后，公司所有者的可分配利润为184,000令吉或每股盈利0.01仙。

接下来请容我更深入地讲述我们行业所遭受的冲击。无论公平与否，博彩业长久以来一直面临着经营限制。这是一个沉重的负担。去年，全国共有52个开彩日被取消。除此之外，每个州除了砂拉越州，另有18个开彩日因销售店关闭而受到了影响。

响。有些被取消的开彩日，更是发生在农历新年的历来销售高峰期。

我们的运营准备确实让我们能够在其他时期，遵照博彩业的标准作业程序以最大限度运作，然而另一威胁却与日俱增。在这段期间，非法万字活动有增无减。他们不遵守法规，因此不受行动管制令的影响。由于执法不力，他们日渐猖獗并从博彩业的合法运营商手中夺取市场份额，在线运营而不承担任何法律后果。

这是对合法获得的股东收益以及国家税收的盗窃行为。为了取得显著成效，本公司与博彩业同行一起致力与监管机构合作，寻求让合法运营商实现合法流动销售。我们希望能够尽快解决这一关键竞争点背后的问题。

MAGNUM BEYOND 2025：推动企业转型，共创美好未来

我们的企业转型计划正处于执行的第一年。其正面影响已开始为基础里程碑和各种措施的试运行中略显成效。

“ 在这段期间，
我们专心致志地实践
MAGNUM BEYOND 2025
转型计划。 ”

其中一项观察显示，疫情对我们并非完全不利。相反，它激励了我们。例如，销售店的关闭为所有员工提供了更多的时间来重新聚焦并找出改进内部流程的方法和措施，同时参与设计思维训练营。此外，我们也为员工、销售伙伴和销售服务人员举办了提升领导能力与顾客服务，以及员工的英语水平等重点技能培训课程。

我们一些人才的表现甚至超出预期；他们获得提升加入了转型团队，现在正为公司提供多元化且极具价值的见解。

推动变革和创新的工作进展顺利，形成了一加一大于二的效果。人力资源开发是我们转型的关键部分，我们不断深入内部组织，以发现、培养和释放潜在的技能

在这段期间，我们也借此机会扩大了人才库。在2021年我们见证了关键的战略人事任命。我们迎来了新任首席运营官、首席体验官和销售主管。我相信他们的贡献将进一步推动公司的转型、销售和以顾客为导向等举措，从而实现我们长期可持续性的增长。

我们的转型方针以顾客为导向的经营理念，务求能识别和理解现有顾客和新顾客的需求。有鉴于此，我们投资了最新的科技，以求达到预期的效果，并进行了一系列培训计划，去确保员工操作熟练。

结合理念与实践，我们可透过高效的数据驱动方案和更敏锐的决策流程，加以改善所有销售点的顾客体验。这是我们的新“能量”，在未来将可强化我们的市场调研能力、软件安全和部署以及企业资源规划。

虽然这些投资影响深远，但这只是整体改革的其中一环。更激励人心的是，这些技术能如何让顾客有更深入人心的体验。

我们致力将这些体验付诸实践。我们是业内第一个与 Touch 'n Go合作以提供数字支付解决方案的公司。这种零接触支付选项是当今市场的主要顾客需求。同时，我们重新推出了应用程序以提供额外的功能和优势，从而加强了顾客的购买体验。

为了提升顾客的参与度，我们整合了客服中心和社交媒体渠道并成立了一站式服务中心，让我们与顾客无缝连接，以有效解决他们的疑虑或疑问。同时还采用了两种重要的调查方法；顾客满意度（CSAT）和净推荐值（NPS），这大大提高了我们的顾客反馈管理能力。

我们重新推出的
MyMagnum 4D手机应用程序提供额外优势以加强顾客的购买体验。

我们新成立的区域销售团队和营销团队一直忙于使用这些工具，以获取数据来开发和推广更优质和更有针对性的产品。这不仅有助于我们，将我们的品牌与其他同行有所区别，还有助于对抗非法万字活动。

我们的转型方针以顾客为导向的经营理念，务求能识别和理解现有顾客和新顾客的需求。

与此同时，我们在全国各地的销售店翻新工程即将完成，全新的店面形象与崭新技术相得益彰，展现出我们为顾客提供卓越体验的品牌承诺。

若要以浅显易懂的非专业术语来定义，这些皆是为了强化营销战略、加快面市速度、提高生产力和效率的技术工具，旨在达到一个核心目



主席献词 (延续)

的，就是与顾客建立联系和互动，从而更好地了解我们的顾客，并为他们提供卓越的体验。

显然，这些转变将深植于我们的企业文化中。如今我们正稳步前行，但前路依然漫长。然而，我们相信，今日所奠定的基石将助力我们在来日重振旗鼓，推动公司迈向未来。

作为马来西亚领先的博彩公司，我们所付出的努力将推动我们成为前景值得期待的公司。

保持领先地位

我很高兴地宣布，在2021年底，我们的全资子公司 Magnum Corporation Sdn. Bhd. (‘MCSB’) 获得了世界彩票协会 (WLA) 所发出的“世界彩票协会负责任博彩框架第3级认证”。此

级别的认证对所有员工、代理以及销售员的培训都有严格的要求，以便他们能协助教导并为我们的顾客提供有关负责任博彩的准确信息，以避免社群因过度沉迷而带来危害。

我们是马来西亚唯一的一家，同时也是亚太地区为数不多获得此级别认证的彩票运营商。此外，在2021年8月的外部审核后，我们还获得了 WLA SCS 2016/ ISO27001:2013 认证。

在2021年，我们也推出了负责任博彩周 (RG Week)。这个一年一度的活动将成为我们的员工、销售员和销售伙伴的负责任博彩教育平台，为品牌提高知名度。它也是一种社区互助服务，其中包含许多共享倡议和工具皆可整合到所有销售店，以有效地协助我们的顾客和他们的周边社群。这些都是我们为了推动更高水平的负责任博彩所付出

的努力，以求在社会层面实现我们的可持续性目标。

在环境可持续性方面，我们在减少整体能源使用上取得了进展，同时也利用技术和数字化来解决大量使用纸张的问题，这不仅是在公司办公室，也包括我们全国各地的销售店。在这一方面的进展，改善了我们的作业程序以及整体效率整体效率，并有助于提升顾客体验。

除此之外，我们依然名列 FTSE4Good Bursa Malaysia 指数 (连续第三年)，截至2021年12月31日，万能在由富时罗素 (FTSE Russell) 评估的富时全股项指数 (FBM EMAS) 的上市公司的环境、社会和治理 (ESG) 评级中排名前 25%。

我促请您抽空阅读本年度的可持续性发展报告，以了解我们的可持续性发展愿景、方法和影响层面的详细信息，万能一直在确保我们的排名，同时秉持 ESG 理念以建设我们的未来。

在困境中点亮希望

在过往一年，我们跨越了无数的挑战，为创造正面的社会影响所做了极大的贡献。我们的企业社会责任部门万能爱心将持续支持马来西亚人，为大众提供福利和社区支援。

我们通过教育补助金和奖励，以及医疗和危重疾病协助，为全国的销售员以及他们的直系亲属、父母和兄弟姐妹提供援助。万能还为遭受长期停业影响的销售合作伙伴 (零售业主或代理商) 提供无息贷款。其他支援领域还包括福利与社区、健康与福祉、教育与环境等课题。



我们荣誉成为马来西亚唯一一家获得 WLA 负责任博彩第3级认证的运营商

主席献词 (延续)



显然，这些投资将用于发展和关爱我们的员工，并通过新技术赋予他们数字化的力量，这将帮助他们在以顾客为导向的实践中取得优势。疫情还为我们该如何开展业务提供了宝贵的见解，哪些方式有效，哪些可以进一步完善以让我们稳步前进。随着我国过渡至地方性流行病阶段，同时国家恢复到一定程度的正常状态，但这未必会转变为相同的购买行为。因此我们将继续专注于产品改革与创新，以便能够迎合当前的市场行为并有效地与我们的顾客互动。对此公司已有周全的计划，而同样重要的是，公司掌握在有能力且具有前瞻性的领导者手中。

至诚感谢

我谨代表董事会，借此机会表彰2021年真正的重要人物。

在此，感谢我们所有的销售伙伴、银行、商业伙伴、股东，尤其是万能团队，他们以不屈不挠的精神和敏捷的思维，带领我们度过了充满未知挑战的动荡一年，我衷心感谢你们。

没有你们的支持、信心、关怀和技能，我们不可能展现出如此强大的毅力。

我为与你们并肩而感到自豪，我向你们保证，我们将持续同步向前，致力使每一个定下的目标都取得重大进展。

期待在来届的股东会员大会，我们再见！

丹斯里拿督刘锦坤

主席

2022年3月24日

在本年度的可持续性发展报告一节，您可找到所有组织、社区以及所获得的援助或支援方式的详细且完整清单。

我想强调的是，这些并不是纯粹感觉良好的公益行为，这些行为有助于为员工、销售伙伴与社区的可持续性经济机会与发展。我们期望在未来的岁月里共同恢复和成长。“做公益对企业有益”从未像去年那般真实。

股息

公司的派息政策是每年派发至少80%的博彩税后盈利。董事会已宣布2021财年的首次中期单层股息为每股1.5仙，而在2020财年的现金和股票股息则为每股8.54仙。

**董事会已宣布
2021财年的首次中期
单层股息为每股
1.5仙**

我们的前进之路

我们在后疫情时代所面临的挑战：万能的领导层坚信我们未来的发展轨迹仍然稳固。虽然疫情的压力已然造成了一些短期阵痛，但我们依然把优先事项聚焦于企业转型，我们将对技术和技能进行投资，并以面向未来的方式来构建我们的业务。

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 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.

2021 presented a greater challenge than 2020, with more impacts arising from external circumstances that were beyond anyone's control. We experienced a government-mandated business closure that affected Number Forecast Operators ("NFOs") during the traditionally strong CNY period, and more draws were cancelled in 2021 (compared to the year before) during MCO periods. Despite the scale and scope of these challenges, our agility served us well, enabling us to respond to circumstances as they arose, and maintain an even keel. Thus, we were able to continue investing in future-proofing our business model, and executing the planned initiatives of Magnum Beyond 2025, our transformation programme that had begun in mid-2020.

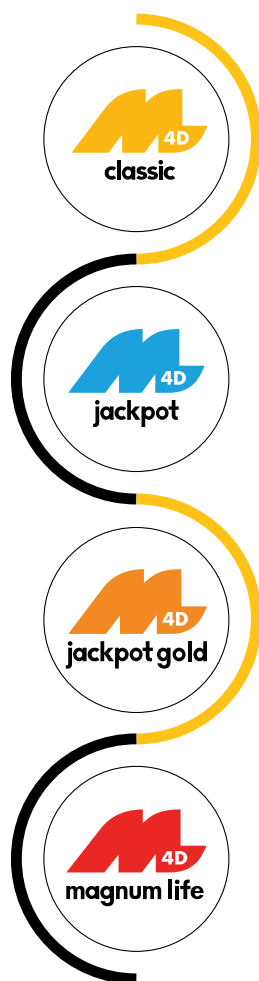
year ended 31 December 2021 ("FY 2021"), significantly lower as compared to RM1.67 billion recorded in the previous financial year, representing a 24.7% decrease or RM413.60 million.

The drop in gaming revenue is attributed to two key external factors: One — the closure and cancellations of draws causing an immediate loss of sales opportunities. Two — the vast increase in the activity of illegal operators taking advantage of the pressures exerted by COVID on the regulatory bodies who lacked enforcement resources during that period. The cancellation of draws and closure of outlets of the legal NFOs ended up pushing customers toward patronising the services of the illegal operators during this time.

Seen in further detail, gaming revenue was significantly affected as legal NFOs were not allowed to conduct sales for 18 draws (from 13 January 2021 to 14 February 2021 during the MCO 2.0 period) in Peninsular Malaysia and the cancellation of 52 draws (from 1 June 2021 to 13 September 2021 during the FMCO 3.0 period). Our gaming business finally resumed nationwide on 14 September 2021 as approved by the Ministry of Finance.

The decrease in revenue due to illegal operators was also significant; these illegal entities, who operate beyond the nation's laws and movement restrictions, were extremely aggressive over the past 18 months.

When compared by absolute amounts without the impact of SST, and on a sales-per-draw basis, the overall sales per draw for FY 2021 decreased by 24.8% as compared to FY 2020. The 4D



Business Performance

A) Revenue

In a roller-coaster of a year, a strong economic turnaround (6.6% in Q4 2021; QoQ, seasonally adjusted) arrived, but too late to significantly boost our performance. After the initial health shocks early in the year, a declaration of Emergency and the change of government, the Malaysian economy grew by 3.1% for 2021, and the unemployment rate declined to 4.6%.

Through these immense pressures, the Group recorded a revenue of RM1.26 billion for the financial

Statement on Management Discussion and Analysis

Classic game suffered the highest reduction in percentage terms, reinforcing our belief that illegal operators have made substantial inroads, thus reducing the market share of legal NFOs. The 4D Jackpot sales in FY 2021 is the only game that registered a marginal gain. Generally, players who once would not consider illegal operators are now patronising their services. These illegal operators are now even offering their own version of a jackpot element to entice players. The Magnum Life game and 4D Jackpot Gold game recorded the second and third highest reduction in percentage terms. Both suffered a double-digit reduction, in line with the reduction of the overall sales.

As the proliferation of illegal operators has become a serious loss to the Government of relevant gaming taxes revenues from legal NFOs, more so during this difficult pandemic era, the legal NFOs will continue to lobby the various Government agencies to further enforce tighter controls on these illegal operations to stem the huge leakage to the taxation-derived finances of the country. The legal NFOs would also urge the Government to quicken the process of introducing 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 activities.

The Custom Appeal Tribunal case for the dispute in relation to the determination of the value of Gaming Supply in computation of GST has been escalated to the High Court for hearing on 1 April 2022. Contingent upon the High Court ruling, a decision in our favour will have a positive one-time financial impact on our future earnings.

The revenue of Investment Holdings and Others segment was marginally lower at RM0.23 million in FY 2021 as compared to RM0.34 million for FY 2020 mainly due to lower dividend income from investment.

B) Costs and Expenses

In tandem with lower gaming revenue, the total costs and expenses before finance costs of the Group decreased from RM1.49 billion in FY 2020 to RM1.20 billion in FY 2021. The reduction of RM294.07 million was mainly due to:

- (i) Reduction of Cost of Sales amounting to RM279.65 million as a result of cancellation of 52 draws (FMCO 3.0) on top of another 18 draws (MCO 2.0) in FY 2021 where only outlets at Sarawak are allowed to operate. However, the above reduction was countered by higher prize payouts, mainly contributed by the 4D Classic game and Magnum Life game, where payouts increased by 4.4% or RM56 million in FY 2021.
- (ii) Other expenses in FY 2021 decreased by RM10.58 million predominantly due to tax penalties amounting to RM16.72 million payable to Director General of Inland Revenue ("DGIR") in accordance with the Consent Judgment provided for FY 2020, and
- (iii) The overall administrative expenses reduced by RM3.84 million which is in line with lower gaming revenue generated in FY 2021.

C) Profit Before Tax ("PBT")

The Group's PBT for FY 2021 of RM25.24 million is significantly lower by RM118.74 million

compared to FY 2020 PBT of RM143.98 million. This decrease was mainly attributed to lower gaming revenue as 18 draws are affected by MCO 2.0 where only sales outlets in Sarawak are allowed to operate and the cancellation of a total of 52 draws during FMCO 3.0 in FY 2021 and higher prize payouts for FY 2021.

D) Profit After Tax ("PAT")

The Group registered a Loss After Taxation of RM1.35 million for FY 2021 as compared to the previous year's Profit After Tax of RM21.45 million. This was mainly attributed to lower gaming revenue, as a result of the abovementioned reduction of sales due to MCO 2.0, cancellation of draws during FMCO 3.0 and higher prize payouts for FY 2021. However, after adjusting for the Minority Shareholders' share of loss, the profit attributable to the owners of the Company was RM184,000 or an EPS of 0.01 sen.

E) Liquidity and Capital Resources

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

The Group's Cash and Bank Balances stands at RM192.68 million for FY 2021 as compared to RM272.52 million for FY 2020. Among the factors that had contributed to the lower Cash and Bank Balances are the instalment payments made in FY 2021 to DGIR for the tax dispute settlement accrued in FY 2020 and the implementation of our re-branding and re-imaging exercise.

Although the Group's operations were affected in FY 2021, the Group has invested its time and effort into transforming the business with the primary objective of future proofing the business of the Group.

Statement on Management Discussion and Analysis

(cont'd.)

F) Gearing

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

Two series of the MTN amounting to RM190 million matured in September and November 2021 and MCSB has fully refinanced this via the issuance of five new MTN series in September and November 2021, and therefore, the total MTN remains at RM950 million.

After this refinancing activity, the gearing ratio of the Group as at end of FY 2021 stands at 39.4% as compared to 36.9% as at end of FY 2020. 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.

Prospect and Market Outlook

As we emerge from the pandemic era and move towards the endemic phase, we foresee a low likelihood of pandemic-related business interruptions on the scale that we had encountered in 2021. A return of public confidence as more social and economic activities begin to normalise will translate into opportunities for a stronger rebound of the gaming industry. At the same time, we expect to be seeing early wins from our ongoing investments in the transformation programme that sets the foundations to future-proof the business.

The process of digitalising and streamlining our operational processes in stages is underway.

Once complete, our workforce will be able to dedicate more time towards value creation for our customers and stakeholders. The resulting dashboards with a higher quality of information will facilitate better decision-making not only at Management, but at all levels within the organisation.

The best tools are good only in the hands of people with the best skills, and so we will continue to invest in our people, bridging skill gaps and reinforcing a performance-based culture centred around the core values of the Company. A solid execution of our policy to attract and retain quality talent, especially in this competitive labour market, is a priority for the Company to achieve our long-term objectives.

The rapid evolution of our customers strongly demands that we focus investments on our sales and marketing capabilities to create fresh desire for Magnum's product experience over the competition, especially the illegal operators. Our angle to win new customers is by enabling digital experiences

that augment all touchpoints, from discovery to inside our store, ultimately defining a lifetime journey that drives satisfaction towards our brand as well as our products. Meanwhile, we look forward to the Government's efforts in clamping down on illegal betting activities which will ultimately increase our revenue and market share.

2021 was undeniably a busy year for the Company with the execution of our many transformation initiatives. Our experiences through the year's challenges have only bolstered our drive, and we remain confident in the robust strategies and forward-leaning technologies we have adopted. Just as importantly, we also have great confidence in the operational agility, commitment and innovative mindset that anchors the unflinching support and growing skill base of our employees — a combination that will future-proof our business and see us reach our goals.

This Statement was approved by the Board on 24 March 2022.

“ We expect to be seeing early wins from our ongoing investments in the transformation programme that sets the foundations to future-proof the business. ”

”

Sustainability Statement

OVERVIEW

Magnum Berhad ("Magnum" or "Company") presents our 6th edition of our Sustainability Report. The report covers the Company's strategies, initiatives and performance in relation to economic as well as ESG (Environmental, Social and Governance) issues. The aim of this report is to disclose the impact of our operations and how it creates sustainable value for all our stakeholders by building trust, integrity as well as creating a lasting positive impact on the environment. There were no significant changes to our business operations during the reporting cycle. This report captures the highlights and achievements of FY 2021.

While adversity challenges, it's time to build resilience

While we rely on a deep well of resilience built over many past challenges, new challenges are an opportunity to add on to this precious resource — a time to transform, to adopt new ways of thinking and technologies that go with it.

In that sense, 2021 was an exceptional opportunity. The past year felt like an extended, enhanced version of the troubles of 2020. In many ways, it was, with the new variants of COVID-19 challenging all aspects of economies around the world.

This force of nature is not just locking down populations around the world, but it is also creating permanent change in the dynamics of many societies, businesses as well as governments as they adapt to a 'new normal' in the hope of reaching an endemic state as soon as possible.

Additionally, societies are now demanding that corporations also play their part in driving sustainable development, and the growing shift of capital towards ESG focused corporations by investors (ranging in size from individual to institutional investors) shows that they're determined to investing in the future on a long-term basis. Our actions as a corporation will determine if we deserve to receive their positive attention.

Sustainability is our strategic core

For Magnum, the pandemic notwithstanding, we remain committed towards our sustainability agenda and to be able to contribute meaningfully towards global sustainable development.

Magnum's inclusion into the FTSE4Good Bursa Malaysia Index for the third successive year is notable. As of 31 December 2021, it is in the top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell.

In the most difficult times, our commitment strengthens. Through the year, as businesses continued to be affected by the imposition of movement control orders, the emergency and a change of government, we were determined that the safety and welfare of our employees, partners, customers and communities would not be compromised.

More draws were cancelled (52 this year, compared to 40 in 2020) and in addition, another 18 draws were affected by MCO 2.0 during which only outlets in Sarawak were allowed to operate. Retail outlets were closed and even as they re-opened, they had to contend with the rampant growth of illegal operators who had filled the gaps in the market, causing a 24.7% drop in revenue.

Sustainability Statement

(cont'd.)

Even the re-opening of outlets in the last quarter of the year was done on strict conditions; all sales frontliners would be fully vaccinated, tested regularly, and outlets would be thoroughly and frequently sanitised.

Caring is smart business

For our corporate social responsibility arm MagnumCares, 2021 was an extremely busy year. A full list of our support for communities nationwide fills a section of its own, titled 'Our 2021 CSR initiatives at a glance' in this report.

Magnum started closer to home, caring for the sales frontliners of our nationwide retail outlets. We provided education grants and awards, medical and critical illness support that included COVID-19, emergencies and other special circumstances for their immediate family members, parents and siblings. Their wellness, peace of mind and progress is important to us.

We also extended financial aid to our sales partners who bore the brunt of the financial impact caused by prolonged business closures. This help came in the form of disbursing interest free loans, deferring and extending loan repayment periods, providing financial aid and health care benefits to their staff.

Our people and our partners are our assets. Some may view this as charity, but to us, this was more - it was a prudent long-term investment.

Together with the re-opening of outlets, we were also busy with a nationwide re-branding and re-imaging exercise. In spite of the delays caused by closures, we achieved a 94% completion rate. All outlet renovations are expected to complete before the end of 2022. We aim to regain and win new customers with a renewed spirit and all the advantages of a fresh new look designed to help attract footfall.

Enhancing business sustainability through transformation

Magnum Beyond 2025, our corporate transformation exercise, saw the implementation of various initiatives that spanned the entire business.

Most notable is the rolling out of cashless transactions via e-wallet in partnership with Touch 'n Go. Our main goal was to provide a safe, contactless payment option for customers. This initiative was implemented in October 2021 and was aided by the rapid acceptance, adoption and familiarity of e-wallets during the pandemic.

We have long recognised that technology combined with creativity and innovation is a game-changer to propel our business forward; our digital transformation is underway, helping us better listen to stakeholders, respond to business partners' needs and feedback and to enhance our customers experience.

The revamped "MyMagnum 4D app" was released in January 2022, a new and improved version that would not only register members, but also provide an avenue for various exclusive benefits and promotions, streaming of draw results, and even tutorials for the various games on offer.

Staying true to responsible gaming

Magnum Corporation Sdn. Bhd. ("MCSB"), our wholly-owned subsidiary is the first Malaysian lottery operator to achieve and attain the Level 3 Responsible Gaming (RG) certification from the World Lottery Association (WLA). This certification recognises that global best practices are being executed and strictly adhered to by our customers, partners, stakeholders and employees. We also retained our WLA SCS 2016 / ISO27001:2013 certification after an external audit in August 2021.

Responsible Gaming is the lottery sector's most critical element of social responsibility, and it is essential that WLA members facilitate responsible play. Magnum is committed to providing an environment which encourages a safe gaming experience for all players.

The journey ahead

As we look ahead to better results in line with an improving economic environment that is driven by pent-up demand for consumption, Magnum will continue its strategic transformation and the initiatives which will help drive sustainable business expansion and growth.

Much of our focus will always be placed on gaining a deeper understanding of our customers, so as to future proof our business by providing our customers with the best experience possible.

Hope can be many things. For us, it comes from building a solid brand foundation that leads to brand love. Because with that, all things are possible.

Sustainability Statement

(cont'd.)

SCOPE OF REPORT

This report focuses on Magnum's sustainability strategies, management and performances that are of importance to all stakeholders, covering all three dimensions of sustainability, namely our environmental, social and governance ("ESG") opportunities and risks while highlighting our approach to managing them.

This report also captures the highlights and achievements of FY 2021, encompassing the sustainability management and overall performance of Magnum, its principal subsidiaries and our entire operations in driving a sustainable business by providing a complete overview of our operations while ensuring the data presented is a fair representation of our performance.

Business footprint

Magnum conducts its business primarily in the domestic market. The business is managed by the sole agent Magnum 4D Berhad and the 8 Area Agents in Selangor (including the Federal Territory of Kuala Lumpur), Perak, Penang, Negeri Sembilan, Melaka, Johor, Pahang and Sarawak (including the Federal Territory of Labuan). The 8 Area Agents are responsible for managing retail outlets in their respective jurisdictions. Magnum operates 485 lottery retail outlets in strategic locations nationwide, other than in the States of Kelantan, Terengganu and Sabah. The retail operations of the lottery business are solely conducted in dedicated in-store retail outlets. The lottery draw is conducted at Wisma Magnum in Kuala Lumpur.

There were no significant changes to the organisation during the reporting period.

Reporting period

The information in this report was derived from the reporting period of 1 January 2021 to 31 December 2021. 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, involving both internal and external stakeholders and other interested parties. Data sources include interviews, market surveys, targeted focus group studies, brainstorming sessions, research, dialogue with stakeholders, review of peers' sustainability-related articles and other studies to identify the most significant trends in the gaming sector and the wider domestic industry. Wherever possible, we have included the most recent trends observed.

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, Magnum employs strong data collection controls and verification processes that ensure that all the information presented is accurate and complete. In addition to implementing sustainable activities and solutions across all areas of the Company, Magnum is committed to improving the quality of information disclosure in regards to the conduct of its business. External assurance will be considered for future editions once our reporting system matures.

Feedback

Magnum is committed to listening and the Company attaches great importance to stakeholders' engagement, besides being always open to opinions, recommendations and suggestions that improve internal process efficiencies and to accurately reflect stakeholders' interest in our corporate sustainability disclosures.

Feedback can be addressed to our registered office:

Magnum Berhad

35th Floor, Menara Multi-Purpose,
Capital Square,
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur, Malaysia
Tel : +603 2698 8033
Fax : +603 2698 9885
Email to: corporate@magnum.my

Sustainability Statement

(cont'd.)

OUR COVID-19 RESPONSE

Our main priorities and paramount concern have been to protect the health of our employees, customers, sales partners and sales frontliners as well as to safeguard the communities that we interact with to ensure that our operations continue within an environment that is as safe as possible. We explored all eventualities or possible scenarios before rolling out various measures to counter this threat and played an instrumental role in providing the necessary support.

Our COVID-19 management efforts are highlighted here:

Employee Support

- Put the health and safety of our employees FIRST and ALWAYS
- Activated a business continuity plan to facilitate work-from-home during the imposition of MCO 2.0 and FMO 3.0, ensuring business continuity
- Continuous engagement with employees, sharing COVID-19 related news and information via Microsoft Teams platform
- Post-MCO – formed split-teams for essential departments; they rotated between work-from-home, office and BCP office sites, ensuring minimal contact to reduce transmission risks
- Reinforced workplace S.O.P.s health policy. Required all employees to be fully vaccinated including booster shots
- Distributed face masks and self-test kits to employees, as well as regularly sanitising common surfaces in our working environments
- Employees retained their full pay and health care benefits were increased

Customer Support

- Assured customers that all sales frontliners are fully vaccinated including booster shots
- Enforced strict retail outlet S.O.P.s health and safety policy; only fully vaccinated customers were allowed entry
- Retail outlets were closed temporarily for the safety of customers when any member of our sales frontliners tested COVID-19 positive or was flagged as a close contact. Affected retail outlet was only reopened once all sales frontliners tested negative
- Introduced a cashless e-wallet payment option to reduce human contact during cash handling
- Sped up prize-winning claims by digitalising the claim process to reduce waiting time and avoid crowding within the retail outlet

Sales Partner Support

- Extended aid and provided financial support
- Disbursed interest free loans
- Deferred and extended repayment period of loans
- Provided financial aid and health care benefits to staff of sales partners

Sustainability Statement

(cont'd.)

Sales Frontliners Support

- Reinforced workplace S.O.P.s health policy. Required all sales frontliners to be fully vaccinated including booster shots
- Distributed MagnumCares e-tunai vouchers to alleviate financial hardship and encourage adoption of safe and contactless payment
- Provided 'back-to-shop business reopening Magnum health care pack' consisting of essential COVID-19 related health care products – a symbol of gratitude and deep appreciation to our frontliners
- Rolled out sales incentive scheme so that sales frontliners may earn extra income
- Provided financial aid for medical treatment and education grants for their immediate family members

Community Support

Contributed more than RM2.2 million to the nation; this was spread over initiatives such as;

- Spreading kindness by providing support in the form of financial aid, assistance, sponsorships, donations and through staff volunteerism
- Supporting more than 26,000 individuals from various communities, B40, OKU, Orang Asli, single mothers, refugees by providing medical support, education, meals and groceries
- Supporting more than 5,500 students nationwide in purchase of school necessities
- Supporting more than 270 schools nationwide in developing e-learning experience and well-being of underprivileged students
- Collaborating with more than 250 NGOs and non-profit organisations on programmes that would uplift communities, support local musicians as well as the arts
- Supporting disaster relief efforts (various: flood, fire, accident & etc.)

SUSTAINABILITY APPROACH

**STRIVE FOR
LONG-TERM
SUSTAINABILITY**



**EARN TRUST
& PRESERVE
INTEGRITY**



**ALWAYS
FIND GREEN
SOLUTIONS**



Sustainability Statement

(cont'd.)

Our sustainability approach is focused on three key areas:

Economic Sustainability

This is the foundation without which all progress grinds to a halt. Long term profitable growth demands a long-term mindset, which is geared towards building steady progress and sturdy resilience. While we are transforming ourselves into the best that we can be in all areas, it also necessarily involves collaboration and loyalty across the entire organisation and all its stakeholders.

Governance & Social Sustainability

We are committed to the highest standards of governance and integrity. We adhere to all legal requirements and guidelines and are fully transparent with any unintended transgressions as well as our remedial strategies, efforts and outcomes. Social sustainability is another strong area of commitment, as a responsible corporate citizen, we are constantly looking for ways and means to drive positive and sustainable change for the communities that we operate in. We consider these investments highly important and necessary.

Environmental Sustainability

We consistently monitor the effects of our business upon the environment. While the nature of our industry is not one of high impact, nevertheless we still look to reduce our footprint (in this case, the weight of our footprint) in any way we can. For now, this involves optimising our resources usage as well as supporting conservation efforts to help groom an overall mindset of conservation and care that will go on to create wide benefits for all communities nationwide.

Unique challenges in 2020 & 2021

The impact of the pandemic was certainly unprecedented. Various knock-on effects weighed down our industry, as it did for many others. Nevertheless, during this period, we began work on our transformation programme, and continued to build upon our ability to strengthen the long-term economic sustainability of our business.

A view of the impacts and outcomes

With a resurgence of COVID-19, record-breaking case numbers and emergence of new variants led to two lockdowns — MCO 2.0 in mid-January and FMCO 3.0 in June 2021. These created a huge financial impact with the cancellation of 52 draws in 2021 arriving on top of 40 cancelled draws in 2020. Furthermore, MCO 2.0 forced closure during the critical peak sales period of Chinese New Year that involved 18 heavily restricted draws where only outlets in Sarawak were allowed to operate. When restrictions began to be lifted as the national vaccination rate rapidly increased, stricter enforcement of S.O.P.s remained, creating lower footfall registered across outlets nationwide.

Clearly, freedom to operate does not equate to an immediate return of revenue. This will have to happen gradually, as confidence returns to the population.

Amidst these difficult conditions, we saw a drop in revenue to RM1.26 billion in FY 2021, a decrease of 24.7% from RM1.67 billion recorded in FY 2020. As a result, FY 2021 recorded a Loss After Tax of RM1.35 million against Profit After Tax of RM21.45 million in FY 2020.

The recently announced timeline for entry into the endemic phase is a positive outlook to look forward to. The gaming industry is broadly expected to recover strongly in FY 2022 and beyond due to the resilient nature of the business.

What comes next is already in motion

Rest assured, we have not been standing still. Aside from our transformation programme which is providing alignment across a robust structure as well as developing, hiring or retaining the skills that will future-proof our business, Magnum has been rolling out numerous programmes to recover and regain market share lost to the lockdowns and illegal operators who operate beyond the law.

We stand by our brand promise of providing hope, the assurance and positive values of a long-established and trusted brand. We are powering that promise with a deep well of financial strength and resilience, a customer-centric focus, simplicity and agility.

Sustainability Statement

(cont'd.)

PRINCIPAL RISKS AND OPPORTUNITIES

PRINCIPAL RISKS

ECONOMIC ENVIRONMENT

- Cancelled draws due to external events (e.g. public health and safety requirements such as MCO)
- Loss of market share to illegal operators which increasingly use digitalisation to avoid detection and enforcement
- Material disruptions to legal operators that ultimately benefit illegal operators
- Fragile global relationships disrupting business sentiment and trade
- Continuation of international border closures
- Financial impacts to top and bottom lines caused by prolonged lockdowns, impacting earnings and dividend yields
- High prize payment payout ratio due to the volatile nature of gaming luck
- COVID-19 resurgence may soften pace of economic recovery
- Inflationary pressures dampening a quick economic recovery
- Changes in customer behaviour and purchasing habits post COVID-19
- Increase in cost of business affecting net income
- Widening group of people with low disposable income to spend on non-essentials
- Increase in cost of living resulting in decline in disposable income and consumer demand
- Ageing customer base
- Instability of ruling government and/or state government triggering unexpected business disruptions

REGULATIONS, POLICIES, NEGATIVE PERCEPTIONS

- Stiff and unregulated competition from illegal lottery operators and various forms of online gaming
- Ineffective enforcement by agencies tasked with curbing illegal gaming operators
- Digital innovation by illegal operators with high visibility in social media engagement providing live draws and casino games to attract and retain players
- Negative connotations and inaccurate perceptions of gaming and association with social ills instead of games being good, clean and fun
- Increase in gaming taxation rate to boost government revenue
- Legislative overreach to ban NFO retail outlets by a state or council's governing body
- Overly strict regulatory bodies and authorities
- Persistent political pressure to curb or close down legal gaming operators
- Political and NGO pressure to disallow Special Draws or further reduce the number of annual Special Draws

PUBLIC HEALTH

- Reduced footfall in retail outlets due to persistent fear of COVID-19
- Difficulty or lack of speed in adjusting to the 'new normal' in adoption of business strategy post COVID-19



Sustainability Statement

(cont'd.)

PRINCIPAL OPPORTUNITIES

POLICY AND REGULATIONS

- Pursue and accelerate government approval for the provision of alternative sales distribution channels for customers, especially amidst ongoing COVID-19 fears
- Encourage lawmakers to consider heavier penalties to counter illegal lottery operators at the appropriate time
- Seek the ability to regain loss of cancelled draws caused by various MCO periods

PUBLIC HEALTH

- Maintenance of high vaccination rates facilitate the transition from pandemic to endemic, thus accelerating economic recovery
- Assurance of no further complete lockdowns provides certainty in business continuity
- Reopening of international borders for crucial domestic business recovery and to expand addressable market

RESPONSIBLE GAMING & SAFETY

- Promote strong "Responsible Gaming" advocacy to customers, focused on playing for fun and avoidance of addiction
- Encourage customers to buy from licensed lottery operators versus illegal operators to experience a safe gaming environment
- Promote a safe gaming environment through social media engagement

TECHNOLOGY

- Introduce and promote cashless systems (i.e. e-wallets) for better customer experience
- Advocate for intentional disruption of conventional practices by embracing new technologies
- Invest in digital solutions to meet customers' expectations of convenience
- Integrate digital technologies alongside traditional channels to widen gaming experience

TECHNOLOGY

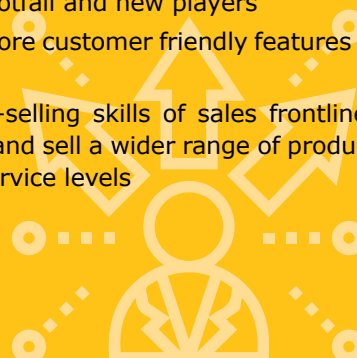
- Accelerate digital transformation to support business growth
- Embrace new ways of working to enable uninterrupted business activities while working remotely
- Expand customer engagement within mobile apps to provide better understanding of our products
- Leverage on enterprise data platforms and AI to gain insights into customers' behaviour and validate sustainable business strategies

PRODUCT AND BUSINESS DEVELOPMENT

- Design new and exciting games that appeal to new market segments
- Expand strategic thinking beyond the threat of COVID-19

ENGAGEMENT

- Prioritise "Customer First" mindset by institutionalising customer-centricity as a core value
- Expand customer support initiatives to enhance customer experience
- Develop effective marketing programmes and strategy offering more rewards and benefits to our customers
- Pursue innovation to re-energise brand value and best-in-class products
- Actively engage via social media platforms to drive visibility and connection with customers
- Refresh and renovate retail outlets; 're-imaging' for a fresh new look to attract increased footfall and new players
- Introduce more customer friendly features in-store
- Improve up-selling skills of sales frontliners to promote and sell a wider range of products and uplift service levels



Sustainability Statement

(cont'd.)

STAKEHOLDERS ENGAGEMENT



Matters concerning sustainability continue to be increasingly material for Magnum and its stakeholders. Expectations have continuously risen, evolved and strengthened due to economic, social and environmental pressures, especially in the shadow of COVID-19, high-profile climate discussions and social inclusion amongst other global developments.

Today, stakeholders wield great influence and they expect our actions to be reflective of a responsible organisation. Thus, we look to continually engage and collaborate with them to ensure that we remain relevant and aligned to wider issues and new priorities they focus on.

A deep understanding of stakeholders' needs enables us to design products and services that can scale our positive impact and contribute to tackling these broad societal issues. Thus far, we have driven deeper engagement with our stakeholders, especially with our customers and staff through a series of dialogues and online and on-ground surveys.


This step is essential for fostering open communications and building trust. We aim to engage with a wider range of stakeholders in the coming year.

This input helps us define and prioritise our sustainability efforts while our clear sustainability strategy and approach enables us to understand the risks and opportunities before mobilising our businesses and leveraging our partnerships to respond in an effective manner that creates positive change and sustainable long-term business growth.

Sustainability Statement

(cont'd.)

After an extensive materiality assessment, we find that the majority of this year's materiality matrix remains highly relevant to both our stakeholders and our businesses. The engagement approach to address our stakeholders and particularly our customers' shifting priorities is reflected here:

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
CUSTOMERS 	<ul style="list-style-type: none"> • Customer Support Centre • Market survey • In-store campaigns • Point-Of-Sale observation • Focus groups • Customer satisfaction (CSAT) and Net Promoter Score (NPS) survey • Prototyping project engagements • Press and social media monitoring • Corporate announcements and publications • Direct customer feedback from apps and services 	<ul style="list-style-type: none"> • Increase customer satisfaction to advance brand loyalty and brand love • Adhere to Responsible Gaming policy • Create awareness on responsible gaming • Provide a fair and trustworthy gaming environment • Protect against ticket fraud and scams • Protect customers' personal data and privacy • Increase speed and ease of transactions • Increase level of personal attention in customer service, to build satisfaction and trust • Enable ease of access to customer support • Enhance product awareness and understanding • Build credibility and trust in the Magnum brand • Ensure safety and security
REGULATORS 	<ul style="list-style-type: none"> • Regular meetings and consultations • Reporting • Visits and inspections • Engagement forums • Dialogue sessions • Working group presentations • Formal and informal meetings • Ad hoc meetings 	<ul style="list-style-type: none"> • Cultivate an ethical culture that complies with regulations • Ensure accountability and integrity • Comply with all health-related S.O.P.s • Issue timely regulatory disclosures • Collaborate to counteract against illegal and problem gaming • Enforce responsible gaming policy • Strengthen relationships by demonstrating transparency of the Company and industry • Observe rules and guidelines governing public interest • Full compliance with legislative frameworks and regulatory requirements • Ensure timely payment of taxes due • Observe strict compliance with anti-money laundering policy


Sustainability Statement

(cont'd.)

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
EMPLOYEES 	<ul style="list-style-type: none"> • Employee engagement programmes • Town hall meetings • Virtual meetups and social engagements • Interviews • Training and Development programmes • Bulletin boards and digital signage • Recreation and team-building sessions • Newsletters • Workshops • Employee surveys • Newsletter updates • Mentoring • Behavioural audits • Focus group discussions • Employee on-boarding training • Performance appraisals 	<ul style="list-style-type: none"> • Provide employment equality • Ensure gender equality • Mandate career advancement planning • Invest in learning and professional development • Ensure flexibility and work-life balance • Reward fairly and justly through remuneration and benefits • Recognise contributions toward Company's goals and direction • Create opportunities via key roles within the Transformation Programme • Foster team bonding • Ensure a safe and positive working environment • Provide access to leadership • Drive transparency through communications • Commit to integrity and accountability • Contribute towards CSR
SHAREHOLDERS/ INVESTORS 	<ul style="list-style-type: none"> • Annual General Meetings (AGM) • Annual and Sustainability reports • Corporate releases and announcements • Investors' meetings • Quarterly financial reports • Media engagement and write ups • Company website and social media channels • Analysts' briefings • Press releases 	<ul style="list-style-type: none"> • Share timely market outlook reports, financial results, performance of market share price, business strategy/direction and current market share • Commit to responsible business practices • Engage in CSR and environmental best practices • Advocate strong corporate governance and compliance • Maintain transparency and active engagement • Future-proof business opportunities • Focus on return on investment • Stay ahead of emerging competition • Uphold high level of ethical values and principles • Deliver consistent growth • Institute effective risk management policies • Culture of good business conduct



Sustainability Statement

(cont'd.)

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
COMMUNITY 	<ul style="list-style-type: none"> • Sponsorships • Online and face-to-face meetings • Donation drives • Education programmes • Dialogues • Collaboration programmes • MagnumCares community platform • Employee volunteerism • Community development and outreach programmes • Website and social media updates • Community engagement activities • Partnerships 	<ul style="list-style-type: none"> • Serve the underserved and vulnerable • Give back to the community and society • Combine efforts to protect the environment • Support community and personal well-being • Increase awareness and participation in employee driven programmes • Widen community engagement footprint • Support basic and balanced livelihoods • Continue expansion of scope of programmes • Foster community initiatives • Spread a 'caring and sharing' attitude • Support relevant UN SDG goals
SALES PARTNER 	<ul style="list-style-type: none"> • Agency visits • Mystery shoppers • Partner surveys • Business engagement • Phone calls and social networking messaging • Training programmes • Collaboration programmes • Chat communication platforms • Newsletters • Social events 	<ul style="list-style-type: none"> • Seek partnership in pursuing customer centricity • Provide sales and solutions support • Share practical compliance framework • Implement and enforce COVID-19 S.O.P.s • Support and provide assistance in times of crisis • Share market intelligence and ideas openly • Be 'Best in Class' in enriching customer experience • Provide hardware, software and helpdesk services • Collaborate to increase market share • Increase efficiency and productivity • Commit to integrity and accountability • Develop technologically advanced, innovative and safe products

Sustainability Statement

(cont'd.)

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
ENVIRONMENT 	<ul style="list-style-type: none"> • Media engagements • Social media updates • Peer-to-peer engagements • Forums and discussions with relevant parties 	<ul style="list-style-type: none"> • Instil culture of always finding green solutions • Manage and promote environmental consciousness • Reduce carbon footprint • Optimise resource efficiency • Champion and promote 3Rs (Reduce, Reuse and Recycle) • Inculcate responsible waste disposal • Raise awareness through specific training and communication campaigns • Ensure compliance with environmental requirements • Play a role in combating climate change • Pursue more efficient energy saving solutions • Promote environmental conservation
SUPPLIER & VENDORS 	<ul style="list-style-type: none"> • Vendor integrity screenings • Efficient quotation requests, Request for Proposals (RFPs) for tenders and bidding • Regular meetings and site visits • Discussions and consultations • Relationship building • Supplier briefings and training programmes • Regular supplier and vendor assessment 	<ul style="list-style-type: none"> • Ensure fair and transparent procurement practices • Uphold of Anti-Bribery and Anti-Corruption (ABAC) policy in business dealings • Operate an ethical supplier management system • Ensure fair treatment of business partners • Provide assurance of compliance • Uphold business integrity • Promote sustainable and ethical supply chain • Apply supply chain risk management • Meet high economic, ethical and socio-environmental standards • Improve quality management • Engage in joint-development of products and services

Sustainability Statement

(cont'd.)

STAKEHOLDERS	ENGAGEMENT APPROACH	STAKEHOLDERS' INTEREST
MEDIA 	<ul style="list-style-type: none"> • Media coverage • Website and social media updates • Press interviews • Formal functions • Press releases 	<p>Release of the following information widely and in a timely manner;</p> <ul style="list-style-type: none"> • Company's growth and value chain developments • Corporate updates • Business performance and outlook • Company events updates/invitations • Current and/or future projects and directions • Industry updates • Latest news published in Company's e-paper • Business strategy and direction • Corporate social responsibility activities • Dissemination of draw results



Our lottery drums ensure fair and just play of all Magnum games to uphold draw integrity

Sustainability Statement

(cont'd.)

SUSTAINABLE GOVERNANCE



High standards of governance are fundamental to the sustainability and stability of our business while ensuring that we remain credible as a trusted lottery operator. Our sustainability strategy is overseen by the Magnum's Board ("Board"), and supported by the Management of the business units, working groups and designated Officers.

The Board

Steers the Group's sustainability strategies and policies through active engagement in decision making, determining strategic directions and ensuring compliance to laws, regulations, ethics, risk management and control. They also carry overall responsibility for the development of sustainability of our Company and provide oversight. This happens through the support of various committees where material ESG framework topics are reviewed with periodic updates on various sustainability programmes for active review and to be able to react to any material changes in market conditions that impact our sustainability strategy.

Group Risk Management Committee

Responsible for the management and formulation of sustainability policies, defining the framework of rules and procedures for how business operations are governed. The Group Risk Management Committee also monitors the implementation of sustainability initiatives in Magnum and the reporting to the Board.

Management Risk Committee

Provides execution support, collaborates with other working groups including the Sustainability Committee, Information Security Committee and all Heads of Department. Collectively, they develop action plans and implement the Group's sustainability related matters, address material issues and ensure strategies align to a framework guided by our key corporate values.

Sustainability Statement

(cont'd.)

New additions

To accelerate our ability to meet sustainability commitments, the Group Risk Management Committee expanded the scope of the Sustainability Committee in 2022 with the formation of a sub-committee entrusted to formulate mid-term plans targeted at specific issues of growing concern — especially those involving climate change. In addition, the committee was strengthened by experienced new members who demonstrate passion towards sustainability.

The Board and the Management are committed to continually review, refine and improve all these processes over time.

Environment Action

Demonstrating our Board's commitment to reduce our environmental footprint, we aligned with the United Nations Sustainable Development Goals (UN SDGs) goal #13 on Climate Action.

Due to delays caused by the pandemic, as well as a 'higher bar' of success (by nature, our industry has a relatively lower negative climate impact) we were not able to deliver a strong outcome. However, we remain committed — and with the additional responsibility entrusted to the Sustainability Committee, we will be renewing our efforts in driving climate impact awareness across the Group's employees and rolling out programmes to help to combat climate change.

Responsible gaming and safety certification

Player safety is one of our core values. 2021 culminated in our wholly owned subsidiary, Magnum Corporation Sdn. Bhd. ("MCSB") being recognised with the World Lottery Association (WLA) Responsible Gaming Level 3 certification. This certification is a proud moment and a testimony of our commitment - gaming is not solely about growing sales and profits, but also about responsible play which includes a safety net built on trust, fairness and social confidence.

The Level 3 certification took about 2 years to meet every stringent measure and condition set by WLA's regulatory body. Robust player safety protocols protect players by minimising gaming-related harm, providing peace of mind while preserving the joy of gaming by combating negative connotations.

We have, over the years constantly communicated with players to 'play for fun' and stay within their means — to play responsibly.

Incentivising Progress

Responsible and transparent governance enables the creation of sustainable value for all stakeholders as we work to embed ESG and deliver sustainable outcomes across our business and organisation. To embed sustainability across the organisation, it is also an integral part of our reward system for Management and staff.

The reward is determined during annual assessment reviews, based on a variable bonus system and other incentives that are tied to performance measured against specific ESG targets. The structure of this incentive ensures clear lines of overall ownership and accountability of ESG issues not only among members of top management but also for all levels of staff.

MATERIALITY REVIEW

Magnum considers sustainability topics as material when they reflect an organisation's economic, environmental, governance and social impacts, or substantively influence stakeholders' decisions when considering the context of our industry.

Identifying our priorities

This is a dynamic process involving a cycle of interactions between Management and respective stakeholders in identifying, thoroughly assessing and refining sustainability issues.

This allows us to remain laser-focused on topics that are most significant to our business and our stakeholders, to refine our overall sustainability strategy and to prioritise our action areas and initiatives.

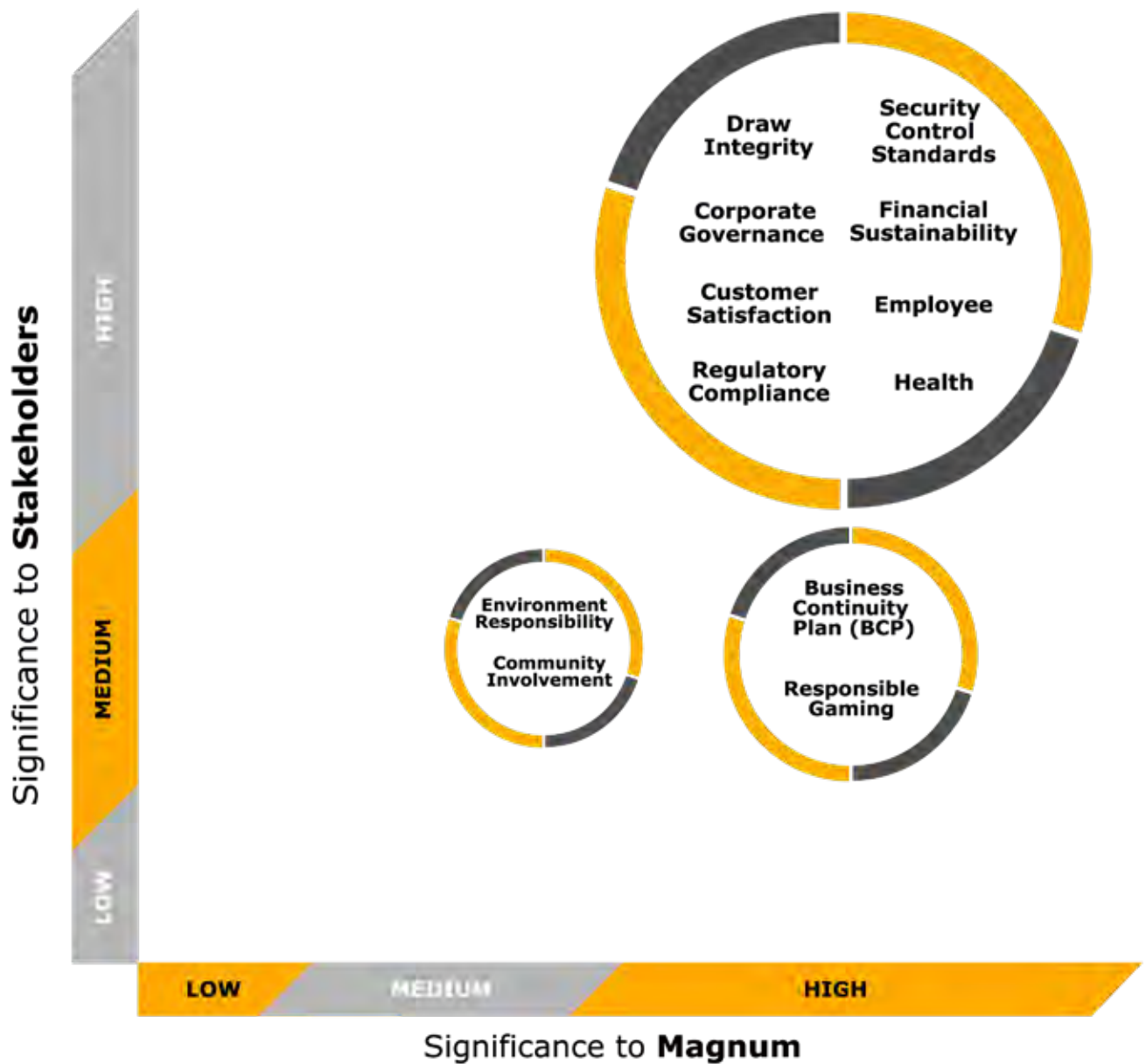
In line with previous years, and through the same materiality analysis process, we have found no significant changes to the 12 material matters compared to the previous year. All 12 were deemed as highly relevant. As a result, the following Materiality Matrix was finalised, reflecting the 2021 priorities for the Company.

We will continue to assess these material topics on a regular basis to ensure their continued relevance and importance.

Sustainability Statement

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MATERIALITY MATRIX

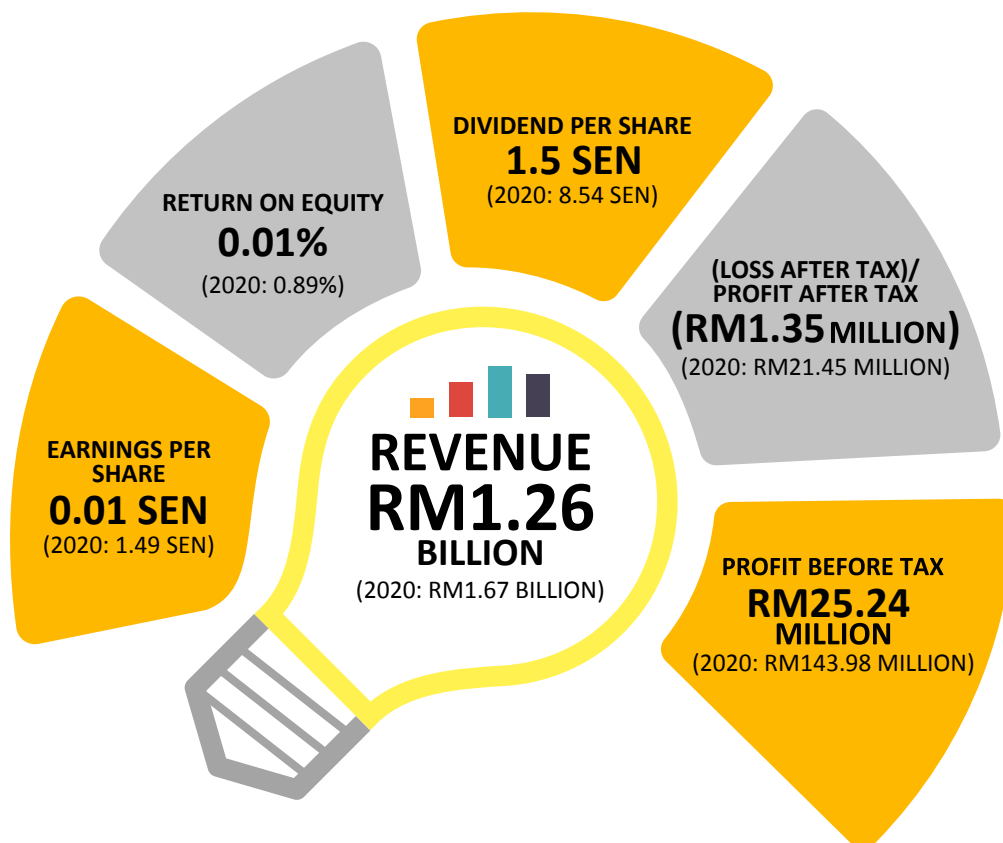


Sustainability Statement

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ECONOMIC SUSTAINABILITY

2021 FINANCIAL HIGHLIGHTS



CORPORATE GOVERNANCE AND 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 2021
- 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 Berhad – 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)

Sustainability Statement

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DRAW INTEGRITY

This issue is of paramount importance to Magnum, and we have developed highly stringent and secure Draw Standard Operating Procedures ("Draw S.O.P.") to safeguard the integrity of draw proceedings.

These S.O.P.s are part of our Lottery Draw Policy and adheres to the Lottery Draw Management guidelines and controls as advocated by the World Lottery Association (WLA). An annual audit conducted by a WLA panel of certified auditors on the Lottery Draw Policy ensures full compliance and tight security controls are in place to uphold the integrity of the draw.

Draw Committee

A 4-member core team who are responsible for the conduct of the draw. They are aided by larger team supporting the necessary back-end processes. The core team is drawn from the pool of senior Magnum management and executives. The draw itself is headed by a Head/Senior Manager of Department holding the position of draw "Manager-In-Charge" who oversees the full draw process.

The process

Strict security controls (24-hour CCTV surveillance and security personnel) and measures are enforced from the surrounding perimeter to the entrance of the draw auditorium. A series of pre-draw tests are conducted to ensure all equipment passes security checks, while security protocol dictates the manner of handling draw balls and draw machines at all times.

Draw sales and winning payout liability are independently verified and compared at end of draw via an offline and online system. Additional layer of counter-verification against an Independent Control System (ICS) is handled solely by the internal auditor. These measures ensure a fair draw that is free of potential fraud.

Management, the internal auditor and the Head of draw operations constantly review Draw S.O.P.s to improve upon the processes and controls to ensure operational procedures are adequate and fully complied with.

The draw is open to members of the public to witness and to register participation as a draw starter. However, current COVID-19 related S.O.P.s as stipulated by Ministry of Finance (MOF) places a restriction of not more than 20 persons in the draw auditorium at any one time.

BUSINESS CONTINUITY PLAN

Magnum's Business Continuity Plan (BCP) is comprehensive and ensures that major disruptions are minimised and that we can achieve a timely recovery of services arising from a disaster or disruption of any kind.

It provides detailed guidance of a formal prevention/recovery plan for all business units. This road map guides reactions in these situations and allows for greater speed in deployment and execution of said plans.

We conduct periodic emergency drills on major critical systems disaster scenarios to ensure a state of preparedness and that all personnel are aware of individual responsibilities in the recovery process, able to respond and recover within the stipulated time and to ensure that the equipment that functions as a secondary backup is in good working condition.

The Management together with key business owners actively reviews the BCP to ensure that it is kept up-to-date and able to respond to anticipated changes in the business environment.



Sustainability Statement

(cont'd.)

Heightened focus areas for 2021

Two of the most critical areas are impacts concerning our online gaming system which would cause a nationwide sales disruption across our retail outlets, and any impact concerning our draw auditorium, which would disrupt the conduct of the draw.

The continued spread of COVID-19 is an on-going concern; thus, we have had to put in extra effort (compared to 2020) to continue to ensure that the teams manning these critical operations are kept segregated and stationed at different sites (similar to a redundancy backup) to mitigate the risks associated with of COVID-19 infections or instances of close contact among these key personnel. Magnum keeps abreast of and is guided by the latest health updates and S.O.P.s from the Health Ministry and medical experts.

MONITORING OF ANTI-MONEY LAUNDERING ACTIVITIES

Malaysia's Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) laws require all reporting institutions to undertake preventive measures against being used as a conduit for money laundering and terrorism financing activities.

AML/CFT refers to all measures to prevent or combat money laundering and terrorism financing. For a country, this may include the laws and regulations that are enacted to prevent criminals from laundering/financing terrorism or, when they launder/finance terrorism, to prosecute them in court.

Preventive measures include conducting risk assessments, application of customer due diligence, submission of suspicious transaction reports (STR) and cash threshold reports (CTR), maintenance and retention of transaction records and implementation of the AML/CFT compliance programme that is reflective of the risk profile of the institution.

Malaysia's gaming sector falls under Bank Negara Malaysia's "Designated non-financial businesses and professions (DNFBPs)" segment. The central bank takes a tough stance when it comes to the prevention, elimination and control of such illegal activities. Furthermore, it contains a provision for gaming operators to conduct various due diligence checks to protect themselves from this issue.

Magnum takes this requirement seriously and has established an appropriate and comprehensive internal control system that enables the identification, monitoring and early detection of such activities via the flagging of unusual and suspicious patterns of behaviour in connection to any winning claim above a stipulated winning amount, the frequency or amount of repeated or cumulative wins over a certain period, and the size of individual winning amounts. Additional requirements were imposed by Bank Negara Malaysia requiring an expanded layer of customer due diligence that includes tracking the contact numbers and job occupation of all prize winners at lower prize-winning thresholds.

SECURITY STANDARDS AND CERTIFICATIONS



Operational integrity and security are critical to the success and sustainability of our Company. Stringent controls that comply with industry standards and best practices ensure that our lottery operations and systems remain highly trusted.

As a pioneer in the industry, MCSB is certified with the prestigious World Lottery Association: Security Control Standards (WLA:SCS) as well as ISO27001:2013 certifications. We have been certified since November 2013, and have maintained this prestigious status through 2021.

Amidst the rapidly changing technology landscape, Magnum's commitment to ensure the security and integrity of our operations remain unchanged. We will continue to demonstrate this commitment by recertifying our Company with the latest WLA:SCS as well as ISO27001:2013 requirements in 2022.

We are also constantly exploring ways in which emerging technologies that are safe can better enable business innovation without any compromise on integrity and security.

Sustainability Statement

(cont'd.)

SOCIAL SUSTAINABILITY

Responsible Gaming

"Magnum is committed to provide an environment which encourages a safe gaming experience to all our players. We have studied other notable worldwide lotteries and are committed to elevate our gaming experience further for the safety of our community"

DATO' LAWRENCE LIM SWEE LIN
CEO of Magnum Corporation Sdn. Bhd.

In 2021, MCSB reached a great milestone by becoming the first Malaysian lottery corporation to achieve the World Lottery Association (WLA)'s Level 3 Responsible Gaming certification.

This certification helps ensure that global best practices are being executed and strictly adhered to throughout the organisation for our customers, partners, stakeholders, communities and employees. The WLA's Responsible Gaming Framework (RGF) consists of four levels of achievement and 10 Programme elements outlining how lotteries can demonstrate their level of commitment to the WLA Responsible Gaming Principles.

Responsible Gaming is the lottery sector's most critical element of Corporate Social Responsibility. Beyond growing revenue and returns to good causes, WLA members' lotteries are required to facilitate responsible play.

The WLA International Advisory Panel for Responsible Gaming Certification has found that MCSB has complied and put in place the appropriate controls, procedures and initiatives to warrant its Level 3 certification endorsement.

Moving forward, MCSB will provide annual training for all employees, sales frontliners and retail outlet partners to ensure that Responsible Gaming practices are well-integrated throughout our business operations and that they understand the importance of educating and providing all our players with the most accurate Responsible Gaming information; information that helps them avoid the harm of excessive playing habits.



Activities and initiatives in 2021



Digital self-assessment tool

To help further our player education, Magnum designed this tool that helps players understand their gaming habits and how to take corrective action where needed.

Gambling Rehab Centre (GRC), Kuala Lumpur

Magnum has engaged with GRC Gambling Rehab Centre who specialise in rehabilitation treatment so that we may provide assistance for excessive players in Malaysia.

Responsible Gaming Week ("RG Week")

First launched in May 2021. This is an education and awareness programme focusing on the harms of excessive gaming and the importance of 'playing within your limits'. RG Week will be held annually as we continue to explore more creative ideas and collaborations in this area in the future. RG Week is also when we announce the most responsible agencies in the country to showcase the commitment of retail outlets in combating excessive and illegal gaming.

Responsible Gaming Training

All Magnum employees are required to attend the Responsible Gaming training held annually to understand and inculcate Responsible Gaming best practices both on a personal level as well as on a professional level. During this year's event, two guest speakers from the Gambling Rehab Centre, and International Psychology Centre were invited to share their expertise and knowledge.

Over 80% of our sales frontliners nationwide has been trained, and they are able to use Responsible Gaming knowledge to protect our customers better. Our Retailer training video was distributed to all Magnum's sales frontliners via YouTube.

Sustainability Statement

(cont'd.)

Distributing RG advertising materials in retail outlets

Several RG advertising materials were published and distributed (with a guideline as to how they should be displayed) at our retail outlets nationwide. Participation in this process was a requirement for consideration in the 'Most Supportive Agency Award' presented during RG Week.

Utilising our social media reach

We provide player education and awareness of Responsible Gaming through regular social media posts on our channels. The posts consist of knowledge to prevent underage gaming, the management of winnings and much more.

Supporting Rehab Centres, extending their reach

We continue to work with active NGOs who provide professional counselling and rehabilitation for problem gamblers in the country. We also help produce printed resource materials and make them available at our retail outlets as well as providing information and links on our websites and social media platforms to generate awareness of this avenue of assistance.

Research

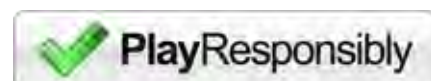
We engaged Ipsos, a global market research company, (the third largest market research company in the

world, with a presence in 90 markets, employing over 18,000 people). They were commissioned to understand gaming and spending habits in Malaysia. As advised by the WLA committee, we extended the scope of number of respondents randomly selected from both Peninsula and East Malaysia.

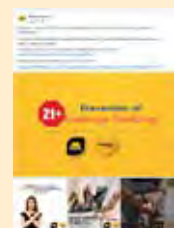
Magnum last conducted a research study of this kind in 2014 with Dr. Jasmine Loo, lecturer and psychologist, Monash University (Malaysia Campus), using our customer database to understand recreational gaming behaviours. We aim to improve annually on our responsible gaming programme by studying collected data, measuring the effects of our current programmes and exploring other effective avenues.

Unleashed the innovation of 'Magnites'

A fond term to describe our employees, these 'Magnites' were part of a newly formed Responsible Gaming coordination team whose job was to help roll out programmes based on WLA's Level 3 RG framework. This passionate team also coordinates and monitors the progress of efforts to minimise gaming issues in the country. Within our current 5-year transformation journey, Magnum is confident of being able to further drive Responsible Gaming initiatives and play a leading role within Malaysia's lottery industry in promoting this initiative.



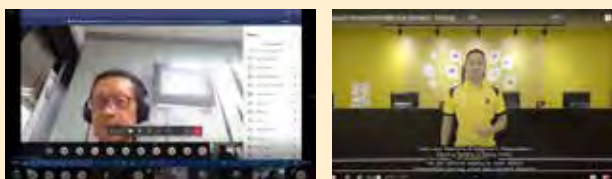
Visibility and affinity is one of the key elements driving awareness for any programme. Introducing Magnum's RG mascot, say hello to RG Hero! He's always close to all our hearts, worn as our frontliners' badge.



There are many RG communication materials that are designed to create awareness, educate and even a digital self-assessment tool. We share these liberally across all our digital assets such as social media, website and mobile app. They can be found on the MagnumCares and Magnum 4D pages.

Sustainability Statement

(cont'd.)



Our outlets and the staff who man them are the frontlines of this battle. There are various training sessions and talks by internationally recognised addiction and rehabilitation experts that they must attend. In our outlets, strategically placed advertising materials function as reminders to scan and identify gaming habits.



Responsible Gaming Week or RG Week, an annual event that consists of training, competitions as well as the 'Most Supportive Agency Awards'. Videos of the events are also later shared at all Magnum outlets nationwide.

EMPLOYEES



The success of our business depends on our people. While our core values determine how we should interact, it is the everyday behaviours that demonstrate the commitment to live up to these values. Our belief is that a culture of trust enables effective talent attraction and retention as well as engagement and development.

The Magnum team contains a diverse range of ethnicities, cultural backgrounds and professional experiences. It is an inclusive organisation where everyone has an equal opportunity to reach his/her full potential.

People & Culture; Everyday Practices

In 2021, aside from the health, well-being and safety initiatives that relate to COVID-19 (which still remains a key priority), we have further detailed a number of actionable goals and taken the necessary steps to ensure these are part of our everyday practice. It is part and parcel of our Magnum Beyond 2025 transformation programme.

Through various engagement sessions, our people find mutual respect, teamwork and leading by example to be key. These have been embedded in and expanded upon within these following practices.

We are committed to improve our overall employee experience by preserving a safe and positive workplace environment that protects employees' welfare and well-being. A big part of this experience also comes from professional progress; to this end we constantly seek to bridge skill gaps and define talent development strategies that provide frequent opportunities for learning and professional development.

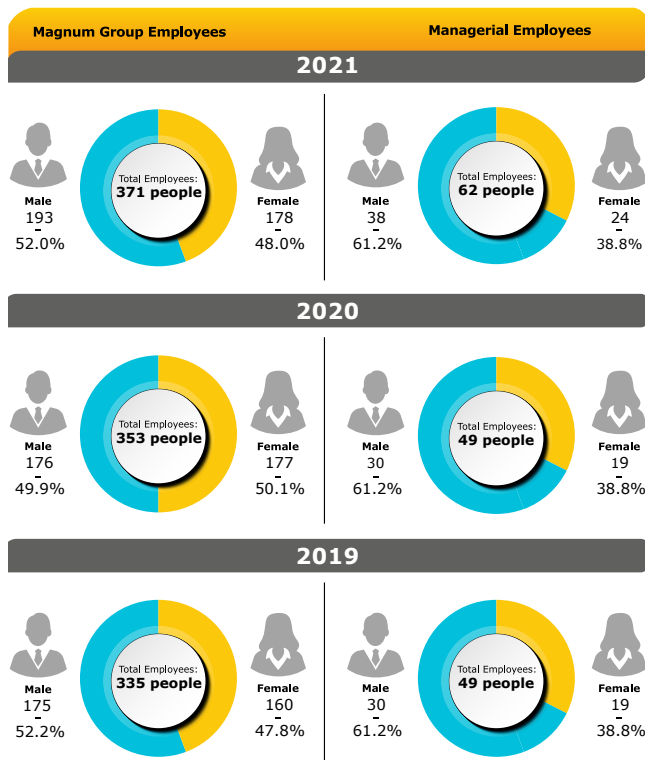
Rewards are important, and so is fairness; Magnum employs a performance-based culture that is based on behaviour, goals and KPIs to create a transparent and fair compensation structure and identify opportunities career advancement. We seek to empower our employees with equal opportunities based on meritocracy.

Sustainability Statement

(cont'd.)

We also promote various forms of regular and transparent communication through all kinds of channels; such as the communication of business performance updates and benchmarks, those that promote clarity in regards to the group's direction and even conversations that revolve around the inclusion of people from all walks of life.

Our diversity



TRAINING AND DEVELOPMENT

This is the biggest investment we can make towards becoming a future-ready and digitally enabled sustainable organisation. It is key in meeting ever-evolving customer expectations and the ability to deliver unique and memorable experiences at every touchpoint.

Effective training demands the right tools that are innovative and diverse, as well as match each person's strengths and weaknesses. At Magnum, every employee has the right to a chance to undergo various training plans that give the opportunity to reskill, relearn and/or refresh their existing skill sets.

The right knowledge, mindset and skills are key assets that we believe every employee must have, and we do everything we can to help them progress towards it.

Progress through adversity

In 2021, our training sessions, which usually consist of in-depth workshops, webinars and team-specific internal and external events were somewhat curtailed or delayed due to various periods of MCO and evolving S.O.P.s. In spite of that, we still managed to conduct these either online, or through limiting group sizes and various other means.

Through the year, we had nationwide training sessions focused on leadership, interview assessments, English language, motivational talks and raising customer service and our highly acclaimed Design Thinking Workshop.

The key advantage we had over the year was that we were able to better align to the goals stated in our Magnum Beyond 2025 transformation plan and create stronger focus in areas such as technology, digitalisation, sustainability and environmental issues.

It was also quite timely as the backdrop of the business environment was challenging, and thus provided plenty of food for thought and live examples that helped energise these sessions and provide a stronger, more palpable sense of urgency and determination.

Over the year, we continued to provide internships that allow the younger generation to gain valuable learning experiences across various departments. In line with our transformation goals, strategic key appointments, namely the positions of Chief Operating Officer; Chief Experience Officer; and Head of Sales are now onboard to further accelerate our transformation programme and strengthen our long-term business strategies.

At the height of the pandemic, we also managed to recruit 54 qualified and diverse talents in positions across the organisation. As for our current employees, we will continue to identify, promote, and encourage a number of career paths that crossed job descriptions and department lines.

Sustainability Statement

(cont'd.)

WORKPLACE HEALTH, SAFETY AND WELL-BEING

While Magnum is committed to ensuring the physical safety and health of our employees, we also recognised that mental health and overall well-being aspects of this topic can manifest itself as work-related stress, struggles with motivation and various other effects whose sources may be hard to pin down.

If 2020 was defined by all the basic physical new habits everyone needed to develop overnight (such as mask wearing, avoiding crowds, social distancing, the sanitising of our hands and the constant beeping of temperature readers for example), 2021 may be defined by a greater focus on understanding and countering the psychological aspects of the pandemic.

Doing well comes from being well

Throughout this reporting period, on the physical front we added precautions on top of MOH's guidelines which saw employees performing weekly COVID-19 self-tests prior to entering any business premise. Hybrid working arrangements and an extended WFH policy also helped minimise risks of exposure. Furthermore, there was a focus on safe upkeep and proper maintenance of office fittings and fixtures as well as refresher fire drills to rekindle familiarity with fire and safety evacuation after all those intermittent periods of being away from the office.

Numerous efforts in the areas of psychological health and overall well-being were put in place. Over the year, we had a qualified psychotherapist conduct workshops designed to identify and cope with burnout during the pandemic. We introduced a coffee corner with a free flow of coffee, snacks, ice-cream and fruits. The Company had also borne all COVID-19 medical expenses for our employees. Through collaboration with Magnum's CSR, and Sports Club, online activities were designed to boost morale: Bingo 2.0, Virtual Fitness (kick boxing), and Kahoot games.

Proving that active listening is still one of the most powerful actions that one can employ, we gave employees a voice by conducting quarterly pulse surveys to gauge feedback on all the above. Sessions were generally positive with good feedback that was received and acted upon.

As a result, Magnum had zero workplace related accidents, minimal reported cases being COVID-19 positive and for those who did, a 100% recovery rate. Still, as we celebrate these achievements, we strongly believe we must continue to remain vigilant in this area.

CUSTOMER EXPERIENCE

To see ourselves as a customer might

This is a nagging reminder that is in a state of constant replay in our minds. We believe that 'customer experience' is much more than what happens at the last mile, right at our outlet counters or the point of sale. It is a process that begins even before we can truly call them a customer, from the moment of awareness. Our brand is important here, and it must demonstrate and stay true to its values throughout a journey that starts at awareness and extends all the way through the user experience – customer care, innovative product and service features, ease of use, assuring them through any concerns and most importantly, trust and our contributions to society. This is a true driver sustainable value, and thus will always remain our #1 priority.

Magnum's core values include placing customers at the forefront of everything we do. It's all about ensuring extraordinary customer experience.

We are also committed to doing what's right for the customer (even to the extent of probably turning them away through *Responsible Gaming* – keeping players away from the harms associated with addiction).

Our customer centric approach has manifested itself in these various areas over 2021.

Transformation of structure and skills

We have created and filled the Customer Experience Officer (CXO) position within our organisation. The role is critical for us, as it is meant to lead the way forward in making sure the customer remains our #1 commitment through engaging and collaborating throughout the organisation to create brand love and brand loyalty.

Sustainability Statement

(cont'd.)

Technology and digitalisation reaching more fingertips

Magnum is first to offer digital payment solutions, through a partnership with Touch 'n Go. This is available at all our retail outlets nationwide and is a welcome option for customers as it reduces contact and helps provide a safer experience.

The year also saw us conduct a successful pilot project, offering an alternative online prize payment option in addition to the conventional cash or cheque payment and digitalising the prize payment process created an improvement of the customer experience as well as our own internal efficiency, cutting down on claim processing time and security. It's seamless, fast, and a great experience. A genuine win-win.

All of this was also a means to combat illegal operators. As we are already known to be safe, responsible and trustable, we can also add more user-friendly and further demonstrate our efficiency as well.

A rewarding return to the joy of gaming

After numerous cancelled draws and other disruptions, our customers were certainly missing their favourite pastime. To welcome them back, a number of sales campaigns designed to provide greater rewards.

Two notable campaigns: Huat Ang Pow Lucky Draw campaign and Magnum's 388 contest, both offering exciting prizes. To close the year, a Magnum Lucky Day campaign was undertaken at selected retail outlets in our effort to say "Thank You" to our loyal customers.



To us, these are more than just prizes and rewards for customers, they are gestures of goodwill and appreciation for their support.

Engaging wherever, whenever

As social distancing took hold, the use of digital communication has become a must have. Over the year, our social media channels and digital communication became our key platforms to engage with customers. These channels have been re-branded and are working harder than ever. We revved up our efforts on these platforms to disseminate information, together with our marketing and campaign initiatives in order to build deeper and more meaningful levels of engagement with our customers.

Closely tied to this effort is our unified customer support centre. They are an integrated call centre supporting email, chats, social media — a one-stop service centre. The lockdowns drove their workload higher as they were constantly on-call, helping and reassuring customers who were requiring refunds for cancelled draws, making claims (including for expired tickets) and most often, asking "Re-opening when?".

Safety First, Always

Above and beyond the health and health ministry's required S.O.P.s, we had reinforced operating agency S.O.P.s to better protect everyone — our customers as well as our sales frontliners. All our sales frontliners were required to be fully vaccinated including booster shots, and customers who were either unvaccinated, COVID-19 positive or close contacts were strictly barred from entering any of our premises.



Innovative and creative campaigns demonstrate our love and care for the customer, to drive more value in our offerings, a steadfast commitment of ours.

Sustainability Statement

(cont'd.)

OUR 2021 CORPORATE SOCIAL RESPONSIBILITY INITIATIVES



MagnumCares 'For You, With You'

This is the mantra of our Corporate Social Responsibility (CSR) dedicated arm. To us, our most meaningful work is always done in the field, alongside the Rakyat as we champion the causes of the people and help diversified groups of communities nationwide. Despite the health challenges of 2021, MagnumCares still persisted in exploring new and effective solutions to help improve the lives of our community.

Our 2021 CSR Initiatives at a glance

We marched forward through the many challenges of 2021 and remained constant in our mission to spread kindness, contribute the various kinds of required assistance and care across a diverse group of communities.

It is good to remember that the pandemic's impact was disproportionate; it hit hardest amongst underprivileged communities as income, food security and medical needs became enormous challenges for them. We helped provide various forms of assistance to weather this storm. There was also the challenge of supporting the different requirements of groups ranging from B40s to Orang Asli communities, and underprivileged students to Persons with Disabilities (OKU). In this time of need, Magnum stayed on course and steadfastly affirmed our corporate responsibilities of helping build a better nation.

Over
RM2.2 million

contributed to the nation.

The beneficiaries were:

26,000+

Individuals from **B40, OKU, Orang Asli, single mothers** and **refugee communities**

2,300+

Magnum Group **Employees** and **Sales Frontliners**

5,550+

Students nationwide

270+

Schools nationwide

250+

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

Sustainability Statement

(cont'd.)

2021's programmes covered



Welfare and Community



Bringing festive cheer to OKU communities

Food necessities and angpows

Spread festive cheer amongst different groups of underprivileged communities



Spreading Deepavali festive cheer



Distributing CNY angpow joy



Spreading cheer during the Gawai Festival

Daily necessities, medical and education needs

Provided for more than 2,900 old folks and 900 children through our various Community Support and Welfare Outreach programmes



Supporting the 'Home Enhancement Programme' to improve living conditions in various charitable homes

The Lost Food Project

Provided 100,000 meals to thousands of beneficiaries



Supporting the 'Lost Food Project' to help eliminate hunger

Sustainability Statement

(cont'd.)

Restored vegetable farms

Helped jobless farmers revive sources of income

Flood victim support

Supported various national organisations by purchasing cleaning supplies and hygiene kits for more than 150 households during the monsoon floods

Malaysian Association for the Blind (MAB)

Supported in providing groceries and food aid for 6 months for 30 families

Local musicians and the arts

Supported Persatuan Pemuzik Tempatan Selangor's (PPTS) Ox-picious Chinese New Year and Deepavali shows which were online job opportunities for these groups



Supporting local musicians in PPTS' virtual festive events

'Notes of Love'

Supported this virtual charity musical festival that raised funds via LIVE online performances, organised by Fusion of Love and Dual Blessing Bhd.



Supporting the 'Notes of Love' virtual charity musical festival

HOSPIS Malaysia

Sponsored 487 home visitations by their clinical team for chronic disease patients



Supporting HOSPIS Malaysia's home visitations

Young Women's Christian Association of Kuala Lumpur (YWCA KL)

Renovated and provided equipment to establish a learning room

Community threats

Responded in various means providing support for emergency circumstances (floods, fire, accidents etc.)



Our Sustainability

Sustainability Statement

(cont'd.)



Health and Well-being



P.M.P Parah Miskin Malaysia

Donated wheelchairs, ripple mattresses, suction pump machines and nebulisers for underprivileged patients



Noble Care Malaysia

Provided financial support for medical equipment required by old folks and the handicapped

Magnum Sales Frontliners

Provided over 1,800 members a one-off allowance during FMO 3.0 to assist with extra food necessities. Also assisted more than 140 members undergoing various medical treatments during COVID-19

Virtual Employee Engagement Programme

The BINGO 2.0 Challenge – a challenge to improve teamwork, work-life balance, enhance sustainability and maintain connectivity within the office community via the Microsoft Teams platform during multiple periods of MCOs in 2021



Providing e-tunai assistance to our frontliners during the lockdown periods



Environmental

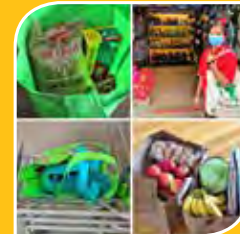


Building mindsets

Encouraged employees to share and practise good habits in relation to usage of water, electricity and waste management while working from office and/or home

Leading by example

Support for the practice of recycling and using plastic-free items in the office



Educating our employees on proper recycling habits and encouraging the use of plastic-free items



Education



Under privileged students

Donated 750 sets of school necessities and provided support for e-learning and their overall well-being

National Mandarin Debate Tournament

Support for this online event that was participated by over 600 debaters nationwide

Magnum Sales Frontliners

Education Grants for selected members, to help provide for their children's tertiary studies



Providing assistance to improve academic and e-learning experiences to 60 nationwide Chinese schools

Sustainability Statement

(cont'd.)

ENVIRONMENTAL SUSTAINABILITY

Environmental stewardship: A business growth driver

Pursuing environmental sustainability is part and parcel of being a responsible corporate citizen. 'To act for the betterment of and to be responsible when utilising the planet's resources so that future generations may also be able to draw on these resources to meet their needs' is an apt description of a virtuous cycle.

As many are discovering, it is also a powerful driver of economic sustainability. How? Here's a simple example of the value of both sides of this coin. Resource efficiency and minimising waste directly impact costs of business and can be seen on the bottom line. Playing an active role when it comes to environmental stewardship and setting a good example not just to other companies but also the community at large also benefits a brand's image and thus, the enterprise value of the brand.

Our approach is proactive across our business divisions. Frequent monitoring keeps us conscious of our carbon footprint and resource consumption patterns as we work to minimise our environmental impact while encouraging our stakeholders to think and act green every step of the way too.

For Magnum and our sustainability committee, the nature of our business generally has a low impact on the environment space, relative to its scale. However, we still find that there are areas where we can contribute meaningfully. With a strong endorsement by the Board, we are committed to the fact that more needs to be done, and we cannot rest while various environmental threats now loom on the horizon.

Our largest area of impact: operations

Energy

Lighting and air-conditioning our offices accounts for a large portion. Over the past 3 years, we have been actively phasing out non-energy efficient equipment and will continue to do so to drive down energy consumption.

Greater usage of cloud-based computing solutions has led to improved efficiency as server space is only be purchased when needed and minimises excess.

Paper

With our increasing levels of digitalisation, office documents are stored and circulated electronically. There is still room for improvement especially within departments that traditionally have high paper usage levels, and this is being addressed through our rising level of digitalisation. We had hoped to achieve a target of reducing paper usage by 50% (1,185 reams) against our base line number of 2,370 reams. However, we were not able to achieve the target this year (we reduced usage to 1,865 reams, 78% of the base line). However, with the on-going digitalisation process, we are confident to achieve the target by next year.

Even across our retail operations, technology is a key player in this battle. Together with a growing usage of Magnum's newly launched mobile app and social media for communication, this is contributing greatly toward our ability to approach a paperless state.

Another hidden benefit is that as deforestation, reduction of clean water supplies and other natural calamities rise around the world, resources like a simple sheet of clean paper are becoming more expensive to procure, thus making us more cost effective over time.

Sparking behavioural change

One of the biggest components in any green initiative is to capture the imaginations of and to inspire others into taking up this cause. Internally, we have created awareness programmes that educate, train and motivate our employees to work in an environmentally responsible and proactive manner. While we do pragmatic things such as minimising waste through the basic 3Rs (reduce, reuse, recycle), we also appeal to the senses; over time, our office itself has seen more and more plants placed within our premises as well as the outside perimeter of our office building. To reach beyond ourselves, we have also supported and collaborated with community-based NGOs on various environmental and conservation efforts.

The task ahead

To be honest, it is long and challenging. But it is one that we cannot, in all good conscience turn away from. Our commitment remains true, and we look forward to uncovering more areas of contribution and sharing more initiatives in this area in the years to come.

This Sustainability Statement was approved by the Board on 24 March 2022.

Board of Directors' Profile

Tan Sri Dato' Surin Upatkoon

Non-Independent Non-Executive Chairman

Age	Nationality	Gender	Board Meeting Attendance in 2021
73	Thai	Male	5/5

Occupation, Working Experience and Qualifications:

Tan Sri Dato' Surin Upatkoon 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 strategy 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 as 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.

Board of Directors' Profile

(cont'd.)

Dato' Lawrence Lim Swee Lin

Non-Independent Executive Director

Age	Nationality	Gender	Board Meeting Attendance in 2021
65	Malaysian	Male	5/5

Occupation, Working Experience and Qualifications:

Dato' Lawrence Lim Swee Lin was appointed to the Board of Magnum on 28 June 2013 as a Non-Executive Director and was re-designated as 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.

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 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 has been 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 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 (Honours) degree in Economics from the University of Sheffield, United Kingdom and a Master of Business Administration degree from the Victoria University of Manchester, United Kingdom.

Board of Directors' Profile

(cont'd.)

Krian Upatkoon

Non-Independent Executive Director

Age	Nationality	Gender	Board Meeting Attendance in 2021
42	Thai	Male	5/5

Occupation, Working Experience and Qualifications:

Krian Upatkoon was appointed as Executive Director of Magnum on 18 February 2019. He has also been 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 Head of Business Development & E-Marketing on 1 February 2016 and subsequently promoted to Deputy General Manager of Magnum 4D Group on 1 March 2017. Krian does not sit on any Board Committee of Magnum.

Krian has more than 10 years of working experience 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 holds a Master of Science in Engineering degree in Computer Engineering and a Bachelor of Science in Engineering degree in Computer Engineering, both from University of Michigan, Ann Arbor, USA.

Datuk Vijeyaratnam a/l V. Thamotharam Pillay

Non-Independent Non-Executive Director

Age	Nationality	Gender	Board Meeting Attendance in 2021
70	Malaysian	Male	5/5

Occupation, Working Experience and Qualifications:

Datuk Vijeyaratnam a/l V. Thamotharam Pillay 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.

Datuk Vijeyaratnam was an Independent Non-Executive Director of Eastern & Oriental Berhad (a public listed company) from July 2003 to May 2021. Presently, he sits on the Board of several private limited companies in Malaysia. He is also a Trustee of Magnum Foundation.

Board of Directors' Profile

(cont'd.)

Dato' Lim Tiong Chin

Independent Non-Executive Director

Age	Nationality	Gender	Board Meeting Attendance in 2021
69	Malaysian	Male	5/5

Occupation, Working Experience and Qualifications:

Dato' Lim Tiong Chin 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.

Jean Francine Goonting

Independent Non-Executive Director

Age	Nationality	Gender	Board Meeting Attendance in 2021
54	Malaysian	Female	5/5

Occupation, Working Experience and Qualifications:

Jean Francine Goonting 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.

Board of Directors' Profile

(cont'd.)

Additional Information:

1. Interest in the shares of the Company and its subsidiaries

Save as disclosed below, none of the other Director has any interest in the shares of the Company and its subsidiaries as at 1 April 2022:

MAGNUM BERHAD

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. Thamotharam Pillay	1,487,800	0.104	60,600 (c)	0.004
Dato' Lim Tiong Chin	4,984,350	0.347	10,617,120 (d)	0.739

Notes:-

- (a) Deemed interest by virtue of Section 8(4) of the Act through his shareholding interest of not less than 20% in Casi Management Sdn. Bhd. and Pinjaya Sdn. Bhd.; and indirect interest held through his children pursuant to Section 59(11) of the Companies Act 2016 ("the Act").
- (b) Deemed interest by virtue of Section 8(4) of the Act through his shareholding interest of not less than 20% in 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) of the Act through his shareholding interest of not less than 20% in Keetinsons Sdn. Bhd. and T.C. Holdings Sdn. Bhd.

By virtue of his deemed interest of not less than 20% in the voting shares of Magnum, Tan Sri Dato' Surin Upatkoorn 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.

2. Family relationship

The family relationship between Tan Sri Dato' Surin Upatkoorn, the Non-Independent Non-Executive Chairman, and Krian Upatkoorn, the Non-Independent Executive Director, are father and son respectively.

Save as disclosed above, none of the other Directors has any family relationship with any other director and/or major shareholder of Magnum.

3. Conflict of interests

None of the Directors has any conflict of interest with Magnum.

4. List of convictions for offences and public sanction or penalty

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 2021.

Key Senior Management's Profile

Dato' Lawrence Lim Swee Lin

Positions

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

Age	Nationality	Gender
65	Malaysian	Male

Academic/Professional Qualifications:

- Master of Business Administration, Victoria University of Manchester, United Kingdom
- Bachelor of Arts in Economics (Honours), University of Sheffield, United Kingdom

Working Experience:

Dato' Lawrence Lim Swee Lin was appointed to the Board of Magnum Berhad ("Magnum") on 28 June 2013 as a Non-Executive Director and was re-designated as 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 subsidiaries of 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 has been 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 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.

Key Senior Management's Profile

(cont'd.)

Krian Upatkoon

Positions

- Executive Director of Magnum Berhad
- Executive Director of Magnum 4D Berhad

Age	Nationality	Gender
42	Thai	Male

Academic/Professional Qualifications:

- Master of Science in Engineering, Computer Engineering; University of Michigan, Ann Arbor, USA
- Bachelor of Science in Engineering, Computer Engineering; University of Michigan, Ann Arbor, USA

Working Experience:

Krian Upatkoon was appointed as Executive Director of Magnum Berhad on 18 February 2019. He has also been 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 Head of Business Development & E-Marketing on 1 February 2016 and subsequently promoted to Deputy General Manager of Magnum 4D Group on 1 March 2017.

He has more than 10 years of working experience 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.

Lum Fook Seng

Positions

- Chief Financial Officer of Magnum Berhad
- Group Chief Financial Officer of Magnum Corporation Sdn. Bhd.

Age	Nationality	Gender
57	Malaysian	Male

Academic/Professional Qualifications:

- Registered Accountant and a Fellow member of the Chartered Association of Certified Accountants (ACCA)
- Graduate of the Institute of Chartered Secretaries Association (ICSA)
- Diploma in Business Management, Tunku Abdul Rahman College (now known as 'Tunku Abdul Rahman University College'), Malaysia

Working Experience:

Lum Fook Seng 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 to 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.

Fook Seng started his accountancy career in the Property sector, staying for 3 years before joining Magnum 4D Berhad on 12 February 1992. To-date, he has more than 30 years of experience in the Gaming industry, particularly in back-room operations.

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

Key Senior Management's Profile

(cont'd.)

Beh Swan Swan

Positions

- Chief Information Officer, Magnum Group, Magnum Corporation Sdn. Bhd.
- Group Enterprise Risk Management Officer, Magnum Berhad

Age	Nationality	Gender
63	Malaysian	Female

Academic/Professional Qualification:

- Bachelor of Science in Computer Science; Monash University, Melbourne, Australia

Working Experience:

Beh 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. In January 2013, she was redesignated as the Group Chief Information Officer ("CIO") in MCSB Group.

Swan Swan was appointed as the Company's Group Risk Management Officer in 2017. She was also the Head of the Magnum Group CSR division from 2014 to 2021. She was actively involved in implementing numerous CSR initiatives for the Organisation under the MagnumCares umbrella.

Swan Swan was appointed as the Asia Pacific Lottery Association ("APLA")'s Secretariat Administrator from 2014 till 2019. She was responsible for coordinating and managing the APLA administration (Exco Meetings, AGMs and Membership Management) under the guidance of the APLA Executive Committee; she coordinated with host member lotteries and helped to organise all the APLA events (held twice yearly); identified topics of interest, helped curate programmes and invited industry experts as keynote speakers.

Since 2018, Swan Swan has been 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 as 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 Program held at INSEAD Singapore in November 2019 where 30 out of 300 Technology leaders in the Asia Pacific region were shortlisted as attendees. Swan Swan was awarded the Digital Transformation Award in a CXO Leadership Challenge assignment.

Key Senior Management's Profile

(cont'd.)

Datuk Chan Chee Fai

Position

- Group Chief Commercial Officer, Magnum 4D Berhad

Age	Nationality	Gender
58	Malaysian	Male

Academic/Professional Qualifications:

- Executive Master of Business Administration; University of Lincoln, United Kingdom
- Fellow of Malaysian Institute of Management

Working Experience:

Datuk Chan Chee Fai was appointed as Group Chief Commercial Officer of Magnum 4D Berhad in March 2021. He joined the company in June 1991 as an Operations Officer and went on to become the Chief Commercial Officer in April 2015.

One of his main areas of responsibility is to oversee the new Strategic Gaming Division which was set up to oversee the Public Relations, CSR and Product Administration functions of the Group.

Chong Fhui

Positions

- Chief Operating Officer, Magnum 4D Berhad
- Deputy Chief Transformation Officer, Magnum Corporation Sdn. Bhd.

Age	Nationality	Gender
41	Malaysian	Male

Academic/Professional Qualifications:

- Executive Master of Business Administration; Asia Metropolitan University, Malaysia
- Chartered Fellow of Chartered Management Institute, United Kingdom
- Post-graduate Diploma in Business Administration; Anglia Ruskin University, United Kingdom
- Bachelor's Degree in Human Development; University Putra Malaysia
- Executive Program in Digital Transformation Strategies; Judge Business School, University of Cambridge, United Kingdom

Working Experience:

Chong Fhui joined the Group on 1 July 2021. Prior to joining Magnum Group, Chong Fhui served as Chief Commercial Officer of the Touch 'n Go Group, spearheading the fintech revolution and digital transformation within Malaysia's mobility ecosystem.

His career has also seen him held the roles of Chief Sales Officer of Allianz Partners Malaysia, and Head of Enterprise Business in Astro Holdings Malaysia Berhad. In Astro, he was charged with reshaping the business operating model, and setting it on a new growth trajectory. Under his leadership, Astro's Enterprise Business were named "South-East Asia's Best Commercial Acquisition Team" at The Spark Awards for Media Excellence in 2014.

In the earlier years of his career, Chong Fhui gained multi-disciplinary exposure in Consumer Banking, Wealth Management and Retail Distribution from his leadership roles in Alliance Banking Group, ING Insurance and Great Eastern Life Assurance Malaysia.

Key Senior Management's Profile

(cont'd.)

Kong Ee Lynn

Position

- Chief Experience Officer, Magnum 4D Berhad

Age	Nationality	Gender
44	Malaysian	Female

Academic/Professional Qualification:

- Bachelor of Arts in Mass Communication;
University Sains Malaysia

Working Experience:

Kong Ee Lynn joined the company in August 2021. She oversees the three divisions of the Customer Experience Department: Marketing, Customer Service and Customer Insights. Ee Lynn is tasked to ensure that Magnum 4D Berhad leads the way in branding and communication strategies, brings about differentiated and innovative customer services, and embarks on data analytics for customer insights to future-proof itself.

She has more than 18 years' experience in branding, marketing, activation and CSR for various global and homegrown categories such as telecommunications, IPTV, household essentials, health and beauty, alcohol and tobacco products amongst others.

Ee Lynn was Head of Marketing for a subsidiary of one of the nation's largest telecommunications companies. There, she drove a massive restructuring and rebranding project to integrate their various brands, nationwide databases and assets under a common monolithic and unified brand. This was one of Malaysia's largest nationwide rebranding exercises. She also successfully launched their mobile app, featuring Malaysia's first ever in-app purchasing journey. It garnered two million users and was the #1 downloaded app in Google Play and the Apple App Store within the first week of launch.

Ee Lynn has won multiple awards in the marketing industry; the 2019 Gold Putra Brand Awards, World Branding Awards in 2020 and The Best Marketer in Mobile Marketing in 2021.

Key Senior Management's Profile

(cont'd.)

Additional Information:

1. Interest in the shares of the Company and its subsidiaries

Save as disclosed below, none of the other Key Senior Management has any interest in the shares of the Company as at 1 April 2022:

MAGNUM BERHAD

Name	Direct Interest		Indirect / Deemed Interest	
	No. of shares	%	No. of shares	%
Dato' Lawrence Lim Swee Lin	8,265,664	0.575	3,030,000 *	0.211
Krian Upatkoon	–	–	3,030,000 *	0.211
Lum Fook Seng	81,038	0.006	–	–
Beh Swan Swan	404,539	0.028	–	–
Datuk Chan Chee Fai	25,250	0.002	–	–

Notes:-

* Deemed interest by virtue of Section 8(4) of the Companies Act 2016 through his shareholding interest of not less than 20% in Zenbell Holdings Sdn. Bhd. and its subsidiary, Zenbell (Selangor) Sdn. Bhd.

None of the Key Senior Management has any interest in the shares of the subsidiaries of Magnum as at 1 April 2022.

2. Directorships in public companies and listed issuers

Save as disclosed in the profiles of Dato' Lawrence Lim Swee Lin and Krian Upatkoon above, none of the other Key Senior Management has any directorship in public companies and listed issuers.

3. Family relationship

Save for Krian Upatkoon who is the son of Tan Sri Dato' Surin Upatkoon, the Non-Independent Non-Executive Chairman and a major shareholder of Magnum Berhad, none of the other Key Senior Management has any family relationship with any director and/or major shareholder of Magnum.

4. Conflict of interest

None of the Key Senior Management has any conflict of interest with Magnum.

5. List of convictions for offences and public sanction or penalty

None of the Key Senior Management has:

- been convicted of any offence within the past five years; and
- been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2021.

Corporate Governance Overview Statement

The Board of Directors ("Board") of Magnum Berhad ("Magnum" or "Company") presents this Statement to provide 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 2021, applied the key principles and practices prescribed in the Malaysian Code on Corporate Governance as at 28 April 2021 ("MCCG") published 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 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 and ISO/IEC 27001:2013 standards which entails putting in place a Information Security Management System (ISMS) with additional lottery related controls implemented; and

Corporate Governance Overview Statement

(cont'd.)

- (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.

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 authorities.

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 a 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 ensures 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 the 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.

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 Charter was last reviewed by the Nomination Committee in November 2020.

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

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 2021.

Corporate Governance Overview Statement

(cont'd.)

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 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 defines 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 2021 are summarised as follows:

(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 (Non-Independent Non-Executive Director)	2/2	100
Members Dato' Lim Tiong Chin (Independent Non-Executive Director)	2/2	100
Jean Francine Goonting (Independent Non-Executive Director)	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.

Corporate Governance Overview Statement

(cont'd.)

The main activities of the Nomination Committee during the financial year 2021 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;
- assessed the training needs of the Directors; and
- reviewed the Code of Business Conduct and Ethics for Board of Directors.

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 had, nonetheless, in March 2022 approved the extension of the timeframe for application of Practice 5.8 of the MCCG which prescribed that the Nominating Committee is chaired by an Independent Director or the Senior Independent Director for another year i.e. by year end 2022.

(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 Upatkoorn (Non-Independent Non-Executive Director) 	2/2	100
<ul style="list-style-type: none"> Members Dato' Lim Tiong Chin (Independent Non-Executive Director) 	2/2	100
<ul style="list-style-type: none"> Jean Francine Goonting (Independent Non-Executive Director) 	2/2	100

Corporate Governance Overview Statement

(cont'd.)

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.

Currently, the Chairman of the Remuneration Committee is also the Chairman of the Board. The Board is of the view that there is no issue regarding the checks and balances as well as objectivity of any recommendations made by the Remuneration Committee as all decisions are made collectively and any interested member will abstain from deliberations and decisions on matters of which he has an interest.

The Board, nonetheless, will by year end 2025 apply Practice 1.4 of the MCCG which prescribed that the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

(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	%
Chairman Dato' Lim Tiong Chin (Independent Non-Executive Director)	5/5	100
Members Datuk Vijeyaratnam a/l V. Thamothearam Pillay (Non-Independent Non-Executive Director)	5/5	100
Jean Francine Goonting (Independent Non-Executive Director)	5/5	100

The Group Audit Committee reviews the Group's financial reporting process, the system of internal controls, 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.

(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	%
Chairman Dato' Lim Tiong Chin (Independent Non-Executive Director)	2/2	100
Members Dato' Lawrence Lim Swee Lin (Non-Independent Executive Director)	2/2	100
Jean Francine Goonting (Independent Non-Executive Director)	2/2	100

Corporate Governance Overview Statement

(cont'd.)

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 to manage the risks in the Group.

1.7 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 a company secretary and meet the requirements 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.

1.8 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 dates of the meetings of the Company's Board 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 2021, 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

Corporate Governance Overview Statement

(cont'd.)

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 processes are 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.

1.9 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 of 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.

1.10 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.

1.11 Directors' Training

The Board places the responsibility for training of directors upon 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 2021:

Corporate Governance Overview Statement

(cont'd.)

Director	Seminar/Workshop/Training Courses attended
Tan Sri Dato' Surin Upatkoon	<ul style="list-style-type: none"> 2 April 2021: Thriving Through Technology – Transformation of Digitalisation in Business
Dato' Lawrence Lim Swee Lin	<ul style="list-style-type: none"> 2 April 2021: Thriving Through Technology – Transformation of Digitalisation in Business
Krian Upatkoon	<ul style="list-style-type: none"> 2 April 2021: Thriving Through Technology – Transformation of Digitalisation in Business 15 September 2021: Dawn Raid – Don't Be Caught Unprepared
Datuk Vijeyaratnam a/l V. Thamotharam Pillay	<ul style="list-style-type: none"> 23 February 2021: Director Training Programme on Business Continuity 2 April 2021: Thriving Through Technology – Transformation of Digitalisation in Business
Dato' Lim Tiong Chin	<ul style="list-style-type: none"> 2 April 2021: Thriving Through Technology – Transformation of Digitalisation in Business
Jean Francine Goonting	<ul style="list-style-type: none"> 2 April 2021: Thriving Through Technology – Transformation of Digitalisation in Business 17 November 2021: KPMG Tax and Business Summit 2021

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 of the 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 5.2 of the MCCG which stated that at least half of the board comprises Independent Directors and for Large Companies, the Board comprises a majority of independent directors.

Corporate Governance Overview Statement

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Notwithstanding this, the Board is of the opinion that there is no issue in 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 with subsequent economy lockdown and periodically imposed movement controls since 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 5.2 of the MCGG, which expired at year end 2021, for another 3 years i.e. by year end 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 stated transaction. Hence, the Directors retain the ability to exercise their duties and make decisions which are in the best interest of the Company.

2.3 Tenure of Independent Directors

The Board is mindful of the Step Up Practice 5.4 of the MCGG 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 5.9 of the MCGG which stated that the Board comprises at least 30% women Directors.

Since August 2019, there is one female Director on the Board. This composition of women Directors represents 16.7% of the total number of Board members. Due to the Covid-19 pandemic with subsequent economy lockdown and periodically imposed movement controls since March 2020, the Nomination Committee has put on hold the recruitment process of other suitable Independent female candidates until after the pandemic. The Board had in March 2021 approved the extension of the timeframe for application of Practice 5.9 of the MCGG for another 2 years i.e. by year end 2022.

Corporate Governance Overview Statement

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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 2021 of 48.0% (2020: 50.1%) female to 52.0% (2020: 49.9%) male employees, and 38.8% (2020: 38.8%) female employees holding supervisory and managerial positions.

2.5 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 with 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;
- (c) the person must manage his debts and financial affairs prudently; and
- (d) the person must be apolitical.

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 2021, no new Directors were appointed to the Board.

Corporate Governance Overview Statement

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2.6 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 6.1 of the MCCG, 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 assessment 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 since 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 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.

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 2021, 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.

2.7 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.

Corporate Governance Overview Statement

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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, Dato' Lawrence Lim Swee Lin and Mr. Krian Upatkoorn, 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.

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 2021 are as follows:

	Company			Subsidiaries				Group
	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefits -in-kind based on estimated money value (RM'000)	Directors' Fees (RM'000)	Salaries (RM'000)	Bonuses and Other Emoluments (RM'000)	Benefits -in-kind based on estimated money value (RM'000)	Total (RM'000)
Non-Executive Director								
TSU	-	-	-	50.0	-	-	-	50.0
DVJ	95.0	-	32.7	-	-	-	-	127.7
DLTC	95.0	7.5	-	-	-	-	-	102.5
JFG	95.0	7.5	-	-	-	-	-	102.5
Executive Director								
DLSL	-	-	-	55.0	1,212.0	181.8	25.6	1,474.4
KU	-	-	-	5.0	840.0	117.6	-	962.6

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

Corporate Governance Overview Statement

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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 defines 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 2021 are set out in the Group Audit Committee Report in this Integrated Annual Report.

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 2021. Accordingly, the Group Audit Committee has recommended EY's re-appointment as the Company's external auditors for the financial year ending 31 December 2022.

Corporate Governance Overview Statement

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5. Risk Management And Internal Control Framework

5.1 Risk Management and Internal Control System

The Board has overall responsibility for maintaining a sound system of risk management and internal control covering financial, operational and compliance controls to safeguard shareholders' investment and the Group's assets.

The Group has an effective internal control system which sets out the processes and frameworks required to ensure effective and efficient delivery of the Group's strategic objectives. The internal control system is designed to cater for the Group's needs and to manage the risks to which it is exposed. It should be noted that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group and can only provide reasonable but not absolute assurance against material financial misstatement or loss. Nevertheless, the Board will continue to maintain and review its internal control procedures to ensure the protection of the shareholders' investment and Group's assets.

The Risk Management Committee assists the Board to oversee the risk management matters relating to the business activities of the Group to ensure the risk and control framework is embedded into the culture, processes and structure of the Group. The Senior Management is responsible for identifying, evaluating, managing and reporting on significant risks on an ongoing basis faced by the Group in its achievement of objectives and strategies.

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.

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") to maintain the objectivity and independence of the internal audit function. The GIA's primary role is to assist the GAC to discharge its duties and responsibilities in respect of reviewing the adequacy, efficiency and effectiveness of the Group's risk management and system of internal control. The GIA undertakes their activities using a risk-based approach and guided by the International Professional Practices Framework ("IPPF") and the relevant guidelines and recommendations from the relevant authorities. Risk-based audit approach is implemented to ensure that higher risk activities in each auditable area are audited more frequently and appropriate instituted controls are in place and effectively applied, and risk exposure are mitigated to an acceptable level.

In addition, all the internal auditors have successfully completed the ISO/IEC 27001:2013 Information Security Management System Internal Audit Training Course/Lead Auditor Training Course. This means the internal auditors are trained to conduct an ISMS audit in accordance with internationally recognised best practice (ISO 19011 Guidelines for Auditing Management Systems).

During the financial year ended 31 December 2021, internal audit engagements were conducted in accordance with its Internal Audit Charter and 2021 Annual Audit Plan that were reviewed and approved by the GAC. All internal audit reports were deliberated by the GAC at GAC meetings on a quarterly basis and corrective action plans were duly acted upon by the Management. Follow-up audit reviews were conducted and reported to the GAC to ensure that all matters arising from each audit were adequately and promptly addressed by the Management.

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

Corporate Governance Overview Statement

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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.

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. Engagement 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

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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 ("AGM") 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 AGM, 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 2021, due to the movement control order imposed by the Government, the Company had conducted a virtual 45th AGM which was held on 19 May 2021 at the Meeting room of the Registered Office (Broadcast Venue) by leveraging technology in accordance with Section 327(1) and (2) of the Companies Act 2016 and the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers. Four members of the Board including the Executive Directors were physically present at the Broadcast Venue together with the Joint Company Secretaries and the Chief Financial Officer whilst, the remaining two Board members, who are located outstation or overseas, and the other members of the key senior management were in attendance virtually via video conferencing.

In line with Practice 13.1 of the MCGG, the Notice of the 45th AGM dated 20 April 2021 was issued at least twenty-eight days before the meeting on 19 May 2021. Each item of special business included in the Notice of the AGM was accompanied by a full explanation of the effects of the proposed resolution to facilitate full understanding and evaluation of the issues involved.

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 were announced to the stock exchange and made available on the Company's website, www.magnum.my.

A summary minutes of the 45th AGM which set out the summary of the key matters discussed at the AGM was made available on the Company's website, www.magnum.my, no later than 30 business days after the meeting.

The Company will continue to 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.

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

Corporate Governance Overview Statement

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Conclusion

The Board is mindful of the need to regularly review the Group's corporate governance practices against the principles in the MCCG 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 items in eight practice areas, the Company has substantially applied the principles and best practices prescribed in the MCCG during the year 2021 and up to date:

	Application Timeframe
• 1.4 (Board Chairman should not be a member of the Remuneration Committee)	3 years
• 5.2 (Majority board members are independent directors)	2 years
• 5.8 (Independent director as Nomination Committee Chairman)	1 year
• 5.9 (At least 30% women directors)	1 year
• 6.1 (Engages independent expert at least every 3 years to facilitate board effectiveness evaluation)	1 year
• 8.2 (Disclosure of top 5 senior management's remuneration on named basis in bands of RM50,000)	Not disclosing
• 13.5 (Questions posed by shareholders should be made visible to all meeting participants during the meeting itself)	3 months
• 13.6 (Minutes of the general meeting should be circulated to shareholders no later than 30 days after the general meeting)	3 months

The explanations for the above departures 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 24 March 2022.

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 2021 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 members, 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 GAC's policy that requires a former partner of the external audit firm of the Company to observe a cooling-off period of at least three years before being appointed as a member of the GAC is embedded in its Terms of Reference. 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 2022, 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 2021 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 2021.

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 2021 are disclosed in the Corporate Governance Overview Statement in this Integrated Annual Report.

Meetings and Attendance

The GAC meets quarterly, and additionally, whenever 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 agendas 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.

Group Audit Committee Report

(cont'd.)

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 2021, the GAC held a total of five meetings to conduct and discharge its functions in accordance with its Terms of Reference. The GAC meetings were held in the months of February, March, May, August and November of 2021. The details of attendance of the GAC members are as follows:-

GAC Members	Number of GAC meetings		%
	Attended	Held	
Dato' Lim Tiong Chin	5	5	100
Datuk Vijeyaratnam a/l. V. Thamotharam Pillay	5	5	100
Jean Francine Goonting	5	5	100

Summary of Work During the Financial Year 2021

During the financial year ended 31 December 2021, the GAC 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 discharged its oversight role by carrying out the following activities during the financial year 2021:

1. Financial Reporting

- Review with Management of the quarterly unaudited financial results of the Magnum Group against preceding and corresponding quarters as well as cumulative periods, and recommended the same for the Board's consideration and approval before release 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 for the following matters:

- 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 judgements and estimates made by Management.

Group Audit Committee Report

(cont'd.)

- 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 statement 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 assumptions; 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 2021 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 2021. The audit plan also encompasses the affirmation of the external auditors' independence.
- 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 March 2021 and another in November 2021, 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 in 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 2021. Accordingly, the GAC had recommended the re-appointment of the external auditors for the ensuing financial year.

Group Audit Committee Report

(cont'd.)

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 2021.

The GAC acknowledged that the internal control system of the Group, which was enforced throughout the financial year up to the date of this report, provided reasonable although not absolute assurance against material financial misstatements or loss. The internal controls were also deemed sufficient in ensuring the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of financial risks.

The GAC arrived at these conclusions as there was no evidence that there had been any shortcoming in the abovementioned processes. Nevertheless, the GAC noted that the internal control system cannot provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

- 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 2021 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.
- 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.

Group Audit Committee Report

(cont'd.)

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 Matters

- 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

During financial year 2021, the internal audit function of the Group was outsourced to MPH Capital Berhad's Group Internal Audit ("GIA") Department to assist the GAC in discharging its duties and responsibilities. The main role of the internal audit function is to provide the GAC with independent and objective evaluation of the adequacy and effectiveness of the system of internal control, risk management and governance processes of the Group. The GIA had undertaken regular and systematic reviews of the risk management and internal control system so as to provide reasonable assurance that the risk management and internal control system continues to operate adequately and effectively within the Group.

The GIA reports directly to the GAC to maintain the objectivity and independence of the internal audit function. The Internal Audit Charter, which sets out the objectives, independence, authority, responsibility and scope of work of the internal audit function, was reviewed and approved by the GAC to ensure an appropriate structure, scope of activities, access and reporting arrangements are in place.

In order to ensure that the responsibilities of the GIA were fully discharged, the GAC had reviewed the 2021 Internal Audit Plan, the adequacy of the scope and resources of the internal audit function as well as the performance of the GIA in undertaking its internal audit function during the financial year under review.

The internal audit activities undertaken by the GIA Department during the financial year ended 31 December 2021 included the following:

- (1) Formulated the annual audit plan on a risk-based approach, which involved risk-assessment conducted by the internal audit function, which was reviewed and approved by the GAC prior to the commencement of the audits. The audit approach was to focus on high-risk business processes and to assess the effectiveness of internal controls therein.

Risk-based audits and governance reviews that were planned to be performed included areas such as the information security management system, related party transactions, anti-money laundering and counter financing of terrorism and selected regional offices, among others.

Group Audit Committee Report

(cont'd.)

- (2) Updated the GAC on its work done at every GAC meeting comprising the progress of the 2021 Annual 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 and evaluated risk exposures 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) Conducted ad-hoc 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 with opinion on the adequacy and operational effectiveness of the operating unit's governance, risk management and internal control processes, incorporating corrective actions in relation to audit findings on weaknesses in the system and controls. Such corrective actions were developed based on a root-cause analysis performed and were acted upon by Management within an agreed timeline.
- (8) Conducted follow-up reviews to determine the status of implementation of issues highlighted in previous audit reports and ensured the Management's actions had been effectively implemented, 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 2021, the GIA only managed to complete 7 assignments (including 1 ad-hoc assignment) out of 10 assignments for the year. (For the financial year ended 31 December 2020, there was 8 audit assignments completed).

This is because the audit review of ENE (East Malaysia) Sdn. Bhd., ENE (East Coast) Sdn. Bhd. and ENE (Negeri Sembilan) Sdn. Bhd. have been deferred to the year 2022 due to movement restriction during the periods of Movement Control Order 2.0 (MCO 2.0) and Full Movement Control Order 3.0 (FMC0 3.0) in year 2021.

The costs incurred for the internal audit function of the Group for financial year ended 31 December 2021 was RM0.53 million (For the financial year ended 31 December 2020, the cost was RM0.43 million).

This Report was approved by the Board on 24 March 2022.

Statement on Risk Management and Internal Control

Introduction

Pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad's Main Market Listing Requirement ("MMLR"), the Board of Directors ("Board") is pleased to present the Group's Statement on Risk Management and Internal Control for financial year ended 31 December 2021. 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. The Board is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its corporate and business objectives.

Board Responsibility

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial, operational, regulatory and compliance control matters.

Due to limitations that are inherent in any system of internal control, the system is designed to manage and mitigate, rather than eliminate the respective inherent risks that exist in achieving the Group's business objectives. Therefore, such system of internal control and risk management can only provide reasonable and not absolute assurance against material misstatement or loss.

In year 2021, the adequacy of internal control was reviewed by the Group Audit Committee ("GAC") in relation to the audits conducted by MPH Capital Berhad's Group Internal Audit ("GIA") during the year. Audit issues and actions taken by Management to address the issues tabled by GIA were deliberated on during the GAC meetings. Minutes of the GAC meetings which recorded these deliberations were presented to the Board.

The Group Risk Management Committee ("GRMC") provide oversight on risk management matters relating to the activities of the Group to ensure prudent risk management over the Group's business and operations. At its scheduled meetings in 2021, the GRMC had reviewed, appraised and assessed the efficacy of the controls and action plan taken to mitigate, monitor and manage the overall risk exposure of the Group.

Internal control and risk-related matters which warranted the attention of the Board were recommended by the GAC and GRMC to the Board for its deliberation and approval, and matters or decisions made within the GAC's and GRMC's purview were escalated to the Board for its notation.

Key Risk Management and Internal Control Processes

1. Risk Management

The Board recognises that risk management is an integral part of the Group's business objectives and is critical for the Group to achieve continued profitability and sustainable growth in shareholders' value. In pursuing these objectives, the Group has in place an enterprise risk management framework ("ERM Framework") to promote effective risk management and enhance the corporate governance assurance process.

To further strengthen the risk management of the Group, Management Risk Committee ("MRC"), which consists of Senior Management and key personnel of the companies in the Group, was established, with the primary responsibility of ensuring the effective functioning of the ERM Framework. Within the framework, the Group has an established and structured process for the identification, assessment, evaluation, monitoring, communication as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the departmental and company levels. The MRC has developed a risk assessment template, whereby incidences and impacts for the respective risks identified were recorded for review and mitigating actions were established.

Statement on Risk Management and Internal Control

(cont'd.)

Every year, there is an audit conducted by external certified WLA Auditor, DNV to assess that we continue to comply with the World Lottery Association Security Control Standard ("WLA-SCS:2016") & International Standards Organisation ("ISO27001:2013"). The scope covers the management, operations and maintenance of the information system assets and information systems of the Group's principal subsidiary, Magnum Corporation Sdn. Bhd. ("MCSB"). Internal audits are also conducted by a competent team of personnel to ensure compliance to the WLA-SCS and ISO27001 standards. MCSB consistently attain its re-certification every 3 years and commits to establish a comprehensive information security management system to ensure its information security risks are managed according to global standards and industry best practices.

Amid the Covid-19 pandemic, the Management took various proactive measures to safeguard the business and employees, with a detailed Business Continuity Plan ("BCP") in place, the Group was able to transit smoothly into new normal way of working throughout the various phases of Movement Control Order ("MCO"). Among the measures were:

- 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 secured work from home options for those who are equipped with company 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.

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:

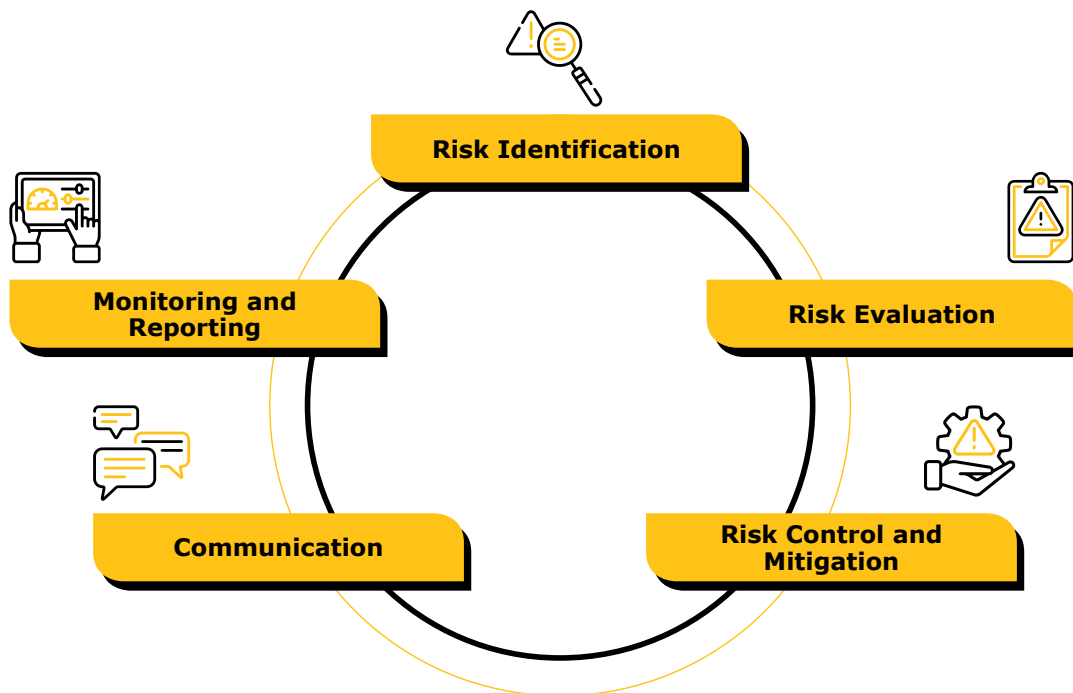
- The Heads of every department/company under the Group are required to identify the risks that could prevent the Group from achieving its objectives.
- The identified risks are analysed based on its likelihood of occurrence and its impact to the respective company, in order to determine the overall 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.

Statement on Risk Management and Internal Control

(cont'd.)

- 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 following internal control components have been embedded to assist the Board to maintain a sound system of internal controls in the Group:

- 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.
- The organisation structure sets out clear segregation of roles and responsibilities to ensure effective and independent stewardship.
- 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.

Statement on Risk Management and Internal Control

(cont'd.)

- Clear, formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls, relevant laws and regulations, 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, updates and continuous 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. This includes 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 2021, 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.
- Appropriate system with adequate capacity, security arrangements, facilities and resources are in place to mitigate risks that could cause interruptions to the Group's critical business functions. The Group has a comprehensive Business Continuity Plan ("BCP"), including a Disaster Recovery Plan ("DRP") which is tested at least once annually to ensure critical business functions can be maintained, or restored in a timely fashion, in the event of material disruptions arising from internal or external events.
- The Group has a Whistleblowing Policy which provides an avenue for employees, third party service providers, vendors and members of the public to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, discrimination or any other disciplinary actions by the Group. 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.

Statement on Risk Management and Internal Control

(cont'd.)

- 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 Procedures adopted are 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 outlines a clear zero tolerance policy for bribery and corruption. Under this policy, controls and procedures are adopted to prevent and mitigate the Group's bribery risks.
- GIA assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control processes to the GAC based on the engagements carried out within the financial year. The GAC takes note of the review results (which include the state of internal controls, exceptions and root cause analysis) and subsequently GIA would carry out follow-up review 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 2021, 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 are 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.

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 require 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 24 March 2022.

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 2021, 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.

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.

This statement was approved by the Board on 24 March 2022.

DIRECTORS' REPORT AND 2021 AUDITED FINANCIAL STATEMENTS

• Directors' Report.....	91
• Statement by Directors.....	95
• Statutory Declaration.....	95
• Independent Auditors' Report	96
• Statements of Profit or Loss.....	101
• Statements of Comprehensive Income	102
• Statements of Financial Position	103
• Consolidated Statement of Changes in Equity.....	104
• Statements of Changes in Equity.....	105
• Consolidated Statement of Cash Flows	106
• Statement of Cash Flows.....	108
• Notes to the Financial Statements	109

Directors' Report

Directors' report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

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 34 to the financial statements.

Results

	Group RM'000	Company RM'000
(Loss)/profit for the financial year	(1,349)	80,410
(Loss)/profit attributable to:		
Owners of the Company	184	80,410
Non-controlling interests	(1,533)	-
	(1,349)	80,410

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 2020 were as follows:

	RM'000
In respect of the financial year ended 31 December 2020:	
Fourth interim single-tier dividend of 2% on 1,437,178,945 ordinary shares declared on 25 February 2021 and paid on 26 March 2021.	28,743

Subsequent to the financial year end, the Directors had on 24 February 2022 declared a first interim single-tier dividend of 1.5% on 1,437,178,945 ordinary shares amounted to RM21,558,000 in respect of financial year ended 31 December 2021. The dividend will be paid on 25 March 2022.

This dividend payment will be accounted for in equity as an appropriation of retained profits during the financial year ending 31 December 2022.

The Directors do not recommend any payment of final dividend in respect of financial year ended 31 December 2021.

Directors' Report

(cont'd.)

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. Thamothearam Pillay*
Dato' Lim Tiong Chin
Jean Francine Goonting

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

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

In accordance to Clause 90 of the Company's Constitution, Dato' Lawrence Lim Swee Lin and Krian Upatkoorn retire from the Board. Dato' Lawrence Lim Swee Lin and Krian Upatkoorn 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 29 to the financial statements.

The Directors' remuneration of the Group and of the Company for the current financial year are RM2,751,000 and RM300,000 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' Report

(cont'd.)

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			
	1.1.2021	Acquired	Disposed	31.12.2021
Tan Sri Dato' Surin Upatkoorn				
Deemed interest [#]	527,651,223	–	–	527,651,223
Dato' Lawrence Lim Swee Lin				
Direct interest	8,265,664	–	–	8,265,664
Deemed interest [*]	3,030,000	–	–	3,030,000
Datuk Vijeyaratnam a/I V. Thamothearam Pillay				
Direct interest	1,487,800	–	–	1,487,800
Indirect interest [^]	60,600	–	–	60,600
Krian Upatkoorn				
Deemed interest [*]	3,030,000	–	–	3,030,000
Dato' Lim Tiong Chin				
Direct interest	4,984,350	–	–	4,984,350
Deemed interest ^{**}	10,617,120	–	–	10,617,120

[#] Deemed interest held through his shareholdings in Cusi 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.

Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

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: (cont'd.)
- (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 RM667,000 and RM99,000 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 2021.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 24 March 2022.

Dato' Lawrence Lim Swee Lin

Krian Upatkoorn

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, **Dato' Lawrence Lim Swee Lin** and **Krian Upatkoorn**, 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 101 to 171 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 2021 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 24 March 2022.

Dato' Lawrence Lim Swee Lin

Krian Upatkoorn

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 101 to 171 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 24 March 2022.

Lum Fook Seng

Before me,
S. Arulsamy (Licence No. W490)
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 2021 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 101 to 171.

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 2021, 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.

Independent Auditors' Report

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

Key audit matters (cont'd.)

Revenue and cost of sales (cont'd.)

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.

Impairment of intangible assets

(Refer to summary of significant accounting policies in Note 2.4 and 2.8, significant accounting estimates and judgements 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 52% and 26% 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 trends 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 at fair value through other comprehensive income ("OCI")

(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 held unquoted investments at fair value through OCI amounting to RM385 million, represent approximately 11% and 12% of the total assets of the Group and of the Company respectively. The estimated fair value of its unquoted investments at fair value through OCI are based on the income approach. Such valuation is based on assumptions that are highly judgemental. Due to the significance of the unquoted investment at fair value through OCI 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 us 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.

Independent Auditors' Report

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

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

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.
- 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.

Independent Auditors' Report

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

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 34 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

Kuala Lumpur, Malaysia

24 March 2022

Ng Wai San

No. 03514/08/2022 J

Chartered Accountant

OUR FINANCIALS

Statements of Profit or Loss

For the financial year ended 31 December 2021

	Note	2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	2020 RM'000
Revenue	4	1,259,556	1,673,153	101,015	73,341
Cost of sales	5	(1,093,190)	(1,372,844)	–	–
Gross profit		166,366	300,309	101,015	73,341
Other income	6	11,912	12,445	8,976	5,532
Administrative expenses		(31,777)	(35,612)	(2,082)	(2,539)
Other expenses		(74,670)	(85,246)	(16,420)	(5,080)
Operating profit		71,831	191,896	91,489	71,254
Finance costs	7	(46,593)	(47,920)	(9,479)	(3,577)
Profit before tax	8	25,238	143,976	82,010	67,677
Income tax expense	9	(26,587)	(122,530)	(1,600)	(1,313)
(Loss)/profit for the financial year		(1,349)	21,446	80,410	66,364
(Loss)/profit attributable to:					
Owners of the Company		184	21,227	80,410	66,364
Non-controlling interests		(1,533)	219	–	–
		(1,349)	21,446	80,410	66,364

		2021	Group 2020
Earnings per share attributable to owners of the Company (sen per share)			
Basic	10	0.01	1.49

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 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/Profit for the financial year	(1,349)	21,446	80,410	66,364
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	(8)	3	–	–
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	(312)	255	–	–
Other comprehensive (loss)/income for the year, net of tax	(320)	258	–	–
Total comprehensive (loss)/income for the financial year	(1,669)	21,704	80,410	66,364
Attributable to:				
Owners of the Company	(136)	21,485	80,410	66,364
Non-controlling interests	(1,533)	219	–	–
Total comprehensive (loss)/income for the financial year	(1,669)	21,704	80,410	66,364

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

Statements of Financial Position

As at 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	60,341	65,743	126	202
Right-of-use assets	13(a)	16,501	17,731	–	–
Investment properties	14	526	533	635	642
Investment in subsidiaries	15	–	–	2,756,493	2,675,242
Investment securities	16	388,523	398,985	385,429	385,429
Intangible assets	17	2,738,302	2,738,317	–	–
Deferred tax assets	25	5,337	5,536	–	–
		3,209,530	3,226,845	3,142,683	3,061,515
Current assets					
Inventories	18	1,292	2,071	–	–
Investment securities	16	35,245	23,094	25,094	23,094
Receivables	19	47,117	44,289	26,103	79,734
Tax recoverable		24,463	7,125	778	4,824
Deposits, cash and bank balances	20	192,676	272,517	3,033	760
		300,793	349,096	55,008	108,412
Total assets		3,510,323	3,575,941	3,197,691	3,169,927
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)	(1,163)	(1,163)	(1,163)
Other reserves	22	(567,181)	(566,861)	201,501	201,501
Retained profits	23	776,851	805,410	691,342	639,675
		2,362,864	2,391,743	3,046,037	2,994,370
Non-controlling interests		21,329	22,862	–	–
Total equity		2,384,193	2,414,605	3,046,037	2,994,370
Non-current liabilities					
Borrowings	24	774,006	758,517	–	–
Lease liabilities	13(b)	5,150	6,022	–	–
Deferred tax liabilities	25	805	1,031	–	–
		779,961	765,570	–	–
Current liabilities					
Amounts due to subsidiaries	26	–	–	151,104	175,094
Borrowings	24	174,982	189,996	–	–
Lease liabilities	13(b)	1,329	1,334	–	–
Payables	27	168,538	198,245	550	463
Tax payable		1,320	6,191	–	–
		346,169	395,766	151,654	175,557
Total liabilities		1,126,130	1,161,336	151,654	175,557
Total equity and liabilities		3,510,323	3,575,941	3,197,691	3,169,927

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 2021

Group	Attributable to owners of the Company					Non-controlling interests RM'000	Total 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	Non-distributable			
At 1 January 2021	2,154,357	(566,861)	(1,163)	805,410		22,862	2,391,743	2,414,605
Total comprehensive income for the financial year	-	(320)	-	184		(1,533)	(136)	(1,669)
Transactions with owners								
Dividends (Note 11)	-	-	-	(28,743)		-	(28,743)	(28,743)
At 31 December 2021	2,154,357	(567,181)	(1,163)	776,851		21,329	2,362,864	2,384,193
At 1 January 2020	2,154,357	(567,119)	(30,205)	920,231		22,645	2,477,264	2,499,909
Total comprehensive income for the financial year	-	258	-	21,227		219	21,485	21,704
Transactions with owners								
Dividends (Note 11 and Note 21)	-	-	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)		(2)	(107,006)	(107,008)
At 31 December 2020	2,154,357	(566,861)	(1,163)	805,410		22,862	2,391,743	2,414,605

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

Statements of Changes in Equity

For the financial year ended 31 December 2021

	Non-distributable				
	Share capital	Other reserves	Treasury shares	Retained profits	Total equity
	(Note 21)	(Note 22)	(Note 21)	(Note 23)	
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
At 1 January 2021	2,154,357	201,501	(1,163)	639,675	2,994,370
Total comprehensive income for the financial year	–	–	–	80,410	80,410
Transactions with owners					
Dividends (Note 11)	–	–	–	(28,743)	(28,743)
At 31 December 2021	2,154,357	201,501	(1,163)	691,342	3,046,037
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

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 2021

	2021 RM'000	2020 RM'000
Group		
Operating activities		
Profit before tax	25,238	143,976
Adjustments for:		
Depreciation of property, plant and equipment	9,957	11,455
Depreciation of investment properties	7	7
Depreciation of right-of-use assets	1,752	1,654
Finance costs	46,593	47,920
Amortisation of intangible assets	15	15
Gain on disposal of property, plant and equipment	(145)	(5)
Interest income	(9,178)	(11,776)
Dividend income	(143)	(245)
Property, plant and equipment written off	15	42
Rental rebates	(39)	(93)
Gain on lease modifications	(17)	-
Unrealised loss/(gain) on foreign exchange	160	(230)
Net (gain)/loss arising from fair value changes in:		
- investment in quoted shares	(2,000)	4,505
- investment in unquoted shares	15,000	-
Operating cash flows before changes in working capital	87,215	197,225
Changes in working capital:		
decrease/(increase) in inventories	779	(704)
decrease/(increase) in receivables	2,556	(2,524)
(decrease)/increase in payables	(29,518)	4,962
Cash flows generated from operations	61,032	198,959
Net income tax paid	(48,823)	(117,650)
Finance costs paid	(716)	(370)
Net cash flows generated from operating activities	11,493	80,939

OUR FINANCIALS

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2021
(cont'd.)

	2021 RM'000	2020 RM'000
Group		
Investing activities		
Proceeds from disposals of property, plant and equipment	145	5
Purchase of:		
- additional shares in a subsidiary from non-controlling interests	-	(2)
- purchase of unquoted shares in Malaysia	(15,000)	-
- property, plant and equipment	(4,570)	(14,628)
Dividend received from quoted shares	143	245
Interest received	3,794	6,391
Movement in cash deposits pledged	11,366	(395)
Net cash flows used in investing activities	(4,122)	(8,384)
Financing activities		
Net drawdown of medium term notes	-	50,000
Transaction cost of medium term notes	-	(1,248)
Repayment of lease liabilities	(1,705)	(1,490)
Interest paid	(45,398)	(47,550)
Dividends paid to shareholders	(28,743)	(107,006)
Net cash flows used in financing activities	(75,846)	(107,294)
Net decrease in cash and cash equivalents	(68,475)	(34,739)
Cash and cash equivalents at 1 January	244,745	279,484
Cash and cash equivalents at 31 December (Note 20)	176,270	244,745

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 2021

	2021 RM'000	2020 RM'000
Company		
Cash flows from operating activities		
Profit before tax	82,010	67,677
Adjustments for:		
Depreciation of property, plant and equipment	76	76
Depreciation of investment properties	7	7
Net (gain)/loss arising from fair value change in investment securities	(2,000)	4,505
Unrealised loss/(gain) on foreign exchange	1	(1)
Net allowance for ECL for amount due from subsidiaries	32	22
Dividend income	(101,015)	(73,341)
Impairment loss on investment in a subsidiary	15,900	2
Finance costs	9,479	3,577
Interest income	(6,976)	(5,529)
Operating cash flows before changes in working capital	(2,486)	(3,005)
Changes in working capital:		
Decrease in other receivables	4	28
Increase/(decrease) in other payables	87	(145)
Inter-company balances	27,013	38,342
Cash flows generated from operations	24,618	35,220
Interest paid	–	(795)
Net tax refund/(paid)	2,446	(1,328)
Net cash flows generated from operating activities	27,064	33,097
Cash flows from investing activities		
Investment in subsidiaries	(97,151)	–
Dividends received	101,015	73,341
Interest received	88	48
Net cash flows generated from investing activities	3,952	73,389
Cash flows from financing activity		
Dividends paid, representing net cash flows used in financing activity	(28,743)	(107,006)
Net increase/(decrease) in cash and cash equivalents	2,273	(520)
Cash and cash equivalents at 1 January	760	1,280
Cash and cash equivalents at 31 December (Note 20)	3,033	760

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 2021

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 34. 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 24 March 2022.

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 2021 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 2021, the Group and the Company adopted the following amended MFRSs which are mandatory for financial periods beginning on or after 1 January 2021.

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
Amendments to MFRS 16: COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

The adoption of the above amendments did not result in material impact to the financial statements of the Group and of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

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
Annual improvements to MFRS Standards 2018 - 2020:	
- Amendments to MFRS 1: Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9: Financial Instruments	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	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 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (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.)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (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.)

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 2021 (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 2021 (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 2021 (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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

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").

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (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 amortised cost (cont'd.)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (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 designated at fair value through OCI (equity instruments) (cont'd.)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

(iii) Derecognition (cont'd.)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.10 Financial instruments (cont'd.)

(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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.12 Taxes (cont'd.)

(b) Deferred tax (cont'd.)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.19 Current versus non-current classification (cont'd.)

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.20 Revenue and other income recognition (cont'd.)

The specific recognition criteria described below must also be met before revenue and other income is recognised: (cont'd.)

(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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.22 Foreign currencies (cont'd.)

(b) Foreign currency transactions (cont'd.)

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 statement of 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:

	2021 RM	2020 RM
1 Pound Sterling	5.63	5.48
100 Philippine Peso	8.18	8.40
100 Hong Kong Dollar	53.51	51.99

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.23 Leases (cont'd.)

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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.23 Leases (cont'd.)

The Group as lessee (cont'd.)

(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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

2.25 Segment reporting (cont'd.)

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 by 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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 carried at fair value through OCI

The Group and the Company carry its unquoted financial assets at fair value through OCI 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 carried at fair value through OCI 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 carried at fair value through OCI.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

(c) Income taxes (cont'd.)

The Directors of the Group and of the Company are of the opinion that total tax recoverable of RM24,463,000 and RM778,000 (2020: RM7,125,000 and RM4,824,000) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Investment income in respect of gross dividends from:				
- subsidiaries	-	-	100,872	73,096
- investment securities:				
- quoted in Malaysia	-	113	-	113
- quoted outside Malaysia	143	132	143	132
	143	245	101,015	73,341
Sale of four digit forecast tickets	1,259,328	1,672,816	-	-
Sale of computer software and consultancy services	85	92	-	-
	1,259,556	1,673,153	101,015	73,341

5. Cost of sales

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost of gaming activities	1,093,190	1,372,844	-	-

6. Other income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Gain on disposal of property, plant and equipment	145	5	-	-
Interest income (Note 6(a))	9,178	11,776	6,976	5,529
Net gain arising from fair value change in:				
- quoted shares (Note 16)	2,000	-	2,000	-
Unrealised gain on foreign exchange	-	230	-	1
Reversal of allowance for ECL:				
- subsidiary (Note 19(d))	-	-	-	2
Rental rebates (Note 13(b))	39	93	-	-
Gain on lease modifications	17	-	-	-
Others	533	341	-	-
	11,912	12,445	8,976	5,532

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

6. Other income (cont'd.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(a) Interest income				
Interest income from:				
- short term deposits	3,199	5,797	89	48
- subsidiary	-	-	1,409	3
- Malaysian Government Securities	501	501	-	-
- Investment securities	5,478	5,478	5,478	5,478
	9,178	11,776	6,976	5,529

7. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- bank overdrafts	210	-	-	-
- medium term notes	45,251	46,454	-	-
- loan from subsidiaries	-	-	9,479	3,577
- lease liabilities (Note 13(b))	362	336	-	-
Transaction costs (Note 24)	475	760	-	-
Others	295	370	-	-
	46,593	47,920	9,479	3,577

8. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation of investment properties (Note 14)	7	7	7	7
Depreciation of property, plant and equipment (Note 12)	9,957	11,455	76	76
Depreciation of right-of-use assets (Note 13(a))	1,752	1,654	-	-
Directors' remuneration (Note 8(a))	2,810	3,242	333	331
Auditors' remuneration (Note 8(b))	636	700	105	97
Amortisation of intangible assets (Note 17)	15	15	-	-
Employee benefits expense (Note 8(c))	29,261	32,497	174	235
Allowance for ECL:				
- subsidiaries (Note 19(d))	-	-	32	24
Net loss arising from fair value change in:				
- quoted shares (Note 16)	-	4,505	-	4,505
- unquoted shares (Note 16)	15,000	-	-	-
Unrealised loss on foreign exchange	160	-	1	-
Property, plant and equipment written off	15	42	-	-
Impairment loss on investment in a subsidiary (Note 15)	-	-	15,900	2

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

8. Profit before tax (cont'd.)

(a) Directors' remuneration

The details of remuneration receivable by Directors of the Company during the financial years are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors' remuneration:				
- fees	50	50	-	-
- salaries and other emoluments	2,351	2,786	-	-
- benefits-in-kind	26	25	-	-
	2,427	2,861	-	-
Non-executive Directors' remuneration:				
- fees	335	335	285	285
- allowances and other emoluments	15	14	15	14
- benefits-in-kind	33	32	33	32
	383	381	333	331
Total Directors' remuneration	2,810	3,242	333	331
Less: Estimated money value of benefits-in-kind	(59)	(57)	(33)	(32)
Total Directors' remuneration excluding benefits-in-kind	2,751	3,185	300	299

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	
	2021	2020
Executive Directors:		
RM500,001 - RM1,000,000	1	-
RM1,000,001 - RM1,500,000	1	1
RM1,500,001 - RM2,000,000	-	1
Non-executive Directors:		
RM0 - RM50,000	1	1
RM50,001 - RM100,000	-	1
RM100,001 - RM150,000	3	2
	6	6

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

8. Profit before tax (cont'd.)

(b) Auditors' remuneration

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors of the Company:				
- statutory audit	667	660	99	97
- (over)/under provision in prior years	(41)	31	-	(6)
- other services	10	9	6	6
	636	700	105	97

(c) Employee benefits expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and bonuses	25,203	27,485	157	199
Defined contribution plan	3,018	3,336	15	22
Other staff related expenses	1,040	1,676	2	14
	29,261	32,497	174	235

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM2,401,000 (2020: RM2,836,000).

9. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2021 and 31 December 2020 are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Statements of profit or loss:				
Current income tax:				
Malaysian income tax	27,789	57,589	1,600	1,313
(Over)/under provision in prior years	(1,175)	62,333	-	-
	26,614	119,922	1,600	1,313
Deferred tax (Note 25):				
Origination and reversal of temporary differences	(855)	(1,604)	-	-
Under provision in prior years	828	4,212	-	-
	(27)	2,608	-	-
Income tax expense	26,587	122,530	1,600	1,313

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

9. Income tax expense (cont'd.)

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 2021 and 31 December 2020 are as follows:

	2021 RM'000	2020 RM'000
Group		
Profit before tax	25,238	143,976
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	6,057	34,554
Income not subject to tax	(560)	(90)
Non-deductible expenses	21,437	21,831
Deferred tax assets recognised in respect of unused tax losses, unabsorbed capital allowances and other deductible temporary differences	–	(310)
(Over)/under provision of income tax in prior years	(1,175)	62,333
Under provision of deferred tax in prior years	828	4,212
Income tax expense	26,587	122,530
Company		
Profit before tax	82,010	67,677
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	19,682	16,243
Income not subject to tax	(24,724)	(17,602)
Non-deductible expenses	6,642	2,672
Income tax expense	1,600	1,313

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2020: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdiction is calculated at the rate prevailing in the respective jurisdictions.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (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	
	2021 RM'000	2020 RM'000
Profit for the financial year attributable to owners of the Company	184	21,227
	2021 '000	2020 '000
Weighted average number of ordinary shares in issue	1,437,179	1,426,725
	2021 Sen	2020 Sen
Basic earnings per share	0.01	1.49

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	
	2021 RM'000	2020 RM'000	2019 RM'000	2021 RM'000	2020 RM'000
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
Fourth interim single-tier dividend of 2% on 1,437,178,945 ordinary shares	–	28,743	–	28,743	–
	–	122,102	42,689	28,743	136,048

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

11. Dividends (cont'd.)

Subsequent to the financial year end, the Directors had on 24 February 2022 declared a first interim single-tier dividend of 1.5% on 1,437,178,945 ordinary shares amounted to RM21,558,000 in respect of financial year ended 31 December 2021. The dividend will be paid on 25 March 2022.

This dividend payment will be accounted for in equity as an appropriation of retained profits during the financial year ending 31 December 2022.

The Directors do not recommend any payment of final dividend in respect of financial year ended 31 December 2021.

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 2021						
Cost						
At 1 January 2021	9,580	22,151	43,404	58,121	6,385	139,641
Additions	–	–	1,212	798	2,560	4,570
Disposals	–	–	(528)	–	–	(528)
Write-off	–	–	(23)	(91)	–	(114)
Reclassification	–	–	2,751	3	(2,754)	–
At 31 December 2021	9,580	22,151	46,816	58,831	6,191	143,569
Accumulated depreciation						
At 1 January 2021	–	10,285	28,284	35,026	–	73,595
Depreciation charge for the year (Note 8)	–	649	3,026	6,282	–	9,957
Disposals	–	–	(528)	–	–	(528)
Write-off	–	–	(18)	(81)	–	(99)
At 31 December 2021	–	10,934	30,764	41,227	–	82,925
Accumulated impairment losses						
At 1 January 2021/ 31 December 2021	–	303	–	–	–	303
Net carrying amount						
At 31 December 2021	9,580	10,914	16,052	17,604	6,191	60,341

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

Group (cont'd.)	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

Included in property, plant and equipment of the Group are fully depreciated assets which are still fully in use costing RM52,838,000 (2020: RM51,043,000).

Notes to the Financial Statements

For the financial year ended 31 December 2021 (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 2021			
Cost			
At 1 January 2021/31 December 2021	384	20	404
Accumulated depreciation			
At 1 January 2021	184	18	202
Depreciation charge for the year (Note 8)	76	*	76
At 31 December 2021	260	18	278
Net carrying amount			
At 31 December 2021	124	2	126
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

* Depreciation charge for the year amounted to RM215 (2020: RM370).

Included in property, plant and equipment of the Company are fully depreciated assets which are still fully in use costing RM26,000 (2020: RM23,000).

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 (2020: 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

13. Leases (cont'd.)

Group as lessee (cont'd.)

(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 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/as at 1 January 2021	17,731
Additions	690
Early termination of lease contract	(168)
Depreciation charge for the year (Note 8)	(1,752)
As at 31 December 2021	16,501

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2021 RM'000	2020 RM'000
As at 1 January	7,356	4,921
Addition	690	3,693
Early termination of lease contract	(185)	(11)
Accretion of interest (Note 7)	362	336
Payments	(1,705)	(1,490)
Rental rebates	(39)	(93)
As at 31 December	6,479	7,356
Current	1,329	1,334
Non-current	5,150	6,022
	6,479	7,356

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

13. Leases (cont'd.)

Group as lessee (cont'd.)

The following are the amounts recognised in profit or loss:

	2021 RM'000	2020 RM'000
Depreciation of right-of-use assets (Note 8)	1,752	1,654
Interest expenses on lease liabilities (Note 7)	362	336
Expenses related to short-term leases (included in other expenses)	38	81
	2,152	2,071

14. Investment properties

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cost				
At 1 January/at 31 December	580	580	658	658
Accumulated depreciation				
At 1 January	47	40	16	9
Depreciation charge for the year (Note 8)	7	7	7	7
At 31 December	54	47	23	16
Net carrying amount	526	533	635	642
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 (2020: 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 2021 (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	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	3,939,428	3,939,428
Add: Addition (a)	97,151	–
Less: Accumulated impairment losses brought forward	(1,264,186)	(1,264,184)
Impairment losses for the year (b)	(15,900)	(2)
Total accumulated impairment losses	(1,280,086)	(1,264,186)
	2,756,493	2,675,242

Details of the subsidiaries are disclosed in Note 34.

(a) During the financial year, the Company has increased its investments in the following subsidiaries:

(i) Multi-Purpose International Limited ("MPIL")

The Company converted the amount due from MPIL amounted to RM81,851,000 to 19,753,999 ordinary shares at RM4.14 per share.

(ii) Marinco Holdings Sdn. Bhd. ("Marinco")

The Company converted the amount due from Marinco amounted to RM15,000,000 to 15,000,000 ordinary shares at RM1.00 per share.

The Company has also increased its investment in Marinco through subscription of an additional 300,000 ordinary shares at 1.00 per share.

(b) The impairment assessment in cost of investment in subsidiaries is as follows:

(i) Marinco Holdings Sdn. Bhd. ("Marinco")

During the financial year, the Company recognised an impairment loss of RM15,900,000 on the cost of investment in Marinco, a wholly owned subsidiary. The impairment was made after considering the measurable decrease in recoverable amount of the investment.

(ii) MP Property Management Sdn. Bhd. ("MPPM")

In previous financial year, the Company recognised an impairment loss of RM1,700 on the cost of investment in MPPM, a wholly owned subsidiary under member's voluntary liquidation.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

16. Investment securities

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 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	3,094	13,556	–	–
Fair value through profit or loss				
Unquoted shares in Malaysia*	–	–	–	–
Total non-current investment securities	388,523	398,985	385,429	385,429
Current				
Fair value through other comprehensive income				
Malaysian Government Securities	10,151	–	–	–
Fair value through profit or loss				
Quoted shares in Malaysia	6,793	5,264	6,793	5,264
Quoted shares outside Malaysia	18,301	17,830	18,301	17,830
Total current investment securities	35,245	23,094	25,094	23,094
Total investment securities	423,768	422,079	410,523	408,523

* During the year, a wholly owned subsidiary of the Group has recognised a fair value loss of RM15,000,000 in profit or loss for its unquoted shares which is carried at fair value through profit or loss.

The following table provides information on the interest rate of Malaysian Government Securities at the reporting date.

	Group	
	2021 %	2020 %
Interest rate per annum	3.80 - 4.06	3.80 - 4.06

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

17. Intangible assets

	Goodwill RM'000	Four digit gaming rights RM'000	Development cost for Jackpot games RM'000	Total RM'000
Group				
Cost				
At 1 January 2021/31 December 2021/and at 1 January 2020/31 December 2020	901,531	1,836,199	748	2,738,478
Accumulated amortisation				
At 1 January 2021	–	–	161	161
Amortisation for the year (Note 8)	–	–	15	15
At 31 December 2021	–	–	176	176
At 1 January 2020	–	–	146	146
Amortisation for the year (Note 8)	–	–	15	15
At 31 December 2020	–	–	161	161
Net carrying amount				
At 31 December 2021	901,531	1,836,199	572	2,738,302
At 31 December 2020	901,531	1,836,199	587	2,738,317

The development cost for Jackpot games represents internal development cost capitalised and have remaining amortisation period of 38 to 42 years (2020: 39 to 43 years).

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 (2020: five-year period). As at 31 December 2021 and 2020, 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

17. Intangible assets (cont'd.)

Key assumptions used in value-in-use calculations (cont'd.)

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% (2020: 10.30%) and reflects specific risks relating to the gaming segment.

(iv) Terminal growth rate

The terminal growth rate of 1.10% (2020: 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	
	2021 RM'000	2020 RM'000
At cost:		
Ticket stocks	1,292	2,071

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM2,971,000 (2020: RM4,524,000).

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

19. Receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade receivables (a)	4,701	7,511	–	–
Less: Allowance for expected credit losses ("ECL")	(2)	(2)	–	–
Trade receivables, net	4,699	7,509	–	–
Other receivables (b)	31,206	24,972	23,786	18,308
Prepayments	11,739	12,335	1,004	1,006
Amounts due from subsidiaries (c)	–	–	1,795	60,863
	42,945	37,307	26,585	80,177
Less: Allowance for ECL (d)	(527)	(527)	(482)	(443)
Other receivables, net	42,418	36,780	26,103	79,734
Total receivables	47,117	44,289	26,103	79,734
Total receivables	47,117	44,289	26,103	79,734
Add: Deposits, cash and bank balances (Note 20)	192,676	272,517	3,033	760
Less: Prepayments	(11,739)	(12,335)	(1,004)	(1,006)
Total financial assets carried at amortised cost	228,054	304,471	28,132	79,488

(a) Trade receivables

The Group has no significant concentration of credit risk, disclosed in Note 30(c), that may arise from exposures to a single debtor or to group of debtors.

Gaming

Trade receivables amounting to RM4,658,000 (2020: RM7,474,000) 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 (2020: 60 days). The Group applies the simplified approach whereby allowance for impairment are measured at lifetime ECL.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

19. Receivables (cont'd.)

(a) Trade receivables (cont'd.)

Information technology services (cont'd.)

Ageing analysis of trade receivables for information technology services

The ageing analysis of the Group's trade receivables is as follows:

	2021 RM'000	Group 2020 RM'000
Neither past due nor impaired	41	35
Impaired	2	2
	43	37

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 2021 RM'000	2020 RM'000
Trade receivables - nominal amounts	2	2
Less: Allowance for ECL	(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

19. Receivables (cont'd.)

(b) Other receivables

Breakdown of other receivables of the Group and of the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits	1,727	1,709	649	649
Others	29,479	23,263	23,137	17,659
	31,206	24,972	23,786	18,308

(c) Amounts due from subsidiaries

The amounts due from subsidiaries consist of amount which are unsecured, repayable on demand and non-interest bearing and an amount due to from a subsidiary in prior year amounting to RM60,000,000 which bore interest at 1.95% per annum.

(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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables				
At 1 January/31 December	527	527	166	166
Amount due from subsidiaries				
At 1 January	–	–	277	428
Allowance for expected credit loss during the year	–	–	32	24
Reversal of allowance for ECL during the year	–	–	–	(2)
Written off	–	–	–	(169)
Unrealised loss/(gain) on foreign exchange	–	–	7	(4)
At 31 December	–	–	316	277
Total allowance for ECL	527	527	482	443

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

20. Deposits, cash and bank balances

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash at banks and on hand	20,248	15,006	333	760
Short term deposits with financial institutions	172,428	257,511	2,700	–
Deposits, cash and bank balances	192,676	272,517	3,033	760
Less:				
Cash deposits pledged (Note 24)	(16,406)	(27,772)	–	–
Cash and cash equivalents	176,270	244,745	3,033	760

Included in deposits placed with financial institutions of the Group is an amount of RM16,406,000 (2020: RM27,772,000) 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	
	2021	2020	2021	2020
Interest rate (%)	0.25 - 2.85	0.63 - 3.60	1.72 - 2.05	1.75 - 3.35
Maturities (days)	1 - 365	1 - 366	3 - 43	3 - 31

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 2021/31 December 2021	1,437,749	(569)	2,154,357	(1,163)
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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

21. Share capital and treasury shares (cont'd.)

Treasury Shares

The share buy-back mandate expired and was renewed at the 45th Annual General Meeting held on 19 May 2021.

The Company has not repurchased any shares from the open market during the current financial year.

In previous year, 14,223,622 treasury shares were distributed as share dividends to the shareholders on the basis of 1 treasury share for every 100 ordinary shares held in the Company.

Accordingly of the total 1,437,748,654 (2020: 1,437,748,654) issued and fully paid ordinary shares as at 31 December 2021, 569,709 (2020: 569,709) are held as treasury shares by the Company. The total cost of acquisition of the treasury shares as at 31 December 2021 amounted to RM1,163,000 (2020: RM1,163,000).

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 2021	20,832	108,682	(696,375)	(566,861)
Total other comprehensive income	–	(312)	(8)	(320)
At 31 December 2021	20,832	108,370	(696,383)	(567,181)
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)
Company				
At 1 January 2020/31 December 2020/ 1 January 2021/31 December 2021	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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

23. Retained profits

The Company's retained profits are available for distribution as single-tier dividends.

24. Borrowings

	2021 RM'000	Group 2020 RM'000
Current		
Secured:		
Medium term notes	174,982	189,996
Non-current		
Secured:		
Medium term notes	774,006	758,517
Total loans and borrowings	948,988	948,513

The remaining maturities of the borrowings are as follows:

	2021 RM'000	Group 2020 RM'000
On demand within one year	174,982	189,996
Later than 1 year and not later than 2 years	189,871	174,887
Later than 2 years and not later than 3 years	190,006	174,804
Later than 3 years and not later than 4 years	174,389	174,997
Later than 4 years	219,740	233,829
	948,988	948,513
At 1 January	948,513	899,001
Net drawdown	–	50,000
Transaction cost capitalised	–	(1,248)
Amortisation of transaction costs (Note 7)	475	760
At 31 December	948,988	948,513
Due within a year	174,982	189,996
Due within two to five years	714,003	648,894
Due more than five years	60,003	109,623
	948,988	948,513

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 2021, total medium term notes amounting to RM950,000,000 (2020: RM950,000,000) in nominal value remain outstanding.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

24. Borrowings (cont'd.)

The MTN shall mature and be redeemed in the following years:

Series	Maturity	Tenure	Group	
			2021 RM'000	2020 RM'000
5.43% p.a. fixed rate MTN	September 2021	3 years	–	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
3.85% p.a. fixed rate MTN	November 2023	2 years	15,000	–
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
4.30% p.a. fixed rate MTN	November 2024	3 years	15,000	–
3.61% p.a. fixed rate MTN	September 2025	4 years	50,000	–
3.45% p.a. fixed rate MTN	September 2025	5 years	125,000	125,000
3.90% p.a. fixed rate MTN	September 2026	5 years	50,000	–
3.70% p.a. fixed rate MTN	September 2026	6 years	50,000	50,000
5.35% p.a. fixed rate MTN	September 2026	7 years	60,000	60,000
5.23% p.a. fixed rate MTN	November 2027	6 years	60,000	–
			950,000	950,000

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 2021	7,356	948,513	14,230	970,099
Changes from financing cash flows				
Repayment of lease liabilities	(1,705)	–	–	(1,705)
Interest paid	–	–	(45,398)	(45,398)
Total changes from financing cash flows	(1,705)	–	(45,398)	(47,103)
Other changes				
Accretion of interest	362	–	45,251	45,613
Additional lease liabilities	690	–	–	690
Early termination of lease contract	(185)	–	–	(185)
Rental rebates	(39)	–	–	(39)
Transaction costs (Note 7)	–	475	–	475
At 31 December 2021	6,479	948,988	14,083	969,550

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

24. Borrowings (cont'd.)

Reconciliation of movement in liabilities to cash flows arising from financing activities: (cont'd)

	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 cost 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

25. Deferred tax assets/(liabilities)

	Group	
	2021 RM'000	2020 RM'000
At 1 January	4,505	7,113
Recognised in profit or loss (Note 9)	27	(2,608)
At 31 December	4,532	4,505
Presented after appropriate offsetting as follows:		
Deferred tax assets (a)	5,337	5,536
Deferred tax liabilities (b)	(805)	(1,031)
	4,532	4,505

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

25. Deferred tax assets/(liabilities) (cont'd.)

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 2021	2,123	9,996	12,119
Recognised in profit or loss	2,753	(1,426)	1,327
At 31 December 2021	4,876	8,570	13,446
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

(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 2021	(3,573)	(4,041)	(7,614)
Recognised in profit or loss	383	(1,683)	(1,300)
At 31 December 2021	(3,190)	(5,724)	(8,914)
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)

26. Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand except for amounts owing to subsidiaries of RM138,529,000 which bears interest ranging 1.95% - 5.50% per annum and an amount due to a subsidiary in prior year amounting to RM172,000,000 which bore interest at 5.50% per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

27. Payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Trade payables (a)	115,257	116,804	–	–
Other payables and accruals (b)	49,824	78,139	548	459
Provisions (c)	3,457	3,302	2	4
Total payables	168,538	198,245	550	463
Add:				
- Loans and borrowings (Note 24)	948,988	948,513	–	–
- Amounts due to subsidiaries (Note 26)	–	–	151,104	175,094
- Lease liabilities (Note 13(b))	6,479	7,356	–	–
Less: Provisions	(3,457)	(3,302)	(2)	(4)
Total financial liabilities carried at amortised cost	1,120,548	1,150,812	151,652	175,553

(a) Trade payables

The normal trade credit terms granted to the Group is 30 days (2020: 30 days).

(b) Other payables and accruals

Other payables are non-interest bearing, unsecured and repayable on demand.

(c) Provisions

Provisions include provision for employee benefits with the movement as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 1 January	3,302	2,946	4	1
Charged to profit or loss	260	462	–	3
Utilisation of provisions	(105)	(106)	(2)	–
As at 31 December	3,457	3,302	2	4

28. Capital commitments

	Group	
	2021 RM'000	2020 RM'000
Capital expenditure approved and contracted for:		
Plant and equipment	1,803	–
Renovation	810	4,491
	2,613	4,491

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

29. 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>With subsidiaries:</u>				
Dividend income	–	–	(100,872)	(73,096)
Interest income receivable on loan	–	–	(1,409)	(3)
Interest expense payable on loans	–	–	9,479	3,577
<u>With other related parties:</u>				
Insurance premium payable	856	872	172	145
Management fees payable	440	424	77	55
Professional fees payable	1,047	838	1,037	818
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.

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

29. Significant related party disclosures (cont'd.)

(b) Compensation of key management personnel (cont'd.)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	5,217	6,503	333	331
Post-employment benefits:				
- Defined contribution plan	668	816	-	-
- Other long-term benefits	145	200	-	-
	6,030	7,519	333	331

Included in the total compensation of key management personnel are Directors' remuneration as detailed in Note 8(a).

30. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

(a) Foreign exchange risk (cont'd.)

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 2021	
Pound Sterling	170
Philippine Peso	6,044
At 31 December 2020	
Pound Sterling	49
Philippine Peso	6,190

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.

At the reporting date, approximately 18% (2020: 20%) 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
2021						
Group						
Trade and other payables*	165,081	–	–	–	–	165,081
Lease liabilities	1,623	1,557	1,533	1,430	1,165	7,308
Loans and borrowings	220,612	222,722	216,086	191,170	233,240	1,083,830
Total undiscounted financial liabilities	387,316	224,279	217,619	192,600	234,405	1,256,219

* Exclude provisions

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

(b) Liquidity risk (cont'd.)

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
2021 (cont'd.)						
Company						
Payables, representing total undiscounted financial liabilities	151,652	–	–	–	–	151,652
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

* Exclude provisions

(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.

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

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

(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 RM38,339,000 (2020: RM36,650,000). A decrease of 10% on the market price could have an impact of approximately RM2,509,000 (2020: RM2,309,000) and RM1,325,000 (2020: RM1,356,000) on the income and equity attributable to the Group respectively.

31. 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

For the financial year ended 31 December 2021 (cont'd.)

31. 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 2021

Group	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2021					
Non-current asset					
Financial assets at fair value through other comprehensive income					
Unquoted shares in Malaysia	31 December 2021	385,429	–	–	385,429
Malaysian Government Securities	31 December 2021	3,094	3,094	–	–
Current assets					
Financial assets at fair value through other comprehensive income					
Malaysian Government Securities	31 December 2021	10,151	10,151	–	–
Financial assets at fair value through profit or loss					
Quoted securities	31 December 2021	25,094	25,094	–	–

Quantitative disclosure for fair value measurement hierarchy for assets as at 31 December 2020

Group	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2020					
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	–	–

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 2021 (cont'd.)

31. 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 2021

Company	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2021					
Non-current asset					
Financial assets at fair value through other comprehensive income					
Unquoted shares in Malaysia	31 December 2021	385,429	-	-	385,429
Current asset					
Financial assets at fair value through profit or loss					
Quoted securities	31 December 2021	25,094	25,094	-	-

Quantitative disclosure for fair value measurement hierarchy for assets as at 31 December 2020

Company	Date of valuation	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
At 31 December 2020					
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	-	-

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 2021 (cont'd.)

31. 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.

32. 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 2021 (cont'd.)

32. Capital management (cont'd.)

The gearing ratios as at 31 December 2021 and 31 December 2020 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Payables	168,538	198,245	550	463
Amounts due to subsidiaries	–	–	151,104	175,094
Borrowings	948,988	948,513	–	–
Lease liabilities	6,479	7,356	–	–
Less:				
Deposits, cash and bank balances	(192,676)	(272,517)	(3,033)	(760)
Net debt	931,329	881,597	148,621	174,797
Equity attributable to owners of the Company	2,362,864	2,391,743	3,046,037	2,994,370
Gearing ratio	39.4%	36.9%	4.9%	5.8%

33. 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 2021 (cont'd.)

33. Segment information (cont'd.)

31 December 2021	Gaming RM'000	Investment holdings and others RM'000	Eliminations RM'000	Total RM'000
Revenue				
External	1,259,328	228	–	1,259,556
Inter-segment	–	101,622	(101,622)	–
Total revenue	1,259,328	101,850	(101,622)	1,259,556
Results				
Segment results	92,146	152,520	(172,835)	71,831
Finance costs				(46,593)
Profit before tax				25,238
Income tax expense				(26,587)
Loss for the year				(1,349)
Assets and liabilities				
Segment assets	3,032,683	6,304,127	(5,856,287)	3,480,523
Unallocated corporate assets				29,800
Total assets				3,510,323
Segment liabilities	1,120,474	153,550	(150,019)	1,124,005
Unallocated corporate liabilities				2,125
Total liabilities				1,126,130
Other information				
Capital expenditure	4,570	–	–	4,570
Depreciation on investment properties, property, plant and equipment	9,880	84	–	9,964
Depreciation on right-of-use assets	1,575	177	–	1,752
Amortisation of intangible assets	15	–	–	15
Net change arising from fair values in:				
- quoted shares	–	(2,000)	–	(2,000)
- unquoted shares	–	15,000	–	15,000
Non-cash expenses other than depreciation, amortisation and impairment losses	15	–	–	15

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

33. 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)
Profit before tax				143,976
Income tax expense				(122,530)
Profit for the year				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, 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
Net loss arising from fair value change in quoted shares	–	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 2021 (cont'd.)

33. 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

	2021 RM'000	Group 2020 RM'000
Property, plant and equipment written off	15	42

- C. Capital expenditure consist of:

	2021 RM'000	Group 2020 RM'000
Property, plant and equipment	4,570	14,628

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

34. Subsidiaries

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership interest held by the Group [#]		% of ownership interest held by non-controlling interests [#]	
			2021	2020	2021	2020
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	Investment holding	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 2021 (cont'd.)

34. 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 [#]	
			2021	2020	2021	2020
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 2021 (cont'd.)

34. 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	
	2021 RM'000	2020 RM'000
Non current assets	80,621	83,174
Current assets	457,031	468,224
Total assets	537,652	551,398
Non current liabilities	8,721	9,497
Current liabilities	44,741	68,629
Total liabilities	53,462	78,126
Net assets	484,190	473,272
Total equity	484,190	473,272
Attributable to non-controlling interests	21,329	22,862

(ii) Summarised consolidated statement of comprehensive income:

	Magnum 4D Berhad Group	
	2021 RM'000	2020 RM'000
Revenue	126,296	167,121
Profit for the year	10,918	28,588
(Loss)/profit attributable to non-controlling interest	(1,533)	219

Notes to the Financial Statements

For the financial year ended 31 December 2021 (cont'd.)

34. Subsidiaries (cont'd.)

(iii) Summarised consolidated statement of cash flows:

	Magnum 4D Berhad Group	
	2021 RM'000	2020 RM'000
Net cash (used in)/generate from operating activities	(30,990)	15,701
Net cash generate from/(used in) investing activities	10,673	(5,240)
Net cash used in financing activities	(22,682)	(61,868)
Net decrease in cash and cash equivalents	(42,999)	(51,407)
Cash and cash equivalents at 1 January	178,202	229,609
Cash and cash equivalents at 31 December	135,203	178,202

ADDITIONAL INFORMATION

Top 10 List of Properties Owned by Magnum Group

As At 31 December 2021

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	79	1,551	10.12.1980
17 & 19, Jalan Maharajalela, 50150 Kuala Lumpur	Freehold	-	-	248.95 sq.m.	Commercial 4-Storey Shophouse	43	1,737	15.11.1972
SELANGOR								
Unit No. 038, P.T. No. 36922, Bandar Kinrara, Selangor	Freehold	-	-	3,320 sq.ft.	Residential Double Storey Semi- Detached	19	1,250	16.5.2002
PERAK								
No. 1 & 1A, Hala Datuk 5, Jalan Datoh, 30000 Ipoh	Freehold	-	-	3,692 sq.ft.	Commercial Double Storey Corner Shopoffice	14	1,926	15.10.2014
PENANG								
Lot PT 18, HS(D) 6800, Bandar Bukit Bendera, Daerah Timor Laut, Mukim 12, District of Barat Daya	Leasehold	34	2055	3,921.40 sq.m.	Residential Double Storey Bungalow	-	2,815	31.12.2002
2, Jalan Bahaudin, Tanjung Bungah, 11200 Penang	Freehold	-	-	5,438 sq.ft.	Residential Single Storey Bungalow	34	2,186	26.9.1979
294 & 296, Vantage Point, Jalan Jelutong, 11600 Penang	Freehold	-	-	6,846 sq.ft.	Commercial 3-Storey Shoplot	18	4,948	20.11.2014
NEGERI SEMBILAN								
14, Jalan Era Square 2, Era Square, 70200 Seremban	Freehold	-	-	1,541 sq.ft.	Commercial 3-Storey Office Shophouse	18	1,247	31.03.2013
SARAWAK								
Lot 12227, Block 16 KCLD, P1B-6-1, Jalan Datuk Tawi Sli, (Trinity Hub), 93250 Kuching	Leasehold	55	-	6,716.73 sq.ft.	Commercial 3-Storey Office Building	6	4,764	01.03.2016
UNITED KINGDOM								
Flat No 3 Whaddon House, William Mews, London SW1X9HG	Leasehold	83	2104	1,144 sq.ft.	Residential Apartment	41	6,897	22.11.2010

ADDITIONAL INFORMATION

Analysis of Equity Securities

As At 1 April 2022

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	894,708,717	62.23
SIZE OF HOLDINGS				
Less than 100 shares	3,350	8.69	106,393	0.01
100 to 1,000 shares	5,279	13.69	2,674,381	0.19
1,001 to 10,000 shares	22,444	58.21	76,363,049	5.31
10,001 to 100,000 shares	6,776	17.57	161,539,697	11.23
100,001 to less than 5% of issued shares	705	1.83	759,570,460	52.83
5% and above of issued shares	2	0.01	437,494,674	30.43
TOTAL	38,556	100.00	1,437,748,654	100.00

THIRTY (30) MAJOR SHAREHOLDERS AS SHOWN IN THE RECORD OF DEPOSITORS AS AT 1 APRIL 2022

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. Shan Hijauan Sdn. Bhd.	50,254,761	3.50
4. Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Exempt An for AIA Bhd	42,776,511	2.98
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. Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	23,335,141	1.62
10. Allamanda Growth Limited	21,462,500	1.49
11. HSBC Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for Credit Suisse (SG BR-TST-Asing)	20,396,073	1.42
12. Multi-Purpose Capital Holdings Berhad	19,210,200	1.34

ADDITIONAL INFORMATION

Analysis of Equity Securities

As At 1 April 2022 (cont'd)

THIRTY (30) MAJOR SHAREHOLDERS AS SHOWN IN THE RECORD OF DEPOSITORS AS AT 1 APRIL 2022 (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.	Cartaban Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for State Street Bank & Trust Company (West CLT OD67)	11,122,936	0.77
17.	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An for UBS AG Singapore (Foreign)	8,796,223	0.61
18.	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: CBLDN For Union Bancaire Privee	8,534,500	0.59
19.	T C Holdings Sendirian Berhad	8,231,500	0.57
20.	Inter-Pacific Equity Nominees (Asing) Sdn. Bhd. Qualifier: Suthera Uppaputthangkul	7,699,384	0.54
21.	Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (Par 3)	7,683,441	0.53
22.	Aitacom Holdings Sdn. Bhd.	7,070,000	0.49
23.	Panorama Alfa Sdn. Bhd.	7,070,000	0.49
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. Qualifier: Great Eastern Life Assurance (Malaysia) Berhad (LSF)	7,039,700	0.49
25.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier: CIMB For Kuah Hun Liang (PB)	6,443,810	0.45
26.	Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier: Exempt An for CIMB Commerce Trustee Berhad for Pearson Trust (PB)	5,968,999	0.41
27.	Tanah Subor Sdn. Bhd.	5,918,711	0.41
28.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. Qualifier: Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	5,850,141	0.41
29.	Khan Asset Management Sdn. Bhd.	5,555,000	0.39
30.	Citigroup Nominees (Asing) Sdn. Bhd. Qualifier: CBNY For Dimensional Emerging Markets Value Fund	5,372,245	0.37
	TOTAL	894,708,717	62.23

ADDITIONAL INFORMATION

Analysis of Equity Securities

As At 1 April 2022 (cont'd)

SUBSTANTIAL SHAREHOLDERS AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 1 APRIL 2022

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 shareholding interest of not less than 20% 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 shareholding interest of not less than 20% 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 2022

(I) 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. Thamotharam Pillay	1,487,800	0.104	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 shareholding interest of not less than 20% 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 his shareholding interest of not less than 20% in 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) of the Act through his shareholding interest of not less than 20% in Keetinsons Sendirian Berhad and T.C. Holdings Sendirian Berhad.

(II) 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 2022.

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 2021.

2. Audit And Non-Audit Fees

During the financial year ended 31 December 2021, 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	522,455	97,000	619,455
Non-Audit			
(a) Review of Statement on Risk Management and Internal Control	–	6,600	6,600
(b) Professional Service in connection with Magnum Corporation Sdn. Bhd.'s Medium Term Notes - Review of financial covenant ratios	3,850	–	3,850
Total	526,305	103,600	629,905

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 2021 or entered into since the end of the previous financial year.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Sixth Annual General Meeting ("**46th AGM**") of Magnum Berhad ("**Magnum**" or "**Company**") will be held as a virtual meeting via live streaming and online remote voting from the Broadcast Venue at the Meeting room, 35th Floor, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur on Friday, 20 May 2022 at 9:30 a.m. for the transaction of the following businesses:

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 2021 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 2021. | (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 20 May 2022 until the next Annual General Meeting of the Company. | (Resolution 2) |
| 3. (a) To re-elect the Director, Dato' Lawrence Lim Swee Lin, who is retiring by rotation in accordance with Clause 90 of the Constitution of the Company. | (Resolution 3) |
| (b) To re-elect the Director, Krian Upatkoon, 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 2022 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-Fifth Annual General Meeting of the Company held on 19 May 2021, 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 2021, the audited retained profits of the Company amounted to approximately RM691.34 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;

Notice of Annual General Meeting

(cont'd.)

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 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 consider and, if thought fit, to pass the following **Special Resolution**:

PROPOSED AMENDMENTS TO THE COMPANY'S CONSTITUTION

(Resolution 8)

"THAT the proposed amendments to the existing Clauses 58, 69, 83 and 84 of the Constitution of the Company (collectively, "**Proposed Amendments**"), as annexed to the Company's Integrated Annual Report 2021 as Appendix A, be and are hereby approved and adopted with immediate effect;

AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, modifications, variations and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendments."

7. 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
21 April 2022

Notice of Annual General Meeting

(cont'd.)

NOTES:-

VIRTUAL 46th AGM

1. As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the 46th AGM of the Company will be held as a virtual meeting via live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities provided by the Company's Share Registrar, Metra Management Sdn. Bhd. ("**Metra**"), via its online website portal at www.metramanagement.com.my. This is also in line with the revised Guidance Notes and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and revised on 16 July 2021 (including any amendments that may be made from time to time) ("**SC Guidance Note**").
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and SC Guidance Note which require the Chairman of the Meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys WILL NOT BE ALLOWED to be physically present at the Broadcast Venue on the day of the 46th AGM, instead are to attend, speak (through posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively "**participate**") remotely at the 46th AGM via the RPV provided by Metra. Please follow the procedures as set out in the ADMINISTRATIVE GUIDE for the 46th AGM which is made available on the Company's website at www.magnum.my in order to register, participate and vote remotely via the RPV facilities.

PROXY

4. A member whose name appears in the Record of Depositors on **6 MAY 2022** shall be regarded as a member entitled to participate at the meeting or to appoint proxy to participate on its behalf at the meeting.
5. A proxy may but need not be a member of the Company.
6. 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 participate at the same meeting in his stead.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.

Notice of Annual General Meeting

(cont'd.)

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 2021 (*Year 2020: RM285,000*) 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 20 May 2022 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 20 May 2022 until the next Annual General Meeting in 2023.

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 46th 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 2021 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 Dato' Lawrence Lim Swee Lin and Krian Upatkoorn respectively as Directors of the Company. Both Dato' Lawrence Lim Swee Lin and Krian Upatkoorn, who are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

The Board through the Nomination Committee had in March 2022 conducted the assessments and considered the results of the assessment on areas which includes commitment, contributions and the overall performance of the retiring Directors and was satisfied that both Directors have met the performance criteria set out in the assessments in the discharge of their duties and responsibilities. The Board hereby recommends the re-election of Dato' Lawrence Lim Swee Lin and Krian Upatkoorn at the 46th AGM. The profile of the respective Directors is set out in the Company's Integrated Annual Report 2021.

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 2022 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.

Notice of Annual General Meeting

(cont'd.)

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 19 May 2021, and if passed, will give the Directors of the Company, from the date of the 46th 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 fundraising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions without any delay and without incurring additional expenses in convening a general meeting to approve the issuance of such shares.

The Company did not issue any new ordinary shares pursuant to the shareholders' mandate obtained at the last Annual General Meeting held on 19 May 2021 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. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The details of the Proposed Share Buy-Back Renewal are set out in the Share Buy-Back Statement dated 21 April 2022, which is accessible online on the Company's website at www.magnum.my or on Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

7. Resolution 8 – Proposed Amendments To The Company's Constitution

The proposed amendments to the existing Clauses 58, 69, 83 and 84 of the Constitution of the Company (collectively, "**Proposed Amendments**") are made mainly to have expressed constitutional provisions to allow remote participation at general meetings and the appointment of proxy(ies) and/or representative(s) to attend, speak and vote at any general meeting and/or any adjournment thereof to be lodged via electronic means, to enhance administrative efficiency.

The shareholders' approval is sought under a proposed special Resolution 8 for the Company to incorporate the Proposed Amendments into its existing Constitution, in accordance with Section 36(1) of the Companies Act 2016. The Proposed Amendments as per Appendix A, which is annexed to the Integrated Annual Report 2021, shall take effect once the proposed special Resolution 8 has been passed by a majority of not less than seventy-five per centum (75%) of the members who are entitled to vote and do vote in person or by proxy at the 46th AGM.

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 46th 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 46th Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the 46th 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 46th AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the 46th 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.

Appendix A

Proposed Amendments to the Constitution of Magnum Berhad
(197501002449) (24217-M)

This is the Appendix A referred to in Agenda Item 6 (proposed Special Resolution 8) of the Notice of Forty-Sixth Annual General Meeting ("46th AGM") of Magnum Berhad dated 21 April 2022.

Date and time of the 46th AGM : Friday, 20 May 2022 at 9:30 a.m.

Broadcast Venue of the 46th AGM : Will be conducted as virtual meeting via live streaming and online remote voting from the Broadcast Venue at the Meeting room, 35 Floor, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur

The existing Constitution of the Company is amended in the following manner (for which differences are strikethrough and highlighted in bold below under the columns "Existing Clause" and "New Clause" respectively):-

Clause	Existing Clause	New Clause
58	<p><u>General Meeting</u></p> <p>An annual general meeting of the Company shall be held in accordance with the provisions of the Act within six (6) months of the Company's financial year end and not more than fifteen (15) months after the holding of the last preceding annual general meeting, but so long as the Company holds its first annual general meeting within eighteen (18) months of its incorporation, it need not hold it in the year of its incorporation or in the following year. All general meetings other than the annual general meeting shall be called extraordinary general meetings. All general meetings shall be held at such time and place as the Directors shall determine. Every notice of an annual general meeting shall specify the meeting as such and every meeting convened for passing a special resolution shall state the intention to propose such resolution as a special resolution.</p>	<p><u>General Meeting</u></p> <p>(a) An annual general meeting of the Company shall be held in accordance with the provisions of the Act within six (6) months of the Company's financial year end and not more than fifteen (15) months after the holding of the last preceding annual general meeting, but so long as the Company holds its first annual general meeting within eighteen (18) months of its incorporation, it need not hold it in the year of its incorporation or in the following year. All general meetings other than the annual general meeting shall be called extraordinary general meetings. All general meetings shall be held at such time and place as the Directors shall determine. Every notice of an annual general meeting shall specify the meeting as such and every meeting convened for passing a special resolution shall state the intention to propose such resolution as a special resolution;</p> <p>(b) The main venue of all general meetings shall be in Malaysia at such time and place as the Board of Directors shall determine. The Chairman of the meeting shall be present at that main venue of the meeting; and</p> <p>(c) The Company may convene a general meeting at more than one (1) venue using any electronic means that enables the Members of the Company to participate and to exercise the Members' right to speak and vote at the meeting. If the general meeting is to be held in two (2) or more places, the notice of the general meeting shall specify the electronic means or method that will be used to facilitate the general meeting.</p>

Appendix A

Proposed Amendments to the Constitution of Magnum Berhad (197501002449) (24217-M) (cont'd.)

Clause	Existing Clause	New Clause
69	<p><u>Evidence of Passing of Resolutions</u></p> <p>Subject to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. Notwithstanding the above, a poll may be demanded in writing:</p> <ul style="list-style-type: none"> (a) by the chairman; (b) by at least three (3) Members present in person or by proxy; (c) by any Member or Members present in person or by proxy and representing not less than ten per centum (10%) of the total voting rights of all Members having the right to vote at the meeting excluding any voting rights attached to shares in the Company held as treasury shares; or (d) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than ten per centum (10%) of the total sum paid up on all the shares conferring that right excluding any voting rights attached to shares in the Company held as treasury shares. <p>Unless a poll is so demanded or as may be required by the Listing Requirements, a declaration by the Chairman of the Meeting that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn, except for those required to be voted by poll under Listing Requirements.</p>	<p><u>Evidence of Passing of Resolutions</u></p> <p>Subject to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. Notwithstanding the above, a poll may be demanded:</p> <ul style="list-style-type: none"> (a) by the Chairman of the meeting; (b) by at least three (3) Members present in person or by proxy; (c) by any Member or Members present in person or by proxy and representing not less than ten per centum (10%) of the total voting rights of all Members having the right to vote at the meeting excluding any voting rights attached to shares in the Company held as treasury shares; or (d) by a Member or Members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than ten per centum (10%) of the total sum paid up on all the shares conferring that right excluding any voting rights attached to shares in the Company held as treasury shares. <p>Unless a poll is so demanded or as may be required by the Listing Requirements, a declaration by the Chairman of the Meeting that a resolution has on a show of hands been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. The demand for a poll may be withdrawn, except for those required to be voted by poll under Listing Requirements.</p>

AGM NOTICE AND PROXY FORM

Appendix A

Proposed Amendments to the Constitution of Magnum Berhad
(197501002449) (24217-M)
(cont'd.)

Clause	Existing Clause	New Clause
83	<p><u>Form of Proxy</u></p> <p>The instrument appointing a proxy shall be in the following form with such variations as circumstances may require or the statutes permit or in such other form as the Exchange may approve:</p> <p style="text-align: right;">Shareholding Represented by Proxy</p> <p>I/We, of being a Member/Members of the abovenamed Company hereby appoint of or failing whom, of as my/our proxy to vote for me/us on my/our behalf at the Annual/Extraordinary* General Meeting of the Company, to be held on the..... day of 20 and, at any adjournment thereof for/against* the resolution(s) to be proposed thereat.</p> <p>As Witness my/our hand/s this day of 20</p> <hr/> <p>* <i>Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit)</i></p>	<p><u>Form of Proxy</u></p> <p>The instrument appointing a proxy shall be in the following form with such variations as circumstances may require or the statutes permit or in such other form (including the electronic proxy appointment and voting manner) as the Board of Directors may determine from time to time:</p> <p style="text-align: right;">Shareholding Represented by Proxy</p> <p>I/We, of being a Member/Members of the abovenamed Company hereby appoint of or failing whom, of as my/our proxy to vote for me/us on my/our behalf at the Annual/Extraordinary* General Meeting of the Company, to be held on the..... day of 20 and, at any adjournment thereof for/against* the resolution(s) to be proposed thereat.</p> <p>Dated this day of 20</p> <hr/> <p>* <i>Strike out whichever is not desired. (Unless otherwise instructed, the proxy may vote as he thinks fit)</i></p>

AGM NOTICE AND PROXY FORM

Appendix A

Proposed Amendments to the Constitution of Magnum Berhad
(197501002449) (24217-M)
(cont'd.)

Clause	Existing Clause	New Clause
83 (cont'd.)	<p><u>Form of Proxy</u></p> <p><i>A proxy may but need not be a member of the Company.</i></p> <p><i>To be valid, this form duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting.</i></p> <p><i>A member shall be entitled to appoint one or more proxies to attend and vote at the same meeting.</i></p> <p><i>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.</i></p> <p><i>If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.</i></p>	<p><u>Form of Proxy</u></p> <p><i>A proxy may but need not be a member of the Company.</i></p> <p><i>To be valid, this form duly completed must be deposited at the Registered Office not less than 48 hours before the time for holding the meeting.</i></p> <p><i>A member shall be entitled to appoint one or more proxies to attend and vote at the same meeting.</i></p> <p><i>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.</i></p> <p><i>If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.</i></p>

Clause	Existing Clause	New Clause
84	<p><u>Instrument Appointing Proxy to be Left at Company's Office</u></p> <p>The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or authority shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.</p>	<p><u>Instrument Appointing Proxy to be Left at Company's Office</u></p> <p>(a) Subject to the Act and the Listing Requirements, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of proxy received via electronic means on such terms and subject to such conditions as they consider fit.</p> <p>For the purpose of this Clause, the Directors may require such reasonable evidence that they consider necessary to determine and verify:</p> <p>(i) the identity of the Member and the proxy; and</p> <p>(ii) where the proxy is appointed by a person acting on behalf of the Member, the authority of that person to make the appointment.</p> <p>(b) Without prejudice to Clause 84(a), the appointment of a proxy via electronic means must be received at the electronic address specified by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein:</p> <p>(i) The notice calling the meeting;</p> <p>(ii) The instrument of proxy sent out by the Company in relation to the meeting; or</p> <p>(iii) The website maintained by or on behalf of the Company.</p>

Appendix A

Proposed Amendments to the Constitution of Magnum Berhad
(197501002449) (24217-M)
(cont'd.)

<u>Clause</u>	<u>Existing Clause</u>	<u>New Clause</u>
84 (cont'd.)		<p>(c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or authority shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in the case of the appointment of a proxy via electronic means, at the electronic address specified by the Company pursuant to Clause 84(b), not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.</p>



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 :-

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-Sixth Annual General Meeting ("46th AGM") of the Company to be held as a virtual meeting **via live streaming and online remote voting from the Broadcast Venue at the Meeting room, 35th Floor, Menara Multi-Purpose, Capital Square, No. 8 Jalan Munshi Abdullah, 50100 Kuala Lumpur on Friday, 20 May 2022 at 9:30 a.m.** and any adjournment thereof.

My/Our proxy is to vote as indicated below:-

RESOLUTIONS		*FOR	*AGAINST
1.	The approval for the payment of Directors' fees totalling RM285,000 to the Non-Executive Directors in respect of the year ended 31 December 2021		
2.	The approval for the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of up to RM100,000 for the period from 20 May 2022 until the next Annual General Meeting of the Company		
3.	The re-election of Dato' Lawrence Lim Swee Lin as a Director of the Company		
4.	The re-election of Krian Upatkoorn as a Director of the Company		
5.	The re-appointment of Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2022 and the authority for the Board of Directors to fix their remuneration		
6.	The renewal of the authority for the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
7.	The renewal of the authority for the Company to purchase its own shares		
8.	The amendments to the Company's Constitution		

** 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 _____, 2022

Signature(s) of Shareholder/
Joint Shareholders

Signature of Witness
Name of Witness

Notes:

1. As part of the measures taken by the Company to curb the spread of COVID-19 and taking into consideration the paramount safety and well-being of the members of the Company, the 46th AGM of the Company will be held as a virtual meeting via live streaming and online remote voting using the Remote Participation and Voting Facilities ("**RPV**") provided by the Company's Share Registrar, Metra Management Sdn. Bhd. ("**Metra**"), via its online website portal at www.metramanagement.com.my. This is also in line with the revised Guidance Notes and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and revised on 16 July 2021 (including any amendments that may be made from time to time) ("**SC Guidance Note**").
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and SC Guidance Note which require the Chairman of the Meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) and/or attorneys **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 46th AGM, instead they are to attend, speak (through posing questions to the Board of Directors via real time submission of typed texts) and vote (collectively "**participate**") remotely at the 46th AGM via the RPV provided by Metra. Please follow the procedures as set out in the ADMINISTRATIVE GUIDE for the 46th AGM which is made available on the Company's website at www.magnum.my in order to register, participate and vote remotely via RPV facilities.
4. A member whose name appears in the Record of Depositors as at **6 MAY 2022** shall be regarded as a member entitled to participate at the meeting or to appoint proxy to participate on its behalf at the meeting.
5. A proxy may but need not be, a member of the Company.
6. 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 participate at the same meeting in his stead.
7. 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.
8. 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.
9. 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.
10. 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.

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

11. 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.
12. 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.

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 46th AGM are to be voted by poll.

PERSONAL DATA PRIVACY

By submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the 46th 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 46th AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the 46th 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